

GOVERNMENT OF INDIA  
MINISTRY OF COMMERCE & INDUSTRY  
(DEPARTMENT OF COMMERCE)

**LOK SABHA**  
**UNSTARRED QUESTION NO. 70**  
**TO BE ANSWERED ON 04<sup>th</sup> FEBRUARY, 2019**

**TEXTILE EXPORTS**

70. DR. KAMBHAMPATI HARIBABU

Will the Minister of **COMMERCE & INDUSTRY** (वाणिज्य एवं उद्योग मंत्री) be pleased to state:

- (a) whether it is a fact that serial failures to negotiate free trade agreements and the industry's dependence on duty drawbacks at the expense of innovation are causing the textile industry to lose out to neighbouring countries;
- (b) if so, the details thereof;
- (c) the remedial measures being considered to be taken to increase the exports in textile industry; and
- (d) the details of free trade agreements signed during the last five years?

**ANSWER**

वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्री सी. आर. चौधरी)

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY  
(SHRI C. R. CHAUDHARY)

- (a) & (b) As per World Trade Organization's (WTO) systems, the Least Developed Countries (LDCs) enjoy Generalized System of Preferences (GSP) because of which they enjoy duty advantage. In view of this India faces duty disadvantage upto 9.6% vis-à-vis other neighbouring LDCs. The global demand of textiles has also declined significantly between 2014-17 contributing to reduction of textiles exports from India.

Duty Drawback scheme rebates the incidence of Customs and Central Excise duties suffered on inputs used in manufacture of export goods. Duty Drawback scheme is not related to lack of innovations in the textile industry or its losing out to neighbouring countries.

- (c) To increase exports of textile industry, Government announced a Special Package for garments and made-ups sectors. The package offers Rebate of State Levies (RoSL), labour law reforms, additional incentives under ATUFS and relaxation of Section 80JJAA of Income Tax Act. Further, the rates under Merchandise Exports from India Scheme (MEIS) have been enhanced from 2% to 4% for apparel, 5% to 7% for made-ups, handloom and handicrafts w.e.f. 1st November 2017. Products such as fibre, yarn and fabric in the textile value chain are being strengthened and made competitive through various schemes, inter alia, Powertex for fabric segment, Amended Technology Upgradation Fund Scheme (ATUFS) for all segments except spinning, Scheme for Integrated Textile Parks (SITP) for all segments, etc. Assistance is also provided to exporters under Market Access Initiative (MAI) Scheme. Further, Government has enhanced interest equalization rate for pre and post shipment credit for the textile sector from 3% to 5% w.e.f. 02.11.2018. The benefit which was limited to only manufacturers earlier has been extended to merchant exporters from 2019.
- (d) During the last five years, no new Free Trade Agreements has been signed by India. However, the India- ASEAN Trade in Goods (TIG) Agreement has been expanded in November, 2014 to include

Services and Investment Chapter under the Agreement. Further India Chile PTA which was signed in March, 2006 has been expanded on 6<sup>th</sup> September, 2016 and came into force with effect from 16<sup>th</sup> May, 2017.

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