

EFFECT OF GST ON TEXTILE SECTOR

3257. SHRI A.K.P. CHINRAJ:

Will the Minister of TEXTILES वस्त्र मंत्री
be pleased to state:

- (a) whether the Government is aware of the fact that large number of textiles/garment factories have shut down in Tiruppur after the introduction of GST, if so, the details thereof;
- (b) whether the Government is also aware that the volume of export of garments has drastically decreased;
- (c) if so, the details thereof;
- (d) whether any remedial steps have been taken or proposed to be taken to improve the textile business in Tiruppur;
- (e) if so, the details thereof; and
- (f) if not, the reasons therefor?

उत्तर

ANSWER

वस्त्र मंत्री (श्रीमती स्मृति जूबिन इरानी)

MINISTER OF TEXTILES
(SMT. SMRITI ZUBIN IRANI)

(a): No information is available about closure of textile/garment factory, if any, in Tiruppur after the introduction of GST.

(b) & (c): Export of apparel (in pairs) has shown an increase of 16% from 116 million units in 2016-17 to 157 million units in 2018-19. Export of total textiles and clothing has shown an increase of 2.7% from 35,666 US mn dollars in 2017-18 to 36, 627 US mn dollars in 2018-19.

(d) to (f): Government has been taking multi-pronged efforts through various schemes/programmes for expansion of textile manufacturing, infrastructure development, upgradation of technology, supporting innovation, enhancing skills and traditional strengths in the textile sector that lead to improvement in textile sector in the country including in Tiruppur. The schemes and programmes, inter-alia include:-

- (i) A separate scheme for development of Knitting and Knitwear Sector was launched in January 2019 with an outlay of Rs.47.72 crore for a period upto 31.3.2020 to boost production in knitting and knitwear clusters at Ludhiana, Kolkata and Tiruppur.

- (ii) Government launched a Special Package of Rs.6000 crore in 2016 for garments and made-ups sectors. The package offers Rebate of State Levies (RoSL), labour law reforms, additional incentives under Amended Technology Upgradation Fund Scheme ATUFS and relaxation of Section 80JJAA of Income Tax Act. The RoSL scheme has been replaced by the new RoSCTL (Rebate of State and Central Taxes and Levies) scheme w.e.f 7th March 2019 and shall remain in force up to 31.03.2020. The rates under Merchandise Exports from India Scheme (MEIS) have been enhanced from 2% to 4% for garment and made-ups, 5% to 7% for 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, 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. Government has enhanced interest equalization rate for pre and post shipment credit for exports done by MSMEs of textile sector from 3% to 5% w.e.f. 02.11.2018. Benefit of Interest Equalization Scheme has been extended to merchant exporters from 02.01.2019 which was earlier limited to only manufacturer exporters.
- (iii) Amended Technology Upgradation Fund Scheme is being implemented to upgrade technology/machineries of textile industry with an outlay of Rs.17,822crore during 2016-2022 which will attract investment of Rs.1 lakh crore and generate employment in the textile sector by 2022.
- (iv) Under the Scheme of Integrated Textile Park (SITP), Government provides 40% subsidy with a ceiling of Rs.40 crore to set up Textile Parks for infrastructure creation and employment generation.
- (v) As a part of Government's focus on skill development and employment generation in the textile sector, Government is implementing the 'Samarth – Scheme for Capacity Building', to train 10 lakh youth for a period of three years from 2017-18 to 2019-20, at an estimated cost of Rs.1300 crore.

Apart from the aforesaid programmes, Government has been implementing various schemes for promoting investment, production, employment generation and for boosting exports in the textile sector. These include PowerTex India Scheme - for Powerloom Sector Development, Silk Samagra- the integrated silk development scheme, Integrated Processing Development Scheme (IPDS), North Eastern Region Textile Promotion Scheme (NERTPS), Incentive Scheme for Acquisition of Plants and Machinery (ISAPM) for Jute Industry and Jute Diversified Products Manufacturing Units, NHDS for handloom and handicraft sectors, etc.
