

LOK SABHA  
STARRED QUESTION NO. \*170  
TO BE ANSWERED ON 28.07.2016

**PACKAGE FOR TEXTILE SECTOR**

\*170 : DR. C. GOPALAKRISHNAN:  
SHRI B. VINOD KUMAR:

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

- (a) whether the Government has recently announced a package for the textile and apparel sector, and if so, the details and objectives thereof indicating quantum of the package and the share of handloom, power loom and textile mill sector in the package;
- (b) the benefits likely to accrue to various sectors of textiles particularly to handloom weavers; and
- (c) the steps taken by the Government to boost competitiveness of Indian garments exported to foreign countries and to increase country's share in global market?

उत्तर

ANSWER

वस्त्र मंत्री (श्रीमती स्मृति ज़ुबिन इरानी)  
MINISTER OF TEXTILES  
(SMT. SMRITI ZUBIN IRANI)

(a) to (c): A statement is laid on the Table of House.

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (c) OF THE  
LOK SABHA STARRED QUESTION NO.\*170 for 28.07.2016  
REGARDING PACKAGE FOR TEXTILE SECTOR ASKED BY  
DR. C. GOPALAKRISHNAN AND SHRI B. VINOD KUMAR.**

**(a):** Yes Madam, Government has recently announced a package for apparel sector. The details of package are given in Annexure I.

**(b):** The textile package is expected to benefit all sectors i.e. spinning, weaving, knitting processing of textile value chain including handloom sector. The package has envisaged substantial investment in apparel sector in next three years. With increase in investment, demand for raw materials like fabric, yarn etc. will increase which will ultimately boost growth in entire textile value chain including handloom sector.

**(c):** Apart from the announcement of package for apparel sector, Government has launched various schemes to boost the competitiveness of Indian garment exported to foreign countries and to increase country's share in global market. The details of schemes are given in Annexure II.

**A. Objective of the package****1. Tapping the Employment Generation Potential**

Textile and apparel sector in India employs about 4.5 crore people directly and about 6 crore people in the allied sectors. In textiles, every one crore rupees of investment generates an average of 30 jobs whereas in the apparel segment a minimum of 70 jobs are generated. Hence, this sector holds the maximum employment generation potential.

**2. Restore Competitiveness of Indian apparel in International Markets and to reform labour laws**

The Indian apparel products are costing higher in export markets as compared to the competing countries due to lower import duty paid by competing nations in EU and higher input costs towards interest and power tariff.

The package of reforms announced for apparel sector addresses these concerns to enhance competitiveness and promote exports.

**B. Details of the package****1. Labour Law Reforms**

- a) Government to bear 3.67% of employer's Employee Provident Fund (EPF) contribution for new workmen in addition to existing reimbursement of 8.33% employer contribution under Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) for 3 years.
- b) EPF will be made optional for employees earning less than Rs. 15,000 per month; thus, leaving more money in the hands of the workers.
- c) Overtime cap will be raised from 50 hours per quarter to 100 hours per quarter leading to increased earnings of workers.
- d) Considering the seasonal nature of the industry, fixed term employment will be introduced for the garment sector. A fixed term workman will be considered at par with permanent workman in terms of working hours, wages, allowances and other statutory dues.

**2. Additional incentives under ATUFS**

- The subsidy provided to garmenting units, under Amended-TUFS, is being increased from 15% to 25%, providing a boost to employment generation.
- The package breaks new ground in moving from input-based to outcome-based incentives; a unique feature of the scheme will be to disburse subsidy only after expected jobs have been created.

**3. Enhanced duty drawback coverage**

- In a first-of-its-kind move, a new scheme will be introduced to refund the state levies which were not refunded so far.
- This move will greatly boost the competitiveness of Indian exports in foreign markets
- Drawback at All Industries Rate will be given for domestic duty paid inputs even when fabrics are imported under Advance Authorization Scheme.

**4. Enhancing scope of Section 80JJAA of Income Tax Act**

- Looking at the seasonal nature of garment industry, the provision of 240 days under Section 80JJAA of Income Tax Act would be relaxed to 150 days for garment industry.

**C. Quantum of the package**

The Government has approved a package of Rs 6,000 crores for boosting the employment generation and export potential of the Textile and Apparel Sector.

Govt. of India has launched various schemes to boost competitiveness of Indian garment exported to foreign countries and to increase country's share in global markets. The details of the schemes are:

- i. Merchandize Exports from India Scheme (MEIS): Rewards for export are payable as percentage of realized FOB value to all the countries. The reward rates are given below:

Eligible Products	Reward Rate
Textile and Apparel Products (HS Code 50-63: eligible lines)	2%
All handloom and handicraft items	5%
All jute, ramie and coir based items	5%

The duty reward is available to textile and garment exporters in any country globally. Also, Government has withdrawn the requirement of Landing Certificate to avail the benefit of MEIS. This removal of requirement of landing certificate is a major step in ease of doing business.

- ii. Interest Equalization Scheme: Pre and post shipment rupee export credit of 3% is given to Handicrafts, Carpet, Handlooms, Small & Medium Enterprises, Readymade Garments, Made-ups, Fabrics, Coir & Coir Products, Jute & Jute Products.
- iii. Duty Drawback: Duty drawback rates for textile items are given below:

	When CENVAT is not availed	When CENVAT is availed
Cotton yarn	2.5-4.5	1.2-1.4
Cotton fabric	4.3-7.3	1.4-2.0
Man-made fabric	6.6-11.5	1.9-2.4
Apparel	7.2-10.5	2.0-3.5
Home textiles	5.0-10.7	1.9-8.9

- iv. Market Access Initiative (MAI):

- Financial assistance for carrying out marketing projects abroad
- Assistance for building capacity for exporters, export promotion organizations, etc.
- Assistance on reimbursement basis to individual exporters for charges/fees paid by them for fulfilling the statutory requirements in the buyer country
- Assistance for conducting studies
- Assistance in developing projects leading to substantial improvement in market access

- v. Market Development Assistance (MDA):

- Financial support to exporters registered with Export Promotion Councils
- For participation in Trade Fairs/Exhibitions, assistance would be permissible on travel expenses by air in economy class and/or charges of the built up furnished stall, subject to an upper ceiling as given below:
  - Focus Latin American Countries (LAC) – Rs. 250,000
  - Focus Africa, Focus CIS, Focus ASEAN – Rs. 200,000
  - General areas – Rs. 150,000
- For each region, the exporter can claim benefit once a year
- Maximum number of permissible participations shall be 5 in an FY.

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