

LOK SABHA  
UNSTARRED QUESTION NO. 4157  
TO BE ANSWERED ON 11.8.2016

PACKAGE FOR TEXTILE SECTOR

4157. ADV. NARENDRA KESHAV SAWAIKAR:  
SHRIMATI POONAMBEN MAADAM:

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

- (a) whether the Government has recently approved Rs.6000 crore package for the apparel and textiles sector;
- (b) if so, the details thereof and the targets fixed by the Government to increase the export during the current financial year;
- (c) whether home-made textiles have also been benefited by the package and if so, the details thereof and if not, the reasons therefor,
- (d) the manner in which the said package is likely to benefit both employers and employees in the textile sector; and
- (e) the State-wise details of the employment opportunities likely to be generated by the said package?

उत्तर

ANSWER

वस्त्र राज्य मंत्री (श्री अजय टम्टा)  
MINISTER OF STATE FOR TEXTILES  
(SHRI AJAY TAMTA)

- (a) Yes Madam.
- (b) The details of package are given in Annexure I. The Government has fixed export target of USD 48.5 billion for textile and apparel for current financial year.
- (c) Home textiles have not been given the benefits of the said package. Reasons for the same are given in Annexure II.
- (d) Employers/ manufacturers will get benefit from the special package as it will boost the competitiveness of the apparel sector and promote economies of scale in the Textile and apparel sector. More and more apparel units will become compliant with respect to statutory dues and more jobs will be generated in formal sector. The expected impact of the special package on employees are:
  1. More cash in the hands of employees with optional EPF for employees earning less than Rs. 15,000
  2. Opportunity for workers to earn more by increasing the overtime limit from 50 hours to 100 hours
  3. A fixed term workman will be considered at par with permanent workman in terms of working hours, wages, allowances and other statutory dues by the introduction to fixed term employment
- (e) The special package will promote investment and employment generation in the textile and apparel sector across all states in the country.

## Annexure I

The Government has announced a special package of Rs 6,000 crores for boosting the employment generation and export potential of the Textile and Apparel Sector. Salient features of the package are:

### **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.

## Annexure II

### **Reasons for not including home textiles in the special package**

- Apparel sector is the engine for growth of textile and apparel value chain having highest employment generation potential.
- Global apparel demand (US\$ 1,685 bn.) is 15 times higher than home textile demand (US\$ 109 bn.).
- Global apparel exports (US\$ 469 bn.) is approx. 7 times higher than home textile exports (US\$ 65 bn.)

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