

LOK SABHA
UNSTARRED QUESTION NO. 4261
TO BE ANSWERED ON 11.8.2016

TEXTILE EXPORTS

4261. SHRI A. ANWHAR RAAJHAA:

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

- (a) the quantum of Textiles exports in the year 2015-16
- (b) the scale of competition in textiles from countries like Bangladesh and Vietnam
- (c) whether the above said countries have access to developed markets at lower tariff; and
- (d) if so, the reasons therefor and the steps taken by the Government to make Indian textile industry more competitive in this regard?

उत्तर

ANSWER

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

- (a) India exported US\$ 39.9 billion worth of textiles and apparel including handicraft during 2015-16.
- (b) India is facing stiff competition from countries like Bangladesh and Vietnam. Since 2011, textile and apparel exports from Bangladesh and Vietnam has increased at a growth rate of 5% and 9% respectively while India's export has grown by only 2%.
- (c) Yes Madam. The details are given in Annexure I
- (d) The developed countries extend preferential duties to various countries based on factors like LDC, bilateral relations, Free Trade Agreement (FTAs) etc.

In order to increase the competitiveness of textile and apparel industry, Government has recently announced a package for apparel sector. The details of package are given in Annexure II

Annexure-I

Bangladesh and Vietnam has access to EU, the biggest market for textile and apparel, at lower tariffs as compared to Indian textile and apparel products.

	Special Status	Yarn	Fabric	Knitted Apparel	Woven Apparel	Home Textiles
MFN Rate		4.0%	8.0%	12.0%	12.0%	12.0%
India	GSP on apparel	4.0%	8.0%	9.6%	9.6%	9.6%
Vietnam*	GSP**	3.2%	6.4%	9.6%	9.6%	9.6%
Bangladesh	EBA*** - LDC	0%	0%	0%	0%	0%

* Vietnam has signed FTA with EU. Duties will be reduced significantly after enforcement of FTA.

After implementation of Trans Pacific Partnership (TPP) agreement, Vietnam will get preferential access to USA which is a significant importer of textile and apparel products.

**GSP:- Generalised System of Preferences is a preferential tariff system extended by developed countries like EU to developing and least developed countries.

***EBA:- Everything But Arms is a special arrangements for least developed countries which grants duty-free-quota-free (DFQF) access for all their exports excepts arms and ammunition.

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.

Salient features 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.
