

LOK SABHA
UNSTARRED QUESTION NO. 4362
TO BE ANSWERED ON 11.8.2016

INTERNATIONAL COMPETITION

4362. DR. RAMESH POKHRIYAL "NISHANK":
SHRI VIJAY KUMAR HANSDAK:
SHRI BHARAT SINGH:
SHRIMATI RAKSHATAI KHADSE:

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

- (a) whether the Government has taken steps for making Indian textiles industry more competitive in international market and if so, the details thereof;
- (b) the quantum of textiles and apparels exported from the country during each of the last three years and the current year;
- (c) the target set by the Government for exports of textile products for the next five years;
- (d) whether the Government has taken steps to explore market for these products in Iran, Russia, Europe and USA and if so, the details thereof; and
- (e) the steps being taken by the Government for technology upgradation in the textile sector?

उत्तर

ANSWER

वस्त्र राज्य मंत्री (श्री अजय टम्टा)

MINISTER OF STATE FOR TEXTILES
(SHRI AJAY TAMTA)

- (a) Yes Madam. Government has recently approved special package for Textiles and Apparel sector to make the industry more competitive. The details of package are given in Annexure I.
- (b) The quantum of exports of textile and apparel for last three years and current year is given as under:

Year	2013-14	2014-15	2015-16	2016-17 (Apr- June)
Exports (In US\$ Bn.)	40.3	40.7	40.0	8.85

- (c) Government has set the target of US\$ 48.5 billion for exports of textile products for the year 2016-17. Over next five years India's textile and apparel exports is expected to grow substantially.
- (d) Yes Sir. Government Govt. of India has launched various schemes to increase country's share in major markets such as Iran, Russia, Europe and USA. The details of the schemes are given in Annexure-II.
- (e) The Government has approved "Amended Technology Upgradation Fund Scheme (A-TUFS)" for technology upgradation of the textiles industry with one time capital subsidy for eligible benchmarked machinery to attract an investment of Rs.1,00,000 crore and generate employment of 30.51 lakhs. Allocation of Rs.17822 crore has been made under the scheme for a period of seven years from 2015-16 to 2021-22.

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

Government 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.
