

# EXPORT COMPETITIVENESS AND BARRIERS FACED BY TEXTILE COMPANIES

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Foreign Capital, Foreign Trade & BOP

Ministry of Textiles

## Export Competitiveness and Barriers Faced by Textile Companies

Posted On: 02 JAN 2019 5:12PM by PIB Delhi

Indian textile companies face higher trade barriers compared to other competing countries like Bangladesh, Vietnam and Pakistan in key markets such as the USA and EU. Average tariff on textile products faced by India vis-à-vis competing countries in EU and USA are as follows:

|            | EU   | USA  |
|------------|------|------|
| India      | 5.9% | 6.2% |
| Bangladesh | 0.0% | 3.9% |
| Vietnam    | 6.1% | 5.5% |
| Pakistan   | 0.0% | 5.3% |

Source: ITC Trademap

To enhance exports of textile and apparel products, Government announced the Special Package for garments and made-ups sectors. The package offers Rebate of State Levies (RoSL), labour law reforms, additional incentives under ATUFS and relaxation of Section 80JJAA of Income Tax Act. Further, the rates under Merchandise Exports from India Scheme (MEIS) have been enhanced from 2% to 4% for apparel, 5% to 7% for made-ups, 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, Amended Technology Upgradation Fund Scheme (ATUFS) for all segments except spinning, Scheme for Integrated Textile Parks (SITP) for all segments, etc. Assistance is provided to exporters under Market Access Initiative (MAI) Scheme. Further, Government has enhanced interest equalization rate for pre and post shipment credit for the textile sector from 3% to 5% w.e.f. 02.11.2018.

List of top 10 export destination for textiles made in India is as follows:

| <b>Market</b> | <b>2017-18 (Mn USD)</b> | <b>% Share</b> |
|---------------|-------------------------|----------------|
| USA           | 3,881                   | 17%            |
| EU            | 3,318                   | 15%            |
| Bangladesh    | 2,268                   | 10%            |
| China         | 1,281                   | 6%             |
| Pakistan      | 687                     | 3%             |
| UAE           | 604                     | 3%             |
| Vietnam       | 554                     | 2%             |
| Sri Lanka     | 518                     | 2%             |
| Brazil        | 411                     | 2%             |
| South Korea   | 339                     | 2%             |
| Rest of World | 8,655                   | 38%            |
| <b>Total</b>  | <b>22,516</b>           |                |

Source: DGCI&S

This information was given by the Minister of State of Textiles, Ajay Tamta, in a written reply in the Rajya Sabha today.

\*\*\*

**MM/ SB**

(Release ID: 1558191) Visitor Counter : 104

**END**

Downloaded from [crackIAS.com](http://crackIAS.com)

© **Zuccess App** by [crackIAS.com](http://crackIAS.com)