

# CONTRIBUTION OF TEXTILE INDUSTRY

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

Ministry of Textiles

## Contribution of Textile Industry

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The percentage of contribution of Textile industry to industrial production and Gross Domestic production(GDP) for the year 2014-15 to 2016-17 are given below at **table (i)** and income from textile exports for the years 2016-17 to 2018-19 is given below at **table (ii)**:-

### Share of Textiles Sector to India's GDP and GDP of Manufacturing Sector(at Basic prices)(Rs. in crore)

Year	% share of Textile Industry to GDP of manufacturing Sector	% share of Textile Industry to GDP
2014-15	13.50	2.33
2015-16	12.43	2.22
2016-17	12.65	2.30

Source: National Accounts Statistics, 2018.

### India's textiles exports including handicrafts from 2016-17 to 2018-19:

(Rs in crore)

Year	2016-17	2017-18	2018-19
Textiles exports including handicrafts (Rs. in crore)	265340.00	255159.98	255336.98

There are estimated to be more than 4.5 crore people engaged/employed directly in the textile industry and another 6 crore people in allied sectors including a large number of women and rural population employed in the sector.

Government has taken a number of steps for promotion of investment, production, exports and employment generation in the textile sector across the country which inter-alia include the following:-

A special package of Rs.6000 crore was launched in 2016 to promote investment, boost exports and employment generation (estimated 1.11 crore jobs) in apparel and made-ups sector with three main components viz., (i) Remission of State Levies (ROSL) full refund of the State level taxes paid by the exporters; (ii) production linked additional incentive of 10% under the Amended Technology Up-gradation Fund Scheme (ATUFS) and (iii) full employer's

contribution (12%) of the Employees Provident Fund (EPF) under the PradhanMantriParidhanRozgarProtsahanYojana (PMRPY) for a period of three years w.e.f 1<sup>st</sup> April, 2018 to employees of garment industry who are earning less than Rs. 15,000 per month for all sectors including Textiles and Apparel (T&A) sector;

Amended Technology Upgradation Fund Scheme - to upgrade technology/machineries of textile industry with an outlay of Rs.17, 822 crore during 2016-2022 which will attract investment of Rs.1 lakh crore and generate 35.62 lakh employments in the textile sector by 2022.

Under the Scheme of Integrated Textile Park (SITP), 40% subsidy is provided with a ceiling of Rs.40 crore to set up Textile Parks for creation of textile infrastructure and employment generation.

A separate scheme for development of Knitting and knitwear has been launched in January, 2019 with an outlay of Rs.47.72 crore for a period upto 31.3.2020 to boost production in knitting and knitwear clusters which provide employment to nearly 24 lakh persons.

Government has approved a new scheme viz., 'Samarth – Scheme for Capacity Building', to train 10 lakh youth for a period of three years from 2017-18 to 2019-20, at an estimated cost of Rs.1300 crore. The scheme is aimed at providing demand driven, placement oriented National Skills Qualifications Framework (NSQF) compliant skilling programmes to incentivize and supplement the efforts of the industry in creating jobs in the organised and related sector including skilling and skill-upgradation in the traditional sector.

National Handloom Development Programme - Comprehensive Handloom Cluster Development Scheme, Handloom Weaver Comprehensive Welfare Scheme and Yarn Supply Schemes –providing basic inputs, looms and accessories, design and development, infrastructure development, marketing of handloom products, etc.

National Handicrafts Development Programme (NHDP) and Comprehensive Handicraft Cluster Development Schemes - for holistic development of handicrafts clusters through integrated approach by providing support for design, technology up-gradation, infrastructure development, marketing etc.

"PowerTex India"— launched on 1<sup>st</sup> April, 2017 with an outlay of Rs. 487 crore for three years for loom upgradation, infrastructure creation and access to concessional credit - push to the fabric segment;

A new scheme 'Silk Samagra' was launched for a period of 3 years upto 2019-20, with an outlay of Rs.2161.68 crore for comprehensive development of the silk sector - Integrated Sericulture Development Project and Intensive Biovulture Sericulture Development Project-including 38 sericulture projects are being implemented in 8 North East States at a total cost of Rs. 1107 crore from 2014-15 to 2020-21 to cover 63,000 beneficiaries;

Jute ICARE for increasing the income of farmers by at least 50% through promotion of certified seeds, better agronomic practices and use of microbial re-using of Jute plant;

Integrated Wool Development Programme for growth of wool sector by way of machine sheep shearing, strengthening of wool market and processing and woollen product manufacturing;

North East Region Textile Promotion Scheme (NERTPS) for promoting textiles industry in the NER by providing infrastructure, capacity building and marketing support to all segments of textile industry;

As detail given in table (a),(ii)in reply to part (a) of the question above, export increased from Rs. 255159.98 crore in 2017-18 to Rs. 255336.98cr in 2018-19.

Apart from the above, Government has been taking various initiativesfor increasing competitiveness and exports of textile products including knitwear and handloom such as Special Package for garments and made-ups sectors - Rebate of State Levies (RoSL); labour law reforms; additional incentives under Amended Technology Upgradation Fund Scheme ATUFS; and relaxation of Section 80JJAA of Income Tax Act. The RoSL scheme has been replaced by the new RoSCTL (Rebate of State and Central Taxes and Levies) scheme w.e.f 7<sup>th</sup> March 2019 and shall remain in force up to 31.03.2020.

Further, the rates under Merchandise Exports from India Scheme (MEIS) have been enhanced from 2% to 4% for garment and made-ups, 5% to 7% for handloom and handicrafts w.e.f. 1<sup>st</sup> November 2017. Financial assistance is also provided to exporters under Market Access Initiative (MAI) Scheme. Government has enhanced interest equalization rate for pre and post shipment credit for exports done by MSMEs of textile sector from 3% to 5% w.e.f. 02.11.2018. Benefits of Interest Equalization Scheme have been extended to merchant exporters from 02.01.2019 which was earlier limited to only manufacturer exporters.To reduce the cost of garment industry, GST rate on manmade fibre yarns has been reduced from 18% to 12%.

The refund of accumulated input tax credit on fabrics has also been allowed to reduce cost of fabrics which is a major input for garments. Further, under the Interest Subvention Scheme, it was announced in the budget speech that 350 crore allocated for 2 per cent interest subvention for all GST-registered MSMEs on fresh or incremental loans.

Besides the above, Government has been encouraging and supporting the traditional handloom and handicraft sectors including silk, wool and jute sectors for enhancing production and employment generation in these segments.

This information was given by the Union Minister of Textiles, Smriti Zubin Irani, in a written reply in the Lok Sabha today.

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**MM/SB**

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