TEXTILE EXPORT

The textile products continue to hold an important role in total export basket of the country. The data about export targets for 2002-03 and the latest status of exports are given in the Table below.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Target 2002-03</th>
<th>Apr.-Nov. 01</th>
<th>Apr.-Nov. 02</th>
<th>% increase/ decrease of 2002-03 over 2001-02</th>
<th>% target achieved (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rs.</td>
<td>US$</td>
<td>Rs.</td>
<td>US$</td>
<td></td>
</tr>
<tr>
<td>Readymade Garment</td>
<td>6000</td>
<td>13915.3</td>
<td>2940.1</td>
<td>16073.1</td>
<td>15.5%</td>
</tr>
<tr>
<td>Cotton Textiles</td>
<td>4250</td>
<td>9930.7</td>
<td>2086.2</td>
<td>10761.9</td>
<td>8.4%</td>
</tr>
<tr>
<td>Man-made textiles</td>
<td>1500</td>
<td>3441.0</td>
<td>727.0</td>
<td>4355.9</td>
<td>26.6%</td>
</tr>
<tr>
<td>Silk</td>
<td>450</td>
<td>1399.1</td>
<td>282.9</td>
<td>1408.5</td>
<td>5.2%</td>
</tr>
<tr>
<td>Wool &amp; Woollen</td>
<td>350</td>
<td>1053.4</td>
<td>222.6</td>
<td>943.5</td>
<td>-10.4%</td>
</tr>
<tr>
<td>Total</td>
<td>12550</td>
<td>29679.5</td>
<td>6270.8</td>
<td>33542.8</td>
<td>13.0%</td>
</tr>
<tr>
<td>Handicrafts</td>
<td>2170</td>
<td>3488.2</td>
<td>737.0</td>
<td>3862.73</td>
<td>10.7%</td>
</tr>
<tr>
<td>Jute</td>
<td>200</td>
<td>396.8</td>
<td>83.8</td>
<td>589.31</td>
<td>48.5%</td>
</tr>
<tr>
<td>Coir</td>
<td>85</td>
<td>216.9</td>
<td>45.8</td>
<td>253.01</td>
<td>16.7%</td>
</tr>
<tr>
<td>Total</td>
<td>15005</td>
<td>33781.4</td>
<td>7137.4</td>
<td>38247.9</td>
<td>13.2%</td>
</tr>
</tbody>
</table>

Source: Foreign Trade Statistics of India (Principal Commodities & Countries), DGCIS, Kolkata

EXPORTS OF TEXTILES

Exports of textiles have shown an increase at a compound annual rate of growth (CARG) of 14.01% in rupee terms and 7.77% in dollar terms during 1992-93 to 2001-2002. The textile exports during the year 2001-02 have amounted to US$ 10715 million as against the exports of US$ 12037.6 million during the previous year, making a decline of around 11.0%.

However, the downtrend in textile exports has been reversed and the textile exports have again started recording positive growth from the year 2002-03. As per DGCI&S data, textile exports during the period of April-November 2002 amounted to US$ 7859.9 million as against US$ 7137.4 million during these months in the previous year, recording an increase of around 10.10%.

TARGETS AND ACHIEVEMENTS

On the basis of recent initiatives taken by Ministry to resolve exporter’s
problems and also in anticipation of revival of demand in the coming months, textile exports are expected to be in the range of US$ 13 billion. However, Ministry of Textiles has set a new challenging export target of US$ 15 billion for the year 2002-03. Against the target, the exports of US$ 7859.9 million during the period April-November 2002 indicate an achievement of target by 52.4%.

SECTOR-WISE ANALYSIS

(i) Readymade Garments:
Readymade garments account for approximately 46% of the country’s total textile exports. They represent value added and less import intensive sub sector, thus deserving a special place. Readymade garments had recorded an annual export growth of 9.2% in 1999-2000 and 16.9% in 2000-2001 in dollar terms. However, readymade garment exports recorded a decline of 10.4% in 2001-02, as compared to the previous year. During the period April-November 2002, Readymade Garment exports were US$ 3303.0 million, recording a growth of 12.3% as compared to the corresponding period of 2001-02. The major importing countries/regions of our readymade garments are the E.U., the U.S.A., Canada, Japan, U.A.E. and Switzerland.

(ii) Cotton Textiles including handlooms:
Cotton textiles i.e. yarn, fabrics and made-ups (Millmade / Powerloom/ Handloom) constitute more than 2/3rd of our exports of all fibres/yarns/made-ups. There had been a slow down in exports of cotton textiles in recent years, which is attributed to fall in cotton yarn exports due to general recession in major markets and the frequent use of anti-dumping action by European Union on our cotton textile products. This sector had exhibited a healthy growth of 10.2% during the year 1999-2000 and 14.2% in 2000-01 in dollar terms. However, cotton textile exports recorded a decline of 13.4% in 2001-02 as compared to the previous year. During the period April-November 2002, cotton textiles exports have amounted to US$ 2211.6 million recording a growth of 5.4% as compared to the corresponding period of 2001-02.

(iii) Man-made Textiles:
The exports of man-made fibre textiles showed an increase of 18.8% in 1999-2000 and 28.1% in 2000-2001 over the same period of previous year in dollar terms. However, man-made fibre textiles exports have marginally declined by 1.1% in 2001-02 as compared to the previous year. During the period April-November 2002, man-made textiles have amounted to US$ 895.1 million recording a growth of 23.1% as compared to the corresponding period of 2001-02.

(iv) Silk Textiles:
During the year 1999-2000 and 2000-01, silk exports had shown an increase of 37.7% and 30.0% respectively in dollar terms. However, silk textiles exports have declined by 10.8% in 2001-02 as compared to the previous year. During the period April-November 2002, Silk exports have amounted to US$ 289.4 million recording a growth of 2.3% as compared to the corresponding period of 2001-02.
(v) **Woollen Textiles:**
Exports of woollen textiles had been showing declining trend, which has been attributed to sluggish market conditions, over-stocking in major markets, South East Asian currency crisis etc. Exports of woollen textiles declined by 33.0% in dollar terms in 1999-2000 as compared to previous year. However, the woollen textile exports have shown an increase of 27.6% in 2000-2001 over the corresponding period of last year. However, woollen textile exports declined by 16.7% in 2001-02 in US dollar terms as compared to the previous year. During the period April-November, 2002, wool exports have declined by 12.9% as compared to the corresponding period of 2001-02.

(vi) **Handicrafts including Carpets:**
Handicrafts is one of the sub-sectors which contributes substantially to the overall textile exports. In dollar terms, the sector exhibited an annual export growth of 11.7% in 1999-2000. However, in the fiscal year 2000-01, the handicrafts export recorded a decline of 4.9%. However, handicraft exports have declined by 15.4% in 2001-02 as compared to the previous year. During the period April-November 2002, handicrafts including carpets exports have exhibited a growth of 7.7% in dollar terms, as compared to the corresponding period of 2001-02.

(vii) **Coir:**
The Coir exports had recorded a growth of 4.6% in 2000-01 in dollar terms. However, the coir exports showed a negative growth of 38.7% in 1999-2000. However, Coir exports have increased by 27.5% in 2001-02 as compared to the previous year. During the period April-November, 2002, Coir exports have amounted to US$ 52.0 million recording a growth of 13.5% as compared to the corresponding period of 2001-02.

(viii) **Jute:**
The Jute sector had recorded a negative growth of 9.1% in 1999-2000. However, Jute exports had exhibited a healthy growth of 62.1% in 2000-01 in dollar terms. However, Jute exports have declined by 18.7% in 2001-02 as compared to the previous year. During the period April-November, 2002, Jute exports have amounted to US$ 121.1 million recording a growth of 44.5% as compared to the corresponding period of 2001-02.

**ADMINISTRATION OF EXPORT ENTITLEMENTS (QUOTAS)**

The international trade in textiles and clothing was regulated by special arrangements for 40 years outside the rules of General Agreement on Tariff and Trade (GATT). The framework of Multi-Fibre Arrangement (MFA) applied to international trade in textiles and clothing for the period 1974 to 1994. India has entered into bilateral agreements with USA, Canada, EU etc., exports to which account for a major share of total exports of Indian textiles. Consequent upon the establishment of the World Trade Organisation (WTO) with effect from 1.1.1995, the quantitative restrictions in the bilateral agreements under the MFA are being governed by the Agreement on Textiles and Clothing (ATC) contained in the final Act of the Uruguay Round negotiations. The quota regime in the textile sectors is scheduled to be completely
phased out by the end of 2004 AD.

The Ministry of Textiles is operating Garments and Knitwear Export Entitlement (Quota) Policy 2000-2004 and Yarn, Fabrics and Made-ups Export Entitlement (Quota) Policy 2000-2004 for distribution of quotas imposed by USA, EU and Canada. The break up of quota allocation under various systems for export of yarn, readymade garments and other textiles is given in the table below.

### PERCENTAGE OF ANNUAL LEVEL DISTRIBUTION
(as on 31-10-2000)

<table>
<thead>
<tr>
<th>System</th>
<th>Yarn and Fabrics (Cat. 3,3a/ EU,31a,32a / Canada)</th>
<th>Fabric (other than Cat. 3,3a/EU, 31a, 32a/Canada)</th>
<th>Made-ups MM/PL</th>
<th>Made-up Handlooms</th>
<th>Ready-made Garments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Past Performance Entitlement (PPE)</td>
<td>55</td>
<td>55</td>
<td>55</td>
<td>55</td>
<td>70</td>
</tr>
<tr>
<td>Manufacturer Exporters’ Entitlement (MEE)</td>
<td>15</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ready Goods Entitlement (RGE)</td>
<td>30</td>
<td>15</td>
<td>15</td>
<td>45</td>
<td>-</td>
</tr>
<tr>
<td>Non-Quota Entitlement (NQE)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Powerloom Exporters’ Entitlement (PEE)</td>
<td>-</td>
<td>15</td>
<td>15</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>New Investors’ Entitlement (NIE)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15</td>
</tr>
<tr>
<td>First-Come-First Served (FCFS)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10</td>
</tr>
</tbody>
</table>

As indicated in the table, the available quotas are distributed under different systems of allocations such as Past Performance Entitlement (PPE), First Come First Served Entitlement (FCFS), Manufacturers Exporters' Entitlement (MEE), Non-Quota Entitlement (NQE), Powerloom Exporters' Entitlement (PEE), New Investors' Entitlement (NIE) etc. Export Entitlement (Quota) Policy in respect of garments and knitwear is implemented by Apparel Export Promotion Council (AEPC) and Wool & Woollen Export Promotion Council, whereas in the implementation of Export Entitlement (Quota) Policy in respect of Yarn, Fabrics and Made-ups, two Export Promotion Councils namely Cotton Textiles Export Promotion Council and Synthetic & Rayon Export Promotion Council are involved.

During the year 2002-03, certain decisions
to further streamline of quota administration were undertaken, which are listed as follows: -

i) A Notification dated 06-03-2002 has been issued regarding relaxation in performance level for purpose of forfeiture of EMD/BG/LUT/Post Dated Cheque for the year 2001.

ii) A Notification dated 28th May 2002 has been issued regarding changing the last dates of realisation of exports from 31st August to 31st December in sub-para 5(iii) and 7(iv) of the Garment & Knitwear Export Entitlement (Quota) Policies 2002-2004.

iii) A Notification dated 9th July 2002 has been issued allowing NQE on exports made to Russia against freely convertible currency.

A few other minor amendments such as extension in FCFS validity period, reduction in Earnest Money Deposit (EMD) amounts etc were also made to reduce the transaction cost of exporters.

EXPORT PROMOTION MEASURES

In order to encourage upgradation of Textiles Sector and to give a fillip to exports of textile products, some of the important initiatives taken are as follows:

(i) Announcement of New Textile Policy: - One of the main objectives of the New Textile Policy (NTxP-2000) announced in November 2000 is to facilitate the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. The policy endeavours to achieve the target of textile and apparel exports from the present level to US $ 50 billion by 2010 of which the share of garments will be US $ 25 billion. Subsequent to the announcement of NTxP-2000, woven segment of readymade garment sector has been de-reserved from SSI and the announcement has been made for de-reservation of knitwear from SSI.

(ii) Announcement of Textile Package: - Some of the important announcements made in the Union Budget 2002-03 in respect of textile sector are as follow: -

i) Dereservation of knitwear sector from SSI announced.

ii) Withdrawal of CENVAT exemption on plain / cross reel hank yarn of cotton as well as artificial staple fibre and levy of CENVAT of 8% except cotton yarn in plain (straight) reel hanks of upto 2 counts manufactured from cotton waste on condenser card machines.

iii) Introduction of optional CENVAT @ 12% (BED 8% + AED 4%) on grey fabrics

iv) CENVAT reduced on woven and man-made knitted processed fabrics – from 16% (Basic 8% + AED 8%) to 12% (Basic 8% + AED 4%).

v) Compounded levy system for independent power processing abolished.

vi) An optional CENVAT of 12% (CENVAT 8% + AED 4%) prescribed for processed knitted fabrics of cotton.

vii) An optional levy of 12% ad-valorem introduced in the budget in the
knitwear sector.

viii) CENVAT reduced from 16% to 12% on woven garments and made-ups. Woven garments made from handloom fabrics exempted from CENVAT.

ix) On specified 16 items of silk machinery (weaving, processing and twisting) import duty reduced from 25% to 10%. The import of such machinery also exempted from CVD. Specified capital goods items of silk weaving, processing and twisting machinery also exempted from CENVAT.

x) Shuttle automatic looms exempted from CENVAT.

xi) Certain specified capital goods of jute industries exempted from CENVAT.

xii) 28 specified items of textile machinery exempted from CENVAT as also import of such items from CVD.

xiii) On new plant and machinery acquired after 1st April, 2002 admissibility of additional depreciation at the rate of 15% made applicable.

The Schemes applicable last year, such as follows, continued during the year for promotion of exports.

(i) Technology Up-gradation Fund Scheme:- In view of the urgent need for stepping up the process of modernisation and technology Upgradation of the textile industry in India, Ministry of Textiles launched a Technology Upgradation Fund Scheme (TUFS) for the textile and jute industry for a five years time frame w.e.f. 01.04.1999 to 31.3.2004, providing for 5% interest reimbursement in respect of loans availed thereunder from the concerned financial institutions for investments in benchmarked technology for the sectors of the Indian textile industries specified thereunder. An amount of Rs. 6100.82 crore involving 1782 applications has been sanctioned upto 31st December, 2002. Out of which, an amount of Rs. 4202.60 crore stands disbursed to 1430 applicants.

(ii) Accelerated Depreciation:- Weaving, processing and garment machinery, which is covered under TUFS, has been granted the facility of accelerated depreciation at the rate of 50%.

(iii) Liberalization of FDI Policy: Government has allowed foreign equity participation upto 100%, through automatic route, in the textile sector with the only exception in knitwear/knitting sector which is still reserved for SSI.

(iv) Export Promotion Capital Goods (EPCG) Scheme: The facility to import capital goods under Export Promotion Capital Goods (EPCG) Scheme at 5% concessional rate of duty continued.

(v) Advance Licensing Scheme: With a view to facilitating exports and to access duty-free inputs under the scheme, standard input-output norms for about 300 textiles and clothing export products have been prescribed and this scheme remained under operation. 10% variation in Gram per Sq. Mtr. has been allowed for fabrics imported under duty free Advance Licensing Scheme. Additional items such as zip fasteners, inlay cards, eyelets, rivets, eyes, toggles, velcro tape, cord and cord stopper included in input output norms for garment
exports under Advance Licensing Scheme.

(vi) Duty Exemption Pass Book (DEPB) Scheme: DEPB credit rates have been prescribed for 79 textiles and clothing products (The DEPB credit rates cover about 150 textile and clothing products, for which Standard Input Output Norms (SION) are prescribed). The nomenclature and rates for DEPB entries pertaining to certain textile products rationalized. Ministry of Textiles made a strong case for admissibility of DEPB rates for jute products and consequently DGFT announced DEPB rates for hessian cloth, hessian made-ups, sacking cloth, sacking made-ups, jute mill saver, jute yarn and jute twine. At the instance of Ministry of Textiles, DGFT has issued orders extending DEPB rates for blended textile items.

(vii) Benefits of Exim Policy for centers of economic excellence: With a view to encouraging further development of centers of economic and export excellence, textile centres such as Tirupur for hosiery, woolen blankets in Panipat, woolen knitwear in Ludhiana are inter-alia to be allowed Exim Policy benefits like EPCG for common service provider, accessing of funds by recognized associations under the Market Access Initiative Scheme and Entitlement for Export House status at Rs. 5 crores instead of Rs. 15 crores.

(viii) Duty Drawback Scheme:- The exporters are allowed refund of the excise and import duty suffered on raw materials etc. under the scheme so as to make the products more competitive in the international market. Department of Revenue have revised All Industry Rate of Duty Drawback w.e.f. 1.6.2002. While in some textile items, there have been upward revision in duty drawback rates as well as in value caps, the duty drawback rates and value caps in case of handicrafts and apparel items were reduced. Based on the feedback received from the trade and after studying the impact of such revision on textile exports, Ministry of Textiles took up the matter with Department of Revenue for increase in duty drawback rates in the case of handicraft and apparel items.

(ix) Removal of restriction on import/export of cotton and cotton waste: The Government also removed restrictions like registration of imports or quota on exports in respect of raw cotton and cotton waste.

(x) Human Resource Development: Attention has also been paid to Human Resource Development in the textile sector. Towards this end, particular mention deserves to be made of National Institute of Fashion Technology (NIFT) which is imparting training to Fashion Designing and Fashion Technologists to cater to the human resource requirements of garment industry. The NIFT has 6 branches at Mumbai, Calcutta, Hyderabad, Bangalore, Chennai and Gandhinagar.

Ministry of Textiles is also concerned over the need to improve the quality of textile training institute in the country. Therefore, a Nodal Centre for Upgradation of Textile Education has been established at the Indian Institute of Technology, Delhi with funding from the Ministry of Textiles.

The Apparel Export Promotion Council has been running Apparel Training and Design Centre at important apparel centres located
at Chennai, Delhi, Kolkata, Hyderabad, Jaipur and Bangalore in order to train craftsmen at shop floor level to meet the growing needs of Apparel Industries.

(xi) Construction of Apparel International Mart:- Apparel Export Promotion Council is constructing an Apparel International Mart (AIM) at Gurgaon with assistance from the Government. The AIM would consist of 250 show rooms and would house exhibition complex, business rooms, conference rooms etc., spread over 3.14 lac sq. ft. constructed area comprising of 7 floors. The construction of the building is expected to be completed towards the end of 2003 with an estimated project cost of Rs.51.52 crores (excluding the cost of the land). AIM Complex would have a permanent display centre as well as 250-300 showrooms which will be allotted to the exporters as per set criteria. This will provide a world class facility to the apparel exporters to showcase their products and will serve as one stop shop for reputed international buyers. The Government had released a sum of Rs. 12.10 crores for purchase of land from HUDA. A grant of Rs. 15 crore has already been released towards the cost of construction of AIM project. In order to ensure the timely completion of the project, the budgetary allocation of Rs. 12 crore in B.E. 2002-03 has been enhanced to Rs. 17 crore.

(xii) Setting up of modern laboratories:
The Ministry of Textiles has assisted the Textile Committee in setting up of modern textile laboratories to ensure that the textiles exported from the country meet all international environmental standards.

(xiii) Apparel Park for Exports Scheme:
A centrally sponsored scheme titled “Apparel Parks for Exports Scheme” has been launched. The scheme is intended to impart focussed thrust to setting up of apparel manufacturing units of international standards at potential growth centres and to give fillip to exports. Since the inception of scheme in March 2002, nine Project Proposals have been sanctioned for setting up Apparel Parks at Tronica City & Kanpur (U.P.), Surat (Gujarat), Thiruvananthapuram (Kerala), Visakhapatnam (Andhra Pradesh), Ludhiana (Punjab), Bangalore (Karnataka) and Tirupur & Kanchipuram (Tamil Nadu).

(xiv) Textile Centres Infrastructure Development Scheme (TCIDS):
Development of infrastructure facilities at pre-dominantly textile/apparel sector areas is one of the thrust areas of NTxP-2000. For attaining this objective, a new scheme (TCIDS) has been launched for upgrading infrastructure facilities at important textile centers and its guidelines have been finalised. The Government has recently announced (in December, 2002) modifications in the scope and funding pattern of TCIDS with a view to bringing in urgency in implementation of the Scheme. The central assistance under the Scheme was earlier allowed upto 50% of the critical components of the project subject to a maximum of Rs. 20 crores for each area. Under the modified scheme, the central assistance would be available to the extent of 100% of critical component of the project in respect of Common Effluent Treatment Plant, improving water supplies and drainage facilities and construction of crèche building for apparel units, whereas the other
components would be funded on 75:25 basis between center and states/ agencies. Two TCIDS projects proposed for upgrading infrastructure facilities at Sircilla, Distt. Karimnagar (Andhra Pradesh) and Panipat (Haryana) have since been sanctioned.

(xv) Export Market Support Scheme: Over the past few years, India’s textile exports to the European Union, Korea, South Africa etc. have been facing anti-dumping and anti-subsidy investigations. The anti-dumping (AD)/anti-subsidy (AS) investigations against Indian textile exports are increasing gradually. AD/AS cases are highly technical, legal and procedural and as such defending these cases imposes a heavy financial burden on the concerned Industry/Associations/Exports Promotion Councils (EPCs). Therefore, a need has arisen to create capacities within the industry for meeting them knowledgeable about the domestic as well as international law regarding various trade defence measures. To provide funding support for such efforts, a provision of Rs. 9 crore for Xth Plan (Rs. 2 crore for 2002-2003) under the nomenclature ‘Export Market Support Scheme’ has been made in the Ministry’s budget.

(xvi) Organisation of buyer-seller meets / fairs in the country as well as abroad: The textile export promotion councils have been regularly conducting seminars, organizing buyer seller meets, participating in exhibitions abroad to promote textile exports. Besides, events like TEXSTYLES India, Handicrafts and Gift Fair, India International Garment Fair are also organized in the country to provide an exposition of India’s capabilities in textile and clothing sectors to the visiting foreign buyers.

IMPORTANT DEVELOPMENTS IN INTERNATIONAL TEXTILE TRADE

(i) Discussion on textile issues in the WTO Committee on Trade in Goods: Substantive discussions took place on implementation proposals relating to textiles in formal meeting of the Council for Trade in Goods held during June, 2002. At the meeting, US and Canada made detailed interventions opposing the two implementation proposals on textiles. India reminded members that two textile related implementation proposals were part of the overall package negotiated by Ministers at Doha. If the intention was not to take any action on two textiles, the Ministers would obviously have not incorporated paragraphs 4 in the decision on implementation related issues and concerns. Textiles and clothing sector was a major segment of the Indian economy and was important both for export earnings as well as employment generation. Some of the other developing countries also intervened expressing views similar to India. However, due to the stiff opposition of the restraining countries the CTG could not decide to make any recommendation on implementation issue of ‘growth-on-growth’.

ANTI-DUMPING CASES ON EXPORTS OF TEXTILE PRODUCTS FROM INDIA

(i) EU’s anti dumping duties on Cotton Type Bedlinen items: Pursuant to the Agreement reached between India and EC on 26-04-2001, EC agreed to implement by 14th August, 2001 the decision of the Appellate Body WTO Appellate Body
in the Indo-EU dispute on anti-dumping duties by EU of cotton type bed-linen originating inter-alia from India. EC issued a Regulation on 7.8.2001, reducing the anti-dumping duties and suspending collection of those duties. These measures could get terminated automatically in six months time, provided no interested party requested for its review. However, EC received a request for partial review of the AD measures; and just before the expiry of the measure, EC notified initiation of the review of the measure. India gave a consultation call under the Dispute Settlement Mechanism of WTO, pursuant to which consultations were held with EC on March 27, 2002. India raised a number of questions and emphasized that the interim review should be terminated. However, the EC maintained that the partial interim review cannot be terminated. As the consultation failed, India requested for setting up of a Compliance Panel. The Compliance Panel was established on 22-05-2002. The Compliance Panel held meeting with India, EC and third parties on September 10-11, 2002. The Compliance Panel of WTO in its Report dated 1.11.2002 has concluded that EC’s definitive anti-dumping measure on imports of bed linen from India is not inconsistent with the AD Agreement or the DSU. The Panel observed that EC has implemented the recommendation of the original Panel, the Appellate Body and the DSB to bring its measures into conformity with its obligation under AD Agreement. Against the Report of the Compliance Panel, the Government of India made appeal to the Appellate Body. USA, Japan and Korea also made submissions to the Appellate Body as third parties. The hearing of the Appellate Body was held on 20.2.2003.

(ii) Anti-dumping / anti-subsidy proceedings by EU on imports of PTY from India: On the basis of a complaint from Comite International De La Reyonne Et Des Fibres Synthetiques (CIRFS), the EC had initiated Anti-dumping and Anti-subsidy investigations against imports of Polyester Textured Yarn (PTY) originating inter-alia in India. The Anti-subsidy investigations were contested in co-ordination with the Synthetic & Rayon Textiles Export Promotion Council (SRTEPC). The Council co-ordinated the defense of Indian exporters in the anti-dumping investigations.

EC vide its Regulation No. 1411/2002 dated 29-07-2002 and 1412/2002 dated 29-07-2002 published in Official Journal of EC on 02-08-2002 announced provisional countervailing and anti-dumping duties. As per the EU legislation no product shall be subject to both anti-dumping and countervailing duties for the purpose of dealing with one and the same situation arising from dumping or from export subsidization. Therefore, the subsidy margins have been reduced from the Dumping margin to arrive at anti-dumping duty ranging from 8.1% to 19.1%.

The Indian Companies represented against this provisional determination. EU accorded hearing in the case on October 7, 2002. The representatives of Synthetic & Rayon Textile Export Promotion Council participated in the hearing to convince the EU authorities that there was no evidence of injury to the EU’s domestic industry. However, The EC has disclosed the final
duties on 10-10-2002. As per the final disclosure, the revised anti-dumping duty ranges between 3.7 - 7.9%.

(iii) Anti-dumping investigation by Government of Venezuela against imports of readymade garment inter-alia from India:

The Anti-Dumping Commission (ADC), Ministry of Commerce, Government of Venezuela on 10-09-2002 initiated an anti-dumping investigation on import of readymade garments from a number of countries including India. Apparel Export Promotion Council (AEPC) has been asked to coordinate filing of reply, engagement of lawyer, etc. AEPC in consultation with the Trade, is taking appropriate action to defend the case.

(iv) Anti-subsidy complaint filed with EC against imports of bed linen from India:

A complaint for initiation of anti-subsidy investigation was lodged with EC on 04.11.2002 by the Committee of the Cotton and Allied Textile Industries (Eurocotton). Some Schemes of Government of India such as DEPB, 80 HHC of Income Tax, etc. were alleged to be subsidizing the export products.

As per the relevant provision of the WTO Agreement, a pre-initiation consultation meeting was held between Govt. of India and EC on 10.12.2002 at Brussels. The EC vide its Notice No. 2002/C316/04 dated 18.12.2002 initiated anti-subsidy investigation on bed linen from India. The EC has asked the Indian Government/exporters to furnish certain details on the questionnaire supplied by the EC.

BILATERAL TRADE ISSUES

(i) EU’s bilateral agreements regarding quota/GSP benefits:

The scheme of Generalised System of Preferences (GSP) of the European Union (EU) for the period 1st January 2002 to 31st December 2004 inter-alia provides for suspension by the EU of customs duties for all products which have not graduated, under special tariff arrangements to combat drug production and trafficking. Pakistan is one of the beneficiary countries under this special arrangement. As this may adversely affect India’s exports to EU India had taken up this issue with EU through bilateral consultations held in February 2002. During the consultations it was highlighted that India would stand to lose substantial trade, particularly in the textiles and clothing sector, on account of duty concessions given selectively to Pakistan. The EU was requested to rectify the adverse trade impact due to such concessions. The bilateral consultations did not however yield the desired results from India’s point of view. As the first step to resolve the above dispute with EU, under the Dispute Settlement Mechanism of WTO, it was decided to seek consultations with EU. The consultations were held with EU on 25th March 2002 during which certain details regarding adverse impact on our trade were conveyed to the EU. These consultations have however not led to positive results. Another round of consultations was held with EU on 9th July, 2002. The EU has not yet addressed our concerns in this regard.
While we are still open to remedial action from the EU side, India sought the establishment of a panel in the dispute. The Dispute Settlement Body (DSB) has, during its meeting on 22nd January, 2003, established the panel to examine India's claim in the dispute.

(ii) India-Nepal Treaty of Trade: There have been repeated representations from the indigenous industry regarding increased imports of acrylic yarn from Nepal under Indo-Nepal Treaty of Trade. Under this Treaty, duty free import of certain textile items including acrylic yarn is permissible. DOC had series of discussion with Govt. of Nepal. As a result of these discussions, DOC made certain amendments in the India-Nepal Treaty of Trade. As per the revised Treaty, a quantitative ceiling has been prescribed for a few items including acrylic yarn for duty free import from Nepal. Such imports would be regulated through designated Land Customs Stations. A ceiling of 10,000 MTs of acrylic yarn has been prescribed on annual basis. Textile Committee has been assigned the task of monitoring the imports of acrylic yarn.

(iii) Indo-Sri Lanka Free Trade Agreement (FTA): India has entered into a Free Trade Agreement (FTA) with Sri Lanka whereby India has agreed to allow import of 8 million pieces of apparel articles from Sri Lanka on concessional duty basis. Out of 8 million pieces, 6 million pieces shall be manufactured from fabrics of Indian origin (imported from India). There will be no condition of sourcing of fabrics from India for the remaining 2 million pieces. In order to review the progress of FTA, a Joint Ministerial Committee (JMC) meeting was held between the Commerce Ministers of India and Sri Lanka in New Delhi on 07.06.2002 which was preceded by the Commerce Secretary level meeting on 06.06.2002. Pursuant to the decision of Joint Ministerial Committee (JMC), further discussions were held in Colombo to finalize, as a package, all issues relating to Tea, Cement, TRQ of Tea and garments and change in Rules of Origin in July 2002. The brief of Agreed Minutes of the meeting held from 04th-05th July in Colombo, Sri Lanka concerning MoT is indicated below:

- Sri Lanka had furnished a list of 51 items for deepening of concessions from 50% to 75% in pursuance of Free Trade Agreement signed between India and Sri Lanka. The contention of Sri Lankan authorities was that these items have been subjected to both ad-valorem and specific duty on which ever higher basis. Since the specific duties on these items have been quite high, deepening of concessions was requested by the Sri Lankan Government. India agreed with the proposal of Sri Lanka. However, it was reported that only 38 items attract both ad-valorem and specific duties. Further deepening of concessions was considered in the case of such items only.

- Removal of restriction on 6 million pieces of garment quota. India agreed to increase the unrestricted quota of 2 million pcs. in respect of which fabric of non-Indian origin is used when Sri Lanka fully utilizes this quota. On utilization of the unrestricted quota India agreed to give additional quota of 2 million pcs. out of total 8 million pcs.. India further requested the Sri Lankan side to use 6 million pcs. quota linked to use of Indian fabric.
- Sri Lanka’s request for additional Ports. Against the request of Sri Lanka to provide additional ports of Calcutta, Cochin, JNPT (Mumbai) and Vizag as entry points for garment to India, Indian side agreed to include Calcutta and JNPT (Mumbai).
- Removal of 1.5 million pcs. stipulation. India agreed to increase the level from 1.5 million to 2 million pcs. per category per annum.
- Re-classifying knitted gloves under India’s residual list. Sri Lanka emphasized its desire to place knitted gloves under India’s residual list. India indicated that all items under the HS code in Chapter 61 & 62 have been included and therefore removal of this item alone is not practicable. India agreed that in the event of full utilization of quota, the request would be considered.

(iv) Ban on imports of cotton yarn through the land route and imposition of 10% regulatory duty on import of all types of cotton yarn from India by Govt. of Bangladesh: The Government of Bangladesh imposed a ban on import of cotton yarn through the land route. This has been imposed on the basis of a representation made by the Bangladesh Textile Mills Association (BTMA) as the sales of cotton yarn produced by local spinning mills have been affected due to smuggling of cotton yarn across the Indian border and also dumping of cotton yarn by the Indian producers. The Bangladesh Govt. imposed a regulatory duty of 10% on import of all types of cotton yarn to protect domestic cotton industry. With the imposition of this duty, the effective rate of import duty on cotton yarn has increased to approximately 40% from the present 29%. This issue was discussed with Govt. of Bangladesh during the visit of an Indian delegation led by Commerce Secretary to Dhaka from April 7-10, 2002. The Bangladesh Government has agreed to look into the matter favourably.

NIFT

National Institute of Fashion Technology (NIFT) was registered as an Autonomous Society in 1986. It is a Government funded institution under the Ministry of Textiles with Secretary (Textiles) as Chairman of the Board of Governors (BOG). Besides the Chairman, there are 16 members on the Board of NIFT, including the Director General who is the Chief Executive Officer of the organisation.

NIFT was established in collaboration with the Fashion Institute of Technology (FIT), New York. The genesis of NIFT was in the idea of an apex institution to cater to the growing needs of India’s evolving fashion industry. Over the years, NIFT has emerged as the premier training institute in India nurturing and creating bright generations of professionals in different areas of fashion technology, meeting the human resource requirements of this vital industry. Its high level of interaction and collaboration with the leading fashion institutions of the world has enhanced the stature and scope for the fashion industry in India to meet the challenges of the industrial competitiveness on a global plane.

Between 1986-95, NIFT was a single unit entity at Delhi offering a varied range of full time programmes and professional courses. Beginning from July, 1995 NIFT
has set up under its umbrella six other Centres located at Bangalore, Calcutta, Chennai, Gandhinagar, Hyderabad and Mumbai. These Centres have a Director in-charge who is assisted by a Registrar and a nucleus staff; Director General being responsible for the overall coordination and monitoring of the activities of these Centres. The Centres are under the common management of the BOG. The State Level Management Committee (SLMC) of each Centre, consisting of representatives from the Government, Industry and having the Chief Secretary as its Chairman, acts as a link among the Industry, NIFT Centre, State and Central Governments. The Registrar of the Centre is the designated Member-Secretary of the SLMC.

MAJOR LANDMARKS OF NIFT DURING 2002-03

- NIFT has taken initiative for Cluster Development Programmes with the active support from Ministry of Rural Development, Office of DC (Handicrafts), DC (Handlooms) and NCJD. Series of Seminars are also being organised to discuss the various issues threadbare with all the stakeholders.

- The Annual Faculty Conclave – 5th in series - was held at New Delhi from 23rd to 25th May 2002, during which various academic issues and concerns were discussed threadbare.

- Various Working Groups were constituted to address the issues and concerns of NIFT and the reports submitted by these groups are under active consideration of DG, NIFT.

- Class-room facilities, library and resource facility of all the NIFT Centres are being strengthened keeping in view the requirements of the Centres, after introduction of the new courses.

- Various programmes for the benefit of the industry, in co-operation with the NGOs / State Governments are being undertaken by NIFT regularly, which are on-going activities.

- Computer Education Programme: The Computer Centres in all the NIFT Centres have been equipped with necessary hardware and software to cope up with the requirements after taking into consideration the new course(s) started in all the Centres.

- Building and other facilities at NIFT Centres: The second phase of construction work in NIFT, Calcutta and Hyderabad is in progress. The 1st phase of construction work at Chennai and Bangalore has been completed and the 2nd phase is under progress. The formal inauguration of NIFT, Chennai campus was done during July 2002. These two Centres have shifted the operation in their own premises. The work for construction of the Gandhinagar campus has been commenced and the work is under progress.

- NIFT, Mumbai has shifted to the premises acquired from Apparel Training & Development Centre (ATDC), in Kharghar, Mumbai and further works to suit the needs of NIFT is in progress.
TEXTILES COMMITTEE

Textiles Committee, established under the Textiles Committee Act, 1963, has the primary objective of ensuring quality of textiles both for internal marketing and exports. Its functions include promotion of textiles and textile exports, research in the technical and economic fields, establishing standards for textiles and textile machinery, setting up of laboratories, data collection etc.

The Textiles Committee besides its Headquarters at Mumbai, has 30 Regional Offices, with 18 of them with laboratories, including 9 eco testing laboratories. The Committee has the following functional divisions at headquarters, Mumbai (1) Textiles Inspectorate Wing (2) Textiles Laboratory Wing (3) Market Research Wing (4) ISO Wing (5) Vigilance Cell (6) Accounts Wing, and (7) Administration and Co-ordination.

During the year 2001-02, the Committee remitted to the Government of India Rs.3631.58 lakh towards the cess collection, whereas the funds received by the Committee for its budgeted expenditure during the said financial year was Rs.1799.00 lakh. Apart from the cess collected, the Committee also generated Rs. 1064.08 lakh internal receipts and Rs. 191.28 lakh for issue of GSP certificates.

For the first time, the Committee has taken
up client funded industry specific surveys during the year 2001-02. Some such important surveys are: 100% survey of cotton ginning & pressing factories funded by Technology Mission on Cotton; survey to assess the consumer preferences for jute bags funded by Jute Manufacturers Development Council; survey of handlooms in Orissa funded by Government of Orissa, etc.

Another notable achievement during 2001-02 was accreditation of 5 of the Committee’s laboratories under National Accreditation Board for Laboratories (NABL). With these, a total number of accredited laboratories under the Committee stood at 8. Further, an inter-laboratory proficiency testing has been initiated.