

AIR Spotlight - Cabinet Decision to Give a Boost to Garment Exports

AIR Spotlight is an insightful programme featured daily on the All India Radio Newsonair. In this program, many eminent panelists discuss issues of importance which can be quite helpful in [IAS exam](#) preparation. In this article, the topic of discussion is the cabinet decision to boost exports in the garment sector.

Participants:

- Upendra Prasad Singh, Secretary, Ministry of Textiles.
- Ruchika Chitravansi, Journalist.

Context:

The government has extended the period of the [RoSCTL scheme](#) for garments and made-ups till March 2024.

Introduction:

- India's garment sector is the 2nd largest employer after agriculture.
- It not only provides a large number of employment opportunities but also is a storehouse of tradition, culture, and centuries of traditional skills.
- The Cabinet has decided to continue the RoSCTL scheme for garments and made-ups till March 2024.
- According to the scheme, tax exemptions will be given to exporters of garments.
- It will not only provide stability but also a level playing field to exporters in the garment and made-up sector by making them more competitive.

Textile sector:

- Textiles constitute 12-13% of the total exports basket of India.
- For the benefits of exports, goods should be zero-rated. Goods should be exported not taxes.
- Unlike taxes, most of which get refunded, many duties are levied by central and state governments in the form of mandi charges and others that don't get refunded. This makes the product more expensive.
- This makes Indian exports expensive as compared to other countries such as Bangladesh and Vietnam.
- Hence, the government came up with the RoSCTL scheme. The Rebate of State and Central Taxes and Levies (RoSCTL) Scheme is an export incentive scheme introduced from March 2019 to March 2020 for those who export apparel and made-ups from India.

The RoSCTL Scheme:

- The RoSCTL Scheme gives duty-credit transferable and sellable scrips on the FOB value of export.
 - **Note:** FOB is Free on Board (or Freight on Board).

- This basically means that the cost of delivering the goods to the nearest port is included but the buyer is responsible for the shipping from there and all other fees associated with getting the goods to the buyer's country/address.
- It was expected that the scheme would be subsumed under the [RoDTEP](#) which came into effect on 1st January 2021. However, the Government decided to delink the RoSCTL scheme with RoDTEP later on.
- RoSCTL scheme is for three major products: apparel, garments, and made-up textiles.
- India ranked two in global textile exports. Over the years, the share has gone down as Bangladesh and Vietnam are emerging as hubs for textile exports.
 - Bangladesh and Vietnam have certain advantages when it comes to textile exports. As they are the least developed countries, they are exempted from import duties in many European countries such as the UK. Other advantages include cheaper wages and free trade agreements which these countries enjoy.

Measures to boost export of textile:

- There are other things in the pipeline which need to be approved by the cabinet to boost exports. One of them is performance-linked incentives.
- The union finance minister had already announced that the government will set up 7 **mega textile parks**.
- The textile industry is highly fragmented and different processes are performed at different places. This increases logistics cost and adds to the overall cost. The idea of a textile park is to make all processes from spinning to garmenting in one place.
- India's share in man-made textiles and technical textiles is not very good. However, there is a good opportunity for exports as in European countries and the USA, summer is short and winter is long which leads to high demand in man-made textiles and technical textiles. The [performance-linked incentive \(PLI\)](#) is targeted towards this.
- India has also launched a [Technical Textiles Mission](#) to promote exports of technical textiles.
- The manufacturing sector is going through a change with automation being introduced to manufacture textiles that were earlier handmade.
- Cotton is India's strength and to further develop it, the Ministry of Textiles is partnering with the Ministry of Agriculture & Farmers' Welfare to boost cotton production.
- India imports an extra long variety of staple cotton that is grown very little in India. India needs to focus on that.
- India is good at organic cotton and contamination-free cotton. India does not export raw cotton much. Most of the export is in the form of value-added cotton such as in the form of garments.

Silk and Jute:

- Although India is the second-largest producer of Silk, it imports silk from China to meet domestic demand. However, dependency is reducing. India produces all four varieties of silk.
- Types of silks: Mulberry Silk, Tasar silk, Eri silk, Muga silk.

- Another area of focus is Jutes. The utilization of jute can be increased by using it for the production of Jute bags.

Way forward:

- India's strength is natural fibres and India is taking advantage of this. There are also man-made fibre categories like technical textiles on which India is focusing.
- The Ministry of Textiles is also focusing on startups for innovations in the textile sector and the adoption of advanced technology.
- To encourage artisan and handloom weavers, the Ministry has come up with an e-commerce platform to facilitate marketing and sales.
- This will also attract entrepreneurs to innovate in textile technology.

