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Government Doubles Duty on Over 50 Textile Items

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The Government has doubled import duty from 10% to 20%, on more than 50 textile products such as jackets, suits and carpets.

- The Central Board of Indirect Taxes and Customs has also raised the ad-valorem rate of duty for certain items like woven fabrics, dresses, trousers, suits and baby garments.
- The boost comes at a time when India has lost out its garment manufacturing edge to neighbouring countries of China, Bangladesh and Vietnam.
- The move is in line with the 'Make in India' initiative and will help boost domestic manufacturing. However, least developed countries including Bangladesh would continue to enjoy duty-free access to Indian markets under the South Asian Free Trade Area (SAFTA) agreement.
- However, concerns have been raised that even the prices of domestic apparel which use foreign inputs could rise.
- As per WTO norms, India would not be able to give further incentive to the textile sector.

NOTE: An ad valorem tax is a tax based on the assessed value of an item such as real estate or personal property. All ad valorem taxes are levied based on the determined value of the item being taxed. The most common ad valorem taxes are property taxes levied on real estate. However, ad valorem taxes may also extend to a number of tax applications, such as import duty taxes on goods from abroad.

Textile Sector in India

- The Textile industry contributes to 7% of industry output in value terms, 2% of India's GDP and to 15% of the Country's export earnings.
- The textiles industry is also labour intensive and is one of the largest employers.
- The Indian textiles industry is extremely diverse, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital-intensive sophisticated mills' sector at the other end of the spectrum.
- The decentralised power looms/ hosiery and knitting sector forms the largest component of the textiles sector.

Government Initiatives

- The Indian government has allowed **100% FDI in the Indian textiles** sector under the automatic route.
- The Ministry of Textiles along with Energy Efficiency Services Ltd (EESL), has launched a **technology upgradation scheme called SAATHI** (Sustainable and Accelerated Adoption of Efficient Textile Technologies to Help Small Industries) for reviving the powerloom sector of India.
- The Government has planned **to connect as many as 5 crores (50 million) rural women to charkha** (spinning wheel) in next 5 years with a view to provide them employment and promote khadi.
- **21 ready-made garment manufacturing units** are being set up in seven states for development and modernisation of Indian Textile Sector.