

# Govt banks on foreign funds to revive textile units

fe Bureau

New Delhi, Oct 22: Desperate to bring the textiles sector back on track, Union textiles minister Dayanidhi Maran is now banking on foreign funds. As part of the strategy, Maran will be heading an industry delegation to Switzerland, Italy and Turkey to woo companies for setting up manufacturing facilities in India.

While Switzerland is known for its textiles machinery, Italy is famous for fashionable, high-end fabrics and garments. Turkey and Germany are known for processing and technical textiles, respectively.

"We need investment to improve our manufacturing standards when we shift from cotton to fibre. The delegation will meet machinery manufacturers such as Beninger, Rieter and Bilsar during the nine-day visit. Incidentally, Italy has made huge investment on man-made fibre machineries", Maran told a press conference here on Wednesday.

"We expect to attract at least 20% of the estimated \$6-billion FDI target during 2009-10", he said.

Recalling how he was able to help propel the information technology sector during his stint as Union IT minister by wooing foreign direct investment, Maran said, "I want to employ the same mantra of 'come to India, set up manufacturing units here, sell in India and make money' for the textile sector also. I am sure it will help this sector too."

"In the second phase, India will also be holding road shows in France and Germany to explore the market potential, technology offerings, market for technical textile products and so on," he said.

India offers various incentives to foreign investors like low-cost labour and intellectual right protection. Though India allows 100% foreign direct investment (FDI) in the sector, inflows were a meagre \$200 million during 2008 or 0.6% of the total \$33 billion.

Maran attributed the poor inflow to stringent labour laws and expensive power, which at times turned out to be an issue. "They are nevertheless interested in coming here," he said and cited the cases of a few prominent investors who had pledged support and evinced interest in establishing their facilities in India.

Maran reiterated that apparel exporters should diversify and look for newer markets such as Latin America, Africa and Brazil to reduce the country's dependence on the US and the European Union.



## Weaving recovery

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