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**STANDING COMMITTEE ON LABOUR, TEXTILES AND
SKILL DEVELOPMENT**

(2022-23)

(SEVENTEENTH LOK SABHA)

MINISTRY OF TEXTILES

DEVELOPMENT OF MANMADE FIBRE

THIRTY-SEVENTH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

December, 2022/ Agrahayana, 1944 (Saka)

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Presented to Hon'ble Speaker on 05.09.2022

Presented to Lok Sabha on 08.12.2022

Laid in Rajya Sabha on 08.12.2022



LOK SABHA SECRETARIAT

NEW DELHI

December, 2022/ Agrahayana, 1944 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON LABOUR

(2020-21)

Shri Bhartruhari Mahtab - Chairperson

MEMBERS

LOK SABHA

2. Shri Subhash Chandra Baheria
3. Shri Pallab Lochan Das
4. Shri Pasunoori Dayakar
5. Shri Feroze Varun Gandhi
6. Shri Satish Kumar Gautam
7. Shri B.N. Bache Gowda
8. Dr. Umesh G. Jadhav
9. Shri Dharmendra Kumar Kashyap
10. Adv. Dean Kuriakose
11. Shri Sanjay Sadashivrao Mandlik
12. Shri Khalilur Rahaman
13. Shri D. Ravikumar
14. Shri Nayab Singh Saini
15. Shri Naba Kumar Sarania
16. Shri Ganesh Singh
17. Shri Bhola Singh
18. Shri K. Subbarayan
19. @ Vacant
20. # Vacant
21. \$ Vacant

RAJYA SABHA

22. Shri Dushyant Gautam
23. Shri Neeraj Dangi
24. Shri Oscar Fernandes
25. Shri Elamaram Kareem
26. ^ Shri Mahesh Jethmalani
27. Dr. Banda Prakash
28. * Shri Naresh Bansal
29. Ms. Dola Sen
30. Shri M. Shanmugam
31. Shri Vivek Thakur

@ Vacancy occurred *vice* Shri P.K. Kunhalikutty resigned *w.e.f* 3rd February, 2021.

Shri John Barla ceased to be Member of the Committee *w.e.f* 07.07.2021 *vice* he was appointed as Union Minister.

\$ Dr. Virendra Kumar ceased to be Member of the Committee *w.e.f* 07.07.2021 *vice* he was appointed as Union Minister.

^ Nominated *w.e.f* 11th June, 2021 *vice* Dr. Raghunath Mohapatra expired.

* Nominated *w.e.f* 23rd December, 2020 *vice* Shri Rajaram retired.

**COMPOSITION OF THE STANDING COMMITTEE ON LABOUR, TEXTILES AND
SKILL DEVELOPMENT**

(2021-22)

Shri Bhartruhari Mahtab - Chairperson

MEMBERS

LOK SABHA

2. Shri Subhash Chandra Baheria
3. Kunwar Pushpendra Singh Chandel
4. Shri Ravikumar D.
5. Shri Pallab Lochan Das
6. Shri Pasunoori Dayakar
7. Shri Feroze Varun Gandhi
8. Shri Satish Kumar Gautam
9. Shri B.N. Bache Gowda
10. Dr. Umesh G. Jadhav
11. Shri Dharmendra Kashyap
12. Shri Pakauri Lal Kol
13. Adv. Dean Kuriakose
14. Shri Sanjay Sadashiv Rao Mandlik
15. Shri Khalilur Rahaman
16. Shri Naba Kumar Sarania
17. Shri Bhola Singh
18. Shri Ganesh Singh
19. Shri Nayab Singh
20. Shri K. Subbarayan
21. Shri Giridhari Yadav

RAJYA SABHA

22. Shri Naresh Bansal
23. Shri Neeraj Dangi
24. Shri Elamaram Kareem
25. Ms. Dola Sen
26. Shri M. Shanmugam
27. Shri Vivek Thakur
28. Shri Vijay Pal Singh Tomar
29. *Vacant*
- 30.* *Vacant*
- 31.** *Vacant*

SECRETARIAT

1. Shri T.G. Chandrasekhar - Additional Secretary
2. Shri D.R. Mohanty - Director
3. Shri K.G. Sidhartha - Deputy Secretary

* Vacancy occurred *vice* Dr. Banda Prakash resigned *w.e.f* 04.12.2021.

** Vacancy occurred *vice* Shri Dushyant Gautam retired *w.e.f* 01.08.2022.

**COMPOSITION OF THE STANDING COMMITTEE ON LABOUR, TEXTILES AND
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(2022-23)

Shri Bhartruhari Mahtab - Chairperson

MEMBERS

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8. Dr. Umesh G. Jadhav
9. Shri Dharmendra Kumar Kashyap
10. Adv. Dean Kuriakose
11. Shri Pakauri Lal
12. Prof. Sanjay Sadashivrao Mandlik
13. Shri Dayakar Pasunoori
14. Shri Khalilur Rahaman
15. Dr. D. Ravikumar
16. Shri Naba (Hira) Kumar Sarania
17. Shri Bhola Singh
18. Shri Ganesh Singh
19. Shri Nayab Singh
20. Shri K. Subbarayan
21. Shri Giridhari Yadav

RAJYA SABHA

22. Shri Naresh Bansal
23. Shri Neeraj Dangi
24. Shri R. Dharmar
25. Prof. Manoj Kumar Jha
26. Shri Elamaram Kareem
27. Ms. Dola Sen
28. Shri M. Shanmugam
29. Shri Shibu Soren
30. Shri Vijay Pal Singh Tomar
31. Shri Binoy Viswam

SECRETARIAT

1. Shri T.G. Chandrasekhar - Additional Secretary
2. Shri D.R. Mohanty - Director
3. Shri K.G. Sidhartha - Deputy Secretary

INTRODUCTION

I, the Chairperson, Standing Committee on Labour, Textiles and Skill Development (2021-22) having been authorized by the Committee do present on their behalf this Thirty-Seventh Report on 'Development of Manmade Fibre' relating to the Ministry of Textiles.

2. The Committee (2020-21) took oral evidence of the representatives of the Ministry of Textiles on 03.11.2020. The Committee (2021-22) took further oral evidence of the representatives of the Ministry of Textiles on 19.07.2022. The Committee considered and adopted this Report during the sitting held on 22nd August, 2022.

3. The Committee express their thanks to the representatives of the Ministry of Textiles for tendering evidence and placing before the Committee all the requisite information sought for in connection with the examination of the subject.

4. For ease of reference and convenience, the Observations/ Recommendations of the Committee have been printed in thick type in the body of the Report.

New Delhi;
25th August, 2022
3 Bhadrapada, 1944 (Saka)

BHARTRUHARI MAHTAB
CHAIRPERSON,
STANDING COMMITTEE ON LABOUR,
TEXTILES AND SKILL DEVELOPMENT

REPORT

PART-I

INTRODUCTORY

1. Indian apparel industry is dominated by Cotton and is the major raw material for domestic textile industry. It provides sustenance to millions of farmers as also the workers involved in cotton industry, right from processing to its trading and shall continue to be a critical raw material to the textile industry. However, over the past few years, due to supply side pressures and price volatility, there emerged an opportunity to gradually shift from cotton towards manmade fibres in order to complement the demands of an ever growing consumer base.

2. Manmade Fibres (MMF) are produced by combining polymers or small molecules of raw materials, mainly of petroleum based chemicals. MMF can be classified into organic and inorganic. Organic MMF are made either by transforming natural Polymers or from synthetic Polymers whereas inorganic MMF are carbon, ceramic, glass, metal etc. and produced by bi/multi-component fibres. Purified Terephthalic Acid(PTA) and Mono Ethylene Glycol(MEG) are the basic raw material used by MMF industry for production of fibre and filament in the value chain.

3. Today, Indian manmade fibre textile industry has the potential to take centrestage in the global arena by its ability to produce several types of synthetic fibres like polyester, viscose, nylon or acrylic owing to its diversified presence across the textile value chain right from fibre and filament, manufacturing to apparel, home furnishing and technical textiles products and is at a distinct advantage since the demand for manmade fibre textiles continue to witness a steady rise as a substitute for cotton based fabrics.

4. India is the second largest manufacturer of MMF(5.48 million MT) in the world, China being the largest manufacture with 45.70 million MT, followed by USA (1.99 million MT), Taiwan (1.90 million MT) and South Korea (1.37 million MT). Global production of fibre has increased by 20 times from 4 million MT in 1900 to 88 million MT in 2016, 98 million MT in 2017 to 104 million MT in 2019. MMF will contribute about 84 percent of total fibre mill consumption between 2015-2030. (PCI Wood Mackenzie). Similarly, as per the estimate of International Cotton Advisory Committee (ICAC), about 80% of fibre consumption will be contributed by non-cotton segment by 2025.

5. Against the above backdrop and with a view to assess the development and promotion of MMF and measures taken by the Government to address various issues that hinder its growth, the Committee took up the subject for examination and report. In the process, the Committee obtained background materials and post evidence written replies from the Ministry of Textiles besides taking their oral evidence. Based on the written and oral depositions of the Ministry, the Committee have analysed various issues concerning the subject matter as enumerated in the succeeding paragraphs followed by the Committee's considered Observations/ Recommendations.

II. GLOBAL MMF PRODUCTION/TRADE AND INDIA'S MMF TEXTILE AND APPAREL INDUSTRY

6. The Committee were informed that the global manmade fibre production had grown at a compound annual growth rate (CAGR) of 5.10% during 2009 to 2019 and the production increased from 46 million tonnes in 2009 to 76.5 million tonnes in 2019. Further, the global production of fibres was 104 million tons in 2019 out of which the manmade fibre contributed 73.87 percent, cotton accounted for 25.08 percent and wool contributed 1.05 percent of total production of fibre in 2019.

7. The Ministry further apprised that, out of the manmade fibre production, the share of synthetic fibres such as polyester, polyamide, acrylic etc. was about 90 percent and cellulosic fibre was 10 percent. Growth trend of production indicated that the global production of manmade fibre had grown with a CAGR of 5.10 percent, at a much higher growth rate than cotton fibre (CAGR: 0.61percent for the period, 2009-2019).

8. Moreover, among the synthetic fibres, polyester has always been the dominating fibre among the global manmade fibre production and contributed around 57.23 million tonnes in 2019. The Ministry also highlighted the increase in production of polyester filament yarn from 18.7 mn tons in 2008 to 40.76mn tons in 2019 with CAGR of 7.34%.

9. Further, the Ministry added that the other constituents of synthetic fibres like Polyamide accounted for 5.63 million tonnes and polypropylene, acrylics and others had a combined production volume of 6.6 million tonnes in 2019 whereas the production of cellulosic fibres was 6.38 million tonnes during the same period. In the case of production of polyamide filament yarn which is extensively used to manufacture technical textiles like sports apparel and accessories, adventure equipment and travel accessories, it has also experienced positive growth during last ten years witnessing an increase from 3.4 million tons in 2008 to 5.4 million tons in 2019 with CAGR of 4.30%.

10. As regards the global trade in Textiles and Apparels (T&A), the Ministry apprised that it has increased from \$ 639.5 Bn in 2010 to \$864.61 Bn in 2021. The manmade fibre trade in T&A had also commensurately increased from \$ 233.71 Bn in 2010 to \$361.66 Bn in 2021. While the global exports increased by 2.78 percent CAGR during the 2010-21 period, the export of manmade fibre textiles has experienced robust growth with a CAGR of 4.05 percent

11. The Ministry has further submitted that as per studies conducted by two global agencies namely, Wood Mackenzie and International Cotton Advisory Committee (ICAC) on global manmade fibre consumption pattern, it is estimated that manmade fibre would contribute about 84 percent of total fibre mill consumption between 2015-2030 and 80 percent by non-cotton segment respectively. The Ministry further added that in order to achieve this ratio of 80:20 (80 percent MMF & 20 percent Non-MMF) by 2030, MMF T&A exports need to grow at CAGR of 29 percent while Non-MMF T&A segment is to grow at about 7 percent to achieve Textile Export Vision of US \$300 billion by 2030.

12. As regards the break-up of manmade products exported globally, the representative of the Ministry deposed in evidence as under:

“In the analysis of the global top exported MMF products, it reveals that there are 90 products, which contribute to the value of about 302 billion dollars to MMF export basket, which is about 83.75 per cent. India’s share in this product is about 2.48 percent. These 90 products comprise of 37 apparel products, 20 fabrics and 11 yarns, 11 made-ups and nine technical textile products and two fibre products. India’s share in these top 90 products was 2.49 per cent and value was USD 7.53 billion, of which 20 products are dominating in our basket which account for about USD 6.01 billion. India needs to diversify its product basket so as to attain a higher level of exports in MMF products.”

13. As regards the performance of Indian manmade fibre products globally, the Ministry further apprised as under:

“Our biggest factor is that we have to pay import duty in the European Union and in the UK. Our level playing field is USA. In USA, we are doing well. But we are not doing so well in the European market and UK because the duty of 9 and a half to 10 percent is borne by our exporters. There is no duty on such high margin. The advantage of nine and a half to 10 percent, which countries like Bangladesh and Vietnam have in today's day, either they get the benefit of GSP special, they should be removed or we can get FTA from UK and China. Our minister is trying for this. It is believed from the UK that there will be at least an early harvest agreement, not a full FTA, in which textiles will be included. But, as you know, there are so many countries.”

14. The Committee desired to be apprised of the major contributors to the global export of T&A as well as manmade fibre textiles. In response, the Ministry, submitted that China dominate the global export share with 40.03% followed by Vietnam (5.90%), Germany (4.45%), Turkey (3.80), Italy (3.49%)

with India at 6th position with a share of 2.73%. The following was furnished in a tabular form:

Top 10 MANMADE FIBRE T&A Exporters in World in 2021				
Country	T&A		MANMADE FIBRE	
	% share	CAGR	% share	CAGR
China	31.57	2.96	40.03	4.88
Vietnam	5.15	11.69	5.90	15.17
Germany	4.70	2.11	4.45	2.48
Italy	4.28	1.42	3.49	2.22
Turkey	3.95	4.24	3.80	5.94
India	4.76	3.93	2.73	5.04
USA	2.93	0.73	2.68	0.87
Bangladesh	5.38	9.81	2.65	21.85
Spain	2.37	5.60	2.45	8.15
Belgium	1.80	0.80	2.07	0.99
Top 10	66.90	3.86	70.26	5.17
R o World	33.10	0.85	29.74	1.86
Total	100.00	2.79	100.00	4.05

15. The Ministry, however, asserted that India's manmade fibre T&A export has been growing with a CAGR 5.04% during 2010 to 2021 and is well ahead than the competing countries like China (4.88), Germany (2.48) and Italy (2.22). Hence, the performance of India's manmade fibre textiles export has been progressively growing steadily than competing countries in the global market.

16. As regards the exports of manmade fibre T&A, the Ministry submitted as under:

“The 90 products at 6 digit HS level contribute more than 83 percent of global export and India's share in these products is 2.48%. In value terms these products contribute US \$7.53 billion to the export basket. The details are as under:

Top Exported Manmade Fibre Products and India							
Category	No. of Products	World Exports (\$Bn)		India's Exports (\$Bn)		India's Share (%)	
		2010	2021	2010	2021	2010	2021
Fibre	2	5.27	6.58	0.37	0.59	7.02	8.99
Yarn	11	13.42	17.75	0.82	1.49	6.09	8.39
Fabric	19	39.42	57.68	1.52	1.16	3.87	2.01
Garments	37	86.64	168.68	1.02	2.53	1.17	1.50

Top Exported Manmade Fibre Products and India							
Category	No. of Products	World Exports (\$Bn)		India's Exports (\$Bn)		India's Share (%)	
		2010	2021	2010	2021	2010	2021
Made ups	11	15.89	27.18	0.14	0.50	0.88	1.84
Technical Textiles	9	13.30	23.99	0.19	1.22	1.44	5.09
Others	1	1.42	1.01	0.09	0.04	6.02	3.65
Top 90	90	175.36	302.87	4.15	7.53	2.36	2.49
Total Manmade Fibre	344	233.68	361.66	5.75	9.88	2.46	2.73

III. INDIA'S TEXTILE VALUE CHAIN

17. India is one of the few countries in the world having presence in the complete manmade fibre Textile Value Chain (TVC) from fibre to a range of fabrics and apparels & made-ups and is a leading manmade fibre manufacturer in the world just next to China.

18. The Ministry apprised that despite China being the largest manufacturer of manmade fibre with 45.70 mn MT production followed by India with 5.48mn MT, USA with 1.99 mn MT, Taiwan with 1.90 mn MT and South Korea with 1.37mn MT, India has an advantage of having both forward and backward linkages to the manmade fibre textile industry.

19. Asked to state the details of overall production of man-made fibres in India, the Ministry submitted that the sector recorded an increase from 2.76 mn MT in 2009 to 6.05 mn MT in 2018 at 9.10 percent CAGR. Moreover, the production of polyester staple fibre increased from 1.23 mn MT in 2013-14 to 1.57 mn MT in 2018-19 at 6 percent CAGR whereas the production of viscose staple fibre recorded a growth of 11 percent CAGR from 361,000 MT in 2013-14 to 550,000 MT in 2018-19. India's exports of manmade fibre textiles represent 3.37% share of the global market.

20. The Committee then desired to know the specific steps taken by the Government to regulate prices of manmade yarn amidst supply shortage of

cotton yarn in the post lockdown period. In reply, the Ministry submitted as under:

“Government has revoked anti-dumping duty on “Viscose Staple Fibre excluding Bamboo Fibre” originating in or exported from China and Indonesia vide Customs notification no. 44/2021 dtd. 12.08.2021.

- Government has removed Anti-Dumping Duty on acrylic fibre originated in or exported from Thailand to India vide Customs notification no. 36/2020 dtd. 11.11.2020.
- In order to ensure adequate availability of raw material at competitive price in the country, Government removed anti-dumping duty on PTA (a key raw material for the manufacture of MMF fibre and yarn) originating in or exported from the People's Republic of China, Iran, Indonesia, Malaysia, Taiwan, Korea and Thailand to India vide Customs notification no. 03/2020 dtd.2nd February 2020.”

21. The Ministry further apprised that India is a leading manufacturer of PTA (Purified Terephthalic Acid) and MEG (Mono Ethylene Glycol), the basic raw-material used by manmade fibre industry for production of fibre and filament in the value chain.

22. When enquired about the efforts made by the Government to leverage the benefits of the two basic raw materials viz, Purified Terephthalic Acid (PTA) and Monoethylene Glycol (MEG), the Ministry responded as under:

“In order to ensure domestic availability of PTA and MEG, the basic inputs of MMF; a better planning for the Petrochemical sector augmentation/expansion is essential. In view of this Department of Chemicals and Petrochemicals in association with MoP&NG and industry is in the process of finalization of a Perspective Plan for bridging the demand supply gap of the various polymers/Petrochemicals including PTA & MEG. The plan highlights the likely demand-supply scenarios over the next 10-15 years and present options to meet the gap between domestic demand and supply. This plan may help in formulation of specific policy required for growth of domestic capacity of PTA and MEG value chain. In the recent past Government has reduced custom duty on Naphtha (the basic raw material for petrochemicals), this may help to an extent to achieve global cost competitiveness of basic inputs of textile value chain i.e. PTA and MEG (for MMF).

As per the data, India’s share of raw material for the MMF industry is 7.38%, which even through makes us 2nd largest producer of raw material as a whole, but the overall share is not very significant as compared to China.”

23. The Committee then asked whether the raw materials for manmade fibre were optimally produced by the Industry. In reply, the representative of the Ministry deposed in evidence as under:

“Only about **70-80** percent of their capacity is being utilized. The interesting thing is that PTA is being exported and imported from our country. Since this sector is delicensed and deregulated, then small industries should get the right price, it is the need of the country. Also, it is necessary to protect the interest of the big industries which are engaged, who are supplying raw materials, who have made heavy investment. The interest of the nation should be seen in totality.”

24. With regard to framing of policy for development of raw materials viz. PTA and MEG, the representatives of Department of Chemicals and Petro-Chemicals submitted in evidence as under:

“Regarding PTA and MEG development part from the Department of Chemicals, we are in the process of making a perspective plan for development of petrochemicals which includes MEG and PTA as well. So, that part is under study. An expert Committee is being constituted by the Department of Chemicals and Petro-Chemicals and Ministry of Petroleum and Natural Gas. That is almost in the draft stage. Subsequently, in the coming period, that is in the six months or so, the policy decision may be taken based on the data and the reports. So, this is what the progress being made from the Department of Chemicals and Petro-Chemicals particularly for the development of PTA and MEG which are the basic inputs for making MMF.”

25. When asked about the steps taken to curb/regulate higher prices of manmade fibre in the domestic market, the Ministry stated as under:

“The process flow of MMF value chain starts from Paraxylene and Ethylene as basic building block, converted to Purified Terephthalic Acid (PTA) and Mono Ethylene Glycol (MEG) respectively. PTA & MEG to produce Polyester & it is converted to PFY and PSF also Yarn, spinning of yarn is making fabric. Domestic capacity of PTA and MEG are near to sufficient to meet the current domestic demand. However to meet growing demand of synthetic fibre (MMF) globally and specifically in India, there is a need to create sufficient domestic capacity of PTA and MEG.”

26. On the impact of pandemic and subsequent lockdown on the performance of manmade fibre sector, the Ministry submitted as under:

“The pandemic of Covid-19 has affected the overall performance of textile and apparel industry. During the pandemic period (2020), the export of T&A from India to rest of the world declined from USD35.49 billion in 2019 to USD 29.61billion in 2020 with a negative growth of (-) 16.57%. However, the export of textile and apparel recovered in 2021 and has increased to USD 41.47 billion registering a growth of 40.07% as compared to 2020.

The textile industry reported catastrophic impact during COVID-19 pandemic. With a view to support the industry, Ministry, under ATUFS, has extended/condoned the timelines prescribed in the scheme guidelines for subsidy application & UID generation, installation of machinery and filing of request for verification etc. In order to give relief to the industry for easing liquidity flow, an option was also introduced under the scheme to release of part subsidy against Bank Guarantee (BG). Additionally, expeditious efforts were made to settle subsidy cases where inspections were already completed. As a result, there was improvement in number of claims getting settled as evident from below table:

Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
No. of claims settled	12	47	466	923	2239	2514	593*

*as on 06.07.2022”

27. The Committee were informed that the Indian manmade fibre TVC comprises of large scale producers of man-made fibres while the downstream Industry which comprises of spinning, weaving, knitting and processing units is highly SMEs based. The clusters like Surat, Ludhiana, Bhilwara, Bhiwandi, Erode and Panipat have emerged as the major clusters for manufacturing of manmade fibre textiles. These regional hubs focus on product segments, which allow them to achieve a competitive advantage through specialisation and integration of downstream value chain.

28. On the supply chain of the textile production chain, the Ministry highlighted the various processes as under:

“Spinning

“India has capacity to produce 100% manmade fibre and blended yarns and has produced 4.0 Mn tons filament yarn in 2018 with installed capacity of 6.5 Mn tons and 2.2 Mn tons manmade staple fibres with 3 Mn installed capacity. At the same time India has also produced 1.1 Mn ton blended yarn with a share of 18% of total spun yarn.

Amongst the clusters, Ludhiana and Surat have emerged as major centre for polyester and acrylic spinning, Silvassa, Vapi & Daman emerged for texturizing units. Similarly, Coimbatore and its adjacent area in Tamil Nadu have emerged as major centre for production of viscose rayon and Bhiwandi in Maharashtra for polyester/viscose blend.

On the key challenges faced by the sector, the Spinning industry has been experiencing low capacity utilisation, lack of efficiency, productivity and high wastage: unavailability of skilled workforce, high attrition rate, high power cost & lack of modernisation by the SME units without auto doffing system. This sector is the most developed sector in Textile Value Chain and considerably modernized with sufficient availability of skilled workforce and overall capacity utilization of spinning mills is improved considerably and for the same reason spinning sector is also kept out from ATUFS scheme.

Weaving

About 5.0 lakh weaving units were operating in the country and employed about 22.56 lakh power-looms in 50 clusters. However, it may be mentioned that only 1.05 lakhs are modern looms out of total looms. The Committee were further apprised that bottlenecks like slow pace of technology up-gradation (67% of looms are shuttle looms & 33% shuttle-less looms), low productivity, defects in fabrics manufacturing and lack of scale economy have plagued the sector. The segment has been experiencing constraints like technology and lack of scale economy, lack of quality of the product, high wastage & defective fabrics, less emphasis on quality & compliance to international standards, less focus of product and process development, low production efficiency and lack of investment in weaving segment, etc.

Knitting

The cluster-based industry with a majority in Tirupur with 27000 knitting machines, Ludhiana with 12000 knitting machines constitute the largest manmade fibre and blended fabrics manufacturing cluster along with Kolkata which has 2000 machines in addition to several units in Maharashtra and Gujarat which specifically deal with knitted products. The sector is more oriented towards cotton fibre. Having enormous opportunity of manmade fibre, reorientation of the manufacturing base towards manmade fibre and blend is important for realizing full potential. This is a highly decentralised & SMEs based and lacks scale economy. In addition, import of weft knitted fabrics have been growing at CAGR of 11.70%”

Processing

The processing segment cover sizing, de-sizing, bleaching, dyeing & finishing and contribute highest value addition to the fabrics. Around 90% processing units are in SMEs. Out of the total 5000 units, only 200 units are integrated with forward & backward value chains.

The segment faces inadequate infrastructure, power and water. Further, effluent treatment plants and of skilled manpower and outdated technology have constrained the growth of this industry leading to low quality & efficiency. Moreover, the segment is slow in adopting international quality norms, compliance system & changing fashion needs.

Apparel & Made-ups

Highest value addition occurs in this segment in the entire manmade fibre textile value chain and is highly unorganized as about 85 percent of units belong to MSMEs. Most of the units are working on job work basis and quality is a major issue and fragmented nature of industry is adversely affecting the value chain.

Orientation towards manufacturing cotton garments is high leading to less than expected focus on Manmade Textiles and the defects in manufacturing is quite high as compared to competing countries. Further, quality, compliance and technology bottlenecks are hampering the robust growth in the segment.”

29. When enquired on the efforts made to overcome the various constraints being experienced in the textile value chain, the Ministry submitted as under:

“The Government has approved the Production Linked Incentive (PLI) Scheme for Textiles, with an approved outlay of Rs 10,683 crore over a five year period. The Production Linked Incentive (PLI) Scheme is intended to promote production of MMF Apparel & Fabrics and, Technical Textiles products in the country to enable Textiles Industry to achieve size and scale; to become competitive and a creator of employment opportunities for people.

PM MITRA Parks are envisaged to be set up at strategic locations, as ready to move, ready to start (through plug and play facilities), with common industrial infrastructure and facilities, allowing integration of supply and value chains in a contiguous area. The key criteria of good connectivity to the nearest Port / Dedicated Freight Corridor / Industrial Corridor/Textiles Cluster, Reliable Power Supply and Water availability and Waste Water Disposal system is envisaged to reduce logistic cost of Industry. Further, it is intended to equip the sector with world-class facilities for both industrial units and workers working and staying in and around MITRA Park.

In order to overcome some of constraints like lack of economies of scale, defective fabrics, non-compliance to international standards, etc the

Government of India has recently launched PLI & PM-MITRA schemes for the benefit of MMF sector.

Also, the Government is contemplating in issuing product / standard specific Quality Control Orders to make Indian Standards developed by BIS mandatory for domestically manufactured textiles and imported textiles so as to encourage defect free production of textiles along with compliance to domestic standards.”

30. As regards other additional measures taken to address the constraints, the Ministry responded as under:

“Under ATUFS, Capital Investment Subsidy is given to entities @10% with a cap of Rs. 20.00 crore for installation and operationalization of benchmarked machinery in processing sector. ATUFS was valid upto 31.03.2022. Ministry has initiated the process of stakeholder consultation in conceptualizing a new scheme in place of ATUFS, to incentivize modernization of various weak links including processing sector and also to support indigenous development/manufacturing of textile machinery.

CCEA in its meeting held on 30th October, 2013 approved implementation of Integrated Processing Development Scheme (IPDS) at a total cost of Rs.500 crores during the 12th Five Year Plan. The objectives of the Scheme is to enable the textile processing sector in meeting environmental standards through appropriate technology including marine, riverine and Zero Liquid Discharge (ZLD) and to facilitate the textiles industry become globally competitive using environmentally friendly processing standards and technology and to encourage research and development work in textiles processing sector.

The scheme will provide Government support for establishing common infrastructure to catalyze private sector investments in the major processing clusters. The processing Development Parks shall be setup both Green field and Brown field areas. The State Governments have been requested to forward suitable proposals, duly recommended by the State Pollution Control Boards for up-gradation of existing textile processing units or for setting up new processing units in their States for consideration of the Ministry along with their commitment to meet 25% of the project cost. The Government of India support under the scheme by the way of grant would be limited to 50% of the project cost, with a ceiling of Rs.75 crores for projects with Zero Liquid Discharge Systems and Rs.10crores for projects with conventional treatment systems. The project cost shall be borne by the Center, State, Beneficiary, Bank loan in the ratio of 50:25:15:10 respectively.”

IV. INITIATIVES TO PROMOTE MANMADE FIBRES

31. The Committee were apprised of the Revealed Comparative Advantage (RCA) enjoyed by India on 74 manmade fibre T&A export products as compared to 96 by China. While India enjoys competitive advantage in products like yarn,

fibre, China enjoys advantageous position in value added products like garments and apparels as does Vietnam and Bangladesh. The key attributes for growth of the Bangladesh and Vietnam exports may be due to availability of cheap labour, less power cost *viz a viz* India. Further, the technological bottlenecks in the segments like weaving, processing are also adversely affecting India's textile value chain. Moreover, while the hourly wage rate for both skilled and unskilled personnel, cost of electricity is cheaper in Bangladesh, Vietnam is enjoying cost competitiveness due to low power cost and cost of infrastructure, while China is better placed in terms of less cost of raw material and cost to capital.

32. Asked to state the measures taken to improve India's competitiveness among the competing nations, the Ministry submitted as under:

"Textile industry is dependent upon huge import of textile machinery due to non-existence of technology with Indian textile engineering industry. High dependency on import of machinery is a factor making Indian textile industry less competitive globally. The impact assessment study of ATUFS/ TUFSS has *inter-alia* recommended supporting indigenous development and manufacture of textile machinery. Based on the recommendations of impact assessment study carried out through DMEO, NITI Aayog and separate technology gap analysis in textile machinery, the process for formulating a new scheme to continue support for modernization of textile industry and indigenous development/ manufacture of textile machinery in line with "Atmanirbhar Bharat Abhiyaan" has been initiated through stakeholders discussions. Further, to improve the cost competitiveness, the Government of India has launched several Schemes like RoDTEP, PLI, MITRA etc. scale operations are likely to improve cost competitiveness."

33. Elaborating on the matter, the representative of the Ministry, in evidence, stated as under:

"It is a fact that we do not have size and scale. Our textile sector is dominated by MSMEs. At one time our policy was such that we did not open it. Where does weaving primarily take place today? Our unorganized power loom sector is where weaving takes place. There are very few such textile mills in India. Size and scale are huge in Bangladesh. I recently went to Bangladesh and saw it myself. They have a slightly different strategy. We have raw material, we do spinning, weaving, garmenting. A lot of their stuff is imported. It imports a lot of fabric from China, even India, and then converts it into garments and exports it. I think the figure of net export should be seen. You also import in textiles and then export. Everyone just looks at the figure of

export and says that Bangladesh is exporting so much, so why are we not doing it. The biggest importer of cotton from us is Bangladesh. They also import cotton fabric more from us but they import more fabric from China than ours. They convert it into garments and export it. Apart from this, their domestic market is not very big. The requirement of our own domestic market also has to be met by the textile industry. We have already covered 44.3 billion this year in the space vacated that China is doing.“

34. The Committee desired to know the details of major export destinations for manmade fibres, during the last three years. In response, the Ministry furnished the following Information:

(in USD billion)

Importer	2019	2020	2021
USA	48.71	39.85	50.67
Germany	20.87	19.43	21.52
Japan	17.68	15.22	15.71
Viet Nam	10.47	9.25	14.47
France	12.21	10.49	12.21
UK	13.42	10.84	12.09
China	10.61	8.99	10.88
Spain	10.63	8.60	10.30
Italy	9.63	8.11	9.65
S. Korea	8.33	7.41	8.50
Top 10	162.55	138.18	166.01
R o World	152.50	131.51	166.89
World	315.06	269.70	332.91

35. Asked to state the measures put in place to incentivise exports of manmade fibre based garment products, the Ministry submitted as under:

“The Central Government has announced Production Linked Incentive (PLI) Scheme for promotion of MMF Apparel, MMF Fabrics and Products of Technical Textiles on 24th September 2021. Under this scheme, a total of 64 projects were approved and a total investment expected from Applicants is Rs. 19,798 Cr and a projected turnover is Rs. 1,93,926 Cr with a Proposed employment generation of 2,45,362.

The Government has also announced PM MITRA scheme on 21 October 2021 for setting up of 7 PM MITRA Parks which aim to build an Aatmanirbhar Bharat and to position India strongly on the Global textiles map. The scheme is to develop integrated large scale and modern industrial infrastructure facility for entire value-chain of the textile industry. It will reduce logistics costs and improve competitiveness of Indian Textiles. The scheme will help India in attracting investments, boosting employment generation and position itself

strongly in the global textile market. These parks are envisaged to be located at sites which have inherent strength for Textile Industry to flourish and have necessary linkages to succeed. Each park is intended to generate ~1 lakh direct and 2 lakh indirect employments.

With a view to boost technical textiles sector in the country, the Government approved the proposal for creation of National Technical Textiles Mission (NTTM) for a period of 4 years (2020-21 to 2023-24) with an outlay of Rs.1480 crores to enhance India's exports of technical textiles by 2024 through focused attention on highest traded products and create a robust human resources in the country, both through specialized higher education and skill development of technical manpower of the country.

Access to International markets is being worked on through various FTAs. India and UAE have recently signed Comprehensive Economic Partnership Agreement (India-UAE CEPA on 18.02.2022). This CEPA is likely to boost exports of Indian textile and apparels. India-Australia Economic Cooperation and Trade Agreement (Ind-Aus ECTA) was signed on 02.04.2022. This ECTA can boost Indian export of Home Textiles, Readymade Garments, Carpets and Flooring to Australia. India is currently in the process of negotiating FTAs with EU, UK, Canada, Israel and other countries/region."

36. In response to a specific query regarding the challenges/reasons that impede competitiveness of Indian Textile and Apparel exports in global markets, the Ministry responded as under:

"India is facing tariff disadvantage in some of the markets such as EU, UK etc. as compared to neighboring competing nations like Bangladesh, Cambodia, Sri Lanka etc. The Government, under its Market Access Initiative (MAI) scheme provides financial support to various Export Promotion Councils (EPCs) and Trade Bodies engaged in promotion of textiles and garments exports, for organizing and participating in trade fairs, exhibitions, buyer-seller meets etc. Further, in the times of COVID-19 pandemic, virtual exhibitions were also organized by EPCs as an alternative mode of marketing, in order to tap opportunities in the global markets. In order to make textiles products cost competitive and adopting the principle of zero rated export, government has extended continuation of Rebate of State and Central Taxes and Levies (RoSCTL) on exports of Apparel/Garments and Made-ups till 31st March 2024. The other textiles products which are not covered under the RoSCTL are covered under Remissions of Duties and Taxes on Exported Products (RoDTEP) along with other products. Low productivity, high cost of capital, raw material cost and some of the challenges faced by the India T&A industry, which can be addressed through appropriate policy interventions and signing of Trade Agreements etc. leveraging concessions available under various FTA/MTA."

37. The Ministry further supplemented as under:

“As per an article published in the Reserve Bank of India (RBI) bulletin in December 2021, India’s apparel exports to EU, which is the largest market for apparel exports, have stagnated in the last decade while countries like Bangladesh, Vietnam and Cambodia have witnessed robust growth. It finds preferential tariff treatments have been a major contributory factor for rapid growth of apparel exports from Bangladesh and Cambodia, especially after relaxation of input sourcing norms in 2011. Robust growth of apparel exports by Vietnam to the EU despite facing a similar tariff structure reflects some underlying issues being faced by the apparel exporters in India. The RBI article suggested that India needs to actively pursue FTAs with its major export destinations-EU, US to prevent competitive disadvantages it currently faces due to tariff free access to its competitors. India is currently in the process of negotiating FTA with EU.”

(V) TRADE REMEDIAL MEASURES

38. The Ministry submitted that, in order to provide a level playing field to the Domestic Industry from the adverse impact of the unfair trade practices from any exporting country, the following trade remedial measures were taken:

- Anti-Dumping Duty (“ADD”): Duty imposed against imported goods, when the export price of the imported goods is lower than the normal value of the goods in the domestic market of the exporting country.
- Counter-vailing Duty (“CVD”): Duty imposed to offset the unfair advantage to exports on account of subsidy policies, rules, and regulations by the Government of exporting countries.
- Safeguard Duty (“SD”): Duty imposed on imported goods to prevent injury or threat of injury to the Domestic Industry of the importing country from a sudden surge of imports.
- Safeguard Quantitative Restriction (“SQR”):SQRs are remedial measures taken in the form of quantitative restrictions applied on import of goods to prevent injury/ threat of injury to Domestic Industry of the importing country due to a sudden surge in imports."

39. When asked to state their views on the Anti-dumping duty on raw materials of the textile value chain, the representative of the Ministry deposed in evidence as under:

“The value chain of textiles is fragmented. We look at how to reconcile everyone's interest according to what should be the best interest for the sector. Like you were just talking about PTA. Earlier there was anti-dumping duty on PTA. PTA is manufactured by only three companies in India. It is manufactured by Reliance, IOCL and there is a company called MCPI which manufactures it. In this way these three companies make, but its users are many. These three

companies would like that these three companies should get protection against the anti-dumping duty. It is a very investment intensive kind of an industry when it comes to PTA, MEG products. If they invest, they want them to get protection, so that they do not get dumped from China, because they have built a lot of capacity in China. The second problem becomes that users who are industries say that there are only two-three manufacturers, so they create a monopoly-like market. They say that there should be a scope for our users to order from outside as well. It is very important to mix the interest of these two. We only see for whom the public interest will be higher. There are thousands of such companies, which are affected and if two-three companies have to be protected, then Directorate General of Trade Remedies recommends them.”

40. Specifically asked to apprise the current status of Anti-dumping duty and inverted duty structure in the textile value chain, the Ministry submitted as under:

“The issue of inversion in GST rates on the textile value chain was discussed by the GST council in its 39th, 40th and 43rd meetings. In the 45th meeting, GST council recommended for GST rate changes in order to correct inverted duty structure, in footwear and textiles sector, and was to be implemented with effect from 01.01.2022.

However, the industry represented against the change in rates and the matter was placed before the GST Council in its 46th Meeting, dated 31st December, 2021, where the council recommended to defer the decision to change the rates in textiles recommended in the 45th GST Council meeting. Consequently, the existing rates in textile sector including man-made fibres are continuing beyond 1st January, 2022.

The status of Anti-dumping measures are as under:

- Government has revoked anti-dumping duty on “Viscose Staple Fibre excluding Bamboo Fibre” originating in or exported from China and Indonesia vide Customs notification no. 44/2021 dtd. 12.08.2021.
- Government has removed Anti-Dumping Duty on acrylic fibre originated in or exported from Thailand to India vide Customs notification no. 36/2020 dtd. 11.11.2020.
- In order to ensure adequate availability of raw material at competitive price in the country, Government removed anti-dumping duty on PTA (a key raw material for the manufacture of MMF fibre and yarn) originating in or exported from the People's Republic of China, Iran, Indonesia, Malaysia, Taiwan, Korea and Thailand to India vide Customs notification no. 03/2020 dtd. 2nd February 2020.
- To boost exports in Man Made Fibre (MMF) sector, Government has removed anti-dumping duty on PTA (Purified Terephthalic Acid), Viscose Staple Fibre and Acrylic.
- It is to mention that the GST rates and their correction fall under the purview of GST Council which consists of representatives from Central and various State Governments.”

41. The Ministry further furnished the current GST Structure across the Indian Textile Value Chain as under:

Sr. No.	Particulars	Rate %
1	Raw materials of synthetic/ manmade fiber i.e. PTA, MEG etc.	12
2	Fiber	
	Silk and Jute	0
	Cotton	5
	Manmade Fiber	18
3	Yarn	
	MMF Yarn	12
	Others	5
4	Fabric	5
5	Apparel & Made-ups	
	Priced below Rs. 1000	5
	Priced above Rs. 1000	12
6	Textile Machinery	18

42. When enquired specifically on the current status of Rebate of State and Central Levies and Taxes (RoSCTL) Scheme, the Ministry submitted as under:

“Union Cabinet approved a scheme on 7th March 2019, to rebate all embedded State and Central taxes/levies to provide support and enhance competitiveness of apparel and made-ups which was in force upto 31.03.2020. The Government extended continuation of RoSCTL Scheme wef 01.04.2020. Further, the Govt. decided to continue the scheme of RoSCTL on exports of Apparel/Garments (Chapters-61 & 62) and Made-ups (Chapter-63) wef 01.01.2021 to 31.03.2024 with the rates, as notified by the Ministry of Textiles vide Notification no.14/26/2016-IT (Vol.II) dated 08th March 2019 subject to review of rates periodically. The other textiles products (excluding Chapter 61, 62 and 63) which are not covered under the RoSCTL are eligible to avail the benefits, under RoDTEP along with other products as per the notified rates. The value of RoSCTL scrolled out from 01.01.2021 to 16.06.2022 for shipping bills is Rs. 9629 cr.”

43. Further, on the issue of extension of Remission of Duties and Taxes on Export Products (RODTEP) and Rebate of State and Central Levies and Taxes (ROSCTL), the Ministry stated that the scheme of Rebate of State and central Taxes and Levies (RoSCTL) effective from March 2019 would be continued till 31st March 2024 for Exports of Apparel / Garments and made-ups in order to make the textile sector competitive in international market.

(i) **Production Linked Incentives:**

44. The Committee were informed that the PLI Scheme is intended to promote production of manmade fibre Apparel & Fabrics and Technical Textiles' products in the country to enable Textile industry to achieve size and scale to become competitive and to create employment opportunities for people.

The Ministry further apprised that the Government approved the Production Linked Incentive (PLI) Scheme for Textiles with an approved outlay of Rs.10,683 crore. The selected companies will be eligible to get incentives on achieving the threshold investment and threshold/ incremental turnover. The Scheme has two parts: Part-1 & Part-2. Under Scheme Part-1, 15% incentive will be provided on attaining required turnover in Year-1. Under Scheme Part-2, 11% incentive will be provided on attaining required turnover in Year-1. Incentive will be reduced by 1% every year from Year-2 onward till the Year-5 under both parts of the Scheme.

45. Highlighting the salient features of the PLI scheme, the representatives of the Ministry deposed in evidence as under:

“It is basically to promote production of MMF, apparel and fabrics. When we create a market for apparel and fabrics, increase its production, then naturally manufactured fiber will increase. This is how the entire scheme was envisaged. to achieve size and scale and making the industry competitive in the domestic and international market as well as creating huge employment opportunities.

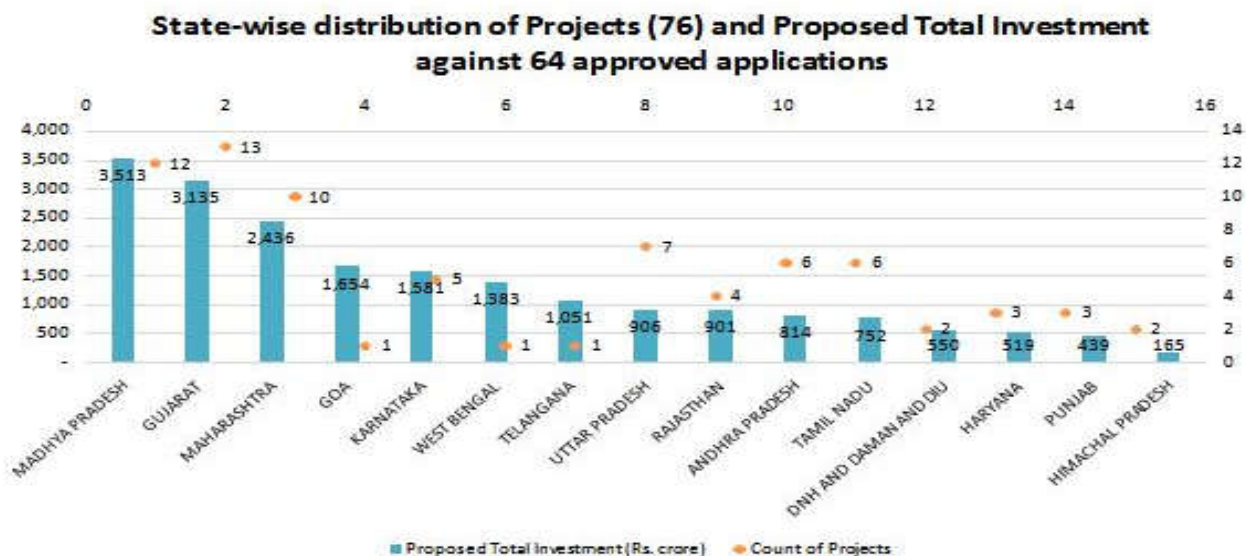
Under this, in the year 2021, the cabinet had approved a scheme outlay of Rs 10683 crore, which will be implemented in five years. We have got a lot of applications in this, out of which we have also selected. The total proposed investment in those selected candidates is Rs 19798 crores. If we further analyze how those applications have come, our scheme actually had two parts – one with a minimum investment of Rs 300 crore and the other with an investment of Rs 100 crore. In Part-1, we have got 14 people who are proposing that industries will be set-up in different segments. They also have apparels, fabrics and technical textiles as well. Technical textile is a big sunrise sector in the textile industry, In which there will be a lot of use of man-made fiber. We also have a mission for technical textiles - Technical Textiles Mission. Apart from that, it also has multiple segments. With this, about 50 proposals with Rs. 100 crore investment have come to us, which have been agreed. There was a further requirement in this scheme that you would float a new company and then start working in it. Even if all that has happened, approval letters have been sent for about 40 and investment of about Rs 500 crore has also come. There is a lot of progress as of now. If we look at the PLI proposals to see how they are going state wise, there is a lot in all the states, but you will see that we have more proposals in some states like Madhya Pradesh, Gujarat, Maharashtra and Andhra Pradesh etc. This is how our PLI investment looks like.”

46. While stating that 67 Applications were received through web portal from 01.01.2022 to 28.02.2022 and 64 applicants with a proposed investment of Rs. 19,798 crores were selected by a Selection Committee chaired by Secretary (Textiles), the Ministry furnished the projected outcomes for selected Applicants as under:

(Rs. in crore)

Target Segment	No. of Applicants	Proposed Investment in Gestation Period	Proposed Total Investment	Proposed Employment	Projected Turnover of Notified Products	Estimated Total Incentive Outgo
Part 1 (Min. Investment Rs 300 Cr)	14	8,179	10,518	98,088	93,656	3,589
MMF Apparel	1	307	357	25,999	5,553	230
MMF Fabrics	2	728	1,039	3,625	11,330	463
Technical Textiles	4	3,600	3,829	3,436	35,458	1,236
Multiple segments	7	3,543	5,292	65,028	41,315	1,661
Part 2 (Min. Investment Rs 100 Cr)	50	7,211	9,280	1,47,274	1,00,270	2,739
MMF Apparel	10	1,338	1,709	50,994	18,573	506
MMF Fabrics	6	893	1,095	6,489	12,309	331
Technical Textiles	14	2,155	2,385	15,240	31,521	846
Multiple segments	20	2,824	4,090	74,551	37,866	1,056
Grand Total	64	15,390	19,798	2,45,362	1,93,926	6,328

47. When enquired about the state-wise distribution of projects and proposed total investment against the approved applications, the following data was furnished to the Committee:



Note: 10 Applicants have proposed projects in multiple states. In such cases proposed investment has been equally distributed between the proposed states.

(ii) **Technology Upgradation:**

48. Asked about the steps taken by the Government to improve technological upgradation/modernisation of obsolete machinery in Textile Industry, the Ministry submitted as under:

“Ministry of Textiles is implementing Technology Upgradation Fund Scheme (TUFS) since 1999 with an objective to augment productivity, quality, investments and employment in the textiles sector. The scheme was intended to remove technological obsolescence in the textile industry, which has been using outdated technology in various segments making it non-competitive in the global market. TUFS started as a credit linked scheme implemented through the notified lending agencies by reimbursement of subsidy claims on eligible investments. Various versions of TUFS have been implemented till 2015 and the scheme was revised and launched as ATUFS i.e. in January, 2016. Under ATUFS, one time Capital Investment Subsidy (CIS) is provided for installation and operationalization of benchmarked machinery. Under ATUFS, 10% Capital investment subsidy is provided to the entrepreneurs who are installing shuttle-less looms of benchmarked technology in their units. A total of 8370 subsidy applications covering a projected investment of

Rs.23,182 crore have been registered in the portal under ATUFS till 31.03.2022 for weaving segment.

An impact assessment of TUFS was carried out by DMEO, NITI Aayog. Based on the recommendations of Impact Assessment Study and technology gap analysis, Ministry is in the process of conceptualizing a new scheme to incentivize modernization of various segments in textile sector and also to support indigenous development/ manufacturing of textile machinery in India.”

(iii) **Technical Textiles**

49. The Committee were informed that Technical Textiles represents an emerging sector in the country and is defined as the Industrial textiles used for functional performance rather than aesthetics. Depending on the applications, technical textiles could be in any form varying from fibres, yarn, fabrics to apparels and have significant use in the sectors like agriculture, medical, industrial, etc. On the basis of the application, the Technical Textiles are classified into 12 broad categories i.e. Agrotech, Buildtech, Clothtech, Geotech, Hometech, Indutech, Meditech, Mobiltech, Oecotech, Packtech, Protech and Sportech.

50. As regards the growth in the market for technical textiles, the Ministry apprised that, the sector has been growing at 13 % CAGR and its estimated size was \$18.89 Bn in 2019-20 out of which India's share in the global market of technical textiles is about 5%. Furthermore, since more than 85% of the raw-material for manufacturing of technical textiles is derived from manmade fibre textiles, the growth of these industries is highly correlated to the manmade fibre textile industries. The Ministry further stated that the export of technical textiles has grown from \$ 0.7 Bn in 2009 to \$ 1.92 Bn in 2019 and US\$ 2.76 Bn in 2021 with a CAGR of 12.16% and is expected that the export of technical textiles may increase to \$ 15.83 Bn by 2030.

51. Asked to state the measures taken to accelerate the overall promotion of technical textiles, the Ministry submitted as under:

“The Government of India has approved the proposal for creation of National Technical Textiles Mission for a period of 4 years (2020-21 to 2023-24) with an

outlay of Rs.1480 Crores. The NTTM will (i) focus on research and innovation and indigenous development of specialty fibres from Carbon, Nylon-66, Glass, Aramid and other high technology polymers; increase application of geo-textiles, agro-textiles, medical textiles, protective textiles and other segments of technical textiles in various application areas (ii) promote awareness amongst users, bring in large scale investments, and encourage high-end technical textiles products (iii) enhance India's exports of technical textiles by 2024 through focused attention on highest traded products (iv) create a robust human resources in the country, both through specialized higher education and skill development of technical manpower of the country.

Cabinet has approved Production-Linked Incentive (PLI) Scheme in the 10 key sectors for enhancing India's manufacturing capabilities and enhancing exports-Atmanirbhar Bharat. Textiles products: MMF segment and technical textiles have been included among 10 key sectors with approved financial outlay of Rs.10,683 crore over a five year period for these products. This scheme will help Indian firms to grow into global champions. Under this scheme, a total of 64 projects approved. Total investment expected from Applicants is Rs. 19798 Cr and a projected turnover is Rs. 193926 Cr with a Proposed employment generation of 245362.

- The Ministry has issued Public Procurement (Preference to Make in India) Order dated 23.10.2019, prescribing Minimum Local Purchase Content for Technical textiles items in 10 segments for government procurement.
- Bureau of Indian Standards (BIS) has developed standards for 377 technical textiles products.
- Eight Centres of Excellence (COEs) have been set up under Technology Mission on Technical Textiles (TMTT) scheme to working like one stop shop to provide testing facilities, training, incubation center facilities, information center and prototype development facilities to investors of their respective segment.
- A total of 10 FICs have been setup under Technology Mission on Technical Textiles (TMTT) scheme to provide "Plug and Play" model with mentoring by the concerned CoEs/IITs for taking up the innovation of high performance fibres like graphene 2D carbon, nano-coated fibres and fabrics on commercial scale to new entrepreneurs.
- Based on recommendation of Office of Textile Commissioner, DGFT, GOI has notified 207 HSN (Harmonized System Nomenclature) Codes as technical textiles on dated 15/01/2019.
- IIT Delhi has conducted fresh baseline Study 2020 on technical textiles sector titles as "Technical Textile Industry in India: Opportunities and Challenges".

52. Asked about the steps put in place to curb large scale imports of textile products, the Ministry clarified as under:

“Government is working to develop standards for technical textiles items so that world class quality products are manufactured indigenously. After having High Powered Review, list of 107 Technical Textiles items are being brought under Quality Control Order (QCO) across Agro, Medical, Protech (protective textiles) & Geo Textiles. This will curb imports of large quantity of technical textiles items across the globe.”

53. The Committee desired to know the extent to which the manmade fibre products have enhanced the growth of technical textiles. In reply, the Ministry responded as under:

“MMF is the backbone of the Technical Textiles’ products. Basically, MMF combines with normal grid polymeric fibers as well as high performance/functional fibers to produce variety of apparels from day-to-day apparel to high-tech technical textiles’ fabrics. These products made from MMF have found tremendous end-use application across multiple non-conventional textile industries such as healthcare, construction, automobile, aerospace, sports, defence, and agriculture, among others. Taking cognizance of technological advancements, India have also aligned their industries to accommodate technical textiles.

MMF industry in India produces almost all the types of synthetic fibers including polyester, viscose, nylon and acrylic and we are at the advantage compared to any other nations across the world. Currently, we are one of the largest producers of both polyester and viscose, globally. MMF textile industry in India is self-reliant across the value chain right from raw materials to the garmenting. Our fabrics are international standard and known for their excellent workmanship, colours, comforts, durability and other technical properties.”

54. Regarding the measures initiated for the promotion and market development of Technical Textiles, the Ministry submitted as under:

- Conducted International Conference on Technical Textiles in collaboration with CII on 12th March 2022
- Developed a Baseline Study 2020 on Technical Textiles Industry in India: Opportunities and Challenges in collaboration with IIT Delhi
- Conducted High-level Inter-Ministerial meeting on ‘Broadening Application Areas of Geotextiles with User Ministries and Manufacturers’ on 24th March 2022
- Conducted 5th edition of National Conclave on Standards for Technical Textiles: Building Standards for India@2047 in collaboration with FICCI on 10th June 2022

- Conducted a High-powered meeting to Review List of 107 Technical Textiles items to be brought under Quality Control Order (QCO) across Agro textiles, Medical textiles, Protective textiles, and Geo textiles on 29th June 2022
- Conducted multiple meetings and discussions on Mandating usage of Technical Textiles products across User Ministries and Departments
- So far, 12+ R&D outreach webinars have been conducted with a participation of 350+ academicians from of 45+ institutes to promote R&D in niche areas of Technical Textiles. 6 webinars/one-on-one meetings on Indigenous development of Technical Textiles Machinery in India were conducted with a participation of 35+ Technical Textiles manufacturing companies, academia and CMTI.

55. When enquired about the steps taken to enhance technology knowhow in the technical textiles Industry, the Ministry submitted as under:

- Government of India has allowed up to 100% FDI under automatic route for the technical Textiles segment.
- The Government of India has approved Rs. 1000 crores for Research Innovation & Development and Rs. 400 crores for Education, Training & Skilling under the National Technical Textile Mission (NTTM).

56. In response to a specific query on prevalence of import dependency of technical textiles even as conventional textile Industry was predominantly export intensive, the Ministry explained as under:

“The Indian Technical Textiles market was valued at USD 20.5 Billion in 2020-21. Out of the total technical textiles market of USD 20.5 billion, import dependency is valued at USD 1.71 Billion for the year 2020-21, viz. around 8% of the overall market. On the other hand, India’s exports stood at USD 2.21 Billion registering a YoY growth of 7.8% during the same period. India is a Net-Export Surplus nation. Further, India imports only select high-value technical textile products. The items which are mainly imported are Safety airbags; Fabrics Laminated Impregnated with Polyurethane, Plastics and PVC; Tyre cord; Sanitary Pads; High Tenacity yarn; Glass fibres & Non-wovens. The Government of India has launched various schemes to promote the high-value technical textiles’ products in India including launching of PLI scheme for textiles by enhancing manufacturing capabilities and export potential for essential and strategic technical textile products in India, PM MITRA scheme to support the infrastructure and entire value chain ecosystem of indispensable technical textiles products, and National Technical Textiles Missions to strengthen the development of indigenous strategic and high value technical textile products. These initiatives will improve the indigenous products, curtailing imports, promoting further exports and position India as a manufacturing hub for Technical Textiles.”

(VI) ADDITIONAL MEASURES TO BOOST MMF SECTOR

57. Regarding additional measures taken/proposed to financially support small/medium entrepreneurs and provide enforcements for private enterprises to set up their manmade fibre textile units, the Ministry furnished as under:

“A major policy reform was made in January, 2016 with the introduction of Amended TUFs (ATUFs), a central sector scheme to provide credit linked Capital Investment Subsidy (CIS) to units located across the country for purchase of benchmarked machinery in different segment of Textile Sectors (excluding spinning) across the value chain and across fibres including MMF. The scheme was under implementation upto March, 2022 to ensure support for technology upgradation combined with assurance on Asset creation with Government support. The Government of India formulated a policy to create supportive infrastructure so that a harmonized growth of the industry could be assured. Moreover, this would also help to bring a number of units at one place which will enable and enhance Techno-Economical viability of SMEs which will be hosted in a common infrastructure.

Thereafter, after consultations with all stake holders, the Scheme for Integrated Textile Parks (SITP) was launched in July, 2005 to provide the industry with state of the art world-class infrastructure facilities for setting up their textile units by merging the erstwhile Apparel Parks for Exports Scheme (APES) and Textile Centre Infrastructure Development Scheme (TCIDS). Major objectives of the SITP are to provide the industry with world-class state of the art infrastructure facilities for setting up their textile units and to facilitate textile units to meet international environmental and social standards, as SMEs producing 96% of the textiles at that time, were not capable of fulfilling the increasing demand of quality textiles with a range of products designs depending on consumer needs and preferences. Moreover, the cost of expansion in the existing place is more in view of accelerated cost of land in the existing clusters of any textile sectors.”

58. Asked specifically to state the measures taken to boost investment under 'Make in India' and 'Atmanirbhar Bharat' in the manmade fibre sector, the Ministry responded as under:

“In order to promote ease of doing business in the country and achieve the vision of generating employment and promoting exports through “Make in India” with “Zero effect and Zero defect” in manufacturing, Government had launched Amended Technology Upgradation Fund Scheme (ATUFs) in January, 2016 under which credit linked Capital Investment Subsidy (CIS) is provided to units for installation of benchmarked machinery. The Scheme was approved till 31.03.2022.

An impact assessment of ATUFS/ TUFSS was carried out by DMEO, NITI Aayog. Based on the recommendations of the Impact Assessment Study by NITI Aayog, a separate assessment of technology gap and analysis of critical components used in textile machinery which are not indigenously manufactured have been carried out. Interactions have also been held with stakeholders of Textile Machinery Manufacturers in the process of formulating a strategy to develop a facilitating ecosystem for growth of the Textile Engineering Industry in India. Based on the recommendations of Impact Assessment Study and technology gap analysis, consultations have been initiated with various stakeholders in textile industry as well as textile machinery manufacturing industry for conceptualizing a new scheme to incentivize modernization of various segments in textile sector and also to support indigenous development/ manufacturing of textile machinery in India in line with 'Make in India' and "Atma Nirbhar Bharat Abhiyaan".

59. In response to another specific query regarding the budgetary provisions to promote MMF sector, the representative of the Ministry apprised in evidence as under:

"We do not have any separate budget provision for MMF. The different schemes we have, what you said, two new schemes have been talked about, three PLIs have been talked about, Mega textile Park has been talked about. PLI is primarily for technical textiles in MMF, but they will also get benefit in budget provisions of Mega Textiles. In technical textiles also since 80% of the raw material comes from manmade fiber, they will benefit plus our other schemes like earlier Smaller Parks, Scheme for Integrated Textile Park or our ATUFS schemes, whether they are our IPDS scheme or Whatever our Power Tex scheme is, this scheme is for all, as such no specific scheme for Man Made fibre."

60. On being enquired whether any Research and Development (R&D) was undertaken to evaluate the value chain of the Textile and Apparel Industry, the Ministry apprised as under:

"The Ministry of Textiles has launched "Scheme for Research and Development for the Textile Industry including Jute" for a period of five years from 2014-15 to 2018-19 with a financial outlay of Rs. 149 Crore. Under this scheme, a total of 71 projects are approved covering various textile domains including Technical Textiles to the India's premier institutes."

61. The Committee asked whether any training was being imparted to the workers in the manmade fibre sector in collaboration with Ministry of Skill Development and Entrepreneurship. In response, the Ministry submitted as under:

"The Government has approved the new scheme titled "Scheme for Capacity Building in Textile Sector (SCBTS)" for the entire value chain of textiles except

Spinning and Weaving initially for three years 2017-18 to 2019-20. The SAMARTH scheme provides training according to job roles specific to all value chain including traditional sector. At present no demand raised by any of the stakeholders for training under MMF sector.”

62. On being enquired whether the Ministry conducted any awareness/sensitisation/capacity building campaigns with players from the textile Industry to address the gaps in the policy framework, the Ministry submitted as under:

“Meetings with stakeholders have been undertaken regularly with Industry textile players/entrepreneurs so as to gauge issues/grievances/bottlenecks in the policy framework.”

VII. COTTON Vs MMF

63. As mentioned earlier, the Committee were informed that manmade fibres are produced by combining polymers or small molecules of raw materials, mainly of petroleum-based chemicals and can be classified into Organic and Inorganic. Organic manmade fibres are made either by transforming natural polymers or from synthetic polymers. As of now, the natural polymers include Acetate, Triacetate, Alginate, Lyocell, Modal and Viscose. On the other hand, the synthetic polymers include Acrylic, Modacrylic, Aramid, Chlorofibre, Elastane², Elastodiene², Fluorofibre, Polyamide, Polyimide, Polyester, Polyethylene², Vinyl etc. The other type of manmade fibre in the market is the Inorganic ones which are Carbon, Ceramic, Glass, Metal which are produced by bi/multi-component fibres.

64. The Ministry further apprised that among the manmade fibres, the synthetic fibres contribute 91 percent in the fibre basket and has revolutionised the contribution of manmade fibre in the Textile Value Chain. The cellulosic fibres like viscose, modal, etc. and the blending of manmade fibre to that of natural fibres like cotton, wool, etc. have also been growing significantly during the past few years.

65. As regards the percentage of consumption in the manmade fibre sector, the global mill fibre consumption is 30 percent cotton *viz a viz* 70 percent consumption of manmade fibre. In contrast, India's mill fibre consumption is 60 percent Cotton, 34 percent manmade fibre and 6 percent Natural fibre.

66. The representative of the Ministry, supplemented in evidence:

“India's textile industry is largely driven by cotton constituting about 60 to 65 percent and 35 percent of MMF at the mill consumption level, which is in contrast to the dominant market share of MMF at the global level..’

67. Asked to elaborate the measures taken to address the anomaly on the pattern of consumption between Cotton and Manmade fibres domestically vis a vis globally, the Ministry submitted as under:

“In order to address the anomaly in the pattern of consumption between cotton and manmade fibres in India, the Government of India has recently launched various schemes to support the growth of manufacturing base of MMF textiles. The details are as given below:

Production Linked Incentive Scheme: Ministry of textiles launched the scheme for textiles aimed at promotion of MMF Apparel, MMF Fabrics and Products of Technical Textiles.

PM Mega Integrated Textile Region and Apparel: The Ministry of Textiles announced the setting up of 7 PM MITRA parks as announced in Union Budget for 2021-22 aimed to build an Aatmanirbhar Bharat and to position India strongly on the Global textiles map.”

68. In response to another specific query regarding the steps taken by the Government to complement Cotton fabrics as well as manmade textiles, the Ministry responded as under:-

“Incentives worth Rs. 10,683 crore will be provided over five years for manufacturing notified products of MMF Apparel, MMF Fabrics and segments/products of Technical Textiles in India under the PLI scheme. This will give a major push to growing high value MMF segment which will complement the efforts of cotton and other natural fiber-based textiles industry in generating new opportunities for employment and trade. Under this scheme, a total of 64 projects approved. Total investment expected from Applicants is Rs. 19798 Cr and a projected turnover is Rs. 193926 Cr with a Proposed employment generation of 245362.”

69. While deposing before the Committee on 03.11.2020, the then Secretary, Ministry of Textiles supplemented in evidence:

“It is not about man-made versus cotton. That mindset should not be there. Cotton also has to survive because cotton is very much healthier for our people in this climate. As it is seen, at one point of time, most of our hon. Members present here in this House have their background in rural areas. They are from the village. Earlier, as many people used to wear dhoti and kurta in the village, today not many people wear it... ..Nowadays people wear jeans because it is durable... ..Cotton fibers are used in all the jeans being made... ..Man-made fiber should not be competing with cotton. But our man-made fiber should compete in the international market.”

70. The incumbent Secretary, Ministry of Textiles further clarified as under:

“Earlier our cotton production used to be 350 to 360 lakh bales, but in the cotton harvested now, it is estimated that only 315 lakh bales have happened. Since the production of cotton is not increasing and the overall textile industry has to grow, it will grow on Primarily Man-Made Fiber. As mentioned, we have 65 percent cotton and only 35 percent man-made fiber, while the world over already has 70 percent man-made fiber and 30 percent natural fiber, which is increasing to 80 percent and 20 percent, 84 percent and 16 percent respectively.”

PART II

OBSERVATIONS/RECOMMENDATIONS

1. The Committee note that the textile fabrics especially manmade garments produced in India are known for their excellent workmanship, durability and other technical properties, however, several constraints impede the competitiveness of Indian MMF sector like tariff barriers, higher levies and Anti-dumping duties on certain fibres and filaments, high cost funding, absence of level playing field, structural and infrastructural weaknesses along with the increasing competition from neighbouring countries like Bangladesh and Vietnam. The Committee are of the considered opinion that concerted efforts towards addressing these bottlenecks and spurring growth in the manmade sector are vital since the Ministry of Textiles have envisioned a total textiles and clothing segment business size of USD 350 billion by 2025 from the current level of USD 164 billion, in which MMF products will have a critical contribution.

GLOBAL MMF/GLOBAL TRADE AND INDIA'S SHARE

2. The Committee note that the global trade in MMF textile and Apparels (T&A), increased from USD 233.71 billion in 2010 to USD 361.66 billion in 2021 with a Compound Annual Growth Rate (CAGR) of 4.05 percent. Of the major contributors to the global export of T&A, the Committee find that China dominates the global export share with 40.03 percent followed by Vietnam (5.90 percent), Germany (4.45 percent), Turkey (3.80 percent), Italy (3.49) and India at the sixth position with a share of 2.73 percent of the global share of MMF fibre textiles. The Committee, however, draw solace to observe that India's growth of exports of manmade Textile and Apparel at a CAGR 5.04 percent (2010-

2021), is well ahead of competing countries like China (4.88 percent), Germany (2.48) and Italy (2.22 percent). The Committee while acknowledging the commendable initiatives taken by the Ministry towards strengthening the overall development of MMF sector, through policy interventions like Production-Linked Incentive (PLI) Scheme, Mega Integrated Textile Region Apparel (MITRA) Parks Scheme and Rebate of State and Central Levies and Taxes (RoSCTL) Scheme desire that the momentum be continued unabated with added thrust and impetus for attracting investment in the MMF textile and apparel products so as to leverage India's share in the global export market.

3. The Committee note that during 2010, the top 90 MMF products global exports were to the tune of USD 175 billion which rose to USD 302.87 billion during 2021. India's contribution during the corresponding period was USD 4.15 billion and USD 7.53 billion respectively with a share of 2.36 percent during 2010 and 2.49 percent during 2021 *vis-à-vis* the total global exports. As the progress both in terms of value and share during the years from 2010 to 2021 appears not that encouraging, the Committee urge the Ministry to intensify the efforts for diversification of product basket so as to attain a higher level of exports in MMF products commensurate with the globally accepted norms of compliance and sustainability.

INDIA'S TEXTILE VALUE CHAIN

4. The Committee note that India is the second largest producer of the two basic raw materials *viz.* Purified Terephthalic Acid (PTA) and Monoethylene Glycol (MEG) needed for the MMF Industry. According to the Ministry, the domestic capacity of PTA and MEG is near to sufficient to meet the current domestic demand, however, their sustained availability and cost competitiveness in view of an ever increasing consumer demand have to be assured. The Committee find that the Department of Chemicals and Petrochemicals in association with the

Ministry of Petroleum & Natural Gas and the Industry are in the process of finalization of a Perspective Plan for bridging the demand supply gap of various polymers/petrochemicals including PTA and MEG. As it is crucial and essential to put in place a better planning for ensuring domestic availability of PTA and MEG which are the basic inputs of MMF, the Committee desire that the proposed Perspective Plan be finalized at the earliest which would facilitate the formulation of a specific policy required for the growth of domestic capacity of PTA and MEG value chain.

5. The Committee's attention has been drawn to key challenges faced by the various sectors of Spinning, Weaving, Knitting and Processing of the Textile value chain viz. low capacity utilization, low production efficiency, high attrition rate, lack of quality, high wastage and unavailability of skilled workforce which have been impeding the robust growth of the MMF sector. The Committee appreciate the various initiatives undertaken by the Ministry namely, Scheme for Capacity Building in Textile Sector (SCBTS) for the entire value chain and the SAMARTH scheme which provides training according to job roles specific to all value chain with a view to address the bottlenecks. The Committee call upon the Ministry to coordinate with the Ministry of Skill development and Entrepreneurship and National Skill Development Corporation (NSDC) to step up their efforts by launching a number of skilling/upskilling training/capacity augmentation programmes targeted towards the augmentation of the entire value chain of the MMF sector.

INITIATIVES TO PROMOTE MMF EXPORTS

6. The Committee appreciate the efforts made by the Government under its Market Access Initiative (MAI) that provides for financial support to various Export Promotion Councils and trade bodies, in order to make textiles products cost competitive and adopting principle of zero rated export by extending Rebate of State and Central Taxes and Levies

(RoSCTL) on exports of Apparel/Garments and Made-ups till 31st March, 2024. The Committee desire that the efforts be further fortified exploring other measures to leverage further concessions available under FTAs and other trade channels so as to enhance export growth and overall promotion of manmade fibre.

7. The Committee are concerned to note that India is facing tariff disadvantage in some of the markets such as EU and UK whereas other countries like Bangladesh and Vietnam have an advantage since they either get the benefits of Generalized System of Preferences (GSP) or enjoy lower import duty in the European and UK markets. The Ministry have submitted that Indian textile products are not performing well owing to the 9.5 percent to 10 percent duty that has to be borne by Indian exporters. Hence, Indian products are at a price disadvantage and are not able to increase their share in such markets. The Committee while appreciating the progress made with the recently signed Comprehensive Economic Partnership Agreement(CEPA) between India-UAE and India-Australia Economic Cooperation and Trade Agreement (ECTA) on 18.02.2022 and 02.04.2022 respectively, desire that the negotiating formalities be concluded at the earliest in the case of ongoing deliberations with European Union, United Kingdom, Canada, Israel and other markets/regions so as to offer seamless access to markets in the respective countries and to obviate discriminative pricing and competitive disadvantages faced by India

TRADE REMEDIAL MEASURES

Anti Dumping Duty

8. The Committee note that the Ministry have taken various measures to ensure the easy availability of raw materials at competitive prices to boost the textile sector and to enhance exports like removal of Anti

dumping duty on PTA, viscous staple fibre (excluding Bamboo fibre) and acrylic fibre in addition to imposition of countervailing duty, safeguard duty and safeguard quantitative restrictions to address the adverse impact of unfair trade practices from any exporting country. The Committee desire that the efforts made by the Ministry be continued towards balancing the interest of various stakeholders in the tariff policy especially concerning the imposition of Anti-dumping duty on raw materials of the MMF sector.

Inverted Duty Structure

9. The Committee are concerned to note the differential GST structure currently in place at various stages of the MMF value chain whereby raw materials, man-made fibre and MMF Yarn across the Indian textile value chain are taxed at 12 percent, 5 percent and 12 percent respectively. The Committee find that pursuant to the Ministry of Textiles taking up the matter with the Ministry of Finance, the issue was discussed by the GST Council in its 39th, 40th and 43rd meetings. Moreover, in its 45th meeting, the GST Council recommended for GST rate changes in order to correct the inverted duty structure in footwear and textile sector with effect from 01.01.2022 but the change in rates was represented against and the decision was deferred by the GST Council in its 46th meeting. Consequently, the existing rates in textile sector including manmade fibres are continuing beyond 01.01.2022. The Committee are of the firm view that there is a need to rationalize duties on raw material inputs to man-made textiles. Further, since the differential tariff rates and inverted duty structure are hindering the Indian textile and apparel industry to compete with global counterparts, the Committee urge the Ministry to follow up the matter at the appropriate fora so that systemic improvements are ushered in for leveraging the export potential of the industry.

Production Linked Incentive (PLI) Scheme

10. The Committee are pleased to note that the Government with a view to promote MMF apparel, MMF fabrics and products of Technical textiles has approved the Production Linked Incentive (PLI) scheme with an approved outlay of Rs. 10,683 crore, whereby selected companies would be eligible to get incentives on achieving threshold investment to promote size and scale, competitiveness and generate employment by overcoming constraints like lack of economies of scale, defective fabrics and non-compliance to International standards. According to the Ministry, the scheme has two parts: Part-1 & Part-2. Under Part-1, the minimum investment is Rs. 300 crore and 15 percent incentive will be provided on attaining required turnover in the first year and under Part-2, the minimum investment is Rs. 100 crore and 11 percent incentive will be provided on attaining required turnover in the first year. Additionally, the incentive will be reduced by one percent every year from second year onwards till the fifth year under both parts of the Scheme. The Ministry have apprised that 67 applications were received through web portal between 01.01.2022 to 28.02.2022 and 64 applicants with a proposed investment of Rs. 19,798 crores were selected by a Selection Committee. The Committee impress upon the Ministry to remain proactive and vigilant in assessing the performance of the various applicants, their proposed investment, projected employment and turnover. The Committee further desire that the monitoring mechanism be strengthened by the agencies engaged for the purpose to ensure that there is no let-up in the fulfillment of the core objectives of the scheme. The Committee trust that the PLI scheme, subject to its effective implementation, will bridge India's gap with its competitors in bolstering MMF capabilities.

11. The Committee appreciate the setting up of 7 textile parks under the Prime Minister Mega Integrated Textile Region and Apparel

(PM MITRA) scheme in 2021-22 to enable the textile industries to achieve the size and skills required to be globally competitive. The Committee impress upon the Ministry to expedite all the necessary procedural formalities to prepare an effective action plan for their implementation in order to promote an ecosystem encouraging employment generation, investment infusion and product diversification.

Technology Upgradation

12. The Committee note that the Amended Technology Upgradation Scheme (A-TUFS) has been operational since 2016 under which the facility of timely credit is extended in the form of Capital Investment Subsidy (CIS) for installation and operationalisation of benchmarked machinery at globally comparable rates of interest for augmenting productivity, upgrading technology and improving competitiveness. While taking note of the measures initiated by the Ministry, *viz.* offering 10 percent Capital Investment Subsidy (CIS) to entrepreneurs towards installation of shuttle-less looms of benchmarked technology in their units, the Committee call upon the Ministry to accelerate the modernization and development process of the textile sector by creating supportive infrastructure so that a harmonised growth of the Industry could be assured.

13. The Committee note that an Impact assessment study of the TUFS has been carried out by the Development Monitoring and Evaluation office (DMEO), NITI Aayog, to evaluate technology gap in textile machinery. Consequently, after the conclusion of the duration of A-TUFS in 2022, a revised scheme will be in place to continuously augment the process of identifying the machines required to be upgraded and assess the quantum of machinery to be upgraded. The Committee are of the firm opinion that the Impact assessment of technology gap analysis is a right step at the opportune time and recommend that a dedicated budget allocation be made towards Research and Development on upgradation/modernization

of machinery so as to reduce the dependency on import of global machinery.

Technical Textiles

14. The Committee note that Technical textiles is a high technology sunrise sector and is steadily gaining ground in India by growing at an impressive 13 percent CAGR at an estimated size of USD 18.89 billion in 2019-20 with a share of 5 percent of global market of technical textiles. Keeping in view the tremendous growth potential of Indian technical textile industry and to increase the use of Technical textile in domestic market, the Government has approved National Technical Textiles Mission (NTTM) with a total outlay of 1480 crores for a period of 4 years from 2020-21 to 2023-24 encompassing four components *viz.* Research, Innovation and Development; Promotion and Market Development; Export Promotion; and Education Training and Skill Development in the technical textile sector. It is encouraging to note that the Government have allowed up to 100 percent FDI under automatic route for the technical textile segment which encourages International technical textile manufacturers to initiate operations in India. Further, a number of recent initiatives for market development of Technical textiles has been undertaken which *inter-alia* include international Conference on Technical Textiles collaboration with CII; Developing a Baseline Study 2020 on Technical Textiles Industry in India; High-level Inter-Ministerial meeting on Broadening Application Areas of Geo-textiles with User Ministries and Manufacturers'; High-powered meeting to Review List of 107 Technical Textiles items to be brought under Quality Control Order (QCO) across Agro textiles, Medical textiles, Protective textiles, and Geo textiles; R&D outreach webinars with a participation of academicians to promote R&D in niche areas of Technical Textiles etc. Appreciating the measures initiated for development of Technical Textiles and in view of

the significance of various components of Technical textiles based on their functional usage viz. meditech, buildtech, mobiletech, indutech, protech, sportech, geotech in Industry, the Committee call upon the Ministry to intensify the efforts already initiated besides exploring other innovative measures for the development and expansion of Technical textiles. The Committee would also like the Ministry to explore the feasibility of exploring PPP models and strategic market partnerships with Global players for acquiring technical know-how so as to strengthen the development of an indigenous industry towards transforming India into a global manufacturing hub for technical textiles.

ADDITIONAL MEASURES TO BOOST MMF SECTOR

15. The Committee note that a ‘Scheme for Research and Development for the Textile Industry including jute’ was launched for a period of 5 years from 2014-15 to 2018-19 with a financial outlay of Rs. 149 crore. A total of 71 projects were approved covering various textile domains including technical textiles to the India’s premier institutes. Taking note of the Ministry’s efforts to further Research and Development(R&D) in the textile value chain, the Committee exhort the Ministry to continue to extend such initiatives in future too so as to adapt to market changes and establish robust mechanism for development of MMF fabric.

16. The Committee are concerned to note that despite enormous growth prospects of the MMF sector in the Textile Industry, there is no separate budget provision for MMF. In view of the imperatives involved, the Committee urge the Ministry to create a dedicated budget allocation for the MMF sector so as to facilitate its growth and promotion commensurate with the changing global scenario, development and growth of MMF so as to channelize growth and fund utilization specifically to the targeted areas of the MMF sector.

17. As synthetic apparels are gradually capturing substantial market shares in the Country, the Committee feel that while promoting MMF it becomes imperative on the part of the Ministry to bring together key stakeholders and institutionalize ways to curb and prevent microfibre pollution which can significantly impact the environment and human health due to its minuscule size and capacity to penetrate different ecosystems.

MMF Vs. COTTON

18. The Committee note that India's share in the Textile and Apparel (T&A) Industry is predominantly in favour of Cotton *vis-a-vis* MMF in the ratio 65:35 respectively, while the ratio of textiles and clothing manufacturing globally is 70:30 in favour of MMF textiles and as per various studies, projected to grow over 80 percent in future. The current production of Cotton is estimated at only 315 lakh bales in comparison to 350-360 lakh bales in the past. According to the Ministry, since the production of cotton is not increasing and the overall textile industry has to grow, it will grow primarily on MMF. The Committee are of the considered opinion that in Indian climate and its diverse culture, the production and usage of cotton can never be undermined. Simultaneously, in view of the transition in the global fashion trends and demand for MMF products which is in the larger interest of the Indian Textile Industry, MMF sector has to be promoted. So, the bottom line is that Cotton and MMF have to co-exist and should complement rather than compete with each other. The Committee therefore urge the Ministry to undertake awareness/sensitization campaigns to educate the textile stakeholders of the potential benefits of complementing the cotton usage in India with manmade fibre.

New Delhi;
25th August, 2022
3 Bhadrpada, 1944 (Saka)

BHARTRUHARI MAHTAB
CHAIRPERSON,
STANDING COMMITTEE ON LABOUR,
TEXTILES AND SKILL DEVELOPMENT

STANDING COMMITTEE ON LABOUR

(2020-21)

Minutes of the Third Sitting of the Committee

The Committee sat on Tuesday, the 3rd November, 2020 from 1430 hrs. to 1600 hrs. in Main Committee Room B, Parliament House Annexe, New Delhi.

PRESENT

Shri Bhartruhari Mahtab - CHAIRPERSON

MEMBERS

LOK SABHA

2. Shri Satish Kumar Gautam
3. Dr. Umesh G. Jadhav
4. Shri Dharmendra Kumar Kashyap
5. Dr. Virendra Kumar
6. Shri Ganesh Singh
7. Shri Bhola Singh

RAJYA SABHA

8. Shri Rajaram
9. Shri Neeraj Dangi
10. Shri Dushyant Gautam

SECRETARIAT

1. Shri T.G. Chandrasekhar - Joint Secretary
2. Shri P.C. Choulda - Director
3. Shri D.R. Mohanty - Additional Director
4. Ms. Miranda Ingudam - Deputy Secretary
5. Shri Kulvinder Singh - Deputy Secretary

Witnesses

Representatives of the Ministry of Textiles

1. Shri Ravi Capoor Secretary
2. Shri Sanjay Sharan Joint Secretary
3. Shri Kashi Nath Jha Joint Secretary, D/o Chemical and Petrochemical
4. Shri Jay Karan singh Trade Adviser
5. Shri H.K. Handa Director
6. Shri Kishan Singh Dy. Director, NJB Ghughtyal

2. At the outset, the Chairperson welcomed the Members of the Committee and the representatives of the Ministry of Textiles to the sitting of the Committee, convened to have a briefing on the Subject 'Development of Manmade Fibre'. Drawing the attention of the witnesses to Direction 58 of the 'Directions by the Speaker' regarding confidentiality of the proceedings during deposition before the Parliamentary Committees, the Chairperson asked the Secretary, Ministry of Textiles to brief the Committee on the subject.

3. The Secretary, Ministry of Textiles, accordingly gave an overview of various issues pertaining to Development of Manmade Fibre through a PowerPoint Presentation which *inter-alia* included Manmade Fibre (MMF) Sector, Production of Textiles Fibres; Global Production of MMF filament yarn; MMF and global consumption pattern; MMF export pattern to achieve target by 2030; MMF production and consumption trends; MMF value chain from Purified Terapthalic Acid (PTA) to garments; Trade remedial measures; Anti dumping duty; Comparison of PTA manufacturers and down stream industries etc.

4. The Members then raised certain specific queries on related issues and the representatives of the Ministry responded to them. As some points required detailed and statistical data, the Chairperson asked the Secretary to furnish written replies thereon within 15 days. The Secretary assured to comply.

5. The Chairperson thanked the Secretary and other representatives of the Ministry for furnishing the available information on the subject matter and responding to the queries of the Members.

(The witnesses then withdrew)

[A copy of the audio-recorded verbatim proceedings was kept on record]

The Committee then adjourned.

**STANDING COMMITTEE ON LABOUR, TEXTILES AND
SKILL DEVELOPMENT (2021-22)**

Minutes of the Twenty-First Sitting of the Committee

The Committee sat on Tuesday, the 19th July, 2022 from 1500 hrs. to 1615 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Bhartruhari Mahtab - CHAIRPERSON

MEMBERS

LOK SABHA

2. Shri Subhash Chandra Baheria
3. Kunwar Pushpendra Singh Chandel
4. Shri Ravikumar D.
5. Shri Pallab Lochan Das
6. Shri Dharmendra Kashyap
7. Adv. Dean Kuriakose
8. Shri Nayab Singh

RAJYA SABHA

9. Shri Naresh Bansal
10. Shri Neeraj Dangi
11. Shri Dushyant Gautam
12. Shri Elamaram Kareem
13. Shri M. Shanmugam
14. Shri Vivek Thakur
15. Shri Vijay Pal Singh Tomar

SECRETARIAT

1. Shri D.R. Mohanty - Director
2. Shri Sanjay Sethi - Additional Director
3. Shri K.G. Sidhartha - Deputy Secretary

Witnesses

REPRESENTATIVES OF THE MINISTRY OF TEXTILES

Sl. No.	Name	Designation
1.	Shri Upendra Prasad Singh	Secretary
2.	Shri Vijoy Kumar Singh	Special Secretary
3.	Ms. Prajakta L. Verma	Joint Secretary
4.	Ms. Shubhra	Trade Advisor
5.	Shri Rajeev Saxena	Joint Secretary
6.	Shri A.B. Chavan	Secretary (Textile Committee)
7.	Ms. Roop Rashi	Textile Commissioner
8.	Shri O. P. Sharma	Consultant (Departmental of Chemicals and Petrochemicals)

2. At the outset, the Chairperson welcomed the Members of the Committee and the representatives of the Ministry to the sitting of the Committee convened to take oral evidence of the Ministry on the Subject 'Development of Manmade Fibre'. Drawing the attention of the witnesses to Direction 58 of the 'Directions by the Speaker' regarding confidentiality of the proceedings of the Committee, the Chairperson asked the representatives to update the Committee on various aspects of Manmade Fibre (MMF) highlighting inter-alia production and competitiveness of Indian MMF vis-à-vis the Global Industry; present scenario and challenges faced in spinning, weaving, knitting and processing and the initiatives taken to address them, etc.

3. The Secretary, Ministry of Textiles briefed the Committee and thereafter, the Joint Secretary made a Power Point Presentation *inter-alia* highlighting the Global Production of Textile Fibres & MMF Filament Yarn; Top MMF exports & India's share; MMF and Global Consumption pattern; MMF export pattern to

achieve target by 2030; MMF value Chain from PTA to Garments; Trade Remedial Measures; Anti-dumping Duty; PLI scheme for textiles, etc.

4. The Members then raised various queries which *inter alia* included steps taken to ensure equal dependency of the Textile industry on cotton as well as MMF; financial support provided to small/medium entrepreneurs; efforts made to curb higher prices for MMF products; training of workers and current rate of unemployment in MMF sector; efforts made to enhance the technology knowhow of the various segments of the MMF textile industry; etc. The Secretary responded to the queries raised by the Members.

5. As some points required detailed and statistical data, the Chairperson asked the Secretary to furnish written replies thereon by Tuesday, the 26th July, 2022. He assured to comply.

6. The Chairperson thanked the representatives of the Ministry for appearing before the Committee and responding to the queries of the Members.

(The witnesses then withdrew)

[A copy of the audio-recorded verbatim proceedings was kept on record]

The Committee then adjourned.

**STANDING COMMITTEE ON LABOUR, TEXTILES AND
SKILL DEVELOPMENT (2021-22)**

Minutes of the Twenty- Fourth Sitting of the Committee

The Committee sat on Monday, the 22nd August, 2022 from 1100 hrs. to 1330 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Bhartruhari Mahtab - CHAIRPERSON

MEMBERS

LOK SABHA

2. Shri Satish Kumar Gautam
3. Dr. Umesh G Jadhav
4. Shri Pakauri Lal Kol
5. Shri Khalilur Rahaman
6. Shri Naba Kumar Sarania
7. Shri Bhola Singh
8. Shri Nayab Singh

RAJYA SABHA

9. Shri Naresh Bansal
10. Ms. Dola Sen
11. Shri Vivek Thakur

SECRETARIAT

1. Shri T. G. Chandrasekhar - Additional Secretary
2. Shri D.R. Mohanty - Director
3. Shri Sanjay Sethi - Additional Director
4. Shri K.G. Sidhartha - Deputy Secretary

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee, convened for consideration and adoption of two Draft Reports on the subjects 'Implementation of Pradhan Mantri Kaushal Vikas Yojana (PMKVY)' and 'Development of Manmade Fibre' as well as for taking oral evidence of the Ministry of Micro, Small & Medium Enterprises and the Ministry of Tribal Affairs on the subject 'National Policy on Child Labour-An Assessment'.

3. Giving an overview of the important Observations/ Recommendations contained in the Draft Reports, the Chairperson solicited the views/ suggestions of the Members. The Committee, then, took up the Draft Reports one by one for consideration and after some discussions adopted them. The Committee then authorized the Chairperson to finalise the draft Reports and present the Reports to Hon'ble Speaker, Lok Sabha as the House was not in session.

4.	XX	XX	XX	XX
5.	XX	XX	XX	XX
6.	XX	XX	XX	XX
7.	XX	XX	XX	XX
8.	XX	XX	XX	XX

(The witnesses then withdrew)

[A copy of the verbatim proceedings was kept on record]

9.	XX	XX	XX	XX
10.	XX	XX	XX	XX
11.	XX	XX	XX	XX
12.	XX	XX	XX	XX

(The witnesses then withdrew)

[A copy of the verbatim proceedings was kept on record]

The Committee then adjourned