

Boost to Man-Made Fibre Sector (MMF)

What is the issue?

Indian policy makers who had preferred cotton based textile policy over the decades are significantly moving towards man-made fibre sector (MMF)

How is the textile market of India?

- India is the largest producer of cotton in the world accounting for 25% of global output
- But, cotton yarn's share in the nation's export basket has halved since the turn of the century because of the shift from natural fibres like cotton to man-made fibres (MMF) such as polyester, viscose and Kevlar.
- India's share in MMF based readymade garment trade is a mere 2 per cent despite the fact that it is the second largest producer of MMF.

What steps have been taken to push the textile sector?

- The government removed the anti-dumping duty levied on purified terephthalic acid (PTA), a key raw material to make Polyester Staple Fibre
- Mega Investment Textiles Parks (MITRA) policy, 2021- Under which seven large integrated textile parks, each spread over 1,000 acres, will be set up in the next three years benefitting both cotton and MMF segments.
- Recently, the government scrapped the anti-dumping duty on viscose staple fibre (VSF), a critical input for MMF textiles.
- Remission of Duties and Taxes on Export Products (RoDTEP)
 scheme Introduced to reduce the tax burden on exporters and make them more competitive.
- **PLI scheme for textiles** Focussing on MMF and technical textiles was announced involving incentives worth Rs.10,683 crore.
- To know more about PLI scheme for textile sector, click here

What measures will help India regain its dominance in textile exports?

 \bullet The GST structure of MMF (GST on fibre is 18%,on yarn is 12 % and on fabric is 5 %) is inverted whereas GST for cotton is uniformly 5 % .

- A **fibre neutral policy** is required as MMF manufacturers are unable to take input credit in full.
- More reforms and investment in infrastructure are needed to bring the high logistics and labour costs.
- Automation, especially in readymade garments, will help increase productivity and reduce costs.
- To promote competitiveness among Indian exporters , government needs to incentivise them as like Bangladesh and Vietnam.
- There is a need to sign preferential trade agreements with importing countries. **Vietnam's FTA model** can be used for this purpose.

Source: The Hindu Businessline

