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?

- 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

