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

(2022-23)

(SEVENTEENTH LOK SABHA)

MINISTRY OF TEXTILES

**Action Taken by the Government on the Observations/
Recommendations of the Committee contained in their Thirty-
Seventh Report (Seventeenth Lok Sabha) on 'Development of
Manmade Fibre' pertaining to the Ministry of Textiles.**

FORTY-FIFTH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

July, 2023/ Ashadha, 1945 (Saka)

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Presented to Lok Sabha on 21.07.2023

Laid in Rajya Sabha on 21.07.2023



LOK SABHA SECRETARIAT

NEW DELHI

July, 2023/ Ashadha, 1945 (Saka)

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* Not appended with this cyclostyled copy.

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

(2022-23)

Shri Bhartruhari Mahtab - Chairperson

**MEMBERS
LOK SABHA**

2. Shri Subhash Chandra Baheria
3. Kunwar Pushpendra Singh Chandel
4. Shri Pallab Lochan Das
5. Shri Feroze Varun Gandhi
6. Shri Satish Kumar Gautam
7. Shri Bache Gowda B.N.
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 Bholu 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 Sanjay Sethi | - | Director |
| 3. | Ms. Shilpa Kant | - | Executive Officer |

INTRODUCTION

I, the Chairperson, Standing Committee on Labour, Textiles and Skill Development (2022-23) having been authorized by the Committee, present on their behalf this Forty-Fifth Report on Action Taken by the Government on the Observations/ Recommendations of the Committee contained in their Thirty-Seventh Report (Seventeenth Lok Sabha) on 'Development of Manmade Fibre' pertaining to the Ministry of Textiles.

2. The Thirty-Seventh Report was presented to Hon'ble Speaker on 5th September, 2022 and presented to Lok Sabha and laid in Rajya Sabha on 8th December, 2022. The Ministry of Textiles furnished their replies on 5th December, 2022 indicating Action Taken on the Observations/ Recommendations contained in the Thirty-Seventh Report. The Committee considered and adopted the Draft Report at their sitting held on 17 July, 2023.

3. An analysis of the action taken by the Government on the Observations/ Recommendations contained in the Thirty-Seventh Report (Seventeenth Lok Sabha) is given at Appendix-II.

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

New Delhi;
17 July, 2023
26 Ashadha, 1944 (Saka)

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

CHAPTER- I REPORT

This Report deals with the action taken by the Government on the Observations/Recommendations of the Committee contained in their Thirty-seventh Report (Seventeenth Lok Sabha) on 'Development of Manmade Fibre' of the Ministry of Textiles.

2. The Thirty-seventh Report was presented to Hon'ble Speaker on 5th September, 2022 and presented to Lok Sabha/laid in Rajya Sabha on 8th December, 2022. It contained 18 Observations/Recommendations. Replies of Government in respect of all the Recommendations have been received and are categorized as under:-

(i) Recommendations/Observations which have been accepted by the Government – Rec. Para Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15, 16 and 18	Chapter-II Total:16 Percentage: 88.88
(ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's reply – Nil	Chapter-III Total:00 Percentage:0
(iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration – Rec. Para No. 17	Chapter-IV Total:01 Percentage: 5.56
(iv) Recommendations/Observations in respect of which replies of the Government are interim in nature - Rec. Para No. 12	Chapter-V Total:01 Percentage:5.56

3. The Committee desire that Action Taken Notes in respect of Observations/ Recommendations contained in Chapter-I and final action taken reply in respect of the Recommendation contained in Chapter V of this Report, for which interim reply has been given by the Government, be furnished to them at the earliest.

4. The Committee will now deal with some of their earlier Observations/ Recommendations which either require reiteration or merit further comments.

I. INDIA'S TEXTILE VALUE CHAIN

(Recommendation Para No. 4)

5. In their Thirty-seventh Report, the Committee noted that the Department of Chemicals and Petrochemicals, in association with the Ministry of Petroleum & Natural Gas and the Industry was in the process of finalization of a Perspective Plan for bridging the demand supply gap of various polymers/petrochemicals including Purified Terephthalic Acid (PTA) and Monoethylene Glycol (MEG). Observing that it was 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 desired 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.

6. In their Action Taken Note furnished to the Committee, the Ministry of Textiles have stated as follows :-

“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.

Man Made Fibre (MMF) i.e. synthetic fibre is classified broadly in five categories used for making textiles; namely polyester fibre, polyamides(nylon) fibre, polyacrylonitrile (acrylic) fibre, elastomeric (spandex) fibre& Viscose fibre (derived from wood pulp) i.e. Rayon. Currently out of total MMF requirement, there is about 90% contribution of polyester fibre (MMF). Petrochemicals based Purified Terephthalic Acid (PTA) and Mono Ethylene Glycol (MEG) are basic inputs (synthetic fibre intermediates) required for production of polyester based MMF. In order to meet the growing demand of MMF and to augment the production of the basic synthetic fibre (polyester) intermediates namely PTA & MEG, Department of Chemicals and petrochemicals in association with MoP&NG and industry are in the process of finalization of a perspective Plan. The plan includes various polymers/Petrochemicals apart from PTA& MEG forecasting, likely demand-supply scenarios over the next 10-15 years.

This would help in formulation of policy/prescriptions required for growth of domestic capacity of PTA and MEG value chain.”

7. The reply of the Ministry does not indicate the efforts being made to pursue with the Department of Chemicals and Petrochemicals and the Ministry of Petroleum & Natural Gas the matter of early finalisation of the Perspective Plan to augment the production of the basic synthetic fibre (polyester) intermediates, namely Purified Terephthalic Acid (PTA)& Mono Ethylene Glycol (MEG). The proposed plan is vital as it would impact demand supply scenario over the next 10-15 years and also help in formulation of policy/prescriptions required for growth of domestic capacity of PTA and MEG value chain. The Committee, therefore, impress upon the Ministry to make rigorous efforts to establish proper co-ordination with the Department of Chemicals and Petrochemicals and the Ministry of Petroleum and Natural Gas for finalizing the Perspective Plan at the earliest. The Committee desire to be kept apprised of the progress made in this direction within a period of two months from the presentation of this report to Parliament.

II. FINALIZATION OF FREE TRADE AGREEMENTS

(Recommendation Para No. 7)

8. In their earlier Report, the Committee had expressed concern to note that India is facing tariff disadvantage in some of the markets such as EU and UK whereother 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, desired 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

9. In their Action Taken Note furnished to the Committee, the Ministry of Textiles have stated as follows :-

“Access to international market is being worked on through various FTAs. India and UAE have 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.”

10. The Committee express concern over the fact that no substantive progress has been made with regard to negotiating Free Trade Agreements (FTAs) with EU, UK, Canada, Israel as well as other countries/regions. More than a year has passed since the signing of the last two trade agreements with Australia and UAE. The Committee, therefore, impress upon the Ministry to expedite the consultation process and take up the matter with a sense of urgency and commitment so that the mutual agreements are signed and established at the earliest and seamless access is offered to the markets in countries such as UK, Canada, Israel and European Union, and thereby obviate the competitive disadvantages presently faced by India.

III. INVERTED DUTY STRUCTURE

(Recommendation Para No. 9)

11. In their earlier Report, the Committee had expressed concern to note that the differential GST structure 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 were taxed at 12 percent, 5 percent and 12 percent respectively. The Committee found 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. 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 were continued beyond 01.01.2022. The Committee felt that there was 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 urged the Ministry to follow up the matter at the appropriate fora so that systemic improvements could be ushered in for leveraging the export potential of the industry.

12. In their Action Taken Note furnished to the Committee, the Ministry of Textiles have stated as follows :-

“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. To have uniformity in GST rates and to remove inverted duty structure, it has been recommended for single GST rates on complete textile value chain. The textile value chain based on cotton is having 5% GST, whereas in MMF based textile value chain there are three slabs; from raw material to Garments PTA & MEG at 18%, filaments at 12% and fabric at 5%. This issue of inverted duty structure has been taken up with MoF.”

13. In order to have single GST rates on the complete textile value chain, the issue of doing away with the inverted duty structure has been taken up by the Ministry of Textiles with the Ministry of Finance. The Committee note from the action taken reply that the decision to defer making changes in the tax rates was taken at the 46th meeting of GST Council held on 31.12.2021. As considerable time period has passed since then, it is imperative on the part of the Ministry to pursue the matter with the Ministry of Finance without any further lapse of time so that a firm and positive decision is taken expeditiously and the endeavor is drawn to its logical end. The Committee would like to be apprised of the progress

made in regard to doing away with the shortcomings in the existing duty structure.

IV. PRIME MINISTER MEGA INTEGRATED TEXTILE REGION AND APPAREL (PM MITRA) PARKS

(Recommendation Para No. 11)

14. In their earlier Report, the Committee noted with appreciation 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 and impressed 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.

15. In their Action Taken Note furnished to the Committee, the Ministry of Textiles have stated as follows :-

“State Governments were requested to submit proposal under PM MITRA for consideration. A total of 18 proposals from 13 State Government were received. Various teams comprising Senior Officers from Ministry were constituted for physical inspection of site to check topography. In addition, a National Conference on PM MITRA was held on 04.05.2022 for sensitizing Industry/Investors as well as State Government concerned. The matter is being followed up with respective State Governments. “

“The Government has approved Setting up of 7 Pradhan Mantri Mega Integrated Textile Region and Apparel (MITRA) Parks in Greenfield/Brownfield sites across the country on 06.10.2022 with a budgetary outlay of ₹ 4,445 crores for a period 2021-22 to 2027-28. The Scheme would lead to creation of a modern, integrated large scale, world class industrial infrastructure including plug and play facilities”.

16. The Committee are appreciative of the fact that 7 PradhanMantri Mega Integrated Textile Region and Apparel (MITRA) Parks would be set up in Greenfield/Brownfield sites across the country with a budgetary outlay of Rs 4,445 crore for the period 2021-22 to 2027-28. The Committee have also been apprised that Project Approval Committee has

finalised 7 sites viz. Tamil Nadu (Virudhnagar), Telangana (Warangal), Gujarat (Navsari), Karnataka (Kalaburagi), Madhya Pradesh (Dhar), Uttar Pradesh (Lucknow) and Maharashtra (Amravati) for setting up PM Mitra Parks. The Committee urge the Ministry to maintain the momentum for setting up and making functional all 7 PM Mitra Parks in a time bound manner and thereby help in achieving the objectives that include *inter-alia* employment generation, investment in fusion and product diversification.

V. PREVENTION OF MICRO FIBRE POLLUTION

(Recommendation Para No. 17)

17. The Committee felt that as synthetic apparels are gradually capturing substantial market shares in the Country, it becomes imperative on the part of the Ministry while promoting MMF 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.

18. In their Action Taken Note furnished to the Committee, the Ministry of Textiles have stated as follows :-

"Nil information."

19. The concern expressed by the Committee in earlier Report is on the need for institutionalizing ways to curb and prevent microfibre pollution, which can significantly impact the environment and human health. The concern expressed has not been addressed by the Ministry which is indicative of adopting a casual approach in responding to the observation of a Parliamentary Committee. Considering the fact that urgent steps need to be taken to address the issue of microfibre pollution, the Committee exhort the Ministry to take up this issue seriously in consultation with key stakeholders so that the environment and human health could be protected. The Committee desire to be apprised of the

concrete measures taken in this direction within three months of the presentation of this Report to Parliament.

New Delhi;
17 July, 2023
26 Ashadha, 1944 (Saka)

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

(Vide Para No. 3 of the Introduction)

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON OBSERVATIONS/
RECOMMENDATIONS CONTAINED IN THE THIRTY-SEVENTH REPORT
(SEVENTEENTH LOK SABHA) OF THE STANDING COMMITTEE ON LABOUR,
TEXTILES AND SKILL DEVELOPMENT**

	Total	Percentage
I. Total number of Recommendations	18	
II. Recommendations/Observations which have been accepted by the Government – Rec. Para Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15, 16 and 18	16	88.88%
III. Recommendations/Observations which the Committee do not desire to pursue in view of the Government’s reply – Nil	00	00%
IV Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration – Rec. Para No. 17	01	5.56%
V Recommendations/Observations in respect of which replies of the Government are interim in nature - Rec. Para No. 12	01	5.56%
		100%