

EXECUTIVE SUMMARY

- I. Ministry of Textiles constituted a Working group and Sub-groups to formulate **National Fibre Policy**, with a view to strengthen the fibre economy and make the Indian textile and garment sector competitive in the long term. The long term projections on consumption and production of fibres and the major policy recommendations arrived by different sub-groups for respective fibres are summarised below.

COTTON

- II. The sub-group on cotton has projected cotton production to rise to 483 lakh bales by 2019-20 (assuming yield growth at 4.7% annually) and cotton consumption to increase to 413 lakh bales by 2019-20, with 70 lakh bales being surplus.
- III. Given that the production of cotton fibre, as well as MMF fibre and filament yarn is expected to witness a substantial increase in the next 10 years, the installed capacity for value addition under the textile value chain also needs to witness substantial improvement to absorb the expected increase in fibre production. It is estimated that investments worth Rs 176,510 crore will be needed during FY10-FY20 for creating the required capacity along the textile value chain on the basis of estimate of the increased fibre production. The underlying assumptions to arrive at investment estimates are based on CITI's Vision for Indian Textile and Clothing Industry 2007-2012, Eleventh 5-Year Plan estimates and inputs from major industry stake-holders, who are members of the sub-group.

Investment requirement till 2020 (Rs cr)	
Spinning	63,525
Weaving	38,485
Knitting	12,499
Processing	26,695
Garments	35,305
Grand total	176,510

- IV. The sub-group on Cotton has made recommendations for formulation of National Fibre Policy with following broad objectives: (i) the National Fibre Policy should be fibre-neutral, (ii) the fibre policy should accord priority to the cotton fibre value chain in the following order of priority: Farmers, Domestic mills and Other cotton consuming countries, (iii) it should enhance production, sustainability

and growth of cotton, (iv) it should target enhanced competitiveness of cotton fibre, as well as ensure most judicious and efficient utilisation of the country's strength for sustainable development of all the sub sectors of the cotton economy through backward and forward integration, (v) the cotton economy must be strengthened and its vibrancy improved through an upgraded and a reformed marketing system and through conscious branding of cotton for use, and (vi) an institutional mechanism must be created that will monitor, coordinate and also create a unified platform of all other interests in the lines of the National Cotton Council of the US.

- V. Various recommendations made by the sub-group on Cotton, aimed at achieving aforesaid objectives are provided hereunder.
- VI. **Enhancing production:** The following recommendations have been made by the members of the sub-group for augmenting cotton production in India:
- An institutional framework could be created for development of cotton fibre. The institution thus established could provide funding and direction for research in a holistic manner.
 - Improving irrigation facilities and water harnessing was considered imperative for enhancing production and lowering its dependence on monsoon. It is recommended that the area under irrigation could be increased to 60% from its present level of 38% at national level. Further, drip irrigation system could be adopted for better water management. Drip irrigation system could be adopted in at least of 30-40% of total cotton area.
 - Initiatives should be taken to increase awareness among farmers for adoption of rain water harvesting, soil moisture conservation techniques, suitable agronomic practices in order to increase the utilisation of rain water.
 - New farming practices could be developed to increase the cotton yield.
 - Precision farming was considered important for enhancing cotton productivity. Emphasis could be laid on spreading 'precision farming' to improve yield per unit area for all areas.
 - Measures could be taken to enhance production and supply of 'green manure / FYM / compost / vermi-compost' in the country to maintain soil productivity at sustainable levels. Green manure / FYM / compost / vermi-compost production and supply has to be taken up at a large scale under organised sector so that it becomes available for all cotton growers.
 - Improve extension activities and provide certification facilities with subsidised inputs to cotton farmers to sustain their income levels.
 - In field extension, public-private sector partnership projects may be launched on "large area" basis, by ensuring technology inputs and marketing tie-up, so that diversion of cotton area to other competing crops can be minimised.



- National research thrust for the cotton production sector could continue. The focus of the national research on cotton could be laid on increasing the lint productivity through improvement in ginning outturn of varieties / hybrids to 40 – 42% as compared with 34 – 36% of current cultivars.
- On line pest monitoring system at block level and IPM network to advise the farmers need should be strengthened. Integrated disease and pest management strategies could be implemented vigorously on cluster basis.
- Availability of sufficient quantity of micronutrients as in case of NPK could be ensured. Fertiliser companies could give equal importance to micronutrient manufacturing and marketing.
- The system of transfer of knowledge to farmers through Farmers Field School (FFS) should be continued and it could be taken up in each Gram Panchayat of cotton growing area. Sufficient number of Cotton Masters Trainer needs to be generated through Season Long ToF training to ensure availability of 1 cotton master trainer at each block level.
- Lessons from micro examples of yield improvement and production enhancement programmes run by CAI, CITI, CDRA and SIMA in different states of the countries should be adopted for other regions.

VII. **Enhancing investment along the textile value chain:** Given the significant estimated investments required for the textile value chain, the Technology Upgradation Fund Scheme can continue so that the industry may avail of the benefits under it.

VIII. **Improving quality of cotton fibre:** The focus of the national research on cotton could be on optimising the components of fibre quality parameters to meet the end-use requirements of the spinning sector, which is producing yarn in a wide range of spinning counts. Overall kapas grading is absolutely necessary, and ought to be strengthened. To prevent contamination in cotton fibre, use of white polypropylene bags for packing fertilisers could be replaced by coloured polypropylene bags.

IX. **Improving infrastructure:** The warehousing should be scientific and IT-enabled to develop into dematerialised trading and movement of goods. Pressed cotton also needs to be stationed and warehoused at accessible affordable places. Steps could be taken to improve logistics for transporting cotton, so that cotton fibre can be supplied from surplus to deficient areas in a clean manner.

X. **Export of cotton fibre:** A healthy stock-to-use ratio should be maintained to avoid any distortion in the cotton market. The trade policy for cotton could target exports of surplus cotton, and imports in slots where there may be a deficit in domestic production. There is no need for import duties, and any restriction on imports should be need-based only. Exports of cotton fibre should be monitored on a time-to-time basis in each cotton year to ensure stability in supply as well as prices to domestic mills.

- XI. **Improving marketing and branding of cotton:** Creation of a Competing Crops Pricing Index could be explored to ensure judicious allocation of resources in crop patterns. A structured mechanism for promotion of cotton use could be developed to sustain domestic consumption on a long-term basis to maintain the strength of the cotton economy. Pilot projects for marketing of lint by the farmers, instead of kapas at present, could be considered. The role and functions of government agencies involved in marketing of cotton fibre can be looked into and their role towards inclusion of price stability can be reoriented.
- XII. **Value addition in the cotton value chain:** Returns on cotton fibre can be enhanced through backward integration of the cotton value chain. The cotton industry can adopt the example of the sugar industry through such activities as de-linting and use of cotton stalks, which present great opportunity with minimal investments. Further, realisation on seed can be improved through more R&D on cotton oil and cotton seeds, especially because the governments across the world are beginning to reduce green house gas emissions. A careful study is recommended to devise a strategy for countering carbon emissions and subsequently a Carbon Emission Reduction Scheme can be framed.
- XIII. **Drawing lessons from policies of other cotton producing countries:** Lessons can be drawn from policies in these countries that are pertinent to India and could be suitably adopted. For instance, the independent gradation certification system of total crop existing in the US could be studied and a similar system can be developed after suitable modifications.

MAN-MADE FIBRES

- XIV. Considering future GDP growth of 8%, the domestic demand for man-made fibres/ filament yarns is estimated at 3.9 billion kg in FY15 and about 6 billion kg in FY20. Adjusting to this the likely exports and imports of MMF, the overall MMF requirement is estimated at 4.2 billion kg for FY15 and 6.48 billion kg for FY20. This implies capacity additions of about 1.8 billion kg (FY15) and 4.6 billion kg (FY20), which would require an investment of over Rs 90 billion (approximately US\$ 2 billion) by FY15 and Rs 230 billion (approximately US\$ 5.1 billion) by FY20.
- XV. The sub-group on Man-made fibres was of the opinion that to meet the objectives of high growth and increasing the competitiveness of Indian textile industry (including MMF textiles), the national fibre policy needs to lay a special emphasis on improving the competitiveness of Indian man-made fibres and textiles industry as it has the potential to drive the growth of the Indian textile industry in the future, both in domestic as well as export markets. The key policy recommendations of the sub-group to meet the study objectives are as follows:



1. Have a fibre neutral excise policy; i.e. all textiles and fibres should attract the same excise duty i.e. 4% optional
2. Excise duty and customs duty exemption for specialised MMF which are not produced indigenously. Such specialised fibres are listed below:
 - a. Acetate fibre (HS code – 55049010)
 - b. Acetate filament yarn (HS code – 54033300)
 - c. Tri-acetate fibre (HS code proposed - 55049011)
 - d. Tri-acetate filament yarn (HS code proposed - 54033310)
 - e. Cuprammonium filament yarn (HS code – 54033910)
 - f. Cuprammonium fibre (HS code proposed – 55049040)
 - g. Nylon 66 (HS code proposed – 55031110, 54025110)
 - h. Nylon 11 (HS code proposed – 55031120, 54025120)
 - i. Spandex fibre (HS code proposed- 55039030)
 - j. Spandex filament yarn (HS code – 54024400)
 - k. PVA fiber (HS code proposed – 55039030)
 - l. PVA filament yarn (HS code proposed - 54026960)
 - m. PBT yarn (HS code – 54026970, 55039040)
 - n. Modacrylic staple fibres (HS code proposed - 55033010)
 - o. Modacrylic filament yarn (HS code proposed – 54026940)
 - p. PTET (HS code proposed – 54026980, 55039050)
3. Removal of 4% Special Additional Duty (SAD) on man-made fibres to make the same available to domestic consumers at competitive prices.
4. Customs duty exemption on certain raw materials and additives that are primarily imported
 - a. Customs duty on rayon grade wood pulp to be exempted (from current 5%)
 - b. Customs duty on titanium di-oxide (Anatase grade) with HS code 283230030 to be reduced to nil from current 11%.
 - c. Customs duty on Spin finish oil to be reduced to nil from current 8%. Specific HS codes for Spin finish oil have already been proposed by the industry (HS code 34031200) and endorsed by the Department of Chemicals and Petrochemicals for this purpose.



5. Export oriented incentives should be provided to manufacturers of MMF textiles and garments for a limited period to neutralize the impact of cost-disadvantage vis-à-vis exporters in competing countries. This could include higher drawback rates and inclusion of fabrics and garments made of man-made fibres under the Focus Product Schemes.
 - a. A graduation scheme for three years can be introduced under the Focus product scheme with benefits of 10% in first year, 7% in second year and 3% in third year.
 - b. This scheme may cover man-made textiles and garments. In case financial implications do not permit coverage of textiles and garments then at least garments sector should be incentivised as exports of these are currently very low in value terms.
6. Textile industry should be kept out of GST for at least two years
7. Synthetic fibres should be covered under TUFS with fund support from their administrative Ministry i.e. Department of Chemicals and Petrochemicals.
 - a. The machinery for manufacture of synthetic fibres post polymerisation may be covered under TUFS. Since the processes upto polymerisation are primarily chemical in nature polymerisation machineries may not be covered.
 - b. The post polymerisation machinery may be benchmarked by TAMC in consultation with proposed advisory council on MMF.
 - c. To encourage setting up of small size units, particularly from chips the restriction on term loan and also on capital cost may be fixed by IMSC in consultation with TAMC and proposed advisory council.
8. Introduction of anti-dumping proceedings on man-made fibres should involve consultation with the Ministry of Textiles
9. Introduction of an institutional mechanism wherein government support (financial and otherwise) is made available to industry associations/ players to initiate and defend anti-dumping proceedings, where necessary
10. A MMF advisory council with all the stakeholders may be set up to monitor that the excise duty and other concessions have been passed on by the MMF manufacturers and also to take on integrated approach to solving the problems of MMF producers and users of MMF and to accelerate their growth
11. MMF manufacturing and processing units should be given a priority under the gas allocation policy, at par with the power sector.

JUTE

- XVI. The recommendations identified by the sub-group are the strategies that can be considered to cater to the objectives of the policy. These strategies are accordingly presented by the sub-group across 5 years, 10 years and 20 years.
- XVII. **Short term (5 years):**
1. Encourage production and bring about improvement in quality of raw jute by a) subsidizing distribution of certified seeds, b) dissemination of improved agronomical practices and c) bridging the gap between the jute growers and users.
 2. To improve efficiency of jute industry by a) providing sufficient incentive to jute industry for large scale adoption of available new technology machines, b) streamlining the existing Jute Technology Mission Schemes to improve its delivery system and c) making schemes of JTM more attractive to textile machinery manufacturers for development of modern machines.
 3. To gradually decrease the protection given through the JPM Act.
 4. Highlighting the eco-friendly and renewable characteristics of jute as well as taking steps for removal of all trade barriers.
 5. To adopt suitable marketing strategies for value added jute products.
 6. To provide incentives to the entrepreneurs to take up development and manufacture of value added jute diversified products.
 7. To facilitate a Disposal Protocol accepted at the global level and ensure eco-labeling for better standardization of jute products.
 8. To operationalise the National Jute Board.
- XVIII. **Medium term (5-10 years):**
9. To intensify development of high yield variety seed and initiate projects on genetically modified seeds. To intensify R & D efforts for mechanization of farm practices, Develop buffer stock for jute seeds by Government, set direction for new seed development and involve reputed companies. For example, MNCs such as Monsanto can develop HYV of jute seed
 10. Creating awareness and providing financial assistance to adopt new seeds and farm initiatives. To replace old machinery by newly developed machinery on a large scale with suitable scheme from the Government.
 11. Adopt suitable ICT tools in the entire value chain for providing transparency and monitoring the performance of major stakeholders in the value-chain



12. Continue promotion of Jute through concerted marketing efforts.
13. Continue promotion and development of Jute Diversified products.
14. To train personnel and provide appropriate wages for attracting and or retaining knowledge and expertise in the jute sector.
15. Continuation of reduction of protection through JPM Act.

XIX. **Long term (10-20 years):**

16. To design, develop and adopt state of the art and contemporary processing machinery to keep pace with the other textile fiber processing technologies.
17. Continuing with R & D activities for attaining higher yield of better quality jute fiber.
18. Continue training of multi skilled personnel.
19. To encourage setting up of power looms in the jute sector.
20. Continue promotion of Jute through concerted marketing efforts. Industry should have a holistic perspective while developing technological solutions and should ensure adequate returns by examining the right product mix, raw jute requirement, manpower requirement, training requirement, trade unions, speed of machines, market share, profitability, etc
21. Continue promotion, development and commercialization of Jute Diversified products such as geotextiles etc
22. Industry should support commercialization of relevant/new technologies
23. Revisit or revise JTM

SILK

- XX. The sub-group on Silk has projected **raw silk production** to grow at **0.3% CAGR** from FY10 to FY15 and at **0.6% CAGR** from FY15-FY20. **Domestic consumption** of raw silk is projected to grow in the range of **2.5-3.0% CAGR** till FY20 and imports are expected to record CAGR of 6.6%-7.9% from FY10 to FY15 and 5.0-6.0% thereafter till FY20.
- XXI. The sub-group has made policy recommendations for the Indian Silk Industry that are aimed at bridging the gap between demand (for both quantity and quality) and domestic supply, and at reducing the country's dependence on imports for its raw silk requirements. These are discussed below:

Fiscal measures

- XXII. (i) **Reduction in basic customs duty on raw silk** (not thrown) from existing 30% to 20%. (ii) In order to provide adequate protection to the twisting community, government may evaluate the implications of a proposed **increase in basic customs duty on twisted silk yarn** by 2-5% from existing 10% to 12%-15%, after deliberations with various stakeholders. Since this will have adverse effect on weavers, it should be done only along with 10% duty reduction on raw silk and canalisation scheme so that weaver is adequately protected.

Non-fiscal measures

- XXIII. **Silk growers:** In order to encourage farmers to adopt sericulture practices, a **price support scheme** should be implemented, along with suggested 10% reduction in the import duty on raw silk. Also, there is a need to increase thrust on developing silkworm races that are not only resistant to drought/change in climatic conditions, but are also disease-resistant, and high-yielding. It would be important to **design time bound result-oriented incentivised schemes** for better implementation of R&D activities. There is need for introduction of advanced systems of **quality-based pricing mechanism** for cocoons for appropriate and better price realization by the cocoon growers.
- XXIV. **Reelers:** With a view to encourage reeling of multi-voltine cocoons, a **quality-linked incentive scheme** needs to be designed and implemented, in conjunction with the Central Silk Board.
- XXV. **Weavers:** There should be **canalisation of imports of raw silk** into the country through designated government procurement agencies such as the NHDC, of a stipulated amount/quantity for a specified time period.
- XXVI. **Vanya silk:** (i) Vanya silks to be promoted as Eco Silks and provide support for eco friendly production and processing of Vanya silks in the form of subsidy/incentives (ii) Allowing free trade of Vanya silk commodities such as dfls, cocoons, yarn etc, across the states to ensure remunerative price to primary producers (iii) Integrated development of Indian Vanya Silks in the country through the implementation of Technology Mission (iv) Demarcate Vanya silkworm seed zones for producing quality seed through adopted seed rearers.

WOOL

- XXVII. The sub-group on wool has projected raw wool consumption (production + imports) to nearly double from 114.2 million kg in FY09 to 260.8 million kg by FY20. Domestic production of raw wool is projected to grow at a marginal rate, and increase from 48.5 million kg in FY09 to 54.1 million kg by

FY20. Consequently, imports of raw wool are expected to increase significantly going forward. From a level of 65.7 million kg in FY09, they are expected to increase to 206.7 million kg by FY20.

- XXVIII. The sub-group on Wool has made policy recommendations for the Indian Woollen sector with a view to address the major concerns of the industry and render it competitive.

Fiscal measures

- XXIX. *Duty structure rationalisation* Given the gap between demand and domestic production, and the fact that the domestic industry will not be able to produce adequate quantity of raw wool, there is a need to **rationalise import duty on raw wool and on woollen yarn & fabrics**. There is also a need to **rationalise import duty on waste of wool** and bring it at par with raw wool since we are dependent on imports. It has been proposed that the duty on raw wool imports should be exempted (from current 5%) and on woollen yarn & fabrics and waste wool should be reduced to 5% (from current 10%).

Non-fiscal measures

- XXX. *Improve the quality and quantity of wool:* (i) There should be **increased thrust on cross-breeding programmes** with an aim to bring down the micron structure of the carpet grade wool, and also to improve the quality of Deccani wool (ii) Efforts should be made for **selective breeding** and for cross breeding of imported sheep breeds with inferior and widespread local breeds (iii) Efforts should be focused on **implementing programmes for producing highland wool** in the hilly tracts of India (iv) Provision of **adequate extension support for marketing of specialty fibres**.
- XXXI. *Check mortality rate:* Government policy should focus on **extending proper nutritional support facility**, and **adequate healthcare and veterinary facilities**, and government should **organise healthcare programmes** for better management of sheep at farmers' level.
- XXXII. *Collaborative research projects:* The industry should undertake collaborative research projects with the major wool producing countries, with necessary support from the government. The research should focus on breed improvement and overcoming the diseases in sheep breeds and producing disease-resistant stud rams.
- XXXIII. *Database building:* Building of national level database on production, exports and imports, to ensure availability of reliable and timely data to the industry.
- XXXIV. *Common facility centres:* Provision of **one-time support to private players** to encourage setting up modern processing facilities, including financial assistance to import machinery.
- XXXV. *Grading system and marketing support:* **Introduction of scientific grading system** to incentivise the sheep breeders by way of better wool prices. Establishment of an agency on PPP model to ensure providing wool growers with the right price for their produce and to ensure procuring wool in substantial quality.

- XXXVI. *Strengthening the Central Wool Development Board: Review and redefining the role of the CWDB* to make it more effective and to enable it to perform the tasks assigned to it appropriately; to be done in close collaboration with wool producers and the user industry. **Increased allocation of funds** to the Board to enable it to achieve its laid objectives in an effective manner.

OTHER NATURAL FIBRES

- XXXVII. The Other Natural Fibres are of vital importance due to various factors which includes, potential to provide farm and off-farm based employment to large section of the population, utilization of the so-called 'waste' to generate wealth thus providing additional avenue for livelihood generation, allows for green economy, which would also add to the green cover of the country, amongst others.
- XXXVIII. The major policy interventions/recommendations suggested by the sub-group on Other Natural Fibres are as follows:
24. The sub-group is in consensus that the policy intervention in the first phase ought to be limited to five other natural fibres, viz., Banana fibre, Pineapple fibre, flax, sisal and Hemp/Nettle.
 25. In addition to the five fibres mentioned in the above point, there are a number of other natural fibres, such as screw pine, water-hyacinth, ramie, palm leaf and Korai grass which are available in India and have varied usage across different product categories. In order to promote these other natural fibres, this sub-group recommends that **another focus study** may be taken up to devise promotional mechanisms for them.
 26. India has a rich variety of other natural fibres, however data and information on the same is not readily available. Given the huge potential these other natural fibres hold in terms of demand and their contribution to the overall economic growth of the country, the sub-group recommends a **national-level census** to gather exhaustive information on other natural fibres in India.
 27. The recommendations/policy interventions suggested by the sub-group for the selected five other natural fibres include:
 - a. To ensure promotion of the five selected other natural fibres, the sub-group proposes a '**Focus Fibre Focus State**' approach, under which the promotion of each selected fibre would be carried out in a selected state. The FFFS approach is specific for each selected fibre, as the selected fibres/plants are either already cultivated in large quantities (Banana and Pineapple) or are available, but not commercially exploited or needs to be promoted (Sisal, Flax, Hemp / Nettle). Based on the above factors, the selected fibres



have been divided into two groups, Group I – Banana fibre and pineapple fibre and Group II- Sisal, flax, hemp/nettle for undertaking measures for their overall development.

i. Short-term strategies for Group I

The sub-group recommends that the government provide a capital subsidy of 50% to the industrial investors as an incentive for setting up the industry to consume natural fibres, undertake research and development activities to ensure improved and efficient extraction and processing of the fibres, undertake a 5-year pilot program under the 'Cluster approach' to promote livelihood and economic development of the fibres at the local level. The learning from the pilot projects would be replicated at a pan-India level.

ii. Short-term strategies for Group II

For Group II fibres, the sub-group recommends undertaking of research and development programmes on raw material resources for breeding, standardization of nursery practices and fibre extraction techniques. It also recommends undertaking a 5-year pilot program under the 'Cluster approach' for the fibres at the selected state. The learning from the pilot projects would be replicated at a pan-India level.

b. In addition to the above the sub-group has recommend a number of other policy interventions for the development of Group I & II fibres. These include measures for:

- i. Capacity building/training
- ii. Creation of necessary infrastructure
- iii. Aggressive international marketing
- iv. Brand building and brand promotion measures
- v. Fiscal measures
- vi. Enhance competitiveness

c. To accelerate the development of Group I and II fibres, the sub-group proposes a holistic approach under intermediate strategy for initial 5 years. This holistic approach includes development strategies, identification and transfer of best practices, implementation of program, documentation and standardization of practices gained in the immediate strategies which will further pave the way for the long term mission.

d. For development of these fibres in the long-term the sub-group proposes a 'National Other Natural Fibres Mission' to replicate best practices (gained from the Focus Fibre Focus State Approach) on a pan India basis based on the census data and the findings / lessons gained from the intermediate strategy. Therefore, sub-group proposes a detailed study to evolve the objectives, structure, focus, functioning and funding for a long term 'National Other Natural Fibres Mission' in concurrence with the intermediate strategy.

XXXIX. **Outlook on fibre output:** The sub-group on Other Natural Fibres has projected fibre output (Banana, Pineapple, Agave/ Sisal, Hemp/ Nettle and Flax) would provide revenues of Rs 2,786.5 million per annum. These revenues would be realisable after a period of 5 years and provided that the sub-



group's policy recommendations are implemented. The projection on future potential of other natural fibres is provided in the table below.

Fibre	Return per year (Rs Million)
Banana	1,123.5
Pineapple	933
Agave/ Sisal	160
Hemp/Nettle	240
Flax	330
Total	2,786.5

SPECIALITY FIBRE (TECHNICAL TEXTILES)

XL. The indigenous development of speciality fibres is highly dependent upon the demand for these fibres in the domestic market from the downstream industry, i.e. the technical textile manufacturers. Thus, besides the recommendations for speciality fibres, the group has also proposed specific fiscal and non-fiscal recommendations for technical textile products with a view to increase their consumption and production in India. The fiscal and non-fiscal recommendations of the sub-group for speciality fibres and technical textiles are as below.

XLI. *Fiscal Measures for Identified Speciality Fibres*

28. Excise duty on focus speciality fibres should be reduced to 4% (from the current level of 8%)
29. Import duty and CVD on additives used in Flame retardant speciality fibres and other speciality fibres should be removed
30. Capital equipment used in the manufacture of identified speciality fibres should be exempted from Custom duty
31. The government should consider introduction of a *Special Incentive Package* for enabling Indian or foreign companies to set up manufacturing facilities for speciality fibres, thereby strengthening the raw material base for Indian technical textile industry



XLII. ***Fiscal Measures for Technical Textiles***

32. Excise duty levied on nonwovens should be uniform with that levied on other textiles
33. Excise duty on baby diapers, sanitary napkins and incontinence diapers should be rationalised
34. The customs duty exemption may be allowed even to an independent manufacturer of aramid fabric, which will be used for production of bullet-proof jackets for defence and police personnel
35. VAT rates should be uniform for technical textiles products irrespective of the base fibre used and irrespective of the source of origin of the product, whether from domestic market or from imports
36. Technical Textiles should be exempted from GST for a period of at least two years.
37. To provide incentives to encourage development of technical textiles industry, 25% capital subsidy should be provided in lieu of 10% capital subsidy and 5% interest rate subsidy to small & medium entrepreneurs (upto capital investment of Rs 2 crores) engaged in manufacture of technical textile products

XLIII. ***Non-fiscal Measures for Identified Speciality Fibres***

38. An R&D centre with a funding of at least Rs 50 crores is recommended at either NCL Pune, one of the IITs or UICT Mumbai
39. It is recommended that incubation centres should be set-up for transfer of technology and acceptance of innovative technologies by the industry
40. Well-equipped laboratories should be set-up in the four Centres of Excellence to extend support of the industry in fields of testing and development, as per the requirements
41. Specific HS codes have been proposed for Speciality fibres whose HS codes could not be identified. These include:
 - Super high/ High tenacity polyester fibre – 55022001
 - Super high/ High tenacity nylon fibre – 550319001
 - Super high/ High tenacity polypropylene - 55034020/30
 - FR polyester - 5503200015/25/45/65
 - FR Viscose - 5502000010/90
 - FR Modacrylic - 5503300010/90
 - Meta aramid - 5503190010/90,5402111010/90
 - Para aramid - 5503190010/90, 5402111010/90



- HMPE/ HDPE/ UHMWPE - 55039070/80
- Carbon fibre - 55039070/80
- Superabsorbent fibre (acrylic) - 5503300000/10
- PPS - 5503901000/5503909000
- Phenolic fibre
- PBO - 55090010/ 20/30/40
- Antimicrobial/ antibacterial fibre (polyester, polypropylene, viscose) - 54022021/54060011/55032010
- Fibres for concrete re-inforcement - 55034010, 55032030 for polypropylene and polyester

XLIV. ***Non-fiscal Measures for Technical Textiles***

42. Standard quality Technical Textiles are needed for maximum benefits and their installation should be carried out as per standard guidelines and procedures. Specific segments of Technical Textiles where standardization is required on a priority basis include Geotech, Buildtech, Protech, Meditech, and Agrotech
43. Some Ministries could issue guidelines which would increase the level of adoption and awareness levels of Technical Textile products and aid in creation of a large market for these products in India. Some specific initiatives and support required from other ministries include:
 - Mandatory usage of fire retardant fabrics in exhibition centres, cinema halls and other public places
 - Mandatory usage of fire retardant apparel for fire-fighting personnel
 - Increased usage of geo-synthetics in infrastructure development projects
 - Increased usage of nonwoven disposable Meditech products in medical institutions and hospitals
44. In order to boost the consumption of Technical Textile in India, it is recommended the government increases awareness about the usage and benefits of these products. Following measures can be undertaken by concerned Ministries to increase the level of awareness of Technical Textiles:
 - Participation in medical fairs to promote the usage of Meditech products (especially nonwoven single use products)
 - Organization of symposiums, road shows in different parts of India so as to familiarize people with the application and benefits of products
 - Creation of framework for partnership in rural areas



- Creation of specific programs for end use application to educate users about benefits of the products
 - Incorporation of new generation medical textiles manufactured from MMFs and their blends in Indian Pharmacopoeia and change in Schedule F-2 of Indian Drugs & Cosmetics Act
 - Infrastructure projects could be modified to DBOT from BOT to emphasize more on initial design so as to enhance usage of latest material and technology relating to geotextiles
 - Various Ministries could make amendments in certain existing Policies/Acts/Guidelines to directly/indirectly boost the growth of Technical Textiles in India
45. Under the Scheme for Integrated Textile Parks (SITP), at least 10% of textile parks should be dedicated technical textile parks
46. Technology Mission on Technical Textiles should be initiated at the earliest as it will boost domestic production as well as consumption of Technical Textiles in the country
47. In order to meet the stringent and critical performance related requirements of Technical Textile products in the international markets, it is recommended that world class testing facilities should be set-up in India. These facilities will assist in accurately evaluating the products to meet international requirements
48. Technical textiles need to be included in the syllabus and curriculum of educational institutions at B.Tech/B.E. and higher levels in all related branches of engineering and technology, architecture and medicine to ensure availability of skilled manpower over the long-term

SPECIALITY COTTON (ORGANIC, SUVIN & ELS)

XLV. Given the leading position that India has at the international level with regard to the production of Organic cotton and the distinction of growing one of the world's longest fibre "Suvín", it is very important to promote and protect these fibres. Thus, sustaining Organic & Suvín cotton cultivation should be given the status of National Agenda under the National Fibre Policy, where in all the departments, Agriculture, Textiles & Commerce are policy bound and work in unison. Keeping in mind the challenges and the scope of the organic cotton sector, the sub-group, proposes two sequential initiatives that will aid the growth and development of the sector:

- Immediate adoption of a mission mode approach to help develop the sector through interventions in research and development, extension and promotional activities, until the formation of the Speciality Cotton Board. The sub-group recommends formation of a society

for a tenure of 1 year which could co-ordinate the functioning of the Technology Mission on Speciality Cotton

- Establishing a permanent **Speciality Cotton Board**, with fiscal and administrative autonomy, to bring synergy amongst various departments of the above three ministries and other stakeholders in the textile value chain (Growers, Traders & Industry). This board is envisaged to handle the development of the Organic and Suvin cotton sector. The proposed Speciality Cotton Board, while pursuing matters related to Organic Cotton & Suvin, could also consider the recommendations made by SIMA - CITI in its ELS vision statement. Upon formation of the Board, a separate mission to handle other ELS cotton can be pursued. The board will manage and monitor the development of these sectors and allocate the budget to parties best equipped to execute tasks.

- XLVI. With an aim to cater to the issues faced by organic, Suvin and ELS cotton sector, the sub-group on speciality cotton has proposed following recommendations:
- XLVII. The sub-group recommends initiation of a Technology Mission on Speciality Cotton (Organic, Suvin and ELS), with fund outlay for a 5 year period. The sub-group recommends formation of a society in the first year for tenure of 1 year which could co-ordinate the functioning of the Technology mission on speciality cotton. The implementation and monitoring of all the missions would be done by the designated GOI departments as recommended by the society. The year 2 through to year 5 of the Technology Mission on Speciality Cotton would be governed by the Speciality Cotton Board that is mandated to be brought into action from Year 2 onwards. The sub-group recommends that the establishment of the board is guided by competent agencies (like IIM and other competent consultants). These will have to detail the revenue model and have to ensure that the board is recruited and has its initial funding.
- XLVIII. The budget proposed has been subdivided into two parts:
- a) The Technology Mission on Speciality Cotton Budget
 - b) Speciality Cotton Board – Formation & Administration Budget.

It is important to note here that the budget estimated for Sub-mission V of the technology mission is only for the revival of the Suvin cotton. The budget for development of ELS cotton could be estimated in conjunction with the proposed Speciality Cotton Board after a detailed study of the ELS cotton scenario in India.



Budget for Technology Mission on Speciality Cotton

Technology Mission on Speciality Cotton (figures in Rs. Crores)						
Sub Missions	2010-11	2011-12	2012- 13	2013-14	2014 - 15	Total Outlay
SUB-MISSION I Research & Technology Generation	5.00	4.00	3.00	2.00	1.00	15.00
SUB-MISSION II Transfer of Technology	58.50	75.00	94.00	119.00	149.50	496.00
SUB-MISSION III Statistical Data Compilation	1.00	1.00	1.00	1.00	1.00	5.00
SUB-MISSION IV Promotion, Quality Control, Processing & Marketing	6.52	7.90	9.74	12.04	14.80	51.00
SUB-MISSION V Revival of Suvin Cotton	1.00	1.25	1.50	1.75	2.02	7.52
Budget for formation of Society	3.80					3.80
GRAND TOTAL	75.82	89.15	109.24	135.79	168.32	578.32

Budget for Speciality Cotton Board – Formation & Administration (In Rs crores)

	2011-12	2012-13	2013-14	2014-15	Total
A. Total Cost: Head Office	1.86	1.70	1.74	1.84	7.14
B. Total Cost: Regional Office	1.54	1.16	1.28	1.30	5.28
Grand Total	3.40	2.86	3.02	3.14	12.42