



## PM MITRA Scheme and Textile Sector

**For Prelims:** PM MITRA Scheme, Textile Sector, PPP, FDI, GDP, Agriculture, IIP, SAFTA.

**For Mains:** Textile Sector of India, Potential and Challenges.

### Why in News?

The Centre has selected sites in Tamil Nadu, Telangana, Karnataka, Maharashtra, Gujarat, Madhya Pradesh and Uttar Pradesh to set up new textile parks under the [PM Mega Integrated Textile Regions and Apparel \(PM MITRA\) scheme](#).

- The parks will be set up by 2026-27. The total outlay for the project is Rs 4,445 crore, though the initial allocation in the 2023-24 Budget is only Rs 200 crore.

### What is the PM MITRA Scheme?

#### ▪ About:

- PM MITRA Park will be developed by a **Special Purpose Vehicle** which will be owned by the Central and State Government and in a [Public Private Partnership \(PPP\) Mode](#).
- Each MITRA Park will have an **incubation centre, common processing house and a common effluent treatment plant** and other textile related facilities such as design centres and testing centres.

#### ▪ Implementation:

- **Special Purpose Vehicle:** An SPV owned by the Centre and State Government will be set up for each park **which will oversee the implementation of the project**.
- **Development Capital Support:** The Ministry of Textiles will provide financial support in the form of **Development Capital Support upto Rs 500 crore** per park to the park SPV.
- **Competitive Incentive Support (CIS):** A CIS upto Rs 300 crore per park to the units in PM MITRA Park shall also be **provided to incentivise speedy implementation**.
- **Convergence with other Schemes:** Convergence with other Government of India schemes shall also be facilitated in **order to ensure additional incentives to the Master Developer** and investor units.

### What is the Significance of the Scheme?

#### ▪ Reduce Logistics Cost:

- It will reduce logistics costs and **strengthen the value chain of the [Textile Sector](#)** to make it globally competitive.
- High logistics costs are considered a **key hurdle to India's goal of boosting textile exports**.

#### ▪ Employment:

- An investment of Rs 70,000 crore into these parks **can generate employment for about 20 lakh people**.

#### ▪ Attract FDI:

- The parks are crucial to attract **Foreign Direct Investment (FDI)**.
- From April 2000 to September 2020, India's textile sector received Rs 20,468.62 crore of FDI, which is just 0.69% of the total FDI inflows during the period.
- **Competitiveness:**
  - This cluster-based approach will reduce **the** increased wastage and logistical costs **of the sector**, and thus will improve the **competitiveness of the country's textile sector**.

## What is the Scenario of the Textile Sector of India?

- **Status:**
  - The textile sector is one of the critical sectors of the Indian economy, accounting for more than 2% of the total **GDP (Gross Domestic Product)** and more than 12 % of the manufacturing sector GDP.
  - The textile sector has a diverse value chain spread across fibre to readymade garments.
- **Potential:**
  - The sector is the **2<sup>nd</sup> largest provider of employment** in India, after **agriculture**.
    - It provides employment to an estimated 45 million people directly and to another 60 million indirectly through allied activities.
  - India is the **6<sup>th</sup> largest exporter of textile and apparel** in the world, with 4% share of the global trade in textiles and apparel.
  - India's textile and apparel exports (including handicrafts) stood at USD 44.4 billion in FY22, a 41% increase YoY.
  - India's textiles industry has around **4.5 crore employed workers including 35.22 lakh handloom workers** across the country.
- **Challenges:**
  - **Decline in Production:**
    - The production of textiles as measured by the **Index of Industrial Production (IIP)** for textile has seen a consistent decline since March 2022.
    - The index value, which was 118.5 in March 2022, has fallen to 102.3 in October 2022.
  - **Surge in Imports:**
    - In the period from April to November 2022, imports of textiles were valued at Rs 433 billion, same as last year they were valued at **Rs. 313 billion**.
    - India allowed duty-free import of readymade garments from Bangladesh under the **South Asian Free Trade Agreement (SAFTA)** in 2006, resulting in an increase in imports of apparels made with Chinese fabrics and yarns.
  - **Exports Suffer:**
    - India suffers from the disadvantage of duties being imposed by the importing countries.
    - Countries like Bangladesh, Sri Lanka and African countries get **duty-free access and make India's textiles comparatively less competitive** in the international landscape.
  - **Inverted Duty Structure:**
    - The Man-Made Fibre (MMF) value chain in the textile industry currently faces an **Inverted Duty Structure**, that is the tax on output, or the final product is lower than **taxes on inputs**, creating an **inverse accumulation of input tax credit**.
    - This is usually refunded by the government, creating a revenue outflow for the government, but also **blocks crucial working capital flow for businesses** in the meantime.

## What are the Initiatives Related to the Textile Sector?

- **Amended Technology Upgradation Fund Scheme (ATUFS)**.
- **Scheme for Integrated Textile Parks (SITP)**.
- **SAMARTH Scheme**.
- **Power-Tex India**.
- **Silk Samagra Scheme**.
- **Jute ICARE**.
- **National Technical Textile Mission**.

## Way Forward

- The DGTR (Directorate General of Trade Remedies) has recommended the **levying of [Anti-Dumping Duty \(ADD\)](#)** on VSF imported from Indonesia. The investigations showed that imports from Indonesia have increased after the lifting of the anti-dumping duty.
- India can make the sector organised by setting up mega apparel parks and common infrastructure for the textile industry. The **focus should be on the modernisation of obsolete machinery and technology.**
- India needs a comprehensive blueprint for the textile sector. Once that is drawn up, the country needs to move into mission mode to achieve it.

## UPSC Civil Services Examination, Previous Year Question (PYQ)

### Prelims

#### Q. Consider the following statements: (2020)

1. The value of Indo-Sri Lanka trade has consistently increased in the last decade.
2. "Textile and textile articles" constitute an important item of trade between India and Bangladesh.
3. In the last five years, Nepal has been the largest trading partner of India in South Asia.

#### Which of the statements given above is/are correct?

- (a) 1 and 2 only
- (b) 2 only
- (c) 3 only
- (d) 1, 2 and 3

Ans: (b)

### Mains

#### Q. Analyse the factors for highly decentralized cotton textile industry in India. (2013)

Source: ET

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