

# ***'BUDGET PROPOSALS 2017-18'***

*Submitted to-*

**The Textile Commissioner  
Office of the Textile Commissioner  
Ministry of Textiles**

*On- 25.10.2016*

*Prepared by-*



**INDIAN TECHNICAL TEXTILE  
ASSOCIATION**

**A-Block, The Bombay Textile Research Association (BTRA),  
L B S Marg, Ghatkopar (West), Mumbai 400 086**

**Tel: +91 22 2500 3098**

**Email: [info@ittaindia.org](mailto:info@ittaindia.org)**

**Web: [www.ittaindia.org](http://www.ittaindia.org)**

## INTRODUCTION

Technical textile industry is research oriented, knowledge based and probably the most innovative segment of the textile industry with applications spanning over enormous range of uses. Globally, the technical textile contribute to about 27 percent of textile industry, in some of the western countries its share is even 50 percent while in India it is meager 10 percent. With appropriate support mechanism technical textile offers unlimited opportunities for growth.

Indian Technical Textile Association (ITTA) has received suggestions from its members for modification in excise and custom duty structure of various items of technical textiles. These suggestions have been analyzed and a proposal has been prepared primarily with a view to reduce duty anomalies and bring uniformity in the duty structure to enable the technical textile industry to sustain its growth in the domestic segment and enhance market share in the global technical textile market.

The item wise Proposals are given below:-

### 1. CUSTOMS DUTY REDUCTION- ON SPECIALITY FIBRES & YARNS

The technical textile industry in India appreciate that in the last year's Union Budget there was a reduction in basic **Custom Duty to 2.5%** for specialty fibres & yarns used in Technical textiles. These are limited to only few types of fibres & yarns (eight only), namely - Nylon 66 filament yarn, Polyester antistatic filament yarn, Aramid flame retardant fibre, Para-aramid fibre, Nylon staple fibre, Nylon antistatic staple fibre, Modacrylic fibre and Flame retardant viscose rayon yarn. This measure has definitely helped industry to bring down the input cost for the technical textiles manufacturers in the country but to a limited extent.

There are several more specialized high performance fibres & yarns which are either not produced in India or the production is significantly lower than the demand. A list of missed out specialty fibres & yarns are given in **ANNEX-I**.

The Technical Textiles are produced from synthetic fiber/yarn. Globally, 70% of the fiber/yarn consumed by the technical textile industry is synthetic. India has large plant and adequate capacities in regular synthetic fibers but the production of speciality variants of regular fibers and high-performance fibers (that constitute

30% of the total fibers used in technical textile globally) is lacking in the country. Speciality fiber/yarns are used mostly for the production of high-end products like protective textiles, industrial textiles, medical implants, Composites, Geotextiles, etc. Large portion of these products are consumed by various departments of Government of India.

The total duty inclusive of basic custom duty, countervailing duty, education cess and special additional duty works out to approx. 23- 26%. This makes the raw material very costly and uncompetitive for Indian manufacturers of Technical Textiles. **It is therefore, necessary that these specialized high performance fibers & yarns, given in Annex-I, are exempted from Custom duty to provide a fillip to this sun rising sector.**

## **2. EXCISE DUTY ON MAN-MADE FIBRES AND FILAMENT YARNS.**

Fibre composition for manufacture of technical textiles is predominantly man-made fibres and yarns. Even speciality variants of regular / generic man-made fibres / yarns like ie, flame retardant, anti-microbial, super absorbent, anti microbial, ultra fine fibres etc fall under the same HS Code as regular fibre and attract 12.5% excise duty.

Technical textile is a nascent industry in the country poised for significant growth due to the initiatives taken by Ministry of Textiles in terms of Technology Mission on Technical Textiles (TMTT) and Technology Upgradation Fund Scheme (TUFS).

**The growth of technical textiles is hindered by exorbitant excise duty at fibre / yarn stage. Therefore, it is necessary to reduce the excise duty on man-made fibres / yarn.**

**We propose that the excise duty on man-made fibres and yarn should be brought at par with cotton yarn ie, 6%.**

### 3. POST GST-

All Technical Textiles should be covered under the “**lowest slab rate**” in GST. We propose that there should be uniform GST rate on all Technical Textile products with no exemptions or rebates at any stage to prevent any break in its value chain.

### 4. BENEFITS TO EXPORTERS OF TECHNICAL TEXTILES

The exporters of Technical Textiles are not able to avail of the benefits of the Merchandise Exports from India Scheme (MEIS) because only 33 Technical textiles products are eligible for export under Technical textiles head. There is an Urgent need to expand codification system and allocation of appropriate HS Code to all Technical Textile products. For this ITTA had submitted the exhaustive list of products & HS codes to the Ministry of Textiles/ Textile Commissioner’s Office, which need to be finalized and then adopted by other relevant Ministries immediately.

Technical Textile is really emerging sector, globally. Abundant raw material availability, ability to cope up with the international standard, having good blend of conventional and modern technology, skilled manpower are some of the strength of Indian Exporters. With this, we have tremendous market potential in the international market and as regard the quality is concerned, we are not equal but much better. The only issue is price war from China and other countries which can be fought with above Government support.

Recently, Indian export is showing negative growth and the situation is more critical as no corrective steps are being seen at this stage. We would like to emphasize here that compared to the last year, there have been two major changes in policy matters :

- Non-availability of interest subvention
- Removal/reduction of Chapter 3 benefits of the erstwhile FTP which has now been merged with the MEIS in the current FTP. If this is restored, we feel that we could expect better growth rate. This is highly recommended because we are today operating in a recessionary environment.

**It is necessary to review the changes made in product and country matrix and take immediate steps for minimum 5% MEIS benefit and maximum possible interest subvention to overcome this situation.**

## **5. INCLUSION OF ALL TYPES OF NON-WOVEN FABRICS UNDER HS CODE 5603 IN EXPORT LIST FOR PROVIDING 3% INTEREST EQUALIZATION BENEFIT.**

This is to bring to your kind notice that very recently RBI, vide its circular No. RBI/2015-16 /259 DBR.Dir.BC.No.62/04.02.001/2015-16 dated 04.12.2015 has announced Interest Equalization Scheme @ 3% per Annum on Pre & Post shipment Rupee Credit w.e.f. 1st April, 2015 for 5 years in line with policy issued by Govt. of India.

The Scheme is applicable to all exports for 416 tariff lines including all other types of fabrics (covered under H S Code 5111-13, 5208-5212, 5309-10, 5407-8, 5513-16, 5809, 5901-03 , 5906-08, 5911 and 6001- 6006 ). **However, Non-woven fabrics (All types) covered under H S Code 5603 has not been included in aforesaid scheme.**

The Non-woven Fabrics are produced using different technologies like, Needle punched, Spun Bond, Spun Lace, Melt Blown, Thermal & Chemical Boding. Non-woven fabrics are widely used to produce products of almost all Segments of technical textile, majority of them are- Meditech, Geotech, Indutech, Mobiltech, Protech, Packtech, Hometech, etc.

The demand of all types of Non-woven Fabric is growing globally and has a substantial potential of exporting the same from India in view of availability of raw material i.e. Polyester Staple and Viscose Staple Fiber in India. Indian manufacturers of Non-Woven Fabric have to compete globally while exporting the same particularly in view of huge manufacturing capacity available in China. Further, cost of production of Non-Woven Fabric has gone up substantially during recent past due to increase in electricity and other cost components like interest and labour costs. Due to above, export of Non-Woven Fabric needs adequate support in the form of interest equalization scheme.

**We, therefore, request you to include all Non Woven Fabrics also a product of Technical Textiles falling under chapter 5603 for providing 3% interest equalization on Pre and Post shipment Rupee export credit.**

**ANNEXURE-I**

**Additional List of Imported Speciality Fibres & Yarns used for manufacturing Technical textiles in India [Budget- 2017-18]**

**(Some of the fibres/ yarns are also produced in India but the volume is not sufficient to meet the demand)**

<b>Sr. No.</b>	<b>Fibre</b>	<b>Current HS Codes Status</b>
1	Flame Retardant polyester	54026200
2	Antimicrobial / Anti fungal / Anti bacterial fibres (Polyester)	55032000
3	UV resistant Polyester	54023300
4	Super high tenacity polyester (More than 7 gpd)	54022090
5	Super high tenacity nylon (More than 7 gpd)	5402
6	Antimicrobial / Anti fungal / Anti bacterial fibres (Nylon)	55031900
7	Super high tenacity polypropylene (More than 5 gpd)	54024800
8	Antimicrobial / Anti fungal / Anti bacterial fibres (Polypropylene)	55034000
9	UV resistant Polypropylene	54023910
10	High modulus polyethylene (HMPE)	54024900
11	High density polyethylene (HDPE)	54025990
12	UV resistant Polyethylene	54041920
13	Antimicrobial / Anti fungal / Anti bacterial fibres (Viscose)	54033100
14	Bi-component Fibres for all types of Cross Sections and polymers	55039090
15	Carbon Fibre	68151090
16	Steel Yarn/ wire	72230092
17	Copper and copper alloy yarn	74082110
18	Basalt Fiber and yarn	68159990
19	Ceramic fibre and yarn	70199010
20	Glass Fibre, Roving, Sliver, yarn & glass Wool	70191900`

\*\*\*\*\*