

# Scheme to tackle pollution by processing units on the cards

With an eye on FTAs, govt is considering incentivising industry to invest in solutions

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In the face of mounting pressure from developed nations to incorporate sustainability into free-trade agreements (FTAs) and broader trade practices, India has started discussions on the viability of a scheme aimed at addressing pollution from processing units in sectors, such as textiles and pharmaceuticals.

The Department for Promotion of Industry and Internal Trade (DPIIT) and the textiles ministry have already convened a few meetings on this issue.

The current debate centres on whether to push industry to make investments towards clean solutions and explore the possibility of an interest subvention scheme or rollout of a production-linked incentive (PLI)-kind of a model to encourage companies to set up

effluent treatment plants, government officials said.

A senior government official emphasised that shutting down industries due to the developed world's increased focus on sustainability is not the solution.

"We did that in the leather industry and we lost it. That's why discussions are on to come up with a solution on this," the official told *Business Standard*.

"The talk about sustainability and pollution boils down to the processing part of the production."

In the textiles sector, for example, not only are large amounts of water used in processing units, but the entire conversion of rough, thick fabric into the finished product — a process that involves heating, bleaching, and colouring — also negatively impacts the environment.

"There are conversations happening in the DPIIT and the textile ministry that

## SUSTAINABLE TRADE SOLUTION

► **DPIIT, textiles ministry** have already had meetings on the issue

► **Discussions on introducing interest subvention scheme** to push industry towards clean solutions

► Another option is **to roll out a PLI-kind of scheme** to set up effluent treatment plants

► **Developed nations emphasising** intertwining of sustainability and trade

► **India recognises that a failure** to take appropriate measures could hinder foreign trade

there is a need to bring in a scheme to deal with the processing, which is the troublesome part. We need processing in every sector, whether it's textile, leather, pharma, etc. The challenge for the government is to come up with an innovative solution to deal with the issue," the official said.

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Given that processing is capital-intensive, small businesses are often unable to bear the substantial costs associated with setting up effluent treatment plants to recycle waste.

Consequently, the responsibility falls on larger players to invest in this area.

These discussions are taking place

against the backdrop of wealthier nations, such as the United States, the United Kingdom, and European Union members, placing a greater emphasis on ensuring that sustainability and trade are intertwined.

For instance, under Germany's Supply Chain Due Diligence Act, its companies are required to ensure that their supply chains adhere to environmental and social standards.

While India views such regulations as potential non-tariff trade barriers that primarily affect small businesses, there is also a recognition that a failure to take appropriate measures could hinder trade with its key partners.

K M Subramanian, president of the Tiruppur Exporters Association (TEA), stated that the government has begun the process of scaling up the sustainable efforts of the Indian textile industry and has engaged a consultant to prepare a project report, which will involve travel across the country's textile clusters.

"Tiruppur being the main knitwear

hub of India and the leader in sustainable activities, (the government) wanted to start with the Tiruppur cluster. In this connection, we will have continuous meetings in the forthcoming weeks and we will be discussing the above point too in the forthcoming meetings," Subramanian said.

Tiruppur, India's largest textile cluster, accounts for 90 per cent of the country's cotton knitwear exports and 55 per cent of all its knitwear exports.

The city is known for having a micro, small, and medium enterprise (MSME) unit in nearly every household, with more than 28,000 manufacturing units in the area forming part of the textile value chain.

The Madras High Court had even ordered the closure of all dyeing and bleaching units in Tiruppur in 2011, citing non-compliance with zero liquid discharge norms of the state and pollution of the Noyyal river.

Almost 12 years since, the place is all set to be a carbon-neutral textile cluster.