CHAPTER-XII

PUBLIC SECTOR UNDERTAKINGS

NATIONAL TEXTILE CORPORATION LIMITED

The National Textile Corporation Ltd (NTC) was set up to manage the 119 Sick Textile Undertakings taken over by the Government from time to time. NTC was incorporated in April, 1968 and started functioning in October, 1968, with a Holding Company and 9 subsidiary Corporations namely, NTC (APKKM), NTC (DPR), NTC (MP), NTC (MN), NTC (SM), NTC (GUJ), NTC (TN&P) NTC (UP) & NTC (WBABO).

Capital Structure & Capacity: The NTC Ltd. (Holding Company) has an Authorized Capital of Rs. 600 crore and a paid up capital of Rs. 540.10 crore, which is fully owned by the Govt. of India. During 2002-03, Govt. of India converted Loan amounting to Rs.28 crore into Equity in respect of NTC(TN&P) Ltd. and Rs 2514.79 crore in respect of 6 subsidiaries as per the revival schemes approved by the Board of Industrial and Financial Reconstruction (BIFR). Further the Govt of India waived interest amounting to Rs 1454.01 crore in respect of these 7 subsidiaries during 2002-03 and 2003-04. The Installed capacity of the mills under the NTC Group as on 31.03.2004 is 11.35 lakh spindles and 2613 looms.

Financial Results: The Group’s net loss & Cash Loss for the year 2002-2003 (audited) & 2003-04 (Estimated) is given below:

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Particulars</th>
<th>For the year 2002-03 (Audited)</th>
<th>Projected for the year 2003-04</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Net Loss</td>
<td>1585.05</td>
<td>1588.65</td>
</tr>
<tr>
<td>2</td>
<td>Interest on GoI Loan</td>
<td>663.12</td>
<td>573.18</td>
</tr>
<tr>
<td>3</td>
<td>Depreciation</td>
<td>7.49</td>
<td>5.55</td>
</tr>
<tr>
<td>4</td>
<td>VRS</td>
<td>605.65</td>
<td>589.69</td>
</tr>
<tr>
<td>5</td>
<td>Cash Loss(Before interest on GoI Loan, Depreciation and VRS)</td>
<td>308.78</td>
<td>420.23</td>
</tr>
</tbody>
</table>

In 2002-03, NTC entered into a One Time Settlement with Banks & Financial Institutions and have paid Rs. 248 crore through 5 year Tax-free Bonds. The Banks & FIs have waived off interest amounting to Rs.524.85 crore. Hence, the Net Loss for the year 2002-03 has reduced.
Production: The production of Yarn & Cloth (including Job Work) in NTC Mills during 2002-03 and 2003-04 is given below:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>Yarn Million Kg.</th>
<th>Cloth Million Sq. Mtrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Actual for 2002-03</td>
<td>50.04</td>
<td>32.89</td>
</tr>
<tr>
<td>2</td>
<td>For 2003-04*</td>
<td>47.96</td>
<td>29.54</td>
</tr>
</tbody>
</table>

Turnover: The sales of Yarn & Cloth (including Job Work) in NTC mills during 2002-03 and 2003-04 is given below:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>Yarn Million Kg.</th>
<th>Cloth Million Sq. Mtrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Actual for 2002-03</td>
<td>39.98</td>
<td>40.88</td>
</tr>
<tr>
<td>2</td>
<td>For 2003-04*</td>
<td>36.94</td>
<td>26.54</td>
</tr>
</tbody>
</table>

* 21 working unviable mills were closed during 2003-2004.

The sales of the Market yarn (own) in value terms during the year 2003-2004 is Rs 321.45 crore as against Rs 272.89 crore for the previous year. During this period, the mills have also earned Rs 18.08 crore by undertaking job work of market yarn. The turnover for the year 2003-2004, for yarn (both own production as well as job work) is expected to be around Rs. 339.53 crore.

The sale of Cloth (own) in value terms for 2003-2004 is 106.93 crore as against Rs 112.04 crore for the previous year. During this period, the mills have also earned Rs 1.56 crore by undertaking Job Work. The turnover for the year 2003-04, for cloth (both own production as well as job work) is expected to be around Rs. 108.49 crore.

Exports: NTC has exported bed sheets, terry towels & grey cloth worth Rs.17.06 crore during 2003-04.

Employment: At the end of March, 2003, there were 56,355 employees on roll in NTC Group. During 2003-2004, upto 31.03.2004, 15,721 employees have gone on VRS at an approximate cost of Rs.683 crore. This has resulted in savings in wages & salaries of about Rs.5.50 crore per month at present.

Readymade Garments: NTC has diversified into production and sale of readymade garments by using NTC produced cloth. These include shirts, trousers, Bermuda, shorts, handkerchiefs, kurta-pyjamas etc. These have resulted in boosting up of retail sale. They have been widely accepted in the market.
Rehabilitation Schemes: BIFR / Govt. of India have sanctioned Rehabilitation Schemes for all the 9 subsidiaries. The salient features of the schemes are given below:

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total No. of Mills</td>
</tr>
<tr>
<td>2</td>
<td>No. of viable mills sanctioned/proposed for revival</td>
</tr>
<tr>
<td>3</td>
<td>No. of Mills to be closed/ proposed to be closed as per the schemes approved/under consideration</td>
</tr>
<tr>
<td>4</td>
<td>Cost of revival (Rs. in crores)</td>
</tr>
<tr>
<td>5</td>
<td>Funds expected to be mobilised including through sale of surplus land and other assets to finance the schemes</td>
</tr>
</tbody>
</table>

Action taken by NTC so far:-

- Issued 5 years 9.5% Govt. Guaranteed Tax-Free Bonds worth Rs.248.67 crore to Banks & Financial Institutions against One Time Settlement of their dues.
- Rs.1580 crore mobilized through Govt. Guaranteed NTC Bonds for payment of VRS to surplus employees;
- Paid VRS compensation amounting to Rs.1226 crore to 36544 employees’ upto 31.03.2004.
- An amount of Rs.72 crore has been paid to clear the PF & ESI dues of those employees who have gone on VRS.
- The balance principal dues of PF & ESI outstanding as on 29.02.2004 amounting to Rs 43 crore has been paid by NTC.
- Closed 65 non-working unviable mills.
- Sold surplus Plant & Machinery worth Rs.460 crore upto 31.03.04;
- Mobilisation of another Rs.200 crore is expected by 31.6.2004 from the sale of surplus land and other assets like Plant and Machinery.
- An agreement has been entered into with CCI to provide cotton on credit of 45 days to overcome the problem of shortage of working capital;
- Maintenance/purchase of spare parts of Machinery in some of the running mills is being undertaken to improve production/utilization.

BRITISH INDIA CORPORATION LIMITED, KANPUR

The British India Corporation Ltd. (BIC), was taken over by the Government of India on 11-6-1981 by acquisition of shares. The BIC has two woolen mills, namely, Cawnpore Woollen Mills Branch (Lalimli) and New Egerton Woollen Mills Branch (Dhariwal) under its direct control. Besides, it has two cotton Subsidiary companies, namely Elgin Mills Co. Ltd. and Cawnpore Textiles Ltd, which are currently under liquidation. The total share capital of the BIC as on 31.03.04 was Rs. 31.71 crore out of which the Share holding of the Govt. of
India is Rs. 30.73 crore. The total number of employees in BIC as on 31.03.04 was 2799.

**Financial Performance:** The net loss for the financial year 2003-04 was Rs. 29.32 crore as against the profit for the year 2002-03 of Rs. 65.37 crore (which was largely due to concession granted by financial institutions and State Bank of India as envisaged in the Rehabilitation Scheme approved by the BIFR). The cumulative net loss upto 2003-04 is Rs.261.89 against which cumulative budgetary support including amounts released for salaries and wages was Rs. 105.80 crore as on 31.3.2004. The main reasons for losses suffered by BIC Ltd. include obsolete machinery, excess manpower, shortage of working capital etc.

**Physical Performance:** Value of Production during the year 2003-04 increased from 14.54 crore in 2002-03 Rs. 20.85 crore. This increase in production has been brought about through improvements in utilization and efficiency mainly in weaving Deptt. Utilization of Sulzer Weaving increased from 51.57% in 2003-03 to 55.56% in 2003-04. These improvements are continuing in the current year and with the implementation of the revival scheme of BIC Ltd. considerable further improvements are expected.

**Revival Scheme Sanctioned by BIFR:** The BIFR had approved the Rehabilitation Scheme on 18-12-2002 at a cost of Rs. 211 crore.

The scheme is under implementation and is expected to be completed within the 2-year period ending in Dec 2004. The following activities have been completed as a part of the revival scheme:

- As envisaged in the Scheme Government of India has released Rs.86.00 crore as interest free loan,
- Cleared old outstanding dues of ESI and PF towards contribution along with interest thereon and has also taken steps to seek the approval for waiver of penal interest and damages from PF and ESI authorities.
- Cleared the dues of Financial Institutions, and entered in to One Time Settlement (OTS) of Rs.87.75 crore with State Bank of India.
- The Central Board of Direct Taxes (CBDT) has approved the reliefs & concessions as envisaged under the Rehabilitation Scheme.
- The surplus land worth Rs. 100 crore was put for sale to finance the revival programme.
- The BIC Ltd. is pursuing with the State Governments of Uttar Pradesh and Punjab to get their approval to the reliefs & concessions envisaged under the Scheme.
- The modernisation programme worth Rs. 20 crore has been taken up for modernising the machinery.

**ELGIN MILLS COMPANY LIMITED, KANPUR**

The Elgin Mills Company Ltd. is a subsidiary of British India Corporation Ltd.
two composite Textile Mills—namely Elgin Mill No.1 and Elgin Mill No.2. It has an installed capacity of 1,18,092 spindles and 2,376 looms. There has been no activity in the mills since 1997 and the Accumulated Losses as on 31.03.2004 in Rs. 1010.57 crore. All the employees (except 48 workers & staff) have taken VRS and the company is under liquidation process with High court of Allahabad. BIFR on September 1994 recommended winding up of the Elgin Mills Co. Ltd. The Hon’ble High Court, Allahabad has passed an order for winding up of the Company and appointment of Official Liquidator on 29th September 1999.

However, with a view to keep up industrial activity in Kanpur, Government proposed that the Company may be revived through revival of Elgin No 1 Mill provided a suitable private party is willing to become majority shareholder. The proposal of Government was placed before Hon’ble High Court, Allahabad which has referred it to the AAIFR for considering the revival of Elgin Mills Co. Ltd.

CAWNPORE /TEXTILES LIMITED, KANPUR

The Cawnpore Textiles Limited is a Cotton Textile Subsidiary of the British India Corporation Limited, located at Kanpur. It has an installed capacity of 37800 spindles, 604 looms per shift. All the employees have opted for VSS (except 3) and there had been no production activity in the mill since 12th May, 1997. The accumulated net losses as on 31-3-2004 stood at Rs.219.47 crore. including interest on loans from government and financial institutions.

The BIFR passed orders on 15-1-95 recommending winding up of the Company. The Allahabad High Court vide its order dated 29th September 1999 wound up the Company and appointed an Official Liquidator.

COTTON CORPORATION OF INDIA LTD. MUMBAI

The Cotton Corporation of India Ltd. (CCI), was set up in 1970 with an objective of (a) acting as the canalizing agency for import of cotton, (b) undertaking purchase of raw cotton, (c) for giving necessary price support to enterprising cultivators growing new varieties of cotton developed as a substitute for imported Long and Extra Long Staple Cotton, and (d) for procuring raw cotton for textile mills, both in public and private sectors. During the past two decades its operations have undergone significant changes in tune with the needs of the Indian cotton economy. Subsequently, the CCI’s role was expanded to carry out commercial operations including exports of cotton.

With the launching of the Technology Mission on Cotton, the CCI has been made the implementing agency for Mini Missions III and IV. These Mini Missions relates to improvement of marketing infrastructure and modernisation of ginning and pressing factories.
CCI started procurement of cotton in Maharashtra State during the year 2002-03, following a partial relaxation of cotton Monopoly Procurement Scheme of the State Government. Thus, CCI is now operating in all the cotton producing States of the country.

The net profit of the Corporation was Rs.3.12 crore in the year 2002-2003 as against net profit of Rs.12.29 crore in the previous year. The sales turnover of the Corporation is expected to be around Rs.1,000 crore during the year 2003-2004 as compared to Rs. 971.53 crore in the year 2002-2003.

The CCI’s sales of cotton to the quality conscious mills in the private sector (particularly the 100% Export Oriented Units) marginally increased from 78.21 per cent in 2000-2001 to 85.40% during the year 2002-2003. The sales to NTC mills registered a nominal decrease from 10.31% to 7.70% during the year 2002-03 due to financial crunch being faced by these mills.

The CCI intensified its developmental activities during the year, while continuing the existing activities, and taking up new ones during the year. These were aimed at supplementing the efforts of the Ministry of Agriculture, Government of India, and the concerned State Governments, to increase production and productivity of cotton, and also for improvement in the quality of cotton as well as increase the overall income of the cotton farmers.

The developmental activities involved ‘Village Adoption Programme’ for dissemination of technology to the farmers to increase the yield per hectare, distribution of genetically pure certified seeds and pesticides, distribution of genetically improved parental lines of DCH-32 variety, funding Research Projects for genetic improvement of parental lines of DCH-32 Hybrid cotton in Karnataka, crop surveillance, Research Projects on naturally colored cotton, promotion of medium staple cotton, promoting cotton cultivation in non-traditional cotton growing States etc. For the various developmental activities listed above, the Corporation spent an amount of Rs. 18.70 lakhs during the year 2002-03.

The CCI also implemented an Action Plan to modernise the Ginning and Pressing factories with a view to ensuring processing of cotton with least contamination for improvement in quality, and also for ensuring that processing of cotton conforms to BIS norms.

The performance of the CCI, as per the Memorandum of Understanding (MOU) for the year 2002-2003 had been rated as ‘Good’. The MOU for the year 2003-2004 has also been signed with the Ministry of Textiles in March, 2003.

JUTE CORPORATION OF INDIA LTD. KOLKATA

The Jute Corporation of India Ltd (JCI), is the Official Agency of the Govt. of India in implementing its policy of providing Minimum Support Price to the jute growers and to serve as a stabilizing agency in the raw jute sector. However, in years when prices
of raw jute had ruled above the minimum support level the JCI had also undertaken Commercial Operation. It has completed 32 years of service

**Infrastructure**: Currently JCI is operating through 171 purchase centres situated in 7 jute growing States, namely, West Bengal, Assam, Meghalaya, Bihar, Orissa, Andhra Pradesh and Tripura. In order to increase its market coverage. The JCI has involved cooperative Societies of the jute growing States to participate in the MSP operation in raw jute/mesta as agent of JCI. In response to this, 81 cooperative centres are acting as agents of JCI in procuring raw jute during the current season 2003-2004 under MSP Operation. Apart from this, attempts were made to utilize the village level service societies to procure raw jute directly from the growers and to deliver the same to their nearest JCI/Cooperative centres. During the current season, the Corporation procured a quantity of 13,92,956 quintals through its own purchase centres and 6,20,865 quintals through its agent Cooperatives i.e. altogether 19,72,624 quintals, equivalent to approximately 10.9 lakh bales as on 31.03.2004.

**Range of Services Provided**: Support operation aims at procuring raw jute from the small and marginal farmers at the minimum support prices (MSP) fixed by the Government of India from time to time. Undertaking price support operation by the Corporation was found to be most effective measure to arrest inter-seasonal and intra-seasonal fluctuation in raw jute prices as it creates a notional buffer stock in siphoning the excess supply in the market. Another important activity of the Corporation is to undertake Commercial operation i.e. purchase of raw jute at prices above the minimum support level on commercial consideration to generate profit. The Corporation has entered the field of marketing of non-traditional jute products in collaboration with the Jute Manufactures Development Council with inauguration of a Sales Emporium named ‘SONALI’ at Kolkata in April, 1989. The Corporation also provides service in the field of marketing research and acts as a decision-support-system in the field of agriculture marketing.

**BIRDS JUTE & EXPORT LTD., KOLKATA**

The Birds Jute & Export Ltd. (BJEL), is the only subsidiary Corporation of the National Jute Manufactures Corporation (NJMC) Ltd. This company has been incurring losses for the last several years. The total sales have decreased from Rs. 48.90 lakh in 1997-98 to Rs. 27.63 lakh in 2002-03. There is hardly any revenue from sales during 2003-04 as the unit has ceased pro-
Production of jute goods. The salary & wages liabilities during the same period have increased from Rs 95.62 lakh to Rs. 123.28 lakh. The losses suffered by the Corporation during the past years have also been increasing continuously. The reasons for loss have been poor machinery condition coupled with the steep increase in input price, high increase in wage costs and huge interest on loans. Poor off take in the market is also the reason for recurring losses.

A viability report submitted by BJEL was not found feasible because some of the estimates of production and profitability appear to be too optimistic. It was also understood that no public interest would be served by reviving this company even though it envisaged for generation of resources from sale of land. It is therefore, considered in the best interest of BJEL and the Government to give VRS to all employees and close the mill under ID Act and sell the assets to liquidate the liabilities including loans of Government of India and NJMC. This approach has also been approved by the Cabinet and brought to the notice of BIFR. Out of 132 employers, all the workers except 12 officers have been given VRS benefits. The Ministry has sought permission of the BIFR to allow the BJEL to sell its assets by following due legal procedure.

Production, Productivity & Performance:
At the time of nationalization the production of the mills under NJMC was around 1.10 Lac tons per annum, which went up to 1.33 Lac tons in the year 1985-86. However, in view of continued losses and erosion of working capital there has been a regular decline in production during the last several years. The present trend of production, productivity & performance is tabulated in Table 12.4.
### Table 12.4

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Production (in MT)</td>
<td>54184</td>
<td>22367</td>
<td>13144</td>
<td>8199</td>
</tr>
<tr>
<td>Production/day (MT)</td>
<td>182</td>
<td>97</td>
<td>75</td>
<td>27</td>
</tr>
<tr>
<td>Avg. Daily Complement</td>
<td>19445</td>
<td>17847</td>
<td>16242</td>
<td>13893</td>
</tr>
<tr>
<td>Financial Results:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale Value of Production</td>
<td>12833</td>
<td>6002</td>
<td>3359</td>
<td>96</td>
</tr>
<tr>
<td>Cost of Production:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jute Cost</td>
<td>6664</td>
<td>3258</td>
<td>1504</td>
<td>56</td>
</tr>
<tr>
<td>Salaries &amp; Wages</td>
<td>14067</td>
<td>14134</td>
<td>13453</td>
<td>11090</td>
</tr>
<tr>
<td>Stores &amp; Spares</td>
<td>1184</td>
<td>521</td>
<td>374</td>
<td>229</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>2702</td>
<td>2053</td>
<td>1431</td>
<td>1079</td>
</tr>
<tr>
<td>Interest</td>
<td>947</td>
<td>1041</td>
<td>5977</td>
<td>2072</td>
</tr>
<tr>
<td><strong>TOTAL COST</strong></td>
<td><strong>25564</strong></td>
<td><strong>21007</strong></td>
<td><strong>22739</strong></td>
<td><strong>14526</strong></td>
</tr>
<tr>
<td>Cash Loss (Excluding interest on GOI Loan)</td>
<td>12731</td>
<td>15005</td>
<td>19371</td>
<td>13483</td>
</tr>
<tr>
<td>GOI Loan</td>
<td>9600</td>
<td>8800</td>
<td>12445</td>
<td>11200</td>
</tr>
</tbody>
</table>

**Reference to BIFR:** In view of continuous cash loss and complete erosion of net worth, NJMC was referred to the Board for Industrial and Financial Reconstruction (BIFR) on 11th Aug. 1992. IIBI, the Operating Agency, prepared a Unit wise viability Plan and accordingly BIFR issued show cause notice for winding up of the Company. Government of India with a view to protect employment to the extent possible and to safeguard the interest of the workers has submitted to BIFR that the orders of winding up should not be passed and a mill wise approach for revival should be attempted. This was proposed to be done by offering these mills to the Workers’ Cooperatives first, failing which to State Government, PSU’s and the private sector. The proposal of the government was approved by the Cabinet in its meeting held on 27th June, 2001. However, the BIFR in its last hearing held on 30.01.2003 did not agree with the approach of the Government and directed that an effort should be made by the Government to revive some of the mills on its own. The revival of any of the units by the Government is not possible without large infusion of funds. The BIFR decision in the case is awaited.

**HANDICRAFTS & HANDLOOMS EXPORTS CORPORATION OF INDIA LIMITED, NEW DELHI**

The Handicrafts and Handlooms Exports Corporation of India Limited (HHEC), was set up in June 1962 with the twin objec-
Ministry of Textiles

tives of (i) export promotion and (ii) trade
development of handicrafts and
handlooms products. HHEC is a trading
house engaged in exports of handicrafts
and handlooms products (including
handknotted woolen carpets and ready-
made garments) besides undertaking export
of gold and silver Jewellery/Articles. In
the year 1997-98 vide Government not-
tification no. 80/97- Customs dated 21st
October 1997, HHEC alongwith other ten
agencies was nominated for import of
bullion under OGL and sale in the domes-
tic market. However, bullion has been put
under OGL under the EXIM Policy 2002-
07 w.e.f. 28.01.2004.

Capital: The Authorized and paid up capi-
tal of the Corporation remained un-
changed at Rs. 20 crore and Rs. 13.82
crore respectively during the year 2003-
2004. The entire paid up capital has been
subscribed by the President of India.

Turnover: During the year 2003-2004,
Corporation has achieved a turnover of Rs.
1775.07 crore (Provisional) (subject to au-
dit) against Rs. 390.51 crore in the corre-
sponding period last year, an increase of
354.55%. The Corporation could capital-
ize opportunity driven bullion imports due
to change in RBI notification allowing only
the nominated agencies to open LC w. e.f.
01.10.2003. However, bullion imports has
been put under OGL under the EXIM Policy
2002-07 w.e.f. 28.01.2004. The exports
of the Corporation decreased from
Rs.103.83 crore in 2002-2003 to Rs.82.09
crore during the year 2003-2004, a de-
crease of 20.9%. The decline in exports
is due to closure of Tokyo Office, erosion
of buyers’ confidence due to HHEC in
disinvestments mode, appreciation of ru-
pee against dollars and permission not
been granted by local Government for
holding Jewellery exhibition in Gulf Coun-
try.

Working Results: During the year 2003-
04 there has been some major decisions
like the closure of the foreign offices (To-
kyo office closed w.e.f. December 2003
and the New York office w.e.f. March 2004),
the Corporation being placed under Dis-
investment mode etc. and added to these
factors have been lack of senior officials
at key functionary levels depreciation of
the US Dollars Vis-à-vis the Indian Rupee,
etc. these had major adverse impact on
the performance of the Cooperation.
However as stated above, the Coopera-
tion could capitalize on the opportunity
driven bullion imports. During the year
total income increased to Rs.20.15 crore
as against Rs. 18.81 crore last year, The
provision of Rs. 1.07 crore (previous year
0.29 crore) has been made towards In-
come Tax. Net Profit after prior period
items and provisions for Income Tax
amount to Rs. 3.19 crore (previous year
Rs. 2.50 crore). The company maintained
paying dividend continuously for last six
years to the Government a dividend of
20% (previous year 20%).

Statistics: The summarized working re-
results for the last 3 years alongwith targets
for 2004-05 is given in table below: -
Memorandum of Understanding: The Memorandum of Understanding for the year 2004-05, duly approved by the High Power Committee in the Department of Public Enterprises, was signed between Ministry of Textiles and the Corporation on 23.03.2004. The Performance Evaluation Report for the year 2003-2004 on the basis of provisional data being submitted with the Department of Public Enterprises and based on the provisional data for the Corporation is set to be rated as ‘Good’. Based on the Audited data for the year 2002-2003, rating of the Corporation would be ‘Good’.

Export Promotion and Trade Development: The focus of the Corporation continuous towards maintaining a harmonious/Eco friendly blending of its developmental role with commercial activities. As in the past, the Corporation continues to play a leading role in the promotion of Indian Handmade Crafts and Textile Based Handicrafts like Fashion Accessories with and without embellishment for foreign markets. And with a view to provide inputs, trading and marketing support to artisans/weavers, the Corporation had undertaken the development projects for harmonious/Eco Friendly – Silk with Fibre blended fabrics at Bhagalpur, Bihar under the project name of “Tantavi.” We had developed the exclusive garments range from the fabric, which are being marketed/promoted in India and abroad through our participation in Fairs and Exhibitions. The same were displayed in Stand Alone “Maya” Exhibition in Australia during May, 2002, 24th India Garment Fair held at Japan in July, 2003 and Stand Alone Exhibition being held at New York, USA. The show window of this project giving us the overwhelming response. Towards the export promotion and trade development, HHEC had also arranged BSM at Singapore, Australia, New Zealand and Hong Kong besides participation in 14th India Home Furnishing Fair and 3rd India Handicrafts & Gift Fair at Japan in May 2003.

Table 12.5

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Turnover</td>
<td>333.94</td>
<td>390.51</td>
<td>1775.07</td>
<td>570.25</td>
</tr>
<tr>
<td>Export</td>
<td>82.80</td>
<td>103.83</td>
<td>82.09</td>
<td>78.25</td>
</tr>
<tr>
<td>Import</td>
<td>247.89</td>
<td>284.40</td>
<td>1690.81</td>
<td>490.00</td>
</tr>
<tr>
<td>Retail</td>
<td>3.25</td>
<td>2.27</td>
<td>2.16</td>
<td>2.00</td>
</tr>
<tr>
<td>Net Profit Before Tax</td>
<td>3.27</td>
<td>2.80</td>
<td>4.26</td>
<td>2.35</td>
</tr>
<tr>
<td>Net Profit after tax</td>
<td>3.01</td>
<td>2.50</td>
<td>3.19</td>
<td>1.55</td>
</tr>
<tr>
<td>Dividend</td>
<td>2.36</td>
<td>2.76</td>
<td>To be announced</td>
<td>-</td>
</tr>
</tbody>
</table>
The National Handloom Development Corporation Ltd. (NHDC), Lucknow was set up in February, 1983 by the Government of India as an autonomous body under the Companies Act, 1956, in pursuance of the imperative need for a National Level Agency to assist the Government in the speedy development of the Handloom Sector by coordinating the procurement and supply of inputs of reasonable prices, augmenting the marketing efforts of State Handloom agencies and initiating developmental activities for upgrading the technology in the handloom sector and improving their productivity.

The main objectives of the Corporation are:

1. To carry on the business of all types of yarn for the benefit of the handloom sector.
2. To organize supply of quality dyes and related materials needed by the handloom sector.
3. To promote marketing of handloom fabrics including exports.
4. To aid, assist and implement the projects connected with the production of handloom fabrics including taking up modernization programme, technology for the handloom sector.

The total authorized capital of NHDC Ltd., is Rs.20 crore and its paid up capital was Rs.19 crore upto the year 2002-03. During the year 2003-2004, a budget provision of Rs.1 crore has been provided for NHDC to be released as equity participation.

The turnover and profit account of the Corporation for the last three years have been as under:

<table>
<thead>
<tr>
<th>Year</th>
<th>Turnover</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000 – 2001</td>
<td>19470.66</td>
<td>33.00</td>
</tr>
<tr>
<td>2001 – 2002</td>
<td>21056.71</td>
<td>33.37</td>
</tr>
<tr>
<td>2002 - 2003</td>
<td>39239.28</td>
<td>211.16</td>
</tr>
</tbody>
</table>

In respect of the year 2002-2003, the Corporation has paid dividend of a sum of Rs.42.75 lakh to the Government of India. The NHDC supplied 471.68 lakh kg of yarn of the value of Rs.373.46 crore and 15.05 lakh kg, of dyes and chemicals of the value of Rs.16.95 crore during the year 2002-2003 to user agencies. During the year 2003-2004, 254.40 lakh kg of yarn of the value of the Rs.23143.34 lakh and 10.18 lakh kg of dyes and chemicals of the value of Rs.1447.01 lakh has been supplied to the user organizations upto February 2004.

Besides, NHDC also implemented the scheme of supply of yarn net of CENVAT to handloom agencies. During the year 2003-04, under this scheme Corporation has supplied 119.05 lakh kg of yarn of the value of Rs. 13690.35 lakh upto February 2004.
CENTRAL COTTAGE INDUSTRIES CORPORATION OF INDIA LTD., NEW DELHI

The Central Cottage Industries Corporation of India Ltd. (CCIC), New Delhi is a Public Sector Undertaking under the administrative control of Ministry of Textiles. It was incorporated as a wholly owned subsidiary of Handicrafts and Handlooms Exports Corporation of India Ltd. (HHEC), on 4.2.1976. However the emporia are in existence since 1952, which were being managed by the erstwhile Indian Co-operative Union and Central Cottage Industries Association. The CCIC ceased to be a subsidiary of HHEC w.e.f. 27.3.1991 and was brought under the administrative control of Ministry of Textiles.

The main objective of CCIC is to provide a marketing outlet for Indian handlooms and handicrafts, which enable it to be a dealer, exporter, manufacturer and agent of quality Indian handicrafts and handlooms and to develop markets for these products in India and abroad. The Corporation has six showrooms at Delhi, Kolkata, Mumbai, Bangalore, Secunderabad and Chennai and its own production center for manufacture of readymade garments and accessories at Noida.

The recently renovated Secunderabad showroom of the Corporation was inaugurated by Shri Syed Shahnawaz Hussain, the then Minister of Textiles on 22nd October, 2003. The CCIC also commenced commercial operations of a franchise outlet in Gurgaon.

Capital: The authorized capital of the Corporation is Rs.1200 lakh and the paid-up capital is Rs.1085 lakh.

Working Results

a) Turnover: The turnover of the Corporation during the year 2003-04 was Rs.5820.66 lakh (provisional) as against Rs.5391.36 lakh in 2002-2003. The Corporation managed to register a marginal growth of 7.96% over 2002-2003.

b) Exports: The total exports of the Corporation during 2003-2004 were Rs.347.64 lakh (provisional) as compared to Rs.359.71 lakh in the previous year showing a marginal decline over the previous year. The decline in exports was mainly due to the company’s concentration on strengthening its retail business within the country.

c) Profitability: The Gross Profit during the year 2003-04 increased to Rs.2409.04 lakh (provisional) from Rs.2386.22 lakh in 2002-2003 thereby registering a nominal increase. The overheads of the Corporation increased from Rs.2267.69 lakh in 2002-2003 to Rs.2414.04 lakh in 2003-04. The year 2003-04 ended with a nominal loss of Rs.5 lakh as against a profit of Rs.118.53 lakh during 2002-03.

The summarized working results of the last three years along with provisional results for the year 2003-04 are in Table 12.7.
Table 12.7

<table>
<thead>
<tr>
<th></th>
<th>2000-01</th>
<th>2001-02</th>
<th>2002-03</th>
<th>2003-04 (Provisional)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>5741.93</td>
<td>5342.49</td>
<td>5391.36</td>
<td>5820.66</td>
</tr>
<tr>
<td>Exports</td>
<td>422.46</td>
<td>398.52</td>
<td>359.71</td>
<td>347.64</td>
</tr>
<tr>
<td>Net Profit (+)/Loss (-) Before tax</td>
<td>81.66</td>
<td>(-)428.72</td>
<td>118.53</td>
<td>(-) 5.00</td>
</tr>
<tr>
<td>Net Profit (+)/Loss (-) after tax</td>
<td>84.49</td>
<td>(-)427.46</td>
<td>85.56</td>
<td>(-) 5.00</td>
</tr>
<tr>
<td>Dividend</td>
<td>16.93</td>
<td>—</td>
<td>17.14</td>
<td>—</td>
</tr>
</tbody>
</table>

Exhibitions
During the year 2003-04, CCIC organized many thematic exhibitions, in its emporia, new products were launched in these exhibitions to expand the patronage of the Corporation. The Corporation also organized exhibitions in cities like Ernakulam and Pune where it does not have its showroom. The Corporation continues to strive for excellence in the field of its operations. With a view to facilitate the artisans, weavers, potters and craftspersons, the Corporation purchases bulk of the merchandise directly from them. The Corporation proposes to open more branches/franchise outlets in major cities of India.