CHAPTER I

HIGHLIGHTS

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Prime Minister Dr. Manmohan Singh being presented a momento by Sh. Shankersinh Vaghela, Minister of Textiles, on the ocassion of Valedictory function of Tex Summit 2007 on 1.9.2007, at Vigyan Bhawan, New Delhi.

The Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textiles industry also plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country. Currently, it contributes about 14 percent to industrial production, 4 percent to the GDP, and 17 percent to the country's export earnings. It provides direct employment to over 35 million people, which includes a substantial number of SC/ST, and women. The Textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The decentralized powerlooms/ hosiery and knitting sectors form the largest section of the Textiles

Sector. The close linkage of the Industry to agriculture and the ancient culture, and traditions of the country make the Indian textiles sector unique in comparison with the textiles industry of other countries. This also provides the industry with the capacity to produce a variety of products suitable to the different market segments, both within and outside the country.

The major sub-sectors that comprise the textiles sector include the organized Cotton/ Man-Made Fibre Textiles Mill Industry, the Man-made Fibre/ Filament Yarn Industry, the Wool and Woollen Textiles Industry, the Sericulture and Silk Textiles Industry, Handlooms, Handicrafts, the Jute and Jute Textiles Industry, and Textiles Exports.

ORGANISED COTTON/ MAN-MADE FIBRE TEXTILES INDUSTRY

The Cotton/ Man-made fibre textiles industry is the largest organized industry in the country in terms of employment (nearly 1 million workers) and the number of units. Besides, there are a large number of subsidiary industries dependent on this sector, such as those manufacturing machinery, accessories, stores, ancilliaries, dyes & chemicals. As on December 31, 2007, there were 1,744 cotton/man-made fibre textiles mills (non-SSI) in the country with a capacity of 34.87 million spindles, 4,57,000 rotors, and 56,000 looms. The production of spun yarn, including the production of yarn from SSI spinning sector, was 3,046 mn. kg. in 1999-2000; 3,458 mn. kg. in 2005-06; and 3,813.39 mn. kg. in 2006-07. It is estimated to reach 4,000 mn. Kg. in 2007-08. SSI sector contributes about 5% of the total spun yarn production. Amongst spun yarns, cotton yarn production has fluctuated, depending upon the cotton crop during respective years. Blended and 100% non-cotton yarns have, however, shown a consistent increase from year to year. During 2006-2007, the capacity utilisation in the spinning sector of the organised textiles mill industry ranged between 80% to 93 % while the capacity utilisation in the weaving sector of the organised textiles mill industry ranged between 41% to 63 %.

Weaving capacity in the organized sector, alongwith the number of composite textiles mills, however, has stagnated, because Government policy had permitted only marginal expansion in the organized mill sector. Even after removal of these restrictions in the Textiles Policy of 1985, weaving capacity has been consistently declining. This is attributable to the structural transformation in the industry, leading to the delinking of weaving from spinning, and the emergence of the decentralized powerlooms sector. In the organized sector, the loomage capacity has declined from 1.23 lakh in March, 2000 to 0.86 lakh in March, 2005, and to 0.56 lakh in December 2007.

Over the years, production of cloth in the mill sector has been declining. It declined from 1,714 mn. sq. mtrs. in 1999-2000 to about 1,496 mn. sq. mtrs. in 2003-04. However, it is showing a steady growth since 2004-05 and was 1,746 mn. sq. mtrs. in 2006-07. The total production of cloth by all sectors i.e. mill, powerlooms, handlooms, hosiery, and khadi, wool and silk has shown an upward trend in recent years. During 2006-07, the total production of cloth was 53,389 mn. sq. mtrs. registering an annual growth of 4.5% during the last five years. During 2007-08,

the production is expected to reach 57,491 mn. sq. mtrs.

The satisfactory performance of cloth production has resulted in favorable per capita domestic availability of cloth in the country. During 2004-05 the per capita availability of cloth was 32.63 sq. mtrs., and it is expected to touch 45 sq mtrs. during 2007-08.

TECHNOLOGY UPGRADATION FUND SCHEME (TUFS)

The Technology Upgradation Fund Scheme, the "flagship" Scheme of the Ministry of Textiles, was launched on April 1,1999, with the objective to make funds available to the domestic textiles industry to upgrade the technology of existing units, and also to set up new units with state-of-the-art technology to enhance their viability and competitiveness in the domestic and international markets.

Initially, the term of the **Technology Upgradation Fund Scheme** was upto March 31, 2004, and it was extended till March 31, 2007. Due to overwhelming response from the industry, the Government decided to extend the Scheme upto the XIth Five Year Plan, and reframed some of the financial and operational parameters in respect of new loans. In the Xth Five Year Plan (2002-07), Rs. 1,270 crores was earmarked for the scheme. However, the net utilisation of funds was Rs. 20,44.17 crores.

The modified techno-financial parameters of the Scheme will infuse capital investment into the textiles sector, and help it capitalize on the vibrant and expanding global and domestic markets, through technology upgradation, cost effectiveness, quality production, efficiency and global competitiveness. It is estimated that this will ensure a growth rate of 16% in the sector. The modified structure of TUFS focuses on additional capacity building, better adoption of technology, and provides for a higher level of assistance to segments that have a larger potential for growth, like garmenting, technical textiles, and processing.

Progress of TUFS

The progress of TUFS since its inception is given at Table 1.1:

Table 1.1

(Rs. in crores)

Year	Applications Received		Applications Sanctioned			Applications Disbursed	
	No.	Project Cost	No.	Project Cost	Amount	No.	Amount
1999-2000	407	5771	309	5074	2421	179	746
2000-2001	719	6296	616	4380	2090	494	1863
2001-2002	472	1900	444	1320	630	401	804
2002-2003	494	1835	456	1438	839	411	931
2003-2004	867	3356	884	3289	1341	814	856
2004-2005	986	7941	986	7349	2990	801	1757
2005-2006	1086	16194	1078	15032	6776	993	3962
2006-2007	6248	50154	6217	48145	19863	6123	16530
Total	**11279**	**93447**	**10990**	**86026**	**36950**	**10216**	**27449**

TEXTILESWORKERS'REHABILITATION FUND SCHEME (TWRFS)

The textiles Workers' Rehabilitation Fund Scheme was launched on September 15, 1986, to provide interim relief to textiles workers rendered unemployed due to permanent closure of any particular portion of, or the entire textile unit. The assistance under the Scheme is extended to eligible workers for the purpose of enabling them to settle in another form of employment. This assistance is not heritable, transferable or capable of being attached on account of any other liabilities of the worker. The worker's eligibility ceases if he takes up employment in another registered or licensed undertaking. Assistance is not curtailed if the worker engages himself in a self-employment activity.

PROGRESS

Till October 20, 2007, 38 units in Gujarat, 5 units in Tamil Nadu, 3 units in Maharashtra, 4 units in Madhya Pradesh, 3 units in Karnataka, 1 unit in West Bengal and 1 unit in Delhi, i.e., a total of 55 mills were found eligible under the scheme. A total of 86,792 workers out of 1, 10, 292 workers on rolls of these mills had been disbursed relief of Rs. 206.17 crores. The State-wise cumulative position is at table 1.2.

MAN-MADE FIBRE/ FILAMENT YARN INDUSTRY

The industry comprises fibre and filament yarn manufacturing units of cellulosic and non-cellulosic origin. The cellulosic fibre/ yarn industry is under the administrative control of the Ministry of Textiles, while the non-cellulosic industry is under the control of Ministry of Chemicals and Fertilizers (Department of Chemicals and Petro-Chemicals).

The production of man-made fibre during 2007-08 shows an increasing trend as compared to the corresponding period of 2006-07. The total man made fibre production increased by 9.5%, a compare to the corresponding period of the previous year. The total man-made fibre production is expected to increase by about 10% during 2006-07, as

Table 1.2

S. No	State	No. of mills identified	No. of workers on roll	No. of workers benefited (as on 20.10.2007)		Disbursed amount (Rs. in crores)
				No. of mills	Workers received relief	
1	2	3	4	5a	5b	6
1.	Gujarat	38	75924	38	55275	130.84
2.	Maharashtra	3	3225	3	2995	6.50
3.	Madhya Pradesh	4	18977	4	17530	46.82
4.	Tamil Nadu	5	5501	5	4664	7.01
5.	Karnataka	3	1170	3	887	2.51
6.	Delhi	1	5187	1	5170	11.93
7.	West Bengal	1	308	1	271	0.56
Total		**55**	**110292**	**55**	**86792**	**206.17**

compared to 2005-06. The production of Viscose Staple Fibre & Acrylic Staple Fibre is expected to decrease by 10% and 3%, respectively, during 2007-08. The production of Polypropylene Staple Fibre and Polyester Staple Fibre is expected to increase by 11% and 10%.

The total production of man-made filament yarn increased by 9.5%, during April-December 2007, as compared to corresponding period of the previous year. The production of Nylon Filament Yarn and Viscose Filament Yarn is also expected to increase during 2007-08. The production of Polypropylene Filament Yarn and Polyester Filament Yarn is expected to increase by about 10% during 2007-08.

EXPORTS

The export of textiles and clothing registered huge growth of about 25% in 2005-06. However, during 2006-07, the textiles and clothing exports were US$ 18.73 billion recording a growth of about 7% over the previous year, and contributed about 15% of country's total exports earnings in 2006-07. In the current financial year the growth of textiles and clothing exports has been slower, which is being attributed by the Industry to the appreciation of the rupee. The details of India's textiles exports item-wise during recent times are at table 4.1.

India's export target of US $ 55 billion by 2012 has been fixed keeping in view the following factors:

- End of quota regime, wherein the lower cost of manufacturing is likely to a lead to rising preference for ready to use products.
- Growing world economies with rising per-capita income, spurring consumption.
- Increased trade in apparel driving the demand for fibre, yarn and fabrics.
- A surge in demand for technical textiles.
- A shift from manufacturing/stitching to design-cum-manufacturing.
- Increasing penetration of high format retail stores.

As per the latest available WTO data, India's percentage share in the global textiles and clothing trade was 4.3% in textiles, and 3.3% in clothing during the year 2006. India's rank in world trade has been 7th in textiles and 5th in clothing.

The liberalized trading regime will lead to expansion in world trade, thereby providing greater export opportunities. It will also expose the Indian textiles industry to the threat of import penetration.

Various international studies have forecast gains for India in the quota free regime. These studies have predicted major gains would accrue to China and India, and India would emerge as an alternate source to China in the region.

SCHEME FOR INTEGRATED TEXTILES PARKS (SITP)

To provide the industry with world-class infrastructure facilities for setting up their textiles units, the Government launched the '***Scheme for Integrated Textile Parks (SITP)***' on July 25, 2005, by merging the 'Apparel Parks for Exports Scheme (APES)' and 'Textiles Centre Infrastructure Development Scheme (TCIDS)'. Industry

Associations/ Group of Entrepreneurs are the main promoters of the Integrated Textiles Parks (ITP). The scheme targets industrial clusters/locations with high growth potential, which require strategic interventions by way of providing world-class infrastructure support. The project cost covers common infrastructure and buildings for production/support activities, depending on the needs of the ITP.

Progress

As per the target for the Xth Five Year Plan, 30 projects have been approved by the Government of India. State-wise details of sanctioned project are - Andhra Pradesh (4), Gujarat (7), Karnataka (1), Maharashtra (6), Punjab (1) Rajasthan (4), Tamil Nadu (6), and West Bengal (1). These Parks would have facilities for spinning, sizing, texturising, weaving, processing, apparels, etc. The estimated project cost (for common infrastructure and common facilities) is Rs. 2,893.42 crores, of which Government of India assistance under the scheme would be Rs. 1,054.76 crores. Upto December 2007, Rs. 238.77 crores has been disbursed for implementation of these projects. Total disbursement, upto March 2008, is estimated at Rs. 325.00 crores. 2,186 entrepreneurs will put up their units in these parks covering an area of 3,206 Acre. The projected investment in these parks is Rs. 15,258 crores and estimated annual production is Rs 24,024 crores. When fully operational, these parks would generate employment for 5.45 lakh persons (2.02 lakh direct & 3.43 indirect). These parks are expected to be developed by March 2009.

TEX-SUMMIT 2007

The Ministry organized a "TEX SUMMIT", which was a conference to deliberate on areas of concern for the Textiles Sector, boost productivity and export, and harness the potential of the sector to the advantage of the economy, and generate employment. The Summit was structured on the workshops approach and addressed major challenges like the availability of raw material, appropriate technology, investment climate and opportunities, emerging trade barriers. The two day Summit was held from August 31-September 1, 2007.

Prime Minister, Dr. Manmohan Singh at the Valedictory function of Tex-Summit 2007 on 1.9.2007, at Vigyan Bhawan, New Delhi.

DECENTRALISED POWERLOOMS SECTOR

The decentralized Powerlooms Sector plays a pivotal role in meeting the clothing needs of the country. The powerlooms industry produces a wide variety of cloth, both grey as well as processed. Production of cloth as well as generation of employment has

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been rapidly increasing in the powerlooms sector. As on January 31, 2008, there were 20.83 lakh powerlooms in the country distributed over approximately 4.64 lakh units. This is about 60.39% of the total looms in the world. The powerlooms sector contributes about 62% of the total cloth production of the country, and provides employment to about 49.75 lakh persons, which is around 18.5% of the total employment in textiles sector. More than 60% of the cloth meant for exports comes from the powerlooms sector.

COTTON SECTOR

Cotton is the major raw material for the domestic textiles industry. It plays a vital role in the country's economy by providing substantial employment opportunities and contributes significantly to the country's export earnings. In 2004-05 the ratio of the use of cotton to man-made fibre and man-made filament yarn by the textiles Industry was 56:44 (Prov.). The sector provides employment to about 40-50 million people in related activities like cultivation, trade, and processing.

During 2005-06, India was the third largest cotton producer (4.13 Million Metric Tons), accounting for 16.75 % of world production. In cultivated area (8.87 Million ha. in 2005-06), the country led the world, lagged in productivity (467.44 kg. lint/hac), behind other major cotton producing countries (USA 931 kg/hac, China 1140 kg/hac, Australia 1806 kg/hac, World Average 728 kg/hac). One of the major reasons for low yield is that 65 % of the area under cotton cultivation is rainfed.

During the cotton season of 2006-07 (October-September), the output is expected to reach a record figure of 280 lakh bales (170 kg. each). For the first time in the cotton season 2006-07(October-September),cotton yield was about 521 kg/hectare, recording an increase of 10.17% against the cotton season of 2005-06(October-September). The State of Gujarat has recorded a major increase in production, quadrupling it from 22.75 lakh bales in 2000-01 to 101 lakh bales in 2006-07.

The buoyancy in the textiles sector can be assessed by the fact that consumption of cotton by the mill and non-mill sectors has been increasing over the years. The consumption which was 219 lakh bales in 2005-06, has increased to 235 lakh bales in 2006-07.

Exports of cotton picked- up significantly during the 2005-06 and 2006-07 cotton seasons. It is estimated that the country would be exporting 58 lakh bales in the 2006-07 cotton season due to improvement in quality, productivity, increase in demand from China, and high domestic stock. The import of the cotton has decreased significantly from 25.16 lakh bales in 2001-02, to 5.53 lakh bales in 2006-07. .

TECHNOLOGY MISSION ON COTTON (TMC)

The Technology Mission on Cotton was launched in February 2000, to give a focused impetus to cotton research and development, and it would continue till the end of Xth Plan (31.03.2007). The Mission comprises 4 Mini Missions with the specific objectives of (I) Research, (II) Dissemination of Technology to Farmers, (III) Improvement in Market Infrastructure and (IV) Modernization of the Ginning and Pressing sector. The Ministry of Textiles is implementing the latter two Mini-Missions.

The **initial target for MM-III** was to develop 111 market yards (51 in the IXth Five Year Plan and 60 in the Xth Five

BUILDTECH

Year Plan). This was increased to 250 in June, 2005. As on December, 2007, development of 233 market yards had been sanctioned and 123 market yards reported as complete, at an estimated project cost of Rs. 459.73 crores, of which Government of India (GOI) share is Rs.234.95 crores.

The **initial target of MM- IV** was to modernize 500 Ginning & Pressing (G&P) factories (150 in IXth Five Year Plan and 350 in Xth Five Year Plan). It was increased to 1,000 G & P factories in June 2005. As on December 2007, against the total target, 916 projects had been approved, and the modernization of 659 G&P Units was reported as complete, at an estimated project cost of Rs.1,290.77 crores of which GOI share is Rs.207.97 crores.

The Scheme was to have completed its tenure on March 31, 2007. However, MM-III and MM-IV of TMC has been extended for two years i.e. upto March 31, 2009.

WOOL AND WOOLLEN TEXTILES INDUSTRY

The woollen textiles industry is a rural based, export oriented industry in which the organized sector, the decentralized sector, and the rural sector complement each other. This industry provides employment to 27 lakh workers in a wide spectrum of activities. India ranks 6th amongst clean wool producer countries and 9th amongst greasy wool producers. Indian wool is almost exclusively of broader micron and used in manufacturing of carpets and rugs. India has 3rd largest sheep population in the world, having 6.15 crores sheep, producing 45 million kg of raw wool, and accounting for 3.1% of total world wool production. Out of 45 million kg of wool produced in the country, about 85% are carpet grade wool, 5% apparel grade, and 10% coarser grade wool for making kambals, etc. Domestic produce is not adequate; therefore, the industry is dependent on imported raw material. Wool is the only natural fibre in which the country is deficient.

A small quantity of specialty fibre is obtained from Pashmina goats and Angora rabbits. There are 958 woollen units in the country, the majority of which are in the small scale sector. Government is implementing the Integrated Wool Improvement and Development Programme (IWIDP) for the growth and development of the wool and woollen industry in the country. There are four components of the programme, viz., (i) Sheep and Wool Improvement Scheme, (ii) Angora Wool Development Scheme (iii) Pashmina Wool Development Scheme, and (iv) Human Resource Development & Promotional activities

During the XIth Five Year Plan, the programme is administered by the Central Wool Development Board (CWDB), Jodhpur, through the State Government Organizations/ NGOs.

JUTE AND JUTE TEXTILES INDUSTRIES

The Jute industry occupies an important place in the national economy. It is one of the major industries in the eastern region, particularly in West Bengal. Jute, **the golden fibre**, meets all the standards for 'safe' packaging in view of being a natural, renewable, biodegradable and eco-friendly product.

Globally, India is the largest producer and second largest exporter of jute goods and this sector supports the livelihood of about 40 lakh farm families, and provides

direct and indirect employment to 4 lakh workers. There are 77 composite jute mills in India, of which 60 jute mills are located in West Bengal, 3 each in Bihar and U.P., 7 in Andhra Pradesh and 1 each in Assam, Orissa, Tripura and Chattisgarh. Their ownership is as followes:

- 6 mills are under the Government of India;
- 1 mill (Tripura) is under the State Government;
- 2 mills (Assam & New Central) are in the co-operative sector;
- 68 are in the private sector.

Annually, the export of Jute Products ranges between Rs. 1100-1200.00 crores.

During 2006-07 (April-March), total production of jute goods was at 1356.30 thousand M.T compared to 1582.2 thousand M.T. in the corresponding period of 2005-06. The unusual fall in production during 2006-07 over the previous year is attributable to strike in jute mills in West Bengal w.e.f. January 5, 2007, which continued upto March 8, 2007. During 2007-08 (upto Oct., 2007), the production of jute goods was 1024.1 thousand M.T. as against 869.3 thousand M.T. during the corresponding period of 2006-07.

The first National Jute Policy was announced on April 15, 2005, with the objective of achieving a Compounded Annual Growth Rate (CAGR) of 15% per annum; improving the quality of jute fibre; ensuring value addition through diversified jute products; ensuring remunerative prices to jute farmers and enhancing the yield per hectare from 2200 kg./hectares in 2002-03 to 2700 kg./hectares in 2010-11.

As envisaged in the National Jute Policy, 2005, on June 2, 2006, the Government approved the implementation of the Jute Technology Mission between 2006-07–2010-11, at an estimated cost of Rs. 355.55 crores. The proposal to establish a National Jute Board at Kolkata by merging the Jute Manufactures Development Council (JMDC) and the National Centre for Jute Diversification (NCJD) is under consideration.

The Minimum Support Price (MSP) for raw jute was increased to Rs. 1055.00 per quintal in 2007-08, up from Rs. 55.00 per quintal in 2006-07, to protect the jute farmers from seasonal uncertainties, and prevent distress sales by farmers.

THE SERICULTURE AND SILK TEXTILES INDUSTRY

Globally India is the second largest producer of silk and contributes about 18% to the total world raw silk production. India has the unique distinction of being endowed with all the four varieties of silk, namely, Mulberry, Eri, Tasar, and Muga. Sericulture is the most important cottage industry in the country and is practiced in about 53,814 villages all over the country. It is one of the most labour intensive sectors, combining activities both agriculture (sericulture) and industry. The production process involves a long chain of inter-dependent, specialized operations which provide a means of livelihood to a large section of the population, i.e., silkworm seed producers, farmers-cum-rearers, reelers, twisters, weavers, spinners of silk waste, traders, etc. Silk is a highly remunerative cash crop, with minimum investment but rich dividends, and is the only cash crop which provides sustained

returns throughout the year. The sericulture sector provides employment to about 6 million people, mainly in rural areas.

The Government of India (GOI) has concurrent responsibility for the development of the Silk industry in the country, which it fulfils mainly through the Central Silk Board (CSB), a statutory body, constituted under the Central Silk Board Act,1948. The main activities of the CSB comprise:

- R&D and Transfer of Technology – Central Silk Board (CSB) is the only GOI organization for R&D in Sericulture, and the silk sub-sectors of mulberry, eri, muga, tasar and oak tasar, including maintenance of foundation stock of silkworm seed, and pre-cocoon, post-cocoon, and processing technologies.

- Developmental Programmes and Projects formulated in support of sericulture development activities undertaken by the State Governments. The developmental activities include the supply of silkworm seed to States and training to State Government extension staff and entrepreneurs.

The role of State Governments in sericulture development has customarily been the expansion of sericulture activity, and the provision of farmer-level extension and other support services, including credit facilitation.

CSB implement the Catalytic Development Programme (CDP) will continue during the XIth Five Year Plan to provide support and incentives for the production of quality cocoons and raw silk in the silk producing States. Support and incentives are provided mainly to small & marginal farmers and small entrepreneurs, under both on-farm and off-farm activities, in mulberry and non-mulberry sectors. Most CDP schemes are implemented jointly by CSB and the Sericulture Departments of the State Governments, and also through the cluster approach/SGSY programme of the Ministry of Rural Development. Generally, State Sericulture Departments are the major implementing agencies for the CDP.

During 2007-08 (upto September 2007), the total silk exports were Rs. 1,376.91 crores. It is estimated that upto March 2008, the total silk exports is likely to reach Rs. 3,500.00 crores.

HANDLOOMS

Handloom constitutes a timeless facet of the rich cultural heritage of India. As an economic activity, the handlooms sector occupies a place second only to agriculture in terms of employment. This sector is confronted with various problems, such as, obsolete technology, an unorganized production system, low productivity, inadequate working capital, a conventional product range, weak marketing links, overall stagnation of production and sales. Due to effective Government intervention through financial assistance and implementation of various developmental and welfare schemes, the handlooms sector, to some extent has been able to tide over these disadvantages. Moreover, the declining trend of cloth production by Handloom Sector has been reversed.

The handloom fabric production in 2001-02 was 7,585 mn.sq.mtrs., which declined to 5,493 mn.sq.mtrs. by 2003-04. The production of cloth by the handlooms sector during 2005-06 was 6,108 mn. Sq.mtrs., and it increased to 6,535 mn.

sq. mtrs. in 2006-07. It is expected to reach 7,868 mn.sq.mtrs. in 2007-08. The sector accounts for 13% of the total cloth produced in the country (excluding cloths made of wool, silk, and hand spun yarn).

The important schemes being implemented for the holistic growth and development of the sector are: (1) Integrated Handlooms Development Scheme, (ii) Marketing & Export Promotion Scheme, (iii) Handloom Weavers Comprehensive Welfare Scheme, (iv) Mill Gate Price Scheme, (v) Diversified Handloom Development Scheme, and (vi) the 10% Rebate on the sale of handloom fabrics(Non-Plan Scheme)

The Handloom Mark launched by Dr. Manmohan Singh, Hon'ble Prime Minister on June 28, 2006 has been a huge success. Till the end of December, 2007, 64.48 lakh handloom mark labels have been sold to the 3275 stakeholders. 544 handloom showrooms are selling Handlooms products bearing the handloom mark label.

HANDICRAFTS

The importance of handicrafts, in brief, can be said to be both cultural and economic. The cultural importance of handicrafts pertains to preservation of heritage, traditional skills, and talent. The economic importance lies in high employment potential, low capital investment, high value addition, and potential for export/ foreign exchange earnings.

Of total workforce engaged in handicrafts, 47.42% are women, of which 37.11% belong to SC/ ST category

Some of the important schemes implemented for the holistic growth and development of the handicrafts sector are:- (i) Baba Saheb Ambedkar Hastshilp Vikas Yojana (AHVY); (ii) Design & Technical Upgradation Scheme; (iii) Marketing & Support Services Scheme; (iv) Export Promotion Scheme; (v) Bima Yojana for Handicraft Artisans; (vi) Special Handicrafts Training Programme (SHTP).

In addition to the ongoing schemes, during 2005-06, the Government launched the Credit Guarantee Scheme; the Scheme for setting up Facility Centres and Electronic-Kiosks; and the Gandhi Shilp Haat Scheme, wherein everyday a marketing platform is provided to handicraft artisans in some part of the country, to showcase and sell their products without the involvement of middlemen.

The Vice President of India, Shri Bhairon Singh Shekhawat, awarded 29 Shilp Gurus, selected under the Shilp Guru Award (Heritage Masters) Scheme for the year 2003-05 on September 9, 2006. The award provides recognition to these living legends to revive the dying crafts of the country.

PUBLIC SECTOR UNDERTAKINGS

NATIONAL TEXTILES CORPORATION

The National Textiles Corporation Limited (NTC) was incorporated in 1968 to manage the affairs of nationalized sick private sector textiles mills which had been taken over by the Government under the three Nationalisation Acts {The Sick Textile Undertakings (Nationalisation) Act, 1974, The Swadeshi Cotton Mills Company Limited (Acquisition and Transfer of Undertakings) Act, 1986, and The Textiles Undertakings (Nationalisation) Act, 1995}.

Rehabilitation of NTC Mills

Due to continuous losses and erosion of equity, 8 NTC Subsidiary Corporations (104 mills) were referred to BIFR under section 15(1) of Sick Industrial Companies

Dr. Syeda Hameed, Member, Planning Commission, visiting Indian Handicrafts & Gifts Fair-2007

Act during 1992-94 and were declared as sick industrial companies. BIFR sanctioned rehabilitation schemes for the subsidiary companies, during February-July, 2002, envisaging the revival of viable mills, closure of unviable mills, offering Modified Voluntary Retirement Scheme (MVRS) to the employees by realising funds from sale of assets, One Time Settlement (OTS) with secured creditors, conversion of Government loans into equity, and write-off of the interest thereon. CBDT to consider wealth tax and Capital Gains Tax exemption and payment of various statutory dues, etc. of Provident Fund & ESI contribution, electricity dues, and municipal taxes.

On the basis of audited balance sheet of 2002-03, the NTC (Tamilnadu & Puducherry) Ltd., made a reference to the BIFR also and it was declared sick in 2005. Taking into consideration the rehabilitation schemes of BIFR in respect of 8 subsidiaries, and the scheme in respect of NTC (Tamilnadu & Puducherry) approved separately by Government of India, 53 viable mills were to be modernized and 66 unviable mills were to be closed. The consolidated cost of two Rehabilitation Schemes for all 9 subsidiaries was Rs.3937.49 crores. 2 mills (one each from 53 viable mills and 66 unviable mills) at Puducherry were transferred to the Government of Puducherry w.e.f. April 1, 2005, hence 52 mills will be revived and 65 mills will be closed. The details are at table 1.3.

MODIFIED REVIVAL SCHEME (MRS)

The scheme approved by BIFR in 2002, was self-financing and funds for the schemes were to be generated by sale of assets/land of closed mills and surplus assets of viable mills. However, the above mentioned schemes could

not be implemented in the stipulated time of two years mainly due to delay in sale of land, as permission for sale could not be received in time from various State Governments. As per the BIFR sanctioned scheme, NTC was to modernize 53 functioning mills identified as viable. As sale of surplus land is a long drawn affair requiring clearances from various Government agencies and Courts of law, it was thought prudent to revise the rehabilitation scheme incorporating other innovative ways of garnering resources for modernization.

Therefore, certain initiatives were undertaken by the NTC and the Ministry of Textiles to improve the profitability of the Corporation, and it was felt necessary to go to BIFR again to get a Modified Revival Scheme (MRS) approved. A MRS of Rs.5267 crores, was prepared for the consideration of BIFR, envisaging the merger of nine subsidiaries, revival of 22 mills by NTC, an extension in the implementation period of the scheme, the conversion of outstanding loan, and a waiver of interest, etc. The BIFR approved the Modified Revival Scheme on March 28,

Table 1.3
Abstract of Mills for Revival and closure as per sanctioned Revival Schemes

Subsidiary	Revival	Closure	TOTAL
APKKM	10	6	16
DPR	5	3	8
GUJ	2	9	11
MN	8	10	18
MP	2	5	7
SM	9	8	17
UP	2	9	11
TNP	9*	6*	15
WBABAO	6	10	16
TOTAL	**53***	**66***	**119**

* 2 mills (1 each from revival & closure located in Puducherry transferred to state Govt. of Puducherry w.e.f. 01.4.2005

Table 1.4
Projected Cost and means of Finance of the Rehabilitation

Projected Cost (Rs. crores)		Means of Finance (Rs. crores)	
	AMOUNT		AMOUNT
Modernization	1,465.78	Value of Assets	3829.92
VRS	1,663.35	Wage Support	687.22
Statutory Dues	210.42	NTC Loan for VRS as grant	180.00
Pressing Creditors	597.94		
Total	**3937.49**	**Total**	**4697.14**

2006. The projected cost and means of finance of MRS are at table 1.5

In the meanwhile, NTC also initiated innovative mechanisms to maximize returns from its locked assets in various locations in the country. These initiatives include: (i) setting up of an Indian Textiles Plaza at Jehangir Textiles Mills, Ahmedabad; (ii) setting up of an India International Trade Tower at Mumbai at the mill lands of India United Mill No.6; (iii) relocation of the Minerva Mills at Bangalore to a new location at Hassan; (iv) adaptation of Chawl Development Policy of State of Maharashtra; and, (v) exploring the possibility of involving the private sector in the revival of NTC mills. The first two initiatives involve maximizing returns from surplus land of NTC mills through Public Private Partnership (PPP), and the third proposal involves generating adequate surplus resources as well as relocating the old Minerva Mills to Hassan SEZ area and selling the mill land at Bangalore. The Group of Ministers considered these initiatives along with MRS, and broadly approved the same in its meeting held in December 2006.

Present status of NTC

67 NTC mills have been closed, and 2 mills namely Swadeshi Cotton Mills and Sri Bharathi Mills, both located in Puducherry, have been transferred to the State Govt. of Puducherry w.e.f. April 1, 2005, at a consideration amounting to Rs.39.37 crores. The consideration amount has yet not been received. Out of the 50 remaining mills, 22 mills are to be revived by NTC, 18 mills are to be revived through the Joint Venture (JV) route by forming a SPV (Special Purpose Vehicle) with private partners, the remaining 10 mills, where most of the employees had availed MVRS (Modified Voluntary Retirement Scheme) and there is no production activity, are proposed for closure under the Industrial Disputes Act. Of 18 mills, identified for revival through the Joint Venture route, NTC entered into an MOU on November 6, 2007, with 3 strategic Joint Venture partners to run 5 mills by forming a SPV wherein NTC equity would be 51% and 49% would belong to private partners. In addition to this, NTC has also entered into an MOU with the National Building Construction Corporation (NBCC) for setting up the

Table 1.5

(Rs. Crores)

Projected Cost		Means of Finance	
	AMOUNT		**AMOUNT**
Modernization	529.96	Interest free Loan from GoI against short fall in wages (FY 2006 & 2007)	528.00
Working Capital	146.90		
VRS	812.65		
Pressing Creditors	206.68		
Wage Support	528.00		
Bonds redemption	2028.04		
Interest & related expenses on Bonds	615.43	Funds from sale of Land & other assets	4739.56
Refund of GoI Loan	399.90		
Total	**5267.56**	**Total**	**5267.56**

Indian Textiles Plaza at the land of one closed mill at Ahmedabad. NTC also proposes to construct a 72-storyed India International Trade Tower at the land of one of its closed mills at Mumbai.

As a part of implementation of the Rehabilitation Scheme, NTC has mobilized Rs. 2,028 crores from the market by private placement of bonds. NTC also sold surplus land, building-debris and plant & machinery worth Rs. 3,495.03 crores up to September 30, 2007. NTC paid VRS compensation amounting to Rs. 1,951.13 crores to 55,642 employees up to September 30, 2007.

NTC has earmarked Rs.530 crores for the modernization of 22 mills and the process has already started. Orders for purchase of machinery worth Rs.104 crores in respect of 13 mills were placed, of which machines worth of Rs.60 crores have reached the mills, as on September 30, 2007. An amount of Rs. 21.46 crores has been spent on civil, electrical, humidification and other preparatory work for the installation of new machinery. NTC has already prepared a schedule to modernize 22 mills by December 2008, of which the modernisation of 15 mills is expected to be completed by May 2008.

The Registrar of Companies (ROC), New Delhi issued the Certificate of Registration of order of Amalgamation dated July 26, 2006, and all the 9 subsidiaries were merged into NTC (HC) Ltd.

As per DPE guidelines, NTC signed an MOU with the Ministry of Textiles for 2007-08 on March 28, 2007. NTC has obtained ISO-9001-2000 certification in respect of 2 mills, namely Coimbatore Murugan Mills, Coimbatore (TN) and Barshi Mills, Barshi (Mah.). The energy Audit in respect of 6 NTC mills has been done by PCRA.

NTC has re-paid all the old dues of the cotton to the Cotton Corporation of India Ltd. (CCI), including principal and 40% carrying charges, as CCI waived interest and 60% carrying charges. NTC has also entered into MOU with CCI to provide cotton to NTC mills on a credit of 45 days to overcome the problem of shortage of working capital.

CENTRAL COTTAGE INDUSTRIES CORPORATION OF INDIA LTD.

The Central Cottage Industries Corporation of India Ltd. (CCIC), a Public Sector Undertaking under the administrative control of Ministry of Textiles, is mainly engaged in the marketing of quality handlooms and handicrafts, and develops their market in India and abroad. The Corporation operates through its five showrooms situated in Delhi, Kolkata, Mumbai, Bangalore, and Chennai and have franchisee outlets at Jaipur and Gurgaon.

TEXTILES IN NORTH EAST REGION

The decentralized sector comprising handlooms, powerlooms, sericulture, handicrafts, wool and jute form the main source of gainful employment and income generation activities for the people of the North Eastern Region.. These activities are characterized by their exclusivity, flexibility and export potential. The region's woollen & silk fabrics including the exclusive eri and muga silks, and cane/bamboo based crafts, have created a niche for themselves due to their uniqueness, quality and designs.

Shri E. Ahmed, Minister of State for External Affaris Inaugurating the SAARC Exhibition at Pragati Maidan, New Delhi. Shri E.V.K.S.Elalgovan, Minister of State for Textiles (left) is also seen in the Picture.

HUMAN RESOURCES DEVELOPMENT

NATIONAL INSTITUTE OF FASHION TECHNOLOGY (NIFT)

The National Institute of Fashion Technology was set up in 1986 as an autonomous Society in collaboration with the Fashion Institute of Technology (FIT), New York, to train professionals to meet the requirements of the textiles industry. The Institute has pioneered the evolution of fashion business education across the country through its network of seven centres at New Delhi, Bangalore, Chennai, Gandhinagar, Hyderabad, Kolkata, and Mumbai. NIFT, besides conducting regular professional undergraduate and postgraduate programmes in Design, Management and Technology, also offers short duration part-time courses under its Continuing Education (CE) Programme. The Institute, which admitted 30 students in 1987, now admits around 1352 students every year, which excludes 15% supernumerary seats reserved for NRI/ SAARC/Foreign nationals.

The National Institute of Fashion Technology Act, 2006 came into force on July 14, 2006. This Act provides statutory status to the Institute and formally recognizes its leadership in the fashion technology sector, and empowers NIFT to award degrees to its students. NIFT is the first institute in the world to award degrees in fashion education.

SARDAR VALLABHBHAI INSTITUTE OF TEXTILE MANAGEMENT (SVPITM)

The Sardar Vallabhbhai Institute of Textile Management was set-up on

December 24, 2002, as a national level Institute for Textiles Management at Coimbatore, Tamil Nadu, to prepare the Indian Textiles Industry to face the challenges of the post-MFA era, and establish itself as a leader in the global textiles trade. The Institute presently offers three long-term programmes, viz., One year full time Post Graduate Diploma in Home Textiles Management (PGHTM); Two year full time Post Graduate Diploma in Textiles Management (PGDTM); and One year Post Graduate Diploma in Knitting and Apparel Textiles Management (PGDKATM).

ACTIVITIES RELATING TO PROGRESSIVE USE OF OFFICIAL LANGUAGE

Meetings of the Official Language Implementation Committee

The Ministry regularly organizes meetings of the Official Language Implementation Committee (OLIC), chaired by the concerned Joint Secretary of the Ministry. The last quarterly meeting was held on December 31, 2007.

Organization of Hindi Fortnight

A Hindi Fortnight was organized from September 14-28, 2007, wherein various competitions such as Essay writing, Noting and Drafting, Debate, Quiz, Dictation, Typing and Poetry, recitation, etc., in Hindi were held. The Officers and Staff of the Ministry participated in these competitions. In order to inculcate interest in Hindi, and also to encourage the progressive use of Hindi in day to day work, Secretary (Textiles) distributed prizes to the winners.

Meeting of Hindi Salahkaar Samiti

The last meeting of the Hindi Salahkaar Samiti of Ministry of Textiles was held under the chairmanship of Shri E.V.K.S. Elangovan, Hon'ble Minister of State for Textiles on February 12, 2008 at Kolkata. The decisions taken in the said meeting have been implemented. The meeting proved useful in implementing the use of Hindi in the Ministry and offices under its administrative control, including attached offices.

BUDGET 2008-09 - Highlights

- The Scheme for Integrated Textiles Parks (SITP) and the Technology Upgradation Fund Scheme (TUFS) to be continued in the Eleventh Plan period; Provision for SITP being maintained at Rs. 450 crores in 2008-09; Provision for TUFS to be increased to Rs. 1,090 crores in 2008-09 from Rs. 911 crores in 2007-08.
- Infrastructure and production being scaled up by taking up six centres for development as mega-clusters; Varanasi and Sibsagar to be taken up for handlooms, Bhiwadi and Erode for powerlooms, and Narsapur and Moradabad for handicrafts; Each mega-cluster to require about Rs. 70 crores; Initial provision of Rs. 100 crores made in 2008-09.

Duties & Taxes

- National Calamity Contingent Duty (NCCD) of 1 percent removed on polyester filament yarn.
- Naptha for use in the manufacture of polymers will be subjected to normal rate of 5 percent.
- General CENVAT rate on all goods reduced from 16 percent to 14 percent.
- Central Sales Tax rate being reduced from 3 percent to 2 percent from April 1, 2008.

SPORTTECH