CHAPTER I

HIGHLIGHTS

His Excellency Shri Bhairon Singh Sekhawat, Vice-President of India giving away the Shilp Guru Awards to Master Craftsperson at a ceremony in New Delhi on September 9, 2006. Also seen in the picture Shri Shankersinh Vaghela, Hon'ble Minister of Textiles.

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 16.63 percent to the country's export earnings. It provides direct employment to over 35 million people, which includes a substantial number of scheduled castes, scheduled tribes, 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 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.

THE ORGANISED 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 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 January 31, 2007, there were 1818 cotton/man-made fibre textiles mills (non-SSI), with an installed capacity of 35.37 million spindles and 0.45 million rotors. This is expected to increase to 39.50 million spindles and 0.62 million rotors by March 31, 2007. The production of spun yarn, which was 3160 million kg. in 2000-2001, increased to 3458 million kg. in 2005-06, and is anticipated to touch 3791 million kg. during 2006-07. 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 year after year. During 1999-05, the capacity utilization in the spinning sector was between 80% to 93%.

Weaving capacity in the organized sector, alongwith the number of composite textiles mills, however, has stagnated, because the 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 declined from 1.23 lakh in March 2000, to 0.86 lakh in March 2005, and to 0.69 lakh in January 2007.

Over the years, the production of cloth in the mill sector has been fluctuating. It declined from 1670 mn. sq. mtrs. in 2000-2001 to about 1576 mn. sq. mtrs. in 2005-06, and is projected at 1729 mn.sq.mtrs. in 2006-07. As on January 31, 2007, employment generation in the cotton/man-made fibre textiles industry was 9.4 lakh. The total production of cloth by all textiles sub-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 will touch 54,260 mn. sq. mtrs., showing an annual growth of 5.24% during the last five years. Cloth production in the decentralised powerlooms sector during the last five years has shown a significantly higher annual growth rate of 5.4%.

PER CAPITA AVAILABILITY OF CLOTH

The satisfactory performance in the production of cloth has resulted in favorable per capita domestic availability of cloth. During 2004-05, the per capita availability of cloth was 32.63 sq. mtrs., and it increased to 36.53 sq. mtrs. in 2005-06, and is likely to increase further in 2006-07.

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 of making 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 in order to enhance its viability and competitiveness in the domestic and international markets. The scheme, which was to last upto March 31, 2004, was extended till March 31,2007. In the Xth five year plan (2002-07), Rs.1,270 crores was earmarked for the scheme. The Government have decided to continue the scheme in the XIth five year plan, and Rs.911.00 crores had been earmarked for the scheme during 2007-08.

Benefits

- 5% interest reimbursement of the normal interest charged by the lending agency on Rupee Term Loan (RTL); or
- 5% exchange fluctuation (interest & repayment) from the base rate on Foreign Currency Loan (FCL); or
- 15% credit linked capital subsidy (CLCS) for the SSI textiles and jute sectors; or
- 20% credit linked capital subsidy (CLCS) for the powerlooms sector; or
- 5% interest reimbursement plus 10% capital subsidy for specified processing machinery.
- 25% capital subsidy on the purchase of new machinery and equipment for pre-loom & post-loom operations, upgradation of handlooms, and testing & quality control equipment for handloom production units.

The scheme covers spinning, cotton ginning & pressing, silk reeling & twisting, wool scouring & combing, synthetic filament yarn texturising, crimping and twisting, manufacture of viscose filament yarn (VFY)/ viscose staple fibre (VSF), weaving/knitting (including non-wovens) and technical textiles. It also covers the manufacture and processing of fibres, yarns, fabrics, garments and made-ups, the jute sector, and handloom sector (since 2006-07).

Progress

The progress of TUFS since its inception upto December 2006 is at Table 1.1.

TEXTILES WORKERS' 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 the permanent closure of any particular portion of, or entire textile unit. The assistance under the scheme is extended to eligible workers to enable them to settle in other 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

Table 1.1

(Amount in Rs. crores)

Period	Received		Sanctioned			Disbursed	
	No. of applications	Total cost of projects	No. of applications	Total cost of projects	Loan amount	No. of applications	Loan amount
1999-00	407	5771	309	5074	2421	179	746
2000-01	719	6296	616	4380	2090	494	1863
2001-02	472	1900	444	1320	630	401	804
2002-03	494	1835	456	1438	839	411	931
2003-04	867	3356	884	3289	1341	814	856
2004-05	986	7941	986	7349	2990	801	1757
2005-06	1086	16194	1078	15032	6776	993	3962
2006-07 (31.12.06)	2000	15822	1966	14965	6536	1863	3983
Total	**7031**	**59115**	**6739**	**52847**	**23623**	**5956**	**14902**

ceases if he takes up employment in another registered or licensed undertaking. Assistance is not curtailed if the worker engages himself in self-employed activity.

PROGRESS

Till December 2006, 47 mills were found eligible under the scheme, and 99,780 workers of these mills were provided relief of Rs. 186.56 crores. The State-wise cumulative position is at Table 1.2.

THE 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 April - August 2006 showed an increasing trend, as compared to the corresponding period of 2005-06, except for the production of Acrylic Staple Fibre and Viscose staple fibre. The total man-made fibre production from April-August 2006, increased by 16%, as compared to the corresponding period of the previous year. The total man-made fibre production is expected to increase by about 14% during 2006-07, as compared to 2005-06. The production of Viscose Staple Fibre, & Acrylic Staple Fibre is expected to decrease by 10%, and 3%, respectively, during 2006-07. The production of Polypropylene Staple Fibre and Polyster Staple Fibre is expected to increase by 26%, and 11%, respectively during 2006-07.

The total production of man-made filament yarn increased by 9%, during April - August 2006, as compared to corresponding period of the previous year. The total filament yarn production during 2006-07 is expected to increase by about 11%, as compared to 2005-06. The production of Nylon Filament Yarn and Viscose Filament Yarn is expected to decrease by 2% during 2006-07. The production of Polypropylene Filament Yarn and Polyster Filament Yarn is expected to increase by about 12% during 2006-07 as compared to 2005-06.

TEXTILES EXPORTS

Textiles exports contribute 16.63% to the country's total exports earnings, and India's share in the global textiles and apparel market is 3.9% and 3%, respectively. The

Table 1.2

S. No.	State	No. of identified mills	No. of workers on roll	No. of workers benefited (as on 31.12.2006)		Amount Disbursed (Rs. in crores)
				No. of mills	Fully paid workers	
1	2	3	4	5a	5b	6
1.	Gujarat	32	66044	32	51002	118.75
2.	Maharashtra	3	3225	3	2995	6.50
3.	Madhya Pradesh	4	18957	4	16094	39.80
4.	Tamil Nadu	4	5286	4	4590	6.79
5.	Delhi	1	5187	1	5170	11.93
6.	Karnataka	2	753	1	413	1.80
7.	West Bengal	1	308	--	--	--
	Total	**47**	**99,760**	**45**	**80,264**	**185.57**

textiles exports basket consists of ready-made garments, cotton textiles, textiles made from man-made fibre, wool and woollen goods, silk, handicrafts, coir, and jute.

According to data provided by the Directorate General of Commercial Intelligence and Statistics (DGCI&S), Kolkata textiles exports were US $ 14 billion in 2004-05, and increased to US $ 17 billion in 2005-06, registering an increase of about 22%. Textiles exports during April-October 2006, increased by 6.47% in dollar terms, and 11.43% in Rupee terms, and are expected to reach US$ 19.73 billion by March 31, 2007.

The Government launched the Scheme for Integrated Textiles Parks (SITP) in August 2005, to strengthen infrastructural facilities in potential growth areas by merging two existing schemes, viz., the Apparel Parks for Exports Scheme (APES) and the Textiles Centres Infrastructure Development Scheme (TCIDS). Under the scheme, twenty-six Integrated Textiles Parks are proposed to be set-up by March 2008, with an additional investment of Rs 13,445.00 crores. These parks would generate an annual production of Rs. 19,200.00 crores, and create half a million new jobs. Twenty six parks have been sanctioned. These will be located in Gujarat (6 Nos.), Andhra Pradesh (4 Nos.), Maharashtra (6 Nos.), Tamil Nadu (5 Nos.), Rajasthan (2 Nos.) and one each in Karnataka, Uttar Pradesh, and West Bengal. The Government have decided to sanction four more textiles parks by March 2007.

POST-MULTI FIBRE ARRANGEMENT (MFA) SCENARIO

In the period after the expiry of the Multi Fibre Arrangement (MFA) from January 1, 2005, textiles exports were up by 22% in 2005-06 over 2004-05. The share of Indian textiles exports in imports of the USA increased from 4% to 5% in the calendar year 2005, as compared to those in 2004. The share of textiles exports in extra-EU imports increased from 6% to 7% in 2005, growing at 18%, year-on-year, as compared to 5.6% growth in extra-EU imports. In 2005, India was the third largest supplier of textiles to USA and EU. During 2005-06, India's total apparel exports were US$ 8.63 billion, registering a year-on-year increase of 31%. The country enjoys a higher realization in US markets for apparel (US$ 3.9/sq. mtr.), compared to China (US$ 2.8/sq. Mtr.).

Investment in the textiles sector has picked up in the past two years, increasing from Rs. 7349.00 crores in 2004-05 to Rs. 15,032.00 crores in 2005-06. It is estimated that total investment in the textiles and clothing industry during 2003-06 was around Rs. 42,978.00 crores.

THE DECENTRALISED POWERLOOMS SECTOR

The decentralised 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. The production of cloth and the generation of employment has been rapidly increasing in the powerlooms sector. In 2005-06, it contributed 62% of the total cloth produced in the country (30,254 mn. sq. mtrs.), and provided employment to about 4.86 million workers. There are 19.54 lakh powerlooms in the country.

THE 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 50 million people in related activities like cultivation, trade, and processing.

India is the second largest cotton producer in the world, accounting for 16.75% of the global production, with the largest cultivated area, which is approximately 9 million hectare. However, in productivity (467.44 kg./ha) the country lags behind the other major cotton producing countries, viz., USA (931 kg/ha), China (1140 kg/ha) and Australia (1806 kg/ha). The global average is 728 kg/ha. One of the major reasons for low yield is that 65% of the area under cotton cultivation is rainfed.

During the cotton season (October-September) of 2005-06, the output was a record 244 lakh bales (170 kg. each). It is expected that this will reach 270 lakh bales in the cotton season of 2006-07. The State of Gujarat has recorded a major increase in production, quadrupling it from 22.75 lakh bales in 2000-01 to 89 lakh bales in 2005-06. The cultivated area increased from 16.15 lakh hectares to 22.75 lakh hectares. The State recorded productivity of 728 kg./ha. in 2005-06, which is equal to the global average.

The buoyancy in the textiles sector can be assessed from the fact that consumption of cotton by the mill and non-mill sectors has been increasing over the years, from 171.76 lakh bales in 2004-05, to a record figure of 217 lakh bales in 2005-06.

Exports of cotton picked up significantly during the 2004-05 and 2005-06 cotton seasons. It is estimated that the country would export 47 lakh bales in the 2005-06 cotton season. This is due to improvement in quality, productivity, increase in demand from China, and high domestic stocks. The import of the cotton has decreased significantly from 25.16 lakh bales in 2001-02, to 4 lakh bales in 2005-06. The lower imports are due to higher domestic production, lower price differentials, and the need-based import of extra-long staple variety, in which the country is deficient.

TECHNOLOGY MISSION ON COTTON (TMC)

The Technology Mission on Cotton was launched on February 19, 2000, for a period of five years to give a focused impetus to cotton research and development. Subsequently, it was extended for three more years and will continue till the end of Xth five year plan (March 31, 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.

MINI MISSION-III (Development of Market Yards)

IXth & Xth Five Year Plans

- Target: 250 market yards. Sanctioned 219 (51 during IXth five year plan and 168 during Xth five year plan). 108 market yards were developed upto January 2007.
- Estimated project cost of 219 market yards - Rs. 429.54 crores (TMC share Rs.218.33 crores).

MINI MISSION - IV (MODERNISATION OF GINNING &PRESSING FACTORIES)

IXth & Xth Five Year Plans

- Target 1000 Ginning + Pressing Units (IXth five year plan 150 & Xth five year plan 671). 853 projects approved. 517 Units modernised till January 2007. The total cost of modernisation of 853 projects is Rs.1157.33 crores, with TMC share of Rs. 194.50 crores.

THE 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. The country is the seventh largest producer of wool, and contributes 1.8% to total world production. The anticipated production of indigenous raw wool is estimated at 57.20 mn.kg. in 2006-07. It was 55.00 mn.kg. in 2005-06. Of the total production of raw wool, 5% is apparel grade, 85% carpet grade, and 10% coarse grade. 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. The woollen exports, excluding hand knotted carpets, rugs, durries, etc, were Rs. 2098.27 crores in 2005-06, and it is estimated that they will rise to Rs. 2360.55 crores in 2006-07.

A small quantity of specialty wool fibre is obtained from Pashmina goat and Angora rabbit. There are 718 woollen units in the country, the majority of which are in the small scale sector. The Government is implementing the Integrated Wool Improvement Programme (IWIP) for the growth and development of the wool and woollen industry in the country. There are two components in the programme, viz., (i) improvement of wool fibre, and (ii) quality processing of wool. The programme is being administered by the Central Wool Development Board (CWDB), Jodhpur, through State Government Organizations/ NGOs.

THE 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 an 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 78 jute mills in the country. Of these, 61 are in West Bengal, 3 each in Bihar and Uttar Pradesh, 7 in Andhra Pradesh, and one each in Assam, Orissa, Tripura and Chattisgarh. Annually, the exports of jute products ranges between Rs. 1100-1200.00 crores.

The production of raw jute varies between 90-100 lakh bales (180 kg.each), and the domestic consumption of jute goods is in the range of 13.5- 14.5 lakh MT. The ratio of domestic consumption to exports is 80:20. The production of jute is concentrated in 36 districts of West Bengal, Orissa, Bihar, Assam, Meghalaya, Tripura and Andhra Pradesh. In the jute season (July-June) 2005-06, the production of raw jute was 85 lakh bales, and is expected to reach 105 lakh bales in the jute season 2006-07.

A 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, the Government launched the Jute Technology Mission on February 6, 2007, 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 raised to Rs. 1000.00 per quintal in 2006-07, from Rs. 910.00 per quintal in 2005-06, to protect the jute farmers from

The retting of green jute plant.

seasonal uncertainties, and prevent distress sales by them.

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 approximately 54 thousand villages throughout the country. It is one of the most labour intensive sectors, combining 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 discharges 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 seeds, and pre-cocoon, post-cocoon, and processing technologies.

- **Developmental Programmes and Projects -** CSB formulates these programmes and projects to support 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 implements the Catalytic Development Programme (CDP) in the silk producing States to provide support and incentives for the production of quality cocoons and raw silk. 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/ Swarnjayanti Gram Swarozgar Yojna (SGSY) of the Ministry of Rural Development. Generally, the Sericulture Departments of the States are the major implementing agency for the CDP.

The total silk production during 2004-05 was 16,500 M.T., and exports were Rs. 2,879.56 crores. During 2005-06, the production of raw silk was 17,305 M.T. against a demand of around 26,000 M.T. Exports amounted to Rs. 3158.16 crores. The export basket consists of natural silk yarn, fabrics, made-ups, readymade garments, silk carpets, and silk waste.

The Silk Mark Scheme was launched for the brand promotion of silk. The Central Silk Board (Amendment) Act, 2006 was enacted to regulate the quality of silk-worm seeds.

HANDLOOMS

Handlooms constitute 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 providing livelihood to the people. This sector is beset 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. As a result of 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. The Government ensures the availability of raw material to handlooms weavers through the Hank Yarn Obligation Order (HYO).

The production of cloth by the handlooms sector during 2004-05 was 5722 mn. sq. mtrs., and it increased to 6108 mn. sq. mtrs in 2005-06. It is expected to reach 6871 mn. sq. mtrs. in 2006-07. The Prime Minister, Dr. Manmohan Singh, launched the "Handloom Mark" on June 28, 2006, for the brand promotion of handlooms.

Some of the important schemes being implemented for the holistic growth and development of the sector are: (i) Deen Dayal Hathkargha Protsahan Yojana (DDHY), (ii) Marketing Promotion Programme, (iii) Handloom Export Scheme, (iv) Workshed-cum-Housing Scheme, and (v) Weavers Welfare Scheme. Besides the ongoing schemes, several initiatives have been taken in the handlooms sector, which include the (i) Integrated Handloom Cluster Development Scheme, (ii) Health Insurance Scheme, (iii) Mahatma Gandhi Bunkar Bima Yojana, (iv) Handloom Mark Scheme, (v) Technology Upgradation Fund Scheme for the Handlooms Sector, and (vi) the 10% Rebate Scheme on the sale of handloom fabrics.

Dr. Manmohan Singh, Hon'ble Prime Minister of India launching the Handloom Mark on June 28, 2006, at Vigyan Bhawan, New Delhi. On the right of Prime Minister, Shri Shankersinh Vaghela, Hon'ble Minister of Textiles and on the left Shri E.V.K.S. Elangovan, Hon'ble Minister of State for Textiles.

During 2006-07, 273 New Yarn Depots, covering all handlooms clusters, were set up. Exhibitions/marketing events, wherein weavers can showcase their products for public, have been doubled. To improve the credit worthiness of weavers, the Ministry of Textiles have taken up the matter with the Ministry of Finance to provide credit at lower rates, as well as the writing-off the old debts of weavers.

Under the Integrated Handlooms Cluster Development Scheme, in the first phase, 20 handlooms clusters were set up at an estimated cost of Rs. 40.00 crores at Chirala and Madhavaram (Andhra Pradesh), Bijoinagar (Assam), Bhagalpur (Bihar), Kullu (Himachal Pradesh), Gadag (Karnataka), Thiruvananthapuram (Kerala), Gwalior/Chanderi (Madhya Pradesh), Imphal (Manipur), Bargarh and Sonepur (Orissa), Kurinjipadi, Trichy and Tiruvannamalai (Tamil Nadu), Mubarakpur, Varanasi, Bijnore and Barabanki (Uttar Pradesh), Burdwan and Nadia (West Bengal). In 2006-07, 100 additional clusters have been identified for development.

HANDICRAFTS

The importance of handicrafts, in brief, can be said to be both cultural and economic. The cultural importance of handicrafts pertains to the 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 and foreign exchange earnings.

The sector at present provides employment to an estimated 63.81 lakhs artisans, of which 47.42% are female; 24.73%

Scheduled Castes, and 12.38% Scheduled Tribes. The exports of handicrafts had increased from Rs. 15,616.00 crores (US $ 3.57 billion) in 2004-05 to Rs. 17,277.00 crores (US $ 3.90 billion) in 2005-06, and were Rs.16,117.38 crores in 2006-07 (upto January 2007).

Some of the important schemes which are being 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 Bazar 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 Indian Exposition Mart, Greater Noida, the Rajiv Gandhi Handicrafts Bhawan, New Delhi have been set up to provide marketing outlets to artisans as well as State agencies. The Urban Haats at Jammu, Uchana, Karnal (Haryana), Bhubneshwar (Orissa), Tirupati (Andhra Pradesh) and Gohar Mahal, Bhopal (Madhya Pradesh) have become functional and provide a permanent marketing outlet to artisans from urban and rural areas.

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 for reviving the dying crafts of the country.

PUBLIC SECTOR UNDERTAKINGS

NATIONAL TEXTILE CORPORATION

The National Textile 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}.

Starting with 16 mills in 1968, the number of mills eventually increased to 119 by 1994. During 1992-94, 8 NTC Subsidiary Corporations (104 mills) were referred to the Board for Industrial and Financial Reconstruction (BIFR), under section 15(1) of the Sick Industrial Companies Act, and were declared sick industrial companies. BIFR approved the revival scheme in respect of these Companies in 2002, permitting closure of 60 unviable mills and the revival of 44 viable mills. Accordingly, 60 unviable mills were closed. Subsequently, the National Textile Corporation {Tamil Nadu & Puducherry (formerly Pondicherry)} Ltd., (15 mills) was also referred to BIFR in 2004, and declared sick in December 2005. Thus, the total number of viable and unviable mills increased to 53 and 66, respectively. All the unviable mills have since been closed under the Industrial Disputes Act, 1947.

Of these 119 mills, two mills under the NTC (TNP) subsidiary (one viable and one unviable mill) were transferred to the Puducherry (formerly Pondicherry) Government on April 1, 2005. After the transfer, NTC presently has 52 viable mills. As envisaged in Modified Revival Scheme, the subsidiaries will be merged retrospectively with holding company w.e.f. April 1, 2005, and viable mills will be organised State-wise, which may be seen at Table 1.3.

Table 1.3

Sl.No.	States	Headquarter	No. of Mills
1	Andhra Pradesh, Karnataka, Kerala & Mahe	Bangalore	10
2.	Rajasthan, Punjab, Delhi.	Delhi	5
3.	Gujarat	Ahmedabad	2
4.	Maharashtra	Mumbai	8
5.	Madhya Pradesh, Chattisgarh	Indore	2
6.	Maharashtra	Mumbai	9
7.	Uttar Pradesh	Kanpur	2
8.	Tamil Nadu, Puducherry	Coimbatore	8
9.	West Bengal, Assam, Bihar & Orissa	Kolkata	6

i) Modernisation of Mills

The resources for the rehabilitation scheme approved by the Board for Industrial and Financial Reconstruction (BIFR) were to be largely generated through the sale of surplus assets. The sale process was held up for more than two years in various parts of the country due to non-receipt of required permission from certain State Governments like Maharashtra, Uttar Pradesh, Madhya Pradesh and Gujarat. A revised revival scheme was submitted to BIFR on January 27, 2006. BIFR approved the Draft Modified Revival Scheme (DMRS) on March 28, 2006, and this was communicated vide order dated May 17, 2006. The salient features of the scheme are:

i) Merger of all the 9 subsidiaries with the Holding Company w.e.f. April 1, 2005.

ii) Investment in Handicraft Plaza at Ahmedabad and India International Trade Tower in Mumbai, with the condition that the capital expenditure for these items shall be met from the sale of surplus assets. A monitoring agency will monitor and any deviation will be notified to the Board promptly.

iii) IDBI will be the Operating Agency for NTC (TN&P) instead of IOB. IDBI would take immediate steps to discuss the DMRS with the involved agencies and submit the same to BIFR.

iv) NTC's proposal for Joint Venture will be permitted after proper procedure of approvals from the Government.

v) The Implementation of Revival Scheme was extended upto March 31, 2008.

vi) The Government of India should consider converting unsecured loans into equity to the extent required in order to make the net worth positive as early as possible, besides considering waiver of interest on the unsecured loans provided by it as per the sanctioned Scheme.

vii) Merger of India United Mill No. 6 and Kohinoor Mill No. 1 with Tata mills.

viii) The banks to extend need based working capital assistance to NTC mills proposed for revival @ 1% below Prime Lending Rate (PLR).

ix) Derating of share capital by 85% in 2006-07 to wipe out accumulated losses.

The modified revival scheme was approved by the Group of Ministers (GOM) on December 5, 2006. It was decided that NTC would revive 22 mills on its own, 18 mills through Public Private Partnership (PPP) and close down 12 mills where the majority of workers have taken VRS.

The cost of revival as per the proposed revised scheme is at Table 1.4.

Means of Finance of the Modified Rehabilitation Scheme

It is proposed to meet the cost of revival scheme, which includes the cost of modernization and VRS to interested employees, primarily from the sale of surplus assets. However, Govt. would continue to provide shortfall in wages during the implementation period. The details are at Table 1.5.

Table 1.5

S. No.	Particulars	Amount (Rs. in Crores)
1	Interest free loan from GoI against shortfall in wages (FY 2006 & 2007)	528.00
2	Funds from sale of Land & other assets	4739.56
	TOTAL	**5267.56**

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 the Ministry of Textiles, is mainly engaged in the marketing of quality

Table 1.4

(Rs. in crores)

S. No.	Particulars	First Phase 15 Mills (Rs.)	Second Phase 7 Mills (Rs.)	18 Mills PPP* Mode (Rs.)	Corporate Office+ RMDs (Rs.)	Total (Rs.)
1	Modernisation (revised)	318.83	211.13	---	---	529.96
2	Working Capital (revised)	117.61	29.29	---	---	146.90
3	MVRS (additional)	141.94	60.26	560.45	50.00	812.65
4	Pressing Creditors (balance)	0.00	0.00	0.00	206.68	206.68
5	Wage support (during implementation period)	148.00	63.00	285.00	32.00	528.00
6	Interest & related expenses on Bonds up to redemption				615.43	615.43
7	Bond redemption				2028.04	2028.04
8	Refund of GoI Loans				399.90	399.90
	Grand Total	**726.38**	**363.68**	**845.45**	**3332.05**	**5267.56**

** Public Private Partnership*

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.

It is expected that CCIC will achieve a record turnover of Rs.110.00 crores and a profit of Rs.10.25 crores, respectively, during 2006-07.

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.

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 seven centres at New Delhi, Bangalore, Chennai, Gandhinagar, Hyderabad, Kolkata, and Mumbai. A new extension centre was opened in Rae Bareli in Uttar Pradesh on February 13, 2007. 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 1200 students every year, excluding 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 will award degrees to its students passing out in 2007.

SARDAR VALLABHBHAI PATEL INSTITUTE OF TEXTILE MANAGEMENT (SVPITM)

The Sardar Vallabhbhai Patel 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).

COMMITTEE TO STUDY THE EXISTING INFRASTRUCTURE FOR EDUCATIONAL TRAINING FOR THE TEXTILES SECTOR IN THE COUNTRY

The textiles sector has grown phenomenally during the last two years, after the conclusion of the Multi Fibre Arrangement (MFA) on December 31, 2004. Studies have predicted that this sector will grow at approximately 12-14% during the next few years, and achieve a size of approximately US$ 115 billion by 2012. Of this, exports will account for US$ 55 billion, and the domestic market will touch US$ 60 billion. The investment during this period will be approximately Rs. 1,50,600.00 crores which, in turn, will generate employment for approximately 12-17 million workers, of whom 5 million will be skilled.

The National Manufacturing Competitiveness Council (NMCC) has accepted that the textiles sector will witness major growth in manufacturing, and that it will evolve into one of the highest employment generating sectors. Similarly, the Approach Paper for the Eleventh Plan, circulated by the Planning Commission, envisages the rapid growth of the textiles sector from its present level to provide employment to a large number of workers, mainly at the shop floor level. This growth in employment opportunities will have to be underpinned by education and training at vocational institutes for almost 5 million trained workers.

It was in this perspective that the Ministry of Textiles set up a Committee in April 2006, to study the existing infrastructure for educational training for the textiles in the country. The Committee submitted its report in July 2006. Its findings were in keeping with the views expressed in the Approach Paper of the Planning Commission, inasmuch as, the Committee found that to meet such a large demand of trained workers, the Industrial Training Institutes (ITIs) should continue in the vanguard for vocational education, though other institutions functioning in the field would have to supplement them in a major way.

The Committee identified the garmenting sector as the single most important sector. The demand in this sector has been pegged by the Committee at 4.1 million of the 5 million workers who are expected to join the textiles sector. In the chain of production, it is the garmenting sector where the highest value addition takes place. The Committee recommended that Public Private Partnership (PPP) Model be adopted for vocational education which would include the ITIs in its ambit, in addition to existing institutions in the textiles sector run by the Ministry of Textiles and related Organizations, both public and private. The Committee suggested that institutions should be set up in "catchment areas" from where workers for the textiles sector have traditionally been drawn. It recommended the "mapping" of ITIs to identify those located near existing clusters of the textiles industry, and stressed that they may be upgraded to meet the training needs of these clusters.

The Ministry of Textiles have approached the Ministries of Finance, Labour & Employment, Rural Development and the Planning Commission for extending their support in implementing the recommendations of the Committee.

ACTIVITIES RELATING TO PROGRESSIVE USE OF OFFICIAL LANGUAGE

(i) 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 27, 2006.

(ii) Organization of Hindi Fortnight

A Hindi Fortnight was organized from September 1-15, 2006, 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, prizes were given to the winners by Shri Shankersinh Vaghela, Hon'ble Minister of Textiles.

(iii) Meeting of Hindi Salahkaar Samiti

The meetings of Hindi Salahkaar Samiti of the Ministry of Textiles were held under the chairmanship of Shri Shankersinh Vaghela, Hon'ble Minister of Textiles on May 5, 2006, and October 12, 2006, respectively. The decisions taken in the said meetings have been implemented. These meetings proved useful in implementing the use of Hindi in the Ministry and offices under its administrative control, including attached offices.

BUDGET 2007-08

In the Budget 2007-08, the following important announcements concerning the textiles sector were made.

- Customs duty on polyster staple fibre and polyster filament yarn has been reduced from 10% to 7.5%.
- Customs duty on polyster chips has been reduced from 10% to 7.5%.
- Customs duty on Raw material such as Di-Methyl Terephthalate (DMT), Purified Terephthalate Acid (PTA) and Mono-Ethylene Glycol (MEG) has been reduced from 10% to 7.5%.
- Excise duty on Caprolactam and Nylon chips has been reduced from 16% to 12%.
- Excise duty on Benzene for manufacture of Caprolactam has been reduced from 16% to 12%.
- The Technology Upgradation Fund Scheme (TUFS) will continue during the XIth five year plan.
- The allocation for TUFS has been enhanced from Rs. 535.00 crores in 2006-07 to Rs.911.00 crores in 2007-08.
- The allocation for the Scheme for Integrated Textiles Parks (SITP) has been increased from Rs. 189.00 crores in 2006-07 to Rs. 425.00 crores in 2007-08.
- The cluster development approach for the development of handlooms will continue and an additional 100-150 clusters will be taken up for development.
- The coverage of the Health Insurance Scheme for handlooms will be enlarged to include ancillary workers.
- The provision for the handlooms sector has been increased from Rs. 241.00 crores in 2006-07 to Rs. 321.00 crores in 2007-08.