



CHAPTER I

HIGHLIGHTS



Shilp Guru Awards Ceremony

Textile Industry in India covers a large gamut of activities ranging from production of its own raw material namely, cotton, jute, silk and wool to providing to the consumers high value added products such as fabrics and garments. Not only the natural fibres named above, the industry also uses large varieties of synthetic and man made fibres such as filament and spun yarns from polyester, viscose, nylon and acrylic. It plays a significant role in Indian economy for its contribution to the Gross Domestic Product, employment generation and

earning of foreign exchange. An estimated 35 million people are directly employed in the textile industry, which contributes to 4% of GDP and 25% to total export earnings. The production of textiles involves many processes, ginning, reeling, spinning, weaving, dyeing, processing, finishing and garment manufacturing. Because of these great diversity of activities involved, the grades of the skills needed by the industry also vary significantly. Thus, totally unskilled to highly technically skilled people, cutting across caste, creed, religion and gender find

employment in the industry. Even though manufacturing the base is somewhat outdated, the textile industry has shown remarkable resilience and has grown considerably in terms of installed spindles, yarn production and output of fabrics and garments.

The spindles capacity of the organised sector has increased from about 36.67 million in 1998-99 to 38.75 million by 2002-2003. A noticeable feature in this growth process has been the installation of large number of open-end rotors in 1990s and the tendency to set up 100% Export Oriented Units in the field of spinning. The production of spun yarn is anticipated to touch the figure of 3,088 mn. kgs during current financial year 2002-2003, registering an annual growth of about 1% during last five years. It is worth noting that the production of 100% non-cotton yarn has shown an upward trend in recent years and it is anticipated to touch the figure of 307 mn. kg during 2002-2003, registering an annual growth of 11.64% during the last five years. The total production of cloth by all sectors i.e. mill, powerloom, handloom and khadi, wool and silk has also shown an upward trend in recent years. The total production of cloth is anticipated to touch the figure of 42,314 mn. sq. mtrs during 2002-2003 showing an annual growth of 2.48% during last five years. The cloth production from decentralised powerloom sector has shown significantly higher annual growth rate of 4.8% during last five years.

The per capita domestic availability of cloth in the country has increased to 31.97 sq. mtrs in 2001-2002 from 30.92 mtrs. in

1997-98, despite growth in population and significant increase in export.

IMPLEMENTATION OF NATIONAL TEXTILE POLICY 2000

To prepare the textile Industry to meet the challenges of integration with the world textile market, the National Textile Policy 2000, was announced on 2.11.2000. Aimed at creating new opportunities for growth and access to the global market several initiatives for modernization and investment for growth have been taken to create the conditions necessary to achieve the objective of the policy viz. developing a strong and vibrant textile industry capable of producing quality cloth at an acceptable price, contributing increasingly to the provision of sustainable employment and economic growth of the country and competing with confidence for an increased share of global market. As follow-up measures for implementation of NTxP 2000, following initiatives have been taken:-

(i) Textile Package:

Shri Yashwant Sinha, Union Finance Minister in his Budget Speech of 2002-2003 announced the following Textile Package for the faster development of Textile Industry and to prepare list to meet the challenges ahead after the phase out of the Multi Fibre Agreement by 2004: -

- Hank yarn has been brought within the net of excise duty at 8%, but at the same time, provision for appropriate subsidy on the price of hank yarn purchased by handloom weavers has been made.



- In order to enable the weavers of grey fabric to avail of CENVAT credit scheme they have been allowed to pay excise duty on an optional basis. Similar option has been extended to the knitting sector.
- The rate of excise duty on fabrics, made ups and garments has been fixed at 12% till 28.2.2005.
- Excise duty exemption in hand processing of textile fabrics has been confined to 3 processes only, namely scouring, hydro extraction and calendering, and in case of man made fabric 7 specified processes.
- Excise duty exemption on handloom fabrics has been continued, and excise duty exempted on handloom garments subject to certification by Handloom Export Promotion Council.
- To enable the textile industry to modernize itself and acquire new technology, excise duty on automatic shuttleless looms has been exempted. Customs duty on specified processing machinery and specified silk reeling, weaving and twisting machinery has been reduced from 25% to 10%.
- The Specified jute machinery has also been exempted from excise duty.

(ii) Constitution of an Inter Ministerial Task Force :

An Inter-Ministerial Task Force, under the chairmanship of Secretary, Textiles has been constituted in May 2002 to study the

Interim Report furnished by the Steering Group on Investment and Growth in Textile Industry, to review the existing labour laws, assess the credit requirements for the modernization/ revival of Textile Industry and the availability of Institutional credit and to suggest measures for assuring adequate flow of funds to the Textile Industry.

(iii) Apparel Parks for Exports:

The Government has launched a new scheme viz. "Apparel Parks for Exports" In March 2002 for imparting focused thrust for setting up of apparel manufacturing units of international standards at potential growth centres. Till date, Government has sanctioned nine apparel park projects for different States.

(iv) Textile Centre Infrastructure Development Scheme (TCIDS):

The Government also launched a new scheme in March 2002 titled "Textile Centre Infrastructure Development Scheme (TCIDS)" for modernising infrastructure facilities at major textile centres of the country. With a view to bringing in urgency in implementation of the Scheme, the Government has recently(in December 2002) announced modifications in the scope and funding pattern of the Scheme. Two TCIDS projects for upgrading infrastructure facilities at Sircilla, Distt. Karimnagar (Andhra Pradesh) and Panipat (Haryana) have since been sanctioned.

(v) Pruning of Textile Items from the List of Essential Commodities:

In keeping with the liberalisation of



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economy, a number of textile items listed among essential commodities have been deleted. Out of 11 items, only 5 items now figure in the list of essential commodities namely, (i) Cotton and Woollen Textiles; (ii) Cotton either ginned or unginne and cotton seeds; (iii) Yarn made wholly from cotton; (iv) Raw Jute; and (v) Jute Textiles.

PRIME MINISTER'S IMPORTANT INITIATIVES ON INDEPENDENCE DAY 2002

Under this initiative, Ministry of Textiles will earmark Rs. 100 crore for a one-time special rebate on **handloom** fabrics to kick-start the employment-intensive industry and revive its production cycle. An additional Rs. 125 crore will be spent for skill upgradation of one lakh handloom weavers. The Ministry has also started a special contributory insurance scheme for one million weavers and artisans, which will combine the Jan Shree Bima Yojana with Group Insurance.

TECHNOLOGY UPGRADATION FUND SCHEME (TUFS)

One of the important thrust areas of the National Textile Policy 2000 is implementation of a Technology Upgradation Fund Scheme (TUFS). Launched by the Ministry on 1.4.99, the scheme aims to provide impetus to the modernization and technology upgradation of textile and jute industry. A 22 member Inter-Ministerial Steering Committee monitors and reviews the scheme on a regular basis. On the basis of the feed back received from the Technical Advisory cum Monitoring Committee and industry associations, necessary modification are



made in the scheme to improve its accessibility. To enable a greater number of SSI units to avail of the benefits under TUFS the option to take an upfront 12% credit link capital subsidy has also been provided. The regional office of Textile Commissioner holds Facilitation Camps so that more industrial units, including powerlooms, can make use of the scheme. Till November 2002, a total of 1970 applications were received, of which 1734 applications were sanctioned. Out of Rs. 5786.63 crore of loan sanctioned. Rs. 4106.99 crore has been disbursed to 1395 cases.

TECHNOLOGY MISSION ON COTTON

Considering the importance of the cotton crop to the national economy, the Government of India has launched a Technology Mission on Cotton (TMC) from February 2000 to address the issues of low productivity and contamination. The Mission consists of four Mini Missions, which are being jointly implemented by the Ministry of Agriculture and Ministry of

Textiles with the following objectives:

- Mini Mission I : Cotton research and Technology generation.
- Mini Mission II : Transfer of Technology and Development.
- Mini Mission III : Improvement of Marketing Infrastructure.
- Mini Mission IV : Modernization/ Upgradation of Ginning and Processing factories.

Mini Missions I & II are being implemented by the Indian Council of Agricultural Research (ICAR) and Ministry of Agriculture respectively, while Ministry of Textiles is the Nodal agency for implementation of Mini Missions III & IV. Upto December 2002, under Mini Mission-III, 102 project proposals have been sanctioned. The total estimated cost is Rs. 180 crore out of which Government of India's share would be Rs. 89 crore. Under Mini Mission-IV, modernization of 221 ginning and pressing factories have been sanctioned at an estimated cost of Rs. 271 crore out of which Government of India share would be Rs. 47 crore.

SERICULTURE

Last two years of the IX-Plan witnessed a breakthrough in R & D by Central Silk Board in:

- Tropicalizing the inherently temperate bivoltine silkworms.
- Developing host-plans with significantly high leaf yields for mulberry silkworms

- Perfecting a package of practices for raising productivity at each stage of cocoon production, including pest management, disease control, development of more efficient rearing and cocooning equipment, eco-friendly methods of rearing, and efficient recycling of silkworm bed refuse.
- Developing and popularizing reeling and reeling-cum-twisting machines and spinning wheels for reeled and spun silks of all sub-sectors with better ergonomics, efficiencies and productivities.
- **Introduction of New Package for High Quality Silk**
- This development of a successful sericulture package for gradeable quality of bivoltine mulberry silk has added to the prospects of the industry by carrying with it the promise of a significant rise in production as well as in the quality of silk. The high tensile strength of bivoltine silk adds to its other advantages by making possible the use of multi-end reeling machines and modern fast powerlooms, thus promising an increase in quality and productivity along the entire value-chain.
- For development of bivoltine sericulture, the strategy for growth has been put into the field. This is expected to spur the yields to go up from the current level of about 750 Kg of cocoons from a hectare of mulberry plantation to over 1600 Kg



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by the end of X-Plan. Already, bivoltine silk production has increased from 370 tonne in 1999-2000 to 575 tonne in 2000-2001; the yield for 2001-2002 was 750 tonne (provisional).

Fall in Prices of Raw Silk

After the lifting of quantitative restrictions on 1.4.2001 the import of raw silk, 92% from China, increased significantly, from an average of 3500 tonne over the last 5 years to 6897 tonne in 2001-2002, and is expected to touch 9000 tonne in 2002-2003. Simultaneously, a consistent fall in the prices of imported silk, had the effect of driving down the prices of domestic silk by almost 33%. For the first time, a market intervention measure was considered in sericulture. The affected States and the Central Government sanctioned a scheme for a short-term price incentive for reeling cocoons to ease the undue hardship being faced by farmers due to the fall in prices. Meanwhile, associations of reelers moved the Antidumping Directorate set up

in accordance with WTO guidelines and sought relief. The preliminary findings prima facie established dumping and recommended antidumping duty.

Despite such adverse market conditions, Central Silk Board achieved a silk

production of 17347 tonne in 2001-2002 and anticipates 18700 tonne for 2002-03.

PROGRAMME FOR MODERNIZATION OF THE WEAVING SECTOR

Pursuant to the Textile Package announced by the Finance Minister in the Budget, a programme for modernization of the decentralized powerloom sector by 2004 has been drawn up. The main instrument is the TUFS, which has been modified to allow the beneficiary the option of taking 12% subsidy linked to credit. The Lead Implementation Agency is the Powerloom Service Centres (PSCs), which are being modernized and are proposed to be strengthened to carry out a facilitation role. A cluster approach is being followed, and 16 major powerloom clusters have been identified to make a focused effort for

modernization. State Government coordination has been emphasized; SIDBI and the banks have been drawn into the programme, Office of the Textile Commissioner is the managing organization, and has been restructured to

enable a developmental approach. Funds for the 2.5 lakh loom modernization programme are provided in the budget as part of the provision for TUFS. Funds have also been provided for modernizing the PSCs and for Welfare schemes for Group Insurance and Work-sheds.



BABA SAHEB AMBEDKAR HASTSHILP VIKAS YOJANA

A new scheme Baba Saheb Ambedkar Hastshilp Vikas Yojana(AHRY) has been formulated which has essentially a people centric approach and involves mobilization of the artisan community in important craft clusters all over the country into Self Help Groups and Thrift & Credit Societies. Symposia on Baba Saheb Ambedkar Hastashilp Vikas Yojana for the crystallization of critical issues and adoption of implementation module for the AHRY were organized at Jaipur, Bhopal, Lucknow and Kolkata. The symposium was anchored by DRDA, SIDBI, NABARD, Planning Commission, Prominent NGOs and experts in the field of Handicrafts.

DEEN DAYAL HATHKARGHA PROTSAHAN YOJANA

Government launched an integrated and comprehensive scheme called the Deen Dayal Hathkargha Protsahan Yojana on 1.4.2000 to provide assistance for the entire gamut of handloom sector activities, like product development, infrastructure and institutional support, training to weavers, supply of equipment and marketing support etc. for weavers within or outside the cooperative fold, both at the micro as well as the macro level. The scheme is intended to be in operation till the end of the 10th Five Year Plan. The outlay envisaged is Rs. 690 crore, involving Central share of Rs. 360.00 crore to be given to State Governments on submission of project proposals.

SPECIAL PACKAGE FOR JAMMU & KASHMIR

During the Prime Minister's visit to the State of Jammu & Kashmir in May 2002 a Special Package of Assistance was announced for that State. The contribution of textiles and handicrafts sector to that Package would be upwards of Rs.70 crore. Action Plans for implementation of the Package have been prepared and are under implementation. Department of J&K Affairs in the Ministry of Home Affairs and PMO have been monitoring the progress of implementation regularly.

JUTE

On the recommendations of the Standing Advisory Committee, an Inter-Ministerial Committee was constituted for formulating a road map for progressive dilution of compulsory packaging norms for foodgrains and sugar under the JPM Act. The Government has accepted the recommendations of the Inter-Ministerial Committee with some modifications and a notification was issued on 12th July, 2002 providing for the percentage of dilution as under: -

Jute year	Cumulative % of Dilution	
	Sugar	Foodgrains
July 1, 2002 to June 30, 2003	25	20
July 1, 2003 to June 30, 2004	50	40

The percentage of reservation will, therefore, be 75% & 50% for sugar for 1st & 2nd year respectively; and 80% & 60% for foodgrains for 1st & 2nd year respectively.

A review shall be done at the end of the 2nd year (i.e. year ending on 30 June, 2004). This decision was challenged in the High Court at Kolkata through various Writ Petitions by Indian Jute Mills Association



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(IJMA) and others. The Hon'ble High Court has dismissed these Writ Petitions. However, an appeal filed by IJMA before the Division Bench of Kolkata High Court is still pending.

New Initiatives

Responding to the assistance sought by various organisations and administrative authorities consequent upon the need to reduce use of plastic bags National Centre for Jute Diversification (NCJD) has initiated some measures. The Centre has developed various low-cost jute bags for the consumers. Efforts have been taken to enhance the use of jute in the states where use of plastic bags has been banned. Under NCJD's assistance, in the North East region, a new jute based fabric has been developed. This fabric, which is blended with Eri & Muga, is finding wide acceptance as a furnishing material for diverse application.

HANDICRAFTS

India Exposition Mart

With a view to give a massive fillip to the exporters of handicrafts, carpets and Jute, India Exposition Mart is being set up at Greater NOIDA. The MART shall be a permanent contact point for foreign buyers and shall remain open throughout the year for a continuous buyer-seller interaction. This MART shall have 900 outlets with a Resource Centre and latest Information Technology enabled facilities. The Mart is expected to boost exports further. The mart is likely to be completed by July, 2004

Artisan Credit Card (ACC) Scheme

To address the issue of timely and adequate availability of working capital to artisans, it is proposed to implement this scheme in the current financial year. It is expected that the scheme would benefit more than 1 lakh artisans by enabling them to avail of assistance through formal financial institutions directly to meet their working capital needs. The scheme has been approved by Indian Banks Association and is going to be launched shortly.

Urban Haat

To provide direct marketing outlets to craftpersons and weavers, a scheme to establish as Urban Haat at Delhi known as "Dilli Haat" was conceived in 1992 and made fully functional during 1994-95. Encouraged by the overwhelming response to the project, Ministry of Textiles through Office of DC (Handicrafts) and DC (Handlooms) prepared an Urban Haat Scheme to establish another 18 Urban Haats in the country during the 9th Five Year Plan. A provision for establishment of 20 Urban Haats has been agreed to during the 10th Five Year Plan. Till date, Urban Haats sanctioned in the States are at Ahmedabad (Gujarat) Agra (U.P.), Tirupati (AP), Kolkata (WB), Uchana (Karnal)(Haryana), Jammu (J&K), Gohar Mahal (M.P.) Raipur (Chhattisgarh) Dehradun (Uttranchal) Guwahati (Assam) Kanpur (U.P.) Srinagar (J&K) Thiruvanthapuram (Kerala) Bhubaneswar (Orissa) & Lucknow (U.P.), Agartala (Tripura), Jaipur & Jodhpur (Rajasthan), Surat & Bhuj (Gujarat), Ranchi & Hazaribagh (Jharkhand). Patiala (Punjab) & Varanasi (U.P.) Urban Haats at Thirupathi, Uchana, Jammu and Bhubneswar have started



Second meeting of India-Australia Joint Business Group on Natural Fibres & Textiles at Canberra on 10 July 2002.

functioning. The remaining Urban Haats are at different stages of completion. One Urban Haat ensures direct fortnightly market facilities to approximately 5,000 craftpersons/weavers in one year.

WOOL

An India Australia Joint Business Group on Natural Fibres and Textiles has been established in February, 2000 to provide a formal government framework within which commercial interests would work cooperatively to develop bilateral trade and market linkages in the areas of wool, cotton and other natural fibres and textiles. The 2nd meeting of the Joint Business Group was held in Canberra, Australia on

10th July, 2002. The Indian delegation was led by Shri Shashi Bhushan, Director, Ministry of Textiles, who also co-chaired the meeting. In the meeting, it was agreed that both countries would enhance bilateral cooperation in areas concerning education and training, product development, market access, research and development by taking up the following initiatives: -

- i) Absorptive Capacity Study on the requirement of trained personnel in the Indian Woolen Industry;
- ii) Curriculum Review of training institutes in order to enhance the wool content to meet the requirements of the Indian Woolen industry;

- iii) Collaboration between RMIT (Australia) and NIFT(India) in the area of fashion, design and marketing;
- iv) R&D in the area of blending of natural fibre – cotton, wool, jute and pashmina/cashmere and silk; and
- v) Study on the Demand & Supply Chain of raw wool from Australia.

TEXTILE EXPORTS

Textile exports during the period of April-November 2002 amounted to US\$ 7859.9 million as against US\$ 7137.4 million during the same period in the previous year, recording an increase of around 10%. Thus, textile exports have again started recording positive growth from the current fiscal year.

Having regard to the anticipated demand in coming months coupled with the timely initiatives taken by the Ministry to resolve exporters' problems, textile exports during the year 2002-03 are expected to be in the range of US\$ 13 billion.

A number of measures were taken by the Ministry towards strengthening the textile industry for meeting the growing global competition and for achieving export targets, besides launching of new schemes. The cost of textile machinery has also been lowered through fiscal duty measures. DEPB rates for certain textile products were rationalized. In order to reduce transaction cost and time of exporters, EMD/BG amounts were reduced and date for utilizing quotes were extended. Large quantities were opened for most categories under FCFS/RGE

system of the Quota Policies with a view to providing quotas to garment and textile exporters on a continuous clearance basis. Apparel International Mart is coming up at Gurgaon with financial assistance from the Government; the mart would provide world class facility to the apparel exporters to showcase their products and serve as a one-stop shop to the reputed international buyers.

The Garment and Knitwear Quota Policy was amended from time to time to align some of its provisions to the emerging situation and to make them more transparent and exporter friendly. Notifications have been issued regarding changing the last dates of realisation of exports from 31st August to 31st December in sub-para 5(iii) and 7(iv) of the garment & knitwear export entitlement (quota) policies 2002-2004 and allowing NQE on exports made to Russia against freely convertible currency.

REHABILITATION SCHEME FOR NTC MILLS

Rehabilitation Schemes have been sanctioned for nine subsidiaries of NTC covering 119 Mills. As on 31.12.2002, 31 Mills have been closed and around 18,000 employees had been given VRS amounting to Rs. 544 crore.

TEXTILES IN NORTH EASTERN REGION

Following adoption of Prime Minister's package for development of the region, special focus is being given to implementation of textiles and textile based



activities, like handicrafts, handlooms, sericulture and jute in the North Eastern Region (NER). The important follow up action already taken in this regard include raising the share of Central assistance (excluding for marketing) to 90 percent for all Centrally Sponsored plan schemes, as well as strengthening the North Eastern Handicrafts & Handlooms Development Corporation (NEHHDC), now under the administrative control of the newly created Department of North Eastern Region (DONER).

During 2001-02 a total plan outlay of Rs 42 crore was provided for NER and an amount of Rs.42.06 crore was spent on

the development schemes being implemented in the NER. For the current year 2002-03 a total provision of Rs. 47 crore has been made for the region, which includes Rs 22 crore for handlooms, Rs 15 crore for Sericulture, Rs.9.50 crore for handicrafts and Rs 0.50 lakh for jute sector respectively.

OFFICIAL LANGUAGE IN THE MINISTRY

A number of steps are being taken for the Implementation of Official Language Policy and progressive use of Official Language Hindi in the Ministry :

- **Meetings of Official Language**



Prize distribution by Hon'ble Minister of State (Textiles) during Celebration of Hindi Pakhwara 2002.

Implementation Committee

Meeting of Official Language Implementation Committee in this Ministry under the Chairmanship of Joint Secretary (Admn.) is being regularly organised in each quarter. Last Meeting was organised on 30.12.2002.

- **Meetings of Hindi Salahkar Samiti**

Ministry is regularly organising its Meeting of Hindi Salahkar Samiti. Eight such meetings have since been organised by this Ministry. Its Seventh meeting was organised on 10th October 2002 in Kolkata and the Eight meeting in Mumbai on 3rd February 2003 under the Chairmanship of Hon'ble Minister of Textiles.

- **Organising Hindi Pakhwada (Fortnight)**

A Hindi fortnight, w.e.f. 16th September 2002 to 30th September 2002 was organised in the Ministry, in which competitions on Official Language were held on Typing, debate, poetry, etc. Officials and staff of the Ministry of Textiles participated in these competitions with enthusiasm. Awards were given to the winners by Hon'ble Minister of State for Textiles in order to give encouragement to the officials and staff of the Ministry of Textiles to increase the progressive use of Official Language in their official work.