CHAPTER XII

PUBLIC SECTOR UNDERTAKINGS

NATIONAL TEXTILE CORPORATION LIMITED

National Textile Corporation Ltd (NTC) was set up with the main objective of managing the affairs of the Sick Textile Undertakings taken over by the Government. It was also proposed to rehabilitate and modernize these Mills after the take-over and expand them wherever necessary with a view to making them economically viable.

NTC was incorporated in April, 1968 and started functioning in October, 1968. At present there are 119 mills, managed by the Holding Company and its 9 subsidiary Corporations namely, NTC (APKKM), NTC(DPR), NTC(MP), NTC(MN), NTC(SM), NTC(GUJ), NTC(TN&P), NTC(UP) & NTC(WBABO).

CAPITAL STRUCTURE

The NTC Ltd. (Holding Company) started with an Authorized Capital of Rs.10.00 Crores which was raised from time to time. It stands at Rs. 600 Crores as on date. During 2001-02, the Govt. of India sanctioned conversion of Loan amounting to Rs.28 Crores into Equity in respect of NTC(TN&P) Ltd. The paid up capital as on date is Rs. 540.10 Crores which is fully owned by the Govt. of India.

CAPACITY

The Installed capacity of the mills under the NTC Group as on 30.11.2002 is 22.52 lakh spindles and 15891 looms. This is because 31 mills have been closed under Industrial Disputes Act since 1.4.2002.

PERFORMANCE DURING 2001-2002 & 2002-03

Financial Results:

The Group’s net loss & Cash Loss for the year 2001-2002(audited) & 2002-03 (Estimated) is given below:

(Rs. in crores)

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Particulars</th>
<th>For the year 2001-02</th>
<th>For period April-Sept.'02</th>
<th>Projected for the year 2002-03</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Net Loss</td>
<td>616.66</td>
<td>835.81</td>
<td>1650.00</td>
</tr>
<tr>
<td>2</td>
<td>Interest on GoI Loan</td>
<td>530.00</td>
<td>214.59</td>
<td>430.00</td>
</tr>
<tr>
<td>3</td>
<td>Depreciation</td>
<td>11.66</td>
<td>4.78</td>
<td>10.00</td>
</tr>
<tr>
<td>4</td>
<td>VRS</td>
<td>46.98</td>
<td>356.39</td>
<td>800.00</td>
</tr>
<tr>
<td>5</td>
<td>Cash Loss (Before interest on GoI Loan, Depreciation and VRS)</td>
<td>28.02</td>
<td>260.05</td>
<td>410.00</td>
</tr>
</tbody>
</table>
In 2001-02, NTC entered into a One Time Settlement with Banks & Financial Institutions and have paid Rs.248 crore through 9.5% Tax-free 5 year Bonds against the amount outstanding as on NPA date. The Banks & FIs have waived of interest amounting to Rs.524.85 crore from the NPA date, which in most of the cases was 31.3.93/94, upto 31.3.2002. Hence the Net Loss for the year 2001-02 is comparatively lower. Four major factors, namely, shortage of working capital, stoppage/curtailment of activities, payment of idle wage to employees and lack of modernization put together, are responsible for deteriorating performance of NTC mills.

Production

The production of Yarn & Cloth (including Job Work) in NTC Mills during 2001-02, April-Sept’02 and expected for the year 2002-03 is given below:

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Particulars</th>
<th>Yarn Million Kgs.</th>
<th>Cloth Million Mtrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2001-02*</td>
<td>50.71</td>
<td>35.34</td>
</tr>
<tr>
<td>2</td>
<td>April-Sep.’02*</td>
<td>22.94</td>
<td>15.77</td>
</tr>
<tr>
<td>3</td>
<td>2002-03**</td>
<td>60.00</td>
<td>35.00</td>
</tr>
</tbody>
</table>

* Actual ** Expected

Turnover

The sales of Yarn & Cloth (including Job Work) in NTC mills during 2001-02, April-Sep.’02 and expected for the year 2002-03 is given below:

The sales of the Market yarn (own) in value terms during the year 2001-02 is in the order of Rs.267.93 crore and for the period April-Sep 2002, is approx. Rs.122.52 crore.

Exports

NTC has exported bed sheets, terry towels & grey cloth worth Rs.16.60 crore during the year 2001-02. Exports to the tune of Rs.11.15 crore have already been executed during the period April-Sep’02. The total exports during 2002-03 are expected to be in the order of Rs.23.50 crore.

Employment

At the end of March 2002, there were 78946 employees on roll in NTC Group. During 2002-2003, upto 30.11.02, 15393 employees have gone on VRS and an amount of Rs.458.29 crore was paid to them. This has
resulted in savings in wages & salaries of about Rs.6 crore per month since Dec’02. NTC proposes to relieve further about 6000 employees from Dec.’02 to March’ 03 and is expected to spend about Rs.250 crore as VRS compensation.

**Readymade Garments**

*NTC has diversified into production and sale of readymade garments by using NTC produced cloth. These include shirts, trousers, Bermuda, shorts, handkerchiefs, kurta-pyjamas etc. These have resulted in boosting up of retail sale. They have been widely accepted in the market.*

**REHABILITATION**

**The Schemes**

Govt. of India has sanctioned Rehabilitation Schemes for 9 subsidiaries covering 114 mills. Revival Scheme for the balance 5 mills with NTC(HC) is under consideration. The salient features of the scheme are given below:

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

**Action taken by NTC so far:-**

- 5 years 9.5% Govt. Guaranteed Tax-Free Bonds worth Rs.248.67 Crores to Banks & Financial Institutions against One Time Settlement of their dues.
- Rs.500 crore mobilized through Govt. Guaranteed NTC Bonds for payment of VRS to surplus employees.
- Rs.250 crore is being mobilised further through similar Bonds;
- Paid VRS compensation amounting to Rs.458.29 crore to 15393 employees upto 30.11.02.
- An amount of Rs.15 crore have been paid to clear the PF&ESI dues of those employees who have gone on VRS.
- Closed 31 non-working unviable mills. Another 13 mills are expected to be closed by 31.3.2003.
- Sold surplus Plant & Machinery worth Rs.20.76 crore in respect of 15 mills upto 30.11.2002;
- Mobilisation of about Rs.100 crore is expected by 31.3.2003 from the sale of surplus land and other assets like Plant and Machinery.
- An agreement has been entered into with CCI to provide cotton on credit of 45 days to overcome the problem of shortage of working capital;
Maintenance/purchase of spare parts of Machinery in some of the running mills is being undertaken to improve production/utilization.

THE BRITISH INDIA CORPORATION LIMITED, KANPUR

The British India Corporation Ltd. was taken over by the Government of India on 11.6.1981 by acquisition of all Private shares. The BIC has two woollen mills, namely, Cawnpore Woollen Mills Branch (Lalimli) and New Egerton Woollen Mills Branch (Dhariwal) under its direct control. Besides it has two cotton Subsidiary companies, namely, Elgin Mills Co. Ltd. and Cawnpore Textiles Ltd. The total share capital of the BIC is Rs.44.66 crores out of which the share holding of the Government of India is Rs.42.96 crore. The total number of employees in the BIC is 3147.

Financial Performance

The net loss for the financial year 2001-2002 was Rs.46.12 crore. The cumulative net loss upto 2001-02 is Rs.495.14 crore against which cumulative budgetary support including amounts released for salaries and wages is Rs.240.32 crore. The main reasons for losses suffered by BIC Ltd. include obsolete machinery, excess manpower, shortage of working capital etc.

Physical Performance

Production during the year 2001-02 increased by 42% from 11.85 crore to 16.93 crore which is the highest since 1995-96. This trend towards increase of production is continuing in the year 2002-2003. This increase in production has been brought about through improvements in utilization and efficiency. Spinning utilisation has increased 40% from 12.42% to 17.45%; and that of Sulzer Weaving by 44% from 31.78% to 45.83%. These improvements are continuing in the current year and with the implementation of the revival scheme of BIC Ltd. considerable further improvements are expected.

Sale during the year 2001-2002 improved by 31% from Rs.11.36 crores to Rs.14.95 crores. Realisations have also gone up by up 59% from 9.43 crores in 2000-2001 to 15.08 crores in 2001-2002.

Hearing of BIFR

BIC Ltd. filed an application before BIFR on 24.12.2000 along with revival proposal approved by Govt. of India and Techno-Economical Viability Plan. BIFR in its hearing held on 13.6.2001 appointed IDBI as the Operating Agency(OA) to prepare a Draft Rehabilitation Scheme (DRS). On 15.2.2002 the OA(IDBI) submitted its final report along with the rehabilitation scheme conveying consensus of all. Based on this report of the OA, BIFR circulated a draft scheme on 18.6.2002 and at its hearing on 13.9.2002 approved the said scheme to be circulated as “Sanctioned Scheme” u/s 18 of SICA. Revival of BIC Ltd. as approved by BIFR is presently in progress.

THE ELGIN MILLS COMPANY LIMITED, KANPUR

The Elgin Mill Company Ltd., is a Composite Textile Mill known as Elgin Mill No. 1 and Elgin Mill No. 2 and is a subsidiary of the British India Corporation Ltd., Kanpur. It has an installed capacity of 1,18,092 spindles and 2,376 looms and employs 46 workers & staff as on 31.3.2002(who have not opted
Physical & Financial Performance

The capacity utilisation both spinning and weaving for the year 2001-02 was ‘Nil’ (the mills operation has been totally stopped since December, 1995). The accumulated net loss as on 31.3.2002 stood at Rs.852.75 crores including interest of Rs.432.04 crores on Government loan.

Reference to the BIFR

BIFR on September, 1994 recommended winding up of the Elgin Mills Company Ltd., before the Hon’ble High Court, Allahabad. The appeal preferred by the Company before AAIFR against the order of BIFR has been dismissed on 9th May, 1997. The Hon’ble High Court, Allahabad has passed order for winding up of the Company and appointment of Liquidator on 29th September, 1999. On Special appeal No. 1121/99 preferred against aforesaid order of the Hon’ble High Court passed on 13th October, 1999 staying further action of take over by the Official Liquidator. The stay order dated 13.10.99 granted by the Hon’ble High Court, Allahabad against the order of liquidation dated 29.9.1999 stood vacated on 18.8.2000 by an order dated 24.7.2000 and the order of liquidation thus was deemed to have been enforced as from 19.8.2000. After this date though workers and employees were not entitled to payment of wages and salaries as per law, yet as a special case, to protect the interest of the workers with a view to providing a safety net to the employees, the Government of India decided to offer a package of Voluntary Separation Scheme for the employees from 1.6.2001 to 30.6.2001.

The Govt. has advised to examine the feasibility of running one mill out of the three mills of the cotton subsidiaries of BIC Ltd. i.e. two mills of the Elgin Mills Co. Ltd. and one mill of Cawnpore Textile Ltd. Accordingly, Allahabad High Court has been requested to keep in abeyance the order of taking over of the Elgin Mills Company Ltd. by the official liquidator till the examination of feasibility of reviving one mill is over and decision on the subject is taken.

CAWNPORE TEXTILES LIMITED, KANPUR

The Cawnpore Textiles Limited is a Cotton Textile Subsidiary of the British India Corporation Limited, located at Kanpur. It has an installed capacity of 37800 spindles, 604 looms per shift and all the employees have opted VSS except 3 only as the VSS was implemented from 1.6.2001 to 30.6.2001 only.

Physical & Financial Performance

The production has been completely stopped since 12th May, 1997 after the disclosure of Government order discontinuing the Budgetary support against salary & wages and VRS after 11th August, '97 (original date extended till 22.3.2000). The accumulated net losses as on 31.3.2002 stood at Rs.137.86 crore including interest on loans from government and financial institutions.

Reference To BIFR

BIFR in January, 1995 recommended winding up of the Cawnpore Textile Ltd., before the Hon’ble High Court, Allahabad. The appeal preferred by the Company before
AAIFR against the order of BIFR had been dismissed on 9th May, 1997. The Hon’ble High Court, Allahabad has passed order for winding up of the Company and appointment of Liquidator on 29th September, 1999. On Special appeal No. 1161/99 preferred against aforesaid order of the Hon’ble High Court passed on 28th October, 1999 staying further action of take over by the Official Liquidator. The stay order dated 28.10.99 granted by the Hon’ble High Court, Allahabad against the order of liquidation dated 29.9.1999 stood vacated on 18.8.2000 by an order dated 24.7.2000 and the order of liquidation thus was deemed to have been enforced as from 19.8.2000. After this date though workers and employees were not entitled to payment of wages and salaries as per law, yet as a special case, to protect the interest of the workers with a view to providing a safety net to the employees, the Government of India decided to offer a package of Voluntary Separation Scheme for the employees from 1.6.2001 to 30.6.2001.

BIRDS JUTE & EXPORT LTD. (BJEL), KOLKATA

The Birds Jute & Export Ltd., is the only subsidiary Corporation of the National Jute Manufactures Corporation (NJMC) Ltd. This company has been incurring losses for the last several years. The total sales have decreased from Rs. 166 lakhs in 1994-95 to Rs. 12.95 lakhs in 2001-02. As on Nov’ 02 the sales of the Company was Rs. 27.12 lakhs. The losses suffered by the Corporation during the past years have also been increasing continuously. The reasons for loss were poor machinery condition coupled with the steep increase in input price, high increase in wage costs and huge interest on loans. Poor off take in the market is also the reason for recurring losses.

A viability report submitted by BJEL was not found feasible because some of the estimates of production and profitability appear to be too optimistic. It was also understood that no public interest would be served by reviving this company even though it envisaged for generation of resources from sale of land. It was therefore, considered in the best interest of BJEL and the Government to give VRS to all employees and close the mill under ID Act and sell the assets to liquidate the liabilities including loans to Government of India and NJMC.

NATIONAL JUTE MANUFACTURES CORPORATION LIMITED (NJMC), KOLKATA

National Jute Manufactures Corporation Limited (NJMC) was incorporated in 1980. There are six nationalised Jute Mills (National, Kinnison, Khardah, Alexandra, Union and RBHM) under its management of which five are located in and around Kolkata and one at Katihar, Bihar. NJMC is the only Public Sector Undertaking engaged in Jute goods manufacture. The Mills produce traditional Jute goods like Hessian, Sacking, Jute Twine and also Jute Carpet Backing Cloth (CBC).

Production, Productivity & Performance:

At the time of nationalization production of the mills under NJMC was around 1.10 Lac tons per annum, which went up to 1.33 Lac...
tons in the year 1985-86. There is however, a decline in production during the last several years. The present trend of production, productivity & performance is tabulated below:

Reference to BIFR:

In view of continuous cash loss and complete erosion of net worth, NJMC was referred to the Board for Industrial and Financial Reconstruction (BIFR) on 11th Aug. 1992. However, the BIFR in its last meeting held on 04.04.2002 did not agree with the approach of the Government and directed that an effort should be made by the Government to revive some of the mills on its own. Since the revival of any of the units by the Government is not possible without large infusion of funds and financial constraints involved, it has been decided to consider closure of some of the units of NJMC in phases, under the ID Act.

THE JUTE CORPORATION OF INDIA LTD. (JCI) KOLKATA

The Jute Corporation of India Ltd. is the Official Agency of the Government of India in implementing its policy of providing Minimum Support Price to the jute growers and to serve as a stabilizing agency in the raw jute sector. However, in years when prices of raw jute had ruled above the minimum support level the JCI had also undertaken Commercial Operation. It has completed 31 years of service to the jute growers in April, 2002.

Physical & Financial Performance

<table>
<thead>
<tr>
<th>Physical &amp; Financial Performance</th>
<th>For the Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nov’02</strong></td>
<td></td>
</tr>
<tr>
<td>Production (in MT)</td>
<td>46605</td>
</tr>
<tr>
<td>Prodn./day (M.T)</td>
<td>214</td>
</tr>
<tr>
<td>Avg. Daily</td>
<td></td>
</tr>
<tr>
<td>Complement</td>
<td>20952</td>
</tr>
<tr>
<td><strong>Financial Results:</strong></td>
<td>Rs in Lac</td>
</tr>
<tr>
<td>Sale Value of Production</td>
<td>11489</td>
</tr>
<tr>
<td>Cost of Production:</td>
<td></td>
</tr>
<tr>
<td>Jute Cost</td>
<td>5857</td>
</tr>
<tr>
<td>Salaries &amp; Wages</td>
<td>14512</td>
</tr>
<tr>
<td>Stores &amp; Spares</td>
<td>861</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>2473</td>
</tr>
<tr>
<td>Interest</td>
<td>1004</td>
</tr>
<tr>
<td><strong>TOTAL COST</strong></td>
<td>24707</td>
</tr>
<tr>
<td>Cash Loss (Excluding interest on GOI Loan)</td>
<td>13218</td>
</tr>
<tr>
<td>GOI Loan</td>
<td>9600</td>
</tr>
</tbody>
</table>

*Arising out of Working Capital crunch, most of the units of NJMC were operating partially during the Current year.
Infrastructure
Currently JCI is operating through 171 purchase centers situated in 7 jute growing States, namely, West Bengal, Assam, Meghalaya, Bihar, Orissa, Andhra Pradesh and Tripura. In order to increase its market coverage JCI during the current season, it has involved cooperative Societies of the jute growing States to participate in the MSP operation in raw jute/mesta their centers. In response to this, 68 cooperative centers are acting as agents of JCI in procuring raw jute during the current seasons 2002–2003 under MSP operation. Apart from this attempts were made to utilize the village level service societies to procure raw jute directly from the growers and to deliver the same to their nearest JCI/Cooperative centers. During the current season, the Corporation procured a quantity of 16,55,139 quintals through its own purchase centres and 4,87,342 quintals through its agent Cooperatives i.e. altogether 21,42,481 quintals, equivalent to approximately 11.90 lakh bales as on 31.12.2002 under Minimum Support Price operation.

Range of Services Provided:
Price Support operation aims at procuring raw jute from the small and marginal farmers at the minimum support prices (MSP) fixed by the Government of India from time to time.

Undertaking price support operation by the Corporation was found to be most effective measure to arrest inter-seasonal and intra-seasonal fluctuation in raw jute prices as it creates a notional buffer stock in siphoning the excess supply in the market.

Another important activity of the Corporation is to undertake Commercial operation i.e. purchase of raw jute at prices above the minimum support level on commercial consideration to generate profit.

The Corporation has entered the field of marketing of non-traditional jute products in collaboration with the Jute Manufactures Development Council with inauguration of a Sales Emporium named ‘SONALI’ at Kolkata in April, 1989.

The Corporation also provides service in the filed of marketing research and acts as a decision support system in the field or agriculture marketing.

NATIONAL HANDLOOM DEVELOPMENT CORPORATION (NHDC) Ltd., LUCKNOW

National Handloom Development Corporation (NHDC) Ltd., Lucknow was set up in February, 1983 by the Government of India as an autonomous body under the Companies Act, 1956, in pursuance of the imperative need for a National Level Agency to assist the Government in the speedy development of the Handloom Sector by Co-ordinating the procurement and supply of inputs at reasonable prices, augmenting the marketing efforts of State Handloom agencies and initiating developmental activities for upgrading the technology in the handloom sector and improving their productivity.

The main objectives of the Corporation are:-

1. To carry on the business of all types of yarn for the benefit of the handloom sector.

2. To organize supply of quality dyes and
related materials needed by the handloom sector.

3. To promote marketing of handloom fabrics including exports.

4. To aid, assist and implement the projects connected with the production of handloom fabrics including taking up modernization programme, technology for the handloom sector.

The total authorized capital of NHDC Ltd., is Rs.20.00 crore and its paid up capital was Rs.18.00 crore upto the year 2001-02. During the year 2002-2003, a further sum of Rs.1.00 crore has been released to NHDC as equity participation.

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

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TURNOVER</th>
<th>PROFIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999 – 2000</td>
<td>21697.48</td>
<td>92.08</td>
</tr>
<tr>
<td>2000 – 2001</td>
<td>19470.66</td>
<td>33.00</td>
</tr>
<tr>
<td>2001 – 2002</td>
<td>21056.71</td>
<td>33.37</td>
</tr>
</tbody>
</table>

For the year 2001-2002, the Corporation has paid dividend of a sum of Rs.13.50 lakh to the Government of India.

The NHDC supplied 207.12 lakh kg of yarn of the value of Rs.187.38 crore and 14.17 lakh kg. of dyes and chemicals of the value of Rs.17.63 crore during the year 2001-2002 to user agencies. During the current year 2002-2003, 310.53 lakh kg of yarn of the value of Rs.24,258.97 lakh and 11.14 lakh kg. of dyes and chemicals of the value of Rs.1204.98 lakh were supplied to the user organizations upto December 2002.

THE COTTON CORPORATION OF INDIA LTD., MUMBAI (CCI)

The CCI was set up in 1970. It came into existence with the objective of acting as the canalising agency for import of cotton and undertaking purchase of raw cotton for giving necessary price support to enterprising cultivators growing new varieties of cotton developed as substitute for imported Long and Extra Long Staple Cotton and also for procuring raw cotton for textile mills both in public and private sectors. Over the years, its operations have undergone significant changes in tune with the needs of the Indian cotton economy during the past two decades. Subsequently, the CCI’s role was expanded to carry out commercial operations including exports of cotton.

With the launching of the Technology Mission on Cotton, the CCI has now been made the implementing agency for Mini Missions III and IV, relating to improvement of marketing infrastructure and modernisation of existing ginning and pressing factories.

The net profit of the Corporation was Rs.12.29 crore in the year 2001-2002 as against net loss of Rs.8.58 crore in the previous year. The sales turnover of the Corporation is expected to be around Rs.1,000 crore during the year 2002-2003 as compared to Rs.628.26 crore in the year 2001-2002.

The CCI’s sales of cotton to the quality conscious mills in the private sector (particularly the 100% Export Oriented Units) marginally increased from 72.4 per cent in 2000-01 to 78.2% during the year
2001-2002. The sales to NTC mills registered a nominal decrease from 14.5% to 10.3% during the year 2001-02.

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

The developmental activities involved ‘Village Adoption Programme’ for dissemination of technology to the farmers to increase the yield per hectare, distribution of genetically pure certified seeds and pesticides, distribution of genetically improved parental lines of DCH-32 variety, funding Research Projects for genetic improvement of parental lines of DCH-32 Hybrid cotton in Karnataka, crop surveillance, Research Projects on naturally coloured cotton, promotion of medium staple cotton, promoting cotton cultivation in non-traditional cotton growing States etc. For the various developmental activities listed above, the Corporation spent an amount of Rs. 10.94 lakhs during the year 2001-2002.

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

The performance of the CCI, as per the Memorandum of Understanding (MOU) for the year 2001-2002 is likely to be rated as ‘Very Good’. The MOU for the year 2002-2003 has also been signed with the Ministry of Textiles in March 2002.

HANDICRAFTS AND HANDLOOMS EXPORTS CORPORATION

The Handicrafts and Handlooms Exports Corporation of India Limited (HHEC) was set up in June 1962 with the twin objectives of (i) export promotion and (ii) trade development of handicrafts and handlooms products. HHEC is a trading house engaged in exports of handicrafts and handlooms products (including hand knotted woolen carpets and ready-made garments) besides undertaking export of gold and silver Jewellery/Articles. In the year 1997-98, HHEC along with other ten agencies was nominated for import of bullion under OGL and sale in the domestic market. In keeping with its plan for diversification HHEC also undertook import of mulberry raw silk, cotton and timber.

Capital

The authorized share capital of HHEC remained Rs. 20.00 crore and paid up Capital was enhanced from Rs. 11.82 crore to Rs. 13.82 crore through equity investment participation by the Government during the year 2001-2002.

Turnover

Despite the adverse market conditions the Corporation has achieved a turnover of Rs. 333.94 crore during the year 2001-2002 as compared to Rs. 426.07 crore in the previous year. However, the total exports
increased to Rs. 82.80 crore as against last year of Rs. 81.83 crore.

**Working Results**

The year in retrospect was a tough one for the Indian Industry in general and especially for the export sector. During this difficult period, the Corporation took a number of initiatives on cost reduction, renewed marketing strategies, improvement in efficiency and productivity, which had a favourable impact on the working results of the Corporation. During the year total income amounted to Rs. 21.30 crore as against Rs. 27.02 crore last year, this decrease was mainly on account of loss of direct export turnover. A provision of Rs. 0.26 crore (previous year Nil) has been made towards Income Tax. Net Profit after prior period items and provisions for Income Tax amount to Rs. 3.01 crore (previous year Rs. 6.03 crore). The company maintained paying dividend continuously for last five years & paid to the Government a dividend of 20% (previous year 20%) on the enhanced paid up Equity Share Capital of Rs. 13.82 crore (previous year Rs. 11.82 crore). The total amount of dividend paid is Rs. 2.76 crore as against Rs. 2.61 crore including dividend tax, for the previous year.

The Corporation has been awarded “Certificate of Merit” by the Handlooms Export Promotion Council, Ministry of Textiles, Govt. of India for “Outstanding Exports of Cotton Handloom Products” for the year 2000-01. The Corporation has also been awarded “Best Exporter” for the year 2000-01 by The Handlooms & Textiles Department, Govt. of Tamil Nadu.

**Statistics**

The summarized working results for the last 3 years alongwith targets for 2002-2003 is given in table below:-

**Upgradation of the Company**

The Government has recognized the performance of the Corporation and has upgraded the Corporation from Schedule ‘C’ to Schedule ‘B’.

**Memorandum of Understanding**

A Memorandum of Understanding for the year 2001-2002, duly approved by the High Power Committee in the Department of Public Enterprises, was signed between Ministry of Textiles and the Corporation on

(Rs. in crores)

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Turnover</td>
<td>370.12</td>
<td>426.07</td>
<td>333.94</td>
<td>547.41</td>
<td>301.66</td>
</tr>
<tr>
<td>Export</td>
<td>62.55</td>
<td>81.83</td>
<td>82.80</td>
<td>110.76</td>
<td>84.66</td>
</tr>
<tr>
<td>Import</td>
<td>306.38</td>
<td>342.23</td>
<td>247.89</td>
<td>435.00</td>
<td>216.02</td>
</tr>
<tr>
<td>Retail</td>
<td>1.19</td>
<td>2.01</td>
<td>3.25</td>
<td>1.65</td>
<td>0.98</td>
</tr>
<tr>
<td>Net Profit</td>
<td>4.01</td>
<td>6.03</td>
<td>3.27</td>
<td>3.40</td>
<td>1.42</td>
</tr>
<tr>
<td>Net Profit after tax</td>
<td>4.01</td>
<td>6.03</td>
<td>3.01</td>
<td>3.25</td>
<td>1.42</td>
</tr>
<tr>
<td>Dividend</td>
<td>0.83</td>
<td>2.36</td>
<td>2.76</td>
<td>To be announced</td>
<td>-</td>
</tr>
</tbody>
</table>
28.03.2001. The Performance Evaluation Report for 2001-2002 MOU on the basis of provisional has data been submitted to the Department of Public Enterprises and based on the provisional data, the Corporation is set to be rated “Very Good”.

The Corporation has also received “Certificate of Merit” from Hon’ble Vice President of India for “Excellent” MOU performance for the years 1999-2000 & 2000-2001.

**Export Promotion and Trade Development**

The focus of the Corporation continues towards maintaining a harmonious blending of its developmental role with commercial activities. As in the past, the Corporation continued to play a leading role in the promotion of Indian handmade crafts and textiles products in foreign markets. And with a view to provide design inputs, training and marketing support to artisans, the Corporation had undertaken the revival and development of traditional embroidered crafts from Kashmir; Design Development on traditional and hand crafted based items using integrated techniques; and Design and Development project on Silver Filigree, Packaging Products & blending of yarns. In order to take advantage of pooling of resources and talent with different agencies, MOU were entered into with NEHHDC Limited and NID, Ahmedabad and also joint exhibitions were held with CCIC of India Limited in Dubai and Abu Dhabi.

**Achievements upto 30th November, 2002**

HHEC has achieved turnover of Rs. 301.66 crores upto November 2002 which includes export of Rs. 84.66 crores, domestic sale of Rs 0.98 crores and import of Rs. 216.02 crores as against turnover of Rs. 176.12 crores during the corresponding period last year which includes exports of Rs 60.12 crores, domestic sales of Rs.0.69 crores and imports of Rs115.31 crores. The net profit upto November 2002 is Rs 1.42 crores.

**CENTRAL COTTAGE INDUSTRIES CORPORATION OF INDIA LTD. (CCIC), New Delhi**

The Central Cottage Industries Emporium was established in Delhi in the year 1952 under the management of the Indian Co-operative Union and was later on taken over by the Central Cottage Industries Association in 1964. The Central Cottage Industries Corporation of India was incorporated on 4.2.1976 as a wholly owned subsidiary of the Handicrafts and Handlooms Export Corporation of India Limited (HHEC). With effect from 27.3.1991, CCIC ceased to be a subsidiary of HHEC of India Limited and was brought under the administrative control of the Ministry of Textiles, as an independent public sector undertaking.

The main objective of the CCIC is to be a dealer, exporter, manufacturer and agent of Indian quality handicrafts and handlooms and to develop markets for these products in India and abroad. It also engages in export activities and is an eligible export house. The Corporation has five showrooms at Delhi, Kolkata, Mumbai, Bangalore & Chennai. The Corporation has its own production center at NOIDA for manufacture of readymade garments and accessories.