REPORT OF

THE WORKING GROUP ON

TEXTILES & JUTE INDUSTRY

FOR

THE ELEVENTH FIVE YEAR PLAN

(2007-2012)

सत्यमेव जयते

GOVERNMENT OF INDIA
MINISTRY OF TEXTILES

P R E F A C E

The textile industry, undoubtedly, one of the most important segments of the Indian economy is on the threshold of the exponential growth process. The factors like buoyant domestic economy, conducive policy environment and elimination of quotas in the international market are fueling its growth raising expectation of an unprecedented growth level.

2. Economic planning is an integral part of the development of any industry. The textile industry at this juncture needs an 'approach' which is based on 'out of box thinking' for addressing the issues which might hamper its growth.

3. The Working Group while drawing up its plan for the textile industry has critically examined the SWOT analysis of this industry; had extensive interactions with all the major segments of the industry to obtain their views and has taken into consideration the recommendations of the various industry specific Sub-Groups.

4. The strategy suggested to facilitate textile industry to grow at 16 percent in value terms and reach the level of US$ 115 billion by the terminal year of the Eleventh Plan interalia include –

- Continuation of the schemes to consolidate and provide competitive edge to our inherent strength in wide and diverse raw material base of cotton, man-made, silk, wool and jute.
- Facilitate the modernisation and technological upgradation of the different segments of the industry to make it internationally competitive.
- Address the problem of infrastructure bottlenecks by suggesting continuation of the textile specific infrastructure schemes.
- To suggest schemes / policies for meeting the demand / supply gap in the critical inputs like textile machinery and human resources which have the capacity to hamper the growth of the industry.
- Labour law reforms to attract investment in large size units.
- Liberalise procedures to attract Foreign Direct Investment (FDI) in specific areas of textile industry needing FDI to bridge the gap between domestic investment and required investment.

- Brand promotion and support for quality design to increase the value addition of the industry.

5. The decade 2006-2015 is the decade of manufacturing for India. The National Manufacturing Competitive Council (NMCC) has emphasized on the need for focused attention to the specified sectors of the manufacturing which are labour intensive and also enjoy competitive advantage. The textile and clothing industry is identified as one such sector. The Working Group has suggested a plan of action including higher plan outlay to enable this industry to realize its full potential during this Plan period.

6. The implementation of the strategies proposed in this report would unleash the investment to the extent of Rs.1,50,600 crore and lead to speedy development of the textiles and jute sector resulting in achieving the desired objectives and targets.

(A. K. SINGH)
Secretary, Ministry of Textiles &
Chairman of the Working Group

New Delhi: 1st December 2006.

ACKNOWLEDGEMENT

The Working Group appreciates the contribution and efforts made by the Chairpersons and members of the various Sub-Group and members of the Working Group. The contribution of various industry associations particularly Confederation of Indian Textile Industry (CITI), South India Mills Association (SIMA) and Association of Synthetic Fibre Industry (ASFI) is also acknowledged. The Group also acknowledges the guidance and support received from the Planning Commission.

2. The Working Group would like to place on record the highest sense of appreciation for dedicated and sincere efforts made by Shri Jamini Kumar Sharma, Joint Secretary ,Ministry of Textiles, Shri J. N. Singh, Textile Commissioner and Member Secretary of the Working Group, Smt. Shashi Singh, Joint Textile Commissioner, Office of the Textile Commissioner and Dr. Md. Nazmuddin Deputy Economic Adviser, Ministry of Textiles in drafting of the detailed and comprehensive report of the Working Group.

CONTENTS

LIST OF APPENDICES

LIST OF TABLES

INTRODUCTION

The Planning Commission, vide its letter No.I&M-3 (17)/2006 dated 22nd May, 2006 constituted a Working Group for the Textiles & Jute Industry for the Eleventh Five Year Plan under the Chairmanship of Shri D. P. Singh, Secretary (Textiles) and Shri J. N. Singh, Textile Commissioner as Member Secretary. The composition and terms of reference of the Working Group are at **Appendix - A**.

2 The Working Group constituted eight Sub Groups on Textiles and Apparel Industry, Powerlooms, Wool & Woollen, Handlooms, Handicrafts, Sericulture, Jute and Jute textiles and Technical Textiles.

3 The eight Sub-Groups were constituted in the following manner:

Sr. No.	Name of the Sub-Group	Chairman
(i)	Textiles & Apparel Industry	Shri Sudripta Roy, Joint Secretary, MoT Shri J. N. Singh, Textile Commissioner – Co-Chairman
(ii)	Powerlooms	Shri J. N. Singh, Textile Commissioner
(iii)	Wool & Woollen	Shri J. N. Singh, Textile Commissioner
(iv)	Handlooms	Shri B. K. Sinha, Development Commissioner (Handlooms)
(v)	Handicrafts	Shri Sanjay Agarwal, Development Commissioner (Handicrafts)
(vi)	Sericulture	Shri Bhupendra Singh, Joint Secretary, MoT
(vii)	Jute and Jute Textiles	Shri S. Mazumdar, Jute Commissioner
(viii)	Technical Textiles	Shri J. N. Singh, Textile Commissioner

4. The composition and terms of reference of the various Sub Groups are at **Appendix - B**. The Working Group held its first meeting on 02.08.2006. The draft report of the Working Group was also discussed on 26.10.2006 and again on 2.11.2006. The records of the various Sub Groups and the recommendations were considered by the Working Group and incorporated in the Report, keeping in view the guidelines of the Planning Commission given in the approach paper for the Eleventh Five Year Plan and recommendations of the National Manufacturing Competitive Council (NMCC).

Vision Statement for textile industry (2007-2012)

- To build world class, state-of-the-art, manufacturing capacities and achieve a predominant global standing in manufacture and export of textiles and clothing.
- To ensure the growth of the Indian textile industry at 16 percent per annum in value terms, to US$ 115 billion, by the end of the Eleventh Five Year Plan.
- To secure a 7 percent share in global textile trade by the end of the Eleventh Five Year Plan.
- To equip the textile industry to withstand the pressures of import penetration, and maintain dominance of the growing domestic market.
- To enable Small & Medium Enterprises (SMEs) to achieve competitiveness to face the global scenario with confidence.
- To provide a conducive policy environment which will encourage innovation, augment R&D efforts, and enhance productivity through the upgradation of technology, manufacturing processes and the development of human resources.
- To establish the Indian textiles industry as a producer of internationally competitive value added products.

CHAPTER-1

THE CHALLENGES AND STRATEGY FOR GROWTH OF THE INDIAN TEXTILE INDUSTRY

INTRODUCTION:

1.1 The Indian textile industry is in a stronger position now than it was in the last six decades. The industry which was growing at 3 – 4 percent during the last six decades has now accelerated to an annual growth rate of 9 – 10 percent. There is a sense of optimism in the industry and textiles sector has now become a '**sunrise**' sector.

1.2 The catalysts which have placed the industry on this trajectory of exponential growth are a buoyant domestic economy, a substantial increase in cotton production, the conducive policy environment provided by the Government, and the expiration of the Multi Fibre Agreement (MFA) on 31st December'2004.

1.3 The buoyant Indian economy, growing at the rate of 8 percent, has resulted in higher disposable income levels. The disposable income of Indian consumers has increased steadily. The proportion of the major consuming class (population that has an annual income of more than US$ 2000) has risen from 20 percent in 1995-96 to 28 percent in 2001-02. This is expected to move up to 35 percent by 2005-06, and to 48 percent by 2009-10. This translates into a growth of 9.3 percent over the next 8 years, and will result in higher spending capacity, manifesting itself in the greater consumption of textiles.

1.4 The Indian textile industry consumes a diverse range of fibres and yarn, but is predominantly cotton based. A significant increase in cotton production during the last two – three years has increased the availability of raw cotton to the domestic textiles industry at competitive prices, providing it with a competitive edge in the global market.

1.5 The Government has also provided industry a conducive policy environment and initiated schemes which have facilitated the growth of the industry. The Technology Mission on Cotton has increased cotton production and reduced contamination levels. The Technology Upgradation Fund Scheme (TUFS) has facilitated the installation of the state-of-the-art / near state-of-the-art machinery at competitive capital cost. The rationalization of fiscal duties has provided a level playing field to all segments, resulting in the holistic growth of the industry.

1.6 Quotas which have restrained the export growth of the Indian textile industry for over four decades were eliminated with effect from 01.01.2005. This has unshackled Indian exports, and this is evident from the growth registered in the quota markets. Apparel exports to USA during 2005 have increased by 34.2 percent, while textiles exports have increased by 16 percent. Similarly, in Europe, apparel exports have increased by 30.6 percent and textiles exports by 2.2 percent, during the corresponding period. In 2006 also the export growth in these two markets is continuing with the same trend. This increasing trend in exports is expected to continue as major global players are not inclined to source exclusively from China. India is considered as the second most preferred destination for major global retailers due to its strength of vertical and horizontal integration.

1.7 At this juncture, a strong foundation for industry has been laid on which world class manufacturing units can realize their full potential and make a mark in the international economy.

PLANNING COMMISISON GUIDELINES ON THE APPROACH TO THE ELEVENTH PLAN

1.8 The Approach Paper of the Planning Commission has targeted **faster and more inclusive growth** during the Eleventh Five Year Plan. The Approach Paper has mentioned that the private sector, small enterprises and the corporate sector have a critical role to play in achieving the objectives of faster and more inclusive growth, and has laid emphasis on policies aimed at creating an environment in which entrepreneurship can flourish. The Planning Commission has targeted a growth of 8.5 percent for GDP. To achieve this growth, it is imperative that the manufacturing grow by 12 percent during the Eleventh Five Year Plan.

RECOMMENDATIONS OF NATIONAL MANUFACTURING COMPETITIVE COUNCIL (NMCC)

1.9 The document on National Strategy for Manufacturing from the National Manufacturing Competitive Council (NMCC) has stated that the decade 2006-2015 is the decade of manufacturing for India, and a minimum average growth rate of 12-14 percent in respect of manufacturing should be aimed at. The NMCC has also mentioned that policies of Government should focus on the growth of the labour intensive sector which also enjoys competitive advantage, to reach higher level of employment elasticity, and has focused on the textiles and garment as one such sector.

OBJECTIVES OF THE TEXTILES SECTOR IN THE ELEVENTH PLAN

1.10 The objective of the Eleventh Plan is to –

- Build up world class state-of-the-art manufacturing capacities to attain and sustain predominant global standing in manufacture and export of textiles and clothing.
- Facilitate Indian textile industry to grow at the rate of 16 percent in value terms to reach level of US$ 115 billion (comprising of US$ 55 billion of exports and US$ 60 billion of domestic market).
- Attain the 7 percent share in global textile trade by the terminal year of the Plan period.

PLANNING FOR GROWTH

1.11 At the outset, the Working Group decided to carry out a SWOT analysis of the textiles industry to examine issues in a proper perspective and make appropriate recommendations.

SWOT analysis of the textile industry

Strengths	Weaknesses
• ***Strong and diverse raw material base*** ▪ Third largest producer of cotton ▪ Fifth largest producer of man-made fibre and yarn • ***Vertical and horizontal integrated textile value chain*** • ***Strong presence in entire textile value chain from raw material to finished goods*** • ***Globally competitive spinning industry*** ▪ Average cotton yarn spinning cost at US$ 2.5 per kg. Which is lower than all the countries including China • ***Low wages:*** rate at 0.75 US$ per operator hour as compared to US$ 1 of China and US$ 3 of Turkey • ***Unique strength in traditional handlooms and handicrafts*** • ***Flexible production system*** • ***Diverse design base***	• ***Structural weaknesses in weaving and processing*** ▪ 2 percent of shuttleless looms as percentage of total looms as against world average of 16 percent and China, Pakistan and Indonesia 15 percent, 9 percent and 10 percent respectively. • ***Highly fragmented and technology backward textile processing sector*** • ***Highly fragmented garment industry*** • ***Except spinning, all other segments are predominantly in decentralized sector.*** • ***The rigid labour laws:*** proving a bottleneck particularly to the garment sector. Large seasonal orders cannot be taken because the labour strength cannot be reduced during the slack season. • ***Inadequate capacity of the domestic textile machinery manufacturing sector.*** • ***Big demand and supply gap in the training facilities in textile sector.***

	• ***Infrastructural bottlenecks in terms of power, utility, road transport etc.***
Opportunities	**Threats**
• ***Quota phase out*** – pushing the export growth to the level of 22 percent in 2005-06. • ***Buoyant domestic economy*** ▪ Increasing disposable income levels. ▪ **Increasing working female population**: The propensity to spend in the case of working women is higher by 1.3 times as compared to a house wife. • ***Increased usage of credit cards and availability of cheap finance would also provide fillip to impulsive apparel purchases.*** • ***The revolution in organized retailing would increase the consumption of apparel and made-ups.***	• ***Possibility of a global recession triggered by a weakening dollar.*** • ***Higher competition specially after 2008 when China cannot be restrained under WTO.*** • ***Non-availability of indigenous textile machinery.*** • ***Lack of domestic capital and absence of appetite of domestic industries to invest in the quantities envisaged for 12 percent growth target.***

GROWTH TARGETS

1.12 The growth rates adopted by the Working Group in their projections are given below:

- The textiles industry is targeted to grow at the rate of 16 percent in value terms to reach the level of US$ 115 billion (exports US$ 55 billion; domestic market US$ 60 billion) by the terminal year of the Eleventh Five Year Plan.
- Cloth production is expected to grow at the rate of 12 percent in volume terms.
- Clothing and apparel are expected to grow at the rate of 16 percent in volume terms and 21 percent in value terms.
- Exports are expected to grow at the rate of 22 percent in value terms.

Reasons for 12 percent growth target in volume terms in cloth production:

1.13 Before deciding on the growth rate to be adopted for production of cloth, the following three parameters were examined:

Cloth production based on demand for fabric

1.13.1 The demand for cloth arises from three different segments of the market, i.e., household demand, non-household demand and demand for exports. Considering the cloth demand from these three segments, cloth production was estimated at 92.56 billion sq. mtrs. by the terminal year of the Eleventh Plan. (Please see **Appendix–1.2**).

Cloth production based on past trends

1.13.2 Cloth production registered a growth of 8.6 percent during the Eighth Plan, 4.15 percent during the Ninth Plan, and 4.15 percent during the first four years of the Tenth Plan. Based on these figures, the scenario for textile growth during Eleventh Five Year Plan would not have been more than 6 percent. Yet, a stretched optimistic target of 12 percent has been fixed after detailed consultation with industry. This optimism is based on -

(a) performance during the last 2 years;

(b) expectation that new machinery installed due to encouragement from TUFS, would show results from next year onwards;

(c) expectation of higher FDI in the textiles value chain;

(d) Increased space in external markets due to the phasing out of the quota regime, and the initial performance of Indian textiles exports.

Cloth production based on the estimates of growth in the Approach Paper of Planning Commission and NMCC

1.13.3 The Approach Paper of the Planning Commission for the Eleventh Five Year Plan has mentioned that to achieve a GDP growth of 8.5 percent, the manufacturing sector should grow at minimum 12 percent. NMCC also envisages a 12 percent growth rate for manufacturing sector. Keeping these projections in view, the cloth production has been estimated at 94.6 billion sq. mtr.

1.14 After examining these above three parameters, it was decided to target cloth production at 12 percent (94.6 billion sq. mtrs.) at the end of Plan period, as this was almost at par with the demand for fabric (92.56 billion sq. mtrs) by the terminal year of the Eleventh Five Year Plan, though it should be recognised that this is significantly higher considering the past trend of the last 15 years - post liberalisation.

Growth rates of apparel & clothing:

1.15 For fabric production, though the growth adopted is 12 percent but for apparel and clothing, which is growing at the higher rate, a 16 percent growth rate in volume terms and 21 percent in value terms has been adopted.

Market size of the textile industry by the end of the Eleventh Five Year Plan:

1.16 Based on the above growth rates, the textile industry is expected to reach a market size of US$ 115 billion, comprising of US$ 55 billion of exports and US$ 60 billion of domestic market. Thus, in value terms, the textile industry is expected to grow at the rate of 16 percent.

STRATEGIES TO ACHIEVE GROWTH TARGET

1.17 The Working Group has critically examined the SWOT analysis, and made recommendations, which will facilitate the growth process in the industry.

Consolidating our raw material base

Cotton

1.18 In order to consolidate the strength in raw material especially the cotton sector and to remove contamination, the Government had set up the Technology Mission on Cotton (TMC) on 20th February 2000. The Mission, consisting of four Mini-Missions, was intended to run for a 5-year term, commencing from 1999-2000. It has since been extended by 3 years to cover the entire Tenth Plan period, ending with 2006-07 (31.03.2007).

1.19 TMC has contributed to an increase in productivity, and reduced the contamination of the cotton. 90% of the targets for MM- III and IV under TMC, for which Ministry of Textiles is responsible, are expected to be achieved by end of Tenth Plan. As against target of 250 market yards, 211 market yards have already been sanctioned and it is estimated that by the end of Tenth Plan, the approval for a total of 225 APMCs will be accorded. Similarly, against the target of 1000 Ginning & Pressing units, 725 projects have already been approved. Another 175 G & P units are expected to be approved by the end of Tenth Plan, thus making a total of 900 G & P units.

1.20 The proposals which are being sanctioned during 2006-07 may take a period of 1 – 2 years from their date of approval to complete the project work and aquire eligibility to receive their share of TMC fund. Further, the remaining 25 market yards, and 100 G & P factories can be sanctioned during 2007-08. Therefore, the **Working Group recommends that the TMC may be extended for a period of two years, i.e., upto 31.03.2009** to enable APMCs and G & P units to complete their projects, and get their subsidy reimbursed. This will ensure the sanctions for the development of the remaining 25 APMCs, and the modernization of 100 G & P units.

Man-made fibres/yarns

1.21 The second most important raw material for the textile industry is man-made fibres / yarns. This segment also needs to be strengthened in terms of a rational, equitable and growth oriented fiscal policy regime. Synthetic fibres / yarn should be under the purview of TUFS to encourage the installation of the additional capacities, which are required to meet the targets of the Eleventh Plan.

Jute

1.22 The Jute Technology Mission (JTM) should be launched during the Eleventh Five Year Plan for the holistic improvement of this sector. The Jute Technology Mission will be operationalised through four Mini Missions on lines similar to the Technology Mission on Cotton during the Eleventh Five Year Plan.

Wool

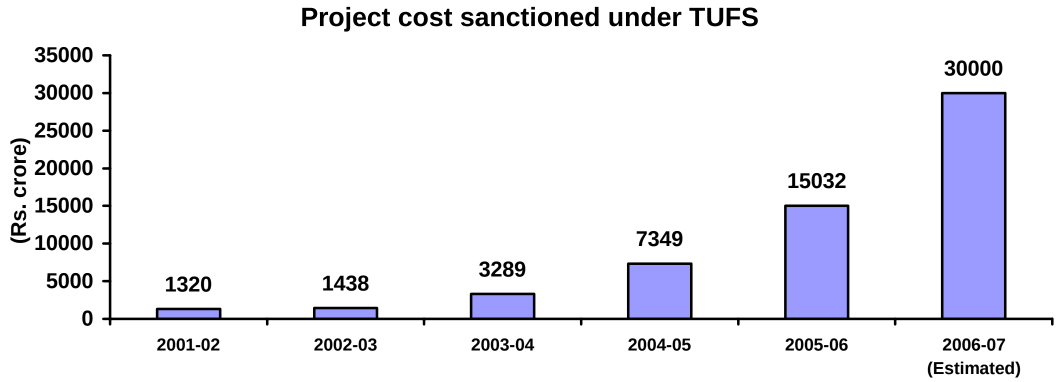
1.23 For integrated development and growth of wool and woollen fabrics, a Technology Mission on Wool with four Mini Missions on lines similar to the Technology Mission on Cotton should be implemented during the Eleventh Five Year Plan.

Silk

1.24 To strengthen our position in silk production, the productivity and quality of silk will be improved through the transfer of technology and modernizing various sub-sectors of the industry. The full potential of sericulture would be exploited through the cluster development approach and large scale private participation. Private investment would be encouraged to promote the silk industry. The productivity of silk per unit area of land would be improved, and the quality of silk would be enhanced at an economically viable cost to substitute the import of raw silk.

Continuation of modernisation and technological upgradation of different segments of textile industry

1.25 To continue the growing investment trend in the textiles sector and to achieve a growth of 16 percent in value terms, it is proposed to continue with the Technology Upgrdation Fund Scheme (TUFS), which has proved to be highly successful in increasing investment in the textiles sector.



1.26 As on 31.07.2006, projects worth Rs.44,686 crore were sanctioned under TUFS. The growth of the TUFS has been significant during the last two years, registering a growth of 123 percent and 127 percent over the previous years. In order to maintain the pace of investment that has come in during the last 2 – 3 years, it is essential to continue the Technology Upgradation Fund Scheme (TUFS) in its present form until the end of Eleventh Five Year Plan. The Working Group is of the view that even a slight modification in TUFS at this juncture may have an adverse psychological impact, disrupting the investment plans of the industry and also may result in distortion which will not be conducive for the long term growth of the industry.

1.27 Even with the capacities envisaged for the terminal year of the Eleventh Five Year Plan, India will be significantly behind China in all the segments, especially spinning, weaving, processing and garmenting. Currently, over 20 percent of the total production of cotton in the country is being exported as raw cotton. Export of cotton yarn has been simultaneously declining. Obviously, there is significant scope to convert the raw cotton currently being exported into yarn, both for the export market and for domestic consumption. Investments in the downstream segments of weaving and processing is necessary to ensure that the maximum quantity of yarn produced in the country is domestically converted into finished products, in order to meet the increasing requirements of the garment industry. Sufficient supply of yarn and fabrics internally will reduce the dependence of the garment industry on imported yarn and fabrics. In short, if the country aims to move up the value chain in textiles, increasing investment is a must. TUFS has emerged as a successful instrument in leveraging investment in the private sector.

1.28 In China, Pakistan, Spain and several other competing countries, policy support to the textiles and clothing industry and targets for growth in the sector have been announced by the Government. China has proposed substantial expansion during the next five years from its present capacities, which already are about 5 times that of India. In order to remain competitive in the international market and to withstand increasing competition in the domestic market, it is necessary to ensure the large investment in modernization and expansion as envisaged in this report. This will be possible only if the TUFS continues in its present form.

1.29 The interest rates currently applicable to the textiles and clothing industries of major competing countries are substantially lower than the present Primary Lending Rate (PLR) in India. Interest rates are increasing in the country and the PLR may continue to increase during the Eleventh Plan period. Interest rates applicable to term loans in some of the competing countries are given below:

(i)	South Korea	4.50 percent p.a.
(ii)	Malaysia	3.50 percent p.a.
(iii)	Taiwan	2.50 percent p.a.
(iv)	Thailand	5.00 percent p.a.

As against this, the current PLR in India is around 11.00 percent p.a.

1.30 The Working Group has aimed at 12 percent growth in production and 22 percent in exports. To achieve this growth, incremental production facilities would have to be set up. It is estimated that the requirement of funds for setting up these incremental facilities will be approximately Rs.1,50,600 crore during the Eleventh Plan period. This investment will not come without support from Government in the form of the extension of TUFS.

1.31 The financial outlay during the Eleventh Plan for TUFS may appear to be high at Rs.11,315 crore, but considering the contribution of the industry in terms of exports and employment it is negligible.

Creating textiles specific infrastructure

1.32 The Scheme for Integrated Textile Parks (SITP) was launched in 2005 to neutralize the weakness of fragmentation in the various sub-sectors of textiles value chain, and the non-availability of quality infrastructure. The aim was to consolidate individual units in a cluster, and also to provide the industry with world class infrastructure facilities on a public private partnership (PPP) model to set up their textile units. From initial indications, the scheme has been a huge success. A total of 26 parks have already been approved, and are expected to be developed by March, 2008. These parks would incorporate facilities for spinning, sizing, texturising, weaving, processing, apparels and embellishments. The estimated project cost (for common infrastructure and common facilities) is Rs.2428.33 crore of which Government of India assistance under the scheme would be Rs.866 crore (The estimated investment in these parks would be Rs.13, 445 crore, and the estimated annual production would be Rs.19, 200 crore). A total of 2219 entrepreneurs will put up their units in these parks. Estimated employment generation would be around 5 lakhs (direct / indirect).

1.33 There has been an overwhelming response to the scheme from State Governments, entrepreneurs, and various industry associations. In addition, State Governments, industry groups and entrepreneurs are asking for the continuation of the scheme in the Eleventh Five Year Plan. Considering the growth potential of the textiles industry, the progress of implementation, and response of entrepreneurs, the scheme should be continued in the Eleventh Five Year Plan to cover an additional 50 textile parks. Certain modifications in the scheme are also proposed as detailed below:

1.33.1 **Special Category States** – To encourage development of parks in North-Eastern States and Jammu & Kashmir, the Scheme may incorporate following modifications:

- At least 2 parks to be earmarked for North Eastern States and 2 parks for Jammu & Kashmir.
- Government of India (GOI) grant may be increased to 70 percent of the project cost as against 40 percent grant. The upper limit may however continue to be Rs.40 crore. This special dispensation is needed considering the limited ability of local industry in contributing to the project cost.

1.33.2 **Special emphasis on Handlooms and Handicrafts Parks –** It has been seen that the projects for handicrafts and handlooms are not viable unless the assistance is increased from the present level of 40 percent of the project cost. To encourage the development of such parks and improve their viability, it is proposed that Government of India support may be increased to 60 percent of the project cost for Handlooms and Handicrafts Parks, as against 40 percent grant for other Textile Parks under the existing scheme. The upper limit may however continue to be Rs.40 crore.

1.33.3 Capacity Building Assistance

- It has been observed that the SME predominant textiles industry, particularly the powerlooms, handlooms and handicrafts sectors, have a weak entrepreneurial base and, therefore, SPVs of these Parks may not be able to invest on Business Development Services (BDS), such as skill development, certification, standardization, brand building and market linkages, which are essential to sustain a park of this nature.
- Therefore, the expenditure incurred by SPVs, in such capacity building initiatives, may also be treated as an additional eligible cost component, to the extent of 5 percent of the project cost, without increasing the upper limit of GOI grant of Rs. 40 crore.

1.34 In view of the above, an outlay of Rs.3000 crore (Rs.1000 crore for ongoing sanctioned projects, and Rs.2000 crore for new projects) may be provided in the Eleventh Five Year Plan to implement the Scheme for Integrated Textile Parks (SITP).

Human Resources Development

1.35 The non-availability of quality manpower is a dampener to growth in many textile clusters. It is not only a weakness of the sector, but is fast emerging as a major threat to the growth which has been envisaged.

1.36 The Working Group has estimated the incremental manpower requirement at 17.37 million, comprising of 12.02 million direct and 5.35 million indirect in the ancillary industry. The maximum requirement is estimated in the clothing and apparel sector.

1.37 The current training infrastructure in the country consists of engineering colleges, polytechnics, IITs, and agencies like Apparel Training & Development Centers (ATDCs), Powerlooms Service Centers (PSCs), Weaving Service Centers (WSCs), Textiles Research Associations (TRAs), ITIs, Private Vocational Training institutes etc.

1.38 It is estimated that the output of trainees from the entire existing training infrastructure is not even adequate to meet existing requirements. One of the critical factors which would impact adversely on the growth process of the textiles industry is the inadequacy of training facilities in the country. To meet the incremental requirement for training, the Working Group suggests the following measures:-

(i) **Infrastructure upgradation in the existing ITIs and Polytechnics –**

a) The ITIs and Polytechnics will have to play a central role in the entire HRD exercise of the textile industry. The number of ITIs targeted specifically at the garment sector needs to be increased significantly. The Centres of Excellence (COE) scheme should be leveraged to increase the number of those ITIs that are either specifically targeted at the garment sector, or those that include a substantial number of textiles related trades in their curriculum.

b) The ITIs and Polytechnics situated near "catchment" areas for the textiles work force should immediately include textile/garment related trades in their regimen. If necessary, new ITIs should be set-up in those areas from where, traditionally, workers migrate to places where the textile industry is located. New ITIs under the COE scheme will have drawing power for these workers.

(ii) Setting up training centres on Public Private Partnership (PPP) mode –

A) Readymade Garment Sector

A PPP based approach would be adopted to set up training centres. The private sector, manufacturers with in-house training facilities, or trainers, will be encouraged to setup training institutes for the ready-made garment sector. The Government support would be limited to one time capital grant of 30 percent with a ceiling of Rs. 20 lakh.

B) Processing Sector

A PPP based approach would be adopted for setting up training centres for high-end processing. Government support would be limited to one time capital grant of 50 percent with a ceiling of Rs. 10 crore.

(iii) **Permanent Training-cum-Monitoring Council –** This may be established under the Chairmanship of Secretary (Textiles), to approve proposals and the review and monitor the progress of such cases. This Council should also play a pro-active role in constantly developing course content in the textiles and garment sectors according to the needs of the industry.

Increasing availability of textiles machinery

1.39 The domestic textiles machinery manufacturing industry is projected to triple its capacity during the Eleventh Five Year Plan with adequate support from the Government. However, even with enhanced capacity, the indigenous textiles machinery industry would not be able to meet the demands of the textile industry. For example, during the Eleventh Plan, the incremental spindle requirement is 29.25 million (21 million incremental + 8.25 million for replacement), at the rate of 5.85 million spindles per annum. However, the indigenous textiles machinery industry has projected a capacity of 3.85 million spindles per annum by the end of Eleventh Plan. Similarly, an incremental 1.09 lakh shuttleless looms are required to be installed by the industry (20,000 by the organized sector + 88,851 by powerloom sector). Against this requirement, the textiles machinery industry has projected a capacity of 20,000 shuttleless looms by the terminal year of the Eleventh Plan. Further, the indigenous textiles machinery industry does not produce knitting and garmenting machinery. The Working Group has critically examined this issue and has suggested the following three-pronged strategy –

(i) ***Transfer of textile machinery industry from the Ministry of Heavy Industries to the Ministry of Textiles*** **–** This will help to provide adequate support to domestic textiles machinery manufacturing industry in the implementation of a time-bound action plan to increase the availability of indigenous machinery to meet the demand from different segments of the textiles industry. A scheme on the lines of TUFS should be initiated, with 5 percent interest reimbursement and 10 percent capital subsidy to encourage modernization.

(ii) ***Aggressive wooing of the Foreign Direct Investment (FDI) in the textiles machinery sector*** - To attract reputed manufactures of textiles machinery - spinning, weaving and processing – and invite them to set up facilities in India to meet the growing requirements of Indian industry. One of the biggest factors that has triggered the growth of the Chinese industry is the domestic availability of the textiles machinery. Globally reputed textiles machinery manufacturers have set up units in China, and have developed models which are suitable to the Chinese industry. We should also encourage the global manufacturers to set up similar units in India to meet the requirement of the Indian textile industry. To increase the FDI, the Working Group recommends that Government may consider FDI proposals from textiles machinery manufacturers on a selective basis, independent of laid down stipulations in the Press Note No. 18.

(iii) ***A critical relook at importing second hand machinery*** **–** Permission to import recent vintage (technologically comparable, and with a significant residual life) may be given to importers along with benefits at par with those given to the import of new machinery. Sufficient care will have to be taken that while accepting such machinery, India should not become a technology junk yard.

Labour reforms

1.40 Rigid labour laws are now emerging as a constraint to the growth of the industry, particularly the clothing and apparel segment. There is need to liberalise labour laws on the following lines:

1.40.1 *Permit use of contract labour in Export Oriented Units (EOUs)***: The export business is seasonal and contractual in nature. Excess labour during lean periods or during the initial stages of developing an export market(s), when the uncertainty of orders is high, can lead to financial difficulties. Section 10 of the Contract Labour (Regulation and Abolition) Act, 1970 needs to be amended. The section should exclude textile units engaged in export related activity (where exports / deemed exports comprising 50 percent or more of their sales) to facilitate outsourcing of activities without any restriction, as well as to offer contract appointments. Protection of the rights of these labour will be ensured in terms of their health, safety, welfare, social security, etc. For example, countries such as China, Bangladesh and Sri Lanka have allowed contract labour in the textiles sector.**

1.40.2 *Permitting firms to adjust their workforce*: **Units employing over 100 people currently fall under the purview of Industrial Disputes Act, 1956. The Act stipulates that employers must obtain necessary approvals for lay-offs. This proves to be a hindrance, especially for medium sized enterprises. There is need to relax the norms of the Industrial Disputes Act (Chapter VB), by keeping units employing up to 500 people (presently 100) outside its purview. For example, Malaysia regards the right to hire, assign work, reward, transfer, promote and adjust the workforce as managerial rights. Workforce adjustment (ILO Convention on Termination of Employment) at the instance of employer due to structural and other changes should be permitted.**

1.40.3 *Extending work hours:* **The Government also needs to consider the demand of labour intensive sections of the textiles industry such as made-ups and garmenting industry to increase the hours in a shift from nine at present to twelve, and also increase the working hours in a week from forty eight to sixty, in order to cater to the peak season requirements of customers, and to compensate for lower labour productivity.**

Aggressive wooing of FDI

1.41 Despite TUFS, there is reason to believe that domestic investment may not be sufficient to achieve the targets and there is a need to attract FDI in the textiles sector. FDI benefit does not accrue only in monetary terms, but significant attendant benefits follow. These include technology transfers, import of latest technical know-how; latest manufacturing practices and processes, financial and marketing support, latest trend of fashion designs and styles, overall quality enhancement according to the world standards and the creation of mega facilities like processing plants with large scale capacities, etc.

1.42 The success of China in emerging as the fastest growing economy in the world is due to a great extent because of large scale FDI flowing into the country in all sectors, including in textiles. Currently, India is the 2nd largest textiles economy in world after China, but the gap between the two economies is huge. In order to reduce this gap, and sustain the position of being the second largest textile economy, India needs to attract FDI in the textiles sector.

1.43 The total FDI in India during 2005 was only US$ 4.36 billion compared to US$ 65 billion in China of this, FDI in the textiles and clothing sector was only 1.80 percent (US$ 78.99 million), whereas in China the figure was 8.3 percent (US$ 5.4 billion).

Specific areas needing FDI

1.44 The following segments need FDI to a significant extent:

1.44.1 Textiles machinery manufacturing sector **– The need for FDI in this sector has already been discussed in para 1.39 (ii).**

1.44.2 Apparel manufacturers **– Large scale apparel units have been set up through FDI in China. Such entrepreneurs are also looking for alternative manufacturing bases and can be attracted to India to set up their manufacturing facilities.**

1.44.3 Synthetic fabrics **– Synthetic fabrics, 85-90 percent of which are produced in the decentralised sector, are not able to meet the demand of the readymade garment exporters for specialised kind of fabrics. Therefore, vendors from Taiwan and Korea can set up weaving facilities for synthetic fabrics in the country.**

1.44.4 Technical textiles **– This is a knowledge-based industry which is at a nascent stage in the country and offers tremendous opportunities for joint ventures and FDI.**

1.45 In a report published by ATKearney, a leading management consulting firm in 2005, India has been ranked the second most attractive destination for FDI. The attractiveness of India will continue as long as the Government maintains its focus on reforms, circumscribe narrow business interest, and continues to address the country's infrastructure, logistics,` and regulatory barriers.

1.46 The Working Group proposes that the hurdles in the way of obtaining FDI may be examined by the Government to remove them and consider FDI proposals on a selective basis, independent of the stipulations of Press Note 18.

1.47 A FDI Cell has been set up in the Ministry of Textiles to attract foreign direct investment in textiles, clothing and machinery. The Action Plan to attract FDI consists of i) identification of countries, which are strong in certain product segments and technically capable foreign firms/ investors looking to invest abroad, who could be targeted in order to showcase India as an investment destination for textiles and clothing; ii) preparing a document outlining the advantages of investing in India and the nature of infrastructure, policy, institutional, financial and other support structure available in India; iii) preparing a targeted communication strategy and making representations to potential investors. This would include organization of National summits in India, International summits abroad, and Reverse International summits in India. Delegations will be sent to prospective investing countries and overseas firms can be engaged in a dialogue to invest either by forging alliances with Indian companies or investing in fresh capacities in India; and iv) addressing operational problems, infrastructure (the inadequacy of transport and energy), and simplifying administrative procedures for approval from local Governments, etc.

Brand promotion

1.48 Brands, in today's consumer oriented market, play an important role in terms of market penetration and higher unit value realization. Brands assure consumers that products are of a certain quality, durability, and conform to several social, environmental, and quality standards. The markets of USA and Europe, which account for more than 90 percent of Indian Apparel Exports, are entirely dominated by various global brands, and Indian exporters are merely suppliers to such brands.

1.49 It is estimated that the final retail value of an apparel product sold to consumers in export markets is 5-10 times higher than its ex-factory price. As a result, the country is losing a significant amount of export earnings.

1.50 Brand development, therefore, will deepen the market share and acceptability of Indian apparel, thereby leading to increased export earnings. However, brand promotion is not only an expensive proposition, but also requires very carefully designed multi-stakeholder strategy, on a sustainable basis. The capacity of Indian

industry, by virtue of being SME oriented, fragmented and decentralized, to design and launch brand promotion efforts on its own is limited. Therefore, a Public-Private Partnership (PPP) approach is the appropriate strategy to develop globally acceptable Indian apparel brands.

1.51 The Indian apparel industry will be encouraged to create a Special Purpose Vehicle (SPV) for the purpose of brand creation and promotion. The role of the SPV will include need assessment, mobilization of resources, assistance to enterprises to design and launch the brands in selected markets, to forge linkages with key stake holders, and other hand-holding support. The SPV will be a Corporate body with the majority stake being held by user apparel industry enterprises through associations / councils. The SPV, in consultation with the Government, would develop detailed guidelines and strategy for brand promotion.

Textilpolis

1.52 Looking to the unique position of India in textiles which have sizable growth potential in both domestic and export markets, there is a need for an all encompassing trade facilitation centre for Indian image branding and R&D. It is in this background, that the proposal for setting up a "TEXTILPOLIS" has been conceptualized. This will help create a strong growth impulse at the macro level.

1.53 The proposed Textile Hub would operate on two broad concepts, namely, (i) Exhibitions and Buyer-Seller Interaction, and (ii) Common Data Resource Centre, as outlined below:

(i) Exhibition & Buyer-Seller Interaction: Such a Centre would have the facility of a business centre to provide a window for consultancy in each segment of the textiles sector in areas of R&D and quality in manufacturing. It will serve as a business promotion office, a platform for buyer / seller meets; an organization to administer branding and image building; an international exhibition mart; fashion shows desk; commercial centre for all importers / exporters, and Institutions connected with the trade.

(ii) Common Data Resource Centre: It would provide updated and comprehensive Information, directory of services/ products. The services would be provided to web-based "members only" and paid information directory. The management of the Resource centre can be outsourced to a body like NIC managed enterprise.

1.54 The project will be implemented on Public Private Partnership model. A Special Purpose Vehicle (SPV) of Apex Industry Associations shall be the main promoter of the Hub.

Government's contribution shall be in the form of one time grant to meet the cost of land, and the remaining amount shall be raised by the industry participants. The recurring and maintenance costs shall be borne by the stakeholders through the levy of suitable user charges. The Government of India contribution is estimated to be of the order of Rs. 300 crore.

ndloom Mark

5 **The Handloom Mark has been introduced w.e.f. 28th June, 2006. The Handloom Mark will distinguish handlooms products from powerlooms and mill products. The Handloom Mark will be used not only to popularize hand woven products, but also to serve as a guarantee to the buyer that the product being purchased is genuinely hand woven, and will help to promote the sale of handlooms products. It will not only popularize Indian handlooms, but also improve price realization by handlooms products in domestic and international markets and also improve the earnings of the handloom weavers for their hard work and skill. The Scheme will be operational throughout the country. Individual weavers, Weavers Cooperative Societies, Master Weavers, Retailers and Exporters are entitled to participate in the scheme and avail of its benefits. The Handloom Mark logo was developed by the National Institute of Design, Ahmedabad. In the Eleventh Plan, intensive promotion of the Handloom Mark will be undertaken.**

k Mark

6 **The "Silk Mark" Scheme was introduced in June 2004. Silk Mark labels can be affixed to primary, intermediate and finished products of silk, including yarn, fabric, sarees, made-ups, garments, carpets, etc. The scheme is aimed at protecting the interests of the users and connoisseurs of silk, and for the generic promotion of silk, and also to build the brand-equity of Indian Silk internationally. Over 450 members have joined the organisation, of whom, 360 are authorized users. During two years of its operation, nearly 16 lakh Silk Mark labels have reached the market. The objectives are to i) familiarize the logo as a "hall mark" for the purity of silk, ii) create awareness among various sections of customers and stakeholders, and iii) build brand-equity for Indian Silk internationally by networking various global players.**

pport for design quality and compliances

7 **The inability of the Indian textiles and clothing industry to meet the stringent quality standards and compliance to other conditions related to environmental standards, etc.,**

continue to adversely impact its global competitiveness. Lack of product diversification, due to limited investments in designing efforts, has also been adversely affecting the competitiveness of Indian industry. The fact that majority of Indian enterprises belong to the SME category makes the problem more complex in view of the fragmentation and limited capacity of the industry to meet emerging requirements. The distinction between export standards and domestic market standards is no longer valid in view of globalization of markets where product diversification, quality, and compliance are the key to survival and market expansion.

3 Considering the importance of assisting the industry in improving its capacity in meeting the emerging requirements related to design, quality and standards, the following strategy / approach will be adopted during the Eleventh Five Year Plan:

3.1 The strategy will have two major components: (i) to make available testing and designing services at the doorstep of the industry, which will help improve the quality of products, and (ii) to assist the industry in obtaining internationally accredited quality, environmental and social standard certifications.

3.2 The testing and design support - **The testing and designing facilities are proposed to be developed on a Public Private Partnership (PPP) basis with the objective of deepening the testing and design culture on a wider scale in the industry, and providing a greater sense of ownership and involvement to the user industry. The industry associations, SPVs of textiles parks, cluster level industry bodies, and other user industry driven organizations like Textiles Research Associations and the Textiles Committee, will be provided one time assistance by the Government to establish internationally accredited testing and design centers. The Government will provide required plant & machinery, while the user industry group will be responsible for land, building, and infrastructure, apart from meeting the entire O&M costs. A framework will be developed under which the industry group intending to develop the testing and design facility will enter into an agreement with the Government to provide stipulated services to user enterprises. The industry group is expected to run the testing and design centers on a commercially sustainable basis in the larger interest of member enterprises. At least 50 such design centres should be developed during the Eleventh Plan in the country.**

3.3 Accreditation / Certification support - **An independent and third party accreditation / certification of product, process and systems is emerging to be key requirement for global competitiveness of Indian textile and clothing industry. These requirements are largely related to environmental standards, quality standards and social compliance. The objective is to assist the small and medium enterprises in obtaining such internationally accredited certification, and establishing systems, which will enable them to meet environmental and social standards more effectively. The cost on account**

of obtaining / establishing such standards and systems includes expenses on hard as well as soft activities such as the creation / modification of infrastructure at the work place, training, certification fee, publicity, etc. An individual or a group of enterprises will be eligible to avail of assistance under this initiative.

Support to Technical textiles

9 **Technical textiles are high-tech textiles which represent a multi-disciplinary field with numerous end use applications. The manufacture of technical textiles is a major activity in industrialized countries. In India, technical textiles are still at a nascent industry, but with huge potential for growth. With an increase in disposable incomes, the consumption of technical textiles is expected to increase and, in case indigenous production does not take place, import will become inevitable , resulting in large scale foreign exchange outgo and a loss of employment opportunities.**

0 **The Working Group has considered this industry as a thrust industry during the Eleventh Five Year Plan, and has proposed fiscal policy support, modification in TUFS to incorporate a special dispensation for this industry, and infrastructure support in terms of setting up of centres of excellence. A regulatory framework for the use of technical textiles, particularly in the case geotextiles, flame retardant fabrics in public places, nonwoven disposable healthcare items in hospitals, nonwoven gauze, sponges and dressings in hospitals, and airbags in automotives, is proposed on account of the inherent advantages of using such products.**

pport for the development of decentralized Powerlooms Sector

1 **The decentralized powerlooms sector is not only a labour intensive sector, but also plays a critical role in meeting the clothing needs of the country. The support for the powerlooms sector will include the following areas:**

- Focus on induction of improved technology for the modernization of powerlooms sector through the Technology Upgradation Fund Scheme (TUFS).
- Promotion of value added textiles through improved designs and technical textiles.
- Strengthening of existing infrastructure facilities and the creation of new Powerlooms Service Centres and Computer Aided Design centers.
- Easy access to credit input in a conducive environment.

- Consolidation of the powerlooms sector through the modernized workshed scheme in existing and new clusters.

pport for the development of the Handlooms, Handicrafts and Sericulture sectors

2 **Handlooms, handicrafts and sericulture are important segments of the textiles industry, and offer the highest employment opportunities to farmers, weavers, rural artisans and craftsman. Activities in these sectors are concentrated mostly in the rural areas and, particularly, the backward regions of the country. A large number of women are also earning their livelihood in these sectors. Considering the importance of these sectors for the vulnerable sections of the society, new schemes to promote the development of these sectors are needed.**

ndlooms

3 **The Handloom sector is the second highest employment generator, after agriculture, employing 6.5 million weavers and allied workers. Handlooms are famous for their exquisite weaves and workmanship which are not always possible to create on machines. Since it is a widely dispersed sector, the cluster approach will be followed for the all round development of this sector. By this method, all the shortcomings of the cluster will be met, and design input and marketing support given to help them compete in the post-MFA era. Special emphasis will be placed on design and diversification of products to cater to what the market requires.**

4 **Schemes of the handlooms sector have been mainly implemented through the co-operative sector. This only accounts for hardly 15 percent of the total number of weavers. It is proposed to cover Master Weavers, Self Help Groups and others so that the full benefits of schemes percolate to the maximum possible number of beneficiaries. The Handloom Mark, recently launched, will help to create a brand identity for handloom products, both within the country and abroad, and a vigorous promotional campaign will be taken up in the next Plan.**

5 **Welfare schemes such as the Health Insurance Scheme and the Mahatma Gandhi Bunkar Bima Yojana, launched recently with insurance companies, will be further expanded to cover all weavers by the end of the Eleventh Plan.**

Sericulture

6 **The strategy in the sericulture sector is to increase the production, productivity and quality of silk through the transfer of technology and modernizing various sections of the industry. The full potential of silk will be exploited by developing linkages through the cluster approach. The major schemes in the sector would include research and**

development, transfer of technology, technical assistance, and a focused cluster based programme on bi-voltine sericulture development.

ndicrafts

7 **The special focus areas in handicrafts sector include - promoting the brand image for Indian handicrafts in the world market; introducing a health insurance scheme for artisans; protection of crafts under the Intellectual Property Rights (IPR) Act; technology upgradation; and the creation of a reliable database to facilitate the formulation of appropriate policies. The strategy to achieve this objective include: cluster based and artisan centric interventions for the integrated development of the sector; growth of the private sector; increased and easy availability of credit, etc.**

North Eastern Region:

8 **Handlooms, handicrafts and sericulture including silk textiles are the three most important textiles related activities in the North Eastern Region. Schemes for the development of these sectors have been specifically formulated by the Ministry of Textiles. Institutional support in terms of Weavers Service Centres (WSCs), training institutes, etc., have also been set up by the Ministry of Textiles in this region.**

9 **Taking into consideration the critical importance of these three sectors to the economy of the North- East, and in order to integrate all the related activities in the region, an integrated Office of the Development Commissioner for Handlooms and Handicrafts for the Northeastern region is being set up. This office will ensure that appropriate linkages are established properly, overlappings avoided, programmes closely monitored, and market access ensured.**

GREATER OUTLAY FOR THE TEXTILES SECTOR:

0 **The Plan outlay for textiles has been rather small vis-à-vis the significance of this industry to the Indian economy in terms of exports and its capacity for employment generation. At this juncture, the textiles industry is in very strong position and is capable of exploiting the growing opportunities in the domestic and export markets.**

1.71 The documents of the National Strategy for Manufacturing prepared by National Manufacturing Competitive Council (NMCC) has indicated that 2006-2015 is the decade of Manufacturing for India with the aim of an average growth rate of 12 – 14 percent in manufacturing. It has also been suggested that the policies of Government should focus on the growth of labour intensive sectors (like textiles and clothing), which also enjoy competitive advantage. To provide impetus to the growth of this industry,

there is a need for substantial augmentation in the overall plan allocation for the textiles sector. Accordingly, the Working Group has recommended a Plan outlay, which is significantly higher than for previous Plans.

CHAPTER-2

GROWTH IN THE TENTH PLAN AND PROJECTIONS FOR THE ELEVENTH PLAN

OPPORTUNITIES FOR HIGHER GROWTH

2.1 The Indian textiles industry, on the eve of the Eleventh Five Year Plan, is in a much stronger position than it was at any point of time in the last six decades. The abolition of quota, a buoyant economy and a conducive policy environment provided by the Government, have contributed in placing the industry on the path of rapid growth. The increase in production levels at the rate of 8-9 percent, increase in exports at the rate of 22 percent, doubling of investment during the last two years under TUFS, and similar trend continuing during the current year, clearly indicate that industry has been able to face successfully the challenges of a globalised economy. The time has come to further strengthen this industry, enabling it to fully exploit available opportunities in the domestic & export markets, and realize its full potential. The proposals and recommendations for the Eleventh Plan are based on the objectives of achieving a higher rate of growth, with a larger share in the world market.

2.2 Before projecting the growth during the Eleventh Plan, it is appropriate to examine the achievements of the Tenth Plan vis-a-vis targets, and the reasons for shortfall, if any. Accordingly, these are discussed below:

TENTH PLAN TARGETS AND ACHIEVEMENTS

2.3 Review of the performance of the different segments of the industry is discussed in detail in the respective chapters relating to them. However, the summarised position with regard to Tenth Plan targets and achievements during the first four years of the Tenth Plan period are given below: (details are given in **Appendix – 1.1)**:

Table – 2.1

Tenth Plan targets and achievements

Sl. No.	Items	Units	2002-03		2003-04		2004-05		2005-06	
			Target	**Achieve-ment**	**Target**	**Achieve-ment**	**Target**	**Achieve-ment**	**Target**	**Achieve-ment**
1.	**Consumption of fibres**									
(i)	Cotton (SSI & Non-SSI)	Mn. Kg.	2992	2699	3060	2652	3182	2886	3315	3222
		Lakh bales of (170 kg each)	(176)	(159)	(180)	(156)	(187)	(170)	(195)	(190)
(ii)	Man Made Fibres	Mn. Kg	1018	915	1080	940	1148	978	1220	961
2.	**Production of Yarn**									
(i)	Spun Yarn	Mn. Kg.	3450	3081	3610	3052	3780	3223	3960	3457
(ii)	Filament Yarn	Mn. Kg	1070	1100	1150	1118	1250	1109	1340	1180
3.	**Production of cloth**	Bn. Sq Mtr	44.5	41.9	47.1	42.4	49.9	45.4	52.8	49.5
4.	**Per capita availability of Cloth**	Sq. Mtr	30.35	31.37	31.33	31.01	32.35	33.51	33.35	36.53
5.	**Textile Exports (incld. Jute, Coir, Handicrafts)**	Bn. US $	18.9	12.4	21.6	13.5	24.5	14.0	27.9	17.1
6.	**Production of Textile Machinery**	Rs. in Bn	16.7	11.8	19.1	13.4	21.9	16.8	25.1	21.5

Note: Cloth production targets as per the mid term appraisal of Tenth Five Year Plan

Analysis of Targets vis-à-vis Achievements during the Tenth Plan

Consumption of Fibres

2.4 Cotton consumption has been lower than the target during the first four years of the Tenth Plan. Likewise, the consumption of man-made fibres has also been lower in the first four years of the Tenth Plan. The shortfalls for the year 2005-06 in the case of cotton and man-made fibres, respectively, were about 3 percent and 21 percent.

2.5 In the man-made fibre segment, the consumption of Polyester Staple Fibre (PSF) and Viscose Staple Fibre (VSF) has been below the target during each of the first four years, while the consumption of Acrylic Staple Fibre (ASF) and Polypropylene has exceeded the targets marginally.

Production of Spun /Filament Yarn:

2.6 The production of cotton yarn fluctuated in first four years of the Tenth Plan period, based on cotton production, but has been lower than the target.

2.7 The production of blended yarn also has declined in the first four years of the Tenth Plan period. However, the production of 100 percent non-cotton spun yarn has exceeded the target during first three years of the Tenth Five Year Plan, but has fallen short of the target in the fourth year.

2.8 The production of total filament yarn has exceeded the target during the first year of the Tenth Five Year Plan, but has not been able to achieve the target from 2003-04 onwards, for the next three years. The production of Polyester Filament Yarn (PFY) and Polypropylene Filament Yarn (PPFY) has also followed the trend of total filament yarn exceeding the target for the first year of the Tenth Five Year Plan, but fallen short of the target, thereafter. However, the production of Nylon Filament Yarn (NFY) has exceeded the target, during all the first four years of the Tenth Plan period.

Inter se Fibre consumption pattern:

2.9 The consumption pattern of cotton and non-cotton fibres/yarns has not been as projected. It was envisaged that in the terminal year of the Tenth Plan, the consumption ratio of cotton vis-à-vis non-cotton fibers/yarns would be 56:44. However, the actual ratio of cotton to non-cotton during the fourth year of the Tenth Five Year Plan is 62:38.

Per capita availability of cloth:

2.10 The per capita availability of cloth has exceeded the target during the first four years of the Tenth Plan period, except during 2003-04, when it fell short by one per cent.

Textiles Exports:

2.11 Textiles exports were significantly lower than the target in each of the first four years of the Tenth Plan period. In fact, the targets were not been met (except in jute and coir) during any of the first four years of the Tenth Five Year Plan. However, exports of Jute exceeded the target from the year 2003-04 and Coir from 2004-05.

2.12 This indicates that the growth rate estimated for working out the projections were too optimistic and support measures were inadequate. Apparently, the growth rates were targeted at a higher level under the assumption that the right kind of policy framework and other support would have been provided to the textiles industry. The proposals of the Ministry of Textiles were either implemented, or accepted for implementation during the latter part of the Plan period. Perhaps this could have been the main reason for the drastic shortfall in achievement of the targets for textiles production and exports.

Textiles Machinery:

2.13 Actual production of textiles machinery was considerably lower than the target fixed for each of the first four years of the Tenth Plan. The production has been increasing with the increase in demand from the textiles industry. However, it will not achieve the target set for the Tenth Plan.

PROJECTIONS FOR THE ELEVENTH FIVE YEAR PLAN (2007-12)

2.14 The year 2006-07 has been adopted as a base year for working out the projections for the Eleventh Plan period. The figures for 2006-07 have been estimated on the basis of actual figures for the first quarter of 2006-07.

Cloth Production

2.15 Fabric production registered a compounded annual rate of growth of 4.15 per cent during the first four year of Tenth Plan. However, during 2005-06, there has been significant growth of 9 percent, and during the first quarter of the 2006-07, cloth production has recorded a growth of 9.65 percent.

2.16 The Approach paper of the Planning Commission for the Eleventh Five Year Plan has mentioned that, in order to achieve a GDP growth of 8.5 percent, the manufacturing sector should be targeted to grow at 12 percent. Further, the National Strategy for Manufacturing, prepared by the National Manufacturing Competitive Council (NMCC) has indicated that 2006-2015 will be the decade of manufacturing for India, and an average growth rate of 12-14 percent in respect of manufacturing should be aimed at.

2.17 In the backdrop of Approach Paper of the Planning Commission and the views of the NMCC, and also the growth rates achieved in cloth production during last two years, the Working Group has decided to target a growth in cloth production at 12 percent in volume terms and, accordingly, these projections have been made.

2.18 Based on the compounded annual rate of growth of 12 percent, cloth production in the terminal year of Eleventh Plan works out to 94,600 million sq. mtrs. on the base of 54,260 million sq. mtrs. for the year 2006-07.

2.19 To test whether production level will match the demand of fabric, an attempt was made to work out the demand for fabric, both as fabric and as garments /clothing, during the Eleventh Plan. The demand for cloth arises from three different segments of the market, i.e., household demand, non-household demand, and demand for exports.

2.20 The major factors that increase the growth of household demand is to growth rate of GDP, the population, the per capita spending on textiles by households, and the price elasticity and the Inter-Fibre competition. Based on the estimated growth in these factors, household demand was estimated at 52,289 million sq. mtrs. Non-household consumption, as fabrics (and as garments and clothing), has been rising at 5 percent CAGR. Demand has been projected during the Eleventh Plan on this basis. Considering the export growth at 22 percent, the demand of fabrics (and as garments and clothing) for export is estimated at 23,472 million sq. mtr.

2.21 The total demand from all three sectors works out to 92,555 million sq. mtrs. by the end of the Eleventh Plan. The details are in **Appendix 1.2**.

2.22 It is seen that demand for the fabrics (i.e., 92,555 million sq. mtrs) is almost at par with the projected production of cloth based on the annualized rate of growth of 12 percent, (i.e., 94,600 million sq. mtrs.) by the end of the Eleventh Plan.

Fibre wise projection of cloth production:

2.23 On the basis of past trends in fibre-wise cloth production, and the expected trends in fibre/yarn consumption, fibre-wise projection of cloth for the Eleventh Five Year Plan has been projected in Table-2.2. The past trend of production is in **Appendix-1.3**.

Table – 2.2

Fibre-wise projection of cloth production
by the terminal year of Tenth (2006-07) and Eleventh Plan (2011-12)

(Mn. sq. Mtrs.)

Type of cloth	Estimated production (2006-07)	Projected Production (2011-12)
Cotton	25207	49629
Blended	6866	9630
100 percent Non-cotton	21487	34605
Khadi, Woollen & Silk	700	736
Total	**54260**	**94600**

2.24 The production of cotton cloth grew at an annual average growth of 4.73 percent during first four years of the Tenth Five Year Plan. However, it increased at the rate of 14.5 percent in 2004-05, and 15.13 percent in 2005-06, year on year. Continuing with this trend, it is projected that it will increase at the rate of 14 percent during the Eleventh Plan period. The production of blended cloth did not grow during the first four years of the Tenth Five Year Plan, except during the year 2005-06 at a rate of 3.48 percent. It is estimated to increase at 7 percent now due to the removal of anomalies in excise duties. The production of 100 percent non-cotton cloth has shown an increase of 12.7 percent in 2001-02, and 9.16 percent in 2003-04, though the same growth was not maintained in the later years of the Tenth Plan. Considering this as a temporary phenomenon and after the removal of anomalies in excise duties and the consequent spurt in production, it is projected to grow at a rate of 10 percent during the Eleventh Plan period.

2.25 The year-wise, fibre-wise projected cloth production and per capita availability during the Eleventh Five Year Plan is given in the Table 2.3

Table – 2.3

Projection of year-wise, fibre-wise cloth production during the Eleventh Plan

(Mn. Sq. mtrs.)

Type of cloth	Tenth Plan		Assumed growth rate during the Eleventh Plan	Eleventh Plan projections				
	2005-06 Actual (Prov.)	2006-07 (Estimated)		2007-08	2008-09	2009-10	2010-11	2011-12
Cotton	23780	25207	14	28810	33026	37869	43313	49629
Blended	6242	6866	7	7347	7861	8411	9000	9630
100 percent Non-cotton	18747	21487	10	23636	25999	28599	31459	34605
Khadi wool & silk	693	700	1	707	714	721	728	736
Total	**49462**	**54260**	**12**	**60500**	**67600**	**75600**	**84500**	**94600**

Sectoral allocation of cloth production:

2.26 Cloth is produced in the country in the form of woven cloth and knitted cloth. The percentage share of knitted cloth in total cloth production is only 21 percent, the remaining 79 percent is produced in the form of woven cloth.

2.27 In a globalised economy, the mill sector has the advantage of maintaining/controlling its quality at each stage of production, and has a better chance of facing competition both domestic and international market. The decentralised handlooms and powerlooms sectors are vulnerable to international competition, and it is assumed that they may lose some of their share to the organized sector during the Eleventh Plan.

2.28 The hosiery sector, which has registered a modest increase till 2003-04, has been showing significant growth from 2004-05 onwards.

2.29 Considering the present production trend it is expected that share of cloth production by the mill sector will increase slightly from 3 per cent in 2005-06 to 5 percent in the terminal year of Eleventh Plan. The expected sectoral share of cloth production in the terminal year of the Eleventh Plan is as below:

Table – 2.4

Projection of sector-wise share in cloth production by the terminal year of the Eleventh Plan

Sector	Percentage share in production	
	Existing (2005-06)	**Terminal year of Tenth Plan (2011-12)**
Mill sector	3	5
Powerloom sector	62	61
Handloom sector	13	13
Hosiery sector	21	20
Khadi / Wool & Silk	1	1
Total	100	100

2.30 The year-wise, sector-wise projected production of cloth during the Eleventh Five Year Plan is given in the Table 2.5 below:

Table – 2.5

Sector-wise and year-wise cloth production during the Eleventh Plan

(Mn. Sq. mtrs.)

	Tenth Plan		Eleventh Plan projections				
	2005-06 Actual (Prov.)	**2006-07 (Estimated)**	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**
Mill	1576	1729	3025	3380	3780	4225	4730
Powerloom	30537	33559	36803	41198	46151	51662	57916
Handloom	6263	6871	7865	8788	9828	10985	12298
Hosiery	10393	11401	12100	13520	15120	16900	18920
Khadi, Wool, Silk	693	700	707	714	721	728	736
Total	**49462**	**54260**	**60500**	**67600**	**75600**	**84500**	**94600**

Per capita Availability of cloth

2.31 Considering the domestic availability of cloth, the per capita availability of cloth is projected at 62.23 sq. mtrs. by the end of the Eleventh Plan period, as against 39.17 sq. mtrs. in 2006-07, registering an annual rate of growth of 9.70 percent per annum. The per capita availability is estimated based on the projected population and expected export trend. The year-wise projections are given in the Table – 2.6 below:

Table – 2.6

Projected per capita availability of cloth during the Eleventh Plan

(sq. mtrs.)

	Plan		Eleventh Plan projections				
	2005-06 Actual (Prov.)	2006-07 (Estimated)	2007-08	2008-09	2009-10	2010-11	2011-12
Per capita availability	36.53	39.17	42.84	46.99	51.60	56.62	62.23

Projections of Yarn Production

Spun Yarn

2.32 An analysis of the trend of production of spun yarn and filament yarn reveals that the growth rate of filament yarn has been faster as compared to the growth of spun yarn.

2.33 The dominant share in spun yarn production is that of cotton yarn, which accounts for about 73 of the total spun yarn production. The assumed growth rate in the production of spun yarn is given at **Appendix – 1.3**. The projected production of yarn on the basis of assumed growth by the terminal year of Eleventh Plan is given below:

Table – 2.7

Projected production of spun yarn during the Eleventh Plan

(Mn. Kg)

Type of spun yarn	Tenth Plan		Assumed growth rate during the Eleventh Plan	Eleventh Plan projections				
	2005-06 Actual (Prov.)	2006-07 (Estimated)		2007-08	2008-09	2009-10	2010-11	2011-12
Cotton	2521	2798	14	3187	3633	4138	4712	5364
Blended	588	594	5	621	654	686	719	752

100 percent Non-cotton	348	352	5	372	393	416	439	464
Total spun yarn	**3457**	**3744**	**12**	**4180**	**4680**	**5240**	**5870**	**6580**

2.34 Production of spun yarn increased at an annual average rate of 2.75 per cent during the last five years (2001-02 to 2005-06), and has shown the highest year on year growth of 7.26 per cent in the year 2005-06. Therefore, a higher growth rate of 12 per cent is projected for the Eleventh Plan period, considering the higher growth expected in fabric production.

Filament Yarn

2.35 As already mentioned, the increase among yarns, has been higher in the case of filament yarn. In the case of PFY and PPFY a fluctuating trend in production is noticed. Among the filament yarns, the most noticeable growth has been that of NFY, with 7.27 per cent. PFY and VFY showed growth of 5.57 and 2.37 during the first four years of the Tenth Plan period. Negative growth rate to the tune of 9.04 percent is seen in respect of Polypropylene Filament yarn (PPFY) during the Tenth Plan period.

2.36 Production of filament yarn in 2005-06 shows an upward trend of 6.35 percent over 2004-05, and 12.22 per cent in the first quarter of 2006-07. In the budget of 2006-07, the excise duty on man-made filament yarn was rationalized. Therefore, a significant upward trend was noticed in the first quarter of 2006-07. However, this growth rate may not be sustained. Therefore, a growth rate of 10 per cent is projected for the Eleventh Plan period. The production of filament yarn during the Eleventh Plan, and assumed growth rates are given in Table-2.8 below:

Table – 2.8

Projected production of filament yarn during the Eleventh Plan

(Mn.kg)

Type of yarn	Tenth Plan		Assumed growth rate during the Eleventh Plan	Eleventh Plan projections				
	2005-06 Actual (Prov.)	2006-07 (Estimated)		2007-08	2008-09	2009-10	2010-11	2011-12
Viscose	53	53	2	54	55	56	57	59
Nylon	37	38	5	40	42	44	46	48

Polyester	1076	1225	10	1348	1482	1630	1794	1973
Polypropylene	14	15	5	16	17	17	18	19
Total	**1180**	**1331**	**10**	**1457**	**1596**	**1748**	**1915**	**2099**

Requirement of yarn for fabric:

2.37 The total production of yarn is estimated at 8,679 million kg. (comprising 6580 million kg spun yarn, and 2099 million kg filament yarn) which is adequate to produce 94,600 million sq. mtrs. of fabric during the terminal year of Plan period. In fact, 7,310 million kg. of yarn is required to produce 94,600 sq. mtrs of fabrics. The remaining 1369 million kg. (8,679 million kg – 7,310 million kg.) of yarn will be used for export and for other purposes.

Projection of production for textiles fibres:

2.38 Adequate availability of raw material is a prerequisite for the growth of the entire textiles industry. The quality of textiles products is also dependent to a great extent on the kind of raw materials used in the production process. The Indian textiles industry produces a wide variety of fibres, from cotton to man-made to wool, silk, jute and multiple blends thereof, though cotton continuous to be the predominant fibre for the production of textiles items.

2.39 The production of cotton fibre increased by annual average growth rate of 11.48 percent during the first four years of the Tenth Plan period. With a thrust being given to produce contamination-free, good quality cotton and an increase in the yield per hectare through TMC, there has been significant growth in cotton production. It is estimated that yield will increase to 700 kg./hectare by the end of the Eleventh Plan, and cotton production will increase to 390 lakh bales, recording an average growth of 8.28 percent in the production of cotton during the Eleventh Plan period.

2.40 Among the man-made fibres, the production of PSF has shown a growth of 3.31 percent during the first four years of the Tenth Plan period. However, it declined to 2.48 per cent in the year 2005-06. During the first quarter of 2006-07, it is again showing sign of higher growth because of a rationalization of excise duty on man-made fibre in the Budget of

2006-07. Therefore it is assumed that the production of PSF will grow by 10 percent during the Eleventh Plan period.

2.41 The production of Acrylic staple fibre has shown a marginal growth of 3.26 percent during the first four years of Tenth Plan period. However, it recorded a growth of over 11 percent during the last two years. Therefore, it is assumed that there will be a growth in the production of ASF to the tune of 10 percent during the Eleventh Plan Period.

2.42 The growth in production of PPSF is projected at six per cent during the Eleventh Plan period based on previous growth trends. The production of different fibres during the Eleventh Plan alongwith assumed growth are given in Table-2.9 below:

Table –2.9

Projected production of fibres during the Eleventh Plan

(Mn. Kg)

Type of fibre	Tenth Plan		Assumed growth rate during the Eleventh Plan	Eleventh Plan projections				
	2005-06 Estimate	2006-07 (Estimated)		2007-08	2008-09	2009-10	2010-11	2011-12
Raw Cotton (Cotton year)	4148 (244)	4454 (262)	8.28	4823 (284)	5222 (307)	5655 (332)	6123 (360)	6630 (390)
Man Made Fibre								
V.S.F.	229	230	5	242	254	266	280	294
P.S.F.	628	754	10	829	912	1004	1104	1214
A.S.F.	108	131	10	144	159	174	192	211
P.P.S.F.	3	2	6	2	2	2	2	3
Sub-total Man-made	968	1117	9	1217	1327	1446	1578	1722
Grand Total	**5116**	**5571**	**7**	**5909**	**6240**	**6546**	**6848**	**7672**

Note: Cotton production figures in brackets denote lakh bales of 170 kg. each.

Requirement of fibre for yarn production

2.43 It is seen that the total production of fibre is estimated at 7672 million kg. which is adequate to produce the 6580 million kg. of spun yarn.

Projected Exports:

2.44 Textiles exports have recorded an annualized rate of growth of 12 percent in dollar terms during the first four years of the Tenth Plan. However, after the phasing out of quotas, there has been significant growth in exports, and during the year 2005-06, they have risen by 22 percent.

2.45 Considering the growth in textile exports, subsequent to the phasing out of quotas, and the investment flowing in this sector to expand / modernize the capacity in the entire value chain, the Working Group decided to project the overall growth for exports at 20 percent. Segment wise growth in exports has been projected based on the trend in growth, post MFA, in the respective segments.

Table-2.10

Projected exports of textiles and apparel during the Eleventh Plan

(Figures in million US$)

Sl. No.	Items	2005-06 (Provisional)	2006-07 (Estimated)	Assumed Avg. growth rate during the Eleventh Plan	Eleventh Plan projections				
					2007-08	2008-09	2009-10	2010-11	2011-12
1.	Readymade garments	8403	10504	**26.50**	12987	17355	23593	31697	34025
2.	Cotton textiles	4493	5167	**17.00**	5645	7573	9185	10982	11328
3.	Man-made textiles	2000	2200	**17.00**	2574	3012	3524	4123	4823
4.	Wool & woollen textiles	84	97	**13.50**	110	124	141	160	182
5.	Silk textiles	430	456	**9.00**	497	542	590	643	701
	Total	**15410**	**18424**	**22.61**	21813	28606	37033	47605	51059
6.	Handicrafts	1239	1425	**16.00**	1653	1917	2224	2580	2993
7.	Coir & coir manufactures	134	168	**18.00**	198	234	276	326	384
8.	Jute	295	310	**16.00**	360	417	484	561	651
	GRAND	**17078**	**20327**	**22.07**	**24024**	**31174**	**40017**	**51072**	**55087**

	TOTAL								

Projected Employment

2.46 The textiles industry is a labour intensive industry and contributes to 19 percent of the total factory sector industrial work force. In fact, it is the 2nd largest employment provider, next only to agriculture.

2.47 Textiles operations are widespread, embracing, activities including cotton ginning, spinning and manufacture in composite units, handlooms, powerlooms, processing, knitting clothing and made-ups to textiles marketing. The reach of this vast sector extends to the remotest rural areas, urban and semi-urban towns and to the large cities. The ramifications textiles activities have a multiplier effect on employment opportunities.

2.48 With growth in textiles production, employment in this sector is also expected to grow at the rate of 3.05 percent. The employment in textiles is expected to increase from 33.17 million persons to 45.19 million persons by the terminal year of the Eleventh Plan. The employment in allied sectors is also expected to increase from 54.85 million persons to 60.20 million persons. The details are given in **Appendix – 1.4**. The summarised position is given below:

Table 2.11

Projected employment in textiles and apparels during the Eleventh Plan

(Mn. Nos.)

Item	As on 31st March, 2006 (Estimated)	2011-12 (Projected)
Textile Industry	33.17	45.19
Allied Industry	54.85	60.20
Total Employment	**88.02**	**105.39**

2.49 To meet the challenges of a globalised economy and achieve the production and export targets fixed for the Eleventh Plan, the strategies and action plan are discussed in the respective chapters.

CHAPTER - 3

RAW MATERIALS FOR THE TEXTILES INDUSTRY

INTRODUCTION

3.1 The broad based vertically integrated textiles industry consumes a diverse range of textiles fibres, and yarns to produce various types of products for the domestic and export markets. The range of fibres consumed by the industry includes natural fibres like cotton, silk, wool, jute and man-made fibres like polyester, viscose, nylon, acrylic, polypropylene, etc. Though the textiles industry is pre-dominantly cotton based, the consumption of other fibres / yarns is also significant. Considering the significance of raw material for the finished product, it is imperative to augment the availability of different fibres / yarns at reasonable prices.

3.2 In this chapter, only the issues concerning raw cotton and man-made fibres / yarns will be discussed. Other raw materials like silk, wool, and jute will be discussed in respective chapters of the textile industry.

PERFORMANCE DURING THE TENTH FIVE YEAR PLAN

Production

Cotton

3.3 During the Tenth Plan, the production of cotton was projected to increase from 158 lakh bales to 216 lakh bales by the terminal year of the Plan, and the yield was projected to increase from 300 kg. per hectare to 420 kg. per hectare. Against these projections, the cotton production has already increased to 244 lakh bales (exceeding the target for the terminal year of the Plan) and is expected to reach a figure of about 260 lakh bales in the terminal year of the Tenth Plan, i.e., 2006-07. The yield has also increased to 470 kgs per hectare in the year 2005-06 as against the projected figure of 420 kgs. per hectare by the terminal year of Tenth Plan. The increased production is on account of higher yield, as area under cotton cultivation has moved in a limited range of 8 million hectare to 9.20 million hectare during the period. The factors which have contributed to the increase in cotton productivity are research and development activities for high yielding seeds, including BT and other hybrid seeds, favourable agro climatic conditions and transfer of technology including better farm practices through the efforts of Mini Mission 1 & 2 of Technology Mission on Cotton (TMC).

Man-made fibres / yarns

3.4 During the Tenth Plan, the production of man-made fibres / yarns was projected to increase from 2086 million kg. in 2002-03 to 2753 million kgs. in 2006-07 with an annualized rate of growth of 7 percent. The actual increase in man-made fibre/yarn production has been 2015 million kgs in 2002-03 to 2148 million kgs in 2005-06 is registering an annual rate of growth of 4.57 percent. During the Tenth Plan period, the performance of cotton has been better compared to man-made fibres / yarns. Cotton production has exceeded the target, while man-made fibres /yarns are not expected to meet the projected target for the terminal year of the Tenth Five Year Plan.

Consumption

Cotton

3.5 During the Tenth Plan, cotton consumption by mills was expected to increase from 173 lakh bales (of 170 kg. each) in 2002-03 to 202 lakh bales by the terminal year of the Tenth Plan (2006-07) at a compounded growth rate of 3.39 percentage. The actual increase in cotton consumption has been from 159 lakh bales to 190 lakh bales in 2005-06, showing a compounded growth of 4.57 percent.

Man-made fibres / yarns

3.6 During the Tenth Plan period, the consumption of man made fibres / yarns was expected to increase from 2035 million kgs in 2002-03 to 2684 million kgs. by the terminal year of the Plan at a compounded annual growth rate of 5.48 percent. However, the actual increase in consumption has been from 2015 million kgs. to 2154 million kgs. in 2005-06 registering a growth of 2 percentage. Polyester staple fibre / filament yarn is the major component of the man made fibre/ yarn segment and constitutes about 70-79 percent of the total production of man-made fibres/ yarns. In the man-made fibres / yarns segments only acrylic staple fibre and polypropylene fibre have exceeded targets during the first four years of the Plan. The production of viscose and polyester has been below the target during the entire Plan period.

Import & Export of fibres / yarns

Cotton

3.7 During the Tenth Plan period, there was a steady decline in the import of cotton. The import was 17.67 lakh bales in 2002-03, which declined to 4 lakh bales in 2005-06. Against this, there has been steady increase in export of cotton. The export in 2002-03 was 0.84 lakh bales which increased to 33 lakh bales in 2005-06. The decline in import and increase in export is on account of higher cotton production within the country, vis-à-vis its domestic consumption by the mills. The country became a net exporter of cotton during the last two years.

Man-made fibres / yarns

3.8 There has been significant increase in the export of man-made fibres/ yarns during the first four years of the Tenth Five Year Plan. This increased from 150 million kgs in 2002-03 to 178 million kgs. during 2004-05. The maximum export was that of polyester filament yarn. Simultaneously, there has been a decline in the import of man-made fibres during the period. Import declined from 174 million kgs in 2002-03 to 147 million kgs. in 2004-05. The maximum import was that of polyester filament yarn. Thus during the Tenth Five Year Plan, the man made fibres / yarns industry was a net exporter.

APPROACH TO THE ELEVENTH PLAN

3.9 The approach to the Eleventh Plan is to develop a strong multi fibre base with emphasis on:

- Increasing the yield of cotton to a level of 700 kgs. per hectare.
- Increasing the production of Extra Long Staple (ELS) cotton to reduce the gap between demand and indigenous supply of ELS cotton.
- Increasing the production of specialty and high tenacity man-made fibres / yarns.

PROJECTIONS FOR THE ELEVENTH PLAN

3.10 Keeping in view, the demand projections for cloth and also the performance of the raw material sector during the Tenth Plan period, the fibre wise production of raw materials for the textile industry was discussed in chapter – 2.

3.11 Based on the fibre wise analysis, the projected figure of consumption of cotton and man-made fibres / yarns is given below:

Table 3.1

Projected fibre / yarn consumption by the textiles industry during the Eleventh Plan

(In Mn. Kg.)

Name of the	Tenth Plan	Assumed	Projected consumption

Fibre / yarn	2005-06	2006-07	growth rate during the Eleventh Plan	2007-08	2008-09	2009-10	2010-11	2011-12
Cotton (I) (Mill consumption SSI & Non-SSI)	3222 (190)	3576 (210)	12.27	4015 (236)	4508 (265)	5061 (298)	5682 (334)	6379 (375)
Man-Made Fibres								
V.S.F.	231	231	5	243	255	267	281	295
P.S.F.	615	746	10	821	903	993	1092	1201
A.S.F.	112	142	10	156	172	189	208	229
P.P.S.F.	3	2	6	2	2	2	3	3
Sub-Total (II)	**961**	**1121**	**9.04**	**1221**	**1331**	**1452**	**1583**	**1728**
Man-Made Filament yarns								
V.F.Y.	49	49	2	50	51	52	53	54
N.F.Y.	31	32	5	34	35	37	39	41
P.F.Y.	1099	1251	10	1376	1514	1665	1832	2015
P.P.F.Y.	14	15	5	16	17	17	18	19
Sub-Total (III)	**1193**	**1347**	**9.59**	**1475**	**1617**	**1771**	**1942**	**2129**
Non-mill cotton consumption	255 (15)	257 (15)		257 (15)	258 (15)	258 (15)	259 (15)	260 (15)
Grand Total	5631	6301	10.74	6969	7713	8542	9466	10495

Note: Figures in the brackets are lakh bales of 170 kg. each.

3.12 Based on the above analysis, the consumption of fibres / yarns will grow at an average of about 10.74 percentage by the terminal year of the Eleventh Plan. The most dynamic growth during the period is expected to be in the cotton sector.

3.13 On the basis of the projections made for the Eleventh Plan, the share of non-cotton fibres in the overall consumption of raw materials will decrease from the present 39 percent to 37 percent while that of cotton will increase from 60 percent to 63 percent.

3.14 In the global scenario, the consumption ratio of cotton to non-cotton is 40: 60, while in India it is reverse. The projected consumption ratio indicates the continuation of the same trend. This consumption trend is on account of the fact that cotton production is on the upswing and India is expected to emerge as the second largest producer of cotton in the world. It is appropriate to consume cotton produced in the country (instead of exporting raw cotton) to produce value added products for the domestic and export market. Further, cotton is a rich man’s fabric and commands a premium in the world market. Therefore, the export of value added cotton based products will improve the foreign exchange earning of textiles industry.

Projected production

Cotton

3.15 The area under cotton cultivation has been moving in the limited range of 8 million hectares to 9.20 million hectares over the last several years. Since cotton has to compete with other cash crops like soybean, groundnut, sugarcane, tobacco, chilies, etc., it is expected that the area under cotton cultivation, during the Eleventh Five Year Plan may remain in the range of 9 million hectares to 9.5 million hectares. Although the yield per hectare in the country has increased significantly in the last 2-3 years, it is much lower than the world average of 725 kgs. per hectare, and the average yield of 769 per hectare in Pakistan, and 1119 kgs. in China. With the further possibility of higher use of BT seeds / hybrid seeds, and a decline in the cost of such seeds, it is projected that by the terminal year of the Eleventh Plan, the yield per hectare will increase to 700 kgs. and cotton production should reach the level of 390 lakh bales.

Man-made fibres / yarns

3.16 The growth rate in the production of man-made fibres /yarns is projected to be of the same level as that of their consumption. On that basis, the production of man-made fibres / yarns is expected to increase from 2148 million kgs in 2005-06 to 3821 million kgs in 2011-12, registering an overall growth of 10.08 percent during the Eleventh Plan period. The existing installed capacity of man-made fibres / yarns is 2565 million kg as against the projected production of 3821 million kg. Therefore, the existing installed capacity would not be adequate to meet the demand, and additional capacity, especially to manufacture polyester staple fibre and filament yarn should come up during the Eleventh Plan period to meet this demand.

Table -3.2

Installed capacity vis-à-vis projected production

(In Mn. Kg.)

Sr. No.	Fibre / Filament Yarn	Installed capacity as on 31-03-06	Projected Production (2011-12)	Surplus / Deficit
	Man-Made Fibres			
(i)	Viscose Staple Fibre	338	294	44
(ii)	Acrylic Staple Fibre	145	211	(-) 66
(iii)	Polyester Staple Fibre	700	1214	(-) 514
(iv)	Poly propylene Staple Fibre	8	3	5
	Sub Total	**1191**	**1722**	**(-) 531**
	Man-Made Filament yarns			
(i)	Polyester Filament Yarn	1253	1973	(-) 720
(ii)	Nylon Filament Yarn	24	48	(-) 24
(iii)	Viscose Filament Yarn	80	59	21
(iv)	Poly propylene Filament Yarn	17	19	(-) 2
	Sub Total	**1374**	**2099**	**(-) 725**
	Grand Total	**2565**	**3821**	**(-) 1256**

3.17 It may be pertinent to emphasise that unless incremental capacity for the production of man-made fibres and yarns is installed and a conducive policy environment is provided, the imports of man-made fibres / yarns will increase to keep pace with the domestic demand.

Projected Import & Export

Cotton

3.18 Keeping in view the consumption and production trend in the Eleventh Plan period, the export of cotton is expected to be in the limited range of 5-10 lakh bales, and import also in the range of 5-10 lakh bales particularly of ELS cotton.

Man-made fibres / yarns

3.19 The import of man made fibres / yarns, particularly polyester fibre / yarn will increase significantly if additional capacities do not come up to meet the projected demand-supply gap.

RECOMMENDATIONS

3.20 The Indian textiles industry draws its strength primarily from a strong indigenous raw material base. Since, the Indian textiles industry is targeted to grow at the rate of 12 percent in volumetric term during the Eleventh Five Year Plan, it is necessary to ensure the availability of good quality raw materials at reasonable prices. To strengthen the raw material base, the following recommendations are made:

Technology Mission on Cotton (TMC)

3.21 In order to remove the deficiencies in the cotton sector and to place the cotton economy on a sound footing within a limited time frame, the Government had set up the Technology Mission on Cotton (TMC) on 20th February 2000. The Mission was intended for a 5-year term commencing from 1999-2000, but it was extended by 3 more years to cover the entire Tenth Plan period ending with 2006-07 (31.03.2007).

3.22 TMC has four Mini Missions. Mini Missions I & II are under the Ministry of Agriculture, whereas Mini Missions III & IV are under the Ministry of Textiles.

Mini Mission –III

3.23 Main Activity: development of market yards. During the Ninth and Tenth plans the given target of 111 market yards was subsequently revised to 250 market yards. Against this, 211 market yards have already been sanctioned. The estimated project cost of these market yards is Rs. 409.73 crore with the share of Government of India being Rs.208.07 crore. An amount of Rs. 94.07 crore has already been released to various Agriculture Produce Marketing Committees (APMCs) that have developed/are developing their market yards. It is estimated that by the end of Tenth Plan, the approval to a total of 225 APMCs may be accorded, thus achieving a target to the level of 90 percent.

Mini Mission – IV

3.24 Main Activity: modernization of Ginning & Pressing (G&P) units. The target for Ninth and Tenth Plan was revised to 1000 units during June 2005 to process the increased quantities of cotton produced during recent years. Against this 725 projects have already been approved. The estimated project cost for the modernization of 725 projects is Rs. 969.59 crore, with the share of the Government of India being Rs.166.50 crore. An amount of Rs. 75.24 crore has already been released to various factories that have modernized/are modernizing their units. Another 175 G & P units are expected to be approved by the end of Tenth Five-year plan thus making a total of 900 units, and achieving the target to the level of 90 percent.

3.25 Some of the ginners have also availed benefits under the Technology Upgradation Fund Scheme (TUFS) to modernize their units. There are still other units that had already modernized on their own, before the start of GOI schemes. It is estimated that 1000 units under TMC and another 500 units under TUFS, and those who have done this themselves, will be able to process about 3,25,000 bales of cotton, which is expected to be clean and contamination free. It is expected that this quantity of cotton will not only meet the requirements of Indian mills but there will also be surplus for export.

3.26 Based on past experience, it has been observed that most of the market yards and G & P factories sanctioned under TMC take up their development/ modernization activities during the off-season, i.e. February – September. Thus, it can be expected that the projects sanctioned for the development of market yards and modernization of G & P factories from July to September 2006 will be able to start actual execution of the project only from February 2007 onwards. Often, this gets further extended due to some unavoidable circumstances faced by APMCs/ ginners. On an average, an APMC takes 18-24 months for development of a market yard, and G & P owners about 12-18 months to modernize of their G & P units from the date of sanction of the project.

3.27 The proposals which will be sanctioned during 2006-07 may take another period of 1-2 years from their respective dates of approval complete the project work, and be eligible to receive the TMC share. Further, the remaining 25 market yards and 100 G & P factories may be sanctioned during 2007-08.

3.28 In view of the above, the TMC may be extended for a period of two years i.e. up to 31-03-2009 to enable APMCs and G & P units to complete their projects, and get their subsidy reimbursed. The remaining 25 APMCs and 100 G & P units will also be sanctioned during this period. The fund requirement for this is estimated to be about Rs. 241.35 crore as per the original target and fund requirements.

Proposed Plan Outlay

<table>
<tr><th colspan="4">Cotton Technology Mission (Central Plan outlay):</th></tr>
<tr><td colspan="3">Mini Mission III</td><td rowspan="4">Rs.121.35 Crore</td></tr>
<tr><td>(i)</td><td>2007-08</td><td>Rs. 45.35 Crore</td></tr>
<tr><td>(ii)</td><td>2008-09</td><td>Rs. 70.00 Crore</td></tr>
<tr><td>(iii)</td><td>Contingency</td><td>Rs. 6.00 Crore</td></tr>
<tr><td colspan="3">Mini Mission IV</td><td rowspan="3">Rs.120.00 Crore</td></tr>
<tr><td>(i)</td><td>2007-08</td><td>Rs. 50.00 Crore</td></tr>
<tr><td>(ii)</td><td>2008-09</td><td>Rs. 70.00 Crore</td></tr>
<tr><td colspan="3">Total</td><td>Rs. 241.35 Crore</td></tr>
</table>

Man-made fibres / yarns

3.29 There is urgent need to increase the availability of man-made fibres / yarns at reasonable prices in the country. In the world, the consumption ratio of cotton to non-cotton is 40:60 while in India it is the reverse. The global trade is dominated by man made based products while Indian exports are pre-dominantly cotton based. Thus, there is need to augment the availability of man made fibres / yarns. To encourage the modernization of existing capacity and set up additional capacities in the synthetic sector, the following suggestions are made:

Policy Issues

3.30 A rational, equitable and growth oriented fiscal policy regime for man-made fibres and filament yarns and their raw material needs to be put in place.

3.31 Fiscal duty concessions also need to be provided on machinery for the production of man-made fibres and yarns for export.

Technology Upgradation Fund Scheme (TUFS)

3.32 At present, the entire textiles sector except the segment manufacturing synthetic fibres / yarns is covered under TUFS. To encourage the production of synthetic fibres / yarns, manufacturing of synthetic fibres/yarns should be brought under the purview of TUFS. It is estimated that the synthetic fibres / yarns sector would require about Rs. 8,500 crore for technology upgradation and expansion of existing capacity. In case of non-availability of funds, the manufacturing of high tenacity synthetic fibres / yarns which are required for the production of technical textiles should be covered under TUFS.

Institutional Mechanism

Anti Dumping Duty Cell

3.33 The availability of man-made filament yarn has been restricted due to the levy of anti dumping duty on all filament yarn. This has occurred primarily on account of the fact that the Directorate General of Anti Dumping and Allied Duties (DGAD) is finalizing his findings without technical experts on the subject, and these findings are made based on the submissions made by the applicants.

3.34 The Anti-Dumping Duty on Nylon filament yarn (NFY/VFY/PFY/POY) is the same for all the deniers whereas the prices of filament yarns vary depending upon the denier, quality, etc. This is again due to the lack of technical expertise in the DGAD

3.35 Therefore, a ‘**Technical Advisory Cell**’ may be formed in the Office of the Textile Commissioner, comprising of technical experts on textiles from the Ministry of Textiles, IITs, TRAs and the DGAD should consult this Cell on technical aspects of textiles before the final findings are made. This will result in a balanced finding which will not adversely affect the interests of various sectors of the textiles industry.

CHAPTER - 4

ORGANISED MILL INDUSTRY

INTRODUCTION

4.1 The cotton / man-made fibres textiles mill industry is the oldest industry in the country. Its size has been declining for several years, before a recovery started during the Tenth Plan Period. This recovery was driven mainly by corrections and initiatives in Government's policy inputs such as economic liberalization and deregulation, fiscal reforms, and innovative schemes like the Technology Mission on Cotton and the Technology Upgradation Fund Scheme. These measures helped immensely in attracting investments for increasing capacities and upgrading technology across the value chain.

4.2 Though the overall increase in the total number of mills and installed capacity during the Tenth Plan period in the organized industry was moderate, modernization increased capacities considerably, and this is reflected in production figures as well as quality during the latter part of the Plan period. With favourable market conditions, triggered by increasing disposable incomes arising from the robust growth of the domestic economy, a record increase in domestic cotton production, and the removal of quotas in the international markets, significant increase in investments and production capacities is feasible in the Eleventh Plan Period.

PERFORMANCE DURING THE TENTH PLAN PERIOD

Spinning

4.3 The textiles industry has witnessed significant growth during the last 5 years in terms of installed spindleage, yarn production and exports. However, the total number of cotton/man-made fibre mills declined from 1860 in March 2002 to 1823 in August 2006. Since 165 mills were liquidated / permanently closed during this period, this means 128 new mills were added during Eleventh Plan. Almost all were spinning units. In addition to the spinning & composite mills in the organized sector, a large number of small scale spinning units came up in the eighties, especially in the state of Tamil Nadu. The number of SSI units has increased from 1046 in March 2002 to 1250 in August 2006.

4.4 The overall spindleage during the Tenth Plan period increased marginally from 38.33 million spindles in March 2002 to 39.27 million spindles in August 2006. However, excluding permanently closed mills, the total incremental spindleage during the Tenth Plan was 6.09 million spindles. There has been continuous growth in the capacity of open end rotors. The number of open end rotors increased from 4.80 lakh rotors in March 2002 to 5.90 lakh rotors in August 2006. Excluding those in the permanently closed mills, the incremental open-end rotors capacity installed during the Tenth Plan works out to 1.71 lakh rotors.

4.5 The primary product of the textiles industry is spun yarn, which is almost entirely manufactured by the organized sector. The SSI sector accounts for about 10 percent of the spun yarn production. Spun yarn is the raw material for the composite / weaving mills and for the decentralized handlooms, powerlooms and hosiery sectors. The production of cotton yarn has shown a fluctuating trend during the first four years of the Tenth Five Year Plan. Production which was 2212 million kg. during the year 2001-02 declined to 2177 million kg. during 2002-03. This further declined to 2121 million kg. in 2003-04, and then increased to 2272 million kg. in 2004-05. It exhibited significant increase in 2005-06 by reaching the figure of 2521 million kg. The export of cotton yarn has gradually increased from 438 million kg. in 2001-02 to 448 million kg. in 2004-05

4.6 Apart from cotton yarn, blended yarn, and 100 percent non-cotton spun yarn are also produced by the spinning sector. During the Tenth Five Year Plan, the production of 100 percent non-cotton yarn increased gradually from 280.15 million kg. in 2001-02 to 348.43 million kg. in 2005-06. Blended yarn has, however, declined marginally from 609 million kg. to 588.13 million kg. during the corresponding period.

4.7 Technology wise, the Indian spinning industry has been able to keep pace with international technological trends to a fair degree through its own efforts, and by taking advantage of the concessional loans under the Technology Upgradation Fund Scheme (TUFS). In fact, the spinning segment has taken the maximum advantage of TUFS. As on 31-7-2006, projects, worth Rs. 13,178 crore stood sanctioned under TUFS in the spinning sector, and Rs.10,908 crore in the composite sector. However, to maintain our core competence in spinning segment and convert it into the competitive edge in the globalised scenario, it is necessary that the modernization and technological upgradation process should continue through expansion of capacity and the replacement of the old / outdated spindles. Reportedly, the replacement of spindles is required within ten years of the installation in order to maintain optimum production.

4.8 China, which had around 40 million spindles during the year 1997, has increased the spinning capacity to around 80 million spindles with machines of the latest technology, engaging 36 employees per 10000 spindles per day as against a minimum 100 employees per 10000 spindles per day in India. Some mills in China have even 5 million spindles under one roof, against average capacity of 10,000 – 15,000 spindles per mill in India. Our largest spinners have a capacity of only around five lakh spindles, that too at different locations due to rigid labour laws. The spinning sector has to make heavy investments during the Eleventh Plan to add modern machines for compact spinning, air vortex spinning, rotor spinning, ring frames with automatic doffers, modern preparatory and post spinning machines. This will improve value addition at the yarn stage but utilize human skills properly and ensure employment generation in the allied sectors of agriculture, weaving, knitting, processing and garmenting.

Weaving

4.9 In the organized sector, weaving is concentrated in the composite mills and exclusive weaving units. Weaving capacity has declined from 1.40 lakh looms in March 2002 to 0.91 lakh in August 2006. However, excluding those liquidated / permanently closed during this period, the incremental loomage in mills run in the organized sector, during the Tenth Five Year Plan, was 6523 looms, comprising of 1383 shuttle looms and 5140 number of shuttleless looms. It shows that the mill sector is increasingly installing shuttleless looms, and this trend is expected to continue during the Eleventh Plan also. The organized weaving sector has also availed of TUFS. Project worth Rs.5,038 crore were sanctioned under TUFS till 31.07.2006.

4.10 The production of cloth by the mill sector has shown a fluctuating but increasing trend during the latter part of the Tenth Plan. It declined from 1546 million sq. mtrs in 2001-02 to 1496 million sq. mtrs. during 2002-03. It further declined to 1434 million sq. mtrs in 2003-04, but increased to 1526 million sq. mtrs in 2004-05, and to 1576 million sq. mtr in 2005-06. It is expected that during the Eleventh Five Year Plan, the mill sector will increase its share in cloth production from the existing 3 percent to 5 percent on account of its strengths of an integrated production structure.

APPROACH TO THE ELEVENTH PLAN

4.11 In the globalised scenario, large scale integrated textile units have a distinct advantage and to fully exploit global opportunities. Efforts will be made to restore the organized mill industry to its position of pre-eminence to meet the international demand for high value, large volume products at internationally competitive cost and quality levels. For this purpose, measures will be taken to encourage the integration of production efforts on technology driven lines, strategic alliances with international textile majors, and the setting up of large integrated textile complexes.

PROJECTIONS FOR THE ELEVENTH PLAN

4.12 The projections for the production of spun yarn and cloth by the organized sector have been discussed in Chapter - 2.

4.13 The incremental yarn production during the Eleventh Plan period is projected at 2836 million kg. The incremental spindles for producing 2836 million kg. of yarn are estimated at 21 million spindles. (Considering the production of 135 kg. per spindle per year and the number of working days in a working year as 300). CITI has also estimated that 8.25 million spindles would need to be replaced during the Eleventh Five Year Plan. Therefore, the total requirement of spindles during the Eleventh Five Year Plan would be 29.25 million spindles during five years. The requirement per year would be in the range of 5.85 million spindles. The total investment required would be Rs. 50250 crore (21 million spindles at the rate of Rs. 20,000 per spindle and 8.25 million spindle at the rate of Rs. 10,000 per spindle).

4.14 The incremental fabric production by the mill sector during the Eleventh Five Year Plan is projected at 3,000 million sq. mtrs. It is expected that mill sector would be installing only shuttleless looms. Assuming a production of 1.5 lakh sq. mtrs. production, per year per loom (503 sq. mtr. per day and 300 working days in a year), 20,000 shuttleless looms will have to be installed by the mill sector, at a cost of Rs. 5,000 crore (assuming the average cost of one loom at Rs. 25 lakh including preparatory and other expenses).

RECOMMENDATIONS

Continuation of TUFS in its present form

4.15 TUFS has been the single most important factor which has contributed to the revival of the organized mill sector, and placed it on a path of rapid growth. To meet the targets of the Eleventh Plan, it is necessary to continue the TUFS during the Eleventh Five Year Plan. TUFS has been discussed in detail in Chapter-18 (Fund Requirement and Financing Arrangements).

Fiscal duty concessions

Customs duty

4.16 Machinery is a critical input for the textiles industry. A total of 387 machines are already listed at 5 percent duty, however, there are still large number of items of important and critical textiles machinery which attract Customs duty of 10 percent. There is a good momentum in the investment to build up new capacities and modernization. This momentum can be strengthened & improved if import duties on these items of textiles machinery are reduced. Import duty should be reduced from 10 percent to 5 percent on all new machines, and to 10 percent on second hand machines.

Excise duty

4.17 Currently, the rate of excise duty on textiles machinery is quite high, at 16 percent. With the addition of sales tax and octroi duty, the cumulative incidence of duties works out in excess of 25 percent. This acts as a disincentive to large investment for modernization and expansion of capacity. To motivate larger investments by textiles units, the excise duty rate on textiles machinery should be scaled down from 16 to 8 percent. This measure will help textiles units in bringing down their cost of investment, and indigenous textiles machinery manufacturers to expand their capacities.

Handloom Reservation Act 1985

4.18 Handloom Reservation Order issued under Handloom Reservation Act 1985, reserves 11 items for production exclusively by the handlooms industry. However, there is no restriction on the import of these products. Thus, powerloom units and mills in India are restricted from producing these items, whereas powerlooms units or mills of other countries can produce and export these items to India taking advantage of the current reduced customs duty and duty concessions under Preferential Trading Arrangements (PTAs). Therefore, the Handloom Reservation Order may be reviewed with a view to redefine reserved items more scientifically and precisely to avoid misinterpretation at the operating level, and to exempt such items in which powerlooms and mills have a distinct potential and competitiveness in the international market for export production.

Hank Yarn Obligation Scheme

4.19 The National Textile Policy, 2000 envisaged that the Hank Yarn Obligation should be reviewed from time to time while ensuring the supply of adequate quantities of yarn to the handlooms industry. The Working Group, therefore, recommends that the Hank Yarn Obligation Scheme may be reviewed, and the possibility of evolving an alternate mechanism to ensure the supply of adequate quantities of yarn to the handloom sector may be considered.

Abolition of Textiles Committee Cess

4.20 Production units in the entire textiles and clothing industry, including the textiles machinery manufacturing industry are required to pay a Textiles Committee Cess at the rate of 0.5 percent of the value of their annual production. This Cess, levied under the Textiles Committee Act 1963, is meant to finance the Textiles Committee. However, the Cess collected for over three decades now, has been far in excess of the funds required for running Textile Committee. In fact, if the excess amount collected so far is converted into a corpus fund for the Textiles Committee, the income from interest will be sufficient to run it. The Textiles Committee Cess needs to be abolished.

Flexibility in Labour Law

4.21 Rigid labour laws discourage the setting up of large scale units on the lines of China, and encourage the fragmentation of units. Therefore, these laws need to be made flexible. This issue is discussed in detail in Chapter – 14 (Exports).

Brand Promotion

4.22 To increase value addition, the branding of textiles products is a pre-requisite. A scheme for brand promotion is discussed n detail in Chapter –14 (Exports).

CHAPTER - 5

POWERLOOMS

INTRODUCTION

5.1 The Decentralized Powerlooms Sector is one of the most important segments of the textiles industry in terms of fabric production and employment generation. It provides employment to 48.60 lakh persons and contributes 62 percent to total cloth production in the country. Infact, 60% of the fabrics produced in the powerloom sector is of Man-made. More than 60 percent of fabric meant for export is also sourced from Powerlooms sector. The ready made garments and home textiles sectors are heavily dependent on the powerlooms sector to meet their fabric requirement.

5.2 There were approximately 4.30 lakh powerloom units with 19.44 lakh powerlooms as on 31st March 2006. The technology level of this sector varies from obsolete plain looms to high-tech shuttleless looms. There are approximately 4.00 lakh drop box semi automatic looms, 40000 automatic looms, and 32000 Shuttleless looms in this sector. The remaining 14.72 lakh are plain shuttle looms. It is estimated that more than 75 percent of the shuttle looms are obsolete and outdated with a vintage of more than 15 years , and have virtually no process or quality control devices / attachments. However, there has been significant upgradation in the technology level of the Powerlooms sector during the last 3-4 years.

5.3 In line with the varied technology level wide range of products. These vary from low value coarse and gauze cloth to high value shirting, suiting and made-ups.

PERFORMANCE OF THE POWERLOOMS SECTOR DURING THE TENTH FIVE YEAR PLAN

Production

5.4 Fabric production in the powerlooms sector registered an annualized rate of growth of 5 percent during the Tenth Five Year Plan. It increased to 30.54 billion sq. mtrs in 2005-06 from 25.19 billion sq. mtrs in 2001-02.

5.5 The technology level in the powerlooms sector has also increased significantly during the Tenth Five Year Plan. About 27000 shuttleless looms were installed during this plan period.

Review of the Tenth Plan Schemes and Programmes.

Technology Upgradation Fund Scheme (TUFS)

5.6 TUFS was launched to modernize the textiles & jute sector w.e.f. 01.04.1999 for a period of 5 years, and was later extended up to 31.03.2007. Considering the problem of liquidity in the powerlooms sector, an option of 20 percent Credit Linked Capital Subsidy (CLCS) was provided to the powerlooms sector from November 2003. Entrepreners have invested heavily under the scheme during the last 3 years, particularly under 20 percent CLCS. The project cost as shown in applications sanctioned during the Tenth Plan Period, is Rs. 402 crore. In addition, under 20 percent CLCS, 522 units have invested an amount of Rs. 178 crore in machinery. The subsidy for this works out to Rs. 29.01 crore. The performance of TUFS, particularly 20 percent CLCS, has seen a continuous increase during last two years.

5.7 Different studies evaluating TUFS have pointed out the overall improvement in productivity, product quality, and profitability of beneficiaries, including those from the powerlooms sector. The evaluation studies have emphasized the continuation of TUFS for the powerlooms sector to augment the overall weaving capacity of the country.

Group Workshed Scheme

5.8 The Government of India introduced the Group Workshed Scheme (GWSS) for decentralized Powerlooms Sector on 29.7.2003. This envisaged the setting up of Powerlooms Parks with modern weaving machinery to enhance competitiveness in the global market. Under this Scheme, subsidy for the construction of a Workshed is provided at 25 percent of the unit cost of construction, subject to a maximum of Rs. 80/- per sq. ft. A plan outlay of Rs. 19.27 crore was made during the Tenth Plan. Four Hi-tech weaving parks were approved under the Group Workshed Scheme, alongwith infrastructure support under TCIDS. However these parks faced the problem of accessing loans for the construction of worksheds in time.After the announcement of the Scheme for Integrated Textile Parks (SITP), M/s. Palladam Hi-tech Weaving Park and Hyderabad Hi-tech Weaving Park have opted for SITP. The remaining two parks, i.e., Cauveri Hi-tech Weaving Park and Vaigai Hi-tech Weaving Parks are being implemented under GWSS. Though GWSS has not outlived its relevance, it needs to be modified for implementation in the Eleventh Five Year Plan.

Modernisation of Powerloom Service Centres (PSCs)

5.9 PSCs are the grass root service providers for the decentralised sector. PSCs were designated as Lead Implementing Agencies (LIA) to catalyse the modernization of the Powerloom sector. PSCs were modernized during the Ninth and Tenth Plan to augment training facilities, testing facilities, for fabric & yarns, design service consultancy, and to organizing awareness programmes for Government schemes. The Government approved a Plan allocation of Rs. 36 crore under the scheme during the Tenth Plan. However, the Budget allocation made was for Rs. 30 crore. The actual amount utilize was only Rs. 26.15 crore.

5.9.1 The modernisation of 21 PSCs was completed during the Ninth Plan at a total financial outlay of Rs. 11.30 crore. This 23 PSCs remained to be modernized during the Tenth Five Year Plan. Nine PSCs have been modernized at total financial expenditure of Rs. 2.60 crore, and look on the remaining 14 PSCs is underway, and expected to be completed by March 2007, at an outlay of Rs.3.40 crore.

5.9.2 A recurring expenditure of Rs. 21 crore has been incurred for 35 PSCs during the Xth Plan towards establishment overheads, annual maintenance contracts for looms and laboratory equipment, training aids, etc.

5.9.3 During the Tenth plan, a total amount of Rs.1.23 crore was provided to 4 PSCs under the TRAs for the construction of the buildings. A sum of Rs. 37.45 lakh has been provided to 3 PSCs (2 under Textile Commissioner & 1 under Textile Research Association) for renovation /repairing of the PSC building.

Computer Aided Design Centers (CADC)

5.10 Seventeen CADCs were established during the Ninth Plan. No new CAD Centres were established during Tenth Plan. It was decided to provide a grant for the initial five years at the rate of Rs.6.75 lakh / center / year to enable them to become self-reliant. Accordingly, an expenditure of Rs. 1.66 crore, out of total outlay of Rs. 2 crore was incurred on eligible CADCs, which had not completed the five years during the first four years of the Tenth Plan. One CAD Centre which has not completed five years is only eligible for grant during the terminal year of the Tenth Plan.

5.11 CAD centres have played an important role by imparting training to the sector and have led to the emergence of Private CAD centers, set up by the erstwhile trainees of these centres. On critical review, a majority of centres could not live up to their role on account of low adaptability of technology in the area. There is still a need of skilled manpower for design development in the sector and to meet a revised scheme is being recommended.This will provide for the setting up of new centers and also help existing centers.

Group Insurance Scheme for the powerlooms workers

5.12 The Government of India launched a revised Scheme "Welfare of Powerloom Workers through Group Insurance Scheme" in association with LIC from 1st July 2003. There are two separate components under the scheme (1) Janashree Bima Yojana (JBY) and (2) Add-on-Group Insurance Scheme (GIS). The total number of powerlooms workers covered under JBY is 229044, and, 48616 under GIS. Government's share of the premium is Rs.1.81 crore, against the financial outlay of Rs. 1.73 crore. The performance of the scheme was encouraging during the Tenth Five Year Plan in comparison to the earlier scheme implemented during the Ninth Plan.The scheme should be continued in the Eleventh Five Year Plan also.

APPROACH TO THE ELEVENTH PLAN

5.13 The powerlooms sector is the major producer of fabric in the country. The continuation of Government support in terms of existing schemes as well as the introduction of new schemes is necessary to strengthen, augment and technologically upgrade the capacity of this sector to meet the growing fabric requirement of the apparel and home textile sectors.

5.14 Support for the powerlooms sector is envisaged on the following lines:-

- Focus on the induction of improved technology to modernize the sector through the Technology Upgradation Fund Scheme (TUFS).
- Promotion of value added textiles through improved designs and technical textiles.
- Strengthening of existing infrastructure facilities and the creation of new PSCs and CAD centers.
- Easy access to credit in a friendly environment.
- Consolidation of the powerlooms sector through the modernized workshed scheme in existing and new clusters.

RECOMMENDATIONS

Schemes / programmes for Eleventh Plan

Technology Upgradation Fund Scheme (TUFS)

5.15 The cloth production has been targeted at 94.60 billion sq. mtr by the end of the Eleventh Plan. The contribution of the powerlooms sector has been targeted at 58 billion sq.mtr. by 2011-12 with the estimated production in 2006-07 will be 33 billion sq. mtrs.. To produce an incremental 25 billion sq.mtr. of fabrics, the consolidation and strengthening of powerloom units and an upgradation of their technology is a pre-requisite. This is only possible if the benefit of TUFS is made available to the powerlooms sector during the Eleventh Five Year Plan. Therefore the continuation of TUFS for the powerlooms sector during the Eleventh Five Year Plan is imperative. However, the technology norms for powerlooms sector under TUFS need modification to raise the technology level of this sector. The norm for the powerlooms sector should be automatic looms, and not the existing one of semi-automatic looms.

5.16 It is estimated that an incremental 187351 auto/shuttleless looms will be required to produce an additional 25 billion sq. mtrs. of fabric. It is expected that 70 percent of the incremental looms will avail of the option for 5 percent interest subsidy under TUFS, and only 30 percent will avail of benefit under 20 percent CLCS. The investment in 30 percent of the incremental loom (i.e., 29550 Automatic Looms and 26655 Shuttleless Looms) is expected to be Rs. 4400 crore, and fund requirement for 20 percent subsidy is estimated at Rs. 874 crore. The details of working are at **Appendix – 5.1**

Development schemes for powerloom sector

5.17 **Modernized Worksheds**: - The scheme for modernized worksheds is proposed with certain changes in the existing Group Workshed Scheme with a view to enlarge its scope and facilitate access. The prime objective of the proposed scheme is to facilitate the establishment of Worksheds for modern looms in an existing / new cluster, which will provide the required economies of scale for business operations.

5.18 The scheme targets industrial clusters / locations with potential. A group comprising a minimum of four weavers will constitute a legal entity. The scheme covers looms as well as weaving preparatory activities. The scheme proposes the commissioning of an Executing Agency (EA) to the project report. The benefit under the scheme includes 40 percent of the unit cost of construction or Rs.120 per sq. ft. which ever is lower. For approval of the projects under the scheme, a Project Appraisal and Approval Committee has been proposed.

A beneficiary under the scheme will not be eligible for any other infrastructure support scheme of the Government, including SITP.

5.19 It has been estimated that during Eleventh Plan 1225 loom sheds and 245 preparatory sheds covering 211 lakh sq. ft., will be installed. These sheds will accommodate 56205 looms (i.e., 29550 auto looms and 26650 shuttleless looms). It is proposed to set state wise targets under the scheme to remove regional imbalances and create of new weaving clusters. The fund requirement for the subsidy under the scheme has been estimated at Rs. 250 crore. The details of working are at **Appendix–5.2.**

5.20 **Market Development Assistance & Exposure Visits -** The Market Development Assistance Programme envisags two components. The first includes organizing exhibitions / buyers-sellers meet and publicity / promotion and the second component provides for exposure visits for weavers. The basic objective of organizing exhibitions or buyer-seller meets is to showcase powerlooms products to the consuming industry, and to enable powerloom weavers to receive consumer feedback and produce the products as per the requirements of the consuming industry. Financial assistance for organizing exhibitions or buyer-sellers meet will depend upon the area. For exhibitions, assistance will be given for infrastructure, stall rent, furnishing, electricity charges, publicity and administrative expenses etc. The level of assistance will be Rs. 15 lakh, Rs. 10 lakh and Rs.5 lakh for three days at Class A, B, and C Cities respectively or actual whichever is lower. It is proposed to organize one programme per cluster in a year. Thirty five exhibitions or buyer-seller meets will be organized each year. Thus, a provision of Rs. 25 crore for plan period at the rate of Rs. 5 crore per annum is proposed. The details of working are at **Appendix–5.3.**

5.20.1 Exposure visits for powerlooms weavers from comparatively low technology areas to the developed areas is also proposed to create a demonstration effect, and encourage the adoption of new technology. Powerloom weavers / entrepreneurs with upto 12 shuttle looms who intend to modernize their units shall be eligible. Only one exposure visit per weaver will be admissible. The Government of India will bear the expenditure for railway fare for travel in second-class sleeper. The Regional Office of the Textiles Commissioner will implement the scheme. The scheme aims to cover 5000 beneficiaries in a year. An amount of Rs. 5 crore, at the rate of Rs. 1 crore per annum, is proposed under the scheme. The details of working are at **Appendix – 5.4.**

Survey of the Powerlooms sector

5.21 Since the database for the powerlooms sector is not authentic, it becomes very difficult to plan the growth of the industry. To have the realistic future growth plan a base line powerloom survey has to be conducted. The estimated expenditure on the base line survey of powerlooms sector is estimated at Rs. 2 crore.

Cluster development activities

5.22 Powerlooms cluster development activities are proposed to facilitate the sustainable development of the powerlooms industry in a holistic manner and to encourage product innovation and diversification. These development activities will include the engagment of an expert agency to conduct a diagnostic study for each identified cluster, and suggest time bound strategies / actions to be taken by the stake holders in each cluster. This also involves deputing a well-trained cluster development officer in the identified powerloom clusters and the dissemination of success stories of model. The scheme aims to cover about 50 clusters during the Eleventh Five Year Plan. The components eligible for financial assistance include engaging of an expert agency to conduct diagnostic study, training to the nominated cluster development officer, assistance on organising workshops / seminars, etc., and assistance for publicity, etc. It is proposed to provide Rs. 4 crore for cluster development activities during the Eleventh Five Year Plan. The details of working are at **Appendix – 5.5.**

Setting up of the new CAD centres

5.23 The Government of India has so far sanctioned and is operating 17 CAD Centres in different parts of the country. By and large, the CAD Centres were set up within the PSCs in the powerlooms sector. The CAD centres develop new designs as per latest trend and also provide training. The designs developed by CAD centres are bought by the weavers. Many trainees of the CAD centres have also set up their own CAD centres. It is proposed to upgrade the existing CAD centres and set up new CAD Centres in the Public Private Partnership (PPP) mode. A provision of Rs.4.5 crore is proposed for the upgradation of existing centres and the creation of new CAD centres. The details of working are at **Appendix – 5.6.**

Modernisation & upgradation of Powerloom Service Centres.

5.24 PSCs have been providing a number of services (viz. training weavers, testing facilities, design development, technical consultancy, dissemination of information about modernization of looms, and as Lead Implementing Agencies) to the decentralised powerlooms sector, and have been instrumental in the growth and modernization of powerlooms sector. There is need to further upgrade the existing 24 PSCs which are located in good clusters by installing new looms, equipment and laboratory facilities. A sum of Rs.11.50 crore is proposed for the upgradation of existing 24 PSCs during the Eleventh Plan. The details of working are at **Appendix – 5.7.**

5.25 Apart from strengthening existing PSCs, it is proposed to set up 9 new PSCs in the States of Maharashtra, Gujarat, U.P., M.P., A.P., Bihar, Tripura & Manipur to meet the requirements of weavers in these States. A provision of Rs.13.00 crore to establish these centers is proposed.

5.26 The Government of India should continue to assist the 35 PSCs on the same scale as during Tenth Plan. A provision of Rs 5.54 crores per year for recurring expenditure for 35 existing Plan PSCs, a total Plan outlay of Rs.27.70 crore is recommended. With the installation of new PSCs, an additional outlay of Rs.1.08 crore per year would be required as recurring expenditure. Thus the total financial outlay of Rs.33 crore on account of recurring expenditure should be provided. The details of working are at **Appendix – 5.8.**

5.27 There are a total of 44 PSCs (30 under TRAs & 14 under TxC) of which 25 TRA PSCs & 9 TxC PSCs are housed in hired premises, which may need to be provided with their own buildings. In Eleventh Five Year Plan 15 PSCs will be identified for which an outlay of Rs.5.25 crore is proposed. The details of working are at **Appendix – 5.7.**

5.28 The Group Insurance Scheme for powerloom workers has received good response and should be continued during the Eleventh Five Year Plan. The fund requirement for this scheme is estimated at Rs.4.84 crore. The details are given at **Appendix – 5.9**

North Eastern Region

5.29 Presently there is only one state in the North Eastern Region, where powerloom exists .In Guwahati, in Assam, there are about 2700 conventional looms providing employment to approximately 7,000 workers. Most of the looms are engaged in job work, producing Acrylic Shawls. There is only one PSC at Guwahati under, a TRA i.e. IJIRA which is slated for modernization during the current year. It is, therefore, recommended that new PSCs may also be set up in the states of Manipur & Tripura at a cost of Rs. One crore each. A new CAD Centre may also be set up in the Guwahati PSC with Government assistance.

Proposed Plan Outlay

	Description	(Rs. in crore)	Total outlay (Rs. In Cr)
1	Development Scheme for powerloom sector		
	a) Modernized Workshed	250.00	
	b) Market Assistance	25.00	
	c) Exposure Visit	5.00	280.00
2	Commissioning of Studies – a. Powerloom Survey in the country b. Diagnostic study of Cluster & Developmental activities	 2.00 4.00	6.00
3	Modernization & upgradation of Powerloom Service Centres		
	a) Modernization of P.S.Cs	11.50	
	b) CAD Centres	4.50	
	c) Recurring Plan expenditure	33.00	
	d) Construction of new building for PSC	5.25	
	e) Setting up of nine additional PSCs on felt need basis.	13.00	67.25
4	Welfare of powerloom Workers	**4.84**	4.84
	Grand Total		**358.09**

Say Rs. 358 crore.

CHAPTER – 6

PROCESSING AND FINISHING

INTRODUCTION

6.1 The processing stage is undoubtedly the most significant process in the value chain of various textile products contributing to essential user requirements and also aesthetic value addition. In the global scenario, the value addition at this stage of production is maximum, often manifold. However, in India, the processing stage is perhaps the weakest link in the entire textile production chain, which results in loss of potential value addition and also valuable foreign exchange earnings. To export value-added goods and to cater to the requirements of the export-oriented clothing sector quality goods have to be produced uniformly and consistently at the very first time and re-processing has to be avoided / minimised. The processing industry which has been recognised as one of the weakest links in the textile value chain needs to be supported and upgraded to facilitate processing of an internationally acceptable level.

6.2 The dismantling of quantitative restrictions has made the world market more competitive. In such a scenario, survival of the fittest is the norm and only the countries which are strong in the entire textile value chain will be able to face the fierce competition and 'emerge winner'.

6.3 With the world trade in textiles likely to see increasing shift in trade in value added products, rapid investments in the processing sector is the need of the hour. Moreover with the shrinkage of textile industry in the developed countries, a shift in production base and cycles to the developing countries is inevitable.

PERFORMANCE DURING THE TENTH PLAN PERIOD

6.4 There has been significant improvement in the processing sector during the Tenth Plan period. The contributory factor being Technology Upgradation Fund and the removal of the differential excise duty structure providing a level playing field to all sectors. The census of the power processing units by the Textiles Committee during the year 2005 has revealed that there were 2510 power processing units in the country compared to 2324 units in 1999-2000. The overall increase during the period was 8 percent. Out of the 2510 power processing units, 59 units are composite, 167 semi-composite and 2284 the independent processing units. The major clusters of processing units are Mumbai, Surat, Ahmedabad, Delhi, Ludhiana, Amritsar and Tirupur.

6.5 During the Tenth Plan the share of the power processed fabric has increased from 30 percent to 68 percent. Now only about 22 percent of the fabric is hand processed and 10 percent is sold in a grey form.

6.6 The Textiles Committee survey has also revealed that there are 189 units having facility of continuous processing of fabrics of 50,000 mtrs. and above per day. The production of these units was 7.62 billion sq. mtrs. during 2004-05.

6.7 Inspite of significant improvement in processing during the later part of the Tenth Plan, there is still dearth of facilities for wide width fabric processing in India. Large quantities of wide width finished fabrics would be required in the domestic as well as international market for reasons of economies of scale in cutting and garment / made-up manufacturer. Incorporation of adequate wide width processing facility will not only improve our exports processed fabrics but also make available adequate amount of finished fabric of optimum width to our made-ups and garment manufacturers and exporters resulting in higher export earning from these products.

APPROACH TO THE ELEVENTH PLAN

6.8 Since significant value addition takes place at the processing stage, the sure way to improve value realization is to have adequate high-tech processing facilities. The approach to the Eleventh Plan is to set up adequate capacity for continuous processing to improve the availability of quality processed fabrics to our readymade garment and made-up sector.

PROJECTIONS FOR THE ELEVENTH PLAN

6.9 It is projected that by the terminal year of the Eleventh Plan, there will be a capacity of continuous processing of high-tech and medium tech level to process about 50 percent of the fabric production in the country. Since the fabric production is targeted at 94.6 billion sq. mtr. by the terminal year of the Eleventh Plan, the incremental continuous processing facility would be about 38 billion sq. mtr. by the end of the Eleventh Plan.

6.10 To meet the target of 38 billion sq. mtr., the incremental processing capacity required would be 400 process houses having facility of continuous processing of fabrics of 1,00,000 mtrs. and above per day and 400 process houses having facility of continuous processing of fabrics of 50,000 mtrs. but less than 1, 00,000 mtrs. per day. The total production of 800 units is estimated at 38 billion sq. mtrs. per annum based on the Textiles Committee survey report. The total investment required for setting up these 800 units would be Rs.56,000 crore (high-tech 400 units @ Rs.100 crore and having average processing capacity of 65.83 million Sq. mtr. per annum and medium tech 400 units @ Rs.40 crore and having average processing capacity of 30.37 million sq. mtr. per annum). The details are given below:

Table – 6.1

Requirement of continuous process houses

Sl. No.	Type of process house	No. of units	capacity per unit per day (Mtr.)	Annual capacity per unit (Mn. sq. mtr.)	Production per day per unit (Mn. sq. mtr.)	Total Annual capacity (Bn. Sq. Mtr.)	Investmen t per unit (Rs. crore)	Total Investment (Rs. crore)
1	Large process houses	400	100000 and above	65.83	0.19	26.33	100	40000
2	Medium process houses	400	50000 but less than 100000	30.37	0.09	12.15	40	16000
	Total	**800**				**38.48**		**56000**

RECOMMENDATIONS

Continuation of TUFS:

6.11 Under TUFS, 10 percent capital subsidy in addition to 5 percent interest reimbursement has been provided to the processing sector. TUFS has contributed to significant improvement in processing sector. As on 31.07.2006, projects worth Rs.6384 crore have been sanctioned under TUFS. The Working Group recommends very strongly that TUFS should continue without any dilution otherwise it would be difficult to set up the processing houses of the desired technology.

Water infrastructure development scheme:

6.12 Water quality is very important for textile processing. Most of the textile processing clusters in India get hard ground water leading to wastage of dyes and chemicals. This apart, the quality of the product is also affected. The product becomes harsh and the brilliancy of colours is adversely affected. Issue of supply of soft water for textile processing clusters is therefore to be addressed on top priority. Most of the textile processing clusters like Tirupur, Surat, Pali, Balotra, Jodhpur, Jetpur, Erode, Ludhiana, etc., have severe water problem since the ground water has been contaminated by discharge of pollutants for a long time. The water has, therefore, to be brought from surface water sources to the clusters. This would require laying of pipelines and pumping stations for bringing water from nearby rivers / canals. A project of this kind funded by the Government / Work Bank has already been undertaken by Tirupur cluster under the Title “New Tirupur Area Development Project”. Similar projects may be undertaken for other clusters. For Surat cluster, the cost of such project would be around Rs.200 crore. Similarly, for Pali, for bringing water from Indira canal the cost of the project would be around Rs.50 crore. The cost variation is due to the variation in distance of water source from the respective cluster. For Tirupur, the project is nearing completion, which may take care of Erode cluster also, and for Jetpur, it is in process with the help of State Government and Jetpur Dyeing & Printing Association. As such, to begin with, in the next Five Year Plan, projects at Surat and Pali may be taken up. It is proposed that 25 percent subsidy on the total cost of laying down the pipeline and pumping stations, etc., may be provided for such projects by the concerned State Governments.

Common Effluent Treatment Plant with marine outfall:

6.13 The major challenges that would be posed to the processing sector in the country, apart from availability of water for processing, is effluent treatment and disposal of the treated water and solid effluents. It is necessary to ensure that Government assistance for new investments in processing units is allowed only for the water frugal technology machines. In order to ensure conservation of water, Government also can insist upon recycling of water. In order to protect the environment and also meet the international pollution norms, it has become imperative to treat the textile effluents in an economical manner. Since, common salt is the major chemical used for processing textile materials, meeting the marine standards is highly economical and easier than adopting any other technology with Reverse Osmosis and zero discharge. Land fill will also become a problem with the conventional technology. Marine outfall technology is being widely adopted all over the world. Therefore, any new projects in textile processing could be encouraged only on the sea shore. This would also enable desalination and disposal of treated water.

6.14 Currently, a large number of processing units are located in different clusters and facing problems in meeting the pollution norms. Hundreds of units have been closed by the pollution control authorities or courts because of pollution problems. Therefore, it is suggested to provide marine outfall pipelines for the existing clusters, collect the marine standard treated effluents from all the units and dispose of them in the sea. A scheme for

Common Effluent Treatment Plants with Marine Outfall (CETPMO) may be introduced by the State Governments for the existing textile processing cluster on the basis of an SPV where State Governments bear 25 percent of the expenditure, and remaining 75 percent by the industry. The maximum distance from the sea could be restricted to 400 kilometres to make it commercially viable. To start with, such SPVs may be introduced in the following two clusters:

1. One CETPMO line to cover Tirupur, Perundurai, Erode, Salem and Karur.
2. One for Surat area

6.15 One project will cost around Rs.1000 crore assuming 300 kilometers distance from the sea. For the initial two projects, the total funding from the State Governments will be Rs.500 crore.

CHAPTER - 7

CLOTHING AND APPAREL

INTRODUCTION

7.1 The clothing sector is the final stage of the textile value chain and the maximum value addition takes place at this stage. Clothing sector is an export intensive sector and contributes about 49 percent to total textile exports. The clothing sector is low investment and highly labour intensive industry. An investment of Rs. 1 lakh in the sector creates 6-8 jobs. This industry also has a women friendly employment orientation and provides employment to large number of women. In fact 38 percent of the total employment in clothing sector is accounted for by women. In countries such as Bangladesh, such employment has brought a major social change in the society. This sector is environment friendly as it is least polluting and it could provide employment to the rural population, as this sector does not need sophisticated skill sets. Considering the strengths of this industry, particularly in terms of employment and export, there is need to provide thrust to the growth of this sector.

7.2 The clothing industry is fragmented and pre-dominantly in the small-scale sector. Major manufacturers have at least 20-30 units each. The reason for this could be attributed to the SSI reservation policy which was in vogue till 2001 for woven apparels and upto March 2005 for knitwear. The quota policy which prevailed during the quota regime also did not encourage consolidation of the units. However, subsequent to quota phase out and dereservation, the process of consolidation has started but momentum is slow due to prevailing labour laws.

7.3 There were 12963 units (excluding tailoring units) comprising 12289 SSI units and 674 Non-SSI units. The total production of clothing sector was 7.85 billion pieces with a value of Rs. 93328 crore during 2005-06, comprising of 2.24 billion pieces with value of Rs. 37208 crore for exports and 5.61 billion pieces with value of Rs. 56120 crore for the domestic market.

7.4 The apparel industry is concentrated primarily in 8 clusters, i.e., Tirupur, Ludhiana, Bangalore, Delhi/Noida/Gurgaon, Mumbai, Kolkata, Jaipur and Indore. Tirupur, Ludhiana and Kolkata are major centres for knitwear while Bangalore, Delhi/Noida/Gurgaon, Mumbai, Jaipur and Indore are major centres for woven garments.

7.5 The clothing sector has been dominated by cotton fabric based manufacture and export. In the area of exports, about 80 percent of the total garment exports (in quantitative terms) is accounted for by cotton fabrics, followed by 11 percent for man-made fabrics and 2 percent for woollen fabrics. The same is, more or less, the position in case of domestic consumption and overall production.

7.6 India exports more than one hundred garment product categories, mainly falling in cotton, semi-fashion middle price segment of casual wear with the main product categories being T-shirts, men shirts, ladies blouses, ladies dresses and skirts. Member states of the EU, USA, Canada, UAE, Japan, Switzerland and Australia are the major markets for India's clothing exports. The share of knitted garments in value terms is about 38 percent in over all export of clothing, while in quantum terms it is 53 percent. There is no doubt that the knitted sector is emerging as the faster growing sector of the two and over a period of time, has succeeded in overtaking woven garment sector. Global investment and capacity creation patterns are also following similar trends.

7.7 India's unit value realization in clothing exports hovers around 3.81 US$ per piece, partly due to the fact that our concentration is mainly on cotton and low value knitted garments and our cotton fabric base is not upto international standards. The unit value realization in woven garment sector is about US$ 5.05 per piece while it is US$ 2.70 per piece in knitwear sector.

PERFORMANCE DURING THE TENTH PLAN PERIOD

7.8 The Clothing sector consists primarily of knitted and woven garment segments. The industry which has grown at the rate of 12 percent during the Ninth Plan picked up momentum during the Tenth Plan and initially grew at 15-16 percent. However, during the last year the growth has increased to about 20-22 percent. The catalyst for the accelerated growth rate are quota phase out in the international market and growth in organized retailing / growing consumerism in the domestic market. The sustained and vibrant growth of the Indian economy also bodes well for apparel sector in future.

7.9 During the tenth Plan period, exports of readymade garments have increased at the annualized rate of growth of 13.72 percent. The major increase was witnessed in 2005-06 when it increased by 28 percent.

7.10 Due to the dereservation during the tenth plan period the consolidation and merger process has started in the clothing sector and most of the companies are in the expansion mode. However, rigid labour laws are still restricting their merger / amalgamation. The clothing units have also taken advantage of TUFS to expand and modernize their units. Some of the units have also gone for backward integration to strengthen their position in the export market. As on 31.07.2006, project cost worth Rs.1844 crore has been sanctioned under TUFS.

APPROACH TO THE ELEVENTH FIVE YEAR PLAN

7.11 The garments are the main stay of our textile exports. In the domestic market also, the buoyant economy, growing purchasing power, increase in retail activity will contribute to increased consumption of clothing in the domestic market. Thus, there is a need for adopting 'garment led growth strategy' during the Eleventh Five Year Plan which would result in creation of tremendous employment opportunities and boost the prospects of upstream segments of the industry like spinning, weaving and processing.

7.12 The National Manufacturing Competitive Council (NMCC) has also mentioned that certain sub sectors are ideal candidates for attention by the Government as they are labour intensive and have competitive advantage in world market. Garments have been identified as one such segment by the NMCC. Therefore, during the Eleventh Plan, the approach is to provide a conducive environment for promoting the growth of this sector.

PROJECTIONS FOR THE ELEVENTH FIVE-YEAR PLAN

7.13 It is projected that 18.97 billion pieces would be produced in the year 2011-12 in clothing sector with a value of Rs. 2,99,300 crore. The export market would contribute 6.00 billion pieces at US$ 34.02 billion (about Rs. 1, 53,100 crore) and the domestic requirement would be 12.98 billion pieces with value of Rs.1, 46,200 crore.

7.14 The machinery requirement for producing 18.97 billion pieces would be 24 lakh machinery. Currently, this industry has about 9.50 lakh stitching machinery. Thus, the incremental requirement would be 14.5 lakh machinery. Considering 1.50 lakh investment per stitching machine, the investment requirement during the Eleventh plan period would be Rs.21, 800 crore.

RECOMMENDATIONS

7.15 NMCC has indicated in its report that the country will have to create 7-8 million jobs per year to remain at present unemployment level. Most of these jobs are required for persons who were earlier working in agriculture sector. These men may not fit the job requirement in the expanding services sector. Only the manufacturing sector can accommodate these workers. Garment manufacturing is one of the sectors which can provide sizable employment to such workers.

7.16 The clothing sector being one of the largest export earning sectors and having a large potential for decentralized employment generation, the development of this sector needs special attention. Thus the following measures need to be initiated to ensure the development and expansion of this sector.

Labour Laws

7.17 The labour productivity in the Indian clothing sector is one of the lowest. The labour law provisions retain the potential for last minute disruption of export orders fulfillment. The labour laws need to be restructured to create a productive and productivity – conducive environment to ensure smooth production. While the genuine interests of the labour need to be protected, the policy environment and the implementation machinery should induce confidence among the entrepreneurs. The labour law reform would lead to consolidation and merger of the units to achieve economies of scale and become internationally cost competitive in the globalised scenario. The requisite labour law reforms are discussed in detail in Chapter - 14 on Exports.

Brand Promotion

7.18 Retailing and Brand Promotion go together. If India's clothing manufacturers are to increase profits, they need to eliminate margins of middleman and reach retailers directly. There is a need to map our own brands, which can become popular and develop interest of investors. A study need to be carried out to assess the requirements for the launch of a brand, brand acquisition and brand promotion. The brand promotion has been discussed in detail in Chapter - 14 on Exports.

Setting up Fashion Hub

7.19 With objectives of strengthening the entire textile value chain and to provide an interface between stakeholders by creating a permanent market place for the Indian fashion industry, it is proposed to set up fashion hubs in the country, which would serve as a single stop fashion business point in India. These hubs would have latest collection ranging from textile accessories to the finished products. It is proposed to set up three hubs at an estimated cost of Rs. 30 crores during the Eleventh five year plan.

HRD needs of Clothing Industry

7.20 The Apparel Industry employs around 5 million workers, out of which around 2.5 million are employed in the export sector. It is estimated that the apparel industry needs 5 lakh trained workers. As per the study conducted by the Textiles Committee, 4.5 lakh operators, 0.22 lakh jobbers, 0.11 lakh pattern makers, 0.11 lakh technicians / quality controllers and 0.06 lakh managers would be required.

7.21 Thirteen Apparel Training and Design Centres (ATDC) are being run by Apparel Export Promotion Council (AEPC). ATDCs have trained over 21000 students since inception. In order to partially bridge the gap between the manpower requirement and current availability in the garment industry, AEPC plans to set up 25 new centers in 13 States. In addition to this, 15 mobile centers are also proposed to be set up in the Plan Period.

7.22 It is estimated that Rs. 80 lakh per ATDC would be required to set up classrooms, furniture, machines, CAD/CAM equipment, computers, library, and other facilities. In the case of Mobile Centres, only machines would be required at a cost of Rs. 10 lakh per mobile centre.

7.23 It is estimated that 57625 students would be trained in the plan period in addition to 30000 students being trained by existing ATDCs. Further, 15000 students would get trained through mobile centers in the plan period. There are no mobile centres operating at present.

Fiscal duty on clothing machinery

7.24 All the machinery for clothing industry is being imported. There is no indigenous angle, therefore, the excise duty on stitching machinery may be reduced to Zero which would have impact on CVD component of the import duty.

Continuation of TUFS

7.25 The clothing industry has taken benefit of TUFS to expand and modernize its capacity. Since significant investment has to come in this sector to meet the target, the TUF Scheme may continue during the Eleventh plan period without any modifications.

Compliance and Factory improvement Programme

7.26 Major apparel markets have strong legal and social obligations towards final consumer. USA and EU buyers are practicing 'factory compliance' and independent international agencies like NGOs are providing solutions for factory improvement. The industry has reported that 'factory compliance' has become a pre-condition before orders are placed by major retailers. An individual retailer has separate 'code of conduct' and is on 'charge basis'.

7.27 There is a need for the development of a 'Common Code of Conduct' or 'Compliance Code' which is acceptable by majority of apparel buyers. The work involved is mammoth and costly. Thus there is a need to formulate a scheme for making apparel manufacturing units 'compliant' during the Eleventh plan period.

7.28 A consultant can be appointed by a manufacturing unit for educating the unit about the various rules / regulations, maintenance of records etc. The consultant charges around Rs.1 lakh per unit. The Government should encourage units to become 'compliant' by sharing the 25 percent of the expenses subject to ceiling of Rs.25, 000 per unit. The scheme can be operationalised through AEPC. It is estimated that 5,000 units will take advantage of this scheme during the Plan period. The share of Government would be Rs.12.50 crore. It is estimated that export of US$ 500 million can be generated by these units.

CHAPTER - 8

WOOL AND WOOLLEN TEXTILES

INTRODUCTION

8.1 Although the woollen textile and clothing industry is relatively small compared to the cotton and man made fibre based textiles and clothing industry, yet the woollen sector plays an important role in linking the rural economy with the manufacturing industry, represented by small, medium & large scale units. The product portfolio is equally divergent from textile intermediates to finished textiles, garments, knitwear, blankets, carpets, and an incipient presence in technical textiles. This industry caters to civil and defence requirements for warmer clothing. India is the 7^{th} largest producer of raw wool accounting for 1.8 percent of the world production. It has about 4.2 percent of the total sheep population, which in the year 2003, was 6.15 crore.

8.2 The Wool Industry is broadly divided between the organized and decentralized sectors:

- **Organized Industry-** (i) Composite Mills (ii) Combing Units (iii) Worsted and Non-Worsted Spinning Units, (iv) Knitwear and Woven Garment units and (v) Machine Made Carpet Manufacturing Units.
- **Decentralized Industry-** (i) Hosiery and Knitting (ii) Powerloom (iii) Hand Knotted Carpets, Drugget, Namadahs and (iv) Independent Dyeing and Processing Houses.

8.3 The industry has the potential to generate employment in far-flung and diverse regions and, at present, provides employment in the organized wool sector to about 12 lakh persons, with an additional 12 lakh persons associated in the sheep rearing and farming sector. Further, there are 3.2 lakh weavers in the carpet sector. In aggregate, the total employment is about 27 lakh people.

- During the year 2004-05, the total wool consumption at industry level in the country was 135 million-kg. comprising of 55 million kg. of domestic wool and 80 million kg. of imported wool.

- The quality of domestic wool is coarse and brittle. It is basically carpet grade wool, mainly used in the spinning of wool and in manufacturing hand made carpets. Indigenous wool has an important role in the national economy: it is rural-based (Sheep breeding), defence oriented (Blankets and Made-ups) and contributes significantly to Export (Carpets). About 80 percent of good quality Indian wool goes into the manufacture of carpets. Of the remaining, 15 percent is very coarse grade, 5 percent is apparel grade but of shorter average fibre length. Rajasthan (44 percent), J&K (13 percent), Karnataka (12 percent) alongwith Gujarat, Uttar Pradesh, Andhra Pradesh, Haryana 23 percent are the major wool producing states in the country.
- The production of fine apparel grade wool is not adequate in the country. A large quantity of wool is imported from Australia, New Zealand, China, Middle East and other countries. Of the total imported 80 million kg. of wool, 47 million kg is apparel grade, and the rest carpet grade.
- The world average for wool productivity has been about 3.5 kg/ sheep/year, while in India average is 0.8 kg/sheep/year.

8.4 Worldwide consumption of wool has remained almost constant at about 15 lakh tones between 1960 to 2002. The share of the wool in the world wide consumption of fiber was 10 percent in 1960, which has declined to a little less than 3 percent in 2002. In the decade ending 2003, worldwide consumption of wool dropped marginally, but steadily, from 16.3 lakh tones to 14.3 lakh tones.

8.5 There are 718 woollen units in the organized sector, and a large number of units in the Small Scale sector. Ludhiana alone accounts for 225-240 units in the decentralized hosiery and shawl sector. The installed capacity of the industry is about 6.04 lakh worsted spindles, and 4.37 non-worsted spindles. Wool combing capacity is around 30 million kg., whereas, synthetic fibre combing capacity is 3.57 million kg. There are approximately 7228 powerlooms in this industry.

PERFORMANCE DURING THE TENTH FIVE YEAR PLAN

Review of Central Wool Development Board Schemes (CWDB)

8.6 The Integrated Wool Improvement Programme (IWIP) with the objectives of Improving wool fiber, and the quality processing of wool was operated by the CWDB during Tenth Five Year Plan.

8.7 The various components of IWIP through which the scheme was being implemented were;

8.7.1 Improvement of wool fiber, includes;

- Breed improvement;
- Product development;
- Provision of quality testing centers, common facility centers for scouring, drying, carding, design development, product diversification, training, etc;
- Improvement and development of specialty fiber such as Angora and Pashmina.

8.7.2 Quality processing of wool, includes;

- Provision for carpet finishing centres and shawl finishing centres;
- Assistance in research and development;
- Technical consultancy services;
- Human Resource Development.

8.8 The CWDB has covered 25.5 lakh sheep and programmes have benefited 55,091 families. Two common facility cum training centres were set-up during the Tenth plan period.

8.9 The CWDB incurred an expenditure of Rs.25.08 crore, against the target of Rs.35.00 crore in implementing the above components of the scheme. The details are at **Appendix - 8.1**. The CWDB has installed wool testing centre at Bikaner and Beawar in Rajasthan to test the wool fiber supplied by growers, merchants and industries. The Board has also implemented 2 R&D projects, and set up 1 Common Facility Centre (CFC).

8.10 The woollen industry could not meet the target for any of its product categories in the first 3 years of the Tenth Plan. The main reasons for this could include the fluctuation of the prices of Australian raw wool, lack of promotion, unfavorable climate, change in fashion trends in favor of cotton, business norms, life style changes, less than active involvement of State Governments, inadequate infrastructure with CWDB and declining significance of the Wool Sector, which have adversely affected the consumption of wool fiber.

Review of Production

8.11 The growth of the production of the woollen items displays mixed trends during the first 3 years of the Tenth Five Year Plan. The trends in some of the items even show stagnation. Hand-made carpets recorded the highest growth, and production increased from 7.5 million sq.mtrs in 2001-02 to 8.0 million sq.mtrs in 2004-05, showing 2.17 percent annual growth.

8.12 There was nominal annual increase in the production of woollen yarn & worsted yarn by 1.0 percent & 0.75 percent, respectively. Woollen/worsted fabrics registered a negative growth of 0.99 percent during the first 3 years of the Tenth plan.

8.13 The growth in Shoddy yarn, Blanket (shoddy and woollen), Shoddy fabrics, Knitted goods and Machine made carpet stagnated. The details are given in **Appendix – 8.2**.

Review of Imports

8.14 During the first four years of the Tenth Five Year Plan, the import of raw wool increased from 73.66 million kg. in 2002-03 to 90.70 million kg. (prov.) in 2005-06. Thus the import of raw wool has almost constantly been increasing & there has been even a shift from fine wool quality to low quality wool imports during the last four years, because of consumer preference for hand tufted carpets in the US & Western markets. A cheap wool import from Middle-East countries is constantly growing and mainly goes into hand tufted carpets mixed with indigenous wool. About 70 percent of the total production of carpets is now hand tufted. Raw wool is mainly imported for value addition. Most value-added products are exported. The import of woollen rags and cotton rags, etc, increased from 52.39 million kg. in 2002-03 to 126.82 million kg. (prov.), in 2005-06.

Review of Exports

8.15 The export of woollen items indicated an increasing trend during the first four years of the Tenth Five Year Plan. It increased from Rs.3597.31 crore in 2002-03 to Rs.4969.02 crore in 2005-06 (April 2005- Jan 2006).

8.16 The Carpet industry exports about 95 percent of its output and earn foreign exchange of about Rs.2500 crore per annum. The break-up of carpet and non- carpet produce in terms of exports is as follows:

Table – 8.1

Exports of woollen carpet and non-carpet items

Rs. crore

Item	2001-02	2002-03	2003-04	2004-05	2005-06
Woollen Yarn, Fabrics, Made-ups *	249	246.43	267.81	313.56	371.21
Readymade Garments	1129.76	1057.09	1285.26	1560.50	1727.06
Carpets	2152.69	2293.79	2617.79	2678.41	2870.75
Total	3531.45	3597.31	4170.86	4551.91	4969.02

Note: * Products made with blend of man-made fibre and 100 percent acrylic not included.

Source: Foreign Trade Statistics of India, DGCI&S, Kolkatta.

SETTING FOR THE ELEVENTH FIVE YEAR PLAN (2007-12)

Policy Environment

8.17 The National Textile Policy 2000 shows the direction in which the development of the Wool Sector must be steered. This emphasizes the development of indigenous wool fibre (carpet graded wool); the promotion of linkages for marketing of wool; attention to pre and post-loom processing facilities, and the simultaneous development of specialty wool fibres, such as angora, pashmina, etc.

Objectives and milestones of the Eleventh Five Year Plan:-

8.18 While detailed targets have been given in the subsequent para namely, 'Projections for the Eleventh Plan', the basic objective is to increase domestic production of raw wool by about one and half times of the present level, i.e., reach an annual production level of around 75 to 76 million kg. The productivity per sheep would be increased to about 1.5 kg. per sheep per year as against 0.8 kg. per sheep per year, at present. By the end of the Eleventh Five Year Plan period, the export of wool and woollen goods, including hand made carpets is targeted at Rs.10,000 crore as against Rs.5,600 crore at present. Further employment generation in wool and allied industries would be of the order of 60 lakh as against 27 – 28 lakh at present. In the Technology Mission, while the focus would be on the best carpet - grade wool-producing sheep namely, Magra, Chokla, Nalli, and Bikaneri (Bhiwari), and projects will be sanctioned in areas where these varieties of sheep are numerous, projects for the sheep not producing this grade of wool would continue to be assisted.

ELEVENTH FIVE YEAR PLAN APPROACH AND STRATEGY

8.19 The approach for promotion and growth of the woollen industry during the Eleventh Five Year Plan would be on the following lines;

8.19.1 Mapping of existing and potential wool producing areas in the country. Schemes will be formulated in a focused way, based on local needs and potential in a focused way, to integrate with form 'clusters', with a 'Project' approach.

8.19.2 Augmentation/Focusing only on four or five top quality of Indian wool types which are judged to produce the best carpet wool in the world i.e. Magra (south western part of Bikaner medium of 5" length used for fine carpets), Nali (used for clothing. Medium-fine used for fine carpets approximate length 4"), Bhiwari, Chokhlla or Chapper (fine 4-5" length, used for clothing- south eastern part of Bikaner)

8.19.3 The need of the hour is to develop synergies in various programmes of different Ministries like Agriculture, Animal Husbandry, Rural Development etc. Integrated schemes with essential backward and forward linkages, and the pooling of financial, technical & administrative resources should be integrated to the approach. Areas of Government intervention should be clearly defined between different agencies at the Centre and State level.

8.19.4 There is a need for interventions at the organisational level of breeders and rearers in the form of co-operative societies or self help groups. The breeding and rearing activities will be supplemented with Common Facility Centres for grading and scouring activities, so that the rearer gets a remunerative price for wool in the market. The role of State Wool Boards/Corporations/Directorates and CWDB may be crucial in this regard. Assistance may be provided to farmers co-operatives, societies, self help groups. This should be the focal point in the future and projects should be implemented with a cluster approach.

8.19.5 The marketing of wool is critical but is a weak link in the sector. This has to be strengthened by the intervention of State Wool Boards, Corporations and Federations or through other central organizations, like the Cotton Corporation of India, which have developed some expertise in marketing. Existing assistance from the IWIP needs to be multiplied. Instead of giving any lump sum assistance, there should be project based assistance with clear identifiable objectives.

8.19.6 The processing and finishing of wool products is a weak link which requires huge capital investment. Common infrastructure facilities may be developed by the industry with the assistance from Government. This needs to be taken up at large scale.

8.19.7 Since the consumption of wool world-wide has remained static, it needs to be seen as to how best India can diversify its wool products apart from carpet and garments, to include blended textiles and apparel. The organised sector in the wool industry has to play a crucial role and modernise the industry, with the assistance of TUFS if required. Government can constitute a Product Development Cell with the assistance of private industry to facilitate R&D.

8.19.8 To improve the breed there has to be an import of high breed germplasm. Since past experience shows that the import of live animal is not an easy job, possibilities of import of frozen embryo or frozen semen can be explored. However, in the case of sheep which produce coarse wool, indigenous rams can be used to improve their breed.

8.19.9 Since there is always a disagreement with the forest authorities on the issue of grazing, legislative measures can be taken. In Uttaranchal, Bhutia Rules are in existence, whereby routes are earmarked in forests through which migratory sheep can pass and graze on the nearby forest land. Pasture development will go a long way in providing nutrition to sheep. This could be done by reserving certain portions of land as pasture for sheep.

8.19.10 In order to ensure that shepherds have a greater stake in sheep rearing, some kind of insurance scheme for shepherds should be worked out. Also, since a large number of casualties occur in sheep and small ruminants, insurance for these animals can also be considered. Mini-Mission I as a part of Technology Mission would also take care of health care of sheep in general, and prophylactic care in particular.

8.19.11There is an urgent need for human resource development in respect of shepherds and also development of technical manpower in the industry. This can be done by propagating appropriate messages through short films, and also by formal and informal training programmes at notified institutes.

8.19.12Since processing is the weakest link in the chain, emphasis needs to be laid on measures to improve processing – both pre-loom as well as post loom. The system of grading of wool is virtually absent. This has to be addressed on an urgent basis. In addition to grading, scouring is also a pre-loom process. Modern techniques need to be adopted to get satisfactory results in scouring through setting up Common Facility Centres. Common Facility Centres also need to be set up for finishing which is a post loom process. Finishing for carpets and shawls need to be improved considerably to fetch better market prices for these products.

The Mission Mode

8.20 The integrated development and growth of the Wool and Woollen sector can be achieved through the Mission approach i.e. the Technology Mission on Wool (TMW) on lines similar to the Technology Mission on Cotton (TMC), consisting of 4 Mini- Missions:

- **Mini-Mission-I-** Research and Development of a few chosen coarse wool (i.e. carpet grade wool) fibre breeds only.

  Implementing Agency **:** Ministry of Textiles, through Central wool Development Board, Jodhpur.

  Fund requirement:

Schemes	**Requirement of funds**
A. Continuation of existing 10th Plan Schemes.	
Improvement of Wool Fibre.	
a) Setting up of Extention Centres	Rs.5 crore
b) Setting up of Common Facility Centres	Rs.6 crore
c) Health care @Rs.18 per sheep per annum	Rs.18 crore
d) Breed improvement	Rs.1 crore
	Nutritional supplementation which was there in the 10th Plan has not been included.
Marketing assistance, product development and research and training	Rs.10 crore
B. New Schemes during the 11th Plan	
Sheep Insurance Scheme	Rs.10 crore
	@Rs.25 premium per sheep for 40 lakh sheep expected to be covered during the 11th Plan)
Total	**Rs.50 crore**

- **Mini-Mission-II**- Procurement of coarse wool under Minimum Support Price (MSP) operations by Central Government agencies, to instill confidence in the sheep breeders/wool growers. This will ensure remunerative returns and, thereby increase yield.
- Implementing Agency: Central Government Agency preferably Cotton Corporation of India, to be monitored by the Textiles Commissioner.

Fund Requirement:

A Revolving Fund to be set up to be utilised for the procurement of raw wool, and its sale.	Rs.10 crore
For Market support operations to be undertaken by CCI in order to stabilise wool prices	Rs.5 crore
Total	**Rs.15 crore**

- **Mini-Mission-III**- Development of the decentralised woollen textile industry and the development of the carpet industry.

- Implementing Agency: Ministry of Textiles through Wool Research Association, Thane, Mumbai; Indian Institute of Carpet Technology, Bhadohi, UP; and the Woolmark Company, Delhi under the aegis of the Textiles Commissioner.

Fund Requirement:

Setting up Scouring Plants,	Rs.20 crore
Shearing Centres and	Rs.20 crore
Pre loom facilities.	

Including appropriate R&D support as well as setting up of finishing plants for shawls etc. alongwith industry support.

Technology Upgradation of spinning weaving and processing in the decentralised sector	Rs.75 crore
Total	**Rs.115 crore**

Mini-Mission-IV- Supplementing training facilities (HRD) by devising specific curricula and training infrastructure through the involvement of selected institutes, the Wool Research Association and the Indian Institute of Carpet Technology, Bhadohi, UP for the semi skilled and skilled work force, supervisory categories and technical managers.

Implementing Agency : Ministry of Textiles through WRA, Thane, Mumbai, Indian Institute of Carpet Technology, Bhadohi, UP, selected academic institutions like Guru Nanak Dev University, Amritsar, VJTI Mumbai, Textiles Engineering Institute, DKT's Society, Ichalkaranji, Maharashtra, under the aegis of Textiles Commissioner and the Central Wool Development Board.

Fund requirement:

Approximately Rs.10 crore may be required for funding courses in Wool Research Association and other Institutes.

PROJECTIONS FOR THE ELEVENTH PLAN

8.21 In the context of the emerging domestic and international scenario (post quota regime) and the needs of the growing population, and keeping in view the production trends in the past, the targets for the Eleventh Plan have been projected as follows:

Target for indigenous wool production

8.22 Indigenous wool is mostly suitable only for carpet manufacturing and its production has remained stagnant at around 50-55 million kg., with no improvement in productivity and quality. Inspite of continuous efforts, there has been no success in developing good quality apparel grade wool indigenously. Therefore, instead of wasting further effort and resources in that direction, concerted efforts would be made during the Eleventh Five Year Plan to concentrate on the development of carpet grade wool, with special emphasis on the improvement of the quality and yield through cross breeding.

Table – 8.2

Targets for consumption of fibre and production of woollen items during the Eleventh Five Year Plan

Sl. No	Items	Unit	Achievements 2004-05 (Actual)	Assumed Growth Rate during Eleventh Plan (percent)	Terminal year of the Eleventh Plan (2011-12)
1.	Apparel Grade Raw Wool (Clean Consumption)	Mn.kg	47.00	10	75.69
2.	Carpet grade raw wool (consumption)	Mn.kg	55.00	18.75	129.87
3.	Wool Tops	Mn.kg	29.00	4	35.28
4.	Worsted Yarn	Mn.kg	45.00	5	57.43
5.	Worsted/Woollen fabrics	Mn.mtrs	66.00	20	164.23
6.	Woollen Yarn	Mn.kg	34.00	3	39.41
7.	Woollen/Synthetic/Cotton rags	Mn.kg	105.69	5	135.00
8.	Shoddy Yarn	Mn.kg	26.00	3	30.14
9.	Shoddy Fabrics	Mn.mtrs	18.00	3	20.86
10.	Shoddy/Woollen blankets	Mn.pcs	12.00	3	13.92
11.	RMG (Knitwear/wovenwear and Goods)	Mn.kg	13.00	25	39.67
12.	Hand Made Carpets	Mn.sq.mtrs	08.00	5	10.21
13.	Machine Made Carpets	Mn.sq.mtrs	00.50	2	0.552

8.23 The above target can be achieved, partly by modernization i.e. adding and replacing worsted/woollen/shoddy yarn spindles with modernized spindles and looms (new & second hand). However, investment in modernization of spindles/looms/chemical processing machinery will take place subject to policy reforms i.e. the creation of infrastructure facilities, the introduction of the Technology Mission on Wool, and the creation on image building and market development using design consultants from India and overseas, providing capital subsidy of 20 percent of the cost of machinery installed for a SSI unit, undertaking modernization under TUFS, continuing TUFS in general, attracting large FDI by simplifying the multi-layered tax structure and moving to a single goods and service tax (GST) system, labour reforms in the area of Contract Labour and extended working hours; labour being on the concurrent list, engaging in various FTA's/PTA's with simultaneous implementation of internal fiscal reforms,

RECOMMENDATIONS

Programmes and Schemes for the Eleventh Plan

8.24 The Tenth Plan Schemes of the Central Wool Development Board will continue in the Eleventh Plan after being adequately restructured. However, once the Technology Mission on Wool is launched, they will be merged into Mini-Mission I.

8.25 The Technology Mission on Wool (TMW) is proposed to be launched during the Eleventh Five Year Plan for the integrated development of the different segments of the wool industry.

8.26 Till the time TMW is approved, the Central Wool Development Board will continue to administer the existing schemes and programmes.

Fiscal Levy Structure

8.27 Various categories of raw material in the form of wool waste, fine animal hair, synthetic/woolen rags and machinery face uneven levels of import duty. Machinery for the woollen sector is not manufactured in the country. It is therefore imperative that the fiscal levy on import of the above items is rationalized to enhance growth.

8.28 The following are the summarized proposed outlay for the Eleventh Plan:

Proposed XIth Plan Outlay

Mini Mission	Scope	Outlay (Rs. crore)
I	Development on wool fibre	50.00

II	Procurement of selected coarse wool use for carpet industry.	15.00
III	Development of the decentralised woollen textile industry and carpet industry.	115.00
IV	H .R.D	10.00
	Total	**190.00**

CHAPTER-9

JUTE INDUSTRY

INTRODUCTION:

9.1 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. It supports nearly 4 million farm families, besides providing direct employment to about 2.6 lakh industrial workers and livelihood to another 1.4 lakh people in the tertiary sector and allied activities. The production process in the Jute Industry goes through a variety of activities, which include cultivation of raw jute, processing of jute fibres, spinning, weaving, bleaching, dyeing, finishing and marketing of both raw jute and its finished products. The Jute Industry is labour intensive and, as such, its labour-output ratio is also high. In spite of various difficulties faced by the industry, capacity utilization of the industry is around 75 per cent.

STRENGTHS AND OPPORTUNITIES

9.2 Jute is a bio-degradable and eco-friendly commodity. The promotion of green credentials of jute might help retain existing markets and explore new ones. For instance, switching to mineral oil free lubrication system to enhance eco friendly characteristics of jute products may send appropriate signals about packaging in jute.

9.3 The Report of the Expert Committee on Technical Textiles (July, 2004) states that in the year 2000 the world market for technical textiles was estimated to have a volume of 16.7 million tones with a value of US $ 92.88 billion. As a fibre, jute contributed to 14 percent of the total fibre consumption of technical textiles in 2000. Of the total consumption of 1400 million sq. metres in geotextiles in 2000, jute constituted 1 percent. This 1 percent represents a sale figure of about Rs. 36 crore. As the market is likely to grow enormously in technical textiles, specially in geo textiles, the contribution of jute to technical textiles represents a strong market potential.

9.4 Technical textiles, including jute geo textiles and jute-diversified products, represent two growth areas for the jute sector. Considering past and present prospects, sacking and hessian are unlikely to grow beyond the normal rate and, at this stage, the growth engines for the jute industry appear to be technical textiles and Jute Diversified Products (JDPs).

Technical textiles, because of their immense potential should be targeted and given a closer look so as to utilize the opportunities of the emerging global market.

WEAKNESSES

9.5 The fibre quality needs to be improved. Currently only about 11 percent of the raw jute belongs to the higher grades of TD1, TD2 &TD3. Hardly any TD1 & TD2 are grown in India. The short supply of high grade raw jute is a major problem facing the Indian jute industry.

9.6 The Kolkata based jute industry points to the better quality jute available in Bangladesh, cheap labour and the subsidy for exports in Bangladesh as impediments in successfully competing against Bangladesh.

9.7 The jute industry has to withstand competition from the synthetic sector especially in packaging. The direct cost of a 50 kg capacity Food Grade Jute Bag today is about Rs. 18 to 20 vis-à-vis Rs. 14 or Rs. 15 for a synthetic bag.

PERFORMANCE DURING TENTH PLAN

9.8 During the Tenth Five Year plan period, the National Jute Policy, National Jute Board Bill as well as Jute Technology Mission with an outlay of Rs. 355.5 crore have been approved by the Government in respect of the jute sector. The National Jute Policy did not have any outlay as such and the National Jute Board Bill will be approved by the Parliament soon. The Jute Technology Mission is yet to be formally launched though the Cabinet approved it in June, 2006. The target for raw jute production in the Tenth Plan is likely to be achieved in the jute year 2006-07. Jute goods production, however, will fall short of the plan target by 18 percent. In contrast, export targets have been met and exceeded. Table-9.1 presents a view of targets and achievement.

Table 9.1

<u>Targets vis-à-vis achievements set for the Tenth Five Year Plan</u>

Items	Target for terminal year (2006-07)	Achievement in 2005-06	Average (2002-03 to 2005-06)
Production of jute & mesta	110 lakh bales	85 lakh bales (110 lakh bales is estimated in 2006-07)	91.25 lakh bales
Production of jute goods	19.5 lakh MT	15.82 lakh MT	15.96 lakh MT
Exports	US$ 154.36 million	US$ 276 million	US$ 240 million

9.9 The jute industry has not been able to achieve the target growth rate of 10 percent per annum fixed for industry. Production for the last 4 years has stagnated at around 16 lakh MT instead of reaching 19.5 lakh MT. Thus, there is a shortfall of around 18 percent from the projected Tenth plan target.

9.10 The export projections for Tenth plan in respect of jute, hemp, and mesta textiles was fixed at US $ 154.36 million for the terminal year of the Tenth Five Year Plan. Against this exports stood at US $ 276 million in 2005-06. Against the cumulative export target of US $ 634.52 million for the entire tenth Five Year Plan period, the actual export for the first four years of Tenth Five Year Plan was worth US $ 960 million.

9.11 In the 1970s and 1980s, jute diversified products hardly contributed to jute exports. In the first five to six years of the present century, jute diversified products constituted at least 20 percent of total jute exports. In 2005-06 the export of jute-diversified products was Rs. 280 crore (US $ 63 million out of total exports of US $ 276 million). As the trend is on an increase, it is expected that this will continue in the years to come.

REVIEW OF THE ONGOING SCHEMES

9.12 Jute, Mesta and Bimli which are all consumed for manufacture of jute products are at present grown in not more than seven States of the country. However, an overwhelming of 60 jute mills is located in the State of West Bengal, mainly in the four districts of Hooghly, North and South 24 Parganas and Howrah. The Plan schemes in the jute sector are spread over the length and breadth of the country and neither spread nor expenditure of Plan schemes are directly proportional to the number of jute mills or volume of jute grown in a State

9.13 The artisans and weavers are either employed by the organized jute mills or trained under National Centre for Jute Diversification (NCJD) schemes so that they may increase their earning through entrepreneurship. The Plan scheme like the Jute Service Centre Scheme is primarily aimed at providing basic and advance training programmes to artisans and weavers while the Plan schemes of Jute Raw Material Bank, Design and Development, as well as Market Support Scheme of NCJD are targeted at such entrepreneurs so that this may increase their skills and reach sustainable levels.

9.14 The Jute Manufactures Development Council also organizes fairs and exhibitions in India and abroad to provide promotional avenues and channels for marketing and sale of products to the organized as well as decentralized sectors.

9.15 The NCJD Scheme were formulated in the second half of the Eighth Plan and since then there has been a manifold increase in the number of persons / institutions engaged in the manufacture of jute diversified products as well as in the market of the organized sector, specially for hessian, decorative fabrics and yarn.

9.16 The problems of farmers regarding sale of raw jute is addressed by the Jute Corporation of India which is committed to buying whatever is offered at their depots at the market support price, declared each year prior to the start of the jute season

9.17 The plan schemes in the jute sector are mainly implemented by JMDC and NCJD.

9.18 The on-going Plan schemes in the jute sector are essentially for the development of the decentralized sector and implemented through NCJD and JMDC. A decision has already been taken that all the existing Plan schemes will be sub-sumed and be a part of the Jute Technology Mission which is likely to be launched soon.

9.19 The schemes implemented by NCJD have multiple objectives. The primary objectives include developing a business environment where all requisites like raw material, skilled manpower, technology, skill development through training and workshops, market creation in the form of forward and backward linkages are established. NCJD was provisionally allocated Rs. 30 crore during the Tenth Five Year Plan period.

9.20 Against the Tenth plan allocation of Rs. 30 crore money released till 2005-06 amounts to Rs. 26.93 crore. Against this the total expenditure till 2005-06 comes to Rs. 28.36 crore.

9.21 NCJD receives plan grants for the following schemes.

Jute Service Centre Scheme

9.22 Under the scheme service and extension centers are set up to provide training to entrepreneurs to enable them to operate commercially. At present 19 JSCs and 5 Jute Service Extension Centres are operating across the country. During the Tenth Five Year Plan period, the Ministry of Textiles approved setting up of 20 JSCs and 6 JSExCs.

Jute Raw Material Bank (JRMB) Scheme

9.23 The scheme aims at establishment of raw material banks for fulfilling the requirement of jute yarn, providing information about diverse applications of jute, creation of awareness amongst entrepreneurs and organizing technical workshops on application of jute. Here jute fibre, fabric and yarn are available in small quantities as required by the micro enterprises, craft persons and artisans. The scheme provides 5 percent subsidy on sales value as sales incentive.

9.24 JRMBs aim to ensure raw material availability in small quantities and right quality at mill gate prices to meet the requirements of micro enterprises, craft persons, artisans, designers, NGOs, besides women's SHGs. JRMBs supply jute yarn and other raw materials such as fibre, fabric and dyes and chemicals. JRMBs are also required to disseminate information on application of jute in various uses in addition to awareness generation for existing and potential entrepreneurs and organizing technical workshops on application of jute. There were 33 JRMBs operating in the country as on 1st June 2006.

9.25 The performance of 24 JRMBs, which have been evaluated by National Production Council (NPC), have been graded based on monthly average sales of yarn and fabric. Poor implies less than 3MT per month. Average implies the range 3 MT to 5 MT. Good implies the range 5 MT to 10 MT and excellent implies sales exceeding 10 MT.

Design Development Scheme

9.26 The scheme aims at keeping beneficiaries abreast of latest design through workshops, product evaluation, engagement of specialized design agencies and development of prototypes, etc.

Market Support Scheme

9.27 The scheme aims at facilitating small entrepreneurs and NGOs to gain exposure through participation in national level exhibitions, local fairs, buyer-seller meets and provides linkage to the demand centres with producers of jute for meeting the demand of jute.

Jute Entrepreneurs Assistance Scheme

9.28 Under the Scheme, capital subsidy is given at the rate of 15 percent and 10 percent of the cost of plant and machinery for projects under category A&B, respectively, of jute diversified units. The permissible subsidy is for units with cost of plant and machinery up to Rs. 5 crore. The Scheme is intended for setting up new units / expansion of existing units for production of diversified jute products.

Micro Finance Scheme

9.29 NCJD is operating this entrepreneur friendly scheme for extending financial assistance to individual entrepreneurs, Self Help Groups (SHGs) and Non-Government Organizations (NGOs). Support to Micro Enterprises and NGOs is being given due priority in view of sustainable human development through jute diversification. This scheme requires to be modified.

Schemes for North Eastern Region

9.30 The schemes for North East region will cover the states of Assam, Arunachal Pradesh, Meghalaya, Manipur, Mizoram, Nagaland, Sikkim and Tripura. Under the market promotion scheme for JDPs under Mini Mission IV of the Jute Technology Mission a scheme for North-East Region (NER) is proposed. The scheme aims at setting up of enterprises for handicrafts, spinning, weaving, wet processing, hand made paper, etc. in general and entrepreneurship development in diversified jute sector in particular. These programmes will be carried out by setting up of operating units namely, Jute Diversification Support Centre (JDSC) and Jute Diversification Support Extension Centre (JDSEC).

9.31 The above objective will be fulfilled through the following activities.

- To conduct trade specific training programmes
- To organise awareness generation programmes
- To create scope for large scale consumption of jute in non-traditional field
- To develop skills among weavers, entrepreneurs and craft persons.

9.32 Plan schemes in the jute sector are implemented by NCJD & JMDC. Majority of beneficiaries of NCJD schemes like JSC scheme, JRMB scheme and Micro Finance Scheme are artisans and weavers. During Eleventh Five Year Plan, schemes will be subsumed under the Jute Technology Mission which is already approved by the Government.

Low off-take under TUFS

9.33 Presently the financial norms and other conditions that have been prescribed by IFCI Nodal Agency for jute sector under TUFS and other co-opted Banks/Financial Institutions for availing the benefit of the scheme are considered to be stringent by the jute industry. For example, most jute mills are unable to contribute 17.5 percent / 20 percent of the cost of the scheme as promoters contribution to fulfill a debt service coverage ratio of less than 1.3.

9.34 At present, out of 78 composite Jute mills, 30 are under BIFR. These mills are unable to access loans from Banks / Financial Institutions. Hence off take from TUFS is not possible for these mills.

ROLE OF STATE GOVERNMENTS

9.35 The Jute Technology Mission is to be implemented in the jute growing states of West Bengal, Assam, Bihar, Orissa, Andhra Pradesh, Meghalaya and Tripura. The Department of Agricultural Research & Education and the Indian Council of Agricultural Research will implement Mini Mission I and II with the help of 10 State Agricultural universities and 3 other institutes related to jute and allied fibre crops.

9.36 In case of Mini Mission III (construction of new marketing facilities & also upgradation of existing marketing facilities) the State Governments are required to share 40 percent of the cost for development of the marketing infrastructure. While states of West Bengal, Tripura and Andhra Pradesh have agreed to implement the Scheme, the concurrence of the states of Bihar, Orissa & Meghalaya is yet to be received.

9.37 The schemes under Mini Mission IV are also location specific and would be implemented in consultation with the concerned State Governments in the jute growing areas.

9.38 Besides the Jute Technology Mission, State Governments have an important role to play in raw jute cultivation as agriculture is a State subject. Extension services have become non-existent. Growers' cooperatives need to be revived to protect growers interests in raw jute marketing.

9.39 The exhaustive and holistic approach to technological and infrastructural support to the jute industry in the form of 9 schemes and intervention plans to bring about the following:

- Radical and sustainable change in the whole environment of production, usage and sustenance of jute.

- From its present level of 30 percent of modernization in the existing jute mills, the intervention under Mini-Mission – IV plans to increase it to 55 percent.
- An expected 15 percent rise in productivity level which will result in the requirement of mandays per metric tone of jute products to come down to 35.
- The expected increase of share of JDP to the total is expected to rise 20 percent from its present level of 8 percent.
- Export of JDPs is expected to rise by 45 percent over the present level.

FUTURE SCENARIO

9.40 The protection given to the jute growers as well as jute industry is unique specially after the promulgation of the Jute Packaging Materials (Compulsory Use in packing Commodities) Act 1987 (JPM Act 1987) whereby 30-40 percent of the production of the jute industry is absorbed by Food Corporation of India and other State Government agencies. The jute industry will have to take a view on such continued protection and subsidies and take alternative steps to ensure the continuity and growth of this sector.

9.41 In spite of a number of Plan schemes, protection to the industry in the form of the JPM Act, assistance through UNDP and CCF schemes in the past the jute industry has not been able to maintain a steady growth pattern. During the Eighth Plan Period the average annual production was to the tune of 14.04 lakh MT and, in the Ninth Plan period, the corresponding figure was 16.18 lakh M.T representing an increase of 15.25 percent. During the last two decades this difference represents the only significant growth in production of jute goods.

9.42 The Jute Technology Mission which will be formally launched in this Plan Period aims at a holistic improvement of this sector and is a golden opportunity for the industry in sustaining itself independently in the years to come. Moreover, the National Jute Policy announced in April 2005 is also unique in the 150 years of the jute industry.

Table 9.2

Eleventh Five Year Plan targets at a glance

Item	Target for 2011-12
Production of raw jute & mesta	129 lakh bales
Production of jute goods	20 lakh MT

Domestic consumption of jute goods	15.5 lakh MT
Export of jute goods	4.5 lakh MT (Traditional 3 lakh MT & JDPs 1.5 lakh MT)
Import of raw jute	95,000 MT annually
Import of jute goods	25,000 MT annually

SUGGESTIONS

9.43 The VAT of 12.5 percent imposed on all jute goods except sacks, bags and yarn needs to be reviewed and brought down to a lower slab. In particular, this will help in promotion of diversified jute goods.

9.44 Under Mini Mission IV of the Jute Technology Mission, there is a separate scheme for setting up of jute parks. The jute parks are supposed to have assured power supply, exhibition/ marketing halls, warehousing, testing laboratories for yarn, fabric dyeing, bleaching plants besides providing common facilities like roads, effluent treatment plants, sanitation, sewerage, drainage systems, and state-of-the-art telecommunication facilities. Branches of commercial banks, Office of the Custom & Excise Department as well as Sales Tax Department would be there to ensure quick clearance of shipment.

9.45 There is a need to set up new JRMBs in states, which have not been covered.

9.46 A newsletter could be brought out in regional languages containing information about opportunities and latest developments in the jute sector. This material could be circulated among all beneficiaries of various programmes.

9.47 To prevent highly active and successful NGOs from migrating to other areas they could be oriented to explore the export market. NCJD can assist by providing information on future overseas marketing events besides documentation etc.

9.48 Standardization of product quality by dissemination of detailed designs can help in getting better market value.

FINANCIAL REQUIREMENT

9.49 The year-wise financial requirement for Jute Technology Mission is given below:

Table – 9.3

Year-wise financial requirement for Jute Technology Mission

(Rs. crore)

Sl. No.	Component	Total
1	Mini Mission – I	7.05
2	Mini Mission – II	49.90
3	Mini Mission – III	38.60
4	Mini Mission - IV	260.00
	Total	**355.55**

CHAPTER – 10

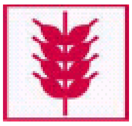
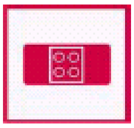
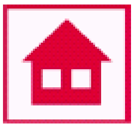
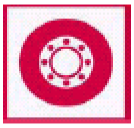
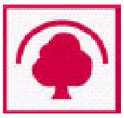
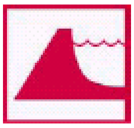
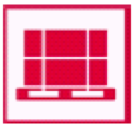
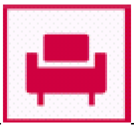
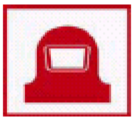
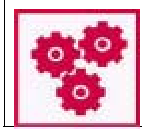
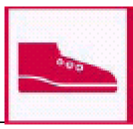
TECHNICAL TEXTILES

INTRODUCTION:

10.1 Technical textiles are textile materials and products used for their technical performance and functional properties. Unlike conventional textiles used traditionally for clothing or furnishing, technical textiles are used basically on account of their specific physical and functional properties and mostly by other user industries. Technical textiles are used individually or as a component/part of another product to improve the performance of the product. Technical textiles are also referred to as industrial textiles, functional textiles, performance textiles, engineering textiles, invisible textiles and hi-tech textiles.

Table – 10.1

Segments of technical textiles – end use application wise

	**Agrotech** Horticulture + landscape gardening, agriculture + forestry, animal keeping		**Meditech** Hygiene, medicine
	**Buildtech** Membrane, lightweight + massive construction, engineering + industrial building.		**Mobiltech** Cars, ships, aircraft, trains, space travel
	**Clothtech** Garments, shoes		**Oekotech** Environmental protection, recycling, waste disposal
	**Geotech** Road infrastructure, Railways, Irrigation and Hydraulic structures, Waste Landfills, Dams etc.		**Packtech** Packaging, protective-cover systems, sacks, big bags, container systems
	**Hometech** Furniture, upholstery + interior furnishing, rugs, floor coverings		**Protech** Person and property protection
	**Indutech** Filtration, cleaning, mechanical engineering, chemical industry		**Sporttech** Sport and leisure, active wear, outdoor, sport articles.

10.2 Technical textiles represent a multi-disciplinary field with numerous end use applications. This industry has penetrated major areas of economic activity: aerospace, shipping, sports, agriculture, defence, medical, manufacturing, etc. Based on the product specification and end-use applications technical textiles can be broadly grouped into 12 segments as given in Table 10.1.

10.3 The global market size of technical textiles was estimated by David Rigby Associates, International Consultants who are the only agency following technical textiles to have a volume of 19.68 million tones with a value of US$ 106.90 billion in 2005, and is expected to increase to 22.77 million tones with a value of US$ 127 billion by the year 2010. The major segments are mobiltech, indutech and sporttech which account for about 57 percent of the global size of the technical textiles industry. David Rigby Associates has estimated the overall growth of 3.59 percent in volume terms and 3.20 percent in value terms. However, the growth rate in Asia is projected to be higher at 4.23 percent as against 2.60 percent in North America and 2.14 percent in Western Europe. The segment-wise market size and future growth of the 12 sectors is given as follows.

Table – 10.2

Segment-wise global market size of technical textiles

Volume – '000 tones; Value – US$ million

Technical Textile Sectors	Year				CARG (percent)	
	2005		2010			
	Volume	Value	Volume	Value	Volume	Value
Mobiltech	2828	26861	3338	29282	3.02	1.34
Indutech	2624	16687	3257	21528	3.98	4.85
Sporttech	1153	16052	1382	19062	3.40	3.21
Buildtech	2033	7296	2591	9325	4.63	4.73
Hometech	2499	7622	2853	8778	2.70	2.66
Clothtech	1413	7014	1656	8306	2.95	3.19
Meditech	1928	6670	2380	8238	4.43	4.33
Agrotech	1615	6568	1958	8079	3.55	3.84
Protech	279	5873	340	6857	3.63	2.82
Packtech	2990	5329	3606	6630	3.52	4.20
Geotech	319	927	413	1203	4.94	4.98
Total	**19681**	**106899**	**23774**	**127288**	**3.59**	**3.20**
Of which Oekotech	***287***	***1039***	***400***	***1389***	***6.45***	***5.67***

Source: David Rigby Associates (DRA).

10.4 Technical textiles is a major activity in industrialized countries which have been gradually switching over from conventional textiles to technical textiles. In Western Europe and USA, technical textiles account for over 30-40 percent of textile activity. Even in China technical textiles activity accounts for 20 percent of textiles activity, while in India it is less than 10 percent.

10.5 In line with production activity, the consumption of technical textiles is the highest in industrialized countries. USA, Western Europe and Japan account for about 52 percent of the total technical textile consumption in the World.

PERFORMANCE DURING THE TENTH PLAN:

10.6 Considering the potential of technical textiles in the country, the Government constituted an Expert Committee on Technical Textiles (ECTT) in the year 2002 to assess the status of the industry in the country and formulate an action plan to exploit the opportunities available for this industry in the domestic and global markets. The committee submitted its report in July, 2004. The committee has analysed the growth of the technical textiles industry; estimated the production upto the year 2007-08 and suggested a five year action plan for its growth. The segment-wise market size of the technical textile industry is given below:

Table – 10.3

Estimated segment-wise market size of technical textiles during the Tenth Plan

(Rs. crore)

Segment	2002-03	2003-04	2004-05	2005-06	2006-07
Clothtech	6071.74	6833.20	7198.50	7583.33	7988.73
Packtech	3614.65	4086.00	4588.35	5152.46	5785.93
Sporttech	1417.52	1534.15	1649.35	1773.20	1906.36
Mobiltech	1270.97	1381.55	1454.91	1532.17	1613.53
Buildtech	1114.43	1181.58	1254.89	1332.75	1415.43
Hometech	883.39	1029.72	1199.77	1397.89	1628.74
Indutech	887.59	961.93	1050.64	1147.53	1253.35
Meditech	851.88	932.95	1036.76	1152.12	1280.32
Protech	425.19	520.25	652.65	818.74	1027.11
Geotech	196.21	350.00	591.45	999.45	1688.91
Agrotech	281.48	303.56	337.66	375.59	417.77
Oekotech	0.00	14.70	24.72	41.57	69.91
Total	**17015.06**	**19129.59**	**21039.64**	**23306.80**	**26076.09**

Source: ECTT Report.

10.7 The Indian technical textile industry produces items of all the 12 segments of the technical textiles industry. However, the production is limited and scattered. The demand for many of the items is met through imports particularly by Defence and Police forces. All types of units, including Multi National Companies (MNCs), large scale units, SSI units, and cottage units are present in this industry. However, some segments have significant participation by small scale and cottage sector units like HDPE / PP bags making units, fishnets, shoe laces, sewing thread, canvas and tarpaulin, stuffed toys etc.

10.8 Government has also initiated some measures for promoting the growth of the industry during the Tenth Plan period. It has covered all the technical textile machinery under Technology Upgradation Fund Scheme (TUFS). Even second hand imported machinery for manufacturing of nonwoven and converting it into finished product has been covered under TUFS. In addition, major machinery for production of technical textiles has been covered under concessional customs duty of 5 percent. Sanitary napkins / baby diapers have also been dereserved to promote setting up of the large scale units.

APPROACH TO THE ELEVENTH FIVE YEAR PLAN:

10.9 Technical textiles is an important part of the textile industry and its potential is still largely untapped. The growth of this industry will have an important bearing on the over all growth of the textile industry. The accelerated growth of the Indian economy would impact favourably on the growth of the technical textiles. With increase in disposable income, the consumption of technical textiles is expected to increase, and in case indigenous production does not keep pace, imports will take place resulting in large scale foreign exchange outgo and loss of investment opportunities. Therefore, during the Eleventh Plan period, this industry is considered as a thrust industry and creation of awareness and conducive policy environment to promote the growth of this industry would be the important feature of the plan exercise.

PROJECTIONS FOR THE ELEVENTH FIVE YEAR PLAN:

10.10 The growth of different segments of the technical textile industry in future will depend on the growth drivers of the respective segments. The growth of the some of the segments will however depend on the regulatory framework. The growth of different segments is projected under two scenarios; (Scenario - I) without regulatory framework; and (Scenario - II) with regulatory framework for items covered under Protech, Geotech and Oekotech. The overall growth rates under Scenario – I works out to 14.94 percent per annum; while under Scenario – II, it works out to 24.57 percent per annum. The details are given below:

Table – 10.4

Growth rates and estimated market size of technical textiles during 2007-12

(Rs. crore)

Sl. No.	T. T. Sector and its products	Without regulatory framework estimated market size during 2006-07 as per ECTT	Without regulatory frame-work		With regulatory framework for items covered under Protech, Geotech and Oekotech	
			Assumed growth rate	Estimated market size during 2011-12	Assumed growth rate	Estimated market size during 2011-12
1	**Clothtech**: Shoe laces, Interlinings, Zips, Narrow fabrics, Taffeta fabric.	7988.73	12	14078.87	12	14078.87
2	**Packtech**: Polyolefin woven sacks including FIBC, Soft luggage products, Food grade jute bags, Jute sacks / Hessian.	5785.93	20	14397.25	20	14397.25
3	**Sporttech**: Shoe Component, Sports Composites, Sleeping bags, Artificial Turf, Balloon & Parachute fabrics.	1906.36	12	3359.66	12	3359.66
4	**Mobiltech**: Seat belts, Nylon tyre cord fabric, Seat covers, carpets, Helmets, Headliners, Insulation felts.	1613.53	15	3245.39	15	3245.39
5	**Buildtech**: Hoardings / Signages, Scaffolding nets, Awnings and canopies, Tarpaulins.	1415.43	15	2846.94	15	2846.94
6	**Hometech**: Fiberfill, Jute Carpet backing cloth, Stuffed toys, Blinds.	1628.74	16	3420.91	16	3420.91
7	**Indutech**: Conveyor belts, Hoses, Ropes, Computer ribbons, Battery separators, Filtration products, Decatising cloth, Bolting cloth.	1253.35	12	2208.83	12	2208.83
8	**Meditech**: Sanitary napkins, Incontinence diapers, Baby diapers, Surgical dressings, Healthcare textiles, Sutures, Medical devices & implants.	1280.32	12	2256.36	20	3185.85
9	**Protech**: Fire retardant textiles, Ballistic protective clothing etc.	1027.11	17	2251.89	25.45	3191.32
10	**Geotech**: Geotextiles, geomembrane, Civil / Geotechnical engineering.	1688.91	15	3397.00	68.98	23269.28
11	**Agrotech**: Fishing nets & Fishline, Shade fabrics, Woven and non woven covers for crops, Mulch mat.	417.77	8	613.84	8	613.84
12	**Oekotech**: Environment Control: Municipal solid Waste, Industrial hazardous waste etc.	69.91	12	123.21	68.17	940.33
	Total	**26076.09**	**14.94**	**52200.13**	**24.57**	**74758.46**

RECOMMENDATIONS:

Survey to build up the database of technical textiles units:

10.11 In order to make policy decisions, it is of utmost importance to have a comprehensive database of technical textiles units in the country. Therefore, a base line survey of technical textiles units should be carried out to get the information on the number of units, type of units, type of products produced, investment, turnover etc. Since this industry is widely dispersed and quite complex, the fund requirement for carrying out the base line survey is estimated at around Rs.1 crore.

<u>Fiscal policy support</u>:

Concessional customs duty for specialised fibres / yarns:

10.12 For the production of many of the items of technical textiles, specialized fibres / yarns are required, i.e., Aramide, chronic fibres, optical fibres, glass staple fibre etc. Such specialized fibres / yarns are not produced in the country and they are quite expensive. Therefore, these fibres / yarns should be permitted to be imported at concessional customs duty of 5 percent, and also be exempted from CVD. ECTT has also recommended the concessional import of these fibres / yarn. A list of 36 items of such fibres / yarns is at **Appendix – 10.1**.

Concessional customs duty for technical textiles machinery:

10.13 Most of the technical textiles machinery are not produced in the country. Therefore, the units have to perforce import the same. Some of the technical textile machinery are already covered under the concessional customs duty of 5 percent. It is suggested that the list may be enlarged and a comprehensive list of technical textile machinery should be covered under the concessional customs duty list.

Counter Vailing Duty (CVD) exemption for technical textile machinery:

10.14 The indigenous availability of technical textile machinery is negligible. Further most of the technical textiles machinery is very expensive, and 16 percent CVD increases the cost of machinery, which discourages setting up of the units in India. Therefore, imported technical textiles machinery should be exempted from CVD.

Inverted duty structure on finished goods vis-à-vis raw material:

10.15 The technical textiles products supplied to World Bank assisted projects / defence have been provided with the facility of exemption from CENVAT and customs duty. However, raw materials for the production of such items attract normal rate of duty. Thus, indigenous manufacturers of finished goods are at a disadvantageous position vis-à-vis imported products. Therefore, to provide a level playing field to the indigenous manufacturers supplying to World Bank assisted projects / defence either the raw material for production of such items should also be exempt on ‘actual user’ basis or a scheme of advance license may be introduced. Under the scheme, facility of import of raw materials on duty free basis on the basis of standard input/output norms should be provided.

Specific rate of duty on finished technical textile products:

10.16 Under existing custom tariff, fabrics, garments, made-ups attract a specific rate of duty or *advalorem* duty, on whichever is higher basis. The specific rate of duty has been levied to protect the interest of the indigenous industry from cheap imports. To protect the interest of the indigenous technical textiles industry which would invest in large scale projects like geosynthetics, nonwoven, etc., and the converters which will be in SME sector, the duty should be levied on *advalorem* or the specific rate of duty, whichever is higher basis, to protect such units from cheap imports.

10.17 There is a wide spread import of substandard / non-specification technical textiles products into India. This is also affecting the growth of manufacturing in India, as Indian manufacturers have to compete against these spurious and sub-standard products at low prices. These products may also create hazards when used in technical applications. Thus, there is need to regulate imports and establish standards.

Modification in the Technology Upgradation Fund Scheme (TUFS):

10.18 Currently, machinery for the manufacture of technical textiles is covered under TUFS. However, machinery for the production of high-tenacity yarn is not covered under TUFS. High-tenacity yarn is required for the manufacture of a number of technical textiles items in the country, and indigenous production should be encouraged by covering it under TUFS.

10.19 The technical textiles machinery which is covered under TUFS is given the normal benefit but unlike processing machinery. Since processing is considered as a weak link in the textiles value chain, the identified processing machinery are given 10 percent capital subsidy in addition to 5 percent interest reimbursement. To promote technical textiles in the country, identified technical textiles machinery, conversion machinery, polymerization and spinning equipment of high tenacity yarn, should also be provided the same benefit, i.e., 10 percent capital subsidy in addition to 5 percent interest reimbursement in line with processing machinery. For the SSI technical textiles units, who will mainly be the converters, the option of 20 percent CLCS on the lines of Powerlooms Sector should be implemented.

Centres of Excellence:

10.20 To promote the technical textiles industry, setting up of Centres of Excellence to start with, for potential items is necessary on the lines of such centers in U.K., by entrusting such centres a separate product / product groups. Such centres can be set up to provide infrastructure support at one place for the convenience of the manufacturers of technical textiles. It is suggested that 6 centres of excellence should be set up during the Eleventh Five Year Plan period. The centre of excellence should have the following facilities :

(i) Facilities for testing and evaluation of technical textiles with national and international accreditation;

(ii) Development of resource centre, equipped with technical literature, reference material, books, a sample bank, standards, testing procedures etc.;

(iii) Facilities for training of core personnel;

(iv) Facilities for training of personnel from industry.

(v) Facilities for product development / pilot plant (depending upon products).

10.21 The Centre of Excellence could be identified based on open tender inviting quotations from all the TRAs, IITs and other engineering institutes. It is estimated that fund requirement for setting up of the Centre of Excellence would be approximately Rs. 15 crore for each centre. Thus the total financial outlay for setting up 6 centres for these centres would be Rs.90 crore during the Eleventh Five Year Plan. The ECTT has also recommended for setting up of such centres.

Standards for technical textiles:

10.22 Technical textiles are functional textiles, therefore, stringent performance parameters are required to be met by the products. The BIS has already constituted a committee to set up standards for technical textiles. This committee may be provided all the support and pursued for early release of standards. The Working Group recommends that a small Committee of experts may be constituted by the Office of the Textile Commissioner for compiling the information on the global standards for technical textiles products and their relevance and applicability in the Indian context and submit the same to the BIS to facilitate early release of the standards for technical textiles.

Human Resources Development (HRD):

10.23 There is shortage of qualified personnel in the technical textiles sector in the country. This could be one of the reasons for the slow growth of technical textiles. To encourage setting up of the technical textiles units, it is necessary to create a pool of technical textiles experts in the country. The technical textiles institutes could be set up in private – public partnership for imparting training in different aspects of manufacturing of technical textiles items, particularly non-woven fabric, which is one of the most important segments of the technical textiles industry, and has numerous end use applications. The facilities should also be augmented in TRAs & IITs for short term & long term courses in technical textiles.

10.24 Further, there is need to include technical textiles in the existing curriculum of different branches of engineering and science. For example, Civil / Geotechnical Engineers should know about geosynthetics; automobile engineers should know about automotive textiles; medical technicians and researchers should know about medical textiles, etc. Therefore, Ministry of Textiles should take up with Ministry of Human Resources for inclusion of technical textiles in the existing curriculum of different branches of engineering.

Inclusion of viscose and Indian Pharmacoepia

10.25 The meditech world over is one of the fastest growing segments. In all developing countries, disposable medical textiles especially non-wovens are a very sensitive area and require specially engineered fibres. Hence man-made fibres, especially viscose is mostly preferred. However, in India, viscose does not find mention in the Indian Pharmacoepia and hence the concept of disposability with specially engineered fibres is hindered. Studies should be institutionalized to incorporate all possible fibres in the Indian Pharmacoepia.

Regulatory framework:

10.26 Some of the technical textiles products require mandatory prescription for their use. The ECTT has also recommended mandatory prescriptions for certain items. The items suggested for regulatory framework are as follows:

10.27 The use of geosynthetics for construction of road where subsoil California Bearing Ratio (CBR) is less than 3, and pavement overlay, may be made mandatory. ECTT has also suggested for the same. Even for subsoil with CBR greater than 3 and less than 8, geosynthetics can be used to enhance the performance of the road and to reduce maintenance costs. Therefore, this should also be encouraged. In India the poor road conditions and high maintenance cost require use of geotextiles. Analysis of global best practices for the usage of geotextiles reveals that on account of the intrinsic benefits, their application in the road and other infrastructure projects has been extensive in developed countries like USA, Europe, Japan, etc. It is noted that regulations in the developed countries do not mandate the usage of geotextiles but it is mostly based on the benefits derived like, increase in road life to 3 - 4 times of the existing roads, minimising road maintenance and improving riding quality without potholes and reflective cracking.

10.27.1 During the recent past, there has been a focused approach in India for infrastructural development across the country, particularly in the area of roads, rail roads, etc. The infrastructure can be developed as per international standards by using geosynthetics for separation, filtration and drainage, reinforcement and erosion control to improve the performance and life of the infrastructure. The usage of geotextiles is low in India due to traditional geo-technical and civil engineering practices and resistance to adopt geotextiles over conventional methods.

10.27.2 In many situations roads have to be constructed on varying soil subgrade formations. Generally, if the CBR of a natural subgrade is less than or equal to 3, then subgrade is classified as poor or soft nature.

10.27.3 It is also reported that usage of geosynthetic wherein subsoil CBR is less than 3 is more cost effective on account of saving due to reduction in aggregate layer thickness; increase in life of road by a factor of 2 and; significant reduction in maintenance cost.

10.27.4 Realizing the significance and potential of geosynthetics, IIT Bombay carried out a field trial on a 2 km. stretch of land in Pune district, in April 2004. The performance of the road for the past 24 months is reported to be satisfactory.

10.28 It is therefore recommended that use of geosynthetics for construction of roads where sub soil CBR is less than 3 and for pavement overlay may be made mandatory. Ministry of Textiles may take it up with Ministry of Roads & Highways.

10.29 Awareness should also be created for other sectors like railways, irrigation departments, ports, municipal corporations, pollution control boards, etc., about the use of geosynthetic products.

Use of Non-woven disposable healthcare items in hospitals.

10.29.1 Healthcare textiles comprise surgical clothing (gowns, caps, masks, uniforms, etc.), surgical covers (drapes, covers, etc.) and bedding (sheets, blankets, pillow cases, etc.). Healthcare textiles can be disposable or non-disposable. In India health care textiles continue to be predominantly non-disposable though in the global markets disposables are fast replacing non-disposable health care textiles.

10.29.2 Disposable healthcare textiles are replacing non-disposables all over the world due to ease of use and hygiene, infection free nature and also being cost effective by eliminating laundering. However, in India the use of non-disposable healthcare textiles is still quite significant, though there is a distinct shift towards use of disposable items. The reason for low usage of non-woven disposables could be low hygiene awareness and general perception that non-woven disposable are more expensive. However, the ECTT study has revealed that in some cases health care disposable textiles are more cost effective.

10.29.3 Considering the fact that usage of non-woven disposables is more cost effective and cases of infection at post operative stage are quite alarming in India, it is recommended that Ministry of Textiles may take it up with Ministry of Health & Family Welfare for encouraging use of nonwoven disposable healthcare items in Government hospitals.

Use of nonwoven gauge sponges and dressings in hospitals

10.30 Nonwoven medical / surgical fabrics when made into sponges, dressings and bandage rolls provide improved absorbent capacity and greater wicking. They also produce less lint and fragments. When used for post operating and trauma dressings they enhance wound healing and patient comfort. These fabrics have replaced traditional woven gauge fabrics in all developed countries. This trend has to come to India. For this to happen, there is a need to change specifications for use and procurement of these materials. Appropriate changes in the BIS standards and Indian Pharmacopoeia is required. It is proposed that Ministry of Textiles should take up this issue with Ministry Health & Family Welfare to promote the use of nonwoven medical fabrics for wound care, and in surgical sponges.

Use of Fire retardant textiles in public places.

10.31 Public places like theatres, public halls, temporary shamiyanas, hotels and trains should use textiles which are fire retardant, providing protection and avoiding losses of human life as experienced by the country in the past. It is therefore recommended that the use of FR textiles should be made mandatory in all public places where the public has access. The Ministry of Textiles may take it up with Ministry of Home Affairs and Ministry of Railways for making use of fire retardant fabrics mandatory at public places.

10.32 In most developed countries it is mandatory to wear flame and heat resistant uniform by fire fighting personnel and workmen who are working near furnaces or similar risky places. In India also the flame and heat resistant uniform should be made mandatory for fire fighting personnel and workmen who are working near risky places. The Ministry of Textiles may take it up with Ministry of Home Affairs and Ministry of Commerce and Industry for making use of uniform made from flame and heat resistant fabrics.

Use of airbag in automotives

10.33 The use of seat belts and airbags can limit serious chest injuries in frontal collision by 65 percent, and serious head injuries by 75 percent. Realising the importance of the safety of persons traveling in commercial vehicles, a law for the installation and use of seat belts was introduced. However, no such provision exists for airbags. It is, therefore, recommended that use of airbags should be made mandatory in new vehicles.

Creating awareness by office of Textile Commissioner

10.34 The potential of technical textiles in India is still untapped. To unleash investment in this industry creating awareness is necessary. A number of awareness programmes have been organized by Regional Offices of the Textile Commissioner in association with local textiles associations / TRAs. However, it is appropriate to organise such programmes in a structured format and in a big way. In such programmes information on potential of technical textiles, identified products with potential for growth in India, Project profiles of such projects, usage of technical textiles in different areas in a cost effective manner and various initiative taken by the Government etc., should be presented.

10.35 For organising such programmes funds would be required. The fund requirement is estimated at Rs.1 crore on yearly basis for organising 10-12 programmes in different parts of the country. Therefore, Rs.5 crore would be required for organizing such programmes during the 5 years of Eleventh Five Year Plan.

Proposed Plan Outlay:

10.36 The plan outlays for the technical textile sector is given below:

Base line survey of technical textile units	Rs.1 crore
Setting up of 6 Centres of Excellence @ Rs.15 crore per centre	Rs. 90 crore
Creation of awareness for five years @ Rs.1 crore per year	Rs.5 crore

Total	**Rs.96 crore**

CHAPTER – 11

HANDLOOMS

INTRODUCTION

11.1 The tradition of weaving by hand constitutes one of the richest and most vibrant aspects of the Indian cultural heritage. The variety of textures, weaves and designs spun off the handloom is infinite, ranging from the finest muslins to heavy rugs, from delicate pastels to vibrant earthy hues, from appealingly simple to fascinatingly intricate compositions. Indian handlooms have been famous throughout the world for centuries and have been exported from our country to many foreign lands. In the days when only handlooms existed, these were looked at with awe in distant civilizations in Rome and Greece. The arrival of modern machines and liberalisation, however, has made serious inroads into the Handloom Sector. The Government of India, since independence, has been following a policy of promoting and encouraging the Handloom Sector through a number of programmes and schemes. Concerted efforts are being made through these programmes to increase the production, productivity and efficiency of the Handloom Sector and enhance the income and socio-economic status of weavers by upgrading their skills and providing infrastructure and marketing support and essential inputs.

Strengths of the Handloom Sector

11.2 The sector employs a workforce of 65 lakh persons directly and indirectly, contributes about 15 percent to cloth production; has contributed over $544 million in export earnings in 2002-03 and growing at 25.63 percent over the previous year; it is the largest handloom industry in the world; it is low capital intensive and production does not require electricity; has no import content in assets/raw materials; presents incredible array of traditional designs and products, and the products are environmental and ecologically friendly. The Handloom Sector has potential to arrest migration of population to urban areas and has an edge over the powerloom and mill sectors in its ability to commercially produce the goods in small volumes.

Problems faced by the Handloom Sector

11.3 It is a dispersed and un-organized sector, making effective intervention difficult; most of the handloom products are being increasingly replicated on powerlooms at a much lower cost. With the phasing out of quota and opening up of markets, handlooms are facing unrestricted competition from the domestic powerloom/mill made fabric as well as imported cheap mill cloth. Other handicaps include the high cost of credit as well as low disbursement of credit; the decline of handloom apex cooperatives and corporations in the States and their poor financial health, withdrawal of duty exemption extended across all segments of textile sector, which was available only to the handloom sector (CENVAT advantage of 9.2 percent on hank yarn lost), and the reduction in Marketing Incentive on a tapering basis.

Handlooms – the second highest employment generating sector

11.4 The Joint Handloom and Powerloom Census conducted in 1995-96 showed that a large population of weaver households belong to the disadvantaged strata of society, with 10.76 percent belonging to Scheduled castes, 25.50 percent belonging to Scheduled Tribes, and 42.65 percent belonging to other backward classes. Further, as per the Census, there were 60.6 percent women weavers.

STATUS OF HANDLOOM SCHEMES/PROGRAMMES AT THE END OF THE TENTH PLAN

Deen Dayal Hathkargha Protsahan Yojana (DDHPY)

11.5 Deen Dayal Hathkargha Protsahan Yojana, introduced as a Centrally sponsored Plan scheme w.e.f. 1.4.2000, aims at providing assistance for setting up of handlooms, purchasing handloom accessories, imparting training to weavers(Subsumed with IHTP w.e.f 19th December 2003), enhancing working capital, developing designs in handloom products, developing infrastructure, strengthening of handloom organizations and for the marketing of handloom products, etc. A special component to provide Transport Subsidy for transportation of finished goods from North Eastern States, Sikkim and J&K has also been incorporated in the scheme. The scheme will be in operation till 31.3.2007.

***The components for which assistance is presently given under the scheme are**:-*

11.5.1 (i) Basic inputs like margin money to avail credit, purchase of loom, dobby, jacquard, accessories, (ii) Infrastructure support; (iii) Design Input; (iv) Publicity; (v) Marketing Incentive; (vi) Transport Subsidy and (vii) Strengthening of Handloom Organisations.

11.5.2 During the Tenth Plan, an amount of Rs.310.00 crore was allocated initially for the scheme. This was subsequently scaled down to Rs.257.00 crore as Rs.53.00 crore was allocated to the Bunkar Bima Yojana and the Integrated Handloom Training Programme. The year-wise figures of budget allocated finally for the scheme and the utilization thereof during the Tenth Plan period are as under:-

Table – 11.1

Funds allocated and utilization during the Tenth Five Year Plan

(Rs. crore)

S. No.	Year	Budget Allocated (BE)	Amount actually utilized	percent utilisation
1	2002-03	82.00	84.67	103.26
2	2003-04	68.27	67.34	98.64
3	2004-05	47.67	83.96	176.13
4	2005-06	82.10	93.15	113.46
5	2006-07	90.88	90.88 (anticipated)	100.00
	Total	**370.90**	**420.00**	**113.23**

11.5.3 The projected expenditure figure for the Tenth Plan would, therefore, be Rs.420.00 crore. The year-wise number of beneficiaries covered under the scheme, as reported by the State Governments during the Tenth Plan are as under:-

Table – 11.2

Beneficiaries covered under DDHPY scheme during the Tenth Five Year Plan

S.No.	Year	Beneficiaries covered
1	2002-03	527695
2	2003-04	515349
3	2004-05	515201
4	2005-06 (provisional)	525000
	TOTAL	**2083245**

Constraints faced during the period of its implementation:

11.5.4 Inability of some States to give matching contribution /some States unable to allocate money on time, resulting in delays.

11.5.5 Financial contribution from the States has always been a weak link in implementation of the scheme. The main reason is inadequate budgetary provision on the part of States to match the Central share under the scheme. In the case of some of the States, due to severe financial constraints, no budget provision could be made for the scheme and such States have claimed special status in terms of State contribution on the pattern of the States falling under the North Eastern Region and Jammu & Kashmir. These factors contribute to the slow progress in implementation of the scheme.

11.5.6 An inadequate quantum of assistance for basic input components necessitates bank tie-ups for loans which, due to the precarious position of the handlooms agencies, are not forthcoming at the required level. Under the existing scheme, the quantum of assistance for basic input components is not commensurate with the prevailing market prices and the implementing agencies are required to contribute from their own sources to the rest of the cost, or meet it through loans raised from the banks/financial institutions. The economic condition of the weavers is precarious and the implementing agencies are not able to raise the residual of the cost from their own resources. The repayment capacity of the societies is also weak and they are also unable to meet the residual cost through loans from bank/financial institutions.

11.5.7 **Procedural delays in passing Central and State assistance to Implementing agencies:** The present procedure of passing on assistance to the implementing agencies is through a channel of agencies and assistance is given through RBI to the State’s exchequer, from the State’s exchequer to the Directorate of Handlooms and from the Directorate of Handlooms to the beneficiary agencies. The release of assistance, excepting the marketing incentive component is in installments, which further compounds the delay.

11.5.8 It can, however, not be denied that the scheme has been able to extend benefits to a large number of weavers in the sector who are exposed to the competitive pressures of a dynamically shifting market. It is felt that the problems /issues faced during the period of implementation of the scheme in the past years would, therefore, have to be redressed in the XIth Plan period.

<u>Handloom Export Scheme</u>

11.6 The Handloom Export Scheme came into force w.e.f. 31-1-2003. Before that, from 1996-97 onwards, the Office of the Development Commissioner for Handlooms had been implementing the “Development of Exportable Products and their Marketing Scheme (DEPM),” The objective of the Handloom Export Scheme is to impart financial assistance to the handloom agencies and individual exporters for the development of export-worthy handloom products and their publicity & marketing.

11.6.1 During the Tenth Plan, a provision of Rs. 26.00 crore was made available for the Scheme. Out of this, a sum of Rs. 16.17 crore was utilized during the years 2002-03 to 2005-06 and a provision of Rs. 5.50 crore has been made for the year 2006-07. Since 2002-03 to 2005-06, 53 export projects have been implemented covering 3742 weavers and a sum of Rs. 7.06 crore has been released. Apart from the export projects, funds to the tune of Rs. 9.11 crore have also been released to the Handloom Export Promotion Council (HEPC), Association of Corporations and Apex Societies of Handlooms (ACASH), Handicrafts and Handlooms Export Corporation of India Ltd., (HHEC) etc. – the Implementing Agencies for organising participation of their members in 39 international fairs/exhibitions/Buyer-Seller-Meets.

Marketing Promotion Programme

11.7 The objective of the scheme is to promote the marketing of handlooms in the country and to improve levels of awareness among handloom weavers and the general public in the interest of overall development of the handloom sector. The components of the scheme are – (i) Organization of Exhibitions and fairs; (ii) setting up of Urban Haats; (iii) Publicity and awareness etc.

11.7.1 Details of Number of events organized during 2002-03 to 2004-05 and approved for the year 2005-06:

Table – 11.3

Number of marketing promotion programmes organized

Sl. No.	Name of Events	2002-03	2003-04	2004-05	2005-06 (Approved)
1.	National/Special Handloom Expos	19	27	37	61
2.	District Level Events	130	158	147	292
3.	Urban Haats	08	05	03	05
4.	Crafts Mela	07	06	07	06
	Total	**164**	**196**	**194**	**364**
	Total funds released. * (Rs. in lakh)	**927.27**	**790.61**	**908.97**	**1146.83**

* *include releases made towards ATE, National award etc.*

11.7.2 The total outlay for the Tenth Plan was Rs.4000.00 lakh, out which a sum of Rs.37.73 crore was released upto 31st March 2006, and B.E. of Rs.15.50 crore, has been provided for the year 2006-07. Till August 2006, a sum of Rs. 911.20 lakh has been sanctioned. It is expected that a further sum of Rs. 10.00 crore is required, and would be utilized during the remaining period of the Tenth Plan.

Mill Gate Price Scheme

11.8 Government of India introduced the Mill Gate Price Scheme in 1992-93 with the objective of providing all types of yarns to handloom weavers' organizations at the mill gate price. The National Handloom Development Corporation (NHDC) is the only agency authorized to implement the scheme.

11.9 **Supply of Yarn**: The expenditure involved for the above activity and also the overhead expenditure incurred by the NHDC on this yarn transaction is reimbursed by the Government at following rate:

Yarn other than silk and jute	3.5 percent of the value of yarn
Silk Yarn	2 percent of the value of yarn
Jute Yarn	10 percent of value of yarn

The above percentage was revised upwards later on by 1.5 percent in each category.

11.9.1 Year wise supplies of yarn in quantity and value terms under the Scheme during Tenth five year plan are as follows:

Table – 11.4

Supplies of yarn during the Tenth Five Year Plan

Year	Qty (In Lakh Kg)	Value (In Rs. crore)
2002-03	397.98	331.11
2003-04	242.77	240.71
2004-05	202.38	223.08
2005-06	220.86	228.16
2006-07 (Upto 20th Oct., 2006)	186.67	171.77

11.9.2 NHDC has got 110 functioning Yarn Depots set up by associating State Handloom Corporations/Apex Bodies/Weavers Cooperatives/Exporters/Master Weavers, etc., from where yarn is being supplied to weavers at mill gate prices. Additional 273 yarn depots have been opened this year.

Integrated Handloom Training Project

11.10 "Integrated Handloom Training Project (IHTP)" was introduced in Dec. 2003. The project envisages skill up-gradation of handloom weavers/workers in Weaving Technology, Design Development, Dyeing Techniques & Managerial disciplines, to enable them to produce and market a diversified range of quality products in keeping with current trends in the domestic and international markets.

Table – 11.5

Performance of the Integrated Handloom Training Project scheme during the Tenth Five Year Plan

(Rs. in lakh)

Year	No. of weavers		Amount sanctioned
	Sanctioned for training	Actually trained	
2003-04	3740	3740	295.75
2004-05	16540	8020	1605.67
2005-06	13020	18700	1300.00
2006-07 (as on 31.10.06)	3980 *	2740	487.13 **
Total	**37280**	**33200**	**3688.55**

Note: * The target of training for 2006-07 is 13,000 weavers and the ** budget allocated is Rs. 13.00 crore.

Workshed-cum-Housing Scheme

11.11 The scheme is being implemented primarily to provide a suitable work place to the weavers to enable them to achieve better productivity. The scheme is being implemented by the respective State Handloom Development Corporations, Primary Societies or any other specialized agency set up by the concerned State Government for execution of such projects.

11.12 The existing funding pattern under the Scheme is given below:-

Table – 11.6

Existing funding pattern under workshed-cum-housing scheme

(Rupee)

Name of the Component	Unit Cost	Maximum Subsidy	Loan from HUDCO/FIs	Weavers Contribution
Rural Workshed	9000	7000	-	2000

Urban Workshed	14000	10000	-	4000
Rural Workshed-cum-Houses	35000	18000	14000	3000
Urban Workshed-cum-Houses	45000	20000	20000	5000

11.12.1 During the Tenth Plan, a sum of Rs.64.85 crore was released up to the period October 2006 for the construction of 77,453 units of Workshed/Workshed-cum-Houses under the Workshed-cum-Housing Scheme. The achievement is 52,176 units under the scheme so far.

Problems faced in implementation

11.12.2 The utilization certificates for the first installment have not been submitted by the State Governments in time. This has delayed the release of the second installment. Subsidy and cost of construction are too low and need to be enhanced. Furthermore, the arrangements for the tie-up of loans for workshed-cum-houses are not forthcoming from financial institutions.

Weavers' Welfare Schemes:

11.13 Weavers Welfare Schemes comprise Thrift Fund Scheme, Health Package Scheme, Group Insurance Scheme and New Insurance Scheme.

Thrift Fund Scheme:

11.13.1 The Thrift Fund Scheme was introduced in the year 1985-86 as a social welfare measure. The Scheme envisages the creation of a fund in the nature of a provident fund with contribution from the weavers, the State Government and the Central Government, to help them to meet expenses towards children's education/medical expenses of family members, and expenses in connection with marriage, and other religious ceremonies, etc. The age limit for the coverage of weavers is 18 to 60 years.

11.13.2 The existing funding pattern of the scheme is as under:-

Table – 11.7

Existing funding pattern under thrift fund scheme

i	Weavers' contribution	8 percent of the wage earned.
ii	State Government's contribution	4 percent of the wage earned.
iii	Central Government's contribution	4 percent of the wage earned

11.13.3 During the Tenth Plan period, a sum of Rs.18.41 crore was released upto October, 2006 for coverage of 5, 25,850 weavers.

Health Package Scheme:

11.13.4 The Health Package Scheme was introduced during 1992-93. Under the Scheme, financial assistance was provided for the treatment of diseases like asthma, tuberculosis and inflammation of respiratory system, cost of testing of eyes and spectacles, supply of drinking water, maternity benefits to women weavers, payment of additional compensation for permanent measures of family planning and infrastructure for the primary health care.

11.13.5 The main components of the scheme were as under:

Table – 11.8

Main components of the Health Package Scheme

Sl. No.	Component	Amount entitled
1.	Reimbursement of cost of spectacles & testing of eyes.	@ Rs.150/- per weaver} @ Rs.40/- per weaver } once in five years
2.	Medical reimbursement	@ Rs.1500 per weaver p.a.
3.	Supply of drinking water	@Rs.35, 000/- per bore well sanitary dug-well for every to 50 weavers households.
4.	Maternity benefit for women.	@ Rs.500/- per women, per delivery twice in her lifetime.
5.	Compensation for sterilization	@ Rs.100/- per head once in the lifetime.
6.	Infrastructure for Primary Health Centre.	@Rs.1, 00,000/- per Centre.

11.13.6 During the Tenth Plan period up to October, 2006, a sum of Rs.16.17 crore was released for the coverage of 2, 44,429 weavers. This scheme has been replaced by the new Health Insurance Scheme (HIS) introduced during 2005-06, because of following reasons:-

- The Health Package Scheme covered only the individual and not his family.
- The upper limit for reimbursement was only Rs.1500/- per annum.
- The procedure for reimbursement of claims was too cumbersome and bureaucratic.

Group Insurance Scheme:

11.13.7 The Group Insurance Scheme was introduced by the Government of India during the year 1992-93. The basic objective of the scheme is to provide insurance cover to handloom weavers in case of natural death.

11.13.8 The existing funding pattern of the scheme was as under:-

Table – 11.9

Existing funding pattern under group insurance scheme

i	Weavers' contribution	Rs.40/- per annum per weavers
ii	State Government's contribution	Rs.40/- per annum per weavers
iii	Central Government's contribution	R s.40/- per annum per weavers
	Total	**Rs.120/-**

11.13.9 The scheme was implemented through the Life Insurance Corporation of India (LIC).

11.13.10 This scheme has been replaced by the Bunkar Bima Yojana (BBY), which was introduced in December, 2003. However, during 2002-03 and 2003-04, a sum of Rs.0.28 crore was released for the coverage of 65,259 weavers under the Group Insurance Scheme.

New Insurance Scheme

11.13.11 The basic objective of the scheme is to provide Insurance cover to handloom weavers against various types of risks such as loss of life, limbs, eyes etc. due to accident, damages to dwelling units and raw materials due to natural calamities such as fire, lightning, flood, cyclone, etc. reimbursement of expenses of treatment towards injury, disease and illness, eye testing and maternity benefits. The scheme is being implemented through the United India Insurance Company Ltd.

11.13.12 The existing funding pattern under the scheme is as under:-

Table – 11.10

Existing funding pattern under new insurance scheme

1	Weavers' contribution	Rs.20/- per annum
2	State Government's contribution	Rs.40/- per annum
3	Central Government's contribution	Rs.60/- per annum
	Total	**Rs.120/- per annum**

11.13.13 During the Tenth Plan period up to October, 2006, a sum of Rs.29.84 lakh was released for the coverage of 49,723 weavers. It is proposed to discontinue the Scheme in the

XIth Plan to avoid duplication as the Scheme components are already covered under the Health Insurance Scheme and Mahatma Gandhi Bunkar Bima Yojana.

Bunkar Bima Yojana (BBY)

11.14 The Government of India introduced a Special Contributory Insurance Scheme called the "Bunkar Bima Yojana" during December, 2003. This scheme was a combination of the Janshree Bima Yojana and Add-on Group Insurance Scheme implemented in collaboration with the Life Insurance Corporation of India. The objective of the scheme was to provide enhanced insurance cover to handloom weavers in case of natural as well as accidental death.

11.15 This scheme was replaced by the Mahatma Gandhi Bunkar Bima Yojana (MGBBY), which was introduced in 2005-06. However, during 2003-04 to 2005-06 (Upto September, 2005), a sum of Rs.3.75 crore was released under the Bunkar Bima Yojana and 3,42,294 weavers were covered as per the details given below:-

Table – 11.11

Performance of the Bunkar Bima Yojana during the Tenth Five Year Plan

Year	Fund Released (Rs. crore)	No. of Weavers covered
2003-04	1.50	33982
2004-05	1.95	213600
2005-06 (up to September)	0.30	94712

Design Development & Training Programme (DDTP)

11.16 The comprehensive Design Development and Training programme provides for the skill up-gradation of weavers through a variety of training programmes, workshops and exhibitions, and for the development of design inputs to be disseminated to weavers, collection of traditional designs and skills, developing linkages between various agencies of the handloom sector for coordinating the design, technological and skill-based factors for developing products to meet the market demand and improve the productivity and viability of handloom weavers. The various components of this programme will be implemented by organizations most suited to carry out particular activities. This is a 100 percent Central

Sector Programme, except for one component for Central assistance to State Governments for setting up of IIHTs and Workshed Centres (WSCs).

Components of DDTP:

- Research & Development, National Centre for Textile Design, Integrated Project for Development of Wool and Woollen Design & Development Centre in J&K under PM's Economic Package, Grants to States, IIHT salary, Infrastructure for WSCs/IIHTs and Other Charges (Training to officials of WSCs and IIHTs, Dyeing, Design and Exhibitions) are the components of DDTP.

Performance of R&D Component during the Tenth Plan Period

11.17 The releases made during the Tenth Plan is as under:

Table – 11.12

Performance of R & D component during the Tenth Five Year Plan

Year	Funds released (Rs. lakh)
2002-03	34.54
2003-04	43.13
2004-05	25.19
2005-06	26.50
2006-07	-

Enforcement Machinery

Handlooms (Reservation of Articles for Production) Act, 1985

The Government of India, in pursuance of the Textiles Policy, 1985, promulgated the Handlooms (Reservation of Articles for Production) Act, 1985 dated 29.3.1985 with a view to protect the interests of the handloom weavers in the country from the encroachment of the Powerloom and the Mill sector on their livelihood. Under the Act, protection to the Handloom sector was extended by way of reserving certain textile articles for exclusive production by handlooms. Presently 11 reserved textile articles are reserved under the Handloom Reservation Order, 1996 vide Notification No. S.O. 557(E) dated 26.7.96 as amended vide S.O. 408(E) dated 2.6.99 and SO 405(E) dated 25.4.2000. These articles are: 1) Saree 2) Dhoti 3) Towel, Gamcha and Angawastaram, 4) Lungi, 5) Khes, Bedsheet, Bedcover, Counterpane, Furnishing (including tapestry, upholstery), 6) Jamakkalam Durry or Durret, 7) Dress Material, 8) Barrack Blankets, Kambal or Kamblies, 9) Shawl, Loi, Muffler, Pankhi etc., 10) Woollen Tweed, 11) Chaddar, Mekhala/Phanek, subject to technical specification as contained in the Handloom (Reservation of Articles for Production) Act, 1985.

Scheme for Central Assistance to State/U.Ts for establishment of Enforcement Machinery under the Handlooms Act, 1985

11.18 The scheme for Central Assistance to State/UTs for establishment of Enforcement Machinery was introduced by the Government of India in the year 1986-87. The scheme has been operational during the Seventh, Eighth and Ninth Five Year Plan and 2002-03 and 2003-04 of the Tenth Plan as a Plan Scheme. From 2004-05, it is being continued under Non-Plan with 100 percent Central Assistance. The basic objective of the scheme is to encourage and assist the States/UTs to establish Enforcement Machinery to effectively implement the Handlooms (Reservation of Articles for Production) Act, 1985. The assistance under the scheme is released to the State Director Incharge of Handlooms and Textiles through the State Government/Union Territory.

11.19 The following is the Eligibility Criteria to avail assistance: -

11.19.1 Those States which have 5000 or more powerlooms are eligible for assistance; the head quarter office will be under the direct control of the State Director in-charge of Handlooms and Textiles; each Subsidiary Office shall be set up with additional 20,000 power looms in each pocket of power looms concentration. So far, only 14 states are eligible, out of which only 12 States have availed assistance under the scheme.

Table – 11.13

Performance of the Enforcement Machinery during the Tenth Five Year Plan

Sl. No	Physical progress	2002-03	2003-04	2004-05	2005-06	2006-07 (upto 17.8.06)
1.	Targets for Powerloom Inspections	1,50,000	1,64,250	1,82.280	1,91,387	200949
2.	No. of Powerlooms Inspected	1,77,636	1,79,683	1,88,588	2,07,043	86669
3.	No. of FIRs. Lodged	30	13	10	33	11
4.	Convictions	33	15	7	10	5

NEW INITIATIVES DURING THE TENTH PLAN

Integrated Handloom Cluster Development Scheme

11.20 The Hon'ble Finance Minister in his Budget Speech for 2005-06 had, *inter-alia* stated that "the Government proposed to adopt the cluster development approach for the production and marketing of handloom products. The Ministry of Textiles will take up 20 clusters in the first phase at a cost of Rs.40.00 crore, and the amount will be provided during the course of the year". The Integrated Handloom Development Cluster Scheme has been launched in compliance with the pronouncement made by the Hon'ble Finance Minister as a new Central Sector Scheme from 14th November 2005. The Integrated Handloom Cluster Development Scheme was introduced in 20 handloom clusters, at a cost of Rs.40.00 crore to provide for development of handloom clusters in an inclusive and holistic manner, and to build up their capacity to meet the challenges of the market and global competition in a sustainable and self-reliant manner. The scheme will support weavers in the cooperative and outside the cooperative fold including those of Self Help Groups, NGOs, small and medium enterprises and attached weavers. Following a holistic approach, the programme will cover the entire need of the handloom sector in each cluster for supply of raw materials, marketing support, design inputs, upgradation of technology and welfare of the weavers. It is expected that through various interventions, the weaknesses of the cluster will be rectified and the handloom products will be more competitive in the market place. Special emphasis would be given on the design component where the assistance of professional designers as well as product diversification will be undertaken. The Implementing Agencies for development of Handloom Clusters have been selected in respect of all the clusters. It has also been selected as a National Resource Agency for the development of 20 identified handloom clusters throughout the country and work has commenced in all 20 Clusters through various implementing agencies.

Mahatma Gandhi Bunkar Bima Yojana

11.21 The Mahatma Gandhi Bunkar Bima Yojana (MGBBY) was introduced during the year 2005-06. The objective of the scheme is to provide insurance coverage to handloom weavers in case of natural as well as accidental death. It is an improvement of the earlier scheme in the sense that weaver's contribution has been reduced by Rs.50/-. The Scheme is being implemented through the Life Insurance Corporation of India (LIC). The sum assured for natural death is Rs.50, 000/- and that for accidental death is Rs.80,000/-. In the case of permanent total disability, also, a sum of Rs.50,000/- is assured, while in the case of partial disability the sum assured is Rs.25,000/-.The annual premium under the scheme is Rs.330/-. The funding pattern of the Scheme is as under:-

Table – 11.14

Funding pattern of the Mahatma Gandhi Bunkar Bima Yojana scheme

i	Weavers' share	Rs.80/- per weaver per annum
ii	Government of India' share	Rs.150/- per weaver per annum
iii	LIC's share	Rs.100/- per weaver per annum
	Total	**Rs.330/-**

Additional benefits under MGBBY

11.21.1 A scholarship of Rs.300/-, per quarter, per child, is to be paid to students studying in standard IX to XII for a maximum period of four years or till they compete XII standard, whichever event occurs earlier. The scholarship will be for the academic year June to May. The benefits are restricted to two children of the member covered. Both the children will be covered for scholarship. This scheme is an improvement over the Bunkar Bima Yojana because the weavers' contribution is fewer by Rs50/- per annum in the new scheme for same amount of benefits.

11.21.2 During 2005-06, a sum of Rs.3.15 crore was released to the LIC towards the Central Government contribution and 2, 73,886 weavers were covered under the scheme from October 2005 to September 2006. Besides this, 94712 weavers were covered under the old Bunkar Bima Yojana during April to September, 2005.

Health Insurance Scheme (HIS) – Novel Innovative Scheme

11.22 The Health Insurance Scheme was introduced in 2005-06, in place of the earlier Health Package Scheme in which the upper limit for the reimbursement claim received from the State Governments was only Rs.1500/- in a year. The Health Package Scheme covered only the individual and not the members of his family. The newly introduced Health Insurance Scheme covers not only the weaver, but his wife and two children also. It covers all pre-existing and new diseases. The maximum limit per family is Rs.15000/- per annum, which is 10 times the benefit under the old Health Package Scheme. Of this amount, the OPD cover is Rs.7, 500/-.

11.23 The benefits under the Scheme are given below:-

Table – 11.15

Benefits under the Health Insurance Scheme

Annual Limit per family (1+3)	15,000/-
Sub Limits per Family:	
All pre-existing Diseases + New Diseases	**15,000/-**
Maternity Benefits (per child for the first two)	**2,500/-**
Dental treatment	**250/-**
Eye treatment	**75/-**
Spectacles	**250/-**
Domiciliary Hospitalisaton	**4,000/-**
Ayurvedic/Unani/Homeopathic/Siddha	**4,000/-**
Pre-Hospitalisation & Post Hospitalisation	**15,000/-**
Baby coverage	**500/-**
OPD	**7,500/-**
Limit per illness	**7,500/-**
Premium for family of Four	1000/-

11.24 The existing funding pattern on the scheme is as under:-

Table – 11.16

Existing funding pattern under Health Insurance Scheme

i)	Weavers' share	Rs.200/- per weaver per annum
ii)	Government of India' share	Rs.800/- per weaver per annum
	Total	**Rs.1000/-**

11.25 The scheme is implemented through ICICI Lombard General Insurance Company Ltd.

11.26 During the year 2005-06, a sum of Rs.26.73 crore was released to the ICICI Lombard General Insurance Company Ltd. and 2.97 lakh weavers have been covered under the scheme till date. During 2006-07 a sum of Rs. 8.50 crore has been released to ICICI, Lombard for renewal cases of 92,151 weavers.

Handloom Mark

11.27 The Office of the Development Commissioner for Handlooms, Ministry of Textiles, and Government of India has introduced 'Handloom Mark' for the domestic as well as international markets. The Hon'ble Prime Minister of India had launched the Scheme on 28th June, 2006. The Handloom Mark will serve as a guarantee for the buyer that the product being purchased is genuinely hand woven and will help in promoting sales of handloom products. It will not only popularize Indian handlooms, but also improve price realization for handloom products in domestic and international markets. It will help the buyers in distinguishing handloom products from powerlooms and mill-made products. The Handloom Mark covers all handloom fabrics and products made thereof. The Handloom Mark will be operational throughout the country. Individual weavers, Weavers Cooperative Societies, Master Weavers, Retailers and Exporters are entitled to participate in the scheme and avail of its benefits. The Handloom Mark logo has been developed by the National Institute of Design, Ahmedabad. Textiles Committee in the Ministry of Textiles is the implementing agency for the Scheme.

Technology Upgradation Fund Scheme (TUFS) for the Handloom Sector

11.28 This scheme was launched on 31st July, 2006 as a component of the existing TUF Scheme of the Ministry of Textiles.

Salient features of the Scheme: Twentyfive percent capital subsidy for the purchase of new machinery and equipment for pre-loom & post-loom operations, up-gradation of handlooms testing & Quality Control equipments for exclusive use by the handloom production units. The capital ceiling per project is Rs.80.00 Lakh and the maximum capital subsidy is Rs. 20.00 lakh.

Eligible Agencies: Existing handloom units with a minimum of 10 handlooms housed in a common work-shed; new units, which are proposed to be set up with at least 10 handlooms at one place in a common work-shed.

Restructuring of Handloom Organizations under the Deen Dayal Hathkargh Protsahan Yojana (DDHPY)

11.29 Details of restructuring of Handloom Organizations: Assistance under this component is released in installments: the 1st as an advance, and the subsequent releases on submission of utilization certificates, progress report, release of State share to the implementing agency etc. On the basis of viable projects received from the States, the following organizations have been sanctioned assistance under this component so far:

Table – 11.17

Details of assistance sanctioned under Deen Dayal Hathkargh Protsahan Yojana (DDHPY)

(Rs. in crore)

Sl.No.	Name of the Organization	Project Cost	Central Assistance	
			Sanctioned	Released.
1.	Andhra Pradesh State Handloom Weavers Cooperative Society Ltd., (APCO) Andhra Pradesh	40.00	20.00	20.00
2	U.P. State Handloom Corporation	40.00	20.00	5.00
3	Tamil Nadu Handloom Weavers Cooperative Society Ltd. (Cooptex)	39.50	19.75	19.75
4	Karnataka State Handloom Corporation (KHDC)	40.00	20.00	10.00

11.30 The turnover of APCO which stood at Rs.22.92 crore before restructuring in the year 2000-01, went up to Rs.111.79 crore in the year 2005-06. Reportedly the society made a profit of Rs.3.50 crore in the year 2005-06 (provisional). The retail sales of Cooptex, which stood at Rs.96.00 crore in the year 2004-05, the year in which the restructuring project was sanctioned, went up to Rs.105.98 crore in the year 2005-06. The organization had made a turnaround with Rs.1.55 crore profit. The KHDC had initiated action to send excess employees on VRS, closed down the unviable showrooms and enhanced the production substantially. The Corporation was also able to pay an increased wage to the weavers covered by it.

<u>Opening up of new Yarn Depots</u>

11.31 All major Handloom Clusters have been covered by a Yarn Depot by the National Handloom Development Corporation. A total of 273 new Yarn Depots have become functional during the year.

<u>Marketing Events Doubled</u>

11.32 This has helped in the marketing of the handloom fabrics to a great extent and resulted in the rise of total production in the country. The number of District Level Events, Special Expos/National Expos has increased from 180 to 350 during the year 2005-06.

Skill upgradation Doubled

11.33 The number of weavers trained under the Integrated Handloom Training Project in 2005-06 was 18,700 as against 8,020 in 2004-05. This has helped weavers to improve their skills.

APPROACH TO THE ELEVENTH PLAN

Vision Statement

To develop a strong, competitive and vibrant Handloom Sector to provide sustainable employment for the economic development of the nation, particularly of rural areas.

11.36 Thrust Areas

- Cluster Development Approach:
- Weavers Welfare Programmes
- Thrust on marketing and exports
- Capacity building and Public Private Partnership
- Design diversification and new product development

RECOMMENDATIONS FOR THE XIth PLAN

Integrated Handloom Cluster Development Scheme

11.37 For the holistic and integrated development of the Handloom Sector, Integrated Handloom Cluster Development Scheme was launched during the year 2005. To achieve the optimum results of the cluster development approach, it is proposed to merge Deen Dayal Hathkargha Protsahan Yojana (DDHPY), Integrated Handloom Training Project (IHTP), Workshed-cum-Housing Scheme and Design Development & Training Programme in the Integrated Handloom Cluster Development Scheme as its components.

Components of Integrated Handloom Cluster Development Scheme

1. **Handloom Cluster Development Scheme**
2. **Deen Dayal Hathkargha Protsahan Yojana(DDHPY)**
3. **Integrated Handloom Training Project (IHTP)**
4. **Workshed-cum-Housing Scheme**
5. **Design Development & Training Programme (DDTP)**

Handloom Cluster Development Scheme

It has been observed in handloom clusters that there is lack of information on latest technologies and market, inability to exploit export potential, lack of cultural attitude towards cooperation both at the firm and at the institutional level, absence of incentives for implementation of common projects, imperfect market functioning for provision of crucial inputs required for network development such as information and innovation; and high risk of free riding is especially faced in contexts where the legal framework to back up joint endeavour is relatively underdeveloped.

It is, therefore, imperative that a cluster development programme is taken up in order to ensure holistic development of these clusters. It is important to mention here that the requirement of assistance is usually not in terms of disbursing subsidy for commercial activities but more in terms of contributing towards awareness generation, developing cluster vision and action plan, creation of common facilities, common branding/marketing, facilitating formation of networks, conducting demonstration projects, strengthening associations, capacity building of the cluster actors, developing social capital etc. This cluster development programme can imbibe dynamism so that the clusters can exploit their growth potential.

A cluster has to be visualized in the context of possessing both hardware as well as software. The hardware relates to necessary infrastructure, vertical depth, and strength of the supply chain as also presence of necessary private and public service providers. The software refers to levels and avenues of interactions and cooperative behaviour amongst cluster actors to successfully meet external challenges and exploit opportunities. Software also refers to the presence of an autonomous governance mechanism amongst cluster actors to do the same.

<u>Cluster Development Strategy:</u>

11.38 It is imperative that intervention is made in the said clusters so that entrepreneurs in these clusters network to take best advantage of a growing markets; domestic and international. Diversification is one of the areas, potential of which is not properly exploited by the entrepreneurs in these clusters. Therefore, efforts will be initiated to improve market potential of Handloom products manufactured in these clusters. In the era of globalization, where tariff and non-tariff barriers are depleting, market forces can decide the ultimate fortune. Attempts can be made in making the individual enterprises and the cluster as a whole market worthy. Consortium based initiatives can be nurtured to take best advantage of the globalized economy. Possibilities of market development can be pursued in a strategic manner.

Moreover, attempts will be made to understand pressure point along the value chain and take appropriate measures. The intervention points will not be concentrated on manufacturers of handloom products alone but will also encompass the suppliers of raw material, other inputs and market drivers. In the domain of procurement of raw material and inputs, joint initiatives will be pursued to get cash and quantity discounts. Similarly consortium based approach will be tried in front of marketing. There are success stories (in other clusters in India) of entrepreneurs joining hands to participate in international trade fair, brand building etc. and the same will be explored in the said clusters as well. The backward and forward linkages will be strengthened for overall benefit of the clusters.

Strengthening linkages with the support organizations will be one of the important elements of the proposed cluster development programme. Linkages with institutions like Textile Training Institute of respective states and Research Institute, National Productivity Council, National Institute of Design etc. will be strengthened. Management of some selected institutions would be sensitized to upgrade their facilities so as to fulfill the requirements of the clusters. If required, some training programme for the employees (from the clusters) can be organized in association with local institutions. This is one of the instruments of ensuring sustainability of the development process in the cluster.

Business Development Services (BDS) is one of the areas that will be given proper attention in the proposed cluster development programme. Availability of quality BDS will be ensured for the betterment of enterprises in the cluster. Competition will be infused in the BDS market to ensure that quality remains the prime driving force. Efforts will be made to improve linkages with existing BDS and induce new BDS to take care of the requirements of the cluster.

There will be enterprise specific technological intervention with the overall objective of making them quality conscious and targeting Value Sensitive end of the market. They will be geared to adopt the road of growth path. The technological intervention will encompass enterprises manufacturing Handloom, and backward linkage members like raw material suppliers. Issue of bulk capital requirement, skill development and HR needs of the cluster will go hand in hand other technological requirements.

Capacity building of the associations will be ensured in order to make them pro-active and addressing cluster generic issues. Common pursuits like developing newsletter, library/documentation center can generate revenue to support the developmental role of the association. Moreover visit to a dynamic cluster can be organized to enable the secretariat (in the associations) understand the role of associations in imbibing dynamism in a cluster. Networking with public and private BDS, Government agencies, support organizations will be attempted at the association level.

As an exit strategy, ownership on the part of the cluster actors will be ensured. Entrepreneurs, BDS, local association, support institutions, backward and forward linkage members will be sensitized to work together for holistic development of the clusters. Their role will be delineated and synergized to gel with the overall objective of cluster development programme and cluster vision.

Before carrying out any intervention, need of such intervention will be assessed**.** A comprehensive Diagnostic Study will be carried out which will help understand the root cause of problem and delineate the scope of improvement. The intervention instrument will be demand driven and not supply focused.

The Integrated Handloom Cluster development Scheme was introduced in the year 2005-06. The main features of the scheme are:

1. 100 percent centrally funded scheme to overcome constraints of State funds.
2. Aimed at direct intervention for effective implementation control.
3. In selected handloom clusters in a focused manner rather than a thin spread over the entire country.
4. Inclusive approach to cover weavers both within and outside the cooperative sector.
5. Holistic and flexible intervention to provide for need based inputs specific to each cluster.

6. Market orientation by associating entrepreneurs and professionals for marketing, design and managing the production.

To provide for development of handloom clusters in an inclusive and holistic manner and to build up their capacity to meet the challenges of the market and global competition in a sustainable and self-reliant manner, Integrated Handloom Cluster Development Scheme has been introduced in 20 handloom clusters having more than 5000 looms at a cost of Rs. 40.00 crore @ Rs.2.00 crore per cluster. During the financial year 2006-07, another 100 clusters were selected for development with an outlay of Rs.50.00 crore.

The Handloom Clusters would be covered under this Scheme looking to their felt need. The estimated requirement of funds in the 11th Plan for the Clusters Development Scheme would be Rs.400 crore.

Out of the total Plan outlay for the scheme, an amount equivalent to 5 percent or Rs.2.00 crore, whichever is less, may be utilized for the publicity of the scheme so that all weavers can take maximum advantage.

Deen Dayal Hathkargha Protsahan Yojana (DDHPY)

11.39 During the Eleventh Plan period, it is proposed to provide a budget of Rs.700.00 crore for DDHPY. The amount so sanctioned will cover margin money for working capital, financial assistance for looms and accessories, formation of SHGs, publicity, infrastructure development, including creation of common facility centers, modernization & upgradation of handlooms and a marketing incentive. During the period of its implementation in the Tenth Plan, the following constraints were faced due to which the scheme could not be put to optimal use:-

- Inability of some States to give matching contribution. In some States, allocation of funds for the scheme could not be made on time. In some, due to severe financial constraints, no budget provision could be made for the scheme. Such States have claimed special status in terms of State contribution on the pattern of the States falling under the North Eastern Region, and Jammu & Kashmir. These factors contribute to the slow progress in implementation of the scheme.

- Inadequate quantum of assistance for basic input components necessitates bank tie-ups for loans which, due to the precarious position of the handloom agencies, are not forthcoming to the required level.

11.40 Keeping in view the above, the following measures are proposed to make the scheme more comprehensive and beneficial to the sector.

ic input

11.41 Margin money for working capital: Assistance for margin money would be raised from the present level of Rs. 4,000.00 per weaver to Rs. 6,000.00. The Central Government will provide Rs. 5,500.00 and the balance Rs. 500.00 will be contributed by the concerned State Government/Implementing Agency/weaver.

11.42 New Looms: - Under the existing scheme an assistance of Rs.2, 000/- is given for purchase of looms. This assistance is shared between the Center and the State. As the cost of a new loom is approximately Rs.8000/-, central assistance for purchase of looms would be raised to Rs.6, 000/- per loom and the remaining Rs.2, 000/- will be contributed by the concerned State/beneficiary or agency. However, in respect of the States falling in NER, J&K, HP, Jharkhand, Chhattisgarh and Uttaranchal and all such societies that have 100 percent members/beneficiaries as SC/ST/Women/ Minorities, irrespective of the State, it is proposed to raise the central assistance to Rs.7,200/-with the remaining Rs.800/- contributed by the concerned State/beneficiary or agency.

11.43 Dobby: - Under the existing scheme an assistance of Rs.1, 500/- is given for purchase of a dobby. This assistance is shared between the Center and the State. As the cost of a Dobby is approximately Rs.4000/-, central assistance for purchase of Dobby would be raised to Rs.3, 000/- per Dobby and the remaining Rs.1, 000/- will be contributed by the concerned State/beneficiary or agency. However, in respect of the States falling in NER, J&K, HP, Jharkhand, Chhattisgarh and Uttaranchal and all such societies that have 100 percent members/beneficiaries as SC/ST/Women/ Minorities, irrespective of the State, it is proposed to raise the central assistance to Rs.3,600/-with the remaining Rs.400/- contributed by the concerned State/beneficiary or agency.

11.44 Jacquard: - Under the existing scheme an assistance of Rs.2, 000/- is given for purchase of a jacquard. This assistance is shared between the Center and the State. As the cost of a Jacquard is approximately Rs.6000/-, central assistance for purchase of Jacquard would be raised to Rs.4, 500/- per Jacquard and the remaining Rs.1, 500/- will be contributed by the concerned State/beneficiary or agency. However, in respect of the States falling in NER, J&K, HP, Jharkhand, Chhattisgarh and Uttaranchal and all such societies that have 100 percent members/beneficiaries as SC/ST/Women/ Minorities, irrespective of the State, it is proposed to raise the central assistance to Rs.5,400/-with the remaining Rs.600/- contributed by the concerned State/beneficiary or agency.

11.45 Accessories: - Under the existing scheme assistance of Rs.1, 000/- per weaver is given for purchase of other accessories. This assistance is shared between the Center and the State. As the cost of other accessories of each looms is approximately Rs.2, 000/-, central assistance for purchase of other accessories would be raised to Rs.1, 500/- and the remaining Rs.500/- will be contributed by the concerned State/beneficiary or agency. However, in respect of the States falling in NER, J&K, HP, Jharkhand, Chhattisgarh and Uttaranchal and all such societies that have 100 percent members/beneficiaries as SC/ST/Women/ Minorities, irrespective of the State, it is proposed to raise the central assistance to Rs.1,800/-, and the remaining Rs.200/- will be contributed by the concerned State/beneficiary or agency.

Assistance for components 11.42 to 11.45 will be shared in the ratio of 75:25 by the Centre and the State/Implementing Agency/beneficiaries in respect of the States other than the States falling in NER, J&K, HP, Jharkhand, Chhattisgarh, and Uttaranchal where the sharing ratio will be 90:10. In case of societies with 100 percent members/beneficiaries as SC/ST/Women/Minorities the sharing ratio will be 90:10 irrespective of the State. Under the present Scheme, the above assistance is given for a minimum of 25 weavers and up to a maximum of 100 weavers. However, during the XIth Plan, assistance for these components would be given for a minimum of 10 weavers and a maximum of 100 weavers.

Formation of Self Help Groups (SHGSs)

11.46 Mobilization of beneficiaries shall be undertaken in areas where the diagnostic survey has been completed. This activity shall include mobilizing the artisans into SHGs with NABARD and other organisations, training of SHGs on various aspects of forming and running a community business enterprise.

Design development and product diversification:

11.47 It is proposed to enhance assistance under this component to Rs 10.00 lakh from the existing level of Rs 5.00 lakh per implementing agency. While assistance up to Rs.5.00 lakh will be available for the purchase of CAD/CAM, colour forecast, trend forecast and other allied requirements, assistance up to Rs.5.00 lakh would be available to engage a qualified designer for a minimum period of 3 years.

Publicity:

11.48 With a view to project handlooms within India and create awareness about weaving techniques, and open opportunities to boost the sales of handlooms in India, financial assistance will be considered to the eligible organizations for both domestic and international publicity. This would cover expenditure towards advertisement, printing of brochures, catalogues, market research, market survey, etc. Assistance for these purposes would be raised from the present figure of Rs.5.00 lakh to Rs 10.00 lakh per agency during the Eleventh Plan. This assistance would be released in 5 annual installments of Rs.2.00 lakh each up to a maximum of Rs.10.00 lakh per beneficiary organization during the entire Plan period.

Infrastructure/Common Facility Centre:

11.49 The scheme would also envisage covering provisions of common infrastructure, which would improve quality of life in the village. This assistance would be available for setting up of Common Facility Centres which will include water effluent treatment plants, pre-loom and post-loom operations like bleaching, dyeing, finishing for carrying out warping, quality control lab, exhibition hall, committee room for organising buyer-seller meets, seminars, workshops etc. and also for bore-well, sanitary dug-well, primary school etc. The Common Facility Centre will be developed on a public-private partnership mode subject to the condition that the cost of the infrastructure/common facility centre will be Rs. 1.00 crore. 20 percent of the cost will be born by the entrepreneur/agency/a consortium/State Government, with the remaining 80 percent, being given as Central grant which will be limited to a maximum of Rs.80.00 lakh per project. Assistance for bore-well, sanitary dug-well, primary school etc. will be in the form of 100 percent central grant. The proposal for release of assistance under this component would be placed before the State Level Project Committee and should meet the approval of the Development Commissioner for Handlooms. Only one project will be given for a village.

Market Survey/Market Intelligence:

11.50 The Handloom weavers, presently, do not have an appropriate feed back on market trend. This, many a time, leads to accumulation of stocks causing thereby a bottleneck in the production-delivery cycle. It is felt that with a back up market study/survey/trend, the weaver will be well-equipped with the latest requirement of the market, and gear his production to suit market requirements. It is proposed to ear-mark an amount of Rs.1.00 lakh per agency for the Eleventh Plan period for hiring a professional in the field. Only one project will be sanctioned for a village and in the case of a cluster, only one project would be sanctioned for the cluster if more than one village in that cluster produces a similar range of products.

Assistance for the components 11.47 to 11.50 will be available to such beneficiary organization that covers atleast 250 looms or has had an annual turnover of not less than Rs.25.00 lakhs during each of the last three years. Two or more organizations can join hands to fulfill the above criteria and take the benefit of the above components. This assistance, in respect of components 11.47, 11.48 and 11.50 will be shared in the ratio of 75:25 by the Centre and the State/Implementing Agency/beneficiaries in respect of the States other than the States falling in NER, J&K, HP, Jharkhand, Chhattisgarh, and Uttaranchal where the sharing ratio will be 90:10. In case of societies with 100 percent members/beneficiaries as SC/ST/Women/Minorities the sharing ratio will be 90:10 irrespective of the State.

Assistance up to Rs.1.00 lakh each for (a) Design Development & Product Diversification and (b) Publicity Components would be available to such individual Primary Handloom Weavers Cooperative Societies which are not covered under 11.47 and 11.48 hereinabove.

Marketing Incentive:

11.51 The level of assistance under the Marketing Incentive component of the scheme may be retained at 10 percent of the average turnover of the last 3 years in respect of National/State Level Handloom Organizations/Apex Weavers Cooperative Societies, Primary Societies, SHGs and NGOs during the entire Eleventh Plan period. This would be shared equally between the Center and the State.

11.52 The marketing incentive is given under the Deen Dayal Hathkargha Protsahan Yojana for preparing conditions that are conducive to marketing of handloom products. This assistance can be used for giving rebate/discount on sale of handlooms cloth, for creating infrastructure to improve production and productivity or any other activity aimed at attracting consumers. This incentive is largely given to make the handloom sector more competitive. In the last year of the Xth Plan period, the marketing incentive will be given to Handloom Corporations/Apex Societies @ 2 percent and Primary Cooperative Societies @ 4 percent on average sales turnover of last three years. This is too low an incentive to a sector which faces stiff competition from the organized sectors and should, therefore, be restored for five years both for the Handloom Apex Organisations and primary Cooperative Societies and the incentive retained at 10 percent for all the handloom agencies. The sharing between the centre and the state for this component would be in the ratio of 50:50 for all States.

Strengthening of Handloom Organisations:

11.53 Assistance under this component is given to National Level Handloom Organisations, State Handloom Corporations and Apex Weavers Cooperative Societies/Federations to make them viable by enhancing their cash credit limit/working capital. This assistance is extended on a 50:50 sharing basis between the Center and the State. The organization is required to improve its viability by streamlining the business policies and rationalizing manpower. It is proposed to retain this component of the scheme in the existing form without any modification.

Modernisation of Handloom Technology (MHT):

11.54 Under this Head, a 40 percent capital subsidy may be provided for the construction of a work-shed, purchase of the new machinery and equipment for the pre-loom & post-loom operations, up-gradation of handlooms, testing & Quality Control equipment, and for Apparel and Made-ups for exclusive use by handloom production units with a capital ceiling of Rs.1.00 crore, allowing maximum capital subsidy of Rs.40.00 lakh. Out of this, the maximum capital subsidy available towards the construction of the workshed will be limited to Rs.16.00 lakh i.e. 40 percent of Rs.40.00 lakh (being the upper capital ceiling for construction of workshed). The maximum duration of completion of construction of workshed and installation of Plant & machinery is 2 years. The individual activity schedule would vary from project to project based on a kind of technological up-gradation and the location of the project, subject to a ceiling of 2 years. The aforesaid capital subsidy package under TUF Scheme would be available to existing handloom units, with a minimum of 10 handlooms housed in a common work-shed. The scheme shall also be available to new units, which are proposed to be set up with at least 10 handlooms at one place in a common work-shed. The benefits under the Scheme can be availed by the Private Handloom Entrepreneurs, Primary Handloom Weavers Co-operative Societies, Apex Handloom Cooperative Societies, State Handloom Corporations, NGOs/SHGs (with handloom background), and National Level Handloom Organisations.

11.55 The DDHPY may be implemented as a Centrally Sponsored Scheme during the Eleventh Plan with a budget provision of Rs. 700.00 crore. Out of the total Plan Outlay for the scheme, an amount equivalent to 5 percent or Rs. 1.00 crore, whichever is less, may be utilized for the publicity of the scheme so that all weavers can take maximum advantage.

Integrated Handloom Training Project

11.56 Training and Re-training are critical inputs for handloom weavers/workers to adapt to produce diversified products with improved quality to meet changing market trends. As the IHTP Scheme provide a holistic approach to the issues relating to the up-gradation of relevant skills in the Handloom Sector, the continuation of IHTP is essential. During the Eleventh Plan, it is proposed to cover 70,000 weavers @ 14,000 weaver per year, at a total cost of Rs. 70.00 crore

Out of the total Plan Outlay for the scheme, an amount equivalent to 5 percent or Rs. 1.00 crore, whichever is less, may be utilized for the publicity of the scheme so that all weavers can take maximum advantage.

Workshed-cum-Housing Scheme

11.57 There have been suggestions from the members of the All India Handloom Board as well as the Parliamentary Standing Committee that the Central assistance under the scheme is very low and needs to be enhanced. There were also suggestions that the assistance for the worksheds/workshed-cum-houses in rural areas should be at par with the assistance for the worksheds/workshed-cum-houses in the urban areas, since there is not much difference in the construction cost between the rural areas and in the urban areas. Many States have also expressed difficulty in getting loan tie-up from the HUDCO/Financial Institutions, therefore, loan component may be dispensed with.

11.58 The funding pattern would be as under:-

Table – 11.18
Funding pattern under Workshed-cum-housing scheme

Sl. No.	Component	Area per unit	Amount of Central Assistance upto
(a)	Construction of Workshed	20 sq. mtrs.	Rs.25,000/-
(b)	Construction of Workshed-cum-Houses	40 sq. mtrs.	Rs.50,000/-

11.59 While the Central assistance will be limited to the levels mentioned above, the State Governments/UTs./ beneficiaries will be free to meet the additional cost if any, by means of there own contribution or loans from financial institutions.

11.60 At present, the weavers of the Primary Weavers Cooperative Society/Corporations/Apex Societies are being covered under the Scheme, it is proposed to cover Weavers outside the cooperative fold also. Since only a small percentage of weavers fall under the cooperative fold, this will include members of the Self Help Groups (SHGs) and NGOs.

11.61 It is expected that, 20,000 units of Worksheds/Workshed-cum-Houses would be sanctioned in a year. The total coverage during the Eleventh Plan would be 1 lakh units with a Central Assistance of Rs. 312.50 crore for constructing the 75,000 worksheds and 25,000 workshed-cum-houses, at a cost of Rs. 25,000/- and Rs. 50,000 each, respectively. Rs. 2.00 crore will be kept for the publicity of the scheme over and above the budget so that all weavers can take maximum advantage.

ersified Handloom Scheme

11.62 The name of the Scheme "Design Development & Training Programme" is proposed to be changed to "Diversified Handloom Scheme". In addition to the existing components of DDTP, a new component, namely, Setting up of IIHTs in the central sector with Plan Outlay of Rs. 5.00 crore has been envisaged in the XI Plan under Diversified Handloom Scheme. Further, the Research & Development component of proposed Diversified Handloom Scheme will also include three new sub-components, viz. Mapping/Census of Handlooms, Issue of Identity Cards and Market Survey/Market Intelligence. The first Handloom Census at the National level was conducted in 1987-88 and the Second Joint Census of Handlooms & Powerloom was conducted during 1995-96. Tremendous changes have taken place in the country over the last 10 years. It is necessary to conduct a new Census of Handlooms at national level. For this purpose an amount equivalent to Rs. 16.00 crore will be kept in the XIth Plan as part of R&D component of Diversified Handloom Scheme. Further, to ensure direct transfer of various benefits to the weavers, a drive for identification, registration and certification of the weavers and master weavers will be launched with issuance of Multipurpose Identity card. For this purpose Rs. 3.00 crore will be kept in the XIth Plan as part of R&D component of DDTP. The Handloom sector has evolved over the centuries and today producing fabrics, sarees, dress materials as also high-end exportable home furnishing items. With the opening up of the global trade, the handloom sector of India is poised to expand world-wide but will also face unforeseen challenges that the new world economy has to throw. The Handloom weavers, presently, do not have an appropriate feed back on market trend. This, many a time, leads to accumulation of stocks causing thereby a bottleneck in the production-delivery cycle. It is felt that with a back up of market study/survey/trend, the weaver will be well-equipped with the latest requirement of the market-domestic as well as export and gear his production to suit market requirements. All the players involved in the developmental policies in the handloom sector- be it a weaver, government or the private sector need continuous feed-back of the domestic and global requirement. Thus, there is a need for conducting market surveys/market intelligence. Therefore, it is proposed to ear-mark an amount of Rs.20.00 crore for this purpose in the Eleventh Plan period under R&D component of proposed Diversified Handloom Scheme.

It is, therefore, proposed to have an outlay of Rs.73.83 crore. The individual Plan outlay will be as under:-

(i)	Grants to States	Rs. 1.05 crore
(ii)	IIHTs salary component	Rs.3.50 crore
(iii)	Infrastructure for WSCs/IIHTs	Rs.10.00 crore
(iv)	Other charges (Training to officials of WSCs IIHTs, Dyeing, Design and Exhibitions)	Rs.1.50 crore and
(v)	Research & Development	Rs.41.00 crore
(vi)	National Centre for Textile Design	Rs.6.50 crore
(vii)	Integrated Project for Development of Woollen Design & Development Centre Economic Package	Rs.1.40 crore Wool and in J&K under PM's
(viii)	Weavers Service Centre (J&K)	Rs. 3.88 crore
(ix)	Setting up of IIHTs in the Central Sector	Rs. 5.00 crore

Out of the total Plan Outlay for the scheme, an amount equivalent to 5 percent or Rs. 1.00 crore, whichever is less, may be utilized for the publicity of the scheme so that all weavers can take maximum advantage.

Weavers Welfare Scheme

(a) <u>Health Insurance Scheme</u>

11.63 The Health Insurance Scheme (HIS) is a popular scheme and also beneficial to the handloom weavers. Therefore, it is proposed to continue it during the Eleventh Plan period with extra benefits. It is expected to cover 3 lakh weavers in a year and 15 lakh weavers during the entire period of the Eleventh Plan alongwith their renewals, with Central assistance of Rs. 250.00 crore. A sum of Rs. 2.00 crore will be kept for the publicity of the scheme over and above Rs. 250.00 crore so that all weavers can take maximum advantage.

(b) Mahatma Gandhi Bunkar Bima Yojana

11.64 The Mahatma Gandhi Bunkar Bima Yojana (MGBBY) which provides life insurance cover to the weavers is another popular scheme. This scheme is proposed to be continued in the Eleventh Plan and more benefits are proposed to be included in the scheme with the following modifications in consultation with the Life Insurance Corporation of India (LIC):-

Table – 11.19

Modifications under Mahatma Gandhi Bunkar Bima Yojana

Sl No	Component	Financial (Rs.)
i	Natural death.	75,000/-
ii	On death due to accident.	1,00,000/-
iii	Loss of use of two eyes or two limbs or one eye or one limb in an accident.	1,00,000/-
iv	Loss of one eye or one limb in accident.	50,000/-
v	Permanent total disablement from injury other than named above.	1,00,000/-

11.65 It is expected to cover 3 lakh weavers in a year and 15 lakh weavers during the entire period of Eleventh Plan alongwith their renewals, with a Central assistance of Rs.70.00 crore (approximately). Rs. 2.00 crore will be kept for the publicity of the scheme over and above Rs. 70.00 crore so that all weavers can take maximum advantage.

(c) Thrift Fund Scheme

11.66 The Thrift Fund Scheme was introduced in the year 1985-86 as a social welfare measure. The Scheme envisages creation of a type of fund in the nature of provident fund, with the contribution from the weavers, the State Government and the Central Government to help them meet expenses towards children’s education/ medical expenses of family members and expenses in connection with marriage, and other religious ceremonies etc. It is expected to cover 1 lakh weavers each year during the Eleventh Plan period (a total of 5.00 lakhs weavers) with a budget provision of Rs. 20.00 crore. Rs. 2.00 crore will be kept for the publicity of the scheme over and above Rs. 20.00 crore so that all weavers can take maximum advantage.

Pension Scheme

11.67 It is proposed to introduce a Pension Scheme for Handloom Weavers after their attaining the age of 60 years, when they become incapacitated to work. It is proposed to provide monthly pension @ Rs.200/- to all the weavers after 60 or more years. It is expected to cover on an average 2.00 lakhs weavers per year i.e. 10.00 lakhs weavers during the XIth Plan period. Therefore, it is proposed to provide Plan Outlay of Rs. 48.00 crore for the XI Plan period. Rs. 2.00 crore will be kept for the publicity of the scheme over and above Rs. 48.00 crore so that all weavers can take maximum advantage.

Marketing & Export Promotion Scheme

(a) Marketing Promotion Programme (MPP)

11.68 The objective of MPP is promotion of marketing of handloom goods in the country as well as brand building of the handloom sector. For promotion of the sales and marketing of the handloom goods, MPP envisages a wide gamut of activities which include organisation of national handloom expos, special handloom expos, district level events, setting up of Urban Haats and setting up of Marketing Complexes etc. For brand building and publicity of the handloom sector, the MPP envisages films on handlooms, national festivals, publicity campaigns, seminars and workshops, national awards to weavers, Master Craftsman Programmes, public awareness programmes etc.

Besides the existing programmes, the following new initiatives have been proposed in the XI Plan:

Marketing Complexes at District and State levels: It is felt that setting up of Marketing Complexes at District and State levels will create more outlets for selling the handloom products without incurring high transportation cost. Therefore, it is proposed to set up 10 District Handloom Marketing Complexes every year @ Rs.100.00 lakh each in important districts. Further, it is also proposed to set up 2 State Handloom Marketing Complexes every year @ Rs.450.00 lakh each in State capitals.

Space on rent at private commercial malls, heritage hotels etc. : It is proposed to take space on rent at private commercial malls and similar outlets, heritage hotels etc. to market handloom products more aggressively in an aggressive environment which is modern and attracts a large number of high-end customers. It has been felt that private–public partnership will help in making the customers more aware of the handloom products and consequently increasing the sales of the handloom products. In this direction, some prominent private business houses have also been requested to give some space to sell handloom products. Further, some financial assistance may be provided to private traders who assure to buy the handloom products from the handloom clusters and work as a marketing link for the handloom products produced at a particular cluster. A provision of Rs. 600.00 lakh has been kept for such activities for the XIth Plan period.

Marketing Consultants: A provision of Rs.500.00 lakh has also been kept for Marketing Consultants during the XI Plan period. It has always been felt that Marketing Promotion Programme should have a component for engaging qualified and experience marketing personnel and/or organisations who can assist the handloom agencies in contacting the private business houses, buying houses, exporters etc.; procure orders for them from these sources and generally help the agencies in marketing and sale of their products.

Handloom Mark: The Handloom Mark has already been launched by the Hon'ble Prime Minister on 28th June, 2006. The Textile Committee, Mumbai is the Implementing Agency for implementation of the Handloom Mark Scheme.

Powerloom products pose serious competition to handloom products on account of their cost advantage and for mass production. Also, in the absence of a strong brand image for handloom products, they can be passed off as having been produced on handlooms. Therefore, the Handloom Mark has been introduced w.e.f. 28th June, 2006. The Handloom Mark will distinguish handloom products from powerloom and mill products. The Handloom Mark will be used not only for popularizing the handwoven products but also to serve as a guarantee to the buyer that the product being purchased is genuinely hand-woven. In the Eleventh Plan, intensive promotion of the Handloom Mark will be undertaken. A Plan outlay of Rs.98.00 crore may be kept for the Handloom Mark in the Eleventh Plan.

Geographical Indication Act: Measures would also be taken under Marketing Promotion Programme for seeking protection of patterns and designs of GI products, e.g. Banarasi brocades, Jamdani of Bengal, etc., under the Geographical Indication Act. The budget estimate for this purpose in the Xith Plan will be Rs.2.00 crore.

Setting up of Administrative Offices of the Office of Development Commissioner for Handlooms in important handloom states: Presently, the Office of the Development Commissioner for (Handlooms) implements various Handloom schemes through the State Government concerned. However, it has been observed that the benefits of the schemes have not reached the beneficiaries in time due to the delays on the part of the State Governments. Therefore, it is proposed to set up administrative offices of the Office of the DC (Handlooms) in major Handloom producing States. A total provision of Rs. 2.00 crore will be kept in the XIth Plan period for this purpose.

Handloom House at Janpath and other similar Infrastructure: Infrastructure is a major gap in the sector. Common Facility Centres will be set up under DDHPY in selected clusters with a provision of key infrastructural and technological facilities such as cabinet dyeing, reeling, calendaring etc. Similarly, marketing infrastructure will be created in the form of showrooms in the urban areas, particularly in district headquarters and State capitals. The Ministry of Textiles already has a piece of land at Janpath, New Delhi where a Handloom House and other handloom organisations will be located. The estimates for the Handloom House during the Eleventh Plan period would be Rs.35.00 crore.

Publicity of handloom Schemes/Components: It is felt necessary to promote and popularize the handloom Schemes/Components by way of Workshops/Seminars/Buyer Seller Meets/Publicity Campaigns through Print and Electronic Media etc. etc. so that the benefits of the Schemes/Components reached to the weavers. A provision of Rs. 20.00 crore has been kept for this purpose in the XIth Plan.

The total budget provision for Marketing Promotion Programme during the XIth Plan period is estimated to be Rs. 455.00 crore and this entire amount will be from the central sector fund.

Table – 11.20

Estimates of Expenditure for Eleventh Plan - MPP

Sl. No.	Name of event/component	No. of events/components x amount x period	Amount (Rs. Lakh)
1	National Handloom Expo (NHE)	20 x 50 x 5	5000.00
2	Special Handloom Expo (SHE)	50 x 20 x 5	5000.00
3	District Level Event (DLE)	300 x 3 x 5	4500.00
4	Appropriate Technology Exhibition (ATE)	10 x 10 x 5	500.00
5	Handloom Mark		9800.00
6	Urban Haat	5 x 135 x 5	3375.00
7	**Setting up of Marketing Complexes**		
7 (a)	District Handloom Marketing Complex	10 x 100 x 5	5000.00
7 (b)	State Handloom Marketing Complex	2 x 450 x 5	4500.00
7(c)	Assistance to Primary Societies for Marketing Complex @ 75 percent of the total cost		
8	Craft Melas	6 x 20 x 5	600.00
9	National Award	1 x 50 x 5	250.00
10	Rent of space at Commercial Malls, heritage hotels etc. (1000 sq. ft. @ Rs.50/- per sq.ft = Rs. 50,000 per month x 12 x 2 shops = Rs. 12,00,000 x 10 States = Rs. 1,20,00,000 x 5	2 areas/space x 10 states x 5 years	600.00

	years = Rs. 600.00 lakhs)		
11	Marketing consultant for each State		500.00
12	Geographical Indication (GI)		200.00
13	Setting up of Administrative Offices of DCHL in major handloom States.		200.00
14	Janpath Handloom Complex		3500.00
15	Publicity: (Workshops/BSMs & Seminars, printing of brochures, General advertising and Media Campaign for promotion of all handlooms Schemes/Components etc.)		2000.00 (rounded of)
	Grand Total		**45525.00**

Say Rs. 455.00 crore

Note: The above outlay has been projected based on the enhanced number of events and enhanced assistance towards infrastructure and publicity.

(b) Handloom Export Scheme

11.69 There is the need for definite incentives from the Government to attract the entrepreneurs and investors into the Handloom Export Sector. One important incentive to the Handloom Export Sector is the Handloom Export Scheme being implemented by the Office of the Development Commissioner for Handlooms. The review of the Handloom Export Scheme over the Tenth Plan period has shown that there shall be appropriate modifications in the Scheme for the Eleventh Plan period so that the Scheme is able to give its full advantage to the handloom exporters. The exports are expected to grow at the rate of 15 percent per annum to Rs. 9263 crore approximately by the end of XIth Plan.

Changes proposed in the Handloom Export Scheme in the Eleventh Plan**:**

11.70 The aim of the Scheme is to assist the handloom agencies and exporters to develop and market export worthy handloom products. In the Tenth Plan, the Scheme has been successful in its endeavour to bring about improvement in the standards of the products, and reviews have shown that most of agencies/exporters have been able to produce good quality products meant for foreign markets. But, their performance in terms of exports needs further improvement. Certain changes have been felt necessary to boost the export of such products.

11.71 On the basis of review of the Export Projects sanctioned over the Tenth Plan, the following changes are suggested in the Part-I of the existing scheme for Export Projects:

11.71.1 Marketing Consultant component: As and when the product is ready for the export market, the marketing professionals will come in the first phase itself to help the agencies in finding foreign buyers for the products.

11.71.2 Development of promotional materials/website for publicity: These measures will help the agencies to reach their foreign buyers in a systematic manner.

11.71.3 Training in Packaging: The component should be limited to impart training to the agencies in the field of international packaging.

11.71.4 Follow-up Strategies component should be deleted: Facilities like dyeing units, etc., are not easily available in rural and semi urban areas for want of enough electricity and other logistical problems and, therefore, agencies outsource these facilities.

11.71.5 Free TA, accommodation, transportation cost, clearing agent/cargo charges etc. to the participants in International Fairs: This measure will help handloom exporters who already suffer on account of cost disadvantage vis-à-vis the powerloom and mill sector.

11.71.6 Weavers Service Centres may also be allowed to recommend the project proposals: However, proposals of private handloom exporters may continue to be recommended by the Handloom Export Promotion Council. But funds to the exporters, after sanction of project, may be released directly to the exporters instead of being routed through the Handloom Export Promotion Council as is being done in the case of other export projects.

11.71.7 Utilisation Certificate and Progress Reports may be sent by WSCs: State Share may be removed for the Export Projects.

11.71.8 Design Studios: Design Studios can be set up in important Handloom Clusters. The Design Studios will provide the facilities and services like creation of new designs based on client's needs, adapting and modifying designs from sketches or fabrics submitted by clients, to meet a price or other restriction, to analyze the latest trends, to forecast the change in motifs and colours etc., create new designs based on the analysis and forecasting for the manufacturers, to provide latest technology by way of related software, etc. The Design Studio may be a joint collaboration between the Government of India and the industry/HEPC in the ratio of 75:25. Approximately, 20 Design Studios as major handloom clusters/centres, each at an approximate cost of Rs. 1 crore are envisaged in the XI Plan.

11.72 The Plan outlay for the Handloom Export Scheme is estimated to be Rs. 45.00 crore.

Out of the total Plan Outlay for the scheme, an amount equivalent to 5 percent or Rs. 1.00 crore, whichever is less, may be utilized for the publicity of the scheme so that all weavers can take maximum advantage.

Handloom Inputs Scheme

(a) Mill Gate Price Scheme

11.73 The NHDC will not only increase the number of yarn depots throughout the country for supplying good quality yarn, chemicals, and dyes at subsidized rates, but also get actively involved in the marketing of yarn. The distribution of yarn will be decentralized and additional local distribution points will be put in place. Subsidised yarn will be given to the

Handloom Sector to enable it to compete with powerlooms. Under the existing Mill Gate Price Scheme, NHDC will increase yarn supplies from the level of 268.80 lakh kg valued at Rs.268.80 crore in the year 2006-07, to 475 lakh kg till the terminal year of the Eleventh Plan period. The scheme will be expanded to include supply of quality Dyes & Chemicals also. Therefore, the budget estimate for the Mill Gate Price Scheme in the Eleventh Plan is expected to be Rs.121.35 crore. It is proposed to supply Dyes and Chemicals up to 25.00 lac kg valuing Rs.25 crore per year till the terminal year of XI Plan period.

Out of the total Plan Outlay for the scheme, an amount equivalent to Rs. 2.00 crore will be utilized for the publicity of the scheme so that all weavers can take maximum advantage.

(b) Hank Yarn Price Subsidy:

11.74 To offset the high cost of yarn prices for handlooms, the Government of India used to provide a subsidy on hank yarn (of 20s, 40s count) at the rate of Rs.15 per kg.(the value of one kg. yarn of count 20s used to be about Rs.85 per kg. during the year 1994-95). It was stipulated that whenever hank yarn prices corresponding to the 20s count fall below the Rs.70/- per kg. level, the operation of the Scheme would be suspended and a review undertaken. In the year 1995-96, the subsidy was enhanced to Rs.20 per kg. Before 1st March, 2002 cotton hank yarn in plain reel form was exempted from Central excise (CENVAT). The rate of CENVAT on Cotton hank yarn was 9.2 percent, and this price advantage was exclusively for the handloom sector. With effect from 1st March 2002, cotton hank yarn was included under incidence of CENVAT through the Budget announcement for the year 2002-03. The Budget announcement also stipulated that this incidence of CENVAT will be reimbursed for those quantities of yarn which are consumed by the handloom sector. The agencies who were authorized to reimburse this amount included the State Governments/NHDC. However, since July 2004 CENVAT on all varieties of cotton yarn has been exempted. Once this 9.2 percent CENVAT advantage for the Handloom Sector was withdrawn, strong competition from the powerloom sector was experienced. This was due to inherent superior productivity and higher economies of scale available to the organized Powerloom Sector. Various State Governments and handloom organizations have represented to restore this price advantage to the Handloom Sector. Therefore, it is proposed that a subsidy on hank yarn for Handloom Sector, distributed through NHDC and other eligible agencies, may be introduced at following rates for various counts:

Table 11.21

Proposed subsidy rates for various counts of hank yarn

	Counts of Hank Yarn	Proposed subsidy
(a)	Upto 10s	Rs. 10 per kg.
(b)	Above 10s and upto 40s	Rs.15 per kg.

I	Above 40s	Rs.20- per kg.

11.75 On an expected annual distribution of 400 lakh kg of yarn, the expected subsidy at an average cost of Rs.15 per kg. would be Rs.60.00 crore per annum. Therefore, the budget estimate for the Hank Yarn Price Subsidy Scheme in the Eleventh Plan is expected to be Rs.300.00 crore.

Out of the total Plan Outlay for the scheme, an amount equivalent to 5 percent or Rs. 1.00 crore, whichever is less, will be utilized for the publicity of the scheme so that all weavers can take maximum advantage.

Financial Package for Handloom Sector

11.76 The issue of credit flow to the handloom sector is closely linked to the working capital management of the handloom business. This, in turn is directly related to overall health and business performance of the handloom sector as a whole. Various aspects such as marketing, design, technology, skill up-gradation etc. determine the performance of this sector. It is acknowledged that besides all inputs, credit is an important input for the growth of the handloom sector.

The Hon'ble Prime Minister had convened a meeting on 16th May, 2006 to review the action taken to support the handloom weavers. Various new initiatives were discussed and clear timelines were set. It was pointed out that there was a serious problem with regard to the availability of credit to the handloom sector and the interest rates were extremely high. The Minutes of the Meeting convened by the Hon'ble Prime Minister stated as follows:

> "On the issue of making credit available at cheaper rates, Finance Minister Stated that he was willing to consider it on a pattern analogous to the Vaidyanathan Committee recommendations for cooperative banks. He felt and Minister of Commerce supported the view that State Governments should be got on board, however nominal their contributions are likely to be. This was agreed to. Ministry of Finance may take follow-up action in this matter."

Subsequently, at a function to launch the Handloom Mark on the 28th June, 2006, Hon'ble Prime Minister said:

> "I understand that handloom cooperatives suffer from two problems in accessing credit. Firstly, the cost of credit is on the higher side. The other is that credit to handloom cooperatives have been choked because of a debt overhang. Considering

the importance of handlooms, we need to address these problems on a priority. I have asked the Finance Minister to consider the feasibility of extending the low interest facility provided for agricultural loans to handloom weavers as well. I have also asked the Textile and Finance Minister to look at the problem of debt which is afflicting handloom cooperatives so that this can be rescheduled or cooperatives ecapitalized in a manner similar to that done for cooperative banks through the Vaidyanathan Committee."

To address these issues a meeting was held under the Chairmanship of Secretary (Textiles) on 21st August, 2006 in which it was decided to constitute a Committee comprising the MD, NABARD as Convenor and Representatives of IBA/RBI/ NIFT, Secretary (Handlooms) Government of Orissa/Tamil Nadu/ Uttar Pradesh/ Assam/ Kerala/ Karnataka/ West Bengal/ Andhra Pradesh, Representative of National Association of State Cooperatives, Additional Development Commissioner (Handlooms). First meeting of the Committee was held on 1st September, 2006 which was chaired by Shri D.G. Karmakar, MD, NABARD while another meeting was held on 27th September, 2006 to discuss measures for marketing of handloom products.

MD, NABARD has now sent the Report of the High Level Committee giving details of the financial package recommended for the handloom sector. Salient features of the report are:

Components of Financial Package for Handloom Sector

Cleansing of balance sheets of Apex Societies and Primary Societies

While many of the Primary Weaver Cooperative Societies (PWCS) are viable, a large number of potentially viable units are financially in bad shape on account of accumulated losses and due to long pending receivables from State Governments. It is proposed to cleanse the Balance Sheets of these viable and potentially viable PWCSs and Apex Societies. Estimated funds required for the capitalization of Apex Societies/PWSCs is **Rs 600 crore**, which includes Rs 300 crore for Apex Societies, Rs 200 crore for PWCSs and an additional Rs 100 crore to wipe out long pending receivables from State/Central Government on account of sales rebate, subsidies, restructuring assistance etc. for Apex Societies/Handloom Development Corporations and PWCSs.

Waiver of overdue loans and interest of PWCS & Apex Societies

It is proposed that looking to the fierce competition, the handloom sector has to face from powerloom and the mills, a one time waiver for all outstanding loans and interest thereon, inclusive of penal interest, may be allowed to rejuvenate the Handloom Sector, so that credit lines, presently choked, may be reopened. It is proposed to waive overdue loans of about **Rs 500 crore** and overdue interest of about **Rs 80 crore**.

Interest subvention – Working Capital

One of the critical inputs for rejuvenation of the handloom sector is the easy availability of finance and credit, particularly working capital finance to handloom weavers both within and outside the cooperative fold at a lower rate of interest. This will make the production and marketing activities in the sector sustainable. In fact, a very large part of the handloom sector has been paralyzed over the years due to the non-availability of credit commensurate with the needs of the sector. The credit lines for the cooperative societies, both primary level as well as apex level, are choked over the years due to large scale default on the part of the cooperative societies in repayment of bank loans. There is a need to re-open these credit lines. Credit at lower rates of interest through NABARD and Commercial Banks may be contemplated. NABARD's cost of funds in raising the resources from the market for working capital refinance is currently @ 8 percent per annum. NABARD provides working capital to the State Cooperative Banks who in turn provide it to the District Cooperative Banks. The Weavers Cooperatives get funds at the final rate of 12-14 percent varying from state to state. If credit is to be made available to the weaver at a rate of 7 percent, then NABARD needs to be sub-vented by 5 percent per annum, so that the re-finance can be provided at a concessional rate of 3 percent per annum to the State Cooperative Banks with the stipulation of ultimate rate of interest not to exceed 7 percent per annum. Besides NABARD, commercial banks will also be roped in to give loans at 7 percent rate of interest to those outside the cooperative structure. The Handloom Sector should get credit at 7 percent rate of interest on the lines of the Agriculture Sector and modalities are being worked out by the Ministry of Finance. An amount of about **Rs 50 crore** is required for providing this interest subvention.

Contribution to Handloom Development and Equity Fund

It is proposed to set up an exclusive "Handloom Weaver Development and Equity Fund" in NABARD for the purpose of providing equity and promotional support to PWCS/Apex Societies/HWGs/NGOs etc. Estimated amount required for the purpose during the Eleventh Plan is about **Rs 60 Crore** out of which NABARD will provide initial contribution of Rs 10 Crore.

Credit Guarantee Fund Scheme:

It is proposed to introduce a Credit Guarantee Scheme, which will provide ease in accessing credit from the banks. The estimated expenditure under the scheme during the Eleventh Plan is **Rs 5.00 crore**.

Table No. – 11.22

Budget required for implementation of Handloom Weavers Financial Package:

Sl. No.	Particulars of the Programme	Funds required (Rs. crore)
1.	Amount required for cleansing of balance sheets of – - Apex Societies - Primary Societies	 300.00 200.00
2.	Amount required to cleanse the receivables from State/Central Government on account of sales rebate, subsidies, restructuring assistance etc. for Apex Societies/HLDCs and PWCSs	100.00
3.	Amount required for interest waiver/Write Off	80.00
4.	Waiver of loans of PWCS & Apex Societies	500.00
Sl. No.	**Particulars of the Programme**	**Funds required (Rs. crore)**
5.	Amount required for interest subvention – Working Capital	50.00
6.	Contribution to Handloom Development and Equity Fund	60.00
7.	Credit Guarantee Fund Scheme	5.00
8	Total	1295.00
	8.1 – GOI Share – 1155.00 8.2 - State share - 130.00 8.3 - NABARD - 10.00 Total - 1295.00	

Out of the total Plan Outlay for the scheme, an amount equivalent to 5 percent or Rs. 1.00 crore, whichever is less, will be utilized for the publicity of the scheme so that all weavers can take maximum advantage.

Other Measures

Institutional Set up:

11.80 Weavers Service Centres/Indian Institutes of Handloom Technology: Weavers Service Centres and Indian Institutes of Handloom Technology, will also be adopting clusters for modernization and growth for production of quality fabrics. The Weavers Service Centres will undertake production of handloom fabrics on captive looms in collaboration with State agencies to demonstrate marketability of new products of the State Agencies. They will also undertake the periodical publication of shade cards, which will be updated from time to time, according to the needs of industry. Weaver Service Centres (WSCs) and 1 IIHT will be equipped with a Computer Aided Textile Design System. Steps will be taken to enhance the number of seats for admission in the three year Diploma Course in Handloom Technology, conducted by the IIHTs, and also new courses will be started as per the need of the Handloom Industry. Physical infrastructure like, Laboratories, machinery and equipment, construction/renovation of the class room/lab/hostel, will be strengthened.

11.81 National Handloom Development Corporation Limited (NHDC): NHDC will continue to assist the handloom weavers for their overall economic development.

11.82 Handloom Export Promotion Council: In the Eleventh Five Year Plan, the Council has planned to undertake market studies, open permanent showrooms with warehousing facilities as well as tying up with international chain of malls, showrooms, etc., in important international cities in focus countries and set up state of the art Design Studios in major export clusters.

11.83 National Handicrafts and Handlooms Museum: Building of NHHM will be expanded both in terms of the land area and construction of the phase III to include a new auditorium, new area for exhibition gallery with modern technology in terms of lighting display facilities, and cafeteria. The entire digital catalogue of NHHM collection will be linked to the web page of NHHM. NHHM will network with museums at the national and international level for complete information sharing. Traditional handlooms and handicrafts masterpieces will be revived for their contemporary marketability to enhance the economic status of the traditional weavers and crafts persons.

11.84 Association of Corporations & Apex Societies of Handlooms (ACASH): :In the Eleventh Plan, ACASH's endeavour should be to supply value-added items to new Government segments like hotel industries, air lines, PSUs, etc. Further, ACASH will endeavour to organize more national level and special handloom expos so that a large number of weavers get the more and more marketing opportunities.

PROJECTED OUTCOMES OF THE XI PLAN

11.85 The exports are expected to grow at the rate of 15 percent per annum from estimated figure of Rs. 4605 crore in 2006-07 to Rs. 9263 crore by the end of the XI Plan.

The production of handloom cloth is expected to grow from the estimated figure of 6188 million sq. mtrs. in 2005-06 up to 8292 million sq. mtrs. by the end of XI Plan at an estimated average annual growth of 5 percent.

Number of workers engaged in handloom sector had declined from 67.39 lakh in 1987-88 Census to 65.50 lakh in 1995-96 Census. With comprehensive approach for handloom development in XIth Plan, this declining trend in employment will not only be stopped but is expected to grow to about 70 lakh by the end of XIth Plan.

Cluster Development Scheme will be extended to all 470 handloom clusters by the end of the Xth Plan.

FINANCIAL RESOURCES:

100 percent Central Sector Schemes:

11.86 For timely and effective implementation of programmes/schemes, new Schemes and existing Schemes will be 100 percent Central Schemes as far as possible. It has been observed during the implementation of the Schemes/Programmes in the Tenth Plan that, whereas poorer States are not in a position to get optimum benefits as they are mostly unable to contribute their share in the Schemes, other States which are in a comparatively better financial position, not only delay the recommendations and approvals for projects, but also take very long time in contributing their share of the funds. Because of these reasons, projects are delayed, holding precious Central funds. Further, in the Eleventh Plan, in addition to the handloom cooperative sector and handloom corporations, SHGs/Master Weavers, entrepreneurs may also be considered for the implementation of the Schemes so that their benefits reach weaker weavers also who are outside the cooperative fold.

Budgetary Allocation proposed for the Eleventh Plan:

11.87 Out of the 65 lakh weavers in Handloom Sector, only 15 per cent are presently covered under the cooperative fold. To cover the remaining weavers, Government schemes will be extended to weavers who are outside the cooperative fold as well. Thus, in order to multiply the coverage of handloom weavers, there is a need to enhance the budgetary allocation for the Handloom Sector to the tune of **Rs. 4028.68 crore** for next five years to put Handlooms on sustainable platform.

11.88 The Tenth Plan Budget/Expenditure and proposed Plan Outlay for the Eleventh Plan period under various proposed Handloom schemes is given in Table 11.23.

Table – 11.23

FINANCIAL PROPOSAL FOR XI PLAN

Sl. No.	Scheme	Component	X Plan Financial Achievement (Rs. in crore)	XI Plan proposed Financial Outlay (Rs. in crore)
1.	**Integrated Handloom Cluster Development Scheme (IHCDS)**		**474.60**	**1556.33**
1.1		Integrated Handloom Cluster Development Scheme (IHCDS)	5.00	400.00
1.2		Deen Dayal Hathkargha Protsahan Yojana (DDHPY)	345.27	700.00
1.3		Workshed-cum-Housing Scheme	64.85	312.50
1.4		Integrated Handloom Training Programme	29.47	70.00
1.5		Diversified Handloom Schemes	30.01	73.83
2	**Marketing & Export Promotion Scheme**		**59.79**	**500.00**
2.1		Marketing Promotion Programme	42.65	455.00
2.2		Handloom Export Scheme	17.14	45.00
3.	**Weavers Welfare Schemes**		**60.55**	**396.00**
3.1		Health Insurance Scheme	35.23	252.00
3.2		Mahatma Gandhi Bunkar Bima Yojana	3.15	72.00
3.3		Thrift Fund Scheme	18.41	22.00
3.4		Bunkar Bima Yojana*	3.76	
3.5		Pension Scheme		50.00
Sl. No.	**Scheme**	**Component**	**X Plan Financial Achievement (Rs. in crore)**	**XI Plan proposed Financial Outlay (Rs. in crore)**
4.	**Handloom Inputs Scheme**		**42.61**	**421.35**
4.1		Mill Gate Price Scheme	42.61	121.35
4.3		Hank Yarn Price Subsidy Scheme		300.00

5.	**Weavers Financial Package**		**Nil**	**1295.00** GOI share – **1155.00** State share- 130.00 NABARD-10.00
5.1		Cleansing of Balance Sheets of - Apex Societies -Primary Societies		 300.00 200.00
5.2		Cleansing the receivable from State/Central Government on account of sales rebate, subsidies, restructuring assistance etc. for Apex Societies/ Handloom Corporations/ Primary Societies		100.00
5.3		Interest Waiver/ Write Off		80.00
5.4		Waiver of Loan of PWCS & Apex Societies		500.00
5.5		Interest Subvention – Working Capital		50.00
5.6		Contribution to Handloom Development and Equity Fund		60.00
5.7		Credit Guarantee Fund Scheme		5.00
	TOTAL		**637.55**	**4028.68**

Note: 1. All the Schemes mentioned above include budgetary provision for NER.

* *Bunkar Bima Yojana at Sl. No. 3.4 above has been discontinued w.e.f. 2nd October, 2005 and thus, is no longer a component of Weavers Welfare Scheme in the XIth Plan.*

CHAPTER – 12

SERICULTURE AND SILK INDUSTRY

INTRODUCTION

12.1 Silk is the most elegant textile in the world with unparalleled grandeur, natural sheen, and inherent affinity for dyes, high absorbance, light weight, soft touch and high durability and is known as the queen of textiles the world over.

12.2 The Indian silk industry has seen many ups and downs. During the 18th, 19th and early 20th centuries sericulture flourished in the states of Bengal, Mysore and Kashmir. During the Second World War silk production was promoted for making parachutes. Planned efforts of the Government of India in the post-independence period gave a thrust as a tool for rural employment, poverty alleviation and export earnings which gave a big boost to the industry. At present, it is estimated that every hectare of mulberry provides employment to about 16 persons. Concerted research and development efforts and expansion brought the raw silk production from 1437 MT in 1951-56 to 17351 MT in 2001-02 though it remained almost static during X Plan. However, the productivity has gone up from 16 kg to 85 kg raw silk per ha / year.

12.3 China, producing 102,560 MT (81.65%) of raw silk is the largest exporter where as India, contributing about 13 percent of the world's raw silk production, is the largest consumer. The high quality and low price are the strengths of Chinese silk while the traditional practice of wearing silk clothing on all auspicious days has been the strength of the Indian silk in the domestic market and the exclusive designs in the international markets. Indian exports are largely dependent on the import of quality silk from China.

12.4 India has the distinction of being the only country producing all the four known commercial silks, namely, Mulberry, Tasar, Eri and Muga of which Muga with its golden yellow glitter is unique and restricted to the northeastern region of India.

12.5 The increasing labour costs resulted in phasing out the silk industry in the industrialised countries like France, Italy, Spain, Japan and Korea as the labour intensiveness has become uneconomical. The availability of huge human resources and other inputs at cheaper cost remained the biggest advantage to the silk industry in China. Now with a similar transformation in China in the recent years, they have been shifting the sericulture activities away from the urban and industrialised areas where the human resources still remain cheap. India follows because of its huge human resources.

12.6 India too has seen a conspicuous decline in the area under mulberry between 1990-92 (3, 31,237 ha) and 2004-05 (1, 71,959 ha). Though the decline in the cultivated area and the raw silk production during 2002-2004 was largely attributed to drought and dumping of Chinese silk at cheap prices, the decline in the area under mulberry could be very well attributed to the lowering water table in the traditional silk producing areas, prompting them to switch over to horticulture crops, requiring the least quantity of water and urbanisation. This has been prominently visible in the traditional areas of Karnataka.

12.7 Though there has been a steep decline in the area under mulberry, this has been somewhat compensated by the productivity which has gone up to around 85 kg of raw silk per hectare per year due to introduction of highly productive mulberry and silkworm breeds. During the past two years, the raw silk production has picked up and touched 17,305 MT during 2005-06 (almost the same as that prevailing at the end of the IX Plan) and it is likely to cross 18,500 MT by the end of the X Plan. With many Business Process Outsourcing (BPO) and manufacturing units coming up in urban areas, the scope of developing sericulture largely remains with the rural areas off the urban habitation.

SILKS OF INDIA

12.8 As already mentioned, India has the distinction of being the only country in the world producing all the four commercially known silks, namely, Mulberry, Tasar (includes oak tasar), Eri and Muga.

Mulberry Silk:

12.9 Mulberry silk is the most popular and widely cultivated one produced by the insect, *Bombyx mori*, feeding exclusively on the leaves of mulberry (*Morus* spp). Depending on the number of generations it passes in a year they have been termed as univoltine (with one generation), bivoltine (two generations) and multivoltine (many generations). Univoltines and bivoltines are adapted to temperate regions matching with the availability of fodder, which depends on the growth and dormancy of the food plants resulting from the climatic changes. They are known to yield high quantities of high quality silk, but are sensitive to warmer temperature, excessive humidity and other environmental stress. Multivoltines are well adapted to tropical situations where mulberry grows and produces fodder throughout the year. These silkworm breeds are tolerant to higher temperature, humidity, diseases and other stresses, but are poor yielders. Bivoltine hybrids are reared largely in the temperate regions such as Jammu & Kashmir, Himachal Pradesh, Uttaranchal, a few pockets in the eastern/north-eastern region and to a limited extant in Karnataka, Andhra Pradesh and Tamil Nadu. Multivoltine reeling cocoons are produced exclusively in West Bengal and parts of Assam. About 95 percent the silk produced in the country is that of cross breed (multivoltine x bivoltine) including marginally multivoltine silk and the bivoltine silk is around 5 percent.

Tasar Silk:

12.10 Tasar silk is largely produced by the tropical insect, *Antheraea mylitta* and to a little extant by the temperate insect, *Antheraea proylei*. They feed on a wide range of species of food plants. The tropical tasar silkworms feed mainly on Asan (*Terminalia tomentosa*), Arjun (*T. arjuna*) and Sal (*Shorea robusta*). The temperate tasar is also known as oak tasar as the worms feed on many species of Oak (*Quercus* spp). Tasar silk is copperish and much stronger. Tropical tasar is produced in Jharkhand, Chattisgarh, Madhya Pradesh, Orissa and Bihar and to a small extant in Maharashtra, West Bengal and Andhra Pradesh. Oak tasar is cultivated in the sub-Himalayan belt covering the States of Manipur, Himachal Pradesh, Uttar Pradesh, Assam, Meghalaya and Jammu & Kashmir.

12.11 Tasar silk is basically a forest produce and was practiced by adivasis and tribals from time immemorial in tropical belts even prior to introduction of mulberry silk in India.

Migration to urban areas and deforestation has therefore an adverse affect on tasar silk production. Approximately 30 percent of the tasar silk was obtained from nature grown eco-races like Railey, Laria, Sarihan, Modal, etc. which are solely wild and not amenable to human handling. Over exploitation of these races and introduction of cultivated eco-races from other areas resulting in the neglect of these local races resulted in their dwindled production. 'Daba' is the most amenable eco-race largely cultivated in tropical India.

Eri Silk:

12.12 The very name 'Eri' is derived from the Sanskrit word, 'Eri' or 'Erandi' which means castor (*Ricinus communis*). It is also known as 'Endi' in Assam. It is cultivated on Kesseru (*Heteropanax fragrans*), Tapioca (*Manihot utilissima*) also known as Cassava, Payam (*Evodia fluxinifolia*), Barkesseru (*Ailenthus spp*), etc. It tops the non-mulberry silks in production. *Samia ricinii* (Referred to as *Philosamia ricinii* in earlier occasions) is the only cultivated eri silkworm in the world. It is a multi-voltine silkworm with 4 to 6 broods a year. The cocoons are non-reelable and therefore spun into yarn looking like cotton. Eri cocoons are comparable to the cut/pierced mulberry cocoon in terms of value and do not stand well in comparison to mulberry culture in terms of return from unit area in southern India. But, it has been an integral part of the culture of Assamese and many others in the north eastern states and a few pockets in the adjoining eastern states where the pupae are relished cuisine at par with other meats; and the silk which is as warm as wool is used in making warm clothing particularly in the form of chadders. Though a large number of people cultivate eri silkworms, it is in a very small scale, often between 25-50 disease free layings (dfls) on nature grown food plants. Systematic cultivation of annual food plants like castor or tapioca exclusively for cocoon production remains uneconomical. Bulk of eri silk is produced in Assam and to a small extant in Bihar, West Bengal, Orissa and Manipur. Central Silk Board initiated intensive efforts to introduce eri-culture in the non-traditional states where castor and tapioca are traditionally grown for oil seed and tubers on castor and tapioca as a subsistence activity utilising part (25-30 percent) of the leaves by extending support for castor cultivation and start up tools.

Muga Silk:

12.13 Muga silk is obtained from the silk insect, *Antheraea asama*, which looks similar to the tasar silk insects. It is multivoltine with 5 to 6 broods per annum and feeds on a wide range of species of food plants, important of which are Som (*Persea bombycina*) and Soalu (*Litsea polyantha*). Though the silkworms are grown outdoors on the trees, mature silkworms crawl down the trees when they are picked up and placed on dry twigs serving as mountages indoors. This is cultivated extensively and almost exclusively in Assam and a few north-eastern states. The cocoons are fawn coloured while the reeled silk is of golden yellow.

INDIA'S POSITION IN WORLD SILK PRODUCTION IN GLOBAL CONTEXT

12.14 The world raw silk production has shown a gradual increase from 80,989 Mt. to 125,605 Mt. from the year 1998 to 2004. This is mainly because of the increase in the raw silk production by China to 102560 mt (81.65 percent). India's production has almost been stagnating at around 16,500 mt (around 13.1 percent) while there has been a gradual decline in most other countries. Chinese silk is still the cheapest and perhaps, the contributing factors to the cost price much favourable in China unlike in India.

The world mulberry silk and raw silk production is given in **Appendix –12.1 & 12.2.**

IMPROVEMENT IN PRODUCTIVITY

12.15 During the past decade a few highly productive breeds have come to use in India. The mulberry variety, V1 for the irrigated gardens has been reported to yield about 65 MT of leaf per hectare per year (i.e., the world's highest) with the recommended inputs at the most ideal situation and the CSR series of bivoltine silkworm breeds, which can yield international grades of silk (2A to 4A) and high productivity with a renditta of 6 (around 6 kg cocoons yielding 1kg of raw silk). It is claimed that about 65 kg of bivoltine cocoons are produced from 100 disease free layings (dfls) of CSR breeds on an average, while the multi-bivoltine hybrids, which constitutes over 90 percent of the silk production in the southern region, yields around 55 kg per 100 dfls. The fodder consumption also varies 8-15 kg per dfl by different breeds and correspondingly the cocoon production. It is possible to produce 2A or 3A grade silk from the CSR breeds using the improved reeling machinery coupled with improved package of practices. However, in the light of X Plan experience, it is to be seen that this increased productivity has been in limited areas and with those farmers who were either exposed to Government schemes or could adopt it otherwise. Consequently, this increased productivity has failed to make any significant difference in over all production. Cross breed production constitutes about 95 percent of the silk produced in India dominating the bivoltine silk production. Cross breed silk is very conveniently used on handlooms while bivoltine silk forms an essential requirement of power-looms at least for the warp and this is now being imported from China.

Table 12.1

Silk Production of India at a Glance:

Particulars	Unit	2001-02	*X Plan Target*	2002-03	2003-04	2004-05	2005-06 (P)
Mulberry							
Area	Lk. ha	2.32	*2.00*	1.94	1.85	1.72	1.79
Raw Silk							
Bivoltine	M.T.	840	*6,700*	685	609	893	971
Multivoltine	MT	15002	*17450*	13932	13361	13727	14474
Sub-Total:	**MT**	**15842**	***24150***	**14617**	**13970**	**14620**	**15445**
Non-mulberry							
Tasar Raw silk	MT	249	*450*	284	315	322	308
Eri Spun Silk	MT	1160	*1700*	1316	1352	1448	1442
Muga Raw silk	MT	100	*150*	102	105	110	110
Sub-Total		1509	*2300*	1702	1772	1880	1860
Total Raw silk	**MT**	**17351**	***26450***	**16319**	**15742**	**16500**	**17305**
Silk Waste							
Mulberry	MT	4655		4514	3764	3587	**3707**
Non-mulberry	MT	319		336	373	365	**297**
Total :	**MT**	**4974**	***4850***	**1702**	**4137**	**3952**	**4002**
Employment	**Lk**	**55.00**	*60.03*	**56.00**	**56.50**	**58.00**	**59.50**
Exports (Rs. crore)			**3200.0**	**2294.1**	**2779.2**	**2879.6**	**3158.2**

P: Provisional

SERICULTURE IN NATIONAL ECONOMY

12.16 Sericulture has been a labour-intensive agro-based industry with several activities like, food plant cultivation, silkworm rearing, silk reeling, twisting, degumming weaving, dyeing, printing and finishing and garment manufacturing. The industry is spread over several states. It has a long tradition in states such as Karnataka, Andhra Pradesh, Tamil Nadu, West Bengal and Jammu and Kashmir. It is at various stages of development in the non-traditional states such as Uttaranchal, Uttar Pradesh, Madhya Pradesh, Chattisgarh, Orissa, Bihar, north-eastern states, etc. The number of crops range from one to six in a year in different sectors and in different areas. Mulberry provides one crop in J&K and Uttaranchal, two in most other hill and temperate areas and 3 to 5 in rain-fed and irrigated areas in other states; and eri has a similar situation with 3-4 crops but only in rain-fed areas; tasar with 2-3 crops and muga with 5-6 (2-3 commercial) crops. Thus silk industry at production stage provided almost round the year employment in many areas. The processing part almost provides equal employment. With the present level of productivity every hectare of irrigated garden is estimated to provide full time employment to around 16 persons (5 – up to cocoon production, 9 – for reeling and 2 – for weaving) up to weaving and many more down the line. The activity from weaving, finishing, garment manufacturing, etc. has scope for huge value addition and exporting. In spite of a slump or stagnation in Indian silk production, the exports have been increasing year after year.

GROWTH RATE AND DEMAND FOR SILK

12.17 The growth rate of silk production in the country has been at around 8 percent per annum while the demand for silk has been approximately growing at 10 percent per annum. The demand for silk has been ordinarily arrived at by adding the imports to the domestic production and this is estimated to cross 33,500 MT by the end of the XI Plan.

12.18 The indigenous silk primarily caters to a strong and growing domestic market estimated to have an annual growth rate of 10percent. The weaving sector is estimated to consume over 26,000 MT annually. There has been an increase in the number of power-looms, which need good quality yarn and the shortfall is made good through import of yarn, especially from China.

RESEARCH AND DEVELOPMENT

12.19 Sericulture in India is a sustainable farm-based economic enterprise positively favouring the rural poor in the unorganised sector because of its relatively low requirement of fixed capital, and higher returns on investment. Several socio-economic studies have affirmed that the benefit-cost ratio of sericulture is the highest among comparable agricultural cash crops in the country. It generates a steady stream of income (on average, a net income of up to Rs 45,000 annually in about 4 to 5 splits, from one acre of irrigated mulberry) for its practitioner. Currently, about 6 million persons are employed in the silk sector. Export of Indian silk products during 2005-06 was valued at US $ 713.39 million, according to data supplied by DGCI&S.

STATE-WISE PROFILE OF THE INDUSTRY

Karnataka:

12.20 The silk industry has been in existence in Karnataka for over two centuries. All stages in the silk production process (silkworm egg production, rearing, reeling, throwing, wet processing and weaving) are well established in the state. The sudden increase in Mulberry area, cocoon production and raw silk production has put the state once again to acclaim. However the transaction of reeling cocoons has been varying over the years despite of maintaining its dominance. The state has enough reeling infrastructure to feed the cocoons for raw silk production.

12.21 It has a strong power-loom base. The majority of the units are in the 'small' category with 4 to 6 looms while there are a few units with about 60 to 80 looms. Handlooms are concentrated in Molakalmuru, Guledagudda, Illekal and Anekal, the power-looms are concentrated in Doddaballapur and Bangalore. Most handloom units have 1-2 looms. Most of the units in the private and unorganised sectors use the pit handloom (fly- and throw-shuttle). Some of the units use frame looms. Most of the looms are fitted with the Jacquard set-up. Karnataka has been a pioneering state in sericulture but because of its restrictive State Sericulture Laws, it could not take the proper benefits of the Central Schemes. The state needs to liberalize and remove the legal hurdles on the path of progressive development of sericulture in the state to withstand the onslaught of influx of Chinese silk.

Andhra Pradesh:

12.22 The state now produces at par with Karnataka. Mulberry sericulture is practised in the areas adjoining the Karnataka Plateau, especially in the districts of Anantapur and Chittoor. Andhra Pradesh has about 3510 Charkha (Basins), 183 Cottage Basins and 476 Multi-ends. In spite of appreciable progress during the X Plan, growth of sericulture in Andhra Pradesh has suffered from inadequate modern reeling units and also lack of market infrastructure. These two areas need special attention during the XI Plan. The state also produces Tasar silk. The tribals in Adilabad, Karimnagar, Warangal and Khammam districts cultivate Tasar.

12.23 The state has a strong traditional handloom-weaving sector. Silk sarees produced in Andhra Pradesh, especially in Pochampally and Dharmavaram, have made a mark in the Indian and export markets. For generations, weavers of Dharmavaram, Pochampally, Narayanpet, Gadwal, Proddatur, Rayadurg, Atmakur, Mudireddypalli and Peddyreddipalli have been producing sarees, which are known for their rich designs and texture. Some weaving clusters have also come up in Neerugattupalli in Chittoor district during the last five years. Since silk production in Andhra Pradesh is predominantly handloom based, there is a demand for filature for warp and *charkha* for weft. Wet processing technology in the State is unique to the type of weaving adopted. It varies from place to place. While Dharmavaram and Narayanpet require uniform dyeing, Pochampally has separate requirements because of its tie and dye technology. Wet processing is carried out in-house or in centralised dyeing units. In the Dharmavaram and Narayanpet belts, there are dyeing units which operate on a job work basis. In Pochampally, weavers dye their own yarn because of the tie and dye technology adopted. The ikat or tie and dye pattern requires that weavers print the design on the yarn, and tie and dye those portions where a specific colour is required, based on design requirements. Tasar weaving is concentrated mainly in the Mahbubnagar, Karimnagar and Adilabad districts.

Tamil Nadu:

12.24 Tamil Nadu is well known for its traditional silk sarees and *dhotis* woven on handlooms. The state has a commanding presence in the handloom sector. The other stages of silk production – twisting, reeling and rearing – are also present in the state. Tamil Nadu has 130 Charkha Basins, 862 Cottage Basins and 102 Multi-ends. The reported raw silk production is 739 MT against the existing capacity to produce 348 MT. Much of the activity is concentrated in the North and Northwestern parts of Tamil Nadu. In spite of appreciable progress during the X Plan, growth of sericulture in Tamil Nadu has suffered from inadequate modern reeling units and also lack of market infrastructure. These two areas need special attention during the XI Plan. More entrepreneurs are coming forward with requisitions for installation of Automatic Reeling Machines and with investments for Contract Farming.

12.25 Silk products, mainly sarees, woven on handlooms in Tamil Nadu are well known for their designs with motifs and *zari* work. The weaving sector is concentrated in Kancheepuram, Arni, Kumbakonam and Salem. There are silk handlooms in other places like Coimbatore, Madurai and Tirunelveli**.**

12.26 The handloom sector in Tamil Nadu has two different structural arrangements: (i) handloom weavers associated with master weavers, and (ii) handloom units associated with co-operatives. The master weaver set-up was the only structure prevalent earlier. The State Government encouraged the formation of weaver co-operative societies to prevent the exploitation of handloom weavers. Most of the units use pit looms (fly-shuttle and throw-shuttle). Some master weavers employ frame looms depending on the availability of space. Most of the looms are fitted with the jacquard set-up, which costs about Rs. 6,000. Weavers in Kancheepuram and Kumbakonam mainly use bamboo reeds whereas weavers in the Salem and Coimbatore regions use steel reeds. On an average, handlooms in Tamil Nadu consume about 25 kg of silk per year. The estimated annual requirement of silk in Tamil Nadu is about 1,500 MT per year. The handlooms mainly use *charaka* silk for weft (26/28 denier) and *charaka*/filature for warp (20/22 denier). However, depending on the centre and the product manufactured, the type of silk used varies. There is a large consumption of *zari* in Tamil Nadu weaving centres. The *zari* is not produced locally. The weaving sector in Tamil Nadu is exclusive and the co-operative set-up is said to be reasonably successful as compared to other states. Silk reeling has not developed significantly in Tamil Nadu. Reeling is mostly done on cottage basins and *charkas*.

West Bengal:

12.27 West Bengal is one of the traditional mulberry silk producing states. The complete shifting from the Local Nistari to high yielding Cross-Breed rearing over a decade in the state of West Bengal is a significant achievement in the Sericulture history. To sustain the change, the fast increase in the mulberry area with high yielding varieties, cocoon production and corresponding raw silk production justifies the purpose.

12.28 It ranks third in respect of the quantity of mulberry silk produced. Malda and Murshidabad and Birbhum are the predominant sericultural districts. While the bulk of the rearing and reeling activity is done in Malda, weaving is concentrated in Murshidabad. The main draw back is the difficulty in rearing breeds yielding high quality silk and dependency on Nistari race. Tasar is also produced in small quantities in the state. Reeling is mostly on Italian type reeling units. Tasar weaving is done mainly in Bishnupur. Other silk products include scarves, stoles, ties and products made out of *matka*, *ghicha* and spun silk. There are no significant wet processing facilities near the weaving enclaves. Screen and block printing of fabric is mainly concentrated in the Hooghly district, particularly Sreerampore near Calcutta. Special emphasis need to be given on the production of suitable races for the state so that it becomes self-sufficient in seed production.

Jammu & Kashmir:

12.29 Silk industry in Jammu & Kashmir is long-standing. Being one of the traditional silk producing states, sericulture was a major industry here even before independence, with silk being exported for parachute manufacture. But the rearing activity is seasonal (one crop a year) and on the trees from public places. There are many silk carpet-making units in Srinagar. The government-weaving factory (part of Jammu & Kashmir Industries) buys silk from its own filature in Srinagar, as well as from private weavers. Many private reeling units (all multi-end) are operated in the Jammu suburbs in addition to a few in Udhampur (about 10 basins). There are no *charaka*/cottage basin units in Jammu & Kashmir.

Bihar and Jharkhand:

12.30 Traditionally, Bihar and Jharkhand have been tasar producing states. Tasar culture is practised in 31 districts of these states. These locations adjoin the tasar belts of Madhya Pradesh and Orissa. Some of the important centres are Singhbhum (East and West), Bhagalpur, Santhal Pargana, Giridih and Ranchi. Castor is cultivated on the banks of the Ganges and other rivers. People growing castor found ericulture to be a natural extension of their activities to generate some additional income. Patna, Begusarai, Bhagalpur Purnia and Katihar are the main eri rearing districts. Bhagalpur is the main silk weaving centre. Other silk weaving centres are Godda, W. Singhbhum, Nawada and Dumka. Silk weaving is done mainly using handlooms. The looms are pit looms made of wood or bamboo. Some of these looms have dobbies, while most are plain. Framelooms are seen only at the Weavers Service Centre and some units under DOS. The different types of yarn combinations used for weaving are as follows: *Matka* x noil, noil x noil, spun x spun, spun x noil, noil x *katia*, mulberry x dupion, tasar x tasar, tasar x noil, tasar x spun, *matka* x *ghicha* etc. *Jhuri*, *balkal* and jute are also used in combination to produce furnishings and fabrics according to demand.

Kerala:

12.31 Silk weaving is relatively new to the state. Bivoltines are reared for seed production in some parts of Idukki district (Maraiyur).

Madhya Pradesh and Chattisgarh:

12.32 Madhya Pradesh and Chattisgarh have traditionally been known for the production of tasar cocoons and tasar fabric. The tasar fabric is popularly known as Kosa. Besides the reared variety of tasar cocoons, Chattisgarh also produces nature grown cocoons (Railey cocoons) in the sal forests of Bastar District. Tasar rearing is done in the districts of Raigarh, Bilaspur and Raipur. Mulberry sericulture has been a comparatively recent introduction and still continues to be a non-traditional activity. However, the agro climatic conditions are stated to be suitable for mulberry sericulture and it is therefore being promoted in 42 out of the 45 districts in the two states.

12.33 The weaving sector is dominated by handlooms. Tasar weaving is concentrated around Bilaspur, Champa, Raigarh and Chandrapur. Mulberry silk is used mostly by weavers around Chanderi and Maheshwar. The weaving sector is entirely in the private and unorganised sector. Most handloom units are small with about 1-2 looms. The looms in use are pit looms and average production is very low at around 2.5 mtr. To 0.5 mtr. Per day. Chanderi is popular for the thin variety of sarees which requires mulberry silk of 14-16 denier. Tasar weavers use imported China tasar silk for warp and local tasar yarn for weft. In most cases, the weavers themselves do the dyeing in their houses. There are small wet processing units in weaving pockets of Champa, Raigarh and Bilaspur.

Orissa:

12.34 The state has a strong tradition in weaving (mainly cotton), the main product being tie and dye sarees. Orissa produces tasar, mulberry and eri silk. Sonpur, Baragarh (Baragarh, Barapalli and Atabira) and Athagarh (Nuapatna) are the major silk weaving enclaves. Other important centres are Boudh, Balasore and Berhampur. There are no power-looms. Weaver families usually have 1 or 2 looms. Weavers operate independently or as part of weavers co-operatives which are organised under an apex society, the Orissa State Tasar and Silk Co-operative Society (OSTSCS). Independent weavers dye the yarn in their houses. The weavers' co-operative societies have dyeing facilities. Small quantities of yarn are dyed in open vats, mainly using acid dyes. Units under the co-operative societies mainly do mulberry reeling, although there are some private reeling units. The OSTSCS purchases cocoons from the rearers' societies and supplies them to these reeling units. Tasar culture is a traditional occupation of tribal people, who utilise about 2 million hectares of nature grown *arjun* and *asan* patches, which account for nearly 30 percent of the total forest land in the state. Daba is the main commercial crop. Nature grown Modal / bogai cocoons are also available.

Uttar Pradesh:

12.35 Climatic conditions in the districts of Gorakhpur, Deoria, Basti, Gonda, Bahraich, Pilibhit and Lakhimpur are favourable for the development of Cross Breed cocoons.

12.36 Tropical tasar rearing is practised on a limited scale by the tribals of Sonbhadra, Varanasi, Fatehpur and Sultanpur districts. The contribution of tasar silk to the total output of silk is negligible. Uttar Pradesh developed a number of mulberry farms in a big way during IX Plan. The state needs to take up sericulture seriously and come forward to make best utilisation of its sericulture farms in the state sector. Central assistance can be provided for such schemes.

12.37 Silk weaving is concentrated in Varanasi, Mubarakpur, Khairabad, Bhadoi and Mughal Sarai. In Varanasi and Mubarakpur, saree weaving is done predominantly on handlooms. There is, however, a difference in the composition and quality of cloth from these two centres. Silk powerlooms are located mainly in Khairabad. Some powerlooms are operating in Varanasi and Mubarakpur also. Bhadoi is the carpet weaving centre.

12.38 Yarn degumming, bleaching and dyeing is mostly done by the weavers in their homes. Dyes are available locally and also in small quantities. Different shades are prepared by the dye seller by mixing colours. There are a few fabric dyeing and printing units at Varanasi. The discharge technique is used for screen printing. Block printing is also done in Varanasi.

Uttaranchal:

12.39 Climatic conditions in the district Nainital are favourable for the development of Multivoltine and Cross Breed cocoons. The Garhwal and Kumaoun areas of the hill region are suitable for Bivoltine rearing. Temperate tasar is practised in Nainital, Pithoragarh, Almora, Chamoli, Pauri, Uttar Kasi and Tehri. The contribution of tasar silk to the total output of silk is not significant.

12.40 There is no tradition of silk weaving in Uttaranchal. Of late, a few NGOs like A.T. India and Avani started weaving in a small scale.

Rajasthan:

12.41 The Government of Rajasthan discontinued sericulture activity since June 1996.

Maharashtra:

12.42 The silk industry in Maharashtra makes its presence felt through handloom weaving and dye manufacturing. Major weaving centres in Maharashtra are Yavala, Paithan and Bhandara. Almost all of them are handloom units. Paithan sarees are said to be the heaviest of all sarees in India. Wet processing is done at Yavala, and Nasik. There are more than 1000 tasar weavers in Bhandara. Sarees and shirting material are the main products. The weavers generally produce raw fabric and sell it to the traders. Processing is done at Vorti under the Development Corporation of Vidarbha Limited (DCVL). Reeling infrastructure for mulberry is very limited. Major centres for mulberry and Tasar rearing are Bhandara, Chandrapur, and

Gadchiroli in Nagpur region. There is tremendous potential in Maharashtra and strong cooperative tradition, which need to be explored.

Gujarat:

12.43 Sericulture was practised in the districts of Surat, Valsad, Bharuch, Banda, Mehsana, Dang, Kheda, Panchmahal and Ahmedabad. The prominent activity related to silk production in Gujarat is *zari* making. Other activities are done on a very small scale. Gujarat State discontinued Sericulture activity from July, 2002 onwards.

Himachal Pradesh:

12.44 Himachal Pradesh is the only state producing univoltine mulberry cocoons in addition to bivoltine cocoons. Oak tasar was introduced in 1983 in the districts of Mandi, Kengre, Shimla and Solan on a small scale and later extended to other potential areas. Silk weaving in the state is in the nascent stage. The reeling infrastructure is also very limited. Mulberry plants are raised under rainfed conditions in bush/tree form around farmers’ houses, canal bunds, roadsides and land belonging to the forest department. The State has good potential for development of Oak Tasar silk with abundance of oak flora at various altitudes.

Assam:

12.45 Production of Muga raw silk is localized in Assam. The State is also a major producer of Eri silk. The muga raw silk production has seen a lot of ups and downs. Eri silk production has been on a gradual increase. There is a culture of rearing, reeling and weaving in small quantities at almost every house.

Meghalaya:

12.46 The climate suits for rearing of all the silkworm varieties. But the terrain is the limitation.

Manipur:

12.47 Manipur has very good scope for development of oak tasar, muga, mulberry and eri silk industries.

Mizoram:

12.48 Mizoram holds potential for development of all four varieties of silk.

Arunachal Pradesh:

12.49 A vast natural oak flora tract comprising oak species like *Quercus serrata, Q. semicarpifolia, Q. incana, Q. himalayana* etc. is available in the sub-Himalayan belt of the state. In addition, there is appreciable area under Muga and Eri food plants.

Nagaland:

12.50 The State has the tradition of culturing all four varieties of silk and has good potential for development and expansion of Eri, Muga and Oak Tasar sectors.

AMENDMENT TO CENTRAL SILK BOARD ACT:

12.51 The Parliament of India recently passed an amendment in the Central Silk Board Act making a provision to bring a regulatory mechanism for production and sale of silkworm seed in the country. This ensures i) production and sale of seed of authorized races only; ii) control on unauthorized production and trade; iii) Control and prevention of entry of untried and untested hybrids from other countries likely to be carrying diseases and other unknown risks. This enhances quality of seed and protects the interests of farmers by safeguarding against sudden crop losses and low productivity due to unidentified and un-guaranteed seed. Efforts would be made to expedite the formation and implementation of suitable Rules for the speedy development of Sericulture Sector.

PERFORMANCE OF THE SEGMENT DURING THE X PLAN

Financial Progress

12.52 The Government of India approved an allocation of Rs. 1164.16 crore for development of sericulture under the state and central sector programmes during the X Plan (2002-2007) against which expenditure incurred up to the end of 2005-06 has been Rs. 862.35 crore as per the break up given in the Table below:

Table 12.2
Financial Progress up to end of 2005-06

(Rupees crore)

Sl.No.	Sector	Outlay Approved	Expenditure Incurred

			(2002-2006)
1	State Plan Programmes	637.17	453.07
2	Central Sector Programmes*	526.99	409.28
	Total	**1164.16**	**862.35**

*Includes allocation of Rs. 76.99 crore approved by Government of India during March 2006.

12.53 The financial progress in respect of states is also given in the **Appendix – 12.3**

Physical Targets:

12.54 During the X Plan period, the thrust was on the Quality and Productivity in Indian Silk Industry. Out of a total production target of 26,450 MT of raw silk per year achievement could reach 17,305 MT by 2005-06 and expected to reach 18,653 MT by the end of the X Plan period. The shortfall is due to shortfall in Mulberry Bivoltine Raw Silk Production, in spite of the fact that this was the prime focal area of the X plan with substantial financial support. However, achievement is very close to the target of non-mulberry silk production of 2,300 MT of which 1,860 MT could be achieved by the end of 2005-06. By the end of the X Plan Period it is expected to reach 1953 MT.

Employment generation:

12.55 It was envisaged that 60.03 lakh persons will be employed in the silk industry. By the year 2005-06, the employment has touched 59.50 lakhs and is expected to reach 60 lakhs by the end of X Plan.

Exports:

12.56 During the X Plan, a target of Rs. 3200 crore was fixed, so far the exports have reached Rs. 3158.16 crore at the end of 2005-06 and it is expected to reach the target by the end of X Plan period. However the contribution to this seems to be from the specialized items like upholstery, furnishing material and specialized vanya silk products and a little from the indigenous bivoltine silk. The contribution of Central assistance and Central Schemes being implemented by CSB in the export growth however has been only marginal.

Sericulture schemes implemented during X Plan:

12.57 During the X Plan 30 schemes commonly called, 'Catalytic Development Schemes' were sanctioned at an outlay of Rs. 180.98 crore and as per the mid-term appraisal an additional 17 components under EFC/CCEA particularly for improvement of Bivoltine silk production were approved by GOI at a total cost of Rs. 76.99 crore of which a sum of Rs. 63.49 crore was meant for implementation of CDP. Thus the total revised outlay for implementation of CDP during X Plan has been Rs. 244.47 crore against which the actual expenditure incurred was Rs. 199.11 crore till 2005-06, which registers 81 percent of achievement.

12.58 Most of the schemes under Mulberry sector have progressed well registering an off-take of Rs. 123.97 crore (127 percent) against an outlay of Rs. 97.54 crore. The off take was primarily due to the essential nature of the components such as plantation, rearing house, appliances, etc. and suggested for continuation during XI Plan.

12.59 Four schemes were implemented under Tasar registering an off-take of Rs. 11.70 crore (72 percent) against a total outlay of Rs. 16.36 crore. All are essential schemes and need to be continued during XI Plan.

12.60 In Eri, three schemes were implemented with an off-take of Rs. 12.16 crore against an outlay of Rs. 2.52 crore registering an increase of 483 percent. The increase in progress is mostly due to construction of rearing houses which is an essential part of the activity and hence to be continued for the XI Plan. The one-time assistance for raising eri food plants can be restricted to perennial trees only. However, the assistance for rearing house and appliances need to be provided for all.

12.61 In Muga, four schemes were implemented at an outlay of Rs. 11.57 crore with a utilization of Rs. 12.12 crore registering a progress of 105 percent. All these are essential components and hence are continued during XI Plan.

12.62 Under Post-Cocoon sector, the total outlay was Rs. 50.39 crore of which an amount of Rs. 27.84 crore was utilized registering a progress of 55 percent. The reeling sector could not take of because of excessive difference on subsidy during IX Plan and lack of initiative and motivation on the part of CSB to implement the schemes. This is only due to low off-take of multi-end reeling machines. Non-availability of sufficient quality Bivoltine cocoons at reasonable price; and returns not commensurate with the high investment on machinery.

12.63 The following schemes were approved during March, 2006 and considerable progress is expected by the end of the plan period and hence recommended for continuation during the XI Plan.

- Assistance to Private Silkworm Seed Producers

- Setting up of Eri Raw Material Bank
- Setting up of Automatic Reeling Machines
- Establishment of Cottage Basin Units
- Establishment of Hot Air Drying Chambers / Ushna Kothis
- Scheme to dissuade Child Labour with use of Improved Technologies
- Common Facility Centre for Yarn processing
- Promotion of Improved Handlooms developed by CSTRI, Bangalore
- Setting up of Common Facility Centre for Yarn Production linked to Mechanised Spun Silk System
- Support for Byproduct utilization
- Establishment of Vanya Silk Market Promotion Cell

Achievement Gap:

12.64 The area under mulberry has gone down in the beginning of the X Plan period due to continuous drought resulting in shifting of the cropping system from mulberry to horticulture crops requiring less quantity of water. Added to this, the dumping of Chinese silk has brought down the price of Indian silk below economic threshold level.

12.65 The shortfalls in the production of Bivoltine silk was mainly due to:

- Insufficient adoption and proliferation of Technology Packages developed through R& D efforts
- Almost no conspicuous effort to increase the area under mulberry
- Fragmented and adhoc approach and non-involvement of private partners in a big way in seed production, farming and reeling
- Non-penetration of the schemes to the desired level
- Improper forward and backward linkages
- Dumping of cheap Chinese raw silk and fabric etc.

Lessons from the past:

- The slow growth in raw silk production in spite of increase in production parameters clearly suggest that unless the area under food plant cultivation is increased substantially, no break through can be achieved in the production targets.

- Cocoon production being the most profitable agriculture activity, with about 57 percent of the total value in the silk chain, this should have been an attraction for the private sector (farmer and industry) in a big way. This opportunity was not exploited properly.
- The total Government Spending during IX Plan was Rs. 384.04 crore and the allocation during the X plan was 526.99 crore. We need to devise schemes where involvement of private investment and also more credit inflow increases and the contribution of the Government spending / subsidy gradually decreases.
- In spite of many years of planned intervention silk remains as an elitist fabric. Consciously it is to be aimed at making it a ‘common man’s fabric’. This can be primarily achieved through cost reduction, increased production volumes and price rationalization and innovative use of silk in daily life.
- Sericulture has largely remained restricted to the southern states and even conscious efforts to spread the activity across the country have not yielded desired results so far.
- Approach so far has been somewhat piecemeal. Sericulture should have been tried to deserve as a self contained activity with all its value addition stages like cocoon production, reeling, spinning and weaving etc. in the form of clusters in particular area / district or state.

Road Ahead:

12.66 In order to increase the production of raw silk, there is a need to increase the area under cultivation in both traditional (particularly in the non-traditional areas) and non-traditional states with increased productivity as the main focus. The following are the necessary steps in this direction.

- Mapping of potential sericulture areas in the country, creation of marketing facilities in the non-traditional states and also the new areas in the traditional States and planning for each area based on its requirements and potential.
- Identification of areas for bivoltine and hybrid cocoon production both in mulberry and non-mulberry sectors and intervention with a selective approach based on the potential of the area.
- Promotion of Vanya silk and, if need be, formation of a special cell in CSB to be constituted at some non-traditional states to monitor the promotion of Vanya silks.

- Analysis of the causes for decline in the sericulture area and reclaiming such areas/farmers for reintroduction in sericulture by devising innovative schemes and packages for the same.
- Popularization of the cost benefits advantage of sericulture in a concerted manner through direct contact with villagers.
- Expansion in the numbers of extension and technical service centres with the assistance of State Governments / NGOs / Private sector so as to disseminate the knowledge to the fields speedily.
- Expansion of cluster approach and Institute Village Linkage Programme (IVLP) in all the new areas and also in all non-traditional states and focusing our attention on such areas with a 'project' approach.
- Planning for creating matching reeling capabilities by use of multi-end and automatic reeling machines for each sericulture area in the private and cooperative sector
- Proportional increase in the seed producing capacities and chawki rearing centres by way of expansion of the schemes in private sector
- Dovetailing the sericulture programme with schemes of other Ministries like SGSY and the schemes of the State Governments etc. in a big way

12.67 Association of Private Sector and especially the major agro-based industries in both pre-cocoon and post-cocoon segments is essential and this should be a thrust area under the XI Plan. This can be achieved through:

- Inviting and facilitating industries like ITC, Duncan, Moncento and other medium and small corporate sectors in the production of cocoons by way of Contract Farming on the pattern of Sugarcane and Cotton. The required changes in the land laws, if necessary, are to be brought urgently. Special schemes are to be envisaged for it.
- Promotion of cooperative sericulture practices on the patterns of sugarcane. Special schemes are to be envisaged to achieve it. Some special incentive can be provided to develop "Co-operative" efforts.
- Participative association rather than subsidy oriented involvement of the private sector.

12.68 Promotion of silk as a common man's fabric involves:

- Increase in production volumes as above

- Blending of silk with other cheaper fibres
- Rationalisation of prices of raw silk year by year with steps like silk grading
- Selective imports whenever necessary

12.69 In order to make best use of strength of all the four varieties of silk in the country, research and development in the areas of reeling, twisting, spinning and blending needs to be focused. It may create exotic fabrics which may be used for furnishing, carpets and other dress material. Such R&D projects should be launched with the association of the industry and also the NIFT. Thus instead of only following the existing trends in foreign demand, attempt should be made to change and promote Indian trends in the foreign markets. To this end, if need be, a 'Product Development Cell' with CSB exclusively for the job may be created and supported with sufficient budget for R&D.

12.70 With the passing of the amended Central Silk Board Act in the Parliament, it also needs to be seen if restrictive practices of state laws in the area of marketing of cocoon, too, need intervention. Suitable rules should be framed and implemented early to reform the system.

12.71 In the name of IT initiatives, funds have spent on futures trading and hardware purchases without desired results. The IT initiative should first focus on interlinking of various markets in the country on a portal of CSB where rates of cocoon and yarn should be available on daily update basis for the benefit of farmers and also measures which could directly increase productivity and efficiency. This should primarily be done with the assistance of NIC which has substantial expertise in the field.

12.72 Sericulture requires larger doses of technical expertise at all stages. This is possible by way of expanding the geographical presence of sericulture with extensive support from trained extension workers. Any Technology Mission in the area should actually devolve substantial funds on R&D and extension network following 'Cluster' and 'Lab-to-Land' approach. This should be done as far as possible without increasing the number of Government employees and by using contract system and other innovative methods. Any administrative hurdle in this regard should be removed. There is need to envisage new schemes in this direction under the proposed Technology Mission and also the XI Plan.

12.73 There are other micro-level and subject specific suggestions available with CSB based on various studies/consultations and research done in sericulture and it would be worthwhile if at least those suggestions are implemented which are found fit, while formulating and implementing the schemes under the XI Plan.

12.74 Though Indian breeds are having potential to produce the same quality of Bivoltine silk as that of China, there has been lack of sufficient thrust on the adoption of improved technologies, strict disease control measures, lack of quality leaf due to insufficient inputs to mulberry garden, use of young age silkworms, appropriate mountages and lack of grading system for cocoons and quality based pricing system. The success of Chinese sericulture is due to extensive pushing of technologies through an organized effort and extensive use of organic inputs which maintain the soil health and therefore a healthy crop. The experience of Japan International Co-operation Agency (JICA) Project and the Institute Village Linkage Programmes in Southern India has shown similar results with Bivoltine. It is therefore, suggested to replicate the models through a cluster approach in all other places.

It involves –

- Large-scale Bivoltine seed production
- Supply of chawki worms to all Bivoltine farmers
- Supporting the farmers with required infrastructure like rearing house and improved rearing appliances under the existing CDP schemes
- Extensive training and demonstrations by bringing the active participation of Self Help Groups and Expert Farmers
- The efforts shall be on a cluster basis which include a grainage linked to Chawki Rearing Centres (CRCs), Expert Farmers and Commercial Farmers and the Reelers.

SETTING FOR THE ELEVENTH PLAN

SWOT Analysis of Indian Silk Industry:

Mulberry Sector

Strengths:

- One of the most profitable activities in rural sector
- Comparative advantages such as large production base, availability of skills, land and labour, easily adoptable technologies
- Fairly established infrastructure, silkworm breeds, proven farmer – friendly technologies
- Short gestation period
- Favourable agro-climatic conditions and sustainable technologies

- Strong domestic demand coupled with use of silk garments on festive occasions
- Tradition of creating exclusive designs and items having niche market
- Popularity of hand woven silks in the west which have no threats of quota like other fibres
- India holds a monopoly in the production of yarn dyed silk fabrics
- Availability of indigenous technology at low cost

Weakness:

- Handling live biological material always involves risk
- Inconsistency in output quantity and quality due to natural vagaries
- Poor technology transfer and extension support
- Inadequate market linkages in states other than Karnataka
- Highly decentralised with small and scattered production
- Poor credit from financial institutions
- Obsolete equipment with low productivity and quality
- Thin fluctuating margins resulting in lack of focus on modernization leading to poor quality of the produce
- Dwindling family skills due to shifting for remunerative employment
- Lack of quality consciousness
- Extreme fluctuations in cocoon and raw silk prices

Opportunities:

- High rural employment potential
- Discontinuation of silk production by developed countries due to high cost of labour
- Development of marketing avenues for silk products
- Increasing domestic consumption of silk which is expected to reach 35,000 MT in next few years
- Shifting of garment manufacturing from Western Europe to Asian countries due to high labour cost and the garment export from India has been increasing steadily

Threats:

- Falling prices due to dumping of Chinese silk and fabrics
- Inability to meet the changing quality requirements
- Small reelers and weavers are dependant on mahajans for whom they work on piece rate basis often subject to exploitation

- Heavy dependence on single source of imported silk for exports is risky.
- The indigenous silk is more expensive than the Chinese silk and imposition of antidumping duty is a temporary relief and subject to revision and a serious potential threat
- Lowered water table and prolonged drought

Non-Mulberry (Vanya) Sector

Strengths:

- Rearing on nature-grown host plants keeps off the cultivation cost
- Abundance of manpower in the tribal areas
- Availability of natural population which forms a sizable collection of tasar cocoons
- Augments the earnings of the tribes in the forest areas
- Strong market demand for vanya silk products,
- Natural colours are preferred and hence there is less pollution from the use of dyes
- Niche market for the traditional products

Weaknesses:

- Wild varieties are prone to natural vagaries,
- Deforestation leading to reduced availability of food plants
- Non-amenability of some high productive eco-races to human handling
- Inadequate silkworm seed supply
- Limited opportunities for breeding better breeds
- Out-dated reeling appliances with low productivity and hazardous reeling practices
- Lack of interest on the part of the State Governments
- Meager state budget for sericulture
- Lack of initiatives in new designs and product diversification,
- Exploitation of the primary producers by middlemen or traders
- Lack of efficient technology transfer system

Opportunities:

- Low production compared to its demand
- Generates rural employment
- No competition from heavy industries
- Attractive market potential

- Huge manpower availability in the silk growing areas
- High skills in weaving and designing
- Special attraction for the natural golden luster of muga silk

Threats:

- High production cost
- Outdoor rearing results in uncertainty in crop output
- Deforestation and reduction in food plant resources
- Reeling and weaving are done on primitive appliances leading to poor quality and productivity besides being hazardous to health
- Lack of awareness about the consumer demands due to their confinement within the area

TEXTILE POLICY OF GOVERNMENT OF INDIA:

Focus will be on achieving international standard in all varieties of silk. Steps will include:

- Improving Research & Development and the effective transfer of technology at all stages;
- Considerably improving the production of non-mulberry varieties of silk;
- Augmenting efforts for the spread of bivoltine sericulture;
- Encouraging clustering of activities of reeling and weaving and strengthen linkages between the producers and industry;
- Periodically reviewing the import policy for raw-silk taking into account the balanced interests of the sericulturists as well as export manufacturers.

Grounds Set for the XI Plan:

- Large scale expansion of the production base through expansion of area under silkworm food plants to the potential non-traditional areas
- Tapping and promoting raising silkworm food plants in unused or waste or degraded lands belonging to Panchayats, forest and other entities
- Developing the unused silk farms and other seed production and reeling infrastructure available with the State Governments and putting them to use
- Following selective approach for various types of silk cultures and practices based on regional differences

- Involvement of large private entrepreneurs to the seed production cultivation and reeling and allied activities promoting contract farming
- Promoting Public-Private Partnership in innovations, development and transfer of technology
- Inter-linking of various activities in sericulture and allied activities through a cluster approach
- Involvement of SHGs, Panchayats and also voluntary organizations in the sector and other local bodies and bankers in the development process
- Development of poorer sections by providing assistance to upgrading lower versions of machinery consuming lower quality cocoon and yarn adding value to the product
- Development of small entrepreneurs for production and supply of biological inputs, or services required in the silk industry
- Product diversification and innovation of new products of curiosity and attraction
- Generic promotion of silk and brand promotion
- Promoting traditional crafts and ethnic designs of indigenous origin in the major markets inside and outside India

APPROACH TO THE XI PLAN

Aims:

- To enlarge employment opportunities, income and sustainable livelihood in rural areas through expansion of area under silk production
- To increase the production, productivity and quality of silk through transfer of technology and modernising various sections of the industry
- Exploit the full potential of sericulture developing the linkages through cluster approach
- To bring in large scale private participation and private investment in promoting the silk industry
- To optimise the output of human power through knowledge and capacity building
- To improve the productivity of silk per unit area of land
- To enhance the quality of silk produced at economically viable costs to substitute import of raw silk
- To innovate high end exportable products to boost exports and thereby the national economy

Goals for the XI Plan:

- To enlarge the annual raw silk production base to 26,000 MT
- To enlarge the area under mulberry silkworm food plants to 2.50 lakh ha by adding 0.50 lakh ha
- To provide remunerative employment to about 77.04 lakh persons
- To optimize the out put of the human power engaged in silk production
- To raise the average national mulberry silk productivity to 100 kg/ha per year from the existing 85kg
- To bring down the cost of production of mulberry raw silk closer to that of imported silk yarn
- To increase the production of non-mulberry silk yarns to an average of 150 gm from the existing 125 gm per person-day
- To enhance export earning to Rs. 4,500 crore per anuum

Production Targets:

12.75 To reach the production target of the plan by 2011-2012, majority of the plantation activity should be over by the 3rd year since mulberry takes at least 2-3 years to reach optimum yield and tasar and muga food plants take around 5-7 years. The details of production targets are presented below:

Table 12.3

Year-wise Raw Silk Production Targets for XI Plan:

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Mulberry Area (lakh ha)	2.00	2.15	2.30	2.45	**2.50**
Mulberry Raw Silk (mt)	17975	19030	20180	22200	**23000**
(Bivoltine) (mt)	(1880)	(2380)	(3015)	(4500)	**(5000)**
Non-mulberry					
Tasar Raw silk (mt)	350	365	380	395	**420**
Eri Spun Silk (mt)	1890	1990	2120	2175	**2390**
Muga Rawsilk (mt)	160	165	175	180	**190**
Total Raw silk (mt)	**20375**	**21550**	**22855**	**24950**	**26000**
Employment (lakh)	**64.11**	*66.98*	**69.64**	**74.16**	**77.04**
Exports (Rs crore)	3770	**3970**	**4150**	**4325**	**4500**

Units: Area in lakh hectares; Raw Silk in Metric Tones; Employment in Lakh Persons; and Exports in crore Rupees.

Figures in the last column (2011-12) represent the XI Plan targets.

12.76 The state-wise projection of targets for mulberry sector and vanya raw silk is given in **Appendix – 12.4 & 12.5**

12.77 The possible growth rate has been worked out through regression analysis. But the area under mulberry has been worked out cautiously on the fact of the growth rate of food plants adding some convenience to reduce the burden.

Benchmarking for XI Plan:

12.78 **Mulberry Sericulture**: It is proposed to increase the area under mulberry by 50,000 ha to reach 2.5 lakh ha, 80 percent of the new mulberry gardens, i.e., 40,000 ha will be under irrigation (IG) and 20 percent (10, 000 ha) will be under Rain-fed system (RG)

- **Each ha of IG yields 30 MT of leaf**
- **Each ha of IG yields 1200 kg of cocoon @ 1 kg / 25 kg leaf**
- **Each ha of IG yields 150 kg of raw silk at a renditta of 8**
- **40,000 ha of IG should yield 6000 MT of Raw Silk**
- **Each ha of RG yields 8 MT of leaf**
- **Each ha of RG yields 320 kg of cocoon @ 1 kg / 25 kg leaf**
- **Each ha of RG yields 40 kg of raw silk at a renditta of 8**
- **10,000 ha of RG should yield 400 MT of raw silk**

Thus the new plantation should add at least 6400 MT of mulberry raw silk.

Brushing Capacity of per ha (Dfls)/Year for Cross Breed

Irrigated:	2000
Rainfed:	1000

Brushing capacity for Bivoltine/ha (dfls)

Bush Plantation:	1500
High Bush / Tree Plantation:	500

12.79 It requires 9.0 crore dfls of cross breed and 3.2 crore bivoltine dfls to reach the targeted silk production. It requires 45 CB grainages and 22 BV grainages.

Requirement of Reeling Infrastructure:

12.80 Reeling Sector has seen a poor growth during X Plan. To produce 7000 MT of raw silk expected at the end of XI Plan about 1620 reeling units of various capacities (40,000 ends) are needed. It is estimated that there are 25,000 cottage basins / filature units in the country with an average age of 8 years and average holding size of 8 basins. Likewise, there are around 1, 82,000 handlooms and 30,000 power-looms with an average age of 15-20 years. There is a need to upgrade these sectors so that quality products can be produced at competitive prices. About 20 percent improvement in productivity in addition to yarn quality can be achieved by upgrading the old machines. Additional Production of raw silk to the tune of 7000 MT will feed to 80,000 handlooms and 20,000 power looms / shuttles looms for converting it into superior grade of fabric. Therefore there is a need to upgrade the Handlooms, Power looms and wet processing sectors.

12.81 It is necessary to support non-mulberry reeling/spinning activity to improve the productivity and reduce drudgery. It requires introduction of motorised dupion machine to reduce drudgery and improve production and quality. Moreover conscious effort would be made to utilize resources from schemes like TUF and other such schemes from the small and village enterprises sector, which has not been tried during the X Plan.

Non-Mulberry (Vanya) Sericulture:

12.82 It is estimated that one hectare of oak plantation can yield about 6 kg of silk in the sole crop while the tropical tasar food plants can yield around 12 kg in two crops. Muga with two commercial crops can also yield around 16 kg of raw silk per hectare. Ericulture in the North Eastern states gives about 25 kg of spun silk per hectare. They largely depend on nature grown food plants with total leaf harvest.

12.83 Ericulture in the non-traditional states based on castor or tapioca which is primarily grown for oil seed or tubers, 250-350 dfls can be reared per hectare per year, by harvesting 25-30 percent of the leaves, which can yield about 6-8 kg of spun yarn / ha. If spun on mill it will be 5-7 kg only. The following benchmarks have therefore been set for non-mulberry:

Table – 12.4

Bench Marks for Non-mulberry:

Details	**Unit**	**Tasar**		**Muga**		**Eri**		OakTasar	
PLAN		**X**	**XI**	**X**	**XI**	**X**	**XI**	**X**	**XI**
Dfl to dfl ratio		1:4	1:8	1:3	1:7	1:40	1:45		1:3
Uptake of dfls/ha	No.	225	400	1500	2000	550	1000		400
Cocoon yield /dfl	No.	35	55	50	60	0.07 kg	0.09 kg	20	30
Standard norms to produce 1 Kg silk									
No. of cocoons		1800	1800	5500	5500	1.40 kg	1.40 kg	4000	4000
Raw silk	Kg	1	1	1	1	-	-	1	1
Ghicha/Spun	Kg	0.40	0.40	0.8	0.7	1	1	0.3	0.3
Fabric/kg	Mtrs	11	11	11	11	6	6	10	10

Tasar Sector:

12.84 Seed: The envisaged tasar silk production requires about 1.13 crore. It is necessary to plan for bridging the gap of 0.34 crore of commercial dfls. This requires upgrading 8 Basic Seed Multiplication and Training Centres (BSM&TCs) as Nucleus Seed Stations. These BSM&TCs will be assisted with necessary input support, which includes strengthening of existing buildings, construction of grainage houses and providing equipment along with plantation support. Alternatively, some of them can be sanctioned to the NGOs or SHGS having expertise in this field. They can be further trained at the CSB Institutions and the units maintained under close supervision of the experts.

12.85 In tasar sector, the basic seed supplied by CSB is not multiplied to the desired level of multiplication at the state level. Present level of multiplication is less than 1:3 against the target of 1:10 and it is necessary to achieve the minimum multiplication ratio of 1:8 in tasar to bridge the wide gap between demand and supply.

12.86 It is envisaged to support 1000 Private Graineurs and 10 Pilot Production Centres (PPCs) under tropical tasar sector. In oak tasar sector, 15 grainages, 1500 seed and commercial rearers will be supported to produce the required quantity of quality commercial dfls.

12.87 **Plantation and Cocoon Production:** Though tasar rearing is largely done on forest trees, systematic plantation closer to the villages can provide good support for tasar culture besides providing a green cover. It is therefore targeted to raise 10,000 ha under tasar food plantation. It is proposed to take the help of the Local Gram Panchayats, Forest Protection

Committees (Vana Samrakshana Samithis), SHGs at village level, Forest Department, NGOs, etc. for the purpose. Wherever possible, the schemes for development of tasar food plants will be dovetailed with the aforestation schemes of the Department of Forest and Environment. Chawki rearing with good care in compact area has been a good approach to check loss at younger stages and improve the overall performance. It is therefore proposed to support 15,000 farmers for raising and maintenance of chawki garden. On similar grounds, it is proposed to raise 1500 ha of oak tasar food plantation.

Eri Sector

12.88 Seed Support: The requirement of seed has been estimated to be 3.37 crore. The present production is 2.39 crore and facilities need to be developed for the additional of 0.98 crore dfls. To produce the additional dfls, 5 SSPCs will be strengthened or set up during XI Plan. These SSPCs will be assisted with necessary input support, which includes strengthening of existing building, construction of grainage houses and providing equipments along with plantation support. To increase the quality eri silkworm seed in the country, the Eri Silkworm Seed Organisation (ESSO) will be strengthened. To produce the additional dfls, the 5 Eri SSPCs will be assisted with necessary input support, which includes strengthening of existing building, construction of grainage houses and providing equipments along with plantation support. It is also envisaged to support 2000 Eri Seed Rearers / Pvt. Graineurs, 50 Eri Farm cum grainages to produce the additional quality dfls in the country.

12.89 **Plantation and Cocoon Production*:*** When cultivated, only perennial food plants proved economical. They include kesseru, payyam and barkesseru (specified species only). However, no specific target has been kept. Outside northeastern region, Castor and tapioca are grown as agriculture crop for oil seed and tubers. Hence there is no need to provide support for cultivation of these species on a regular basis. It is proposed to enhance their income by partial utilisation of leaves (up to 30 percent) for ericulture without affecting the yield of the primary crop. It needs support for rearing appliances and rearing shed. It is envisaged to cover 4800 ha (12,000 acres).

Muga Sector:

12.90 **Seed:** The seed requirement to reach the production target is estimated to be 1.30 crore. The present production is around 1.05 crore and an additional 0.25 crore commercial dfls have to be prepared per annum. This needs strengthening of the existing P4, P3, and SSPC units of MSSO. The proposed support includes strengthening of existing building, construction of grainage houses and providing equipments along with plantation support. In addition, it is necessary to support 700 Muga Private Graineurs, 20 Muga Farm cum grainages to produce the additional quality dfls in the country.

12.91 **Plantation and Cocoon Production*:*** It is envisaged to raise 4000 ha (10,000 acres) of muga food plantation during the period. For this, 500 farmers will be assisted for raising nursery for muga food plants.

Approach for Achieving the Goals:

12.92 **Region-Specific Approach:** The agro-climatic, demographic and other factors vary greatly from region to region. Different areas are suited for different types of silkworms and different breeds or different practices. The practices also vary with the terrain.

12.93 **Mapping and Selection of Suitable Areas:** The selection of the enterprise, the practices etc. are on a **region specific approach**. It shall be on the basis of i) suitable soil; ii) temperature (between 20^0C and 35^0C at least for six months in a year); iii) irrigation facilities or good rainfall spread over 7-8 months; iv) wage pattern; v) dependency on agriculture and agro-enterprises; vi) competing crops; vi) amenability of the target groups to learn, systematise and potential entrepreneurial qualities; viii) facilities for quick transport of the green cocoon to potential reeling clusters; potential market areas, etc. By following the approach, it is possible to plan the allocation of the funds prudently. While the efforts shall be to tap all possible non-traditional areas, we will be cautious in entering new areas. The food plant species or varieties, silkworm breeds or races, the cultivation practices, etc., have all been well defined for different regions, which will be followed.

12.94 **Project Mode Approach:** All the development activities shall be on a project mode with clear goals, measurable targets, resources, and time schedule based on established facts and defining the project area. The activities and their measurable outputs shall be monitored and reviewed on a pre-drawn Project Design Matrix providing required guidance and direction to implementing persons. CSB shall provide its expertise to the Department of Sericulture and all implementing partners to this extent. A pool of CDP schemes shall be chosen along with suitable modification to be dovetailed into the project. The Centrally Aided projects can be dovetailed to the state projects or the projects of other Ministries such as Ministry of Rural Development, Ministry of Agriculture and Cooperation, Ministry of Forests and Environment, and also the other sectors in the Textiles, like Handlooms, Powerlooms, etc. which provide critical forward linkages to Sericulture Sector.

12.95 **Cluster Approach:** This works well in the under developed and new areas and require extensive efforts in organising various inter-linked groups in the supply and beneficiary chain. It is essential to involve and plan from the village panchayat level, taking help from the reputed Voluntary Service Organisations, Rural Development Agencies, Financing Institutions, etc. from the project formulation stage to facilitate organising producer groups and integrating them into the production chain to reach a marketable end product within the geographical niche. This essentially involves grouping and organising a large number of (around 200-250) primary (cocoon) producers, reelers & twisters, weavers and all others involved in processing, trading, etc. including allied activities. CSB would implement the schemes of Pre- and Post Cocoon sectors in the form of clusters and not in any scattered manner. Each cluster would have its own reeling and marketing forward linkages. Old clusters too would be provided with these forward linkages.

12.96 **Public-Private Partnership Enterprises in Sericulture:** The interests of different partners in this system when joined together can have a synergistic effect. This can be very useful in developing working economic or commercial models through which the technology can refine and penetrate easily. This can be useful in R&D institutions as well. Developmental programmes can be dovetailed to the CDP Schemes while R&D programmes can be taken with collaboration between the Institute and the Entrepreneur. CSB would attempt to ensure at least matching private resources in the sector as its own Plan size.

12.97 **Cooperative Farming:** It is proposed to organize the activities particularly in the new areas under cooperative system on line with cotton, sugarcane and dairy. The purpose is to bring all essential linkages into the system to organize sericulture as an economic activity. The help of reputed NGOs, the local authorities, Financial Institutions etc. are essential to organize this activity. Funds can be taped from Ministry of Rural Development and other similar Departments, which can be dovetailed to CDP Schemes.

12.98 **Contract Farming:** To keep up the production and quality at international standards, it is necessary to make large investments in seed production, farming, reeling and processing. It is also possible to link up large number of small farmers to few large entrepreneurs capable of making huge investments and organizing as in castor cultivation, sugarcane cultivation, etc. This requires heavy dose of technical inputs for capacity building. The help of NGOs and other rural development organizations, Banks etc. can be taken and the CDP components dovetailed to this. Providing the required inputs, maintaining the quality, monitoring and marketing is much easier in this system. Large bivoltine grainages, chawki rearing centres automatic or multi-end reeling units can be an integral part of this system.

12.99 **Inviting Large Entrepreneurs:** It is proposed to bring in large investors in Silkworm seed production and reeling activities with latest facilities including all linkages. The existing CDP Schemes can be availed for these activities. It is also proposed to keep the scheme for Establishment of Large Bivoltine Grainages or upgrading the infrastructure for bivoltine seed production open for State Departments and suggests CSB to upgrade some of their seed production centres for bivoltine seed production.

12.100 **Institutional Credit:** During the X Plan, the credit requirement was estimated around Rs. 430.00 crore (including Rs. 400.00 crore for On-Farm Sector and Rs. 30.00 crore under Non-Farm Sector). The credit flow during the first three years of the Tenth Plan was Rs. 43.92 crore, which is insignificant even in comparison to other sectors within textiles. During Eleventh Plan, it is suggested to operationalise credit linked subsidy schemes to enhance the credit flow and generate additional resources.

12.101 **Information Technology:** It is proposed that CSB shall concentrate on networking of various cocoon and silk markets, information on the availability of raw materials, market trends, etc. on its website for the needy ones. Information required for stakeholders in silk industry can be placed including some technical bulletins useful for the extension workers, farmers and other stakeholders. IT would be used to increase productivity in this sector and increase the efficiency of the delivery system without any wasteful expenditure. Existing infrastructure of NIC shall be utilized in all possible manner and an NIC Cell shall be started in CSB on the pattern of Government of India and other Government Institutions.

12.102 **Market Initiatives:** The Ministry has sanctioned establishment of Vanya Silk Marketing and Promotion Cell (VSMPC) at a total cost of Rs 3.05 crore as additional inputs under CDP during March 2006. CSB has initiated action to take collaborative projects with NIFT, NID, Army Institute of Fashion Design (AIFD), Tirpur Exporters Association (TEA) to undertake market survey, develop new products based market demand and changing fashion trends. Vanya Silk Shops are under establishment in New Delhi and Bangalore to provide network and market support to the NGOs producing Vanya silk from the interior parts of the country. Exhibitions are being organized in different cities as a part of “Brand Promoting Exercise” to provide market avenues for the Vanya silks.

12.103 **Support for Cocoon Banks:** Marketing is a major problem in non-mulberry sector and in non-traditional areas. Similarly, tasar cocoons are produced in one or two seasons and the cocoons are purchased by the mahajans exploiting the farmers and also that the raw material is not available to the reelers or weavers on a regular basis. It is therefore proposed to provide support to establish cocoon banks under cooperative sector of with voluntary organizations.

12.104 **Promotion of Silk Mark:** The Central Silk Board came up with an initiative for the protection of the interests of the consumers and other stakeholders of the silk value-chain by bringing out "Silk Mark" Scheme in June 2004. Silk Mark Organisation of India (SMOI), is a registered Society sponsored by the Central Silk Board. Silk Mark labels can be affixed to primary, intermediate and finished products of silk including yarn, fabric, sarees, made-ups, garments, carpets, etc. The scheme is aimed at protecting the interests of the users and connoisseurs of silk, and for the generic promotion of silk and also for building brand-equity of Indian Silk internationally. Over 450 members have joined the organisation, of whom, 360 are authorized users. During two years of its operations, nearly 16 lakh Silk Mark labels have reached the market. The objectives are to i) familiarize the logo as a "hall mark" for the purity of silk ii) create awareness among various sections of customers and stakeholders and iii) build brand-equity of Indian Silk internationally by net-working various global players. The activities are i) launching intensive publicity campaign; ii) mass communication; iii) participating in the International Fairs, Buyer-Seller Meets and direct buyers interaction with large buying houses and Life-style Stores and Branded Wholesalers and Retailers. The targets are to add 200 members annually and earn sufficient annual revenue from membership fee, authorized user fee and sale of labels; and export utility services and other activities so as to make it self-dependant by 2012. Simultaneous efforts would be made to make SMOI an independent body dissociated with Government and CSB by the end of the XI Plan.

12.105 **Information and Publicity:** It is necessary to bring various publications on the technologies, schemes both on printing and electronic media and organising or participation in various exhibitions, fairs, etc. by CSB to educate people on various aspects of the silk industry. The states shall also be provided assistance for preparing the technical bulletins and other literature in the local languages.

12.106 **Development in the North East:** North East region continues to be a priority area and receive the major thrust. Muga, Eri and Oak Tasar shall be priority areas while mulberry receives its share. Development of silkworm host plants and privatisation of seed production remains a priority. It is proposed to establish a Regional Research Station for Post Cocoon Technology with emphasis on Muga and Eri silk processing. It is also proposed to strengthen the Central Muga and Eri Research and Training Institute at Lahdoigarh (Assam) with required staff and infrastructure.

12.107 **Gender sensitization in Sericulture:** The approach for XI Plan is to provide greater emphasis for empowerment of women in sericulture by instilling a mechanism wherein the policies and programmes would be initiated and taken up on a long-term basis. The areas that would touch for the interventions would be in fiscal policy planning for women, infrastructure support, review mechanism, capacity building both for the beneficiaries and implementing agency, access to credit by creating Women Credit Fund, access to land, special marketing facilities, creating and disseminating women friendly technologies, social security measures, etc. This would be achieved primarily by ensuring about 30 percent reservation for women beneficiaries under the existing schemes.

12.108 However, some exclusive women oriented programmes / schemes may be formulated during the XI plan where the focus would be on creation of Self Help Groups for various activities. These schemes would be assisted by Central Government / State Government / Contribution by women Self Help Groups and also dovetailing the resources from other schemes of other Ministries wherever applicable. A special provision of Rs. 10.00 crore is being made for such new schemes.

12.109 **There shall be focus on SC/ST persons in the industry:** It is proposed to extend certain concessions like reduced beneficiary share by 10 percent of his contribution, preference in extending the benefits etc. It is suggested to take up special programmes in the areas dominated by their population.

12.110 **Administration of Central Silk Board:** The Administration of CSB includes Board Secretariat, Regional Offices, Regional Development Offices, Certification Centres, etc. The Board Secretariat of CSB monitors the implementation of various Schemes and co-ordinates with the Ministry and the States in implementation of various Projects in the Sericulture sector.

12.111 The present set-up of CSB along with its Regional Offices and allied bodies needs to be streamlined so as to gain the optimum utilization of its infrastructure and human resource utilization.

12.112 **Human Resource Requirements:** As of now, the Central Silk Board (CSB) has a sanctioned strength of 4425 and the working staff strength is 4335 of which scientific and technical staff are 822. By 2011-12, 349 staff will retire including 96 scientific personnel**.** The expansion of the sector needs adequate human resource.

12.113 **Catalytic Development Programme:** Government of India has approved a number of schemes under this programme for capacity building at stakeholders' level including training. However, there is a need for flexibility among the schemes in their application, in different regions. Hitherto they have been implemented on a piecemeal basis without linking to the end result, i.e. the production. It is proposed that projects be formulated dovetailing with CDP Schemes by different states or NGOs or other service agencies indicating the goals, financial and physical targets and measurable deliverables.

- **'Farmers' Field Schools' –** The farmers will be trained in assessing their own ecosystems and in turn they will train their counterparts within the village system. They form the messengers of technology in the village and are much closer to the farmers in need. This has been a successful intervention in Agriculture. No infrastructure needs to be erected and the available local infrastructure will be utilized through Panchayat channel.
- **'Sericulture Poly Clinics' –** It is proposed to set up activity based Poly Clinics on the lines of Agriculture Poly Clinics set up during the X Plan by the Ministry of Agriculture and Cooperation, Government of India. These are run by trained personnel who will be supplying the inputs required for sericulture besides serving as knowledge centres in rural areas. It would be done through private participation.
- **Establishment of Production Units for the production of biological inputs like Bio-fertilizers, Bio-control Agents, Bio-pesticides etc.:** The R&D institutions have developed a number of technologies to isolate and multiply these inputs which help reduction in the input cost and providing safe environment. This facilitates the availability of inputs to the farmers in a wider area. Under the scheme, assistance can be provided by the Government coupled with bank finance. This can even be given to reputed NGOs.
- **Support to micro-entrepreneurs for disinfecting rearing houses:** Support may be provided for procurement of two/three wheelers, sprayers and other accessories partly from Government support and partly from credit from banks. They are expected to

disinfect the farmers’ rearing houses and supply bed disinfectants at their doorsteps on the line in which pest control is done in small towns and cities.

- **Quality Certification:** To encourage Quality Certification, it is proposed to provide a new scheme for supporting the consultancy and other formalities involved in ISO/BIS Certification during the XI Plan. This facility is open for both private and State units.

- Promotion of large sericulture sectors on the pattern of SITP are proposed to be known as ‘Sericulture Parks’ with the involvement of Private and State Government Equity.

12.114 **Research and Development:** The R&D efforts shall be on the following thrust areas:

Mulberry

- Constant up-gradation of utilizable productivity of mulberry and silkworm breeds
- Reduction in risk due to pests, diseases and natural vagaries
- Improve soil health and nutrient management
- Developing and field (on-farm) testing of economic farming models with low investment
- Development of investment reduction models / devices
- Diversification and development of high value products
- Enhance the utilization of the high yielding mulberry varieties through operational research programmes such as Technology Assessment and Refinement (TAR), Technology Assessment Validation and Transfer (TAVT), Institute Village Linkage Programme (IVLP), farmer-to-farmer linkage programme (FFLP), etc.
- Develop economic and functional models of bivoltine seed production centres and multi-end reeling units under public-private partnership

- Social and economic research for development of strategies to sustain competition with other developed countries

Non-Mulberry

- Develop and standardize commercially viable clonal propagation techniques for important perennial primary food plants of non-mulberry silkworms
- Development of *in situ* soil health and nutrient management
- Standardising rain water harvest and *in situ* conservation systems

- Develop improved protected rearing techniques for young instars of tasar and muga silkworms
- Survey, collection and characterization of genetic variants, if any, especially among muga and eri silkworms which can be utilized in breeding programme
- Conserving the endangered or dwindling eco-races which are not amenable to human handling but the cocoons of which were collected for silk production through public partnership
- Improvement of reeling techniques to increase productivity per unit human power
- Improvement in the texture of filament to provide a soft texture to it

Tools to Reach the Goals:

- Conventional techniques
- Non-conventional methods such as tissue culture, bio-technology, computer applications
- Strengthening of Central Tasar Research and Training Institute, Ranchi
- Establishing a Regional Station of Silk Technological Research Institute in the North Eastern Region to provide thrust to non-mulberry silk processing
- Establishing a Regional Station for development of Ericulture as a subsidiary occupation on castor and tapioca in the Non-traditional zone
- Strengthening of Central Muga & Eri Research and Training Institute with required infrastructure and human resources
- Providing Infrastructure support for research extension in eri sector in non-traditional states
- Taping non-conventional techniques like ‘Remote Sensing’ for assessing food plant cultivation

R&D Programmes Common to Mulberry and Non-Mulberry:

- Product development and diversification
- By-product development
- Development of special utility products (such as bio-medical, cosmetics, etc.)
- Development of silk products from blends and mixture with other textile fibres
- To improve the feel, comfort, ease in washing and maintenance, etc.
- To provide brand equity to the ethnic designs of India by protecting under geographical indicators

12.115 **Refinement and Transfer of Technology:** The very fact that there has been a huge production / performance gap between the laboratory and the industry suggests large-scale technology trials, refinement and transfer. Very often, there has been over emphasis on the technology and little or no attention to the economic part of this. It becomes, therefore, necessary to test verify them in partnership with the technology users and refine and transfer. This process therefore assumes high importance particularly in agro-based activities.

12.116 **Disease Forecasting and Forewarning:** It is proposed to introduce pest and disease forecasting and forewarning system for mulberry and silkworms in order to enhance the preparedness among the sericulture farmers and the State Departments of sericulture to organize effective management of pests and diseases and minimize the crop losses. This programme will be linked to National Remote Sensing Agency, Hyderabad and Indian Meteorological Departments in various states which will be implemented on the pattern initiated by the Agriculture Ministry in the X Plan, for which Centre for Rural Industry Development Agency (CRIDA), Hyderabad is a Nodal Agency.

12.117 **Remote Sensing and GIS in Sericulture Development:** During the IX Plan, Central Silk Board with the help of National Natural Resource Management System (NNRMS), Department of Space, Bangalore has taken up a remote sensing survey with the main objective of assessing the actual area under mulberry in different states by integrating the conventional data with Remotely Sensed Information. The study covered Mulberry sector in different states, Tasar in Orissa and Muga in Assam. The total sanctioned cost of the project was Rs. 2.20 crore. After a mid-term review, some of the states were dropped and the study restricted to a few traditional areas. This was a basically a feasibility study aimed at assessing the mulberry acreage and their growth pattern to facilitate assessment of seed requirement in advance. The expenditure was only Rs. 71.87 lakh. This will be examined so that the effort in this direction can be optimally utilized during the XI Plan.

12.118 **Establishment of Soil Science & Agro-chemistry Facility:** These laboratories / testing units have to be established at all the Regional Research Stations covering Mulberry, Tasar, Eri and Muga sectors. In the southern part of the country, there are six major agro-climatic zones, each having varied soil structure and climate. In the eastern part, the soils are alkaline, have low fertility, at times have high acidity, low microbial activity, heavy loam etc. In other areas, soils are excessively porous sandy soils. There is a need to initiate research to improve fertility of the soils, which ultimately enhance soil productivity and mulberry & non-mulberry host plant leaf and silkworm cocoon production.

12.119 **Establishment of Regional Silk Technological Research Station:** The Central Silk Technological Research Institute, Bangalore is the only Institute conducting research on silk technology (Post-Cocoon). The Non-mulberry culture being far of, have not attracted the required attention, particularly muga. It is therefore proposed to set up the Regional Station in the North-Eastern Region to cater to the regional problems.

12.120 **Establishment of Regional Eri Research Station:** Ericulture has been introduced in the South-Central region of India and being propagated intensively. However some of the basic research required to establish as a lucrative enterprise is yet to be done. It is, therefore, proposed to establish the Station in the South or Central part of India.

12.121 **Strengthening of Central Muga and Eri Research and Training Institute:** Located in northeastern region, the Institute has been suffering for want of scientific man-power as well as equipment and infrastructure. It is necessary that the Institute work on non-conventional techniques to achieve the goals of productivity and quality. It is therefore proposed to strengthen the Institute with required man-power and facilities.

12.122 **Strengthening of Central Tasar Research and Training Institute:** The Institute deals with a number of food plants and silkworm eco-races, which are wild and difficult to tackle. This station also has been suffering for want of scientific manpower as well as equipment and infrastructure. It is necessary that the Institute work on non-conventional methods to achieve the goals of improving the productivity and quality. It is, therefore, proposed to strengthen the Institute with required manpower and infrastructural facilities.

12.123 **Establishment of Farmers' Field Schools:** For regular and easy transfer of technology between farmers, it is proposed to establish farmers' schools. It is a new concept adopted in agriculture extension system. They use their infrastructure with our inputs.

12.124 **Skill and Knowledge Enhancement for Scientific Personnel:** It is necessary to enhance the skills and knowledge of the scientific personnel through regular training, participation in National and International Seminars, Workshops etc., which will be ensured for this purpose.

12.125 **Sericulture Research and Development Fund:** On the lines of other scientific organizations, it may be desirable to promote R&D activities by selecting efficient scientists in frontier areas on competitive basis. It is proposed to maintain a Sericulture Research and Development Fund with a corpus of Rs. 5.00 crore from the Government under the Plan. The revenue generated by the CSB Institutes from commercialization of technologies, consultancies, etc. will be ploughed into the fund.

12.126 **The Product Development Cell:** Established in the Central Silk Technological Research Institute, Bangalore will work not only for the revival of traditional products, but also for the development of new innovative products. The main objective of the programme is to empower the Indian Silk Industry with the right strategy for enhanced market share in the international trade, besides making available a wide choice of silk products across all segments of the domestic market. This would necessarily involve integration of efforts being done at the national and international level in the same direction.

12.127 **Training Initiatives:** To reach the target of 26,000 MT of silk production by the end of the Plan approximately 2.5 lakh farmers and other stakeholders including the trainers need to be trained under various programmes.

FUND REQUIREMENT

12.128 The schemes operating in X Plan have been suggested to be continued during the XI Plan. Though the reeling sector has shown poor performance during X Plan, it is the essence of quality and therefore recommended for continuation with an increased thrust. It was also suggested to continue the assistance / support as provided during the X Plan. Only major essential items have been reflected in the following account to arrive at a reasonable requirement of funds.

Mulberry Sector:

12.129 **Assistance for Raising Mulberry:** There was no scheme for development of mulberry gardens in the X Plan except for raising mulberry saplings. This works out to approximately Rs. 5500/- per acre to reach the envisaged production target, it needs 1, 27,500 acres including 2,500 with adopted silkworm seed rearers @ 1 acre per farmer. The cost of planting material required is Rs. 70.13 crore, of this, Rs. 35.07 crore will be from Central Silk Board. The sapling production programme is proposed to be merged with this. This can be made use of for raising tree plantation in public places in which case, there shall be a little provision for maintaining the plantation for two years. This can be dovetailed with other local developmental schemes. This can also be used for renovating the Government farms.

12.130 **Construction of Rearing House:** During X Plan, it was targeted to construct 17,800 rearing houses with the central assistance of Rs. 27.5 crore However the achievement was 33,844 with a central assistance of Rs. 54.26 crore It is required to be continued and proposed to provide assistance for construction of one rearing house to each of the **1, 27,500** (new) farmers during the XI Plan. Considering that there are different models of rearing houses to suit to the financial capabilities of different farmers in different regions, it is proposed to have three different cost structures, 31,875 (25 percent) units of Rs. 1.10 lakh each; 63,750 (50 percent) units of Rs. 0.55 lakh each and 31,875 (25 percent) units of Rs. 0.28 lakh each; at a total outlay of Rs. 790.50 crore. The Central share works out to Rs. 237.00 crore Government farms can also make use of the scheme for renovating their farms for using for cocoon production through leasing to land-less farmers.

12.131 **Training and Start-up Tools to Farmers:** It is essential to provide training and start-up tools to all the new farmers. The outlay during the X Plan was Rs. 4.33 crore with a physical target of 21,650 and the expenditure and physical achievement till 2005-06 was Rs. 9.53 crore and 52,086 rearers. It is proposed to continue the existing CDP scheme (On-farm training and start-up tools) with 15 percent hike in the unit cost, which works out to Rs. 2300/- per farmer. The total expenditure works out **to** Rs. 29.325 crore, which is totally under Central Sector. This shall be linked to raising new plantation.

12.132 **Improved Rearing Appliances for Bivoltine Farmers:** In addition to the above, it is proposed to provide improved rearing appliances to the farmers rearing commercial bivoltine hybrids to facilitate better reelability of the cocoons. The allocation during the X Plan was Rs. 22.50 crore and the utilization upto 2005-06 was Rs. 15.89 crore. While the physical target was 30,000 farmers the achievement was 25,129. It is proposed to cover 25,000 farmers at an outlay of Rs. 100.00 crore The CSB share will be Rs. 50.00 crore.

12.133 **Chawki Rearing Centres:** During X Plan it was targeted to establish 750 Chawki rearing Centres with a Central share of Rs. 5.62 crore and the expenditure up to 2005-06 was 4.9 crore and the achievement 468 (excluding equipment). Since it is a crucial input for healthy rearing, it is proposed to set up 1000 CRCs @ Rs. 3.45 Lakh (15 percent hike in unit price) at an outlay of Rs. 34.5 crore during XI Plan and the CSB share will be Rs. 8.625 crore.

12.134 **Assistance to Mulberry Silkworm Seed Production Units (New):** To meet the silkworm seed requirement, it is proposed to set up 45 nos (20 lakh Capacity each) of Cross breed grainages @ Rs. 1.0 crore each at a total cost of Rs. 45.0 crore supported by 6 P1 grainages (each Rs. 1.0 crore) costing Rs. 6.0 crore, 3 P2 grainages (2 MV + 1 BV) at a cost of Rs. 1.5 crore including all support systems. Building of this infrastructure is essential to reach the additional target of silk production to meet the seed requirement with necessary linkages to ensure quality seed production. An outlay of Rs. 52.5 crore has been kept for this and the Central share will be RS. 13.125 crore. Both private and Government Institutions can make use of the scheme.

12.135 **Establishing Large-Scale Bivoltine Grainages (New Scheme):** It is proposed to set up 10 such Bivoltine seed production units of 20 lakh Capacity (@ Rs. 1.25 crore / unit) at an outlay of Rs. 12.5 crore during XI Plan under private sector especially to meet the requirement of bivoltine silkworm seed to reach the targeted production of bivoltine silk. Such large units are essential to meet the requirement of contract farming / cooperative farming. Government Institutions may also avail this facility.

12.136 **Support for Upgrading Public / Private Mulberry Silkworm Seed Grainages:** This scheme was approved in March 2006 to assist private silkworm seed producers by providing the critical equipment support to facilitate bivoltine seed production. This becomes essential in view of the amendment to CSB Act, which prescribes quality standards for silkworm seed. Smaller LSPs as in West Bengal will also be eligible for assistance on pro-rata basis. The allocation during X Plan was Rs.7.50 crore with a physical target of 75 units and CSB share was Rs.5.25 crore. The scheme will be carried forward with a physical target of 50 and financial allocation of Rs. 5.00 crore of which Rs. 3.5 crore will be from Centre.

12.137 **Support for Drip Irrigation System:** A central assistance of Rs. 30.60 crore was kept with a target of 13,472 ha during Tenth Plan and the achievement up to 2005-06 was 11,190 ha at an expenditure (Central share) of Rs. 29.06 crore. Considering the achievement a target of 20,000 ha has been set for the XI Plan with an outlay of Rs. 100.00 crore and the Central share shall be Rs. 45.00 crore.

12.138 **Supply of Disinfectants to Seed Farmers:** The outlay under Central Sector was Rs. 2.79 crore with a target of covering 38,900 farmers during X Plan while the coverage was 59,464 at a cost of Rs. 3.89 crore. Considering the proposed increase in seed production it is targeted to cover 80,300 seed farmers at an outlay of Rs. 24.00 crore during XI Plan in the proportion of increase in the target and adding 15 percent cost escalation CSB share is put at Rs. 6.00 crore.

12.139 **Crop Insurance:** An outlay of Rs. 4.3 crore (from CSB) was kept during X Plan for this purpose covering all three sectors. Only a sum of Rs. 0.53 crore was utilized. It is proposed to increase the scope to health insurance to the sericulture workers / rearers prone for health hazards through activities like seed production, reeling, wet processing etc. and accidents such as falling from trees while harvesting cocoons / leaf. It is proposed to keep a lump sum provision of Rs 4.00 crore in XI Plan and find ways and means of attracting insurers for this segment.

12.140 **Setting up Production Units for Biological Inputs (New Scheme):** The R&D Institutions made a number of innovations where microbes have been isolated and cultured, which can be used either to enrich the soils (bio-fertilisers) or control the diseases (antagonistic microbes) or bio-pesticides / bio-control agents and other plant / animal products used in sericulture. It is proposed to commercialize these innovations through interested qualified entrepreneurs, if required, through collaborative efforts. A token provision of Rs. 1.00 crore has been kept in the XI Plan. Budget sanctions will be on the evaluation of the Project Proposals.

12.141 **Assistance for Farmers' Schools (New Scheme):** It is proposed to set up 100 Farmers' Schools on the lines of Agriculture, where the expert farmer becomes the link between the R&D Institute and the farmers transferring the technology. The local infrastructure will be utilized and the contingent expenditure needs to be met by CSB. A provision of Rs. 1.00 crore is proposed for this purpose.

12.142 **Assistance for Sericulture Poly Clinics (New Scheme):** On the lines of Agriculture, it is proposed to set up Sericulture Poly Clinics where the educated youth run the Poly Clinics, which serve as knowledge centers and provide necessary consultancy and inputs required for the farmers. It is proposed to set up 100 such units during XI Plan at a total cost of Rs. 1.00 crore. It is proposed to link this with credit from banks.

12.143 **Door-to-Door Service Agents for disinfection & Inputs Supply (New Scheme):** It is proposed to encourage private service agents to carry out disinfection and supply of inputs on the lines of the private parties taking up pest control in towns and cities. The entrepreneur will be provided with assistance for two/three wheeler along with the required equipment. A token provision of Rs. 0.50 crore has been kept in the XI Plan for this purpose. This will be linked to bank financing.

12.144 **Assistance for Construction of Vermi-compost Sheds:** A target of 1500 units at an outlay of Rs. 1.05 crore (Central) was kept for X Plan and the achievement was 1053 and the expenditure of CSB on this account was Rs. 0.74 crore. Considering the utility, it is proposed to continue the scheme with a target of 3,000 units at an outlay of Rs. 4.20 crore with the Central share of Rs. 1.20 crore. It is also proposed to dovetail this to similar schemes available with the Agriculture, Horticulture and other Departments to enlarge the coverage.

Non-Mulberry Sector:

12.145 **Augmentation and Maintenance of Systematic Tasar Plantation (including Oak Tasar):** During the X Plan 7,185 ha of tropical tasar food plants, and 986 ha oak tasar food plants were raised against a target of 6,000 and 2,000 ha each. Against the targeted coverage of 10,000 farmers, 12,090 were covered for Chawki plots. The outlay (Central Assistance) was Rs. 2.66 crore while the expenditure was Rs. 2.34 crore till 2005-06. It is envisaged to raise 10,000 ha of systematic Tropical Tasar Food Plants and 1,500 ha of oak tasar food plants covering 11,500 farmers at a total cost of Rs. 18.40 crore @ Rs. 16,000/- per ha including Chawki Rearing Nets and appliances. The CSB share will be Rs. 9.30 crore. The scheme will also be utilized to raise tasar plantation in public lands like panchayat lands, degraded forest lands etc. and shall be dovetailed with other local developmental schemes.

12.146 **Support for Tasar Seed Production:** It is proposed to provide support to 10 Pilot Production Centres (PPCs) at a cost of Rs. 0.25 crore and 1000 private grainages at cost of Rs. 10.00 crore in tropical tasar; and support 1500 seed farmers at a cost of Rs. 1.125 crore. The allocation of Central budget during Tenth Plan was Rs. 12.90 crore and the Expenditure up to 2005-06 was Rs. 8.92 crore. The total outlay for Eleventh Plan proposed is Rs. 12.375 crore including 10 percent hike in costs over the previous plan. The Central assistance of Rs. 5.93 crore has been kept based on the requirements to reach the production targets.

12.147 **Augmentation of Eri Food Plants:** A target of 5000 units of half acre each was set for X Plan with the provision of Rs. 1.50 crore Central assistance and the achievement was 17,688 of half acre units with an expenditure of Rs. 4.09 crore from Central share. It is proposed to raise 4,800 ha (11850 Acre) of perennial eri food plants costing Rs. 11.85 crore including training and start up tools to 23,700 farmers. In addition, it is envisaged to cover about 1, 25,000 acres of castor and tapioca growers for 30 percent utilization of the leaves. This requires Rs. 13.125 crore @ Rs. 1050/- per farmer for training and start-up tools. Thus the Outlay for XI Plan is kept at Rs. 24.98 crore and the Central Silk Board share will be Rs. 16.59 crore. Perennial food plants can also be raised in Panchayat lands, Village Grazing Reserves, forest lands, waste or unused lands, etc. within the provisions of the scheme dovetailing to the local developmental schemes.

12.148 **Support for Eri Seed Production:** The Central share earmarked for X plan was Rs. 0.98 crore for 30 Farm-cum-Grainages and the expenditure from the Central share was Rs.

1.42 crore covering 60 units. It is proposed to strengthen 5 Eri SSPCs under the Central Silk Board and strengthen 50 Eri Farm-cum-Grainages each at a cost of Rs. 5.00 lakh and the total outlay for XI Plan has been kept at Rs. 2.5 crore and the Central Silk Board share is kept at Rs. 2.25 crore since most of the activity is in the north-east.

12.149 **Rearing Sheds for Eri Silkworm Rearing:** During Tenth Plan, the provisions made in Mulberry sector were utilized for construction of 9,297 rearing houses with Central assistance of Rs. 6.65 crore. Eri rearing is usually done in a small scale. However a small fraction of the rearers do rear more than 100 dfls per batch. It is therefore proposed to provide 1000 sheds with a unit cost of Rs. 50,000/- at a total cost of Rs. 5.00 crore with the central share fixed at Rs. 2.25 crore.

12.150 **Augmentation of Muga Food Plants:** During Tenth Plan, against a target of 6500 acres of muga food plants + 2,500 seed rearers, the achievement was 7551 acres of muga food plants + 2,885 seed rearers. The Central assistance kept was Rs. 4.20 crore and the expenditure Rs. 4.85 crore. Considering this, a target of raising 10,000 acres of muga food plants by 4,000 farmers at a total outlay of Rs. 16.60 crore has been set for Eleventh Plan and the CSB share will be Rs. 11.20 crore allowing a 10 percent hike over the previous Plans's costs.

12.151 **Support for Muga Seed Production:** The target set for Tenth Plan was 800 graineurs with 2500 farmers and the physical achievement was 625 graineurs with 2677 farmers till 2005-06. The allocation was Rs. 5.63 crore and the expenditure Rs. 5.36 crore. To meet the additional seed requirement of 0.25 crore dfls required to meet the silk production target of Eleventh Plan, it is proposed to support 700 Private muga graineurs with 2200 farmers at a cost of Rs. 7.70 crore with a Central share of Rs. 6.90 crore.

12.152 **Support to Muga Farm-cum-Grainages:** During X Plan 17 units were supported with a central share of Rs. 1.87 crore against a target of 10 farms with the Central support of Rs. 1.24 crore. During XI Plan, it is envisaged to Strengthen 20 units at an outlay of Rs. 3.17 crore including 15 percent escalation over previous Plan. The Central share will be Rs. 2.85 crore.

Post Cocoon Sector:

12.153 **Multi-end Reeling Machine:** During X Plan it was envisaged to set up 462 units with a Central Share of Rs. 13. 27 crore of which, Rs. 3.18 crore was released towards CSB share in respect of multi-end machines installed during IX Plan. During X Plan only one multi-end machine and 4 Ushnakothis were installed at a cost of Rs. 0.15 crore. However, considering the importance of the machinery in the quality aspect, it is proposed to install the following capacities during XI Plan**:**

Sl No.	Machineries	Units	No. of Units	Unit Cost (Rs. lakh)	Cost of Machinery (crore Rs.)
1	Slow Speed Multi-end Reeling Machines (20 ends / basin)	18 basins (Equivalent to 36 basins of 10 ends)	50	40.00	20.00
2	Establishment of Multiend reeling machines	10 basins	300	10.00	30.00
		20 basins	100	17.00	17.00
3	Automatic Reeling Machines (Imported)	400 ends	10	100	10.00
	Twisting Units	400 Spindle Cap	100	6.00	6.00
4	Cottage basin*	10 basins	500	1.75	8.75
5	Hot air Drier/ Ushnakothis	50 kg Cap	250	1.00	2.50
		120 kg Cap	250	1.75	4.375
6	Motorizing Charkas		2000	0.078	1.56
7	Dupion Silk Reeling Machine		50	1.00	0.50
	Total:				**100.685**

12.154 The outlay proposed for XI Plan is Rs. 100.685 crore (Central share- Rs. 42.67 crore). It is also proposed to set up Common Facility Effluent treatment plants at two major yarn / fabric dyeing clusters dovetailing the schemes to the schemes of local bodies / Handloom Department. The Plants are proposed to be operated by the user groups on no profit no loss basis.

12.155 **Interest on Working Capital:** It is proposed to provide interest subsidy for borrowing for working capital from Nationalised Banks. A token provision of Rs. 15.00 crore has been made.

12.156 **Quality Linked Price Support System:** During X Plan 22 states have availed the facility at a total cost of Rs. 17.45 crore against a provision of Rs. 10.00 crore. It is now proposed to provide only the equipment part of this with a target of 25 units at an outlay of Rs. 3.75 crore consisting of the Central share of Rs. 3.75 crore.

12.157 **Setting up of Spun Silk Mills for Eri:** A target of 4 units at a total outlay of Rs. 4.50 crore was kept in X Plan. Decision was taken in respect of 2 units and there was no expenditure so far. Considering this, it is proposed to continue this scheme during XI Plan with an outlay of Rs. 3.38 crore with a physical target of 3 units and the Central share will be Rs. 2.53 crore.

12.158 **Establishment of Cocoon Banks (New Scheme):** In the north, eastern and north-eastern regions and in non-mulberry sector, the number of cocoon crops is limited to 2-3 a year. As such the reelers have to invest huge amounts to buy and stock the raw material to continue their reeling activities. It also requires huge storing space for cocoon storage. Hence the scheme is proposed during XI Plan at an outlay of Rs. 7.5 crore. It is targeted to have 10 such units each with drying and storage facilities and working capital to be operated under State Governments / Cooperatives.

12.159 **Common Facility Centres for Yarn and Fabric Processing, Design Centres, etc.:** It was envisaged to set up 67 CFCs (40 CFCs for yarn Processing and 20 for fabric dyeing and 7 in Vanya sector) at an outlay or Rs. 5.56 crore (CSB share) with a sharing pattern of 75:25 between CSB and beneficiary. There was no progress during the X Plan. The units have a fixed package with all the equipment built in. It is suggested to treat each unit's requirements on case-to-case basis so that only required equipment is procured. It is therefore proposed to continue the scheme during XI Plan with a target of 20 units with the overall outlay of Rs. 3.00 crore. Central Silk Board share will be Rs. 2.25 crore. The schemes will be dovetailed to those of the Departments of Handlooms.

12.160 **Incentive for Bivoltine silk reelers:** This is an ongoing scheme, which provides an incentive of Rs. 100/- for every kg of raw silk reeled. A provision of Rs. 7.50 crore was made during X Plan covering 1500 MT and the expenditure was Rs. 2.89 crore. To cover the envisaged production of 5000 MT of Bivoltine raw silk, extending the scheme to XI Plan, a provision of Rs. 50.00 crore to be met entirely from CSB.

12.161 **Upgrading Handlooms:** A target of upgrading 1,000 looms was set at a cost of Rs. 1.38 crore during X Plan. There was no achievement. However, considering the importance of handlooms and the need for quality, a token provision of Rs. 1.00 crore with a target of 725 is kept for XI Plan. The target is expandable by dovetailing the schemes with those of the

Handloom Departments and other local schemes. Efforts would be made to make use of existing design centres and the training and skill development centres by the handloom sector for creation of products.

12.162 **Providing Services of Master Reelers/Weavers/Dyers to States:** Rs. 0.50 crore was kept for this during X Plan with a physical target of 50 nos and only 25 nos were utilized with an expenditure of Rs. 0.06 crore. It is therefore proposed to keep a token provision of Rs. 0.25 crore with a physical target of 100 during XI Plan.

12.163 **Support to Non-Mulberry Reeling Devices:** During X Plan it was proposed to install 3000 Nos of reeling devices and 7500 spinning devices with CSB share of Rs. 2.97 crore and the achievement was 1976 nos + 3027 at Central Silk Board's expenditure of Rs. 1.57 crore. During XI Plan, it is proposed to set up 1,500 reeling units with a unit price of Rs. 16,000/- and 5,000 spinning units with a unit price of Rs. 2,500/- is proposed. The Proposed outlay is Rs. 3.65 crore and the Central share is Rs. 2.00 crore.

12.164 **Support for Bye-product utilization:** The scheme was approved in March 2006 with a target of 10 units at an outlay of Rs. 1.40 crore and is yet to take off. Initially 14 units (7 in mulberry + 7 in non-mulberry) were approved with 100 percent assistance. It is expected to facilitate Entrepreneurs to efficiently utilize the pupae and silk waste not only to increase their profitability but also to remove pollution in the production units. It is proposed to continue in XI Plan with 10 units at a total outlay of Rs. 1.40 crore and Central assistance of Rs. 1.40 crore.

12.165 **Enterprise Promotion and Training:** A target of 65 programmes (50+15) was set during X Plan with an outlay of Rs. 1.10 crore. Trained 52 batches incurring Rs. 0.70 crore. The Same target is set for XI Plan with an out lay of Rs. 0.75 crore. The budget for conducting training / skill development programmes is included in R&D budget. Additional training programmes can be dovetailed with Government of India Schemes like STEP, local schemes and those from other funding agencies.

12.166 **Extension and Publicity Material in Local Languages:** A Central assistance of Rs. 1.50 crore was earmarked during X Plan and the expenditure upto 2005-06 was Rs. 1.99 crore. A financial outlay of Rs. 5.00 crore is kept in the XI Plan all with Central assistance.

12.167 **Vanya Silk Market Promotion Cell:** The Vanya Silk Market Promotion Cell has been constituted at the CSB headquarters in 2006-07 with a financial outlay of Rs. 3.05 crore (Rs. 0.45 Procuring samples of raw materials / finished products etc.; Rs. 0.35 crore towards

Consultancy charges; Rs. 0.75 crore for Printing & Publicity; and Rs. 1.50 crore for Participation in marketing events) during X Plan. The scheme is aimed at popularizing the Vanya silk products in the National and International Markets by way of publicity, organizing and participation in exhibitions, expos, buyer seller meets, etc. and sponsoring the artisans and manufacturers for participation in such events. Therefore this needs to be continued further during XI Plan and proposed an outlay of Rs. 5.0 crore.

12.168 **Product Design and Development:** A Product Design and Development Cell have been set up at the CSB Headquarters recently to promote design development through professionals. A token provision of Rs. 2.00 crore has been made for this purpose.

12.169 **Assistance for Testing Facilities in Public / Private Grainages (New Scheme):** In view of passing of the 'Central Silk Board Act Amendment Bill', it becomes mandatory for all the silkworm seed production units to update their testing facilities to reach the quality standards. A **new scheme** is therefore proposed to assist the existing public and private seed production units in procuring seed testing equipment up to a Maximum of Rs. 2.5 lakh. It is proposed to cover 400 units during XI Plan with a total outlay of Rs. 10.00 crore. The Central share was kept at Rs. 7.00 crore.

12.170 **Administrative Expenses for Project Implementation:** A token provision of Rs. 15.00 crore is kept for the Coop. Soc. / NGOs / other Developmental Institutions (Excluding DoS & CSB) towards administrative costs for running the developmental projects at 5 percent of the project cost.

12.171 **Special Schemes on Gender Related Issues (New):** It is proposed that 30 percent of the schemes under CDP should orient towards women. In addition, it is proposed to formulate special projects for women particularly in training, organizing group activities like reeling, spinning, weaving, and other value addition activities like making silk products, etc. A token provision of Rs. 8.53 crore has been made during the XI Plan. Most of the activities will be dovetailed to the existing CDP schemes as well as other schemes of Government of India, micro-financing, etc.

12.172 **Special Emphasis on Tribal Areas (New):** Special schemes will be taken up under Tribal Sub Plan (TSP) particularly in Non-Mulberry sector, which is a major activity of tribals. The schemes will be dovetailed to the schemes of the Ministry of Tribal Affairs, Ministry of Rural Development, etc. Cultivation of silkworm food plants will be dovetailed to the schemes like Water Shed Management, Rain Water Harvesting and Water Saving

Practices, etc. The Voluntary Organisations working on the upliftment of the STs will be encouraged. In addition, a token Provision of Rs. 1.00 crore has been kept for the XI plan for group activities and give them exposure to the sericulture activities in the developed areas.

12.173 **IT – Initiatives:** An outlay of Rs. 2.5 crore was kept during X Plan while the expenditure upto 2005-06 was Rs. 0.50 crore. Considering this, a token provision of Rs. 3.00 crore has been made in the XI Plan only to take up activities promoting silk production and related activities.

12.174 **Quality Certification Systems:** This includes testing facilities for seed, cocoon, silk, fabric, etc.

- **Support for Cocoon Testing Units:** During X Plan, a central share of Rs. 1.26 crore was set aside to support supply of 500 units of cocoon quality grading equipment. Only 3 equipment were procured at an expenditure of Rs. 0.02 crore from Central Silk Board. Considering this and the requests made by reelers, it is proposed to make a token provision of Rs. 0.25 crore with a physical target of 100 units during XI Plan.
- **Support for Raw Silk Testing:** During X Plan, an allocation of Rs. 1.50 crore (Central share) has been made to provide raw silk testing equipment to 300 units and the achievement was only 1 unit and the expenditure on Central share is Rs. 0.01 crore. Considering this, **it is suggested to drop this component**.
- **Promotion of Silk Mark (SMOI):** A one time assistance of Rs. 6.00 crore has been given in X Plan. The expenditure up to 2005-06 was Rs. 0.99 crore. A token provision of Rs. 10.00 crore has been kept for XI Plan. It should be geared up to earn its resources by reorganizing its activities.

Research and Development / Institutional Training / Extension:

12.175 The CSB has 9 major R&D Institutions with a network of Regional Stations and Research Extension Centres and their sub-units. The approved outlay for these units during X Plan was Rs. 207.35 crore. The actual Expenditure during the first four years was Rs. 169.32 crore and the likely expenditure during X Plan is Rs. 215.00 crore. In addition, it is proposed to establish a Regional Silk Technological Research Station in Guwahati, to cater to the needs of North Eastern Region, a Regional Eri Research Station outside the N.E. region to cater to the needs of non-traditional States with a token provision of Rs. 5.0 crore each and Rs. 1.00

crore each for strengthening of the Central Tasar Research and Training Institute, Ranchi and Central Muga & Eri Research and Training Institute Ladoigarh, Assam. CSB has taken an initiative to extend the knowledge base on sericulture through 'Distant Education Mode' in collaboration with IGNOU, New Delhi on equal sharing pattern. This would need a provision of Rs. 2.00 crore. R&D component also includes Product Design and development activities. Thus considering a 15 percent hike in the expenditure and the additionalities, proposed an outlay of Rs. 262.00 crore for the XI Plan. In addition, a token provision of Rs. 3.50 crore is kept for survey of potential areas using Remote Sensing technology to identify the potential areas for sericulture for planning and development; and Rs. 1.0 crore for working on disease forecasting and forewarning systems in collaboration with Centre for Rural Development and Industrial Agency. Thus the total for R&D for XI Plan works out to Rs. 266.50 crore.

Seed Organization/Technical Assistance/Field Level Training:

12.176 The seed Organisations under Central Silk Board also undertake certain amount of extension and field training activities for the seed cocoon growers and the private seed producers. The allocation for X Plan was Rs. 14.22 crore and the actual expenditure for the first 4 years is Rs. 11.22 and is likely to cross the allocation. Considering 15 percent hike in expenditure an outlay of Rs. 16.50 crore has been proposed for XI Plan.

Central Silk Board Administration:

12.177 The Central Silk Board has a number of Regional Offices and Regional Development Offices, Certification Centres, Raw Material Banks, etc. coordinating various State Specific Programmes. CSB also organizes Entrepreneurship Development Programmes etc., besides organizing the meetings of the Board, Standing Committee, Research Coordination Committee, and various other meetings, organize workshops seminars, etc. During X Plan, an outlay of Rs. 42.01 crore has been kept and the expenditure during the first four years was Rs. 23.45 crore and is likely to touch Rs. 30.00 crore. As such a token provision of Rs. 30 crore has been kept for XI Plan.

Shifting of expenditure under Salaries and Other Committed Expenses from Plan to Non-Plan during XI Plan:

12.178 The expenditure on some of the schemes and maintenance of various units is now required to be shifted from plan to non-plan. Several units like Regional Research Stations both under mulberry and non-mulberry / Silk Conditioning and Testing Houses / Demonstration-cum-Training Centres, etc. working under different CSRTIs /CTR&TI/CSTRI and carrying out the applied research in the field are to be brought under non-plan. The Basic Seed Farms are engaged in production of basic seed for the DoS and farmers. Their recurring expenditure on maintenance is to be shifted from plan to non-plan. A proposal has been sent to Ministry to this effect during March 2006.

12.179 **Cluster Development, Contract Farming, Cooperative Farming, Special SGSY Projects, Scheme of Fund for Regeneration of Traditional Industries**; etc. are the approaches requiring the same inputs provided under various schemes which are to be pooled according to the necessity and build up into a project and hence no separate provisions are required. However, a special provision of Rs. 6.00 crore is made to cover the expenditure for which provisions may not be available under CDP.

North East Region:

12.180 The overall outlay during X Plan was Rs. 86.50 crore and the expenditure was Rs. 91.47 crore till July 2006. Developmental schemes (mostly under CDP) with an approximate outlay of Rs. 85.00 crore are almost exclusively oriented towards the North Eastern region of which the Central share will be Rs. 60 crore. In addition it will get another Rs. 35.00 crore from other heads totaling to Rs. 95.00 crore from CSB during XI Plan.

12.181 There is an increase in the XI Plan Projections by around 92 percent. The factors contributing to the increase are:

i. During Tenth Plan there was hardly any effort to raise the silkworm food plants to expand the production base and the expenditure from CSB was Rs. 18.72 crore. During Eleventh Plan, it was envisaged to bring about 72000 Ha of area under food plants at an estimated cost of Rs. 174.33 crore including Drip System and Vermi-compost sheds (Central Share: Rs. 81.27 crore) which makes a big difference but absolutely essential to reach the targets. Training and start up tools for all the new rearers and other stakeholders proportionately adds to the increase in allocation.

ii. Provisions made for rearing house for all the 1, 27,500 new rearers, which works out to. Rs. 790.5 crore (CSB's Rs. 237.00 crore). This is an essential requirement without which silkworm rearing cannot be done.

iii. Proportionate to the expansion of area under food plants, the seed production also required to be strengthened. This costs around Rs. 104 crore (Central share Rs. 53.00 crore).

iv. Automatic and multi-end reeling machinery and other machinery costs Rs. 100.685 crore (CSB share: Rs. 42.67 crore). This is essential to maintain the quality of the yarn at international standards.

v. Incentive for Bivoltine Silk Reelers comes to Rs. 50.00 crore. This scheme has been continued from X Plan and required till stabilization of Bivoltine silk production.

vi. About 22 percent increase in the R&D sector over the X Plan allocation/expenditure is due to the increased training activity to train the extension functionaries, setting up two Regional Research Stations in Non-mulberry sector and new initiatives in new areas of research, technology refinement and transfer of technology.

12.182 Thus, the allocations have been worked backwards from the targets, keeping a marginal increase up to a maximum of 15 percent as cost escalations on a few select items and hence reasonable.

12.183 The credit requirement will be of the order of around Rs. 500.00 crore, which can be easily provided by the banking system. It is proposed that the subsidy be linked to credit and the local administration and the banks be involved as the partners for the developmental activity.

12.184 A credit-cum-subsidy scheme for raising silkworm food plants, silkworm rearing, reeling, etc. may be operationalised during XI Plan period and the subsidy component be routed through NABARD as a nodal agency. Further, Government of India may consider subventing the ultimate lending rates by banks for this sector suitably so that the beneficiaries of sericulture sector get credit at concessional rate say 7 percent p.a. (as has been done for crop lending for farmers). Further, it is proposed to dovetail the schemes to the State Specific schemes in operation, schemes from Ministry of Rural Development, Ministry of Agriculture, Ministry of Forestry and Environment and other such Departments.

Abstract:

12.185 The outlay and Expenditure in X Plan and the projections for XI Plan are given below:

(Rs. crore)

Item	X Plan Outlay (Central Share)	Expenditure up to July 06	XI Plan Projections	Central Share
Research & Development	207.35	186.08	266.50	266.50
Seed Support	14.23	10.92	16.50	16.50
CSB Administration	42.01	26.04	30.00	30.00
CDP	244.46	200.90	1565.12	686.215
IT	10.00	0.84	3.00	3.00
Quality Certification Systems including SMOI	7.85	1.37	10.25	10.25
UNDP	1.09	3.94	0.00	0.00
Total	**526.99***	**430.09**	**1891.37**	**1012.47**

* Includes EFC sanctions of Rs. 76.99 crore (CDP 63.49; IT-7.5; QCS- 6.0)

CHAPTER – 13

HANDICRAFTS

INTRODUCTION

13.1 The Handicrafts sector plays a significant & important role in the country's economy. It provides employment to a vast segment of craftpersons in rural & semi urban areas and generates substantial foreign exchange for the country, while preserving its cultural heritage.

Some of the promising areas in the crafts sector during the Tenth Plan had been:

- Exports continued to grow for high value-added crafts products.
- Consumer tastes changed rapidly on account of economic liberalization.
- Focus on quality and product diversification with increasing consumer awareness.
- Increasing challenge offered by availability of mass-produced competing product lines using different raw materials (often man-made) and mechanised production techniques.
- Government policy envisaged a greater role for NGOs, and participation of private resources – both human & financial.

APPROACH TO THE ELEVENTH PLAN

13.2 The National Strategy for Manufacturing prepared by the National Manufacturing Competitiveness Council (NMCC) has indicated that the decade 2006-2015 will be the decade of Manufacturing for India, with the aim of an average growth rate of 12 – 14 percent in manufacturing. It has also been suggested that the policies of Government should focus on the growth of labour intensive sectors (like Handicrafts), which also enjoy a competitive advantage. To provide an impetus to the growth of this industry, there is need for substantial augmentation in the overall Plan allocations for the Handicrafts sector, based on the felt needs of different segments of the sector.

OBJECTIVES

13.3 In the above backdrop, the Sub Group on the Eleventh Plan has suggested the following objectives: -

- Double India's share in the global handicrafts trade.
- Ensure self-sufficiency and sustainability of handicrafts clusters.
- Enhance income generating employment opportunities and achieve a higher standard of living for artisans individually and collectively, in rural and urban craft clusters.
- Broaden the production base through adoption of appropriate technologies.
- Build capacity of the artisans and other stakeholders by developing their non-craft and other soft skills for attaining self-sustainability.
- Introduce adequate welfare measures for the well-being & welfare of artisans.
- Preserve the country's cultural heritage, and implement research, documentation and region/ craft specific strategies.
- Protect crafts under Intellectual Property Right (IPR).

STRATEGIES

13.4 To achieve the above objectives, the Sub Group recommends the following strategies, which need to be adopted to strengthen the Handicrafts sector: -

- Introduce comprehensive cluster based & artisan centric interventions for the integrated development of the sector.
- Create income generation opportunities for sustainable employment and socio-economic growth.
- Ensure a greater role for private partners to supplement Government resources and efforts.
- Adopt appropriate technology and creating appropriate infrastructure to ensure greater competitiveness.
- Introduce suitable capacity building programmes for entrepreneurship, innovation,

training and skill development, to upgrade the quality of the labour force.

- Facilitate the growth and strengthening of HRD institutions at the Central and State levels, to enable artisans community to receive new technical & professional inputs.

- Ensure increased and easy availability of credit for the sector.
- Launch an aggressive brand building initiative and pursue focused export promotion strategies to increase India's exports in global markets.
- Introduce welfare measures for handicraft artisans such as Shilpi Swasthya Yojana', community work-shed etc.
- Empower women artisans by addressing issues related to 'gender concerns'
- Redesign, revamp the ongoing schemes and programmes and introduce new schemes/components to ensure better returns to artisans.
- Review, restructure and right size of all field organizations under the Office of the Development Commissioner (Handicrafts), Ministry of Textiles.
- Optimally utilize the potential of IT and IT enabled Services for the sustainable growth of the Sector.

PROGRESS ACHIEVED DURING FIRST 4 YEARS OF THE TENTH PLAN

13.5 Growth in exports:

(Rs. crore)

Exports	**2002-03**	**2003-04**	**2004-05**	**2005-06**
Handicrafts	8343.41	10465.14	13032.70	14526.85
Growth %	23.2	25.4	24.5	11.5
Carpets	2590.26	2779.79	2583.62	2749.86
Growth %	10.6	10.7	(-) 7.0	10.6
Total	**10933.67**	**13244.93**	**15616.32**	**17276.71**
Total Growth %	18.77	16.75	17.95	10.63

13.6 Growth in domestic market:

(Rs. crore)

Year	**Handicrafts**		**Carpets**		**Total Domestic Consumption**	**Growth %**
	Exports	*Domestic Consumption*	**Exports**	**Domestic Consumption**		
2002-03	8343.41	8343.41	2590.26	287.77	8631.18	---
2003-04	10465.14	10465.14	2779.79	308.77	10773.90	24.8

2004-05	13032.70	13032.70	2583.62	287.00	13319.70	23.6
2005-06	14526.85	14526.85	2749.86	305.44	14832.29	11.3
2006-07 (T)	16500.00	16500.00	3000.00	333.33	16833.33	23.6

(T): Target

13.7 Growth in Production

(Rs. crore)

Year	Handicrafts		Carpets		Total Production	Growth %
	Exports	*Production*	Exports	Production		
2002-03	8343.41	16686.82	2590.26	2877.70	19564.52	---
2003-04	10465.14	20930.28	2779.79	3087.70	24017.98	22.76
2004-05	13032.70	26065.40	2583.62	2870.00	28935.40	20.47
2005-06	14526.85	29053.70	2749.86	3054.40	32108.10	10.96
2006-07 (T)	16500.00	33000.00	3000.00	3333.30	36333.33	13.15

(T): Target

13.8 Growth in Employment

Year	Estimated Employment (in lakh persons)
2002-03	**60.16**
2003-04	**61.96**
2004-05	**63.81**
2005-06	**65.72**
2006-07 (Projected)	**67.69**

13.9 Budget allocation and expenditure

(Rs. lakh)

Year	RE	Plan Expenditure
2002-03	8570.00	7165.00
2003-04	7816.00	6432.00
2004-05	8957.00	7707.00
2005-06	10500.00	9724.00
Total in first 4 years	**35843.00**	**31028.00**

<u>Problems Experienced during the Tenth Plan Period:</u>

13.10 During the course of implementation of various schemes, in the Tenth Plan period, some problems and constraints were faced during the first four years.

Some of the generic problems included:

- Illiteracy and poverty of craft persons
- Lack of entrepreneurial skills among artisans
- Inadequate data base
- Lack of a continuous system for collection of market intelligence and dissemination.
- Lack of infrastructural facilities and knowledge about appropriate technology and processes. This resulted in an inability to introduce economies of scale
- Lack of access to working capital
- Inadequacy of resources, raw materials and other linkages
- Lack of availability of the required types of graded and certified raw materials at reasonable rates.
- Lack of standardization procedures and inadequate facilities for testing and certification of raw materials and products.
- Absence of a brand image for handicraft products in international market.
- Low levels of investment.

13.11 The other major constraints were:

- Growing competition in the world markets from other Asian countries
- Differential rates of levies among States within the country and between different nations
- Non-tariff barriers like issues of child labour, etc.
- Social issues like restrictions/ban on the use of certain chemicals, including metals and their alloys, conditions of hygiene at work place, and fair wages, etc.
- Scarcity of raw material due to depletion of natural resources and lack of preservation measures
- Low returns, drawing craftsmen away from their traditional occupations.

Despite the problems and the constraints discussed above, the sector has exhibited consistent growth on account of its inbuilt and inherent strengths. These strengths include:

- A large pool of skilled human resource - more than 6 million artisans.
- Availability of a diverse range of raw material locally.
- Handicrafts is a labour intensive sector.
- The products of the sector are conducive to high value addition
- Production involves low capital investment.

- The sector has a deep association with people's culture and lifestyles
- Handicrafts production is largely concentrated in rural areas, and enables creative activity in rural households, arresting the trend of urban migration.
- The creativity/skill of artisans is largely inherited and thus provides a strong resource base
- Handicrafts products are ecological and environment friendly
- Handicrafts have utility applications
- There is an increasing demand for products from this sector in global markets.
- Handicrafts related activities are in consonance with the national objectives of poverty eradication and balanced regional growth.
- There is growing awareness for handicrafts in dress and lifestyles – emerging middle class.
- A wide range of consumers ensure scope for diversification and innovation.
- There are an increasing number of Voluntary Agencies/ Private concerns/ International bodies evincing interest in the sector
- Technological possibilities to reduce drudgery and improve quality are being developed.

MID- PLAN INITIATIVES:

13.12 During the implementation of the Tenth Plan, some new components were introduced.

i) Under the AHVY Scheme, the following components were added:

- The installation of Facility Centres in the PPP mode.
- A provision to engage Guiding & Monitoring Agencies.
- The practice of devising Business Plans for the sustainable development of Craft Clusters.

ii) The following new schemes were initiated:

- A provision for Special Handicrafts Training Projects (SHTP)
- A Work-shed Scheme
- A Credit Guarantee Scheme
- The Janashree Bima Yojana for Handicraft Artisans

Adopting Public Private Partnership Model For The Handicraft Sector

Since the beginning of Ninth Plan and through the Tenth Plan, various schemes had been implemented through different partners such as State Handicraft Development

Corporations, APEX Societies, Institutions, NGOs etc. Most of the schemes, barring a few, involved 100 percent assistance to the implementing partners.

In order to harness the private resource both in terms of experience & expertise and in terms of the financial resource, it has been thought prudent to forge suitable partnerships with the private entrepreneur, exporters, institutions and other professionals/agencies. Joining hands with the private partners would not only supplement the State resource, but will also make a significant contribution in professionalising the resource utilization leading to effective realization of targeted outputs.

Now with the advent of new technologies, opening up of economies across the globe and fast changing tastes, life styles and expectations of the discerning consumers, there is a strong felt need to induct ways and means for a qualitative and quantum jump in the production methods through use of technology and bringing in professionalism of the highest order. This necessitates hand holding with persons and institutions who can bring in a high sense of belongingness, commitment and a genuine desire to do that extra bit which can lift the economic standard of the artisans community in the handicraft sector.

In the above backdrop, during the deliberations on handicrafts for the Eleventh Plan, it was a unanimous view that during the ensuing Plan, augmenting the Government resource through a PPP Mode will go along way in achieving the targeted growth in terms of doubling India's share in the global market and seeking a higher socio economic status for the artisans community of the country.

It is, accordingly, proposed introduce a PPP Mode in different components schemes as under:

i) Facility Centres- 40:60 GOI: Implementing Partner
ii) Raw Material Banks: One time assistance as seed money upto Rs. 2.00 crore
iii) Design Development Workshops- 60:40 GOI: Implementing Partner
iv) Integrated Design Development Projects- 60:40 GOI: Implementing Partner
v) National Handicrafts Sourcing Hubs- One time assistance upto Rs. 5.00 crore
vi) Handicraft Warehouses – both in domestic and overseas market- One time assistance upto Rs. 2.00 crore for non recurring expenditure. For recurring expenditure, the assistance of up to Rs.1.00 crore would be phased and tapered over four years in tranches of 100 percent, 75 percent, 50 percent and 25 percent.

RECOMMENDATIONS

Eleventh Plan Schemes vis-a-vis Tenth Plan Schemes – At A Glance

SCHEMES OF TENTH PLAN	SCHEMES OF ELEVENTH PLAN
1. Baba Saheb Ambedkar Hastshilp Vikas Yojana	1. Baba Saheb Ambedkar Hastshilp Vikas Yojana ***(By clubbing the three 10th Plan Schemes of AHVY, SHTP and Workshed)***
2. Workshed	
3. Special Handicrafts Training Project (SHTP)	
4. Marketing Support & Services	2, **Marketing Support & Services** *(By clubbing the two 10th Plan Schemes of Marketing & Support Services and Export Promotion)*
5. Export Promotion (EP)	
6. Design & Technical Upgradation	3. **Product Development.** *(By clubbing the 10th Plan Schemes of Design and the Product Development component of EP Scheme)*
7. Research & Development	4. **Research & Development**.
8. Training & Extension	5. **Human Resource Development** ***(****By clubbing the 10th Plan Schemes of the Training & Extn., Training component of Design & Export Promotion schemes and Guru-Shishya component of SHTP).*
9. Bima Yojana for Handicraft Artisans	6. **Welfare** – *By clubbing the existing schemes of Bima Yojana and Credit Guarantee. A new component "Shilpi Swasthya Bima Yojana" proposed.*
10. Credit Guarantee Scheme	
11. Infrastructure	7. **Infrastructure**
	8. As a micro planning tool, it is proposed to keep a separate sub-head, under each of the above schemes: o in order to accommodate changes that may be warranted due to the dynamics of evolving situations in an unorganized sector like handicrafts, o and to introduce such schemes/initiatives that may become necessary and subservient to achieve the goals of development and growth of the sector in its entirety.

13.13 The Working Group has recommended that the ongoing Plan schemes may be reformulated into the following 7 generic schemes: -

1. Ambedkar Hastshilp Vikas Yojana.
2. Marketing Support & Services.
3. Product Development.
4. Research & Development.
5. Human Resource Development.
6. Welfare Scheme for Handicraft Artisans

7. Infrastructure Development Scheme.

13.14 The modifications in these schemes have been suggested on the basis of recommendations that emerged after the concurrent evaluation of the schemes. Besides, some of the existing schemes are proposed to be clubbed together to improve the delivery of services, and ensure effective and focused implementation.

13.15 In the Approach Paper prepared by the Ministry of Textiles for the Eleventh Plan, the following imperatives were emphasized:

i) A holistic and need based approach.

ii) A focused action plan to take on global competition.

iii) The need to substantially augment overall Plan allocation.

13.16 The salient features of the proposed seven generic schemes in brief are as under:

ELEVENTH PLAN PROPOSALS

A BRIEF SUMMARY OF MODIFICATIONS SUGGESTED IN THE EXISTING SCHEMES

1. BABA SAHEB AMBEDKAR HASTASHILP VIKAS YOJANA:

All the components in the existing scheme will continue in the Eleventh Plan with modifications to the extent indicated below:

a. Existing components being modified

Existing Components	Suggested Modifications	Remarks/ Justification	Financial implications
Diagnostic Survey and formulation of Project Plan.	Scope being expanded to include formulation of **business plan**, implementation plan including suggestions for suitable implementing partner.	To make the survey comprehensive.	No additional financial implication
Community Empowerment Mobilization of Artisans	A provision for payment of **consultancy fee** for creation of Federation, SPV formed under Section 25 of Companies Act 1956 is proposed.	This is required as creation of a workable business entity require expert professional services.	No additional financial implication
Integrated Design & Technology Development Project.	The integrated project may also be considered for implementation through **private entrepreneurs** for producing market-oriented products on a 60:40 ratio.	To provide necessary design inputs for artisan and product manufacturing base for the entrepreneurs.	No additional financial implication
Emporia	This Component to be **restricted for** only **Federations** of artisans on rented accommodation.	To provide marketing platform for artisanal entities developed through cluster interventions.	Anticipated saving over the plan period Rs.1.00 crore @ 5.00 lakhs for 20 emporia
Margin Money	In addition to Federations, margin money is proposed to be given to any other entity like **SPV/Company** registered under Section 25 of the Companies Act, Cooperatives, etc. created by the artisans.	To enlarge the coverage for eligible artisanal organizations.	No additional financial implication

Existing Components	Suggested Modifications	Remarks/ Justification	Financial implications
Wage Compensation to cluster Manager :	Wage compensation to Cluster Manager proposed to be allowed for the entire project tenure as against the existing of maximum one year only.	For continued guidance.	Additional Rs.50.00 lakhs over the plan period @ 1.5 lakh for 30 –35 Manager.
Service charge to the implementing Agencies.	The existing provision is for one-time end – of – project assistance linked with total project cost. It is now proposed to be provided on yearly basis during the project tenure, with enhancement in the present prescribed limits. The overall limit proposed to be extended to 1.00 lakh and 1.50 lakh in case of project less than 25 lakh and more than 25 lakh respectively.	To provide administrative cost to the implementing partner on recurring basis for the project tenure for better supervision.	Additional Rs.2.5 crore over the plan period @ Rs. 50,000 for 500 partners.
Engagement of Guiding and Monitoring Agencies (GNAs)	Service Charge proposed **to be increased to** 2 percent of yearly release subject to a maximum of 1.00 lakh per cluster for a total period of 5 years.		No additional financial implication
Setting up of common facility centre.	Setting up of Lab. or any other facility required for production in addition to machineries	To facilitate availability of new technology.	No additional financial implication
Training for handicrafts other than Carpets. Training for Carpet.	To incorporate wage compensation @ 2000 per month per artisan. To enhance honorarium to master craftsperson to Rs. 6000 per month.	In order to provide better facilities to the training.	Additional requirement of 75 crore @ 2.5 lakh for 3000 training.

b. New components being proposed

Component	Justification	Financial implications
Technology status and need based study provision. Provision for contract/ need based research. Training for users on new machine, tools/process, technology and processes. Modification/revitalization/revival of existing common facility centres. IPR and certification provisions.	To ensure availability of appropriate technology, processes & infrastructure to enhance productivity & quality.	Rs.45.75 crore @ 5.00 lakh for 915 such activities.
Establishment of a **Resource Centre** for major crafts:	For providing a single window service to cluster actors for hand holding/ mentoring, technological and market related inputs etc.	Rs.16.00 crore @ 1.00 crore for 16 centres
Establishment of **E-kiosk**	To extend the benefits of IT and IT enabled services at cluster level.	Rs.12.25 crore @ 3.50 lakh for 350 kiosks.
Construction of Common Workshed-cum-warehouse	To provide a working place for the artisan near to Common Facility Centres (CFCs).	Rs.2.50 crore @ 50,000 for 500 worksheds.
Raw Material Bank	It is proposed to establish **raw material bank**s for providing quality and graded raw materials to the artisans.	Rs.32.00 crore @ 2.00 crore for 16 Banks.
Capacity building through imparting Non craft skills *i.e.* Soft skills	To develop entrepreneurship in artisans and artisanal enterprise.	Rs.6.00 crore @ 1.20 lakh for 500 programmes
Market assessment and product assessment, study and tours	For enhanced market penetration and hence higher economic gain to the artisans.	Rs.4.00 crore @ 2.00 lakh for 200 studies.
Quality assurance and Brand building	For establishing a quality certifying facility at cluster level	Rs. 5.00 crore @ 10.00 lakh for 50 projects.
Engagement of experts/ consultant/institutions	For specialized work like technological handholding, creation of data base, report format creation, end- of-project report preparation, establishment of certifying/ testing resource centres etc.	Rs.25.00 crore @ 5.00 lakh for 500 consultants.

c. Existing components being dropped

Existing Components	Remarks/Justification	Implication
Preservation and revival of old rare and languishing craft	As the enabling provision for this exist elsewhere in the scheme.	Savings of Rs. 1.00 crore @ Rs.4.60 lakh per activity for 20-25 projects.
Crafts Bazar	Based on the assessment made and reports received from different field units.	Savings of Rs. 10.00 crore @ Rs 9.00 lakh per activity for 110 Bazars.

2. MARKETING SUPPORT & SERVICES:

The Marketing Support Scheme and the Export Promotion Scheme run separately in the Tenth Plan have been proposed to be clubbed in Eleventh Plan and the Clubbed new Scheme will be titled as "**Marketing Support & Services Scheme"**. The scheme will have following three components:

- Domestic Marketing
- International Marketing
- Publicity

All the components in the existing scheme will continue in the Eleventh Plan with modifications to the extent indicated below:

DOMESTIC MARKETING

a. Existing components being modified

Existing Components	Suggested Modifications	Remarks/ Justification	Financial implications
A. Marketing Events			
Craft Bazaar Buyers-Sellers Meet Participation in Fairs & Festivals	The financial ceiling proposed to be enhanced by 20 percent. Number of events proposed to be increased from 473 in Tenth Plan to 625. It will comprise of : i) Gandhi Shilp Bazar - 270 (54 per year - at present 36) ii) Craft Bazar at Urban Haat – 100 (2 Craft Bazar in a year at each Haat) iii) Occasion-specific Craft Bazar – 50 (10 per year). iv) Other Craft Bazars/events – 205 (the stand-alone Craft Bazars will be tapered and phased out gradually) Gandhi Shilp Bazar & Crafts Bazar at Urban Haat will be organized on 100 percent funding basis. Others at Srl. No. iii) & iv) will be organized on 75:25 basis.	To neutralize the effect of inflation.	Additional Rs.21.14 crore over the Plan period. (140 additional events under Gandhi Shilp Bazar/Urban Haat 445 x 1.7 lakhs = 7.60 crore approx).
Handicrafts Expo	The expos shall be organized along-with cultural events & food courts or will be dovetailed with other mega events organized by Center/State organizations	To gain benefits of synergies and to achieve higher sales.	No additionalities are sought as the present provisions and scope has been adequate.

Existing Components	Suggested Modifications	Remarks/ Justification	Financial implications
Exhibitions	Scope being expanded by making it a multi – location (maximum 3) with extended duration of one month, in addition to the existing single-location 10-days exhibitions. The financial ceiling proposed to be enhanced by 20 percent, but funding pattern shall remain on 75:25 basis. Thus the cost for one single-location exhibition will rise from Rs.1.85 lakhs to Rs.2.22 lakhs (Per exhibition reimbursement @ 75 percent would be Rs.1.66 lakhs). This will include Infrastructure, rent, Publicity, TA/DA to 4 artisans for demonstration, Transportation/packaging and Miscellaneous. In case of multi-location (3) mobile exhibition, since the implementing agency would move to three contiguous locations without having to the composite funding would be reduced by 10 percent of the total funding needed for 3 single location exhibition. 875 Exhibitions are proposed as against 627 at present.	To maximize market exposure and sales of artisanal product	Additional Rs.1.40 crore over the Plan period. (875 x 0.16 lakhs = 1.40 crore approx).

B. Marketing Infrastructure

Existing Components	Suggested Modifications	Remarks/ Justification	Financial implications
Urban Haat	The locations shall be preferred in cities having population of more than 10 lakhs of tourist importance. The Implementing Agencies connected with the tourism sector shall be preferred. The existing ceiling proposed to be raised from Rs.2.00 crore to Rs.3.00 crore.	To ensure adequate footfalls. For better synergies To offset increase in construction cost.	Additional Rs.20.00 crore over the Plan period. (20 x 1.00 crore = 20.00 crore approx). During the Tenth Plan, Ten Haats were sanctioned at locations with population less than 10 lakhs. By not repeating such locations in Eleventh Plan, the projected saving would be Rs.20.00 crore.
Opening of new emporia & renovation of emporia.	The eligibility is being restricted to State Handicraft Development Corporations only. Ceiling for emporia is proposed to be revised as under: - Own building – Rs.23.00 lakh to Rs.50.00 lakh Rented building – Rs.11.50 lakh to Rs.20.00 lakh Renovation – Rs.5.57 lakhs to Rs.15.00 lakh	Other implementing partners are covered under AHVY Scheme To make it to realistic with prevalent cost of inputs.	Additional Rs.3.00 crore over the Plan period.

b. New components being proposed

Component	Remarks/ Justification	Financial implications
Product Promotion Programme	Product Promotional Programme being re-introduced for test marketing of newly developed products	Additional Rs.1.00 crore over the Plan period. (60x 1.50 lakhs = 1.00 crore approx).
Travel Assistance to artisans	Travel Assistance to artisans participating in various marketing events organized at a distance of more than 500 kms away from their home (place of stay as documented). To minimize dropouts and encourage participation of artisans from far flung areas of the country.	Additional Rs.12.00 crore over the Plan period. (30,000 artisans @ Rs.4, 000/- each).
Handicrafts Marketing Hubs in Metros.	A one-time assistance will be considered upto 25 percent of the project cost subject to a ceiling of Rs.10.00 crore per project. To provide a wider marketing platform for artisanal products on the pattern of Indian Exposition Mark Ltd. (IEML), Greater Noida.	Additional Rs.40.00 crore over the Plan period. (4 x 10.00 crore = 40.00 crore approx).
Handicrafts Sourcing hubs in major clusters	A one-time assistance will be considered upto 25 percent of the project cost subject to a ceiling of Rs.5.00 crore per project. To provide a wider marketing platform for artisans and a single point sourcing hub for domestic & international buyers.	Additional Rs.60.00 crore over the Plan period. (12 x 5.00 crore = 60.00 crore approx).
Warehousing facilities for handicrafts	A one-time assistance will be considered upto 25 percent of the project cost subject to a ceiling of Rs.3.00 crore per project. To facilitate meeting requirements of bulk buyers.	Additional Rs.15.00 crore over the Plan period. (5 x 3.00 crore = 15.00 crore approx).

Component	Remarks/ Justification	Financial implications
Insurance cover & lodging facilities during marketing events.	Insurance cover for all marketing events. Lodging facilities for artisans participating in marketing programme. To safeguard against risks like fire, theft etc. including loss of life. To encourage optimal participation and minimize inconvenience/cost to artisans.	The cost implication will be taken care of by the 20 percent increase proposed in the overall cost of the event.
Service charges to agencies.	Ten percent Service charges for agencies organizing marketing programmes. To partially offset the event, planning/ management/execution cost of the implementing partner.	The cost implication will be taken care of by the 20 percent increase proposed in the overall cost of the event.
Transportation assistance to artisans from select difficult areas.	The existing assistance for Transportation of artisanal products for display in fairs/ exhibitions/ bazaars etc. available to the artisans from Leh in J&K, KBK in Orissa, NER and Andamand & Nicobar Island is proposed to be extended to artisans from remote/hilly areas like J&K, HP, Uttranchal etc. To encourage the artisans from these areas to participate in the marketing events	The cost implication will be taken care of by the 20 percent increase proposed in the overall cost of the event.
Domestic market studies	Market studies for identification of market & products etc. within the country. To gather market intelligence for enhancing sales.	Additional Rs.2.50 crore over the Plan period.

INTERNATIONAL MARKETING

All the components in the existing scheme will continue in the Eleventh Plan with modifications to the extent indicated below:

a. Existing components being modified

Existing Components	**Remarks/Justification**	**Financial implications**
Participation in International events:		
Participation in fair & exhibitions abroad including Brand Promotion of Indian Handicrafts & Carpets.	In addition to Corporations & artisans, SHGs, Federations, Entrepreneurs, NGOs & other producer groups will also be eligible. Groups of Corporations are proposed to participate in important fairs. To provide opportunity for accessing foreign markets and to make the participation more representative of the Indian handicrafts. Brand Promotion through events like Dilli Haat, Road shows, Stand alone shows, catalogue shows etc. For Brand Promotion of Indian Handicrafts & Carpets. Organizing Thematic exhibitions/ fairs in India & abroad as a focused marketing campaign for specific segments.	Additional Rs.21.45 crore over the Plan period for 51 events (need based). Additional Rs.13.30 crore over the Plan period. (51 x 35.00 lakhs = 13.30 crore approx).
Buyer- Seller Meet	Organizing Sourcing Show to facilitate interface of producers groups/SHGs federation etc. with buyers/ exporters etc.	Additional Rs.41.00 crore over the Plan period. (41 x 100.00 lakhs = 41.00 crore approx).
Workshops/Seminar within India & Abroad.	Existing ceiling of Rs.15.00 lakh is proposed to be enhanced to Rs.20.00 lakh to meet the increase cost of inputs	Additional Rs.0.50 crore over the Plan period. (10 x 0.05 crore = 0.50 crore approx).

Existing Components	Remarks/Justification	Financial implications
Market Research Abroad	In the existing component of market survey and studies, which includes financial assistance towards TA/DA of 4 persons, stay, procurement of samples/prototypes, desk research/domestic survey in India, collection of samples abroad, documentation etc., it is proposed to include procurement of tools and implements, process and technologies, books and publications and a provision for fee for experts/professionals to facilitate the market research abroad. To capture new, emerging & virgin markets & to strengthen hold in the existing markets through better knowledge about technologies, processes, raw material & other inputs. Gathering market intelligence through procurement of product catalogues, design forecasts, samples & proto-types, tools & implements from different countries. Country specific, market or niche specific, product specific, crafts specific scanning to assess specific areas offering promise for gaining better market access. The existing financial ceiling of Rs.10.00 lakh in each case is proposed to be increased to Rs.15.00 lakh to take care of the provision for payment of Consultant Fee and procurement of tools etc.	Additional Rs.2.50 crore over the Plan period for 50 studies. (need based).

b. New components being proposed

Component	Justification/Remarks	Financial implications
Assistance EPCs to encourage new/ upcoming export entrants	To encourage SHG Federations, NGO Partners, National Awardees etc. to enter into international trade. These categories of artisans would be extended financial assistance as applicable to small exporters under MDA for participation in export promotion events.	Additional Rs.9.75 crore over the Plan period. (65 x 15.00 lakh = 9.75 crore approx).

Component	Justification/Remarks	Financial implications
Collaboration with National & International Commercial Organizations.	To facilitate market linkages with the assistance of consultant/specialists/ lobbyists/other professionals bodies etc.	Additional Rs.15.00 crore over the Plan period. (need based).
Craft Exchange Programme	Craft Exchange Programme for deputing/inviting craft persons to/from different countries for training, study tours and holding exhibitions etc.	Additional Rs.5.00 crore over the Plan period. (need based).
Warehouses in overseas markets.	To facilitate meeting requirements of bulk/spot buyers in international markets. The funding will have two components. The non recurring components to meet the requirements of interiors/infrastructure will be in the form of a one time assistance restricted upto Rs.2.00 crore. In addition, the recurring components towards cost of rentals etc. shall be made on tapering basis beginning with up to Rs.1.00 crore (100 percent) in first year, Rs.75.00 lakh (75 percent) in second year, Rs.50.00 lakh (50 percent) in third year & Rs.25.00 lakh (25 percent) in forth year. The difference will be borne by the implementing partners.	Additional Rs.20.00 crore over the Plan period. (5 x 4.00 crore = 20.00 crore approx).
Acquisition of space in Marts in foreign countries	To gain better market access through local presence. The funding will have two components. The non recurring components to meet the requirements of interiors/ infrastructure will be in the form of a one time assistance restricted upto Rs.2.00 crore. In addition, the recurring components towards cost of rentals etc. shall be made on tapering basis beginning with up to Rs.1.00 crore (100 %) in first year, Rs.75.00 lakh (75 %) in second year, Rs.50.00 lakh (50 %) in third year & Rs.25.00 lakh (25 %) in forth year. The difference will be borne by the implementing partners.	Additional Rs.20.00 crore over the Plan period. (5 x 4.00 crore = 20.00 crore approx).

PUBLICITY

a. Existing components being modified

Existing Components	Suggested Modifications	Remarks/Justification	Implications
Publicity campaign through electronic & print media	The scope is being enlarged to include Brand Promotion of Indian Handicrafts & Carpets through sustained campaign like Incredible India of Ministry of Tourism	Brand Promotion of Indian Handicrafts though sustained campaign	Additional Rs.20.00 crore over the Plan period. (need based).
Assistance for publication of brochures, catalogues, pamphlets, maps, folders, etc.	The scope is being enlarged to include Brand Promotion of Indian Handicrafts & Carpets in international markets through aggressive publicity.	Brand Promotion of Indian Handicrafts though sustained campaign	Additional Rs.20.00 crore over the Plan period. (need based).

3. PRODUCT DEVELOPMENT:

The existing scheme of Design & Technology Upgradation and the Product Development Component of the existing Export Promotion Scheme are proposed to be clubbed. The new scheme will be called ***"Product Development"***

All the components in the existing scheme will continue in the Eleventh Plan with modifications to the extent indicated below:

a. Existing components being modified

Existing Components	Suggested Modifications	Remarks/ Justification	Financial implications

Existing Components	Suggested Modifications	Remarks/ Justification	Financial implications
Assistance for Design & Technology Upgradation like design development workshops, technology workshops & integrated design projects etc.	Scope of coverage being enlarged to include entrepreneurs, exporters & SHG federation etc. Pattern of assistance is proposed to be changed as under: - Design/Technical institution/ Handicrafts Corporations/other Government agencies – 100 percent NGOs/ Entrepreneurs/ Exporters/ Federations etc. – on 60:40 basis sharing between Implementing Partners & GOI. In case of NGOs etc. the assistance will be subject to the condition that it is either a marketer itself or has a marketing tie up with exporters/buyers/ boutiques/retail chain stores etc.	To meet the design related needs of a wider spectrum of stakeholders in the sector. To attract private investment in the Design & Technology Upgradation. To ensure test marketing and commercial acceptance of newly developed designs and products.	No financial implications due to proposed modifications
Financial assistance for development & supply/ dissemination of modern improved tools, equipments, products, processes & technologies.	The financial ceiling under this component for tools is proposed to be enhanced from Rs.3, 750 to Rs.10, 000/- per artisans depending on crafts.	To meet the increased cost of tools/implements and to include mechanized tools.	

Existing Components	Suggested Modifications	Remarks/ Justification	Financial implications
Components of Product Development transferred from Export Promotion Scheme - - Development of prototype for exports by Indian/International designers.	The scale of coverage being enhanced to organize 50 Product Development Programmes	To meet the changing consumer's demand and to improve sustainability through making available innovative and commercially viable new products.	

b. New components being proposed

Component	Justification/Remarks	Implications
Design bank at RD&TDCs, NIFT, NID, IICT etc.	These centers of National importance are proposed to develop into a composite resource center to house A to Z of designs in the handicrafts sector so as to enable any stakeholder to access the same for adaptation.	Additional Rs.9.60 crore over the Plan period. (16 x 60 lakh = 9.60 crore approx).
Design orientation to artisans through reputed design institutions like NIFT, NID etc.	To facilitate direct interface of artisans with institutions' faculty/students to enhance their understanding about intricacies of designing for quality and value added production.	Additional Rs.2.30 crore over the Plan period. (150 x 1.85 lakhs = 2.30 crore approx).
Strengthening design & technology related infrastructure of the vocational/technical/ R&D/art & craft institutions for HRD & development of appropriate technologies/tools & implements for the craft sector.	At present there is no formal institutional arrangement at Cluster/District level for facilitating technology related inputs to the handicraft artisans, it is, therefore, proposed to strengthen the infrastructure of the institutions like ITIs, vocational/ technical/ R&D/art & craft institutions to enable them to impart training.	Additional Rs.12.00 crore over the Plan period. (20 x 60 lakhs = 12.00 crore approx).

4. *SCHEME OF RESEARCH & DEVELOPMENT FOR ELEVENTH PLAN:*

All the components in the existing scheme will continue in the Eleventh Plan with modifications to the extent indicated below:

a. Existing components being modified

Existing Components	Suggested Modifications	Remarks/ Justification	Financial implications
Surveys/ studies of specific crafts for which adequate information is not available.	The scope is being enlarged to facilitate conduct of All India Census of handicraft sector. The Census is proposed to be completed in the Eleventh Plan period @ 20 percent of the Districts per year.	There had not been a census since 1995-96 and as such, in absence of reliable data base hinders appropriate planning. Therefore, to have reliable data on economic and social aspects of various crafts/artisans of the sector, this enabling provision is proposed.	Additional Rs.20.00 crore over the Plan period.
Financial assistance for preparation of legal, para legal, standards, audits and other documentation leading to labeling/ certification.	This component may also include provision for financial support and certification of raw material and products, including **setting up of new Labs/strengthening of existing Labs** for standardization/ certification of raw materials, intermediaries, products, processes etc. **Bar Coding of Handicrafts** An enabling provision to assist handicraft exporters in adoption of GSI Global Identification Standards and Bar Coding. Introducing Handicraft Mark for generic products	To ensure conformance to requirement of National and International regulatory framework. To ensure conformance to the requirement of International Buyers and to facilitate automation in supplies, transit and real time stock management at all points in the supply chain.	Additional Rs.6.00 crore over the Plan period @ 1 Lab per Region each at Rs.1.00 crore. Rs.5.00 crore over the plan period for Bar Coding and Handicraft Mark etc.

Existing Components	Suggested Modifications	Remarks/ Justification	Financial implications
Any other problems/ issues of specific nature relating to handicrafts sector.	This component may also include development and implementation of projects relating to technology/ processes and to assess its efficacy including validation/ acceptance in the craft cluster for commercialization.		

5. HUMAN RESOURCE DEVELOPMENT:

The training component of Design & Technology Upgradation Scheme, Export Promotion Scheme are proposed to be clubbed with the existing Training and Extension Scheme. The new scheme will be titled "Human Resource Development".

All the components in the existing scheme will continue in the Eleventh Plan with modifications to the extent indicated below:

a. Existing Components being modified

Existing Components	Suggested Modifications	Remarks/Justification	Financial Implications

Existing Components	Suggested Modifications	Remarks/Justification	Financial Implications
Training for skill upgradation Training under Guru Shishya Prampara Special handicraft **Training Project (SHPT), Training Scheme 'A' & 'B'merged in AHVY**	The financial assistance under SHTP is proposed to be scaled down from Rs.3.73 lakh to Rs. 1.60 lakh per training course under Guru Shishya Parampra. Training sanctioned under A&B the NGO's is replaced with training through stabled institutes such as Technical and Vocational training institution. (for which a one time non recurring grant of Rs.24.00 Lakh for purchase and installation of machinery and a recurring grant of Rs.10.24 per annum is proposed).	To enhance reach of the scheme by wider coverage with the given budget. This helps in effective monitoring of the scheme formalized courses too Handicrafts Sector with proper modules. Periodical review of progress and evaluation of the schemes. The courses conducted through recognized institutes shall help the beneficiaries to established self employed unit.	560 lakh for the total plan period to 3500 beneficiaries. 6075 lakh for the total period with 18720 beneficiaries.
Financial assistance for capacity building and to conduct awareness-cum-training workshops/ seminars for artisans, NGOs etc. in various spheres related to handicraft sector.	The scope of this component is proposed to be expanded to include capacity building through training in, apart from craft skills, in non-craft such as project report/appraisal, finance and accounting, opening of new firms/federation/ society, banking & taxation, time management leadership etc. For this the services of experts, professionals and institutions would be engaged.	To develop entrepreneurship among all stakeholders in the sector.	450 lakh to benefit 7000 artisans for five years.
Training the employees	--	Training in the fields of organizational management, EDP, E-commerce,	Rs.50.00 lakh

Existing Components	Suggested Modifications	Remarks/Justification	Financial Implications
		productivity oriented skill to equip the staff for educating the artisans.	

b. New components being proposed

Component	Remarks/Justification	Financial implications
Training persons involved in Design, pattern making plaster or Rubber mould makers, stencil makers, Talcom writers in carpet weaving etc.	These specialized persons will supply the essential inputs for value addition and to cater to the changing trends of markets.	125 lakhs @ Rs.2.50 lakhs per batch for 50 batches benefiting 500 persons.

6. WELFARE:

a. New components being proposed

Component	Justification/Remarks	Financial implications
Health Insurance Scheme (proposed)	To provide best of health care to the artisans & their family & insurance cover at affordable cost. To cover 2 lakh artisans per year.	Additional Rs.210 crore in the Plan period.

SPECIAL PACKAGE FOR NORTH EASTERN REGION INCLUDING SIKKIM.

13.17 All the schemes recommended for implementation in the Eleventh. Plan on Handicrafts will be applicable to the North-Eastern States as well. As per the existing policy of the Government of India, a budgetary allocation of not less than 10 percent of the proposed Plan outlay will be separately earmarked for the same.

13.18 The working group has envisaged the following expected deliverables for the NER through the implementation of this proposed package of schemes:

- To achieve an export turnover of Rs.500 crore by the end of Eleventh Plan
- Putting in place needed infrastructure like SEZ/EPZ and Trade Facilitation Centres of International standards.
- To facilitate the flow of credit of Rs. 150 crore to handicrafts artisans
- To develop Entrepreneurship through a dedicated initiative with the help of the best professionals in the country.

SUB PLAN FOR WOMEN, MINORITY COMMUNITIES AND SCHEDULED CASTES & SCHEDULED TRIBES.

13.19 While all the schemes recommended for the Eleventh Plan shall be applicable for artisans belonging to the above categories, some special features are recommended such as: -

- The Scheme for skill upgradation under the Guru Shishya Pattern of the Special Handicrafts Training Project (SHTP) shall be implemented **ONLY** in respect of women artisans & the artisans belonging to SC/ST community.
- Special components in all the existing schemes of Office of Development Commissioner (Handicrafts) being implemented, shall be introduced in association with the National Minority Commission in order to fulfill specific needs of the artisans belonging to minority communities.

FINANCIAL OUTLAY FOR THE TENTH PLAN – PROPOSED & ACTUAL ALLOCATION

Sl. No.	**Name of the scheme**	**Proposed Tenth Plan Outlay** (Rs. in crore)	**Actual allocation**
Revenue			
1	**Baba Saheb Amdedkar Hastshilp Vikas Yojana**	150.00	82.80
2	Design and Technical Upgradation	116.00	98.50
3	Marketing Support & Services	170.00	71.85
4	Export Promotion	61.50	43.00
5	Research and Development	25.00	10.50
6	Human Resource Development	150.00	82.07
7	NER including Sikkim (lump sum provision)	125.65	**
8	UNDP Assisted Project under FHAP (CCF-1) i Carpet ii Cane & Bamboo	7.50	6.33
Capital			
1	**Infrastructure Projects – Handicraft Bhawan/ Janpath/RD&TDCs/ O/o DC (HC) & field offices etc.**	39.35	30.00
2	Financial assistance to Central PSUs/ HDCs/ Apex societies		
	Grand Total	**845.00**	**425.00**

** Allocation for NER included in all schemes & no separate budget allocated in the Tenth Plan.

PROPOSED OUTLAYS FOR THE ELEVENTH PLAN.

13.20 As against the Tenth Plan allocation indicated above, the sub group has recommended the following outlays for the Eleventh Plan

Name of the Scheme	**Proposed Outlay** (Rs. in crore)	
	Rest of India	**NER**
Baba Saheb Ambedkar Hastshilp Vikas Yojana (AHVY)	446.00	50.00
Marketing Support & Services	525.00	60.00
Product Development	250.00	25.00
Research & Development	62.00	5.00
HRD	63.00	10.00
Welfare	251.00	30.00
Total (Revenue)	**1597.00**	**180.00**
Infrastructure **(Capital)**	22.00	13.00
Total (Rev. + Cap.)	**1619.00**	**193.00**
Grant Total	**1812.00**	

PROJECTED OUTCOMES OF THE ELEVENTH PLAN

13.21 Share in World Market Exports will double from the present 1.4 percent to 2.8 percent. The target for exports will thus be Rs.44, 081 crore at the end of Eleventh Plan.

13.22 The production in the sector is expected to grow from Rs.36, 333.30 crore in 2006-07, to Rs.82, 285 crore at the end of the Eleventh Plan. The estimated average annual growth rate is 18 percent.

13.23 Employment is expected to grow from an estimated 67 lakh at present to 80 lakhs by the end of 11th Plan.

Name of the Scheme	Expected Outcomes
Baba Saheb Ambedkar Hastshilp Vikas Yojana (AHVY)	• 4.0 lakh artisans will be directly benefited. • 375new clusters will be developed in the 322 districts not covered in Tenth Plan. • 400 clusters out of 600 adopted in Tenth Plan to continue. • 16 Raw material banks to be established. • 100 Facility Centers for entrepreneurs will be established under PPP Mode. • Common work sheds will be established in 150 clusters.
Marketing Support	• Around 1.20 lakh artisans will be provided a direct marketing

Name of the Scheme	Expected Outcomes
& Services	platform. • 4 Handicraft Marketing Hubs in Metros and 12 Handicrafts Sourcing Hubs with warehousing facilities in major craft clusters will be established. • Exports to increase to around Rs.44, 081 crore. • Brand Image of Indian Handicrafts will be established. • Infrastructure will be strengthened through 20 additional Urban Haats, 5 Warehouses. • Acquisition of space in 5 International Handicraft Malls.
Product Development	• 28,000 artisans to benefit directly through 1000 Design Workshops and 400 Integrated Design Project. • 50 new SIDCs will be established, at least one for each of major crafts. • 16 Design banks will be established at Regional levels. • Institutions like IICT, CDI, BCDI, NCDPD, MHSC, etc. will be further strengthened, consistent with the need of sector. • Craft related technical infrastructure of 20 State level Technical Institutions like ITIs, Polytechnics etc. will be strengthened.
Research & Development	• Infrastructure for grading & certification of raw material & products will be put in place. 6 Labs would be established. • Major crafts will be covered for protection under IPR. • Bar Coding for Handicrafts and Handicraft "Mark" would be introduced. • Benchmarking of technology, processes, raw materials & standards for all exportable crafts will be developed. • Census of Handicrafts will be completed @ 20 percent States/districts in the country.
HRD	• Capacity building of approximately 2 lakh artisans & stakeholders. • Skill upgradation training of artisans (need based). • Non craft training like EDP/Packaging etc. to all stake holders (need based).
Welfare	• To facilitate Rs.1000crore credit to artisans. • 2 lakhs artisans will be provided insurance cover every year. • 2 lakhs artisans will be provided health insurance cover every year.

CHAPTER - 14

EXPORTS

INTRODUCTION

14.1 The Indian textile industry is an export intensive industry and about one third of its total production is exported in same form or the other. Through export friendly Government policies and positive efforts by the exporting community, textiles exports have increased from US$ 12.45 billion in 2002-03 to US$ 17.08 billion in 2005-06 with an annual rate of growth of 12 percent. Clothing is the biggest segment in India's textiles export basket contributing about 49 percent to total textiles exports. The import intensity of this industry is very low, constituting about 15 percent of the total textiles exports and about 5 percent of total textiles market.

14.2 Though textiles continue to be a major component of the India's export basket, their share in total export of the Indian economy has been steadily declining. It has declined from 29 percent in 1998-99 to 17 percent in 2005-06 due to the emergence and growth of new export oriented segments in the economy like I. T., gems and jewellery, and auto components. With increased opportunities subsequent to the phasing out quotas, textiles are expected to regain their share in the India's export basket during the Eleventh Plan period.

14.3 India's share in the international textiles trade was 3.83 percent in textiles and 2.43 percent in clothing with an overall share of 3.04 percent during 2004. In fact, in 1950 India had 11 percent share in global textiles trade which steadily declined to 1.80 percent in early nineties, but recovered again and reached the level of 3.04 percent in 2004.

14.4 Exports of cotton based items continue to predominate in our international trade which is natural in view of India's competitive advantage in cotton. However, the global trade in textiles is mainly based on man made / blended fabric. This could be one of the reasons for the low share of India in the global textiles trade.

14.5 With the quota phase out, India's export in quota based countries has increased significantly and it appears that Indian textiles industry has been able to face successfully the competitive scenario and increase its market share in quota countries.

PERFORMANCE DURING THE TENTH PLAN PERIOD

14.6 The export of textiles registered a growth of 12 percent in dollar terms during the first four years of the Tenth Plan. The highest growth was recorded by man-made textiles followed by the clothing sector. The exports from different segments of the industry and the annualized growth rate are given in the table below.

Table 14.1

Segment wise Export of the textiles and clothing industry during Tenth Plan period

Value in Million US $

Items	2001-02	2002-03	2003-04	2004-05	2005-06	Annualised rate of growth (%)
Cotton textiles	**3092**	3370	3609	3543	4493	9.79
Man made textiles	**1092**	1421	1826	2050	2000	16.33
Silk textiles	**287**	315	381	405	430	10.64
Woollen textiles	**52**	51	58	70	84	12.74
Clothing	**5024**	5705	6248	6559	8403	13.72
Total	**9547**	**10862**	**12122**	**12627**	**15410**	**12.72**
Jute, Coir & Handicrafts	**1254**	1583	1409	1394	1668	7.39
Grand Total	***10801***	***12445***	***13531***	***14021***	***17078***	***12.14***
% growth		***+15.22 %***	***+8.73 %***	***+3.62 %***	***+21.80 %***	

14.7 The exports of textiles and clothing during the first three years of the Tenth plan have not grown significantly. However, exports in the penultimate year i.e. 2005-06 of the current Five Year Plan have registered a sharp growth of 22 percent over the previous year. This sharp rise in exports was possible due to the elimination of trade quotas in the global textiles and clothing trade after over four decades of restrictions.

14.8 Growth in the year 2005-06 was mainly driven by a sharp increase in export of apparel and cotton textiles products (by more than 28 percent and 26 percent, respectively). In the coming years, too, a similar trend is expected to continue with growth coming from garment and home textiles. These two sectors together have contributed almost 75 percent to the total textiles and clothing exports in the year 2005-06. Their combined share increases even further, to 84 percent, if Handicrafts, Jute and Coir are excluded from total exports.

14.9 Subsequent to the quota phase out, India has improved its export performance in the quota countries as per details given in Table 14.2.

Table 14.2

Year on year growth in textiles export in Quota Countries

(In percent)

Country	2005	Jan – May, 2006
USA		
Apparel	34.2	19.54
Textiles	16.43	13.29
EU		
	2005	**Jan – March, 2006**
Apparel	30.6	25.8
Textiles	2.2	2.4

14.10 The increasing trend in export is expected to continue on account of India's intrinsic strength in the production of textiles and clothing in terms of vertical and horizontal integration. The major global players are not inclined to source exclusively from China and, therefore, India is the 2nd most preferred destination for major global retailers, due to its strength of vertical & horizontal integration.

APPROACH TO THE ELEVENTH PLAN

14.11 The approach to the Eleventh Plan is to facilitate textiles and clothing to attain and sustain their pre-eminent global standing in the manufacture and exports of textiles, and attain 7 percent share in global textiles trade by the end of the Eleventh Plan.

PROJECTIONS FOR THE ELEVENTH PLAN

14.12 In view of the export performance of the industry, subsequent to the abolition of quotas, coupled with increased flow of funds to augment capacities in the entire textile value chain, the textile exports have been projected to grow at a rate of 22 percent during the Eleventh Five Year Plan to reach the figure of US$ 55 billion and attain a share of 7 percent in the global textile trade by the end of the Eleventh Five Year Plan. The segment wise projections are discussed in chapter - 2.

RECOMMENDATIONS

14.13 The following measures need to be initiated to enable the textiles industry to attain the export target of US$ 55 billion by 2011-12:

Labour Reforms

14.14 Rigid labour laws are adversely affecting the competitiveness of the industry. There is a need to liberalize these laws on the following lines:

14.14.1 *Permitting use of contract labour in export oriented units (EOUs)*: **The exports business is seasonal and contractual in nature. Excess labour during lean periods or during initial stages of developing an export market(s), when order uncertainty is high, can lead to financial difficulties. Section 10 of the Contract Labour (Regulation and Abolition) Act, 1970, needs to be amended. The section should exclude textiles units engaged in exports related activity (exports / deemed exports comprising 50 percent or more of their sales) to facilitate outsourcing of activities without any restrictions as well as to offer contract appointments, at the same time ensuring protection of the rights of these laborers in terms of their health, safety, welfare, social security, etc. For example, countries such as China, Bangladesh and Sri Lanka have allowed contract labour in the textiles sector.**

14.14.2 *Permitting firms to adjust their workforce*: **Units employing over 100 people currently fall under the purview of the Industrial Disputes Act, 1947. The Act stipulates that employers must obtain necessary approvals for lay-offs. This proves to be a hindrance especially for medium sized enterprises. There is need to relax the norms of the Industrial Disputes Act (Chapter VB) by keeping units employing up to 500 people (presently 100) outside its purview. For example, Malaysia regards right to hire, assign work, reward, transfer, promote and adjust work – force as managerial rights. Workforce adjustment (ILO Convention on Termination of Employment) at the instance of employer due to structural and other changes should be permitted.**

14.14.3 *Extending work hours:* **The Government also needs to consider the demand of labour intensive sections of the textiles industry, such as the made-ups and garmenting industry, to increase the hours in a shift to twelve from nine at present, and also increase the working hours in a week to sixty hours from forty eight, in order to cater to peak season requirements of customers as well as to compensate for lower labour productivity.**

14.14.4 *Need for special focus on SEZs:* **With the passing of the SEZ Act, 2005, respective State Governments may delegate the power of the Labour Commissioner to the Development Commissioner of the SEZ. States with large textiles manufacturing**

clusters should adopt flexible labour policies to compete with their counterparts in Chinese SEZs. States with significant opportunities in the textiles and machinery sector should be encouraged to implement flexible labour policies in their respective SEZs. e.g.: Andhra Pradesh, Maharashtra, Karnataka, Uttar Pradesh, Madhya Pradesh, Gujarat have implemented the reforms. Increased labour flexibility would enable companies to drive productivity and become competitive.

14.14.5 The textiles and clothing sector be used extensively for implementation of the National Employment Guarantee Act, 2005, as this sector can provide 100 days assured employment at an average rate of Rs. 60 per day. Since sophisticated technical skills are not required, it can provide employment to rural persons also.

nd Promotion

14.15 With the dismantling of quotas from January, 2005 international trade in textiles and clothing has become globalised in the true sense. Leading importers, departmental stores, retailers are now sourcing their requirements from select countries while emphasizing the need for verticalisation of production systems, supply chain management and customer relationships. Diversified product mix, efficient logistics, ability to provide one stop window for goods and service are increasingly defining the preference of buyers, world-wide. Given the scenario, the time has come to seriously work upon a strategy, which promotes India as a BRAND for sourcing all type of textiles and clothing items, irrespective of fibre base.

15.1 Brands, in today's consumer oriented market, play important role in terms of market penetration and higher unit value realization. Brands assure the consumers that the products are of certain quality, durability and compliant to several social, environmental and quality standards. The markets of USA and Europe, which account for more than 90 percent of Indian apparel exports, are entirely dominated by various global brands, and Indian exporters are merely suppliers to such brands.

14.15.2 It is estimated that the final retail value of an apparel product sold to the consumer in export markets is 5-10 times higher than the ex-factory price of the product depending on various factors. As a result, country is loosing significant amount of export earnings.

15.3 Brand development, therefore, will deepen the market share and acceptability of Indian apparels thereby leading to increased export earnings. However, brand promotion is not only an expensive proposition but also requires very carefully designed multi-stakeholder strategy, on a sustainable basis. The capacity of Indian industry, by virtue

of being SME, fragmented and decentralized, is not in a position to design and launch brand promotion efforts on its own. Therefore, a Public-Private Partnership (PPP) approach is the appropriate strategy to develop globally acceptable Indian apparel brands.

15.4 The Indian apparel industry will be encouraged to create a Special Purpose Vehicle (SPV) for the purpose of brand creation and promotion. The role of such SPV would include need assessment, mobilization of resources, assisting the enterprises in designing and launching the brands in selected markets, forging linkages with key stake holders and other hand holding support. The SPV would be a corporate body with majority stake being held by user apparel industry enterprises through associations / councils. The SPV, in consultation with the Government, would develop detailed guidelines and strategy for brand promotion.

14.15.5 Another tool which would be deployed would be to synergize the disjointed and disparate export promotion efforts of the Ten Export Promotion Councils, JMDC, Coir Board and the bodies like HHEC, ACASH for focused export promotion and holistic development of Brand India image abroad. Therefore, an Integrated Textile Promotion would be carried out in prospective markets identified on the basis of in-depth product-country potential analysis as follows:

- **Analysis of World Trade data for identification of top/potential markets & products at the 4/6 digit HS Code level for pinpointing specific items & markets for stepping up India's export of textile articles.**
- **To step up India's Textile exports & facilitate export diversification in select product and focus markets on the basis of trade data for items in identified 33 textile product groups.**
- **Compare competitiveness of India by means of data on India's share and competitor supplier Countries for select products in select markets.**
- **The promotional effort should be in terms of generic promotion for "BRAND INDIA" and the individual companies could take advantage of this generic promotion effort by stepping up their own brand promotional efforts in tandem. This would also create a favourable climate for attracting FDI in textiles and clothing sector.**

15.6 The requirement of Plan Funds as Government of India share would be approximately Rs. 150 crores in next 5 years.

<u>Textilpolis</u>

14.16 The Indian Textile Industry is poised for exponential growth on account of favourable demographic, rising consumption, retail credit facilities and penetration of brand India image in more than 100 countries of the world. India's export of textile and clothing is on the threshold of marked shift on account of the existence of quota free market with the manufacturing cost advantage. The quota free trade era has positioned India among the chief suppliers of textile and clothing in the world, improving its position to third in US market and retaining the same position in EU.

14.16.1 Looking at the unique position of India in textiles which has sizable growth potential in both domestic and export markets, there is a need for an all encompassing trade facilitation centre, Indian image branding and R&D Centre. It is in this background, the proposal for setting up a "TEXTILPOLIS" has been conceptualized, which would help create a strong growth impulse at macro level.

14.16.2 The proposed Textile Hub would operate on two broad concepts, namely, (i) Exhibitions and Buyer-Seller Interaction, and (ii) Common Data Resource Centre, as outlined below:

(i) <u>Exhibition & Buyer-Seller Interaction</u>: Such a Centre would have the facility of a business centre to provide window for consultancy in each segment of textiles in areas of R&D and quality in manufactures, business promotion office, platform for buyer / seller meet; an organization to administer branding and image building; a platform for international exhibition mart; fashion shows desk; commercial centres for all importer / exporters and the Institutions connected with the trade.

(ii) <u>Common Data Resource Centre:</u> It would provide updated and comprehensive Information, directory of services/products. The services would be provided to web-based "members only" and paid information directory. The management of the Resource centre can be outsourced to a body like NIC managed enterprise.

14.16.3 The complex would be a superb international trading center featuring a mix of showrooms, trade offices, and information resources that provide both international and domestic buyers and sellers first class facilities and services. It would comprise three main buildings: the Expo, Mart, and the Office Tower.

I. Expo

14.16.4 This section would comprise state-of-the-art facility of exhibition space and multi-function convention facilities. It would hold international and domestic short-term exhibitions and large-scale conferences would be held here annually, allowing exhibitors and visitors the additional benefit of interacting with the permanent showrooms. Temporary exhibition space and conference rooms would be created to complement expos, exhibitions and conferences.

14.16.5 The expositions would be operated on strategic managerial partnership model to attract international and domestic buyers through an overseas buyer resources network and jointly developed effective marketing events.

II. Mart

14.16.6 It is proposed to have a mart in the proposed TEXPOLIS for providing the global buyers access to our entrepreneurs, buyers, fabric suppliers, fashion designers, technical experts in the field of textile and apparels; and all other service providers like freight forwarders, airlines, various research associations

14.16.7 This leading marketplace would contain permanent showrooms to display products and conduct business.

14.16.8 The mart would provide a myriad of products including Apparel & Textiles, Gift & Home Decor, as well as the opportunity for the buyers to source product and exchange trading information in these industries.

III. Office Tower

14.16.9 This would be a First-class Office Building providing high-quality and modern office space for:

(1) **Global procurement centers** for professional buyers and leading global retailers.

(2) **International Merchandising Center and an International Procurement Center**, where international procurement events would be held annually bringing buyers and suppliers together to create face-to-face business interaction.

(3) **One-stop services** covering custom clearance, bonded warehouse, freight forwarding, quality testing facility etc.

(4) **Merchandising Learning Center for** organizing trade seminars and related professional skill training services.

(5) **Ancillary and allied services** including Customer service, Business center, Underground parking lot, Catering service, Bank service, Post office, 24-hour convenience store, Courier service etc.

(6) **Central Brand organization** to administer branding and image building;

(7) **Fashion shows desk**;

(8) Website Enabling E-commerce and Resource Centre:

- exclusively offering global buyers data plus import and export trade information;
- online electronic mart for global buyers to browse, make inquiries and conduct transactions
- comprehensive information center for listing marketing events, buyer's meetings and exhibition information

14.16.10 The project shall be implemented on Public Private Partnership model. A Special Purpose Vehicle (SPV) of Apex Industry Association shall be the main promoter of the Hub. Government's contribution shall be in the form of one time grant to meet the cost of land, and the balance amount shall be raised by the industry participants. The recurring and maintenance costs shall be borne by the stakeholders through levy of suitable user charges. The Government of India contribution is estimated to be of the order of Rs. 300 crore.

Stable Policy Regime:

17 Due to the inherent peculiarities of the textiles and clothing industry, it is greatly dependent on various policy support measures extended by the Government through the Budget, Exim Policy and Duty Drawback Scheme for boosting exports. The Government from time to time keeps announcing various policies for the industry. The frequent changes made in the policies of the Government makes it difficult for the exporters to adopt a uniform pattern of trading. A stable and predictable policy regime is necessary for growth.

Involvement of the State Governments:

18 There is an urgent need to actively involve the State Governments in export promotion efforts in order to facilitate complete export competitiveness for Indian products. The federal structure of the Government allows the States to create revenue generation models independent of the Central government. Often the taxes levied by the State

Governments nullify the efforts made by the Union Government for export promotion. The lack of a clear export promotion policy at the State level has resulted in the negligence of the areas such as infrastructure, system of taxes, etc., which adversely affect the export promotion measures of the Government of India under the fiscal/trade policies, etc.

Neutralisation of inefficiencies in the system

19 **The total incidence of transaction costs being incurred by exporters at various levels is still very high in India and it is adding to the cost of export products, affecting competitiveness.**

20 **As per the Report of the Task Force on Transaction Costs headed by DGFT, the cost disability suffered by Indian manufacturers vis-à-vis competitors, ranges between 19 and 22 per cent of FOB value of exports. This includes about 10 per cent towards transaction costs arising due to poor infrastructure, delays at ports, customs, banking, licensing etc. The inordinately high transaction costs should be included in the Duty Drawback Rates or some other means of compensating exporters for the high transaction cost should be devised.**

21 **The numerous State and local bodies levy taxes on textiles products which not only add on to the cost of the final product, but also involve procedural delays. Although this is not specific to textiles, it has severe impact on value added exportable textiles products. A procedure for neutralizing these taxes through refund should be introduced to avoid export of such costs.**

dmap for future Preferential Trade Agreements (PTAs) and Free Trade Agreements (FTAs)

22 **The global trade has increasingly been routed through FTAs and PTAs. US and EU, the most important textiles trade destinations for India and its competing countries, have been sourcing textiles products under special agreements. India does not have any FTA with them, and there are constraints to any such agreement in the near future. India will also have to be very judicious and careful about the PTAs being entered into and the concessions being given by the country. The industry Chambers should be consulted in advance to asses the impact of individual agreements and give feedback on the industry's perception of the cost-benefit of such agreements and the feasibility and desirability of proceeding with the agreements.**

23 **While negotiating FTAs, proper safeguard mechanisms and enforcement of rules of origin should be ensured. Since India has a huge industry and market for textiles & clothing products, these should be kept out of tariff concessions, to the extent possible.**

es relating to Foreign Trade Policy

ink Export Obligation from average level of exports

24 **The exporters are facing difficulties due to the stipulation in the Foreign Trade Policy, (under para 5.4 (i) of FTP) that the exporter should maintain the average level of exports made in the preceding three licensing years for fulfillment of Export obligation for import of capital goods, spares under the Export Promotion Capital Goods (EPCG) Scheme. This stipulation may not be enforced on those exporters who export at least 75 percent of their production.**

Notify a single authority for monitoring Export Obligation

25 **The present system of monitoring export obligation under EPCG Scheme by both Customs and Directorate General of Foreign Trade (DGFT) authorities is resulting in increasing the transaction costs. Monitoring by a single authority would bring about a substantial saving in time and cost of the exporters. An Electronic Data Interchange (EDI) system should be made operative at all the ports / offices of the DGFT alongwith online connectivity among various ports. Thereafter, one single document can be provided by Customs to close the EPCG licence.**

Exempt Capital Goods under EPCG Scheme from Terminal Excise Duty

26 **Presently terminal excise duty is to be paid on Capital goods procured against an EPCG license. This duty is subsequently refunded by DGFT. However, such refunds take quite a long time. Currently, terminal excise duty amounting to crore of rupees on capital goods procured under the EPCG scheme remains pending to be refunded. To overcome this problem, a suitable Bond procedure may be devised to allow those units, which are registered with the Central Excise department to procure capital goods against EPCG licenses without payment of terminal excise duty.**

Notify the List of Markets /Countries for exports eligible for the benefit under "Focus Market Scheme"

27 **In the annual Supplement to The Foreign Trade Policy 2006-2007, in order to offset the high freight cost and other disabilities being faced by the exporters in accessing and increasing exports to select Focus Markets, a new scheme called "Focus Market Scheme" was notified vide Para 3.9 of Foreign Trade Policy. It is stated that all products exported to the countries notified in Appendix 37-C of Handbook of Procedures are entitled to duty free scrip equivalent to 2.5 percent of FOB value of exports made, w.e.f. 01-04-2006. However, the list of Focus Markets / countries has not yet been notified. The list of Focus Markets should be finalised and notified immediately in order to enable the exporters to draw up their export strategies.**

<u>**Anti-dumping / Anti-subsidy cases – funding support:**</u>

28 **Anti-dumping/anti-subsidy investigations on exports of textiles are increasing gradually. Defending such cases which are highly technical, legal and procedural, imposes a heavy financial burden on the concerned industry / industry associations / Export Promotion Councils. While, in some cases, the EPCs' collect funds from member-exporters, such amounts generated are not sufficient to cover all related expenses. Support from the Government is also limited as the Market Development Assistance (MDA) funds generally grant no more than Rs. 10 lakh for the purpose In view of this, it is necessary to provide funding support to such efforts so that the costs incurred in effectively fighting anti-dumping/ anti subsidy cases can be fully met and the country is able to benefit from the best of the legal/technical advice available in the world on the subject. Accordingly, an amount of at least Rs.25 crore should be provided under the nomenclature '**Export Market Support Scheme**' for contesting anti-dumping/anti-subsidy cases in the Eleventh Five year Plan, with a consensual formulation for cost-sharing by the associations.**

29 **A nodal agency with experts from the legal / costing fields, export promotion councils and trade associations should be formed to defend the dumping and subsidy cases and to advise the Government on initiating such cases in respect of products being dumped in India. The nodal agency should also monitor the tariffs or non-tariff barriers faced by Indian products in target markets.**

Export Promotion Studies:

30 **Specific studies relating to steps and strategies required for increasing exports for increasing competitiveness, etc., are taken care of on a project to project basis. This is a continuing scheme. During Eleventh Five Year Plan Rs. 20 crore is proposed.**

Proposed Plan Outlay

Brand promotion	Rs.300 crore
Export Market Support Scheme	Rs.25 crore
Export Promotion Studies	Rs.20 crore
Textilpolis	Rs.150 crore
Total	**Rs.495 crore**

CHAPTER - 15

TEXTILES ENGINEERING INDUSTRY

INTRODUCTION

15.1 The Textiles Engineering Industry (TEI) is one of the largest capital goods industry in India and has contributed substantially over the last five decades to the economy of the country in term of providing modern machinery to the different segments of the textiles industry, and exporting 20 to 25 percent of its production to more than 50 countries of the world.

15.2 The TEI consists of over 700 machinery and equipment manufacturing units; over 250 units producing complete machinery, and the remaining, parts and accessories. The investment in the industry is in the range of Rs.1, 750 crore with an installed capacity of Rs.3, 800 crore. The capacity of this industry had shrunk to Rs.3, 050 crore as a result of the deep recession in the past which forced many units, some of them major, to close down/discontinue their production activities. However, due to the spurt in demand from the textiles industry during the last 2-3 years, the capacity has been revived to the earlier level of Rs. 3800 crore.

15.3 As a consequence of pre-dominance of the decentralized sector in the textile industry, the demand for domestic capital goods (generally) and hi-tech ones (specifically) has been almost non-existent in the past, except in the spinning sector. This, in turn, has influenced the capacity creation and technological levels in the Textiles Engineering Industry. The entire range of machinery required for spinning is manufactured by TEI. However, in the absence of an economically viable demand in the past the Textiles Machinery Manufacturing Industry (TMMI) has not built up enough capacity to produce hi-tech weaving, knitting and processing machines.

15.4 In the past, the TEI had largely depended on foreign technical/technical-cum-financial collaborations, and indigenous development was not significant. Till the liberalization of the Industrial policy in 1991, a number of foreign collaboration agreements were in operation. Most of these agreements expired after 1991 but were not renewed, as the foreign companies were able to sell their machineries directly to the textiles industry due to the liberalized import regime.

15.5 There has been insufficient research and development by the textiles engineering units and the R & D set up by the industry at IIT, Powai has yet to contribute effectively for the development of technology. Thus, weaving, knitting and processing machinery is of relatively old and outdated technology, and garmenting machinery is not being produced in the country.

PERFORMANCE DURING THE TENTH PLAN PERIOD

15.6 The fortunes of the textiles engineering industry are linked with the textiles industry and the performance of the textiles engineering industry has shown significant improvement during the last 2-3 years in line with textiles industry.

Table - 15.1
Production of textile machinery

(Value in Rs. crore)

CATEGORIES	2001- 02	2002-03	2003-04	2004-05	2005-06 (Provisional)
Spinning & allied machines	486.22	581.67	681.16	995.78	1326.55
Synthetic fibre/yarn machines	54.59	96.30	98.28	51.03	36.69
Weaving & allied machines	78.48	78.25	87.58	116.66	157.10
Processing machines	78.71	73.19	110.99	135.81	229.78
Miscellaneous (spinning, weaving & processing) machines	4.49	6.99	9.40	12.10	12.12
Textile testing / monitoring / controlling equipment / systems	25.70	38.78	49.80	57.80	43.93
Hosiery needles & machines	55.78	26.07	44.27	39.19	42.34
Textile machinery parts & accessories	288.49	273.79	259.12	276.44	302.59
Total	**1072.46**	**1175.04**	**1340.60**	**1684.81**	**2151.10**
Percentage Increase		**+10 %**	**+14 %**	**+26 %**	**+28 %**

Source: Office of Textile Commissioner & TEI

15.7 The production of textiles machinery has been steadily increasing over the last five years and a significant increase of 28 percent has been recorded during the year 2005-06. The capacity utilization of the industry has also been gradually increasing. It has increased from 28 percent in 2001-02 to 57 percent in 2005-06.

15.8 Despite significant increase in production during the Tenth Plan period, the production has been well below the overall target fixed for the Tenth Five Year Plan. Though, it has exceeded the target of export requirement in each year of the Tenth Plan, but due to a significant short fall in domestic requirement, there has been an overall shortfall in the range of 30 to 40 percent. However, the shortfall has been showing gradual reduction during the Plan period.

Table - 15.2

Projected Targets vis-à-vis achievement

(Rs. crore)

Year	Export Requirement		Domestic Requirement		Total Production	
	Target	Achievement	Target	Achievement	Target	Achievement
2002-03	285	406	1380	769	1665	1175
2003-04	325	535	1585	807	1910	1341
2004-05	370	476	1820	1209	2190	1685
2005-06	425	476	2090	1676	2515	2151
2006-07	485	525(E)	2405	2275 (E)	2890	2800 (E)

E- Estimated

15.9 The imports of textiles machinery have also been steadily increasing during the last five years as per the details given in Table 15.3.

Table - 15.3

Imports of Textiles Machinery

(Value in Rs. crore)

Year	Import of textiles machinery	Imports (less parts imported by machinery manufacturers)
2000-2001	1358	1162
2001-2002	1393	1232
2002-2003	2010	1834
2003-2004	2380	2179
2004-2005	3552	3299
2005-2006 (P)	7100	6777
2006-2007 (E)	7600	7180

Source: DGCI&S, P = Provisional, E = Estimated

APPROACH TO THE ELEVENTH PLAN

15.10 The textiles machinery is one of the critical inputs in the accelerated growth process of the textiles industry. Therefore, the import of textiles machinery at a concessional rate of duty is necessary, particularly where the textiles engineering industry does not have adequate capacity. However, simultaneously, Indian textiles engineering industry will be encouraged to increase its capacity to meet the demand of the different segments of the textiles industry in a time bound manner.

PROJECTIONS FOR THE ELEVENTH PLAN

15.11 During the last couple of years, the production of textiles machinery, components, spares and accessories has increased by more than 25 percent to 28 percent per annum. Considering the requirement of textiles machinery by the industry to achieve its target and the growth, it is projected that the production (inclusive of export production) of textiles machinery would increase at the rate of 30 percent per annum during the Eleventh Plan period.

Table - 15.4

Projections of production of Textiles Engineering Industry

for the Eleventh Five Year Plan

(Value in Rs. crore)

Year	Exports	Domestic	Total Production
2007-08	575	3025	3600
2008-09	630	4070	4700
2009-10	700	5400	6100
2010-11	770	7130	7900
2011-12	850	9450	10300

15.12 The existing installed capacity of Rs. 3800 crore would not be adequate to meet the production target. Therefore, capacity would have to be augmented expeditiously by this industry, otherwise large scale imports will take place. The TEI has to triple its capacity from existing Rs. 3800 crore to Rs. 10,300 crore by the terminal year of the Eleventh Plan.

15.13 The total investment required to increase capacity would be about Rs.4700 crore. The existing and projected capacity for machinery critical to the textiles industry is given in Table 15.5 below:

Table - 15.5

Existing and projected capacity of critical machinery

(In nos.)

Sr. no.	Segments	2005 – 06 (Existing)	2007-08 (Projected)	2011-12 (Projected)	Fund Requirement (Rs./crore)
1	**Spinning**	2041 nos Ring Frames (2.09 million spindles)	2900 nos Ring Frames (2.97 million spindles @ 1024 spdls per frame)	3500 nos Ring Frames (3.85 million spindles@ 1100 spdls per frame)	**1695**
2	**Weaving**				
i	Shuttle less looms	5000	8000	20000	577
ii	Automatic	1000	2000	5000	95
iii	Semi automatic loom	2000	3000	5000	40
iv	Powerlooms	25000* nos estimated	25000	20000	Nil
	Total				**712**
3	**Knitting Machine**	Nil			
4	**Processing machinery**				
i	Bleaching & mercerizing m/c	36	60	100	154
ii	Dyeing m/c	400	680	1100	385
iii	Printing	144	245	350	193
iv	Drying m/cs	153	260	350	173
v	Finishing range	90	155	275	616
	TOTAL				1521
5	**Garmenting(stitching machines)**	Nil			
6	**Others**				
	Spares & accessories	Rs. 303 crore	Rs. 330 crore	Rs. 500 crore	**772**
	GRAND TOTAL				**4700**

*production not reported m/c- machines

RECOMMENDATIONS

15.14 The Textiles Engineering Industry can achieve a projected growth rate of 30 percent with support from the Government in terms of a conducive policy environment and funding assistance for critical areas.

Transfer of Textiles Engineering Industry from Ministry of Heavy Industries to Ministry of Textiles

15.15 Textiles machinery is a critical input for the textiles industry. Therefore, the textiles engineering industry should be transferred to the Ministry of Textiles for formulation and implementation of a time bound action plan to increase the availability of indigenous machinery in synchronization with the need of different segments of the textiles industry.

Rationalisation of Fiscal Policy

15.16 The excise and custom duty structure on the textiles machinery industry should be rationalized in terms of lower duty structure on raw materials / components, parts and accessories vis-à-vis complete machinery. The excise duty on complete machinery should be reduced to 8 percent from 16 percent, and on raw materials, parts, components, accessories and spares to 4 percent subject to actual user condition.

Promotion of Research & Development of Technology

15.17 The R&D Centre at IIT, Mumbai needs to be strengthened. A one time Capital Grant of Rs.100 crore may be granted to the R&D Centre at IIT with a provision of Rs.10 crore per annum as recurring grant for effective operation of the R&D Centre. Other R&D Institutions engaged in TEI should also be assisted from this fund.

Modernization of Textiles Engineering Units on lines similar to the TUF Scheme

15.18 The total investment required by the TEI is Rs.4, 700 crore to increase its capacity. Considering 65 percent as debt amount, i.e., Rs.3,055 crore, the 5 percent subsidy, considering the TUFS norms of ten years repayment period including two years moratorium, works out Rs.642 crore for the ten years period. During the Eleventh Five Year Plan period, the subsidy would be Rs.321 crore. The 10 percent capital subsidy may also be given for some critical items. Therefore, TUFS for TEI may be launched with Rs.400 crore fund requirements.

Capital assistance for Development of Machinery

15.19 Capital assistance should be given for development of modern weaving machinery, garment machinery, processing machinery, machinery for environmental protection, conservation of energy etc. An amount of Rs. 200 crore may be earmarked.

Proposed Plan Outlay

Promotion of R & D of technology	Rs. 150 crore
Modernisation of units – TUFS	Rs. 400 crore
Capital assistance for development of modern Weaving, Garment machinery, Processing machinery etc.	Rs. 200 crore
Total	**Rs. 750 crore**

CHAPTER – 16

RESEARCH AND DEVELOPMENT

INTRODUCTION:

16.1 Innovation is the keyword for survival. Continuous innovation in technology, machinery, product or process is necessary to the industry to exploit fully the opportunities available in the world market. The R & D approach of the textiles industry needs to be changed from passive to proactive.

16.2 There are eight Textiles Research Associations (TRAs) in the country. Ahmedabad Textile Industry Research Association (ATIRA), Bombay Textile Research Association (BTRA), South India Textile Research Association (SITRA) and Northern India Textile Research Association (NITRA) carry out consultancy, testing, training and research and development in cotton and cotton/synthetic as well as cotton/natural fibre blends. Other fibre specific TRAs are Man-made Textile Research Association (MANTRA), The Synthetic & Art Silk Mills Research Association (SASMIRA) who work predominantly in synthetics, Wool Research Association (WRA) and Indian Jute Industry's Research Association (IJIRA) carry out work in wool and jute, respectively. The Textiles Committee laboratories serve the testing, certification and market research needs of the industry. The TRAs are industry promoted bodies and work in a wide range of fibre/ technology areas for product development, process improvement, testing, consultancy and training needs of the industry. The policy initiatives of Government of India aim at supporting innovation, investment in R&D, support to generic research programmes of the TRAs, and encourage the industry to support the TRAs in order to cater to their technological needs.

PERFORMANCE DURING THE TENTH PLAN

16.3 While adopting and adapting imported technology continues to be one of the activities of TRAs, work on quite a few innovative developments has also been carried out. The TRAs together have carried out around 300 projects in the last 5 years, and have provided consultancy on various aspects of quality/product improvement, cost reduction, environmental aspects, and manpower planning to the industry.

16.4 In addition, tailor made training programmes are being handled for various categories of personnel in the industry. The numerous training programmes of TRAs account for the training of more than 1000 personnel per year for the industry.

16.5 The testing laboratories of TRAs, and those with the 41 Powerlooms Service Centres and the Textiles Committee test more than two lakh samples of the industry for their physical, chemical, and eco parameters.

APPROACH TO THE ELEVENTH PLAN

16.6 In keeping with the vision for the textiles industry, Research and Development will be promoted to boost innovations. The Public Private Partnership mode will be actively pursued so that the industry will collaborate with TRAs in areas of their day to day technological needs, while the Government of India will support generic research projects. The industry participation will be sought in selection and monitoring of all research projects sponsored by the Government.

16.7 The thrust areas for R&D that are identified for focus are :

i. Decentralised sector including Handlooms
ii. Product Development
iii. Cost reduction in the entire manufacturing chain including utilities conservation.
iv. Eco-friendly technologies
v. Development of Technical Textiles, including test methods and test equipment
vi. Application of Information Technology
vii. Application of Biotechnology
viii. R&D in Knitting and Garment technology
ix. Application of Nanotechnology and Plasma Science

PLAN SCHEMES:

16.8 TRAs continue to be the flag bearers of R&D in textiles in the country and in view of the restructuring that has taken place in the industry during the last decade, coupled with the reforms in the trade scenario, it is necessary that Government to adequately support the TRAs. Continued R&D assistance by way of fully sponsored projects by the Government of India in areas identified is proposed. In the Eleventh Plan, an outlay of Rs 40 crore @ Rs.5 crore for 8 TRAs is proposed for sponsored R&D projects.

16.9 While the Government support for the recurring expenditure of TRAs will be negligible by end of Eleventh Plan, it is essential that capital grants are provided for the upgradation of laboratories and other research needs. A fresh look at the 10 percent reduction in grants is proposed, based on track record of each TRA. Technology is changing fast and equipment becomes obsolete earlier than in the previous decade. To cope with such changes, the facilities at TRAs have to be upgraded. This is particularly true with the advent of Technical Textiles in the Indian textiles scenario. Setting up and maintaining a Resource Bank for the technological database, technology forecasting and management practices in the entire textiles sector will be a priority. A separate provision of Rs 5 crore for this is proposed.

16.10 A fresh exercise on the needs of TRAs in terms of the upgradation of laboratories and a pilot plan will be undertaken for such funding and Rs 100 crore may be earmarked for upgradation of infrastructure in TRAs in Eleventh Plan.

R& D in Textiles Machinery

16.11 R&D in textiles machinery cannot be isolated from the developments in textiles technology. The textiles machinery industry has to work in close collaboration with textiles R&D organisations and the textiles industry. With major investments coming in the textiles industry in the coming years, the development of indigenous textile machines will be encouraged. The centre has been set up by Textile Machinery Manufacturers Association of India (TMMAI) in Indian Institute of Technology (IIT), Mumbai. This issue is further discussed in detail in Chapter – 15 on the textiles engineering industry.

SUPPORT FOR DESIGN, QUALITY AND COMPLIANCE

16.12 The inability of Indian textiles and clothing industry to meet the stringent quality standards and compliance related to environmental standards, etc., continues to adversely impact global competitiveness. Lack of product diversification due to limited investments in designing efforts, has also been adversely affecting the competitiveness of Indian industry. The fact that a majority of Indian enterprises belong to SME category makes the problem more complex in view of fragmentation and limited capacity of the industry to meet emerging requirements. The distinction between export standards and domestic market standards is no longer valid in view of globalization of markets, where product diversification, quality and compliance are the key for survival and market expansion.

16.13 Although these issues have been recognized to be very important, there has not been adequate focus and thrust to assist the industry in addressing these requirements. The limited efforts to provide testing services through the laboratories run by the Textiles Commissioner, Textiles Committee and TRAs have not yielded desirable and sustainable results.

16.14 Considering the importance of assisting the industry to improve its capacity in meeting emerging requirements related to design, quality and standards, the following strategy / approach will be adopted during the Eleventh Five Year Plan:

16.14.1 (i) making available testing and designing services at the doorstep of the industry, which will help in improving the quality of products, and, (ii) assisting the industry to obtain internationally accredited quality, environmental and social standard certification.

16.14.2**The testing and design support**

i) Testing and designing facilities are proposed to be developed on Public Private Partnership (PPP) basis, with the objective of deepening the testing and design culture on a wider scale in the industry, and providing greater sense of ownership and involvement of the user industry. The industry associations, SPVs for textiles parks, cluster level industry bodies, and other user industry driven organizations, like TRAs and the Textiles Committee will be provided one time assistance by the Government towards establishing internationally accredited testing and design centers. The Government would provide required plant & machinery, while the user industry group will be responsible for land, building and infrastructure, apart from meeting the entire O&M costs. A framework will be developed under which the industry group, intending to develop the testing and design facility, will enter into an agreement with the Government to provide stipulated services to user enterprises. The industry group is expected to run the testing and design center on a commercially sustainable basis in the larger interest of member enterprises. In the event of the inability of the industry group to run the facility on a sustainable basis, the framework will enable the Government to recall the plant & machinery that was provided.

ii. The industry groups will be actively encouraged to forge linkages with key stakeholders and service providers of repute in order to ensure that the facilities being created are of acceptable standards and utility to the consumers and buyers.

iii. This framework, which is demand driven and need based, will ensure greater participation and ownership of the user industry resulting into greater utilization of the facilities, apart from providing internationally accredited testing and design services at the doorstep of the industry.

iv. The Government would develop detailed guidelines and framework to operationalize this initiative through the office of the Textiles Commissioner.

v. At-least 50 such testing and design centers are proposed to be developed during the Eleventh Five Year Plan in the country and an allocation of Rs.100 crore is proposed for this purpose.

16.14.3Accreditation / Certification support

(i) An independent and third party accreditation / certification for product, process and systems, is emerging to be a key requirement for global competitiveness of the Indian textiles and clothing industry. These requirements are largely related to environmental standards, quality standards, and social compliance.

(ii) ISO 9000 QMS, which is a process certification / standard, has been increasingly adopted by the Indian industry, as a result of various developmental efforts by the Government organizations as well as the industry associations. However, the penetration and adaptation of product and process related certification / standards related to environment and social accountability has not been significant. Some such important global standards are; OEKOTEX 100 for certification of a product to be environmental friendly, SA8000, WRAP and ILO certifications for social accountability at the work place, ISO 14000 for certification of environmental management systems at the work place, etc.

(iii) The objective is to assist the small and medium enterprises in obtaining such internationally accredited certification and establishing systems, which would enable them to meet environmental and social standards more effectively. Assistance to establish ISO 9000 QMS is not envisaged in view of its already wide usage in the industry.

(iv) The cost on account of obtaining / establishing such standards and systems primarily includes expenses on hard as well as soft activities such as creation / modification of infrastructure at the work place, training, certification fee, publicity, etc.

(v) An individual or a group of enterprises will be eligible to avail of assistance under this initiative.

(vi) The assistance by the Government will be limited to 25 percent of the cost of such certification with a ceiling of Rs.2.5 lakh in each case. It is proposed to assist at-least

2000 enterprises in obtaining this certification during the Eleventh Five Year Plan. Thus, an allocation of Rs.50 crore is proposed during the Eleventh Five Year Plan.

(vii) The Government, in consultation with user industry associations and the certification bodies, will lay down detailed operational guidelines of the Scheme, which will be implemented through the office of Textiles Commissioner.

Proposed Plan outlay

Rs in crore

Strengthening of R&D capabilities and laboratories of TRAs - one time support	100.00
Project Related R&D activities	40.00
Resource bank for technological data base	5.00
Support for design, quality and compliances (i) Testing and design support Rs.100 crore (ii) Accredition / certification support Rs.50 crore	150.00
Total	**295.00**

CHAPTER - 17

HUMAN RESOURCE DEVELOPMENT

INTRODUCTION

17.1 Human Resource is one of the most critical inputs for an industrial organization. In developed countries, human resource accounting, which quantifies the value of human resources, has even become the norm in balance sheets. An analysis of organizations throughout the world reveals that a quality work force makes the difference between a mediocre and a world class organization. Thus, inspite of the development of hi-tech sophisticated machines, human resources still remain the most important asset of an industrial organization.

17.2 Even though the textiles industry occupies a place of high importance in the Indian economy, and can be considered as an engine of growth for stimulating agriculture, exports, and the tertiary sector, adequate attention has not been paid to meet the human resource needs of this industry.

17.3 The integration of world textiles market has intensified competition, and in this scenario, to improve the market share in the international market and to face the onslaught of imported textile items, it is imperative to address the issue of HRD. The basic idea is to use the intellectual capital to the optimum to improve productivity, and the quality of textiles products.

17.4 In India today, we have Engineering Colleges (including IITs), and Polytechnics which offer high level courses in textiles technology, and Fashion Institutes like NIFT, NIT and Pearl Academy. However, there is a serious problem with regard to training of operation at the shop floor and supervisory level. Though Industrial Training Institutes (ITIs), Powerlooms Service Centres (PSCs), Weavers Service Centres (WSCs), Textile Research Associations (TRAs), Apparel Training and Design Centres (ATDCs), have been set up, they are not adequate in terms of numbers and course content to meet the training needs of the different segments of the industry.

APPROACH TO THE ELEVENTH PLAN

17.5 The production and export targets for the Eleventh Five Year Plan cannot be achieved by the textiles industry in the absence of the adequate availability of human resources.

Therefore, the approach to the Eleventh plan should be to address the problem of human resources in a pro-active manner and provide support programmes to organizations and institutions engaged in HRD to address the professional manpower needs of the industry, as well as the workers at the cutting edge of the shop floor.

PROJECTIONS FOR THE ELEVENTH FIVE YEAR PLAN

17.6 To achieve the target growth rate of 12 percent in volume terms, the investment requirement during the Eleventh Five Year Plan has been estimated at Rs.1,50,600 crore and the incremental direct manpower requirement is estimated at 6.5 million in spinning, weaving, knitting, processing and clothing. The segment wise incremental direct manpower requirement is given in Table 17.1.

Table 17.1

Segment-wise incremental direct manpower requirement in spinning, weaving, knitting, processing and clothing

S. No.	Sector	Investment (In crore)	Direct Man Power Requirement (All Categories) (In Lakhs)
1	**Spinning**	50,200	4.10
2	**Weaving**	20,200	2.70
3	**Knitting**	2,400	0.20
4	**Processing**	56,000	1.50
5	**Clothing**	21,800	56.50
	Total	**1,50,600**	**65.00**

17.7 The maximum numbers are in clothing segment. The sector-wise category-wise incremental employment generation is given in Table – 17.2.

Table 17.2

Sector-wise category-wise incremental employment generation during the Eleventh Five Year Plan

(lakh persons)

Sr. No.	Category	Incremental employment		
		Employment in Textiles	**Employment in Clothing**	**Total Employment**
1	Managerial, technical & administration	0.85	5.65	6.50
2	Skilled (ITIs & certificate course)	1.70	11.30	13.00
3	Semi-skilled (machine operators)	4.25	28.25	32.50
4	Unskilled	1.70	11.30	13.00
	Total	**8.50**	**56.50**	**65.00**

RECOMMENDATIONS

17.8 There is a serious gap between the training needs of different segments of the textiles industry, and the training provided by the existing training institutes both in terms of volume and course contents. To meet the demand-supply gap, a focused and financially sustainable strategy needs to be put in place during the Eleventh Five Year Plan.

Infrastructure upgradation in the existing ITIs and Polytechnics

17.9 The ITIs and Polytechnics will have to play a central role in the entire HRD exercise of the textile industry. The number of ITIs targeted specifically at the garment sector needs to be increased significantly. The Centres of Excellence (COE) scheme should be leveraged to increase the number of those ITIs that are either specifically targeted at the garment sector, or those that include a substantial number of textiles related trades in their curriculum.

17.10 The ITIs and Polytechnics situated near "catchment" areas for the textiles work force should immediately include textiles/garment related trades in their regimen. If necessary, new ITIs should be set-up in those areas where, traditionally, workers migrate to places where the textiles industry is located. New ITIs under the COE scheme will have drawing power for these workers.

Setting up of Training Centres in Public Private Partnership (PPP) mode

Ready-made Garment Sector

17.11 A PPP based approach would be adopted to set up training centres. The private sector, manufacturers with in-house training facility or the trainers will be encouraged to setup training institute for ready-made garment sector. The Government support would be limited to one time capital grant of 30 percent with a ceiling of Rs. 20 lakh.

17.12 Considering that every year training for 2 lakh persons is added (to reach a target of say 3 million trained people in the 5 years period), it will necessitate 100 institutes to be added every year. This will cost Rs. 300 crore over a period of 5 years (@ Rs. 60 laks per institute), or Rs. 60 crore per year. Considering Rs. 18 crore capital grants per year an amount of Rs. 90 crore is proposed to be provided for this purpose during the Eleventh Five Year Plan. The ATDCs will also be covered under this scheme.

Processing Sector

17.13 A PPP based approach would be adopted for setting up training centres for high-end processing. The Government support would be limited to one time capital grant of 50 percent with a ceiling of Rs. 10 crore.

17.14 Considering the important processing clusters, two training institutes should be setup during the Eleventh Five Year Plan. One in Western India and another in Southern part of the country. An amount of Rs. 20 crore is proposed for this purpose during the Eleventh Five Year Plan.

Permanent Training Co-ordination and Monitoring Council

17.15 A Permanent Training Co-ordination and Monitoring Council will be set up to approve the proposals and to review and monitor the progress of such cases. This Council can also play a pro-active role in constantly developing course content in the textiles and garment sectors, according to the needs of the industry. This Council will be set up under the Chairmanship of Secretary (Textiles) and have the following composition:

Secretary (Textiles)	-	**Chairman**
Joint Secretary (MOT)	-	Member
Directorate General of Employment & Training	-	Member
Representative of AICTE	-	Member
Representatives of two TRAs	-	Member
Secretary General (AEPC)	-	Member
Directorate General (NIFT)	-	Member

Representatives of the State Governments (Technical Education)	-	Member
Jute Commissioner	-	Member
Representative of Machinery Manufacturers Association	-	Member
Sr. Representatives of textiles and garment associations	-	Member
Textile Commissioner	-	Convener

Review of Syllabi and curricula

17.16 An HRD committee appointed by the Government has reviewed the syllabi and curricula for training and education in the diploma, degree and postgraduate level courses. A need based curricula has been drawn. This curricula may be sent to the Ministry of Human Resources for consideration and implementation. This may also be circulated to the private institutions for consideration.

National Institute of Fashion Technology (NIFT)

17.17 The National Institute of Fashion Technology (NIFT) was established by the Ministry of Textiles in 1986 as the apex body for Human Resource Development for the textiles, garment and allied sectors. NIFT has recently been offered Statutory Status through an Act of Parliament for the promotion and development of education and research in Fashion Technology. The Bill received the assent of the President of India on 14th July, 2006.

17.18 With the support of Ministry of Textiles, the Institute has emerged as an Institution of Excellence in the area of fashion education in the country. NIFT, which imparts training in Design, Technology, and Management, has established Centres at seven locations: Chennai, Gandhinagar, Hyderabad, Mumbai, Kolkata, Bangalore and New Delhi, in response to the demand from industry for qualified Professionals. The Delhi Centre, distinct from the Administration Head Office, became functional in the year 2004-05. NIFT restructured its Academic Programmes comprehensively in the year 2003, and now offers 4 Year Under Graduate Programme in Design and Technology and 2 Year Post Graduate Programme in the areas of Management and Technology, at par with Bachelor / Master’s Degree professional education programmes, with international benchmarking. A Post Graduate programme ‘Design in Fashion Space’ has been launched by NIFT from the year 2006-07. In response to the industry demand, a new Programme, ‘Enterprise Management in Fashion Business’, was introduced in 2006-07. The annual student intake in Under Graduate programmes is 990, and

225 in the Post Graduate programmes. Students, on successful completion of these programmes shall now be eligible to receive a NIFT Graduate / Post Graduate degree.

17.19 During the Tenth Plan, NIFT had concentrated on developing and consolidating the infrastructure of its various Centres. Emphasis was laid on providing permanent building for classrooms, equipment, including computer hardware /software, and to bridge the deficit in the standards set across Centres. Buildings and other infrastructure for the Mumbai and Gandhinagar Centres was also completed. In addition, hostel accommodation for girls is also coming up in Kolkata and Mumbai. Some Academic buildings in other Centres, including New Delhi, are also being built. All the loans taken during the Ninth Plan were paid off from the internal resources of NIFT, generated as a result of various economy measures.

17.20 The projected Plan Outlay during the Tenth Plan was Rs. 110 crore, of which Rs. 80 crore was proposed as internal revenue generation. This was subsequently reviewed, and the Outlay was revised to Rs. 96.99 crore with no Internal & Extra Budgetary Resources (IEBR), as NIFT is an educational institution. The gap between budgetary support and expenditure was met through the internal resources of NIFT.

17.21 The targets for the Eleventh Plan will be as under:-

i) Completion of construction of Academic Building, Auditoria and Hostel accommodation for girls at various Centres, started during the Tenth Plan.

ii) Strengthening the IT infrastructure at NIFT and its Centres, alongwith introduction of Enterprise Resource Planning (ERP) and Wide-Area Network (WAN).

iii) Provision for classroom equipment in line with the courses introduced and the benchmarks set.

17.22 As per the decision taken by the Government in March 2005, it was decided that there will not be any Plan Grant beyond Tenth Plan period. NIFT has been laying emphasis on increasing revenue by appropriate fee hikes periodically, and also earnings through part time programmes and projects. It is accordingly proposed that NIFT will meet expenditure on the above items from internal resources, and supplement this by loans from Banks/Public Financial Institutions.

17.23 Further after the Bill for reservation of seats for Other Backward Classes (OBCs) is passed by Parliament, NIFT will have to raise its annual intake from its current strength of 1200 to 1836, in order to maintain the current number of general category students. The additional Plan Support required for the infrastructure for the enhanced intake would be to a tune of Rs.87 crore, of which Rs. 45 crore would be towards buildings, and Rs.42 crore towards equipment.

17.24 A proposal to move NIFT to the Block Grant Scheme is also under consideration of the Government, on lines of the support being provided to premier institutions like IIT, IIM, etc. NIFT has moved a proposal to provide Rs.15 crore every year for the next five years as Block Grant, subject to review thereafter. In addition, a matching grant would be given for the revenue surplus transferred to the Endowment Fund.

Proposed Plan Outlay

Setting up of training centres on the PPP basis Ready-made Garment – Rs 90 crore Processing Sector - Rs. 20 crore	Rs. 110 crore
Total	**Rs. 110 crore**
Infrastructure development in NIFT for the enhanced intake for reservation of students to the OBCs in Central Education Institutions (Funding support from HRD Ministry)	Rs.87 crore

CHAPTER – 18

FUND REQUIREMENT AND FINANCING ARRANGEMENTS

INTRODUCTION

18.1 The vision statement of the Eleventh Five Year Plan has targeted a production growth of 12 percent in volume terms, and 22 percent growth in exports on value basis. Accordingly, the production for different segments of the textiles value chain have been worked out in the respective chapters. The existing capacities will not be adequate to meet the target. The incremental capacities have also been worked out for different segments in the respective chapters. To set up these incremental capacities, fund requirement is assessed at Rs.1, 50,600 crore during the five year period.

Segment-wise incremental machinery and investment requirement

18.2 The segment-wise incremental machinery and investment requirement is given in the Table 18.1 below :

Table – 18.1

Segment-wise incremental machinery and investment requirement

S. No.	Sector	Incremental capacity	Investment (In crore)
1	Spinning	29.25 Million Spindles (8.25)*	50,200
2	Weaving	1,08,850 shuttleless looms, 98500 auto looms, 59100 plain looms, 39400 semi-auto looms	20,200
3	Knitting	9,400 M/cs	2,400
4	Processing	38 Billion sq. metres	56,000
5	Garment	14.5 lakh M/cs	21,800
	Total		**1,50,600**

* - Including replacement of machinery

18.3 The total investment envisaged is Rs.1, 50,600 crore during the Eleventh Five Year Plan period. The vision statement of the textiles industry for 2010 has envisaged investment of Rs.1, 40,000 crore for the eight years period, i.e., 2002 to 2010. There is some overlapping between these two targets. However, during the Eleventh Five Year Plan period the investment target is Rs.1, 50,600 crore. The largest investment is required in the sectors of processing, weaving and spinning. The industry has to be motivated / encouraged to invest in expansion and creation of fresh capacities. The extension of TUFS and encouragement to FDI are necessary for attracting such huge investments.

Technology Upgradation Fund Scheme (TUFS)

18.4 The Technology Upgradation Fund Scheme (TUFS) was launched on 01.04.1999 for 5 years, which was subsequently extended up to 31.3.2007. During 1999-2000, i.e., the first year of the scheme, the progress was moderate, but gained momentum during the 2nd year, i.e, 2000-01. However, progress declined during the 3rd year, i.e., 2001-02. During the 4th & 5th years, i.e., 2002-03 & 2003-04, there was improvement, and during the 6th year & 7th year, i.e., 2004-05 & 2005-06 its performance has improved considerably. The details are at **Appendix – 18.1**.

18.5 During the last seven years and four months of its operation, as on 31.07.2006, 5730 applications with a cumulative project cost of Rs.50,109 crore have been received under TUFS. Out of this, 5471 applications with a project cost of Rs.44, 686 crore have been sanctioned. 4732 applications have been disbursed an amount of Rs.12, 481 crore.

18.6 Tamil Nadu, Gujarat, Punjab and Maharashtra are the major states which have attracted TUFS related assistance, in terms of amount sanctioned and disbursed. These states account for about 70 percent of the amount disbursed. The details are at **Appendix – 18.2**.

18.7 Spinning, Composite Upgradation, Processing and Weaving are the major segments which have availed of assistance under TUFS in terms of amount sanctioned and disbursed. These segments account for about 82 percent of the amount disbursed. The details are at **Appendix – 18.3**.

Need to extend TUFS to Eleventh Plan period

18.8 In order to ensure that the tempo of investment that has begun during the last two-three years in these sectors, it is essential to continue the Technology Upgradation Fund Scheme in its present form until the end of the Eleventh Five Year Plan. Even with the capacities envisaged for the terminal year of the Eleventh Five Year Plan, India will be significantly lower in capacities compared to the China in all segments of the textiles industry especially in spinning, weaving, processing and garmenting. Currently, over 20 percent of the total production of cotton in the country is being exported as raw cotton. Export of cotton yarn has been declining. Obviously, there is significant scope for converting raw cotton currently being exported into yarn, both for exports and for domestic consumption.

Investments in the downstream segments of weaving and processing is necessary to ensure that the maximum quantity of yarn produced in the country is converted into finished products domestically in order to meet the increasing requirements of the garment industry. Sufficient supply of yarn and fabrics internally will reduce the dependence of the garment industry on imported yarn and fabrics, and promote significant value addition.

18.9 In China, Pakistan, Spain, and several other competing countries, policy support to the textiles and clothing industry and targets for growth in the sector have been announced by the Governments. China has proposed substantial expansion during the next five years from its present capacities, which already exceed capacity in India several times. In order to remain competitive in international markets, and to withstand increasing competition in the domestic market, it is necessary to ensure large investments in modernisation and expansion. This will be possible only if the TUFS is continued in its present form.

18.10 The interest rates currently available to the textiles and clothing industries of major competing countries are substantially lower than the present PLRs in India. Interest rates are increasing in the country, and the PLRs may continue to increase during the Eleventh Plan period. Interest rates applicable to term loans in some of the competing countries are given below :

(i)	South Korea	4.50 percent p.a.
(ii)	Malaysia	3.50 percent p.a.
(iii)	Taiwan	2.50 percent p.a.
(iv)	Thailand	5.00 percent p.a.

As against this, the current PLR in India is around 11.00 percent p.a.

Fund requirement in case of extension of TUFS without any modification

18.11 Assumptions for working out fund requirement during the plan period

18.11.1 In case TUFS is extended without any modification during the Eleventh Five Year Plan period, the investment expected during 2006-07 will not exceed Rs.20,000 crore.

18.11.2 The investment under TUFS is considered on the base of the year 2006-07, with graded yearly increases of 5 percent, 10 percent, 7 percent, 5 percent, and 10 percent, respectively, during the Eleventh Five Year Plan period.

18.11.3 In line with the present pattern of project cost and amount sanctioned, of total investment required, (i.e., Rs.1, 50,600 crore) only 45 percent would be eligible for assistance under TUFS.

18.11.4 In line with the present pattern, only 58 percent of the amount sanctioned would be disbursed in a particular year.

18.11.5 Though the repayment period under TUFS is ten years (including two years moratorium), the actual average repayment period is eight years. Therefore, for working out the subsidy requirement for TUFS a period of eight years has been considered.

An additional amount towards the 5 percent interest reimbursement for loans sanctioned / disbursed during the Tenth Five Year Plan will also be required. The estimated amount for this is Rs.4, 418 crore. The details are given **Appendix – 18.4**.

Table – 18.2

Estimated project cost sanctioned, amount sanctioned, amount disbursed and 5 percent interest reimbursement under TUFS

(Rs. crore)

Year	Project cost sanctioned	Amount sanctioned	Amount disbursed	5 percent subsidy
2007-08	25644	11550	6699	335
2008-09	28208	12705	7369	703
2009-10	30183	13594	7885	1063
2010-11	31692	14274	8279	1383
2011-12	34873	15701	9107	1680
Total	**150600**	**67825**	**39338**	**5163**

18.12 Based on the above assumptions, the project cost sanctioned, amount sanctioned, amount disbursed, and subsidy are given in Table 18.2. (The details of subsidy calculation are given **Appendix – 18.5**):

18.13 Funds will be required to continue the 10 percent capital subsidy for specified processing machinery. The total investment in processing machinery has been estimated at Rs.56, 000 crore. This includes machinery and other related expenditure. The cost of machines eligible for capital subsidy is estimated at Rs.5, 600 crore (10 percent of the total investment). On this basis, the fund requirement for upfront subsidy for processing machinery would be Rs.560 crore. In addition to this, the 15 percent capital subsidy for the SSI sector will also be required. It is estimated that Rs.300 crore will be required for 15 percent CLCS. The estimate for CLCS – 20 percent for Powerlooms sector - is Rs.874 crore. The summarized position is given below :

Table – 18.3

Summarised position for fund requirement under TUFS

Sr. No.	**Type of subsidy under TUFS**	**Amount required (Rs. crore)**
1.	**5 percent interest reimbursement**	
(i)	Cases sanctioned / disbursed during Tenth Plan	4418
(ii)	Cases sanctioned / disbursed during Eleventh Plan	5163
	Sub Total	**9581**
2.	**15 percent CLCS for SSI Sector**	300
3.	**10 percent CLCS for Processing Sector**	560
4	**20 percent CLCS for Powerloom Sector**	874
	Total	**11315**

Need to encourage FDI

18.14 Despite TUFS, there is reason to believe that domestic investment may not be sufficient to achieve our targets, and there is a pressing need to attract FDI in the textiles sector. The FDI benefit cannot be interpreted in monetary terms only. Significant attendant benefits will also be forthcoming: technology transfer, import of latest technical know-how, latest manufacturing practices and processes, financial and marketing support, latest trends of fashion designs, styles, overall quality enhancement in line with world standards, creation of mega facility processing plants with large scale capacities etc.

18.15 The success of China in emerging as the fastest growing economy in the world is contributed to a great extent by large scale FDI flowing into the country, including the textiles sector. Currently, India is the 2nd largest textiles economy in world after China, but the gap between the two economies is huge. In order to reduce this gap and sustain the position of the second largest textiles economy for India, there is a need to attract FDI in the textiles sector.

18.16 Total FDI in India during 2005 was only US$ 4.36 billion as compared to US$ 65 billion in China. The textiles and clothing sector attracted only 1.80 percent (US$ 78.99 million) in overall FDI, whereas in China the figure was 8.3 percent (US$ 5.4 billion).

Specific areas needing FDI

18.17 The following segments need FDI to a significant extent:

18.17.1 **Textiles machinery sector -** the requirement for the latest equipment in the textiles industry is growing phenomenally. However, the installed capacity of textiles machinery manufacturers is not adequate to meet this demand. The domestic textiles machinery is projected to triple its capacity during the Eleventh Five Year Plan with adequate support from the Government. However, even with enhanced capacity, the indigenous textiles machinery industry would not be able to meet the demand of the industry. For example, during the Eleventh Plan, incremental requirement for spindles is 29.5 million (21 million incremental + 8.50 million for replacement). This means additional spindles would be required at the rate of 5.90 million spindles per annum. However, the indigenous textiles machinery industry has projected the capacity of 3.85 million spindles per annum by the end of Eleventh Plan. Similarly, an incremental 1.09 lakh shuttleless looms will be required to be installed by the industry (20,000 by the organized sector + 88,851 by powerlooms sector). Against this requirement, the textiles machinery industry has projected the capacity of 20,000 shuttleless looms by the terminal year of the Eleventh Plan. Further, the indigenous textiles machinery industry has no presence in knitting and garmenting machinery.

18.17.2 The Working Group feels that reputed textiles machinery manufacturers in the spinning, weaving and processing sectors should set up facilities in India to meet the growing requirement of Indian industry. One of the biggest factors that has triggered the growth of the Chinese industry is the domestic availability of the textiles machinery. Reputed textiles machinery manufacturers from developed countries have set up their units in China, and have developed models which are suitable to the Chinese industry. There is a need to encourage these global manufacturers to set up their units in India as per the needs of the Indian textiles industry. To increase the FDI, the Working Group recommends that Government may consider FDI proposals of textiles machinery manufacturers on selective basis, independent of the stipulations spelt out in the Press Note No. 18.

18.17.3 **Apparel manufacturers –** Large scale apparel units have been set up through FDI in China. Such entrepreneurs are also looking for alternative manufacturing bases and can be attracted to India to set up their manufacturing facilities.

18.17.4 **Synthetic fabrics –** The decentralized sector accounts for approximate 85-90 percent of the production of synthetic fabrics and is not able to meet the demand of readymade garment exporters for specialised fabrics. Therefore, vendors in Taiwan, Korea can be encouraged to set up weaving facilities of synthetic fabrics in the country.

18.17.5 **Technical textiles –** This is a knowledge-based industry which is at nascent stage in the country and offers tremendous opportunities for joint ventures and FDI.

18.18 In a report published by ATKearney, a leading management consulting firm in 2005, India has been ranked the second most attractive destination for FDI. The attractiveness of India will continue in the present climate of focused reforms and emphasis on the development of infrastructure, logistics and lowering of regulatory barriers.

18.19 The Working Group proposes that impediments to FDI in the textile sector may be examined by the Government and they may be removed. Government can consider FDI proposals on selective basis, independent of the stipulations in the Press Note 18.

18.20 FDI Cell has been set up in the Ministry of Textiles to attract foreign direct investment in textiles, clothing and machinery. The Action Plan for attracting FDI consists of i) identification of countries, which are strong in certain product segments and technically capable foreign firms/ investors looking to invest abroad, who could be targeted for making India as an investment destination for textiles and clothing, ii) preparing a document outlining the advantages of investing in India and the nature of infrastructural, policy, institutional, financial and other support structure available in India, iii) preparing a targeted communication strategy and making representations to potential investors, which includes organization of National summits in India, international summit abroad, and reverse international summit in India, sending delegations to prospective investing countries and engage overseas firms in a dialogue to invest either by forging alliances with Indian companies or investing in fresh capacities in India, and iv) addressing operational problems such as infrastructure like inadequacy of transport and energy and administrative hassles regarding approval from local governments etc. During Eleventh Five Year Plan, the proposed outlay is Rs. 26.86 crore.

Need to extend the Scheme for Integrated Textile Parks (SITP) during Eleventh Plan Period

18.21 Phasing out of quota restrictions from 1.1.2005, has provided a competitive environment in the international market for textiles and clothing, wherein the success would be determined solely by factors like quality, prices, design, adherence to delivery schedules, marketing skills, etc. Though the Indian textile industry has its inherent advantages, infrastructure bottlenecks is one of the prime areas of concern. With a view to take advantage of the phasing out of quantitative restrictions from 2005, Government had launched the Apparel Parks for Exports Schemes (APES) and the Textile Centre Infrastructure Development Scheme (TCIDS) to provide world class export infrastructure, in 2002. Whereas the APES was to create exclusive export zones of excellence of apparel manufacturing, the TCIDS was to modernize and fill in the gaps in the existing infrastructure at the existing major textile centers so as to remove the impediments to production. Both the schemes were designed to make the Indian textile industry globally competitive.

18.22 After reviewing the progress of implementation of these two schemes and analyzing the loopholes, it was decided to merge these schemes into a new scheme. Accordingly, the 'Scheme for Integrated Textile Parks (SITP)' was approved in July, 2005 to provide the industry with world-class infrastructure facilities for setting up their textile units. No new project was sanctioned under the erstwhile APES / TCIDS thereafter. It was also decided to continue the Government assistance to the projects sanctioned under these schemes where work had actually started before 31.07.2005.

18.23 The SITP is implemented through Special Purpose Vehicles (SPVs), where Industry Associations / Group of Entrepreneurs are main promoters. The Government of India's (GOI) support by way of Grant or Equity is limited to 40 percent of the project cost subject to a ceiling of Rs.40 crore. However, the combined equity stake of GOI / State Government / State Industrial Development Corporation, if any, should not exceed 49 percent so that the SPVs shall have operational autonomy and do not become surrogate Public Sector Enterprises.

18.24 Under the SITP, 26 projects have been approved by the Ministry of Textiles. These Parks would have facilities for spinning, sizing, texturising, weaving, processing, apparels and embellishments. The estimated project cost (for common infrastructure and common facilities) is Rs.2428.33 crore, of which Government of India assistance under the scheme would be Rs.866 crore. 2219 entrepreneurs will put up their units in these parks covering an area of more than 300 acre. The estimated investment in these parks would be Rs.13445 crore and estimated annual production would be worth Rs.19200 crore. Estimated employment generation would be around 5 lakh (direct / indirect). These 26 parks are expected to be developed by March 2008.

18.25 Under the TCIDS, eighteen (18) projects have been sanctioned with a total project cost of Rs.500.09 crore including Government of India assistance of Rs.271.67 crore. Under the APES, twelve (12) Apparel Park projects have been sanctioned, with a total project cost of Rs.433.60 crore including Government of India assistance of Rs.191.70 crore.

18.26 From 2006-07, the ongoing projects sanctioned under the APES and TCIDS are being funded out of the unified budget provision for SITP (including APES / TCIDS). Therefore, apart from the provision for new projects under the SITP, provision will have to be made for the committed expenditure on the sanctioned projects under the SITP / APES / TCIDS. Details of the committed requirement are as under:

(Rs. crore)

1	**Sanctioned Projects**	**APES**	**TCIDS**	**SITP**	**Total**
2	**Project Cost**	191.70	271.67	890.28 #	1353.65
3	**Less** actual expenditure upto 2005-06	71.56	59.99	27.68	159.23
4	**Less** Provision in 2006-07	Provided under a single Head of Account			189.00
5	**Balance** (2-3-4) (To be provided in the Eleventh Plan)	Combined provision			**1005.42**

#- Includes the professional fee to be paid to the Project Management Consultant.

18.27 There has been an overwhelming response to the Scheme from the State Governments, entrepreneurs and various industry associations, which is evident from the fact that within a time period of 9 months of launch of the Scheme, 26 Parks have been approved after completing the preliminary requirements like formation of SPVs, land arrangement, preparation / appraisal of project reports etc. In addition, there are consistent requests from State Governments, industry groups and entrepreneurs for continuation of the scheme during the Eleventh Five Year Plan. Ensured entrepreneurs' initiatives, guided by a professionally managed Project management, give an advantage for success of the scheme. As the projects have been approved recently and are expected to be completed by March 2008, it is in infancy to carryout impact assessment. Therefore, the Infrastructure Leasing & Financial

Services (IL&FS) was asked to submit an objective assessment report on implementation of the scheme.

18.28 Textile industry has been recognized as one of the thrust areas for growth during Eleventh Plan due to its potential to significantly increase investment, industrial production, employment generation and export. According to industry estimates, the textile industry has the potential to reach a size of US$ 85 billion by 2010, which is estimated to be US$ 47 billion at current prices. Textile exports are expected to reach US$ 40 billion by 2010, a global share of 6 percent. About 60 percent of the exports would be garments. However, to achieve the potential size, investment of the order of Rs.1, 40,000 crore (US$ 31 billion) would be required across various segments for modernization and capacity expansion. It is noteworthy that this is much more than the current capital employed in the industry. In the post quota regime, the Indian textile industry is poised for exponential growth on account of rising consumption, retail credit facilities and the penetration of the brand India image in more than 100 countries of the world. Therefore, taking into consideration the progress of implementation and response of the entrepreneurs, the scheme may be continued in the Eleventh Five Year Plan, as detailed below:

Increase in number of Parks

18.28.1 SITP may be continued in the Eleventh Five Year Plan to cover additional 50 textile parks. This would require an additional outlay of Rs.2000 crore, which may be provided in the first three years of the Plan period. Going by the present trend, development of these 50 textile parks would facilitate additional investment of Rs.25000 crore and 10 lakh employment generation.

Modifications in the Scheme

18.28.2 **Special Category States –** To encourage development of parks in North-Eastern States and Jammu & Kashmir, the Scheme may incorporate following modifications:

- Atleast 2 parks to be earmarked for North Easter States and 2 parks for Jammu & Kashmir.
- Government of India (GOI) grant may be increased to 70 percent of the project cost as against 40 percent grant. The upper limit may, however, continue to be Rs.40 crore. This special dispensation is needed considering the limited ability of the local industry in contributing to the project cost.

18.28.3 **Special emphasis on Handloom and Handicraft Parks –** It has been seen that the projects for handicrafts and handlooms are not viable unless the assistance is increased from the present level of 40 percent of the project cost. To encourage development of such parks and improve their viability, it is proposed that Government of India support may be increased to 60 percent of the project cost for Handloom and Handicraft Praks as against 40 percent grant for other Textile Parks under the existing scheme. The upper limit may however continue to be Rs.40 crore.

18.28.4 **Capacity Building Assistance**

- It has been observed that the SME predominant textile industry, particularly powerloom, handloom and handicraft sectors, have weak entrepreneurial base and, therefore, SPVs of these Parks would not be able to invest on Business Development Services (BDS) such as skill development, certification, standardization, brand building and market linkages which are essential for sustaining a park of this nature.
- Therefore, the expenditure incurred by the SPVs in such capacity building initiatives, may also be treated as an additional eligible cost component, to the extent of 5 percent of the project cost without increasing the upper limit of GOI grant of Rs.40 crore.

18.29 In view of the above, an outlay of Rs.3000 crore (Rs.1000 crore for ongoing sanctioned projects and Rs.2000 crore for new projects) may be provided in the Eleventh Five Year Plan for implementation of the SITP.

18.30 The Scheme wise details of the proposed outlay during the Eleventh Plan is given in Chapter 19.

A Comprehensive Database for Textiles

18.31 The absence of a comprehensive and proper database for the textiles sector as a whole has created difficulties in monitoring investment, development and growth and in making effective mid-course corrections in strategies and programmes. The gap is strongly felt in the data relating to the decentralised sectors, especially processing, garments and made-ups. The creation of a comprehensive database for the textiles sector, covering the entire value chain right upto marketing of Readymade Garments (RMG) and made-ups, with a view to monitoring the investment, development and growth of the sector, and import-export is being proposed in the Eleventh Plan. Accordingly, the existing database of the textiles sector will be streamlined and strengthened through appropriate primary and secondary sources. The databases of Industry Associations will be used by the Ministry, wherever feasible and necessary.

Secretariat Economic Services

18.32 The present scheme on Secretariat Economic Services will be focused to build up a comprehensive database on textiles in the office of the Textiles Commissioner and the Ministry of Textiles through primary and secondary sources of data. The scheme will also be used to create a strong information base for all the field offices of the Ministry to enable them to implement schemes better, and monitor growth and investments in the sector. For this purpose, the modernisation of the offices, strengthening of IT related services, databases, etc., will be taken up. An outlay of Rs.5 crore is proposed for the purpose during the Eleventh Plan.

18.33 The scheme wise details of the proposed outlay during the Eleventh Plan are given in Chapter-19.

CHAPTER - 19

PROPOSED PLAN OUTLAYS & RELATED ISSUES

19.1 The textiles industry is in a position now to realize its potential fully and meet the growing demand for textiles and clothing in the export and domestic markets. However, to meet this demand the industry has to increase its production capacity significantly and for that purpose huge investments are required. At this juncture, industry needs adequate support in terms of higher outlays to strengthen itself and exploit fully the opportunities available.

Need for greater outlays

19.2 The Plan outlay for textiles has been rather small compared to the significance of this industry in Indian economy in terms of exports and its capacity to generate employment. At this juncture, the textiles industry is in a very strong position and is developing rapidly, focusing on growing opportunities.

19.3 The document of the National Strategy for Manufacturing prepared by National Manufacturing Competitiveness Council (NMCC) has indicated that the decade 2006-2015 is the decade of Manufacturing for India with the aim of an average growth rate of 12 – 14 percent in manufacturing. It has also been suggested that the policies of Government should focus on the growth of labour intensive sectors (like textiles and clothing), which also enjoy competitive advantage. To provide impetus to the growth of this industry, there is a need for substantial augmentation in the overall Plan allocation for the textiles sector. Accordingly, the Working Group has proposed a Plan outlay which is significantly higher than the previous Plan periods.

19.4 While suggesting these outlays the following aspects have been taken into consideration.

- Activities that can be done in the private sector need not be performed by the Government.
- Optimisation of resources by focused / cluster approach.
- Plan support to focus on infrastructure, technology & modernisation, R&D, HRD, and in making investments attractive.
- Plan support to encourage and complement private investments / initiatives.
- Proposals restricted to what is necessary and what is affordable.

The increased outlays proposed are considered essential to achieve the growth projected.

Plan outlays for various sectors

19.5 The following are the summarized plan outlays proposed for various sectors:

Table – 19.1
Outlay during Tenth and Eleventh Plan

(Rs. in crore)

Sl. No.	Sector / schemes	Tenth Plan		Eleventh Plan outlay
		Approved	Revised	
1.	Handlooms	625.00	792.33	4028.68
2.	Powerlooms	60.00	54.28	358.09
3.	Wool & Woollens	40.00	43.00	190.00
4.	Sericulture	450.00	534.64	1012.47
5.	Handicrafts	425.00	509.55	1812.00
	Sub-Total	**1600.00**	**1933.80**	**7401.24**
6.	Technology Mission on Cotton	150.00	280.00	241.35
7.	Scheme for Integrated Textile Parks (includes Apparel Park and TCIDS)	150.00	545.50	3000.00
8.	Jute (including NCJD, JMDC and SJDF)	76.00	86.75	355.55
9.	Research & Development	50.00	24.05	295.00
10.	Technical Textiles	3.00	2.02	96.00
11.	Economic Services	5.00	5.05	5.00
12.	VRS / VSS for CPSUs	150.00	30.00	0.00
13.	Technology Upgradation Fund Scheme	1270.00	1840.00	11315.00
14.	Clothing & Apparel/ Fashion Hub	0.00	0.00	42.50
15.	NIFT	30.00	82.49	(*)
16.	Others (NTC, BIC, ITM)	16.00	22.84	
17.	Exports (including Brand Promotion & Textilpolis)			495.00
18.	Human Resources Development			110.00
19.	Textile Engineering Industry			750.00
20.	FDI Cell			26.86
	Total	**3500.00**	**4852.50**	**24133.50**
*Requirement is projected at Rs.87 crore to be funded by HRD Ministry.				

19.6 The details of the schemes and proposed outlays are at **Annex-I**. The textiles industry will also try to take advantage of the relevant schemes of other Ministries, viz., Ministry of Small Scale Industry (SSI), Ministry of Agro and Rural Industries (ARI), Ministry of Rural

Development, and Ministry of Commerce, wherever possible. Further, in sericulture, wool, handicrafts and jute, assistance will also be availed of under the UNDP – Bilateral assistance and World Bank schemes.

19.7 The Plan envisages the following projections for growth in key sectors / areas of the textiles sector:

Table – 19.2

The expected quantitative growth scenario in 2011-12

Sl. No.	Items	Unit	Actual (2005-06)	Estimate (2006-07)	Assumed Growth Rate during the 11th Plan	Projection (2011-12)
I	**Production of Raw Materials**					
(i)	Cotton (cotton year)	Mn. Kg.	4148	4454	8.28	6630
(ii)	Man – made fibres	Mn. Kg.	968	1117	9.0	1722
(iii)	Silk	Mn. Kg.	17.3	18.52	7.0	26
(iv)	Jute	Lakh bales	85	91.12	7.2	129
II	**Consumption of fibres**					
(i)	Cotton (Mill sector)	Mn. Kg.	3222	3576	12.27	6379
(ii)	Man-made fibres	Mn. Kg.	961	1121	9.04	1728
(iii)	Wool	Mn. Kg.	47	50.31	7	75.69
III	**Production of Yarn**					
(i)	Spun yarn	Mn. Kg.	3457	3744	12	6580
(ii)	Woollen yarn (including worsted and shoddy yarn)	Mn. Kg.	105	107.89	3	127
(iii)	Filament yarn	Mn. Kg.	1180	1331	10	2099
IV	**Production of cloth**					
(i)	Cotton	Mn. Sq. mtrs	23780	25207	14	49629
(ii)	Blended	Mn. Sq. mtrs	6242	6866	7	9630
(iii)	100 percent Non – Cotton (including Khadi, Wool & Silk)	Mn. Sq. mtrs	19440	22187	10	35341
	Total	**Mn. Sq. mtrs**	**49462**	**54260**	**12**	**94600**
V	**Per capita availability of cloth**	**Sq. Mtrs**	**36.53**	**39.17**	**9.70**	**62.23**
VI	**Textile Exports**					
(i)	Textiles	Mn. US$	7007	7920	16.55	17034
(ii)	RMG	Mn. US$	8403	10504	26.50	34025
(iii)	Handicrafts, Jute and Coir	Mn. US$	1668	1903	16.18	4028
	Total	Mn. US$	17078	20327	22.07	55087

Sl. No.	Items	Unit	Actual (2005-06)	Estimate (2006-07)	Assumed Growth Rate during the 11th Plan	Projection (2011-12)
VII	**Production of Textile Machinery**	**Rs. crore**	**2151**	**2800**	**29.76**	**10300**

Annex - I

Details of proposed plan outlay for Eleventh Plan

Sl. No.			Proposed Plan Outlay (Rs. crore)
I.	**HANDLOOMS**		
1	**Integrated Handloom Cluster Development Scheme (IHCDS)**		
(a)	Integrated Handloom Cluster Development Scheme (IHCDS)		400.00
(b)	Deen Dayal Hathkargha Protsahan Yojana (DDHPY)		700.00
(c)	Workshed-cum-Housing Scheme		312.50
(d)	Integrated Handloom Training Programme		70.00
(e)	Diversified Handloom Schemes		73.83
	Sub Total		**1556.33**
2.	**Marketing & Export Promotion Scheme**		
(a)	Marketing Promotion Programme		455.00
(b)	Handloom Export Scheme		45.00
	Sub Total		**500.00**
3	**Weavers Welfare Schemes**		
(a)	Health Insurance Scheme		252.00
(b)	Mahatma Gandhi Bunkar Bima Yojana		72.00
(c)	Thrift Fund Scheme		22.00
(d)	Pension Scheme		50.00
	Sub Total		**396.00**
4	**Handloom Inputs Scheme**		
(a)	Mill Gate Price Scheme		121.35
(b)	Hank Yarn Price Subsidy Scheme		300.00
	Sub Total		**421.35**
5	**Weavers Financial Package**		
(a)	Cleansing of Balance Sheets of - Apex Societies -Primary Societies	300.00 200.00	
(b)	Cleansing the receivable from State/Central Government on account of sales rebate, subsidies, restructuring assistance etc. for Apex Societies/ Handloom Corporations/ Primary Societies	100.00	
(c)	Interest Waiver/ Write Off	80.00	

Sl. No.			Proposed Plan Outlay (Rs. crore)
(d)	Waiver of Loan of PWCS & Apex Societies	500.00	
(e)	Interest Subvention – Working Capital	50.00	
(f)	Contribution to Handloom Development and Equity Fund	60.00	
(g)	Credit Guarantee Fund Scheme	5.00	
	Sub Total	**1295.00**	
	GOI Share		**1155.00**
	Total		**4028.68**
II.	**POWERLOOMS**		
1.	**Development Scheme for powerloom sector**		
(a)	Modernized Workshed		250.00
(b)	Market Assistance		25.00
(c)	Exposure Visit		5.00
	Sub Total		**280.00**
2.	**Commissioning of Studies**		
(a)	Powerloom Survey in the country		2.00
(b)	Diagnostic study of Cluster & Developmental activities		4.00
	Sub Total		**6.00**
3.	**Modernization & upgradation of Powerloom Service Centres**		
(a)	Modernization of P.S.Cs		11.50
(b)	CAD Centres		4.50
(c)	Recurring Plan expenditure		33.00
(d)	Construction of new building for PSC		5.25
(e)	Setting up of nine additional PSCs on felt need basis.		13.00
	Sub Total		**67.25**
4.	**Welfare of powerloom Workers**		**4.84**
	Total		**358.09**
III.	**WOOL & WOOLLENS**		
1.	R & D on wool fibre		50.00
2.	Development of decentralised woollen textile industry and carpet industry		115.00

Sl. No.			Proposed Plan Outlay (Rs. crore)
3.	Procurement of selected coarse wool use for carpet industry.		15.00
4.	H .R.D		10.00
	Total		**190.00**
IV.	**TECHNOLOGY MISSION ON COTTON**		
1.	Mini Mission III		121.35
2.	Mini Mission IV		120.00
	Total		**241.35**
V.	**HUMAN RESOURCES DEVELOPMENT**		
1..	Setting up of training centres on the PPP basis – Readymade Garment Processing Sector	90.00 20.00	110.00
	Total		**110.00**
VI.	**CLOTHING AND APPAREL**		
1.	Common Compliance Code Scheme		12.50
2.	Setting up Fashion Hub		30.00
	Total		**42.50**
VII.	**EXPORTS**		
1.	Building "India Brand"		150.00
2.	Export Market Support Scheme		25.00
3.	Export Studies		20.00
4.	Textilpolis		300.00
	Total		**495.00**
VIII.	**JUTE**		
1.	Jute Technology Mission		355.55
	Total		**355.55**
IX.	**RESEARCH AND DEVELOPMENT**		
1.	Strengthening of R&D capabilities & laboratories of the TRAs including IJIRA – One time support		100.00
2.	Project related R&D activities		40.00
3.	Strengthening of facilities for textile testing & design		100.00
4.	Accreditation / certification support		50.00
5.	Resource bank for technological data base		5.00
	Total		**295.00**
IX.	**TECHNICAL TEXTILES**		
1.	Base line survey of technical textile units		1.00

Sl. No.			Proposed Plan Outlay (Rs. crore)
2.	Setting up of 6 Centres of Excellence @ Rs.15 crore per centre		90.00
3.	Creation of awareness for five years @ Rs.1 crore per year		5.00
	Total		**96.00**
X.	**TEXTILE ENGINEERING INDUSTRY**		
1.	Promotion of R & D of technology		150.00
2.	Modernisation of units – TUFS		400.00
3.	Capital assistance for development of modern weaving, garment machinery, processing machinery etc.		200.00
	Total		**750.00**
XI.	**SERICULTURE**		
1.	R&D/Transfer of Technology/ Training		266.50
2.	Seed Support & Technology Assistance/ HRD		16.50
3.	Administration of Board		30.00
4.	Catalytic Development Programme		686.22
5.	***New Schemes***		
(i)	IT Initiatives		3.00
(ii)	Quality Certification systems		10.25
	Total		**1012.47**
XII.	**HANDICRAFTS**		
1.	Baba Saheb Ambedkar Hastshilp Vikas Yojana		446.00
2.	Design & Technical Upgradation		250.00
3.	Marketing Support & Services		525.00
4.	Research & Development		62.00
5.	Human Resource Development		63.00
6.	NER including Sikkim (lump sum provision)		193.00
7.	Welfare		251.00
8.	Capital		22.00
	Total		**1812.00**
XIII.	**ECONOMIC SERVICES**		**5.00**
XIV.	**TECHNOLOGY UPGRADATION FUND SCHEME (TUFS)**		
1.	5 percent interest reimbursement		
(i)	Cases sanctioned / disbursed during Tenth Plan		4418.00
(ii)	Cases sanctioned / disbursed		5163.00

Sl. No.			Proposed Plan Outlay (Rs. crore)
	during Eleventh Plan		
	Sub Total		**9581.00**
2.	15 percent CLCS for SSI Sector		300.00
3.	10 percent CLCS for Processing Sector		560.00
4.	20 percent CLCS for Powerloom Sector		874.00
	Total		**11315.00**
XV.	**FDI Cell**		**26.86**
XVI.	**Scheme for Integrated Textile Parks (SITP)**		**3000.00**
	GRAND TOTAL		**24133.50**

CHAPTER - 20

SPECIAL PACKAGE FOR NORTH EASTERN REGION (NER)

20.1 The North Eastern Region (NER) comprises Assam, Meghalaya, Arunachal Pradesh, Nagaland,Tripura, Manipur, Mizoram and Sikkim. A special focus on the economic development of the region has been recognized as one of the important elements of a strategy to handle the region's complex problems, including its peculiar geographical and locational constraints vis-a-vis other regions. In pursuance of Prime Minister's Special Policy Package for the development of the NER, introduced at the end of the Eighth Plan, 10 percent of the Ministerial/Departmental plan budget has been earmarked, alongwith scheme/programme specific concessions/incentives for the Region.

Sector-wise Progress/Performance of Textiles in NER during the Tenth Plan

20.2 Activities covering the decentralized Handlooms, Powerlooms, Sericulture, Handicrafts, Wool and Jute sub-sectors are the region's main source of gainful employment and income generation. These sub-sectors remain important due to their unique characteristics, exclusivity and flexibility for smaller production levels and export potential, besides being the major source of employment after agriculture. The region's woolen & silk fabrics, including the exclusive Muga/Eri silks as well as cane/ bamboo based crafts, have now become popular not only in the country, but also abroad on account of their uniqueness, quality and designs. However, lack of basic, financial and infrastructural facilities continue to limit the production of these items on a commercial scale.

20.3 The Government, recognizing the immense potential of handlooms, handicrafts, silk and jute based products in the region, is facilitating their promotion and development through various Plan schemes. These schemes / programmes are expected to provide the requisite impetus for their preservation/ continuation and prepare them to face the challenges of globalisation. Special policy incentives are also being given to the NER. These include raising the share of Central assistance upto 90 percent for all Centrally Sponsored Plan Schemes, and strengthening of the North Eastern Handicrafts & Handlooms Development Corporation (NEHHDC), now under the administrative control of the Ministry of Development of North Eastern Region (DONER).

20.4 The concept of involvement of Non Governmental Organisations (NGOs) in the execution of plan schemes at the grass root level has been accepted, and in sectors like Handicrafts, most of the schemes are being implemented through the NGOs.

20.5 Difficulties in the utilization of funds is a greater impediment than the availability of resources. Funds are not being utilized due to a number of reasons, which include delay in submission of proposals, non release of the State Government's share in case of Centrally Sponsored Schemes, non-submission of utilization certificates, absence of infrastructure facilities, and absence of credible Non Governmental Organisations (NGOs) in the region. There is an urgent need to make a concerted effort to enhance the utilization of Plan funds in this region.

HANDLOOMS

20.6 The North-eastern Region has the highest concentration of handlooms in the country. Out of 25.4 lakh units engaged in the handloom activities, 14.6 lakh units (household and non-household) are in 5 NE States i.e. Arunachal Pradesh, Assam, Nagaland, Manipur and Tripura as per the Handloom Census. Over 53 percent of looms in the country are in NE States. In 1995-96, more than 65 lakh persons were engaged in weaving and allied activities in the country, of which, 50 percent belong to these States. All over the country, 20.2 lakh are domestic looms and 12.68 lakh commercial looms in the household weaving units. The share of 5 States of NE Region in total domestic looms in 82 percent. However, only 13.4 percent of commercial looms of the country are in these States. The contribution of these States to the total production of handloom fabrics in the country is around 20 percent. They are main items produced in the Region are traditional ones such as lungi, dhoti, gamcha, shawls, mekhla, etc., which do not have adequate commercial value. Therefore, there is a need for product diversification to include high value added products that will have high market potential.

Problems in the Handloom Sector in NER:

20.7 Handlooms in the NER basically cater to household consumption. The products lack proper designing, weave and colour matchings suitable for commercial production. Most of the looms are primitive looms and there is a resistance to shift to modern looms. Scattered weavers' population lead to difficulty in making effective Government intervention. Government penetration becomes difficult due to resistance to accept the changes. Many areas are inaccessible for easy transportation.

Steps initiated by Government of India during Tenth Five Year Plan

20.8 Weavers' Service Centre: Three Weavers' Service Centres are functioning in the North-East Region, one each at Guwahati, Agartala and Imphal. The Weavers' Service Centre at Guwahati has been upgraded as Regional Design Centre for the entire North-east region to improve the competitive needs of handloom products.

20.9 Indian Institute of Handloom Technology: Government of India had started an Indian Institute of Handloom Technology at Guwahati in the year 1982.

20.10 National Handloom Development Corporation: The Corporation has been operating three offices in NE States at Guwahati, Imphal and Agartala. The Guwahati office has been upgraded at the level of Regional Office. The Corporation has given the following facilities to buyer handloom agencies of the North Eastern States: (1) Full reimbursement of the freight under Mill Gate Price Scheme. (2) Depots for supply of yarn, recommended by the State Directorate of Handloom & Textiles of concerned States have been approved (3) 34 spot dyers training programmes have been organized in the last three years. Corporation also organizes Appropriate Technology Exhibitions to disseminate the latest technology to the handloom weavers for their benefit.

20.11 North Eastern Handloom and Handicraft Development Corporation: NEHHDC is a national level organization which takes care of the marketing needs of the Handloom Sector in North-Eastern Region.

Support through Schemes:

20.12 ***Handloom Export Scheme:*** During the Tenth Plan (2002-03 to 2005-06), nine export projects were sanctioned in the North Eastern Region - seven to Assam, one to Nagaland and one to Manipur, covering 420 weavers and a sum of Rs. 56.22 lakh was released.

20.13 In view of low capital base of the cooperative societies, limitation of low productivity rate of traditional loin looms, apathy of the State Governments in providing financial assistance to the cooperatives, the State Governments have not been recommending an adequate number of proposals for the export projects. Because of these reasons, despite allocation of funds for export projects for North Eastern States and other developmental and welfare measures, the Office of the Development Commissioner for Handlooms found it difficult to release funds in North Eastern States.

20.14 ***Welfare Schemes:*** The details of funds released during the Tenth Plan up to 2005-06, to the North Eastern States under the Workshed-cum-Housing Scheme and Weavers' Welfare Scheme are as under:-

Workshed-cum-Housing Scheme:

20.15 Under Workshed-cum-Housing Scheme, in 2002-03, Rs. 350.00 lakh were released and 4903 units were sanctioned; in 2003-04, Rs. 700.00 lakh were released and 7470 units were sanctioned, in 2004-05, Rs. 700.00 lakh were released and 5808 units were sanctioned, in 2005-06, Rs. 860.00 lakh were released and 14121 units were sanctioned.

Weaver Welfare Schemes:

20.16 <u>a. Thrift Fund Scheme</u>: Rs. 0.53 lakh were released and 57 beneficiaries were covered.

b. <u>New Insurance Scheme</u>: Rs. 0.56 lakh were released and 936 beneficiaries were covered.

c. <u>Health Package Scheme</u>: In 2002-03, Rs.64.44 lakh were released and 13,870 beneficiaries were covered; in 2003-04; Rs. 73.88 lakh were released; in 2004-05, Rs.208.52 lakh were released and 34,355 beneficiaries were covered; and in 2005-06, Rs.379.47 lakh were released and 46,520 beneficiaries were covered.

20.17 During 2005-06, 3123 weavers from Assam were covered under the Mahatma Gandhi Bunkar Bima Yojana (MGBBY). However, under the Health Insurance Scheme (HIS) only a negligible number of weavers from Arunachal Pradesh were covered under the Scheme during 2005-06.

Deen Dayal Hathkargha Protsahan Yojana (DDHPY)

20.18 Under Deen Dayal Hathkargha Protsahan Yojana (DDHPY), the funding pattern, in the initial stage of operation, was kept as 75:25 between the Central and the State Government(s) as compared to the funding pattern of 50:50 between the Central and the States in respect of States other than those covered under the NER, J&K & Sikkim. For such implementing agencies which have 100 percent beneficiary members as SC/ST/Women/Minorities, the sharing pattern between the Centre and the State was 75:25. This funding pattern was applicable under all the components of the scheme except the marketing incentive component. The funding pattern in respect of States under NE Region, J&K, Sikkim, Himachal Pradesh, Uttranchal, Jharkhand & Chattisgarh was further modified/revised to 90:10 between the Centre and the State, maintaining, however, the funding pattern under the marketing incentive component as 50:50.

20.19 During the Tenth Plan an amount of Rs.69.49 crore was allocated for the NER states, out of which an amount of Rs. 64.87 crore was utilized.

20.20 The performance during the Tenth Plan period is as under:-

Table – 20.1

Funds released during Tenth Plan under Deen Dayal Hathkargha Protsahan Yojana in NE R

(Rs. crore)

Sl. No.	Year	Budget Allocated	Actually utilized
1	2002-03	12.00	14.67
2	2003-04	11.77	10.84
3	2004-05	13.20	9.57
4	2005-06	11.30	11.29
5	2006-07	18.50	18.50 (Anticipated)
	Total	**66.77**	**64.87**

<u>Proposed intervention</u>

20.21 ***Approach:*** It is proposed to earmark 10 percent of the total proposed budget for the development of handloom sector in North East Region.

20.22 ***Supply of Input***: Most of the yarn used by NE States is being transported from mills in South India. The expenditure for transportation of yarn from South to North East is for more than the reimbursement provided under the Scheme. Similarly, the co-operative societies in that area do not have adequate facilities to store yarn for further supply to the weavers. For opening yarn depots, they have to hire the godowns. The rent along with the other expenditure cannot be met from the depot operation charges provided @ 1 percent under the Scheme. Therefore, for supply of yarn as input, it is suggested to revise the re-imbursement rate of transportation charges for NE States and J&K for yarn other than silk and cotton from the present rate of 3 percent to 4 percent and depot operation charges from 1 percent to 2 percent. However, when the above revision will be implemented the actual reimbursement from NHDC to the societies may come to 6 percent, whereas they get only 4 percent from Government of India. It is also suggested for a separate reimbursement rate from Government of India to NHDC for their yarn supply in North East and J&K preferably @ 7 percent for the yarn other than silk and jute. More yarn banks must be opened in this area and the operation of mobile van under Mill Gate Price Scheme should be made effective.

20.23 ***Role of NEHHDC and WSCs:*** NEHHDC should play a pro-active role in the identification of weavers' clusters, identifying the exact need of each cluster for training and welfare aspects and making suggestions for proper capacity utilization including training. WSC, Guwahati has been upgraded as a Regional Design Centre. A separate marketing cell may be created in WSC, Guwahati which will undertake proper market surveys to the fabric produced and suggest measures to make it market worthy.

20.24 ***Marketing:*** The suggestion that transport subsidy for NE handloom products under DDHPY should be made available for the transport of finished goods to cities having less than 10 lakh population and movement of handloom products within the region of NE needs consideration. Urban Haats/Handloom and Handicraft Development Centres need to be set up in different locations to alleviate marketing problems.

20.25 Funds released during the Tenth Plan to NER is given below:

Table 20.2

Funds released during the Tenth Plan to NER under various schemes in Handloom Sector

(Rs. lakh)

Sl. No.	Name of the schemes	Funds released / utilized (2002-03 to 2005-06)
1	Workshed-cum- Housing Scheme	2610
2	Thrift Fund Scheme	0.53
3	New Insurance Scheme	0.56
4	Health Package Scheme	726.31
5	Deen Dayal Hathkargha Prostsahan Yojana	4637

Outlay proposed for Handlooms during the Eleventh Plan

20.26 A separate budget provision of Rs.408 crore is proposed for the development of the handlooms sector in the North East Region.

SERICULTURE

20.27 The thrust on development of sericulture in the North East Region is continuing. The region has a long tradition of silk production, especially of non-mulberry silks of the eri and muga variety. The Central Silk Board (CSB) is implementing Centrally Sponsored Schemes in the region for the development of sericulture and the silk industry with cost sharing between the Centre and States in the ratio of 90:10, respectively. The development of silkworm host plants, and the privatisation of seed production remains a priority.

Proposals for the Eleventh Plan

20.28 **Establishment of Regional Silk Technological Research Station:** The Central Silk Technological Research Institute, Bangalore is the only Institution conducting research on silk technology (Post-Cocoon). It is proposed to set up the Regional Station in the North-Eastern Region to cater to the regional problems, because the Bangalore center is not easily accessible.

20.29 The Regional Research Station will address issues relating to Muga and Eri silk processing. It is proposed to strengthen the Central Muga and Eri Research and Training Institute at Lahdoigarh (Assam) with required staff and infrastructure.

Strengthening of Central Muga and Eri Research and Training Institute

20.30 The Institute has been suffering for want of scientific man-power as well as equipment and infrastructure. It is necessary that the Institute work on non-conventional techniques to achieve the goals of productivity and quality. It is therefore proposed to strengthen the Institute with required man-power and facilities.

Outlay/expenditure on Sericulture during Tenth and Eleventh Plan

20.31 The overall outlay during the Tenth Plan was Rs. 86.50 crore, and the expenditure was Rs. 91.47 crore till July, 2006. Developmental schemes (mostly under CDP), with an approximate outlay of Rs. 85.00 crore, are almost exclusively oriented towards the North Eastern Region, of which the Central share will be Rs. 60 crore. In addition, another Rs. 35.00 crore from other heads, totaling to Rs. 95.00 crore from CSB during Eleventh Plan will also be deployed in the Sericulture sector.

HANDICRAFTS

20.32 The North-Eastern Region has predominantly tribal traditions, and nowhere is this reflected more than in the region's unique and varied handicrafts. NER, including Sikkim, has 8.87 lakh handicraft artisans as per the Census conducted by NCAER in 1995-96. This works out to approximately 18.63 percent of the total artisans population in the country. The important crafts of this region are Cane and Bamboo, Mat weaving, Basketry, Wood work, Brass craft, Artistic textiles/Hand-block printing, Tribal Jewellery, Stone work, Terracota, and Jute Handicrafts.

20.33 Although the handicrafts of this region are of good quality, utilitarian in nature and diverse in their range, yet they have not gained access to markets in mainland India or overseas. The crafts of this region also suffer on account of logistics problems, difficult terrain and the prohibitive cost of transportation.

Plan Schemes / Programmes for Handicrafts in the NER

20.34 The office of the Development Commissioner (Handicrafts) has considerable presence in North East. The following offices are functioning in the Region:

1. Regional Office and Regional Design and Technical Development Centre at Guwahati.
2. Handicrafts Marketing and Service Extension Centres at Agartala (Tripura), Aizwal (Mizoram), Imphal (Manipur), Itanagar (AP), Kohima (Nagaland), Shillong (Meghalaya), Gangtok (Sikkim) and Gauripur, Joharat in Assam.
3. Bamboo & Cane Development Institute at Agartala.
4. Departmental Training Centres in Cane & Bamboo.

Bamboo & Cane Development Institute, Agartala (BCDI)

20.35 BCDI was set up at Agartala during the year 1974 with a view to: -

- Develop proper techniques for the treatment and preservation of Cane and Bamboo to protect them from insects, fungus, etc.
- Disseminate these techniques in various crafts pockets by giving practical demonstrations.

20.36 As Cane and Bamboo craft has immense potential to generate employment, value addition and exports, the BCDI serves as a delivery mechanism to cater to the entire needs of the industry.

North Eastern Handicrafts & Handlooms Development Corporation

- The North Eastern Handicrafts and Handlooms Development Corporation Limited (NEHHDC) was set up in March, 1977, at a time when most of the States in the North

Eastern Region did not have their own organization for the promotion and development of Handicrafts and Handlooms.

- NEHHDC looks after developmental and promotional needs for products and design development, training and up gradation of technologies and facilitates the marketing of finished products of this region.
- In the Tenth Five year Plan the administrative control of NEHHDC was shifted to Department of North East Region (DONER). However, NEHHDC still continues to receive assistance from the Office of the DC (Handicrafts) to undertake various promotional and developmental activities.

Other development partners

- Each State in North East has a Corporation **(State PSU)** to look after the development and marketing of handicrafts. These Corporations are actively engaged in the welfare of the artisans by providing the benefits of various schemes of the State, as well as those of the Central Government.
- The other development partners in the North East are the North Eastern Development Finance Corporation (NEDFI), and the Cane & Bamboo Technology Centre (CBTC), who get assistance under various schemes of the Office of DC (Handicrafts).
- The concept of involvement of Non Government Organization (NGO’s) in the execution of Plan schemes **at the grass root level has been accepted and in the Handicrafts sector almost 90 percent of the schemes are being operated through NGO’s.**

Outlay/ Expenditure on Handicrafts of the NER during the Tenth Plan

20.37 During the first four years of the Tenth Plan (i.e. 2002-03 to 2005-06) a total amount of Rs.2, 775.27 lakh was released under various schemes being implemented by DC (Handicrafts) in NER.

Problems experienced in the implementation of schemes

20.38 During the course of implementation of various schemes, the following problems were experienced:

20.38.1The Schemes of the DC (Handicrafts) are implemented as grant-in-aid schemes through Central/State Government Corporations/Apex agencies, NGOs, etc. It has been observed that the proposals, received in this office are not necessarily need-based and are also not closely monitored by the implementing agencies. The number of proposals received from State Government Corporations is far less as compared to the number of proposals received from the NGOs. Many of the schemes, which are implemented on cost sharing basis (such as opening of new emporium/renovation of emporium, Craft Bazars, Expos and Exhibitions on Grant-in-aid basis, Facility Centres, etc.) are not being fully leveraged by the State Government Corporations/State Apex Bodies/NGOs, etc.

20.38.2In the Handicraft Sector, major constraint is the cost of transportation. This is accentuated by the fact that most of the artisans are located in remote areas and do not have access to the main transport routes. They are also scattered over a difficult terrain, and, large-scale commercial production of many items becomes difficult.

20.38.3The State Governments do not give desired priority and financial allocation to this sector. Moreover, a separate and dedicated department for handicrafts development does not exist in most of the States. Therefore, the focus on the affairs of the Handicrafts Sector is lost because it is clubbed with other industry sectors for the purpose of administrative control. In order to address this problem, the Office of DC (Handicrafts) had advised all the NER States to formulate a perspective long term development plan for the handicrafts sector, indicating the priority areas as well as their commitment to provide for their share of expenditure as per parameters of various schemes. Unfortunately all States have not so far responded to this request.

Special needs of the Handicrafts Sector in NER:

- Assistance for offsetting high transport costs.
- Dedicated and exclusive set-up for the development and promotion of handicrafts in the States.
- Enhancement of marketing opportunities through an umbrella organization.
- Removal of infrastructural bottlenecks like road networks, transport, Internet connectivity, Power supply & communication links, etc.
- Rationalization of Taxes, Tariffs and other levies among all States of NER on items of handicrafts and inputs.
- Setting up of raw material banks, permanent marketing infrastructure like Malls, Urban Haats, Trade Facilitation Centres of International Standards, Warehouses within the NER and in mainland India.
- Enhanced allocation to the handicrafts sector by the States

- Augmentation of handicrafts exports.

Vision for the NER in the Eleventh Plan

- To achieve an export turnover of 500 crore by the end of the Eleventh Plan
- Putting in place needed infrastructure like SEZ/EPZ and Trade Facilitation Centres of International standards.
- To facilitate flow of credit to handicraft artisans to the tune of 200 crore
- To develop entrepreneurship through a dedicated initiative with the help of the best professionals in the country.

20.39 The following steps will have to be taken to ensure this:

20.39.1 An autonomous authority comprising of representatives from trade/professionals will have to be set-up, with support from State/Central Governments for the focused development and export of handicrafts products exclusively from the NER.

20.39.2 Identification of an ideal location and a willing partner for establishing and managing the SEZ/EPZ.

20.39.3 To undertake focused product development for Expos through International/National Institutions/professionals with assistance from the Ministry of Commerce.

20.39.4 To establish a convention and exhibition center of international standard at Kolkata, to facilitate round the year access to importers and exporters for trade in handicrafts from the NER.

20.39.5 An aggressive sensitization/awareness campaign jointly with banks to facilitate the flow of credit under the Credit Guarantee Scheme.

20.39.6Engage the services of topnotch professional institutions like IIMs for developing and executing a customized EDP module specific to the needs of the NER.

Outlay for the Eleventh Plan

20.40 The plan outlay for NER is proposed at Rs.193 crore, out of total outlay of Rs.1812 crore. The scheme-wise details are given in para 13.20.

JUTE SECTOR

20.41 Raw jute and Mesta are grown mainly in the states of Assam, Tripura and Meghalaya and the fibre extracted is traditionally used to manufacture items for the local market like gunny bags, carpets, floor coverings, etc.

20.42 The schemes for North East Region will cover all the states. A market promotion scheme for the North-East has been proposed under Mini Mission IV of the Jute Technology Mission. The scheme aims at setting up enterprises for handicrafts, spinning, weaving, wet processing, hand made paper. It will promote the development of entrepreneurship in the diversified jute sector. These programmes will be carried out by setting up operating units: a Jute Diversification Support Centre (JDSC), and a Jute Diversification Support Extension Centre (JDSEC).

20.43 The above objective will be fulfilled through the following activities.

- Specific training programmes
- Awareness generation programmes
- Enlarge the scope for the consumption of jute in non-traditional fields
- Develop skills among weavers, entrepreneurs and crafts-persons.

Institutional/Infrastructural support provided for the sector in the NER:

20.44 The National Centre for Jute Diversification (NCJD) is implementing the following schemes in NER in the Jute Sector

20.44.1**Jute Service Centre Scheme**. Under the scheme, service and extension centres are set up to disseminate information, create awareness about new technologies for manufacture of jute products. The Centre also provides training to entrepreneurs to enable them to operate commercially.

20.44.2**Jute Raw Material Bank Scheme.** The scheme aims at the establishment of raw material banks for fulfilling the requirement of jute yarn, providing information about diverse application of jute, creation of awareness amongst entrepreneurs and organizing technical work shops on the applications for jute.

20.44.3**Market Support Scheme**. The scheme aims at facilitating small entrepreneurs and NGOs to gain exposure through participation in national level exhibitions, local fairs, buyer-seller meets and provides linkage of demand centre with producers of jute for meeting the demand of jute.

20.44.4**Design & Product Development Scheme**. The scheme aims at keeping beneficiaries abreast of latest designs through workshops, product evaluation, engagement of specialized design agencies and development of prototypes etc. During 2005-06 (till November, 2005), 56 activities were conducted and 1400 persons were trained.

20.44.5 **The Indian Jute Industries Research Association (IJIRA), Kolkata** (IJIRA) has set up its North Eastern Regional Centre at Guwahati, Assam. The Ministry of Textiles has sanctioned the necessary budgetary provision for the centre and the promotion of industries based on natural fibres in the North Eastern Region. The Powerlooms Service Centre (PSC) run by IJIRA is rendering services to the decentralized Powerloom Units of Assam for improving their productivity. The Handicrafts sector is also getting the benefit of R&D work by IJIRA.

Recommendations for the Eleventh Plan

20.45 Under the Market Support Scheme, a provision will be made to organize buyer/seller meets and other promotional activities in NER.

20.46 The Raw Material Bank Scheme will be given a higher allocation.

POWERLOOMS

20.47 The Powerlooms sector does not have a presence in the North Eastern Region, except in Guwahati, where about 2700 conventional looms have been installed. They employ 7,000 workers approx. Most of the looms are used to produce Acrylic Shawls. The PSC at Guwahati is under IJIRA. It is stated for modernization during the current year. The Sub-Group on the Powerlooms sector has kept a special provisions for the development of the North Eastern Region to remove the existing inadequacy in the weaving sector. It is, therefore, recommended that new PSCs may also be set up in the states of Manipur & Tripura at a cost of Rs. One crore each. A new CAD Centre may also be set up at the Guwahati PSC with Government assistance.

CHAPTER - 21

SUB-PLAN FOR WOMEN, MINORITY COMMUNITIES AND SCHEDULED CASTSES AND SCHEDULED TRIBES

21.1 One of the important and basic objectives of economic planning is to correct uneven and unbalanced regional growth and to ensure a fairly equitable distribution of wealth and economic prosperity that the process of economic development has brought about amongst all the sections of the society, particularly to the vulnerable sections viz., Women, Scheduled Castes and Scheduled Tribes. The level and extent of contribution of women to economic activities is generally regarded as one of the indicators of the overall development of a nation. Though, women's participation in economic activities is as old as civilisation, in India, traditionally, it was restricted to agriculture, forestry and rural based and cottage industries. Thus, the level of participation of women in economic activities is generally regarded as lower, than desired. This is also one of the reasons why women's participation is difficult to quantify and incorporate in the information system of the country's economy.

21.2 The Textiles sector has traditionally been one of the major means for livelihood for women and the backward sections of the society. The participation of women in handloom weaving, sericulture, handicrafts, and, lately, in the powerlooms, ready-made garments sector has been increasing. However, it still remains largely in the unorganised sector.

21.3 After agriculture, textiles and textiles based activities, including handicrafts, constitute the most important source of livelihood for these social groups. Many of these activities are, in fact, associated with distinct regions or even communities, and could also be gender specific, as in the North Eastern Region, where the whole chain of textiles related activity, from reeling of silk cocoons to weaving of the cloth, remain a female preserve. However, the majority of weavers/ artisans belong to the SC/ST population. These groups are normally linked to hereditary or subsistence based occupations in the unorganized sector.

21.4 The Government has been making budgetary provisions in successive Plans for the implementation of various schemes. Though the schemes/ programmes for textiles and textile based activities do not adhere to any specific community or social groups, a majority of those employed in these sectors belong to these groups, and remain the main beneficiaries of these schemes. These schemes/programmes have had a significant effect on their development and progress in terms of employment opportunities, improvement in productivity levels, as well as income and living standards.

21.5 The sector wise details of the developmental activities for these groups is as follows-

HANDLOOM

21.6 The Handlooms sector employs over 6.5 million workers in weaving and allied activities on 3.5 million looms. The sector is wholly weaver oriented, with the majority weavers belonging to the poorest and marginalized sections of society. It is estimated that, of the total workforce, women constitute 60.60 percent, and SC/STs constitute 36.26 percent (as per the joint census of hand looms & powerlooms 1995-96).

21.7 To assist Handloom Weavers, including SC/ST and women, the Government of India implements various developmental schemes through the State Governments with the objectives of Employment Generation, Modernisation and Upgradation of Technology, Input Support, Marketing Support, Infrastructural Support, Welfare Measures, Development of Exportable Products and Research & Development.

21.8 Under the Deen Dayal Hathkargha Protsahan Yojana (DDHPY), for agencies employing 100 percent SC/ST /Women/Minorities, the grant is shared in the ratio of 75:25 between the Centre and the State.

21.9 The Government of India has also taken new initiatives in launching the Integrated Handloom Cluster Development Scheme, the Health Insurance Scheme and the Mahatma Gandhi Bunkar Bima Yojana, during 2005-06. The assistance is to be continued and further raised during the Eleven Five Year Plan.

21.10 No Separate allocation for these groups is being proposed in the Eleventh Plan. This is because majority of the beneficiaries of the proposed total outlay of Rs.4028.68 crore for the Handlooms sector during the Plan period are going to be from these groups, including women. It may be expected that approximately 50 percent of the outlay will be spent on SC/ST and women. The proposed survey of the Handlooms sector will identify these groups and help to sharpen the focus of their benefits

HANDICRAFTS

21.11 In the Handicrafts Sector, about 32.5 percent of the outlay in respect of identified Central Sector Schemes is earmarked for the benefit of the Scheduled Castes, Scheduled Tribes, and women artisans. The allocation is 15 percent, 7.5 percent, and 10 percent, respectively. The major schemes being implemented are (1) Baba Saheb Ambedkar Hastshilp

Vikas Yojana, (2) Design and Technology Upgradation Scheme (3) Marketing Support and Services Schemes, (4) Export Promotion Schemes, (5) Research & Development Schemes.

21.12 In the Handicrafts Sector, women constitute 47.42 percent of the total workforce, while 37.11 percent of the workforce belongs to the SC / ST category (Source NCAER survey, 1995-96). There are certain crafts which are practiced predominantly by women, like embroidery, beadwork, appliqué, durries, shawls, cane and bamboo work, artistic textiles, mat weaving, etc. The Office of the Development Commissioner (Handicrafts) pays special attention to ensure that a large number of women artisans get the benefit of all the developmental schemes, including training and marketing related programmes. Voluntary organizations like Self – Employed Women Associations (SEWA), Ahmedabad; SHASHA, Kolkata; Mahila Kalyan Samithi, Pilibhit, SHRUJAN Trust, Bhuj, TRIFED , etc., are being financially assisted to encourage participation by women, and artisans belonging to SC / ST communities.

21.13 As in the other unorganized sub-sectors of the textiles sector, schemes formulated and implemented are not targeted at any specific group, but their implementation ensures that the desired benefits do trickle down to these vulnerable sections of the society. Among the schemes implemented by the Development Commissioner for Handicrafts is the scheme for setting up a Craft Development Centre to offer a package of services such as raw materials, common facilities, design inputs, procurement and marketing to a cluster of craftsmen.

21.14 While all the schemes recommended for the Eleventh Plan shall be applicable to artisans belonging to the above categories, the Working Group has recommended some special features such as :

- A Scheme for skill upgradation under the Guru Shishya Pattern of the Special Handicrafts Training Project (SHTP) shall be implemented **ONLY** in respect of women artisans and the artisans belonging to the SC/ST communities.
- Special components shall be introduced in the Scheme in association with the National Minority Commission in order to fulfill the specific needs of artisans belonging to minority communities.

CLOTHING INDUSTRY

21.15 The Clothing industry is considered the growth engine of the textiles industry and is a labour intensive industry. This industry has a female friendly employment orientation, and provides employment to a large number of women. In fact, 38 per cent of the total employment in clothing sector is accounted for by women.

SERICULTURE:

21.16 **Gender sensitization in Sericulture**: The approach for Eleventh Plan is to provide greater emphasis to the empowerment of women in sericulture by installing a mechanism wherein the policies and programmes in the sector would be initiated and taken up on a long term basis. The steps would include fiscal policy planning for women, infrastructure support, review mechanisms, capacity building, access to credit by creating a Womens Credit Fund, access to land, special marketing facilities, creating and disseminating women friendly technologies, social security measures, technology creation and up-gradation, special subsidy for women beneficiaries, quality consciousness, study tours, publicity and propaganda measures, publication of women friendly literature, etc.

21.17 Some exclusive women oriented programmes / schemes shall be formulated during the Eleventh Plan where the focus would be on the creation of Self Help Groups for various activities. These schemes would be assisted by the Central Government / State Government / Contribution by women Self Help Groups, and also dovetail resources from schemes of other Ministries wherever applicable.

21.18 **Focus on SC/ST communities in the industry**: It is proposed to extend certain concessions like reduced beneficiary share (by 10 percent) in schemes and give preference to these communities when extending the benefits. Special programmes will be taken up in the areas where there is a larger population of Scheduled Castes / Tribes.

21.19 It is proposed to formulate special projects for women, particularly in training, and organize group activities like reeling, spinning, weaving, making silk products, etc. A token provision of **Rs. 8.53 crore** has been made during the Eleventh Plan.

Tribal Sub Plan (TSP)

21.20 Special schemes will be taken up under the Tribal Sub Plan (TSP), particularly in the Non-Mulberry sector which is a major activity of tribals. The schemes will be integrated with the schemes of the Ministry of Tribal Affairs, Ministry of Rural Development, etc. Cultivation of silkworm food plants will be integrated with the schemes like Water-shed Management, Rain Water harvesting and Water Saving Practices, etc. Voluntary Organisations working for the upliftment of the STs will be encouraged to participate. In addition, a token Provision of **Rs. 1.00 crore** has been kept in the Eleventh Plan for group activities to give them exposure to the sericulture activities in developed areas.

JUTE INDUSTRY

21.21 A definite plan of action for diversification at the small scale / cottage and NGO's level has been worked out for jute sector. Though it cannot be quantified, it may be presumed that a majority of the beneficiaries from the proposed activities in the decentralized jute sector are going to be women. The National Centre for Jute Diversification (NCJD) has taken up a number of activities for the betterment of women through various schemes. About 40 percent of the beneficiaries are targeted to be SC / ST women.

Appendix - A

No.I&M.3(I7)/2006
Government of India
Planning Commission
(Industry Division)
…..

Yojana Bhawan, Sansad Marg
New Delhi the 22nd May, 2006.

ORDER

Subject:- Constitution of a Working Group on Textiles and Jute Industry (excluding VSE components) for the Eleventh Five Year Plan (2007-2012).

In the context of preparation of the Eleventh Five Year Plan (2007-2012), it has been decided to set up a Working Group on Textiles and Jute" Industry. The Terms of Reference and Composition are:

1. Terms of Reference

i) To examine the current status of the textile industry in the global context and impact of liberalization on the Indian textile industry, especially the threats and opportunities and also to examine in this context, the efficacy of various plan schemes with a view to enhancing their scope and coverage especially for reassessing/revamping these schemes to focus on merger of schemes into integrated schemes, improving the delivery mechanism, etc.

ii) To review the likely achievement of levels of demand, capacity, production, etc. by the end of 2006-07, in relation to the targets fixed for the Tenth Five Year Plan and to analyze the deviations, if any, and to suggest appropriate actions for future.

iii) To arrive .at realistic estimates of production in the organized sector and the decentralized sectors, sector-wise and variety-wise in 2007-2012 and likely production in 2017, keeping in view the basic principle for providing employment to the masses.

iv) To assess the requirements of yarn and cloth for local consumption and exports and its break-up, under mixed/blended, non-cotton (man-made) woolen and silk, in 2007-2012 and the likely demand in 2017.

v) To examine the requirements and availability of raw jute by 2007-2012 and to suggest measures for increasing production, upgradation of quality of raw jute, jute products, jute diversified products and instead of being used as a packaging material, exploring possibility of this fiber being use as technical textiles.

vi) To examine the role of various sectors of the textile industry in India -such as handlooms, powerlooms, khadi, handicrafts, organized mill sector, wool, silk, hosiery, cotton ginning & pressing and apparels, so as to suggest strategies for their harmonious development.

vii) To examine the availability of raw materials for the textile industry and suggest suitable measures for optimum product-mix, so as to achieve maximum benefits from the available resources.

viii) To bench-mark various segments of domestic industry against the global industry and suggest ways and means to make all sections of domestic industry internationally competitive.

ix) To suggest ways and means to increase the availability and access of cloth to the poorer sections of the population and to increase Per capita fibre consumption in the country.

x) To suggest ways and means for enlarging the scope of productive employment in the various sectors of the textile industry, keeping in view the objectives of balanced regional development, poverty alleviation and equitable distribution of economic benefits.

xi) To review comprehensively all labour related issues which impinge on the Textile sector such as rationalization, human resource development, etc.

xii) To study the problem of fluctuations in the prices of cotton and cotton yarn and to review existing policy for cotton and Cotton Technology Mission.

xiii) To estimate the level of exports of textiles during 2011-12 taking into account the past performance, present trends, pattern of world trade and globalization of textile trade particularly in the post-MFA era and to also review the constraints in achieving the target to make suitable recommendations so that India can realize its full potential in the global market.

xiv) To review the present infrastructure development schemes for the textiles and apparel segments and suggest ways & means to achieve world-class infrastructure in order to be globally competitive.

xv) To estimate the financial requirements for the modernization in the textile industry and suggest ways for mobilization of resources in the textile sector and also to inter-alia assess the requirement of FDI in different segments of the textile sector from textile machinery manufacture to retailing and also assess the credit support required for the sustained development for the sector.

xvi) To assess the indigenous machinery manufacturing capabilities and their technological status and suggest appropriate methods for the development of the textile machinery as per needs of the textile industry.

xvii) To assess the status of the R&D programmes and technology transfers and to suggest ways for furtherance of R & D programmes.

xviii) To suggest measures for integration of Information technology, automation, networking for improving overall productivity and quality of products.

xix) To make such other recommendations as may be appropriate.

Composition of the Working Group

Chairman

Secretary, Ministry of Textiles

Member Secretary

Textile Commissioner, Mumbai

Members

1	Representative of Ministry of Chemicals & Petro-Chemicals	Member
2	Representative of Ministry of Agriculture, Deptt. of Agriculture & Cooperation	Member
3	Representative of Planning Commission (Industry Division)	Member
4	Representative of Planning Commission (PP Division)	Member
5	Representative of Planning Commission (VSE Division)	Member
6	Development Commissioner for Handlooms, New Delhi	Member
7	Development Commissioner (Handicrafts),New Delhi.	Member
8	CEO, Khadi & Village Industries Commission, Mumbai	Member
9	Member-Secretary, Central Silk Board, Bangalore	Member
10	Jute Commissioner, Kolkata	Member
11	Chairman, Confederation of Indian Textiles Industry	Member
12	Chairman, Apparel Export Promotion Council, Apparel House,	Member

	Institutional Area, Sector 44, Gurgaon-122003, Haryana.	
13	Chairman, The Cotton Textiles Export Promotion Council Engineering Center, 5th Floor, 9 Mathew Road, Mumbai-400004.	Member
14	Representative of Infrastructure Leasing and Financial Services Ltd. (IL & FS), Core 4B. 4th Floor, India Habitat Center, Lodhi Road. New Delhi	Member
15	Representative of Industrial Development Bank of India (IDBI), IDBI Tower, WTC Complex, Cuffe Parade Mumbai-400 005.	Member
16	Representative of Small Industries Development Bank of India I), SIDBI Bhavan, 16 Ashok Marg Lucknow-226 001	Member
17	Chairman, Textile Association of India, 401, Gagan Deep, 12 Rajindra Place, New Delhi.	Member
18	President, Association of Synthetic Fibre Industry of India, Mumbai.	Member
19	Representative of Powerloom Industry	Member
20	Representative of All India Hosiery Manufacturers' Association	Member
21	President, Indian Woolen Mills Federation, Mumbai	Member
22	Chairman, Textile Machinery Manufacturers' Association, Mumbai.	Member
23	Chairman, Federation of Indian Textile Engineering Industry, Mumbai.	Member
24	Director, Central Wool Development Board, High Court Colony, Ratanada Jodhpur, 342 001	Member
25	Representative of Ministry of Environment and Forests	Member
26	Representative of Ministry of Labour and Employment	Member
27	Chairman, Tirupur Exporters Association, 66, Appachi Nagar, Main Road, P.B. NO.508, Tirupur-641607.	Member
28	Secretaries -Textiles of the State Govts. of Tamil Nadu, Punjab and Gujarat	Member
29	Representative of Department of Women & Child	Member
30	Secretary, Department of Statistics / Director General of Commercial Intelligence & Statistics (DGCI&S).	Member
31	Executive Director, All India Artisans & Craft Workers Welfare Association	Member
32	Dr. R. Mandal, Executive Director, SREI Capital	Member

2. The Chairman of the Working Group may include additional Term (s) of Reference in consultation with Chairman of the Steering Committee on Industry.

3. The Chairman of the Working Group may constitute separate Sub Groups on (i) Textiles & Apparels (ii) Jute or any other aspect as may be considered necessary. He may also co-opt any other Experts as Members of this Working Group.

4. The Working Group will submit its report within three months of the date of this order to the Chairman of the Steering Committee on Industry. The Working Group will be serviced by the Ministry of Textiles.

5. The expenditure on TA/DA of official members in connection with the meetings of the Working Group will be borne by their parent Department/Ministry to which the official

belongs as per the rules of entitlement applicable to them. The non-official Members of the Working Group will be entitled to TA/DA as permissible to Grade I officers of the Government of India under SRI 9O(a) and this expenditure will be borne by the Planning Commission.

6. VSE components of Textile Sector viz. Handloom, Handicrafts, Wool, Powerloom and Sericulture are being addressed through a separate similar Working Group on Textiles (VSE) under the Steering Committee on VSE Sector Chaired by Dr. (Ms.) Syeda Hameed, Member, Planning Commission.

7. Shri A.K. Khullar, Deputy Adviser (Textiles), Planning Commission, {Room No.318-A, Yojana Bhawan, New Delhi -Telephone No. 23096781} will act as Nodal Officer for this Working Group and any further query/communication in this regard may be made with the Nodal Officer.

Sd/-
(K.K. Chhabra)
Under Secretary to the Govt. of India

To

Chairman and all the Members (including Member-Secretary) of the Working Group.

Copy to

1. PSs to DCH/MOS (Planning)/Members/Member-Secretary, Planning Commission.
2. All Principal Advisers/Advisers/HODs in Planning Commission.
3. Prime Minister's Office, South Block, New Delhi.
4. Cabinet Secretariat, Rashtrapati Bhavan, New Delhi.
5. Information Officer, Planning Commission.
6. Joint secretary (Administration), Ministry of Textiles.
7. Controller of Accounts, Ministry of Textiles.

Sd/-
(K.K. Chhabra)
Under Secretary to the Govt. of India

Appendix - B

(i) Composition and Terms of Reference of Sub-Group on Textiles and Apparel Industry

Chairman and Members	Terms of Reference
1. **Joint Secretary (SR)—Chairman** 2. **Textile Commissioner—Co-Chairman** **Members** 3. Joint Secretary (Exports) / Director (Exports) 4. Representative of Ministry of Agriculture(Cotton) 5. Economic Advisor / Deputy Economic Advisor, Ministry of Textiles 6. Chairman, Confederation of Textile Industries (CITI) 7. Chairman, Federation of Indian Textile Engineering Industry (FITEI) 8. Representative from Small Scale Industrial Development Bank of India (TUFS) 9. Representative from Industrial Development Bank of India (TUFS) 10. President, Northern India Textile Mills' Association (NITMA) 11. Chairman, South India Mills Association (SIMA) 12. Chairman, Federation of Indian Art Silk Weaving Industry(FIASWI) 13. Director General, National Institute of Fashion Technology (NIFT) 14. President, Textile Association of India 15. Association of Man-made Fibre Industry of India (AMFI), 16. President, Ahmedabad Textile Processors' Association (ATPA) 17. Director, NITRA 18. Director, SITRA 19. Chairman, AEPC 20. Chairman, TEXPROCIL 21. Chairman, SRTEPC 22. **Joint Textile Commissioner (Economics) — Member Secretary**.	1. To examine the current status of the textile and apparel industry (excluding HL, PL, HC and Sericulture) including their raw materials in India in the global context and the impact of liberalization on such segments of the Indian textile industry, especially the threats and opportunities in the post quota regime. 2. To review the likely achievements of levels of demand, capacity, production, exports etc. by the end of 2006-2007, in relation to the targets fixed for the Tenth Five Year Plan and to analyze the deviations, if any, and to suggest appropriate actions for future. 3. To suggest ways and means to increase the availability of and access to cloth to the poorer sections of the population and to increase per capita fibre consumption in the country. 4. To project the targets of cotton, and man-made fibre and yarn and cloth thereof for local consumption and exports and its break-up, under cotton, man-made in 2007-12 and the likely demand in 2017. 5. To review the existing programmes/schemes implemented during the 10^{th} plan in terms of achievements of physical and financial targets, outcomes, and to suggest strategy and action plan, in terms of their continuity and modification in the next plan 6. To estimate the level of exports of textile and clothing during 2007-12 taking into account the past performance, present trends, pattern of world trade and globalisation of textile trade. 7. To suggest ways and means including export promotion measures for increasing India's share in global trade commensurate with its inherent strengths and potential.

Chairman and Members	Terms of Reference
	8. To examine the mechanisms to improve and integrate various segments in the total value chain for the manufacturing sector viz, ginning and pressing, spinning, knitting, weaving, processing and garmenting so as to suggest strategy for their harmonious development. 9. To examine the availability of raw materials for the textile and apparel industry and suggest suitable measures for augmentation thereof, keeping in view of the assessed requirement. 10. To arrive at realistic estimates of production in the organized sector and the decentralised sectors, sector-wise and variety-wise, keeping in view the basic principle for providing employment to the masses. 11. Benchmarking of various segments of the domestic industry in terms of technology, productivity, quality, labour standards and labour productivity against the global standards, and suggest ways and means to make all segments of the domestic industry internationally competitive. 12. To assess the status of the R&D programmes and suggest ways to strengthen the programmes for proper utilization of the results by the industry and to examine and redefine the role of the Textile Research Associations and Technical Institutions. 13. To formulate targeted and time-bound Schemes for the weak segments of the textile industry to make them internationally quality and cost competitive. 14. To suggest institutional and operational mechanisms to achieve objectives as enunciated in National Textile Policy – 2000. 15. To recommend a road map for growth oriented duty structure and to suggest appropriate time-frames for other policy issues enunciated in the NTxP-2000, viz., review of hank yarn obligation scheme etc. 16. To suggest methods by which rationalization of labour could be accomplished, so as to achieve maximum labour productivity through scientific workload. 17. To formulate a road map of labour-reforms in textile sector

Chairman and Members	Terms of Reference
	18. To estimate the financial requirements of the textile and apparel industry to achieve a potential size of $85 billion as per Industry's vision, 2010 and suggest ways for mobilization of resources in the private, public and co-operative sectors. 19. To assess the indigenous machinery manufacturing capabilities and their technological status and suggest appropriate methods for the development of the textile machinery as per needs of the textile industry. 20. To review the effectiveness of Technology Upgradation Fund Scheme in terms of demand, upgradation of technology, on the basis of evaluation launched and suggest modifications, wherever necessary including assured funding mechanisms and mechanism for periodic monitoring of the scheme. 21. To review status of Technology Mission on Cotton and suggest measures for making the scheme more cost effective and beneficial to the farmer community, ginning and pressing industry. 22. As processing is one of the weakest link in the textile chain, to examine the status of the processing industry and suggest measure for its development. 23. to review the scheme for Integrated park and suggest improvements if any 24. To examine the existing system of compilation of data in respect of textile industry and suggest ways and means for generation, maintenance and strengthening of database, particularly in respect of the decentralised sectors. 25. To examine the status of HRD in different sectors of the industry and suggest ways and means for upgradation thereof. 26. To suggest measures for integration of information technology, automation, networking for improving over all productivity and quality of products. 27. To make such other recommendations as may be appropriate.

Appendix – B (Contd.))

(ii) Composition and Terms of Reference of Sub-Group on Powerlooms

Chairman and Members	Terms of Reference
1. **Textile Commissioner – Chairman** **Members** 2. Joint Secretary (Powerloom), MOT 3. Director (Powerloom), MoT 4. Representative of Planning Commission 5. Secretary (Textiles), Maharashtra 6. Secretary (Textiles), Tamil Nadu 7. Secretary (Textiles), Uttar Pradesh 8. Secretary (Textiles), Gujarat 9. Director, SASMIRA, Mumbai 10. Chairman, FIASWI, Mumbai 11. Chairman, Confederation of Indian Weaving Industries, Tamil Nadu 12. Chairman, PDEXCIL, Mumbai 13. Chairman, Textile Machinery Manufacturers Association (TMMA), Mumbai 14. **Addl. Textile Commissioner – Member Secretary**.	1. To review efficacy of ongoing schemes and examine the need for their continuation/modification. To suggest measures for continuous monitoring and examination of schemes. 2. To suggest the modalities of modernisation of the decentralised powerloom sector. This should primarily envisage the replacement of the existing drop-box and shuttle looms by shuttleless looms, and also encourage the entry of new entrepreneurs into the sector who will use current technology. This will ensure the continued competitiveness of the Powerloom Sector in the global context. 3. The requirement of funds for such replacement should be assessed and incentives to be offered to the decentralised sector be recommended. The thrust and focus should be to modernise the sector and the working group can suggest measures necessary for this endeavour. Powerloom clusters can be developed to remove the current regional imbalance in the country. The scheme-wise/year-wise fund requirement may also be worked out. 4. To formulate a strategy for easy access to the loans from various financial institutions for the sector. The workable strategy should include minimum formalities for getting bank loans by powerloom weavers. The Powerloom sector deserves to be assigned a high priority in the lending sector. 5. To suggest the measures and strategy to ensure market access to powerloom products in the processing, garment and export sectors. 6. To suggest design development strategies for the sector by creating computer aided design centres, through diversification, and networking with the institutes of national repute.

Chairman and Members	Terms of Reference
	7. To review and recommend the measures for the development of the training infrastructure as per the requirement of the powerloom sector. 8. To formulate a mechanism to achieve the objectives of the National Textile Policy with regard to cluster development and testing facilities. 9. To suggest the welfare schemes, in addition to existing schemes. These should include the security of equipment and looms affected during calamities. Insurance policies should address the issues relating to machinery and the health of the weavers. 10. To project year wise growth in production and the demand of powerloom products and fibre wise requirement. 11. To make any other recommendation as may be appropriate.

Appendix – B (Contd.))

(iii) Composition and Terms of Reference of Sub-Group on Wool & Woollen

Chairman and Members	Terms of Reference
1. **Textile Commissioner - Chairman** **Members** 2. JS(Wool), Ministry of Textiles 3. Representative of Planning Commission (VSI Divn) 4. Representative from D/o Animal Husbandry 5. ED, CWDB 6. President, IWMF 7. Representative from Shawl Club Ludhiana 8. Director, Wool Research Asscn., Thane 9. Representative from Wool Mark Company 10. Chairman/ED of W&WEPC 11. Chairman/ED of WOOLTEXPRO 12. Chairman, Carpet Export Promotion Council 13. Chairman, All India Carpet Manufacturers Asscn Bhadohi 14. President, Ludhiana Spinners Asscn 15. President, Knitwear Club Ludhiana 16. **Addl. Textile Commissioner - Member Secretary**.	1. To examine the current status of woolen industry in India in the global context and the impact of liberalization on the Indian woolen industry especially the impact of abolition of quotas; 2. To review the likely achievement in the levels of demand, capacity, production etc. in the woolen industry by the end of 2006-07 in relation to the targets fixed for the 10th Five Year Plan and to analyse the variations, if any, and to suggest appropriate remedial action for future; 3. To assess the requirements of woolen yarn and woolen cloth for local consumption and exports in 2011-12, the concluding year of the 11th Five Year Plan; 4. To suggest ways and means for increasing the availability and access of woolen clothes to all sections of the population and to increase per capita wool fibre consumption in the country; 5. To suggest ways and means for enlarging the scope of productive employment in the various sectors of woolen industry; 6. Benchmark the various segments of the woolen industry against the global standards and suggest ways and means to make all sections of woolen industry internationally competitive; 7. To suggest measures for integration of information technology, automation networking for improving overall productivity and quality of woolen products; 8. To suggest preliminary modalities for launching of a Technology Mission on Wool and suggesting if and whether more than one Mini Mission would be necessary to achieve the objective; 9. Suggesting programmes and schemes for establishing mechanized primary processing facilities and also post loom facilities such as dyeing and finishing;

Chairman and Members	Terms of Reference
	10. An analysis of the prevailing conditions of primary raw wool producers, reasons for fall in their number as also in the number of sheep in some of the States and suggest remedial measures; 11. To suggest measures for utilizing modern blending techniques to blend wool fibre with other man-made and natural fibres so as to maintain and increase the level of consumption of wool within the country and abroad.

Appendix – B (Contd.))

(iv) Composition and Terms of Reference of Sub-Group on Handlooms

Chairman and Members	Terms of Reference
1. **Development Commissioner (Handlooms)- Chairman** **Members** 2. Representative of Planning Commission (VSI Division) 3. Chief Executive Officer, KVIC, Mumbai 4. Secretary, Industries & Commerce Deptt., Govt. of Andhra Pradesh 5. Secretary, Handlooms, Government of Uttar Pradesh 6. Secretary, Handlooms, Government of Orissa 7. Secretary, Handlooms, Government of Assam 8. Secretary, Handlooms, Government of Tamilnadu 9. Secretary, Handlooms, Government of Madhya Pradesh 10. Secretary, Handlooms, Government of Kerala 11. Textile Commissioner, Mumbai 12. ED, Central Wool Development Board 13. Member Secretary, Central Silk Board 14. Director General, NIFT 15. Managing Director, NHDC, Lucknow 16. Managing Director, Co-optex, Tamilnadu 17. ED, NABARD, Mumbai 18. Director, IFW, Ministry of Textiles 19. Deputy Economic Adviser, Ministry of Textiles 20. **Additional Development Commissioner - Member Secretary**	To examine economically viable needs of the handloom weavers in terms of improved looms, training, awareness etc. and to develop a strong, competitive and vibrant handloom sector for providing sustainable employment for economic development of the nation. I) To examine critically the policies, schemes and programmes in respect of handloom sector with specific reference to achievements in terms of coverage, production, employment and improvement in socio-economic status of handloom weavers during the 10^{th} Plan. II) To analyze overall emerging scenario of handloom sector by the terminal year of the 10^{th} Plan i.e. 2006-2007. III) To work out detailed requirement of the handloom sector in the 11^{th} Plan and to suggest policy framework for its development in the light of changing economic and technological scenario and consumption trend and also by taking into account the socio-economic objectives and special needs of this sector. In carrying out this exercise, the sub-group will focus on the following aspects: • To review the efficacy of on-going schemes critically and examine the need for their continuation/modification, re-assessing/re-vamping the ongoing schemes to focus on undeserved states, merger of micro schemes into integrated schemes, improving the delivery mechanism etc. and to finalise the Eleventh Plan outlay for the handloom sector. • To put in place a system of monitoring and evaluation and creation of a strong data base for the handloom sector. • To examine the current status of the handloom industry in India in the global context and the strategy to be adopted in the post Multi Fibre Agreement phase. • To assess the role of the Textile Research Associations (TRAs) and suggest ways for strengthening the R&D Programmes to bring about synergy between the handloom sector and TRAs.

Chairman and Members	Terms of Reference
	• To strengthen the supply of yarn and other core inputs at concessional rates by adopting cost disadvantage mitigation strategy. • To provide credit at concessional rates for Upgradation of technology, production processes and marketing activities. • To undertake technology Upgradation for handlooms which will incorporate elements of loom technology and pre and post-loom processes. • To develop a strong brand driven market for handloom products by way of introduction of Handloom Mark. • To undertake an integrated approach to strengthen aspects of the business cycle such as market information, raw material supply, design, merchandising, market development, production and inventory management, supply chain systems etc. by focusing on handloom clusters. An integrated approach for development of handlooms on the cluster basis needs will be emphasized with convergence of resources/schemes from other Ministries and Departments of Central Government, State Government, District Rural Development Agencies and other Bodies. • To estimate the level of exports of textile during 2011-12, by taking into account the past performance, present trends, pattern of world trade and globalization of textile trade, etc. and to finalize the strategy for the handloom sector product-wise and market-wise for overseas market. • To synergize the efforts of State and Central Governments for better strategies/schemes for upliftment of the handloom sector. • To make State Specific plans for development of handlooms keeping in view the weavers and product profile of the State. • To assess the needs of welfare packages for the handloom weavers. • To chalk out marketing strategy for promotion and sale of handloom products.

Chairman and Members	Terms of Reference
	• To collect quantitative as well as qualitative information about weavers, like detailing the number of weavers, number of persons engaged in pre and post-loom ancillary activities, earnings, production relations and social aspects so as to evolve specific strategies for the specific needs of the weavers and also for specific groups of weavers like SCs, STs, women and minorities.

Appendix – B (Contd.))

(v) Composition and Terms of Reference of Sub-Group on Handicrafts

Chairman and Members	Terms of Reference
1. DC(H) Chairperson – Chairman **Members** 2. Adviser (VSE), Planning Commission 3. Joint Secretary, Ministry of Rural Development 4. Joint Secretary, Ministry of SSI & ARI 5. DG, NIFT 6. ED, NID 7. Representative of NABARD, SIDBI, CAPART 8. Chairman, CEPC 9. Chairman, EPCH 10. MD, NEHHDC 11. MD, CCIC 12. MD, HHEC 13. Director (Handicrafts), Govt. of J&K, Kerala, Orissa, MP 14. MD, State Handicrafts Development Corporation of Rajasthan, Gujarat, UP, Andhra Pradesh & Chattisgarh 15. Representatives of Dastkar, New Delhi; Craft Council of India, Chennai; Small Industries Product Promotion Organisation (SIPPO), Chennai & DRDA, Narsapur. 16. **Addl. Development Commissioner (Handicrafts) – Member Secretary**	1. To examine the current status of the handicraft sector in India in the global context and assess its strengths and weaknesses for appropriate measures for enlarging the scope of productive employment, keeping in view the objectives of balanced regional development, poverty alleviation and equitable distribution of economic benefits. 2. To review the likely achievement of levels of demand, capacity, production, etc. by the end of 2006-2007, in relation to the targets fixed for the 10th Five Year Plan and to analyse the deviations, if any, and to suggest appropriate actions for future. 3. To suggest measures/new initiatives to taken for removing bottlenecks in the physical infrastructure. 4. To suggest ways and means for enhancing availability of raw materials institutional finance and other essential inputs in the handicrafts sector. 5. To suggest measures/new initiative to be taken for increasing the market share of Indian handicrafts in the global market. 6. To suggest measures for establishing and strengthening synergies with the State Governments and other agencies for better implementation of the plan schemes. 7. To suggest a policy framework for the planned development of this sector during the five year plan period with reference to:- i) Overall objectives. ii) Physical and financial outlays. iii) Organizational framework at National, State and local levels and the roles of the Central Governments and voluntary agencies, and including the role of private business. iv) Any other criteria of importance in the overall policy context. 8. Review of the efficacy of on-going schemes and examine the need fir their continuation/modification. This would include scope and coverage of the schemes especially for reassessing/revamping the schemes to focus on undeserved states, merger of micro schemes into integrated schemes, improving the delivery mechanism etc. Putting in place a system of monitoring and evaluation and creation of a strong database also to be considered.

Chairman and Members	Terms of Reference
	9. To assess the role of the TRAs/Institutions working in the Handicrafts Sector and suggest ways for strengthening the R&D programmes to bring about synergy between the industry and the TRAs. 10. To suggest incorporation of new component in the existing schemes or formulation of new plan schemes to meet the need and requirement and to propel growth in production employment and export.

Appendix – B (Contd.))

(vi) Composition and Terms of Reference of Sub-Group on Sericulture

Chairman and Members	Terms of Reference
1. **Joint Secretary(Silk) Ministry of Textiles - Chairman** **Members** 2. Development Commissioner (Handloom) or his representative 3. Representative of Planning Commission (VSI) 4. Member Secretary, Central Silk Board 5. Commissioner Sericulture Development and Director of Sericulture, Govt. of Karnataka. 6. Director of Sericulture, Govt. of West Bengal 7. Director General, Deptt of Sericulture, Govt. of J&K. 8. Director General, Deptt of Sericulture, Govt. of Assam. 9. Director, Sericulture, Govt. of Jharkhand 10. Addl. Commissioner(Technical), O/o TXC, Mumbai 11. Representative from Bio-technology Centre, Indian Agriculture Research Institute, New Delhi. 12. Representative of Indian Council of Forestry Research & Education, (ICFRE), Dehradun 13. Managing Director, NABARD or his Rep. 14. Executive Director, ISEPC 15. Director CSTRI, Central Silk Board, Bangalore 16. Director(Finance), CSB Bangalore 17. **Director (Technical), CSB Bangalore-Member Secretary**	1. To review the efficacy of ongoing schemes and examine the need for their continuation/modification. 2. To examine the existing monitoring and evaluation system and suggest improvements, if any. 3. To examine the current status of the Sericulture and Silk Industry in India in the global context. 4. To review the likely achievement of levels of demand, capacity, production etc. of the silk industry by the end of 2006-2007, in relation to the targets fixed for the 10th five year plan and to analyse the deviations, if any, and to suggest appropriate actions for future. 5. To asses the requirements of silk yarn and silk cloth for local consumption and exports in 2011-12 the concluding year of the 11th Five year Plan. 6. To examine the availability of raw materials for the silk industries and suggest suitable measures for optimum product mix, so as to achieve maximum benefits from the available resources. 7. To arrive at realistic estimates of production of various varieties of silk keeping in view the basic principle for providing employment to the masses. 8. To bench mark various segments of silk industry against the global industry and suggest ways and means to make all sections of silk industry internationally competitive. 9. To suggest methods by which rationalization of labour could be accomplished in the silk industry so as to achieve maximum labour productivity through scientific work load. 10. To estimate the financial requirements of the silk industry and suggest ways for mobilization of resources in the private, public and cooperative sectors. 11. To review the availability of credit flow to sericulture sector and suggest measures to improve the same. 12. To examine the role of the silk industry with regard to other sectors of the industry.

Chairman and Members	Terms of Reference
	13. To suggest ways and means to increase the availability and access of silk cloth to the poorer sections of the population and to increase per capita silk fibre consumption in the country. 14. To suggest ways and means for enlarging the scope of productive employment in the various sectors of the silk industry, keeping in view the objectives of balanced regional development, poverty alleviation and equitable distribution of economic benefits. 15. To review progress of measures taken for use of information Technology in the sericulture sector and suggest improvements, if any. 16. To review progress of working of quality certification systems. 17. To review the new Textile Policy concerning silk industry and recommend any additional measures that would enable Indian Silk Industry to play its due role in the global textile market. 18. To make such other recommendations as may be appropriate.

(vii) Composition and Terms of Reference of Sub-Group on Jute and Jute Textiles

Chairman and Members	Terms of Reference
1. **Jute Commissioner, Kolkata – Chairman** **Members** 2. Advisor (Industry&VSI), Planning Commission or his representative. 3. Secretary, Jute Manufactures Development Council (JMDC) and Executive Director, National Centre for Jute Diversification (NCJD), Kolkata 4. Principal, Institute of Jute Technology (IJT), Kolkata 5. Director, Indian Jute Industries Research Association (IJIRA) 6. Director, South India Textile Research Association (SITRA), Coimbatore. 7. Director, Central Research Institute for Jute and Allied Fibres, (CRIJAF), West Bengal. 8. Director, National Institute of Research on Jute & Allied Fibre Technology (NIRJAFT), Kolkata 9. CMD, Jute Corporation of India (JCI), Kolkata 10. Director, Directorate of Jute Development, Ministry of Agriculture, Kolkata 11. Chairman, Indian Jute Mills Association (IJMA), Kolkata 12. Chairman, M/s Lagan Jute Machinery Co.Ltd., Kolkata 13. President, Calcutta Jute Fabric Shippers' Association, Kolkata 14. President, All India Jute and Exporters' Association, Kolkata 15. Department of Production Engineering and Management, Indian Institute of Technology (IIT), Khargapur 16. Director, National Rural Roads Development Agency 17. **Director (Jute) Ministry of Textiles, New Delhi - Member Secretary**.	1. To review the efficacy of the ongoing schemes being implemented by the Ministry of Textiles through its various organisations and their impact on the growth and development of jute industry. 2. To examine the need for continuation/modification of existing schemes. This would include scope and coverage of schemes especially for reassessing/revamping the schemes to focus on undeserved states, merger of micro schemes into integrated schemes, improving the delivery mechanism etc. Putting in place a system of monitoring and evaluation, and creation of a strong data base may also be considered. 3. To assess the role of the TRAs and other institutions like the IJIRA, SITRA and IJT for strengthening the R&D programmes to bring about synergy between the industry and the TRAs. 4. Based on the real assessment of current health of the jute industry to suggest suitable measures to make the jute industry competitive in the international and domestic markets. This will include review of export scenario and identification of measures to enhance competitiveness of Indian jute products in the international markets. 5. To review and monitor the implementation of policies and programmes outlined in the National Jute Policy, 2005 and devise further measures necessary for realizing the objectives enshrined in the said policy. 6. To review the existing system of controls and regulations in the jute sector, and suggest changes, wherever, necessary for promoting productivity and encouraging growth in all the sub-sectors of the jute sector. 7. To evolve a comprehensive strategy for developing human resources in all activities in jute sector including production technologies, designs, marketing skills and information technology. 8. To review the measures taken so far for tackling sickness in the jute industry and to make suggestions for improving the economic viability of the industry.

Appendix – B (Contd.))

(viii) Composition and Terms of Reference of Sub-Group on Technical Textiles

Chairman and Members	Terms of Reference
1. **Textile Commissioner – Chairman** **Members** 2. Jute Commissioner, Kolkata 3. Director (A&MMT), Ministry of Textiles 4. Advisor, Planning Commission 5. Secretary, Health & Family Welfare or his representative 6. Secretary, Road Transport & Highways or his representative 7. Secretary, Defence or his representative 8. Secretary, Home Affairs or his representative 9. Secretary, Heavy Industry or his representative 10. Chairman, Federation of Indian Art Silk Weaving Industry 11. Chairman, Confederation of Indian Textile Industry 12. Chairman, Textile Machinery Manufacturers Association of India 13. President, Association of Synthetic Fibre Industry 14. President, Association of Man-made Fibre Industry 15. Director, Synthetic & Art Silk Mills Research Association 16. Director, The Bombay Textile Research Association. 17. Director, South India Textile Research Association 18. Director, Man-made Textile Research Association 19. Director, Ahmedabad Textile Research Association 20. Prof. B. Vishwanathan, IIT, Mumbai 21. Prof. V. K. Kothari, IIT, New Delhi. 22. **Joint Textile Commissioner (Economics) – Member Secretary**	1. To examine the current status of the technical textile in the country with special reference to the no. of units, type, quality of products produced and technology level etc. 2. To project the targets for production and consumption of different items of technical textiles by the end of the 11th Five Year Plan. 3. To suggest strategies and action plan including programmes, schemes, infrastructure support and financial outlays for achieving these targets. 4. To review the present position of the world market for technical textiles and suggest measures for commercial exploitation of global potential by the indigenous technical textile industry. 5. To assess the availability of technical textile machinery with reference to demand and emerging technology and suggest measures to increase the availability of required machinery. 6. To assess the availability of raw material particularly specialized fibres / yarn and suggest measures to improve the availability of the same at reasonable price. 7. To identify technical, financial, fiscal, marketing and human resource drawbacks in production of technical textiles and suggest remedial measures. 8. To suggest the action plan so as to optimize the exploitation of the potential of the technical textiles in the country. 9. To examine the feasibility of making mandatory the use of the various technical textile products such as geosynthetics for construction of road, use of fire retardant fabrics in public places, use of textiles for land fill projects, usage of nonwoven disposable items in the hospitals etc. and suggest modalities and time frame for the same. 10. To assess the need for FDI / joint ventures to encourage production of high end technical textile products and the ways to encourage the same.

Chairman and Members	Terms of Reference
	11. To suggest the ways to provide infrastructure support to the decentralized sector in terms of internationally accredited testing facilities, standards, information support, training etc. and the financial outlay for the same. 12. To suggest the ways to compile the various requirements in terms of standards, marking etc. required for different items of technical textiles for exports in western countries. 13. To suggest measures to encourage R & D activity in the country for high-end textiles in the country and financial support for the same. 14. To make such other recommendations as may be appropriate.

Appendix - 1.1

Tenth plan targets and achievements

(Cotton / man-made fibre / yarn & cloth)

Sr. No.	Items	Units	2002-03		2003-04		2004-05		2005-06(Prov)		2006-07
			Target	Achieve-ment	Target	Achieve-ment	Target	Achieve-ment	Target	Achieve-ment	Target
1	**Consumption of fibres**										
(i)	**Cotton**	Mn. Kg	2941	2699	3060	2652	3179	2885.4	3315	3230	3434
		Lakh Bales (170 kg each)	173	159	180	156	187	170	195	190	202
(ii)	**Man Made Fibres**										
(a)	Viscose staple fibre	Mn. Kg.	252	225	262	222	273	226	283	231	295
(b)	Polyester staple fibre	Mn. Kg.	656	572	707	596	763	623	824	615	890
(c)	Acrylic staple fibre	Mn. Kg.	108	115	109	119	110	126	111	112	113
(d)	Polypropylene fibre	Mn. Kg.	2	3	2	3	2	3	2	3	2
	Sub Total	**Mn. Kg.**	**1018**	**915**	**1080**	**940**	**1148**	**978**	**1220**	**961**	**1300**
2	**Production of Spun Yarn**										
(i)	Cotton	Mn. Kg.	2405	2177	2475	2121	2552	2272	2630	2521	2710
(ii)	Blended	Mn. Kg.	752	585	815	589	880	585	950	588	1025
(ii)	100% non-cotton.	Mn. Kg	293	320	320	342	348	366	380	348	415
	Total	**Mn. Kg**	**3450**	**3081**	**3610**	**3052**	**3780**	**3223**	**3960**	**3457**	**4150**
3	**Production of Filament Yarn**										
(i)	Viscose filament yarn.	Mn. Kg	56	51	56	53	57	54	57	53	58
(ii)	Nylon filament yarn	Mn. Kg	25	30	24	31	23	35	22	37	22
(iii)	Polyester filament yarn	Mn. Kg	966	995	1045	1013	1142	1004	1230	1076	1334
(iv)	Polypropylene yarn	Mn.Kg	23	24	25	21	28	16	31	14	36
	Total	**Mn. Kg**	**1070**	**1100**	**1150**	**1118**	**1250**	**1109**	**1340**	**1180**	**1450**
4	**Production of cloth**										
(i)	Cotton	Mn.Sq Mtr	20530	19300	21321	18040	22141	20655	22994	23780	23879
(ii)	Blended	MnSq. Mtr	6926	5876	7615	6068	8384	6032	9176	6242	10045
(iii)	100% non-cotton	Mn.Sq. Mtr	16379	16135	17476	17613	18664	17998	19896	18747	21217
(iv)	Khadi, wool & silk	Mn.Sq. Mtr.	665	662	688	662	711	693	734	693	759
	Total	**Mn.Sq.Mtr**	**44500**	**41973**	**47100**	**42383**	**49900**	**45378**	**52800**	**49462**	**55900**
5	**Per capita availability of cloth**	**Sq.Mtr**	**30.35**	**31.37**	**31.33**	**31.01**	**32.35**	**33.51**	**33.35**	**36.53**	**34.40**

Note :- Cloth target as per Mid Term Appraisal of Tenth Five year Plan
Source:- Report of the Working Group on Textiles & Jute Industry for Tenth Five Year Plan.

Appendix - 1.2

Demand for fabric during the Eleventh Five Year Plan

(All figures of GDP, PFCE at 1999-2000 price)

	2005-06	2006-07	CAGR, EST	2007-08	2008-09	2009-10	2010-11	2011-12
(A) Household Demand								
GDP Act/Est. ('000 crore)	2595	2816	8.50	3055	3315	3597	3903	4234
PFCE as a % of GDP	67	67	0.00	67	67	67	67	67
PFCE Act/Est. ('000 crore)	1733	1844	8.51	2001	2171	2355	2556	2773.8
Clothing expenditure as percent of PFCE	5.3	5.4	1.79	5.5	5.6	5.7	5.8	5.9
Clothing expenditure	91.8	99.6	10.35	110	121	134	148	163
Derived Demand for fabric from PFCE spent - 11th Estimate								
PFCE spent on clothing (Rs. '000 crore)	91.8	99.6	10.35	110	121	134	148	163
Approx. Fabric consumption in Household (million square meters)	28,569	31,951	10.35	35,287	38,816	42,986	47,477	52,289
(B) Domestic - Non household Consumption - As Fabrics & Garments/Clothing								
Fabric Demand	11532	13158	5.00	13816	14507	15232	15994	16794
(C) For Exports - AS Fabrics & Garments/Clothing								
Total Demand	11274	12740	13.00	14396	16267	18382	20772	23472
(D) Total Demand - as Fabrics & Garments/Clothing incl. Household, Non-household & for exports								
Total Demand	50,375	57,849	9.86	63,499	69,590	76,600	84,243	92,555

PFCE- Private Final Consumption Expenditure

Appendix - 1.3

Past trend of production

Sr. No.	Textile items	CAGR (2001-02 to 2005-06)	Year on Year Growth					Assumed growth rate during XI plan
			2001-02	2002-03	2003-04	2004-05	2005-06	
A	**Production of cloth**							
1	Cotton	4.73	0.26	-2.37	-6.53	14.50	15.13	14.00
2	Blended	-0.18	-1.01	-6.54	3.27	-0.59	3.48	7.00
3	100% non-cotton	5.15	12.70	5.22	9.16	2.19	4.16	10.00
4	Khadi, Wool & Silk	1.85	15.41	2.80	0.00	4.68	0.00	1.01
	Total cloth	**4.15**	**4.48**	**-0.15**	**0.98**	**7.07**	**9.00**	**12.00**
B	**Production of spun yarn**							
1	Cotton	3.32	-2.43	-1.58	-2.57	7.12	10.96	14.00
2	Blended	-0.87	-5.73	-3.94	0.68	-0.68	0.51	5.00
3	100% non-cotton	5.59	13.36	13.93	7.21	7.02	-4.92	5.00
	Total Spun yarn	**2.75**	**-1.87**	**-0.64**	**-0.94**	**5.60**	**7.26**	**12.00**
C	**Production of filament yarn**							
1	Viscose	2.37	-12.50	5.05	4.69	0.73	-0.88	2.00
2	Nylon	7.27	5.90	6.87	4.24	14.26	4.04	5.00
3	Polyester	5.57	5.67	14.92	1.77	-0.92	7.19	10.00
4	Polypropylene	-9.04	7.30	23.03	-14.71	-21.71	-16.69	5.00
	Total Filament	**5.22**	**4.62**	**14.36**	**1.61**	**-0.81**	**6.35**	**10.00**
D	**Production of fibres**							
1	Raw Cotton (Cotton year)	11.48	12.86	-13.92	31.62	35.75	0.41	8.28
2	Man Made Fibre							
a	V.S.F.	5.44	-21.55	21.23	-1.61	12.19	-7.65	5.00
b	P.S.F.	3.31	-2.65	5.57	5.23	5.16	-2.48	10.00
c	A.S.F.	3.26	-4.62	11.00	11.14	9.07	-15.52	10.00
d	P.P.S.F.	6.66	5.31	3.36	11.38	5.11	6.94	6.00
	Total man made fibre	**3.80**	**-7.78**	**9.66**	**4.25**	**7.27**	**-5.34**	**9.00**

Appendix – 1.4

Employment in textile and allied sectors

Sr. No.	Sector / Industry	Employment (In Mn. Nos.)		
		As on March 2006	Projected for the terminal year of the Eleventh Plan	Increase
I.	**Textile sector**			
1.	Cotton/Man-made Fibre/Yarn Textile/Mill Sector (including SSI spinning & exclusive weaving units)	0.94	1.40	0.46
2.	Man-made Fibre/Filament Yarn Industry (including texturising industry)	0.16	0.24	0.08
3.	Decentralised Powerlooms Sector	4.86	5.08	0.22
4.	Handloom Sector	6.50	7.00	0.50
5.	Knitting Sector	0.43	0.45	0.02
6.	Processing Sector	0.29	0.44	0.15
7.	Woollen Sector	1.50	3.20	1.70
8.	Ready Made Garment Sector (including Knitwear Sector)	5.57	11.22	5.65
9.	Sericulture	5.95	7.70	1.75
10.	Handicraft Sector	6.57	8.00	1.43
11.	Jute Industry			
	i) Organised Jute Industry	0.26	0.26	0.00
	ii) Decentralised Jute Industry	0.14	0.20	0.06
	Total (I)	**33.17**	**45.19**	**12.02**
II.	**Allied Sector**			
1.	Cotton			
	i) Cotton Agriculture	18.60	20.00	1.40
	ii) Cotton Ginning/Pressing	1.00	1.30	0.30
	iii) Cotton Trade	18.00	19.00	1.00
	Sub - Total	**37.60**	**40.30**	**2.70**
2.	Sheep rearing	1.20	2.80	1.60
3.	Jute Agriculture	16.00	17.00	1.00
4.	Textile machinery industry & accessories	0.05	0.10	0.05
	Total (II)	**54.85**	**60.20**	**5.35**
	Grand Total (I + II)	**88.02**	**105.39**	**17.37**

Appendix –5.1

Induction of automatic and shuttleless looms

	No of looms (In lakh)			Investments (Rs. in crore)			Subsidy for 5 years
	Auto	Shuttleless	Total	Auto	Shuttleless	Total	
Estimated requirement of loom @ 12% growth in Fabric production	0.985	0.889	1.874	1231.25	13327.65	14558.90	2911.78
Out of 187351 looms to be added it is expected that only 30% of loom may avail the benefit through 20% CLCS. In that case the subsidy for 5 years amounts to be	0.295	0.266	0.562	369.38	3998.30	4367.67	873.53

Appendix – 5.2

Modernized Workshed

(A) Loom Shed								
		No of looms (In lakh sq ft)			Investments (Rs. in crore)			Subsidy for 5 years
		Auto	Shuttleless	Total	Auto	Shuttleless	Total	
Area required for loom shed	--	59.10	--	59.10				
	S. Width	--	85.29	85.29				
	D Width	--	31.98	31.98				
	Total	59.10	117.27	176.37	177.30	351.8	529.1	211.64

(B) Preparatory Shed		
Considering 20% of the total area required for loom shed- Area in lakh sq.ft.	Investments (Rs. in Cr)	Subsidy for 5 years
35.27	105.82	42.3
TOTAL (A+B)		**253.94**

Let's say Rs.250 crore

Assumption: -

A	LOOM SHED	Auto looms	Shuttle-less-S. Width	Shuttle-less-D. Width	Total
1	Space required /loom(Sq. Feet)	200	400	600	-- --
2	No. of looms in lakh	0.295	0.213	0.053	0.561
3	Area required (lac Sq. Feet)	59.1	85.29	31.98	176.37
4	Investment in Construction @ Rs. 300/Sq.Feet (Rs. in crore)	177.30	255.87	95.94	529.10
5	Subsidy @ 40% for 5 Years (Rs. in crore)	70.92	102.34	38.37	211.64

B	PREPRATORY SHED				
1	Space required (lac Sq. Feet)	-- --	-- --	-- --	35.27
2	Investment in Construction @ Rs. 300/Sq.Feet (Rs. in crore)	-- --	-- --	-- --	105.82
3	Subsidy @ 40% for 5 Years (Rs. in crore)	-- --	-- --	-- --	42.30

Assumption: - Considering 20% of the total area required for loom shed for preparatory

C	LOOM SHED Requirement	Auto looms	Shuttle-less-S. Width	Shuttle-less-D. Width	Total
1	No. of looms to be accommodated in each shed	48	48	32	-- --
2	No. of Shed Required	615	444	166	1225
3	Individual Shed Area in Sq. Feet	9600	19200	19200	-- --
4	Total Area in lac. Sq. Feet	59.04	85.24	31.87	176.15
D	PREPRATORY SHED				
	No. of Shed Required	-- --	-- --	-- --	245

Assumption: - In case of shuttleless loom 80: 20 ratio has been considered to be installed @ of 400 Sq. Feet & 600 Sq. Feet respectively

E	Cost / Loom Shed Rs. in crore	0.288	0.576	0.576	-- --
D	Cost / preparatory Shed Rs. in crore				0.432

Appendix – 5.3

Market Assistance

	PL - Cluster	Market Centre	Investment per year	Govt. Share for 5 years
No. of Places	25	10	(In crore)	(In crore)
Total Programme per year	25	10	--	--
Expenditure per programme (Rs. in crore)	0.10	0.25	5.00	25.00

Appendix – 5.4

Exposure Visits

	Target	Travel Expense @ Rs. worker	Incidental Charges @ Rs. worker	Expenditure per year (In crore)	Govt. Share for 5 years (In crore)
No. of Worker	5000	1000	1000	1.00	5.00

Appendix – 5.5

Powerloom Cluster Development

Expenditure under different head for one cluster	(Rs. in lakh)	No. of Culster	Annual Expenditure (Rs. in lakh)	Govt. Share for 5 years (In crore)
Towards diagnostic study	2.00	25	50.00	0.50
Training of CDO	0.40	25	10.00	3.44
Organizing seminar / workshop etc.	0.75	25	18.75	
Publicity	1.00	25	25.00	
Incidental and Administrative expenses	0.60	25	15.00	
				3.94

Let's say Rs.4 crore

	Assumptions	**Unit**	
A-1	Expected additional Cloth Production	Bn.Sq.mtr.	55.44
2	Additional No. of Auto and Shuttleless Loom required	Nos.	187351
3	No. of loom to be accommodated under modernised workshed @ 30% of additional requirement	Nos.	56205
4	No. of loom to be accommodated under SITP @ avg. 1600 looms/park x 20 park	Nos.	32000
5	No. of looms to be accommodated under integrated textile park	Nos.	30000
6	Balance looms may be accommodated in the existing shed or in their own land	Nos.	69146
B-1	No. of existing clusters in the country		25
	No. of new clusters expected to emerge		15
2	No. of integrated park to be set up (estimated)	Avg./cluster	3.325
3	Total No. of Weaving park to be set up	Nos.	133
4	Minimum area per park (5 acres)	Sq.fts.	217800
5	Area for construction for factory building (40%)	Sq.fts.	87120
6	No.of looms to be accommodated @ avg. 400 sq.ft. per loom	Nos.	218
7	No. of sheds @ 19200 sq.ft.per	Nos.	4.5375

Appendix – 5.6

CAD Centres

Expenditure to setup one CAD Centre	(Rs. in lakh)	No. of CAD Centres	Annual Expenditure (Rs. in lakh)	Rs. in crore
Building	10	10	100	
Hardware & Software	10	20	200	
Furniture / Fixtures	05	10	50	
Total	33	10	350	4.50

Appendix – 5.7

Modernization of Powerloom Service Centres

Expenditure to upgrade existing PSC	(Rs. in lakh)	No. of PSC's	Annual Expenditure (Rs. in lakh)	Govt. Share for 5 years (In crore)
Modern looms	15	44	660	11.44
Lab Equipments	05	44	220	
Infrastructure	05	44	220	
Teaching aids (HRD)	01	44	44	
Construction of own building	35	15	105	5.25
Total				16.69

Appendix – 5.8

Recurring Plan – Grant-in-Aid

	No. of Service Centers	Annual Expenditure (Rs. in lakh)	Govt. Share for 5 years (In crore)
PSCs run by TRAs	30	456	22.80
PSCs run by TRAs (escalation of expenditure @10% taken in to account)	5	80	4.90
Total	35	536	27.70

Appendix – 5.9

Welfare of Powerloom Workers

Group Insurance	No. of Beneficiary		Govt. Share (Rs. in lakh)		Total	Govt. Share for 5 year (Rs. in crore)
	JBY	Add on GIS	JBY	Add on GIS		
1st year	100000	15000	60.00	13.50	73.50	
2nd Year	110000	16500	66.00	14.85	80.85	
3rd Year	121000	18150	72.60	16.33	88.94	
4th Year	133100	19965	79.86	17.97	97.83	
5th Year	146410	21961	87.85	19.76	107.61	
Total	610510	91576	366.31	82.42	448.73	4.49
Admn. Cost					35.00	0.35
Grand Total						4.84

Appendix- 8.1

Targets and achievements of Woollen items during Tenth Plan (Financial)

(Rs.in.lakh)

Sr. No.	Name of Scheme	Target	Achievement
1.	Sheep & Wool Improvement Scheme	3500.00	1845.72
2.	Development of Angora Wool		59.40
3.	Development of Pashmina		234.50
4.	Quality Processing of Wool		48.10
5.	Creation of Revolving Fund for Raw Wool		100.00
6.	Support Services		221.12
	Total	**3500.00**	**2508.84**

Appendix- 8.2

Targets and achievements of Woollen items during Tenth Plan (Physical)

Sr. No.	Items	Unit	Production 2001-2002		Production 2004-2005		CAGR (percent) 2002-2005	
			Target	Actual	Target	Actual	Target	Actual
1	Wool Tops	Mn.kgs	28.27	28	36.36	29	8.75	1.76
2	Woollen Yarns	Mn.kgs	36.25	33	48.05	34	9.84	1.00
3	Worsted Yarn	Mn.kgs	47.72	44	58.91	45	7.27	0.75
4	Fabric- Woollen / Worsted	Mn.mtrs	73.79	68	86.42	66	5.41	-0.99
5	Shoddy Yarn	Mn.kgs	27.37	26	33.85	26	7.34	0
6	Blankets (Shoddy/ Woollen)	Mn.pcs	13.59	12	15.54	12	4.56	0
7	Shoddy Fabrics	Mn.mtrs	17.86	18	24.86	18	11.65	0
8	Knitted Goods	Mn.kgs	15.37	14	18.3	14	5.98	0
9	Hand Made Carpets	Mn.sq.mtrs	7.87	7.5	9.11	8	4.99	2.17
10	Machine Made Carpets	Mn.sq.mtrs	0.5	0.5	0.5	0.5	0	0

Appendix – 10.1

List of specialized fibres / filament yarns

Sr. No.	Description
1	Meta-Aramid Staple Fibre / Filament Yarn
2	Fluoro Carbon Fibre (PTFE- Polytetra Fluoroethylene Staple Fibre / Filament Yarn
3	Para-Aramid Staple Fibre / Filament Yarn
4	Melamine Staple Fibre
5	Polyamide Staple Fibre
6	PAN based Carbon Staple Fibre
7	Carbon Fibre Pitch based Staple Fibre
8	Glass Staple Fibre / Filament Yarn
9	Basalt Staple Fibre
10	High Density Polyethylene (HDPE) Staple Fibre
11	Epitropic Staple Fibre
12	Stainless Steel Staple Fibre
13	Polyphylene Sulfide Staple Fibre (PPS)
14	Phenolic Staple Fibre
15	Conductive Staple Fibre
16	Bi-Component Staple Fibre
17	Low Denier Polypropylene Staple Fibre (Below 2.5 Denier)
18	PVA Staple Fibre (Polyvinyl Alcohol Staple Fibre) / filament yarn
19	PBI (Polybenzimidazole) Staple Fibre
20	PBO (Poly-Phenylenebenzobisoxazole) Staple Fibre
21	Micro Denier Staple Fibre
22	Seaisland type micro denier Staple Fibre
23	Split type micro denier Staple Fibre
24	Nano denier Staple Fibre
25	Fire Retardant Polyester / Polypropylene Staple Fibre
26	Low Melt Polyester Staple Fibre
27	Fire Retardant Viscose Staple Fibre
28	High tenacity viscose staple fibre
29	Moda Acrylic Staple Fibre
30	Homopolymer Acrylic Staple Fibre
31	Nylon (Polyamide) Staple Fibre
32	Ceramic Fibres / Filament Yarn
33	Adhesive Yarns
34	Spun Yarn of above listed High Performance Staple Fibre
35	Nylon 66 and Polypropylene filament yarn
36	Flame retardant polyester filament yarn

Appendix – 12.1

World Mulberry Raw Silk Production

Unit : Tonnes

Country	1998	1999	2000	2001	2002	2003	2004(P)	Percent Share
China	49430	55990	60000	62560	64100	76324	85000	80.06
India	14260	13944	14432	15842	14617	13970	14620	13.77
Japan	1080	650	557	431	394	287	263	0.25
Brazil	1821	1554	1389	1485	1607	1563	1512	1.42
Korea Republic	210	200	165	157	154	150	150	0.14
Uzbekistan	1500	923	1100	1260	1260	950	950	0.89
Thailand	900	1000	955	1510	1510	1500	1420	1.34
Vietnam	862	780	780	2035	2200	750	750	0.71
Others	1684	1250	1952	1692	3814	1500	1500	1.41
Total	**71747**	**76291**	**81330**	**86972**	**89656**	**96994**	**106165**	**100**

Appendix – 12.2

World Raw Silk Production

Unit: Tonnes

Country	1998	1999	2000	2001	2002	2003	2004 (P)	Percent Share
China	57500	56959	61648	64567	68600	94600	102560	81.65
India	15544	15214	15857	17351	16319	15742	16500	13.14
Japan	1080	650	557	431	394	287	263	0.21
Brazil	1821	1554	1389	1485	1607	1563	1512	1.20
Korea Republic	210	200	165	157	154	150	150	0.12
Uzbekistan	1500	923	1100	1260	1260	950	950	0.76
Thailand	900	1000	955	1510	1510	1500	1420	1.13
Vietnam	862	780	780	2035	2200	750	750	0.60
Others	1572	1250	1952	1692	3814	1500	1500	1.19
Total	**80989**	**78530**	**84403**	**90488**	**95858**	**117042**	**125605**	**100**

Note: Figures of India is for Financial year April to March.
Source: 2004- Sericologia 44 (3) & ISCC-2005
P: Provisional

Appendix – 12.3

State-wise financial allocation for Tenth Plan and Expenditure upto 2005-06 for sericulture & silk textiles

(Rupees in lakh)

Sl. No.	State	Tenth Plan Allocation	Expenditure up to 2005-06
1	Andhra Pradesh	14867.85	10996.46
2	Assam	2800.00	1131.18
3	Arunachal Pradesh	512.00	25.00
4	Bihar	182.50	NR
5	Chattisgarh	6505.00	3780.22
7	Himachal Pradesh	454.30	150.87
8	Haryana	95.00	NR
9	Jammu & Kashmir	NR	971.59
10	Jharkhand	9625.00	261.27
11	Karnataka	19509.76	10182.37
12	Kerala	2000.00	1459.62
13	Madhya Pradesh	1406.00	1503.65
14	Maharashtra	2000.00	3803.60
15	Manipur	1980.00	1044.47
16	Mizoram	1027.00	966.89
17	Meghalaya	NR	529.17
18	Nagaland	NR	1117.79
19	Orissa	927.74	463.49
20	Punjab	40.00	NR
21	Rajasthan	48.02	39.75
22	Sikkim	341.60	NR
23	Tamil nadu	1997.47	8488.52
24	Tripura	250.00	182.18
25	Uttar Pradesh	NR	1644.90
26	Uttaranchal	2071.13	853.20
27	West Bengal	2666.40	734.37
	Total	**71306.77**	**50330.56**

Note : Allocation & Expenditure as reported by the respective DOS in MIS report. NR – Not Reported

Appendix – 12.4

State-wise Projection of Targets for Mulberry Sector in Eleventh Plan

Sr. No.	State	Area under Mulberry (Acres)	Production of Raw Silk (MT) by the end of XI Plan		
			BV	CB	Total
I	**Traditional States**				
1	Karnataka	325000	1500	13500	15000
2	Tamil Nadu	NA	450	1050	1500
3	Andhra Pradesh	180000	2000	8000	10000
4	Jammu & Kashmir	9217	80	---	80
5	West Bengal	NA	35	2165	2200
II	**Non - Traditional States**				
1	Maharashtra	NA	202	202	404
2	Madhya Pradesh	NA	10	NA	10
3	Orissa	NA	35	5	40
4	Bihar	NF	NF	NF	NF
5	Uttar Pradesh	10100	*	*	300
6	Kerala	5500	165	NA	165
7	Haryana	NF	NF	NF	NF
8	Himachal Pradesh	NF	NF	NF	NF
9	Chhattisgarh	NA	NA	NA	NA
10	Jharkhand	8050	54.75	65.70	120.45
11	Uttaranchal	15 lakh Plants	*	*	107
12	Rajasthan	---	---	Neg.	Neg.
III	**North Eastern States**				
1	Sikkim	300	*	*	7
2	Assam	2500	*	*	30
3	Arunachal Pradesh	200	1	*	1
4	Manipur	1500	150	53	203
5	Meghalaya	1515	*	*	38
6	Mizoram	2000	25	-	25
7	Nagaland	500	*	*	8
8	Tripura	1200	*	*	20
	Total	**530315.00 + 15.00 lakh plants**	**4573**	**24975**	**30058**

NA: Not Available; NF: Not Furnished; *Break-up Not Available

Appendix – 12.5

State-wise Projections of Targets of Vanya Raw Silk for Eleventh Plan

(In MT)

Sr. No.	State	Tasar	Eri	Muga	Total
1.	Andhra Pradesh	N.A	102	N.A	102
2.	West Bengal	40	8	2	50
3.	Maharashtra	12	105	---	117
4.	Madhya Pradesh	1	1	---	2
5.	Orissa	156	48	---	204
6.	Bihar	N.F	N.F	N.F	N.F
7.	Uttar Pradesh	25	25	N.A	50
8.	Haryana	---	N.F	N.F	N.F
9.	Himachal Pradesh	---	N.F	N.F	N.F
10.	Chhattisgarh	---	N.A	N.A	N.A
11.	Jharkhand	560	150	---	N.A
12.	Uttaranchal	*	*	*	19
	North Eastern States				
13.	Sikkim	---	7	2	9
14.	Assam	---	1125	150	1275
15.	Arunachal Pradesh	---	23	1	24
16.	Manipur	2	375	Neg.	386
17.	Meghalaya	---	180	7	187
18.	Mizoram	2	7	2	16
19.	Nagaland	---	89	3	101
	Total	**238**	**2095**	**167**	**2542**

NF: Not Furnished, * Break-up Not Available

Appendix - 18.1

Year-wise progress of TUFS

(01.04.1999 to 31.07.2006)

(Rs. crore)

Period	Applications received		Applications sanctioned			Applications disbursed	
	No.	Total cost of project	No.	Project Cost	Amount	No.	Amount
1999-2000	407	5771	309	5074	2421	179	746
2000-2001	719	6296	616	4380	2090	494	1863
2001-2002	472	1900	444	1320	630	401	804
2002-2003	494	1835	456	1438	839	411	931
2003-2004	867	3356	884	3289	1341	814	856
2004-2005	986	7941	986	7349	2990	801	1757
2005-2006	1086	16194	1078	15032	6776	993	3962
2006-2007 (Apr. - July)	699	6815	698	6804	2502	639	1563
As on 31.07.2006	**5730**	**50109**	**5471**	**44686**	**19587**	**4732**	**12481**

Appendix - 18.2

State-wise progress of TUFS

(01.04.1999 to 31.07.2006)

(Rs. in crore)

Sr. No.	State / U.T.	Applications Sanctioned			Applications Disbursed	
		No.	Project Cost	Amount	No.	Amount
1	Tamilnadu	1547	9875.07	5627.79	1334	4007.46
2	Gujarat	1672	7607.59	2791.27	1519	1777.97
3	Punjab	650	6845.32	2460.44	563	1339.02
4	Maharashtra	352	6076.84	2443.55	291	1553.18
5	Karnataka	181	1893.55	1415.42	143	411.04
6	Rajasthan	384	3531.10	1408.36	318	1076.05
7	Andhra Pradesh	93	1160.94	673.40	77	426.32
8	Uttar Pradesh	72	1843.39	644.64	61	286.27
9	Dadra Nagar Haveli	49	2094.48	405.73	45	360.75
10	Madhya Pradesh	30	1248.26	388.82	25	314.38
11	Himachal Pradesh	10	666.36	347.05	9	190.05
12	Haryana	242	542.80	287.76	182	216.09
13	West Bengal	74	376.79	238.17	57	150.35
14	Delhi	77	486.83	220.77	72	183.39
15	Kerala	21	375.72	193.70	20	159.57
16	Daman & Diu	12	33.12	24.31	11	14.98
17	Chandigarh	3	23.91	12.91	3	12.91
18	Orissa	1	1.90	1.66	1	1.27
19	Nagaland	1	1.57	1.41	1	0.43
	Total	**5471**	**44685.54**	**19587.16**	**4732**	**12481.48**

Appendix - 18.3

Segment-wise progress of TUFS

(01.04.1999 to 31.07.2006)

(Rs. crore)

Sr. No.	Industry Segment	Applications Sanctioned				Applications Disbursed		
		No.	Project Cost	Amount	%	No.	Amount	%
1	Spinning	899	13177.55	6631.82	*33.86*	759	4260.47	*34.13*
2	Composite Upgradation	353	10907.99	4397.46	*22.45*	309	3259.92	*26.12*
3	Processing	687	6384.45	2338.52	*11.94*	586	1509.52	*12.09*
4	Weaving	852	5436.58	2172.24	*11.09*	712	1148.43	*9.20*
5	Garmenting	347	1844.04	1251.58	*6.39*	286	536.46	*4.30*
6	Knitting	671	2246.17	757.96	*3.87*	582	513.07	*4.11*
7	Synthetic Filament Yarn Texturising, Crimping & Twisting	722	1505.60	605.58	*3.09*	685	477.46	*3.83*
8	Technical Textiles	38	853.32	373.30	*1.91*	34	126.51	*1.01*
9	Fabric Embroidery	551	592.26	329.90	*1.68*	480	235.87	*1.89*
10	Made-up Manufacturing	50	961.60	248.27	*1.27*	39	138.95	*1.11*
11	Jute Industry	26	198.13	113.57	*0.58*	23	91.37	*0.73*
12	Manufacture of Viscose Filament Yarn	8	134.29	107.17	*0.55*	7	19.99	*0.16*
13	Cotton Ginning & Pressing	60	186.01	106.58	*0.54*	49	77.47	*0.62*
14	Independent Weaving Preparatory	18	47.13	47.14	*0.24*	15	29.29	*0.23*
15	Silk Reeling & Twisting	165	62.27	42.04	*0.21*	145	30.98	*0.25*
16	Non-Wovens	10	108.68	35.65	*0.18*	9	11.58	*0.09*
17	Wool Scouring and Combing	8	21.72	15.04	*0.08*	6	2.12	*0.02*
18	Others	6	17.75	13.35	*0.07*	6	12.00	*0.10*
19	**Total**	**5471**	**44685.54**	**19587.17**	***100.00***	**4732**	**12481.46**	***99.99***

Appendix - 18.4

Interest reimbursement calculation for the disbursement made in Tenth Plan period under TUFS

(Rs. crore)

Year/Quarter		Amount disbursed	Amount Repaid	Principal O/s.	Interest reimbursement		
					@ 5% p.a.	Total	Cumulative
1999-00	1	746	0.00	746.00	9.33		
	2		0.00	746.00	9.33		
	3		0.00	746.00	9.33		
	4		0.00	746.00	9.33	37.30	
2000-01	5	1863	0.00	2609.00	32.61		
	6		0.00	2609.00	32.61		
	7		0.00	2609.00	32.61		
	8		0.00	2609.00	32.61	130.45	**167.75**
2001-02	9	804	31.08	3381.92	42.27		
	10		31.08	3350.83	41.89		
	11		31.08	3319.75	41.50		
	12		31.08	3288.67	41.11	166.76	**334.51**
2002-03	13	931	108.71	4110.96	51.39		
	14		108.71	4002.25	50.03		
	15		108.71	3893.54	48.67		
	16		108.71	3784.83	47.31	197.39	**531.91**
2003-04	17	856	142.21	4498.63	56.23		
	18		142.21	4356.42	54.46		
	19		142.21	4214.21	52.68		
	20		142.21	4072.00	50.90	214.27	**746.18**
2004-05	21	1757	181.00	5648.00	70.60		
	22		181.00	5467.00	68.34		
	23		181.00	5286.00	66.08		
	24		181.00	5105.00	63.81	268.83	**1015.00**
2005-06	25	3962	216.67	8850.33	110.63		
	26		216.67	8633.67	107.92		
	27		216.67	8417.00	105.21		
	28		216.67	8200.33	102.50	426.27	**1441.27**
2006-07	29	8700	289.88	16610.46	207.63		
	30		289.88	16320.58	204.01		
	31		289.88	16030.71	200.38		
	32		289.88	15740.83	196.76	808.78	**2250.05**
2007-08	33	5184	423.88	20500.96	256.26		
	34		423.88	20077.08	250.96		
	35		423.88	19653.21	245.67		
	36		423.88	19229.33	240.37	993.26	**3243.31**
2008-09	37	5184	708.75	23704.58	296.31		
	38		708.75	22995.83	287.45		
	39		708.75	22287.08	278.59		
	40		708.75	21578.33	269.73	1132.07	**4375.38**

(Rs. crore)

Year/Quarter		Amount disbursed	Amount Repaid	Principal O/s.	Interest reimbursement		
					@ 5% p.a.	Total	Cumulative
2009-10	41	0	891.25	20687.08	258.59		
	42		891.25	19795.83	247.45		
	43		891.25	18904.58	236.31		
	44		891.25	18013.33	225.17	967.51	**5342.89**
2010-11	45		1068.46	16944.88	211.81		
	46		1068.46	15876.42	198.46		
	47		1068.46	14807.96	185.10		
	48		1068.46	13739.50	171.74	767.11	**6110.00**
2011-12	49		1032.79	12706.71	158.83		
	50		1032.79	11673.92	145.92		
	51		1032.79	10641.13	133.01		
	52		1032.79	9608.33	120.10	557.88	**6667.88**
2012-13	53		959.58	8648.75	108.11		
	54		959.58	7689.17	96.11		
	55		959.58	6729.58	84.12		
	56		959.58	5770.00	72.13	360.47	**7028.34**
2013-14	57		794.50	4975.50	62.19		
	58		794.50	4181.00	52.26		
	59		794.50	3386.50	42.33		
	60		794.50	2592.00	32.40	189.19	**7217.53**
2014-15	61		432.00	2160.00	27.00		
	62		432.00	1728.00	21.60		
	63		432.00	1296.00	16.20		
	64		432.00	864.00	10.80	75.60	**7293.13**
2015-16	65		216.00	648.00	8.10		
	66		216.00	432.00	5.40		
	67		216.00	216.00	2.70		
	68		216.00	0.00	0.00	16.20	**7309.33**
		29987	**29987**			**7309.33**	

4417.83

Total subsidy during the Eleventh Plan period (2007-2012) works out to Rs.4417.83 crore

Appendix - 18.5

Interest reimbursement calculation for the disbursement made in Eleventh Plan period under TUFS

(Rs. crore)

Year/Quarter		Amount disbursed	Amount Repaid	Principal O/s.	Interest reimbursement		
					@ 5% p.a.	Total	Cumulative
2007-08	1	6699	0.00	6699.00	83.74		
	2		0.00	6699.00	83.74		
	3		0.00	6699.00	83.74		
	4		0.00	6699.00	83.74	334.95	
2008-09	5	7369	0.00	14068.00	175.85		
	6		0.00	14068.00	175.85		
	7		0.00	14068.00	175.85		
	8		0.00	14068.00	175.85	703.40	**1038.35**
2009-10	9	7885	279.13	21673.88	270.92		
	10		279.13	21394.75	267.43		
	11		279.13	21115.63	263.95		
	12		279.13	20836.50	260.46	1062.76	**2101.11**
2010-11	13	8279	586.17	28529.33	356.62		
	14		586.17	27943.17	349.29		
	15		586.17	27357.00	341.96		
	16		586.17	26770.83	334.64	1382.50	**3483.61**
2011-12	17	9107	914.71	34963.13	437.04		
	18		914.71	34048.42	425.61		
	19		914.71	33133.71	414.17		
	20		914.71	32219.00	402.74	1679.55	**5163.17**
2012-13	21	0	1259.67	30959.33	386.99		
	22		1259.67	29699.67	371.25		
	23		1259.67	28440.00	355.50		
	24		1259.67	27180.33	339.75	1453.49	**6616.66**
2013-14	25	0	1639.13	25541.21	319.27		
	26		1639.13	23902.08	298.78		
	27		1639.13	22262.96	278.29		
	28		1639.13	20623.83	257.80	1154.13	**7770.78**
2014-15	29	0	1639.13	18984.71	237.31		
	30		1639.13	17345.58	216.82		
	31		1639.13	15706.46	196.33		
	32		1639.13	14067.33	175.84	826.30	**8597.09**
2015-16	33	0	1360.00	12707.33	158.84		
	34		1360.00	11347.33	141.84		
	35		1360.00	9987.33	124.84		
	36		1360.00	8627.33	107.84	533.37	**9130.45**

(Rs. crore)

Year/Quarter		Amount disbursed	Amount Repaid	Principal O/s.	Interest reimbursement		
					@ 5% p.a.	Total	Cumulative
2016-17	37	0	1052.96	7574.37	94.68		
	38		1052.96	6521.42	81.52		
	39		1052.96	5468.46	68.36		
	40		1052.96	4415.50	55.19	299.75	**9430.20**
2017-18	41	0	724.42	3691.08	46.14		
	42		724.42	2966.67	37.08		
	43		724.42	2242.25	28.03		
	44		724.42	1517.83	18.97	130.22	**9560.42**
2018-19	45		379.46	1138.37	14.23		
	46		379.46	758.92	9.49		
	47		379.46	379.46	4.74		
	48		379.46	0.00	0.00	28.46	**9588.88**
		39339	**39339**			**9588.88**	

Total subsidy during the Eleventh Plan period (2007-2012) works out to Rs.5163.17 crore