# CHAPTER 6

## 6.1 Agriculture

**OVERVIEW**

The aberrations of the monsoon during 2002-03 have adverse impact on the performance of Kharif crops. The salient climatic behaviors influencing the crops prospects are:

- The overall rainfall during the current monsoon season (2002) up to 30th September was deficient by about 19% as against a deficiency of about 8% during the kharif 2001 season.
- However, more serious was the fact that despite normal takeoff monsoon in June, there was total failure of monsoon in July 2002. In fact, July 2002 was driest over the last 100 years.
- The States in the Northwestern region particularly, Punjab, Haryana, Uttar Pradesh, Madhya Pradesh & Rajasthan were severely affected. States in the south region like Andhra Pradesh, Karnataka & Tamil Nadu also were adversely affected.
- However, the rainfall picked up by mid August and there was good rainfall between 15th August and 19th September 2002.
- The tentative assessment of Kharif foodgrains production at 90.85 million tones is about 18% lower than last year and 12.6% less than normal.
- The kharif coarse cereals production continues to remain less than normal by 16% at 26.6 million tones.
- The kharif pulses production at 4.2 million tones is expected to be 12% less than normal.
- The kharif oilseeds production at 11.7 million tonnes is about 15% less than last year and about 12% less than normal.
- The cotton production at 8.9 million bales is expected to be about 20% less than normal.
- The impact on sugarcane, jute & mesta is relatively less and the production in these crops is expected to be lower than normal by 4% & 3% respectively.

2. After a depressive kharif season, the rabi season is commencing with a cautious note of available residual moisture due to the late monsoon rains and less than comfortable water availability in reservoirs in certain regions. Ninth Plan envisaged annual average growth rate of 3.9% in agriculture but could achieve only 2.11%. The foodgrains production reached to the level of 211.32 million tonnes against the target of 218 million tonnes in 2001-02. Pulses production was at 13.52 million tonnes against the target of 15 million tonnes. Oilseeds production was much below at 21.06 million tonnes than targeted at 27 million tonnes. Production of Sugarcane,Cotton and Jute&Mesta was 295 million tonnes,11.96 million bales and 10.7 million bales against the target of 320 million tonees,15

million bales and 10 million bales respectively during 2001-2002. (The targets of foodgrains production are given in Annexure – 1.)

3. Tenth Plan envisaged a growth rate exceeding 4% per annum in agriculture and allied sectors. Allocation for the xth plan for Department of Agriculture and Cooperation is Rs.13200 crore, Rs. 1735 crore for Animal Husbandry, Rs. 1212 crore has been allotted for programmes of Commodity Boards and Rs. 5368 crore for Department of Agricultural Research & Education (DARE).

4. Through the Zero Based Budgeting (ZBB) exercise the number of on-going schemes in the Ninth Plan in the various Central Departments have been reduced significantly by the process of merger/integration, transferred to states/Non-Plan and weeding out some other schemes which have become less relevant to the changing situation in the agriculture sector, The number of schemes of the Department of Agriculture and Cooperation has been brought down from 147 in the Ninth Plan to 30, the schemes of Department of Animal Husbandry and Dairying to 20 out of 41. The schemes of Department of Agriculture Research & Education have been reduced from 235 in the Ninth Plan to 72 in the beginning of Tenth Plan. This measure is likely to improve the efficiency of financial resources and manpower resources.

5. The thrust areas during 2002-03/ Xth plan, would be utilization of wastelands which are un-utilized or under-utilized; reclamation/development of problem soils; rainwater harvesting through Watershed Development; development of irrigation, specially minor irrigation; conservation and utilization of biological resources; diversion to high value crops; increasing cropping intensity; timely and adequate availability of inputs; strengthening of marketing/processing infrastructure, revamping and modernization of extension systems and encouraging private sector to take up extension services; bridging the gap between research and farmers' yield; promotion of farming system approach; promotion of organic farming and reforms to introduce proactive policies for farm sector and checking further fragmentation of holdings.Sectorwise performance during 2001-02 and plan/projections for 2002-03 are given in the following paragraphs

## AGRICULTURAL INPUTS AND SERVICES

### Seeds

6. Seed is a critical and basic input in attaining the higher productivity levels. However, the availability of certified / quality seeds at 109.76 quintal in 2001-02 in attaining the desired level of seed replacement rates (SRR) has remained inadequate. Creation of National Seed Grid has been suggested so as to have information about the availability of seeds of different crops/varieties with seed producers/seed producing agencies to meet the contingency need of different States/areas arising owing to droughts, floods, cyclones, etc. It has been recommended to restructure the National Seeds Corporation of India (NSC) and State Farms Corporation of India (SFCI) for optimizing the efficiency of financial resources and the manpower. Commodity-wise Specific targets for the production of breeder, foundation and certified seeds are to be assigned to the national seed producing agencies, namely, NSC, SFCI and also to Indian Council of Agricultural Research (ICAR), and State Agricultural Universities (SAUs).

7. The National Seed Policy has been formulated. The Seed Act, 1966 is proposed to be replaced with a new Seed Act so as to enforce quality control and regulate the entry of germ plasms in to the country in national interest.

**Fertilizers**

8. The consumption of fertilizers, in terms of nitrogen,phosphorus & potash (NP&K) nutrients, during 2001-02 was 193.06 lakh tonnes as against 167.0 lakh tonnes during 2000-01 and 180.69 lakh tonnes in 1999-2000. The consumption of fertilizers has shown an increase and reached a level of 101kg/ha in 2001-02 against 75.46 kg/ha in 1996-97. However, the use of fertilizers has been observed to be imbalanced (6.7 : 2.6 : 1.0) in terms of NP&K nutrient use, especially in high input areas, besides the nutrient use efficiency of applied fertilizers is also low. There is need to develop technologies for obtaining higher nutrient use efficiency of applied fertilizers and also educate farmers on economic and efficient use of fertilizers. It is proposed to promote the balanced use of fertilizers together with the increased use of organics in the form of compost, farm yard manure, farm organic waste/crop residues and also bio-fertilizers. Strengthening of soil testing facilities would also be undertaken. Besides, efforts would be made to increase the fertilizer use especially in the States where the consumption is low by providing adequate marketing infrastructure.Organic Farming would also be encourages by providing input and information support services and developing necessary infrastructure for the certification of organic produce.

**Plant Protection**

9. The promotion of Integrated Pest Management (IPM) approach has helped in reducing the use of pesticides. However, the contamination of agricultural produce with pesticides residues is a major concern. Therefore, emphasis would be given to establish the facilities for pesticides residue testing in agricultural commodities. Besides, the infrastructure / facilities for pesticides quality testing would be developed and strengthened to enforce the quality concept for manufacture and marketing of pesticides.

10. For surveillance and forecasting the outbreak of insects, pests and diseases, the existing IPM infrastructure would be strengthened further. Besides, the private sector, ICAR and SAUs would be encouraged in providing IPM support services / bio-control agents on demand to the farmers to help them adopt IPM approach.

**Agricultural Implements & Machinery**

11. The availability of energy and time saving efficient machines and implements and tools, in the country, has remained a matter of concern. Efforts would be made to make available such implements / machines to the farmers by encouraging their mass multiplication / production. Besides, facilities would also be developed to bring in the efficient farm machines and implements used in developed countries and adapt these with suitable modifications in the country . The existing Central Sector Schemes being implemented by the Department of Agriculture & Cooperation are to be modified / restructured so as to give a thrust to the development and mass multiplication / production of efficient farm machines, implements and tools.

## Agricultural Extension

12. In the country, the training infrastructure for the extension functionaries has already been developed with the existing national institutes. However, the extension system in the country seems to have become less effective and outmoded. Efforts would be made to bring in reforms in the extension system in the States to make it demand driven. Besides, linkages of Krishi Vigyan Kendras (KVKs) with district / State extension system would be developed / strengthened. The KVKs would also be assigned with the responsibility to provide input/ information support services to the farmers. All ICAR institutes, SAUs and KVKs should be assigned a definite number of villages as their command areas for technology transfer; and visits to fields and villages be made part of the study course, training and service. The print and electronic media should be used widely and effectively for dissemination of technology through commodity-wise and subject-wise modules to be regularly updated. The schemes for establishing agri clinics / agri business centers have already become operational and there has been a very encouraging response from unemployed agricultural graduates. Upto 31st Aug,. 2002 a total of 13478 applications were received for entrepreneurship trainings in various activities. The programmes which will be further strengthened for providing extension and input support services to the farmers on user charge basis.

## Agricultural Research & Education

13. Indian Council of Agricultural Research (ICAR) is the nodal agency at the national level for promotion of science and technology in the areas of agricultural research and education. It has developed a network of National Institutes, National Research Centers and linkages with the State Agricultural University through All India Coordinated Research Projects. National Bureau of Animal Genetic Resources (NBAGR - Karnal), National Bureau of Fish Genetic Resources (NBFGR - Lucknow), National Bureau of Plant Genetic Resources (NBPGR), New Delhi and Horticulture Gene Bank, Lucknow have been further strengthened to enhance their work capacity in respect of collection, acquisition, quarantine, characterization, evaluation, maintenance, documentation, conservation and awareness generation. Establishment of a National Bureau of Agriculturally Important Microbes has also been taken up.

14. Several research project on crop improvement, horticulture, natural resources management, livestock improvement, fisheries development are being implemented, and a number of varieties and relevant improved production technologies have been evolved/ developed.

15. Considering the objectives of the **X** Plan, during 2002-03 the thrust research areas would include:

- development of modern technologies like transgenics, space technology and sustainable development of natural resources together with preservation and exploitation of rich biodiversity;
- reorientation of research in context of diversified agriculture, value addition, agri business aspect;

- technologies for sustainable development of natural resources and cost reduction & quality improvement technologies;
- technologies for efficient utilization of agricultural inputs especially water and fertilizers;
- research on mechanization of small farms, hill agriculture, energy management and use of renewable sources of energy in agriculture;
- research to have a breakthrough in pulses and oilseeds, management of coconut wilt, seed spices, medicinal & aromatic plants; etc.

16. So far, the research in agriculture has been done in the public sector. The private sector research has generally been confined to agro chemicals and seeds. In the coming years, participatory research and Cooperative research with private sector R&D institutions would be encouraged.

17. ICAR would also take up the transfer of technology through its Krishi Vigyan Kendras (KVKs) and Institutes to bridge the yield gap between the research yields and farmers yields. Provision of funds for establishing of KVKs in districts has been made.

18. The force of technology in increasing productivity seems to have declined which calls for re-orientation of research by the ICAR - SAUs research system and also review of the system, set up and organization structure by an independent agency or a group of eminent persons in the field of science, industry and other stake holders including farmers, so that the thrust on research could be re-oriented to the sustainable development, water conservation, input management, soil conservation, processing, organic farming, IPM, nutrient management, residue management.

19. Tenth Plan allocation for agricultural research has been stepped up to Rs.5368 crore as compared to Ninth Plan realization of Rs.2673 crore and allocation of Rs.3376.95 crore. An allocation of Rs.775 crore has been provided for 2002-03.

**Agriculture Credit and Cooperation**

20. Credit has played an important role in supporting agricultural products and investment activities. In the context of technological upgradation and commercialization of agriculture it is necessary that credit support to agriculture sector is stepped up. Though the credit flow to agriculture sector has increased it has remained in-adequate. Of the total Bank Credit, the agriculture sector accounted for only 9.5% in 1999-2000 and about 14% in 2000-01. Within the priority sector the outstanding credit to agriculture from public sector bank accounts for 15.8% in March, 2000 and 15.7% in March 2001 against the targeted level of 18%. By the end of November 2000, Rs 33,000 crore was targeted to the total corpus of the Rural Infrastructure Development Fund (RIDF) under tranches I to VII against which sanctions and disbursement under various tranches of RIDF amounted to Rs 20,344 crore and Rs 10,409 crore respectively as on 30th November 2000. The share of cooperative banks in ground level credit and allied activities is 41% in 2000-2001. The Commercial Banks have improved their share of agricultural credit to 52% in 2000-01. Cooperative credit institutions are suffering from worsening recovery position and persistence of chronic over dues. The share of RRBs was 7% in 2000-01. Out of 197

RRBs, 187 RRBs have been taken up recaptalisation under six phases of restructuring out of which 158 were recaptalised.

21 The functioning of the Cooperative Banks with serious financial weaknesses is inconsistent with the objective of transforming them into strong, viable and self sustaining institutions capable of channeling and enhanced credit flow as envisaged for the Tenth Plan. The recapatalisation and revamping of cooperative credit institutions is being considered by the Working Group on Credit Cooperation and Crop Insurance for the Tenth Plan. The working group has estimated the recapatalization requirement for cleansing the balance sheet at Rs 8000 crore.

22. NABARD has promoted the concept of Self-Help Group for financing the poor by formal institutions and encourages the non-formal institutions as well. About 114775 Self Help Groups were linked with formal banks by March, 2001. The RBI has finalized the modality of bank finance to these Groups and reckoning it as priority sector in February, 2000.

23. Commercial banks, Cooperatives banks and RRBs are implementing the scheme of Kisan Credit Card (KCC). A total of 249.07 lakh Kisan Credit Cards have been issued by June 30th 2002. The progress of the scheme is not uniform across states. And this is dismal in North East. This attributed to low levels of loans issued, poor financial position of the cooperative banks and the RRBs in the region and lack of infrastructure facilities. Cooperatives banks have issued 158.99 (63.84%) lakhs, RRBs 17.34(6.96%) lakhs and Commercial Banks 72.72 (29.20%) lakhs Kisan Credit Cards up to 30th June, 2002.

24. National Agriculture Insurance Scheme (NAIS) has been invoked in the country since 1985. To enlarge the coverage in terms of farmers (loanee and non-loanee both), crops and risk factors. Crop Insurance "National Agricultural Insurance' Scheme (Rashtriya Krishi Bima Yojana) was introduced from Rabi season of 1999-2000 by replacing the earlier CCIS. The scheme is available to all the farmers – loanee and non-loanee irrespective of their size of holding. It envisages coverage of all the food crops, oilseeds and annual commercial/ horticultural crops in respect of which past data is available for adequate number of years. At present, the scheme is being implemented by 19 States and 2 Union Territories viz. Andhra Pradesh, Assam, Bihar, Goa, Gujarat, Himachal Pradesh, Karnataka, Kerala, Maharashtra, Madhya Pradesh, Meghalaya, Tamil Nadu, Uttar Pradesh, West Bengal, Sikkim, Chhatisgarh, Jharkhand, Tripura, Orissa, Pondicherry and Andaman & Nicobar Islands. Under NAIS, upto Rabi 2001-02 season, 216.49 lakh farmers have been covered over an area of 328 lakh hectares ensuring a sum amounting to Rs. 17666.24 crore. Claims to the tune of about Rs. 1450 crore are paid as against the premium income of Rs. 528 crore. Small and marginal farmers will be entitled to a subsidy of 50 per cent charges of which will be shared equally between Government of India and State Governments. However, premium subsidy is to be phased out over five years on sunset basis.

**Horticulture**

25. Vast areas in India has diverse agro-climatic conditions with rich bio diversity. These are suitable for cultivation of varieties of horticulture crops, coconut, cocoa, cashew, medicinal and aromatic plants, spices and plantation crops. Horticulture sector has

significance for increasing gainful employment opportunities, both in rural and urban areas, besides improving the nutritional status of the masses. Horticulture sector also provides a sound base for agro industries. Horticulture sector contributes about 24.5 per cent towards agriculture GDP from only about 8 per cent of the cultivated area.

26. There are however, constraints in the form of inadequacy of technologies and infrastructure, small and marginal size of land holdings, pre-ponderance of old and senile orchards, shortage of good quality, disease free seeds and elite planting materials, prevalence of diseases and pests and poor post harvest management practices such as handling, sorting, grading, packaging, transportation and storage facilities. Marketing and processing network is also unsatisfactory. These constraints are responsible for delaying the realization of full potential of the horticulture sector.

27. Ninth Plan target of production of fruits and vegetables was kept at 179 million tonnes. The estimated production of fruits was 45.37 million tonnes and that of vegetables was 93.92 million tonnes, thus making a total of 139.29 million tonnes during 2000-01. Since the Ninth plan target was far too ambitious, it is unlikely the same will be fully achieved.

28. Given the importance of horticulture sector in country's economy, Tenth plan has accorded priority for its overall development. The thrust areas identified in Tenth plan include improving production and productivity, area expansion with improved cultivars and varieties, reducing cost of production by supplying good quality, disease free, high yielding seed and planting materials, value addition at farmer's level and removal of restrictions on processing industry including alcohol based on food-grains, fruits, vegetables and sugarcane, quality improvement by application of latest technologies and improved farm practices, promoting marketing and exports, strengthening organizational support, human resource development, mission mode approach in the region of high potential such as north-east states including Sikkim, and addressing relevant policy issues. The emerging areas in the horticulture are medicinal and aromatic plants, floriculture, mushrooms etc. Beekeeping enhances crop productivity. Therefore, it is proposed to provide added thrust to all these sub-sectors in horticulture by continuing the Ninth plan programmes and launching schemes with high tech and precision farming, technological interventions for sustainable development, human resource development etc. Infrastructure for post harvest management and cold storage system are proposed to be given thrust with back ended credit linked subsidy mode of investment. NABARD and banking sector will be involved to promote the programmes of activities on a large scale

**Plantation Crops**

29. Tea, Coffee and Rubber are traditional plantation crops in the country. These are mostly grown in southern and north-eastern states. Apart from meeting the indigenous consumption demand, these group of commodities also make significant contribution to the country's export basket. These crops are also labour intensive and a good source of direct and indirect employment opportunities to masses. Preservation of bio-sphere and ecology of the respective regions is ensured by these group of commodities.

30. Broadly the major constraints in all round development of plantation crops include old age of plantations, slower pace of re-plantation, inadequate irrigation facilities, high land :

labour ratio, pre-dominance of small land holding size of the plantation, inadequate availability of good quality, disease free planting material and lack of scientific plantation development.

31. It is proposed to address these constraints during Tenth Plan. Since, plantation crops also suffered severely since last few years on account of sluggish demand in international market and depressed prices, it is proposed to encourage productivity enhancement and quality improvement. Since there is considerable demand for organic tea and coffee in the international market, efforts are needed to provide support to such products. Efforts are also proposed for supplementing the sources of income of the planters by inter-cropping practices and diversification of end use of products like rubber, rubber-wood etc.

32. Ninth Plan outlay for the plantation sector including that of Spices/Tobacco Board, Cashew Export Promotion Council was Rs. 740.20 crores. The expenditure during Ninth Plan was Rs. 757.49 crores, which was marginally higher than the outlay.

33. During Tenth Five Year Plan a sum of Rs. 1212 crore has been allocated for the Programmes of the Commodity Boards.

## 6.2 ANIMAL HUSBANDRY AND DAIRYING

34. The contribution of animal husbandry & dairying to total GDP was 5.9 per cent in 2000-2001 at current prices. It is estimated (1993-94) that about 18 million people are employed in livestock sector in principal (9.8 million) or subsidiary (8.6 million) status. Women constitute about 70 per cent of the labour force in livestock farming. The overall growth rate in livestock sector is steady (around 4.5 per cent) in spite of fact that investment in this sector was not substantial.

35. Milk Production in India more or less remained stagnant from 1950 to 1970; thereafter, it increased rapidly, reaching 84.6 million tonnes in 2001-02 (anticipated). The Indian poultry industry has come a long way – from a backyard activity to an organized, scientific and vibrant industry. It is estimated that the egg production in the country is about 33.6 billion nos. (2001-02) against the Ninth Plan target of 35 billion nos. Meat production was estimated at 4.6 million tonnes (1998). The Tenth Plan target for milk production is set at 108.4 million tonnes envisaging an annual growth rate of 6.0 per cent. Egg and wool production targets are set at 43.4 billion numbers and 63.7 million kg respectively.

36. Given the severity of the resource constraint, all the Central Sector and Centrally Sponsored schemes in the Department of Animal Husbandry and Dairying (including fishery) were subjected to Zero-based budgeting during the Ninth Plan. Out of 41 schemes, 23 schemes were weeded out, one scheme was transferred and six schemes were merged.

37. The policy initiatives to be taken during 2002-03/Tenth Plan are

- Major thrust will be on genetic upgradation of indigenous/native cattle and buffaloes using proven semen and high quality pedigreed bulls and by expanding artificial insemination and natural service network to provide services at the farmer's level. Production of progeny tested bulls in collaboration with military dairy farms, government/institution farms and gaushalas will be taken up.

- Conservation of livestock should be the national priority to maintain diversity of breeds and preserve those showing decline in number or facing extinction.
- After the successful eradication of rinderpest disease, the focus would now be to adopt national immunization programme to control prevalent animal disease. Effort will be made for creation of disease free zones.
- Development of fodder through cultivation of fodder crops and fodder trees, regeneration of the grazing lands and proper management of common property resources are essential for sustainable animal production. Special emphasis is needed for propagation of indigenous grasses like Sawan grass of Rajasthan which contain relatively higher percentage of protein.
- Improvements of small ruminants (sheep and goat) and pack animals (equine and camel) should be taken up in the respective regions where such animals are predominant.
- Panchayats, Cooperatives and NGO'S should play a leading role in generating dedicated band of service providers at the farmers doorstep in their respective areas
- Strengthening infrastructure and programme for clean milk production as well as value addition would be the priority in dairy sector.
- Programme would be implemented to improve indigenous birds and promotion of backyard poultry in rural areas.
- Information Network would be created based on animal production and health with active involvement of Institutions, Government Departments, Private industries, Cooperative, and NGO's.
- Strengthening of veterinary colleges would be undertaken as per the norms of Veterinary Council of India. Strengthening of Department of Animal Husbandry and Dairying is also crucial if it has to work as a regulatory and monitoring authority.
- A regular interaction between the Department of Animal Husbandry and Dairying and Research Institutes of ICAR to address the field problems will be initiated.

**Cattle and buffalo development**

38. Broad frame-work of cattle and buffalo breeding policy recommended for the country since mid-sixties envisaged selective breeding of indigenous breeds in their breeding tracts and use of such improved breeds for upgrading of the non-descript stock. While the States accepted the framework, appropriate implementation of the same through field level programme could not be done. Crossbreeding which was to be taken up in a restricted manner and in areas of low producing cattle has now spread indiscriminately all over the country including in the breeding tracts of some of the established indigenous cattle breeds. Continuous emphasis on cross breeding with exotic breeds even in the tracts of indigenous breeds led to the near extinction of some of the known breeds like Red Sindhi, Sahiwal, Tharparkar, Punganur and Vechur. The present production capacity of frozen semen doses is about 30 million against the estimated requirement of 65 million doses annually. A

comprehensive National Project for Cattle and Buffalo Breeding as a Centrally Sponsored Scheme has been launched in the country with effect from October, 2000. This project envisages 100% grant in aid for various cattle and buffalo breeding activities and to ensure sustainability of operations as well as quality in breeding inputs and services.

**Dairy development**

39. Restriction on establishing new milk processing capacity under Milk and Milk Products Order (MMPO) has been removed. After the completion of Operation Flood Programme in April 1996, the two major programmes for dairy development are I) Integrated Dairy Development Programme (IDDP) in Non-Operation Flood, Hilly and Backward areas and II) Assistance to Cooperatives. The IDDP scheme has benefited about 5 lakh farmer families organized into about 6600 (provisional) Village level Dairy Cooperatives Societies up to 31st March, 2001.The scheme Assistance to Cooperatives has been approved in January 2000 for providing assistance in the form of grants for rehabilitation of loss-making district milk co-operative unions. Out of 168 Milk Unions, 58 Milk Unions (34.5%) were running in loss as on March 2000. The continuation of DMS as a subordinate office of the Union Ministry of Agriculture has been considered from time to time. The Cabinet in its meeting held on 24th June, 1997 approved the proposal of transfer of DMS to the Govt. of NCT of Delhi but it has not yet been transferred. According to the ZBB decision the scheme has to be weeded out after the 6 months of the current financial year.

**Poultry development**

40. The Indian poultry industry has come a long way – from a backyard activity to an organized, scientific and vibrant industry. The significant step in poultry development has come from the initiatives taken up by the private sector for commercial pure-line breeding in the country. Government intervention by way of various support mechanisms is now directed towards promotion of poultry in rural areas. Central Sponsored scheme 'Assistance to State Poultry/Duck Farms had been cleared during 1999-2000 for strengthening the infrastructure facilities of one or two existing State Poultry Farms in each state for multiplication and dissemination of chicks.

**Goat, sheep & pig development**

41. Goat population in India during last two decades has increased at fastest rate among all major livestock species, but there has not been much increase in sheep population during last four decades. The fine wool production in the country is around 4 million kg against the demand of around 35 to 40 million kg. Pig husbandry is the most important activity in the animal husbandry sector in North Eastern Region inhabited by tribal people. The region also has a substantial pig population, which constitutes around 25 per cent of the country's pig population. The bulk of the population is however indigenous type whose growth and productivity is very low. The major difficulty in pig development is acute shortage of breeding males. Under the scheme 'Assistance to states for integrated Piggery Development' assistance is being provided mainly for genetic upgradation of indigenous breeds through distribution of improved varieties of pigs to the farmers.

**Meat production & carcass utilization**

42. In India, meat production is largely a byproduct system of livestock production utilizing spent animals at the end of their productive life. Meat production was estimated at 4.6 million tonnes (1998). Projects sanctioned during the Seventh and Eighth Plans for improvement/modernization of abattoirs and carcass utilization centers are still to be completed. There is a need to formulate a back-ended subsidy scheme for utilization of carcass from naturally dying animals.

**Animal health**

43. Since Second Plan the efforts were provided to control diseases namely, Rinderpest, Foot & Mouth Disease, Hemorrhagic Septicemia, Black quarter and Anthrax. Although Rinderpest has been eradicated from the country but other diseases are still continuing as one of the major problem in animal production programme. Some of the emerging diseases like Peste des petits ruminants (PPR), Bluetongue, Sheep pox and Goat Pox, Classical Swine Fever, Contagious Bovine Pleuropneumonia, New Castle Disease (Ranikhet Disease) are causing substantial economic losses. The present National Project for Rinderpest Eradication (NPRE) was sanctioned with a total outlay of Rs. 48.00 crores in January, 1999 during 9th Five Year Plan. Under the scheme contingency plan is being implemented for surveillance of diseases and early warning system for Border States but the performance is not satisfactory. Directorate of Animal Health, a Central Sector Scheme has the important components like Animal Quarantine and Certification Services, National Veterinary Biological Products Quality Control and Disease Diagnostic Referrer Laboratories.

**Fisheries**

44. The Fisheries sector is one of the major sectors in the socio-economic development of the country. It is a source of cheap and nutritious food and also stimulates growth of a number of subsidiary industries in addition to contributing foreign exchange earning through exports. It also contributes in supplementing the family income of households, especially in the rural areas and assisting in employment generation. More than 6 million fishermen and fish farmers depend on fisheries and aquaculture for their livelihood.

45. An amount of Rs. 103.86 crores was allocated under Central / Centrally Sponsored Schemes in Fisheries under BE 2001-02 and Rs. 87.76 crores under RE 2001-2002 out of which an amount of Rs. 83.95 crores was spent during 2001-02. The anticipated fish production by the end of 9h Plan is 6.12 million tonnes as against 5.66 million tonnes in 2000-01.

46. The centrally sponsored schemes under fisheries sector is broadly categorized into the following schemes as per the Zero Based Budgeting exercise carried out by the Planning Commission namely (I) development of Inland Aquaculture and Fisheries including aquaculture and inland capture fisheries; (II) development of marine fisheries, infrastructure and post harvest including maintenance of dredging equipment; and (III) Welfare programmes/human resource development and central sector schemes including (i) Assistance to fisheries institutes and (ii) strengthening of data base and information networking. The allocation made under fisheries during 10th Five Year Plan is Rs. 750 crores and the allocation made under the Annual Plan 2002-03 is Rs. 102 crores.

47 During Ninth Plan, vertical and horizontal development of aquaculture productivity was one of the major production oriented programmes through a network of 429 Fish Farmer Development Agencies (FFDAs), 39 Brackish Water Fish Farmer Development Agencies (BFDAs). About 32500 ha. water area was brought under fresh water fish farming and about 48300 fish farmers have been imparted training in modern techniques of fish farming through these FFDAs during the year 2001-02. In marine sector about 3000 traditional crafts were sanctioned for motorisation in addition to providing subsidy benefits to about 19000 small mechanised fishing vessels on HSD Oil supplied to these vessels. Further, construction of 17 minor fishing harbours out of 50 and 41 fish landing centres out of 171 sanctioned upto $9^{th}$ Plan is under progress.

48. The thrust areas for fisheries development during $10^{th}$ Five Year Plan are increasing production and productivity from capture fisheries especially from areas like deep sea, rivers etc., management of coastal fisheries by suitable regulatory mechanisms, vertical and horizontal development of aquaculture from tanks and ponds, reservoirs and lakes, infrastructure development, improved post-harvest management including marketing and habitat restoration. Besides, schemes for welfare of fishers and strengthening of data base and information networking in fisheries are also proposed for implementation during Tenth Plan. The Ministry of Agriculture, Department of Animal Husbandry & Dairying has recently issued the guidelines for fishing operations in Indian EEZ. These guidelines ensure sustainability in the operation of deep sea fishing vessels, which do not collide with the interest of other stake holders. Formulation of a comprehensive policy on marine fisheries is also under process in order to ensure judicious exploitation of resource, especially from off-shore and deep sea areas. An Aquaculture Authority was set up in February, 1997 though a notification dated 6.2.1997 under the provisions of the Environment (Protection) Act, 1986 in pursuance of the directives of the Supreme Court relating to setting up of shrimp aquaculture farms mainly to regulate shrimp farming in coastal areas. The Aquaculture Authority has undertaken many activities so far to promote environment-friendly improved shrimp farming in the coastal areas in the country including an Expert Consultation organized in August 2002 at Chennai, which recommended many crucial issues to be taken up by all concerned for development of shrimp farming in the country. The passing of Aquaculture Authority Bill in Parliament is on the anvil.

49. Some of the schemes proposed to be taken up during 2002-03 in marine sector are development of marine fisheries and infrastructure. In inland fishery sector, schemes for increasing production and productivity from water bodies like tanks and ponds are proposed to be continued during 2002-03. Besides, the need for preparing standardized bankable projects of fresh water aquaculture in order to promote easy access to credit alongwith back-ended subsidy scheme are to be emphasized. The assistance to fisheries institutes will also be continued besides schemes for training and extension and welfare of fishermen during 2002-03.

**Annexure 6.1.1**

## Tenth Plan Production Targets and Achievements of Foodgrains

**(Million Tonnes)**

| Crop | 2001-02 Target | 2001-02 Achieve. | 2002-03 Target |
|---|---|---|---|
| **1** | **2** | **3** | **4** |
| Rice | 92.00 | 91.61 | 93.00 |
| Wheat | 78.00 | 71.47 | 78.00 |
| Coarse Cereals | **33.00** | 34.72 | 33.00 |
| Pulses | 15.00 | 13.52 | 16.00 |
| Total foodgrains | 218.00 | 211.32 | 220.00 |
| Oilseeds | 27.00 | 21.06 | 27.00 |
| sugarcane | 320.00 | 295.00 | 320.00 |
| cotton (bales of 170 kg) | 15.00 | 11.96 | 15.00 |
| Jute & Mesta (Bales of 180 kg) | 10.00 | 10.70 | 12.00 |
| **Targets and achievements of Milk,Eggs and Wool Production** | | | |
| | Ninth Plan | | |
| Milk(million tonnes) | 96.49 | | 84.60 |
| Egg(Billion) | 35.00 | | 33.60 |
| Wool(Million Kgs.) | 54.00 | | NA |
| Fish (Million tonnes) | 7.04 | 6.12 * | |

*** Estimated.**

**Annexure 6.1.2**

## Outlay and Expenditure for Agriculture and Allied Sectors

**Rs. in lakh**

| S.No. | Departments | X Plan Out. | 2001-02 | 2002-03 | |
|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| **I** | **Deparment of Agriculture & Coopn.** | | **BE** | **RE** | **BE** |
| 1 | Agri. Extension & Trg. | 55000 | 4600 | 4465 | 8627 |
| 2 | Agri. Census | 4000 | 1200 | 694 | 1194 |
| 3 | Directorate of Economics & Statistics | 25000 | 5000 | 4821 | 4821 |
| 4 | seeds | 27500 | 3200 | 4696 | 2696 |
| 5 | Fertilisers | 11000 | 600 | 383 | 605 |
| 6 | Plant Protection | 20000 | 2300 | 1978 | 1978 |
| 7 | Agri. Implements & Machinery | 7500 | 400 | 390 | 390 |
| 8 | Crops | 85000 | 12000 | 4237 | 14237 |
| 9 | TMOP | 95000 | 15000 | 16300 | 16500 |
| 10 | Rainfed Farming System | 1200 | 150 | 140 | 200 |
| 11 | Horticulture | 200000 | 17500 | 17815 | 28315 |
| 12 | Secretariate Eco. Service | 4000 | 250 | 250 | 597 |
| 13 | Trade (SFAC) | 19000 | 500 | 600 | 1500 |
| 14 | Natural Disaster Management | 500 | 800 | 407 | 407 |
| 15 | Agri. Marketing | 60000 | 1000 | 2997 | 7997 |
| 16 | Information Technology | 10000 | 1500 | 1419 | 1292 |
| 17 | Policy & Management | 2000 | 500 | 125 | 1125 |
| 18 | Soil Water Conservation | 4000 | 2500 | 2350 | 475 |
| 19 | Credit | 200000 | 36000 | 41917 | 41913 |
| 20 | Cooperation | 50000 | 8500 | 8155 | 8145 |
| 21 | Macro Management | 439300 | 85000 | 67561 | 73686 |
| | **Total :** | **1320000** | **198500** | **181700** | **216700** |
| **II** | **Department of Animal Husbandry** | 175000 | 19394 | 14952 | 19350 |
| **III** | **Fisheries** | 750,00.00 | 10386 | 8776 | 10200 |
| **IV** | **Deparment of Agriculture Research&Education** | 536800 | 68400 | 68400 | 77500 |
| **V** | **Plantation sector: Commodity Board** | 121200 | 7420 | 75749 | |

## 6.3 MINERAL AND INDUSTRIAL DEVELOPMENT

1. Industrial Production, measured by the Index of Industrial Production (IIP), registered a significantly lower growth rate of 2.7 per cent in 2001-02 compared to a growth rate of 5.0 per cent in 2000-01. The growth rates in 2001-02 fell down compared to 2000-01- in the manufacturing from 5.3 per cent to 2.9 per cent, in electricity from 4.0 per cent to 3.1 per cent and in the mining sectors from 3.7 per cent to1.2 per cent.

2. The cumulative growth in the Mining, Manufacturing and Electricity sectors during April-September, 2002 over the corresponding period of 2001 has been 6.5%, 5.3% and 3.4%, respectively. The overall growth in the General Index during this period has been 5.2%.

3. According to use-based classification all sectors recorded lower growth rates during the 2001-02 compared to 2000-01. Consumer durables and consumer non-durables with growth rates of 11.5 per cent and 4.0 per cent, -registered significantly lower growth rates in the current year (2001-02) compared to 14.5 per cent and 5.8 per cent respectively during the last year. The overall growth rate in consumer goods dropped to 6.0 per cent, compared to 8.0 per cent in the last year. The performance in basic goods and intermediate goods in the current year (2001-02) was also considerably lower at 2.8 per cent and 1.6 per cent respectively compared to 3.9 per cent and 4.7 per cent in the last year. The performance in capital goods in the current year (2001- 02) decelerated sharply, recording a decrease of 3.9 per cent compared with a growth rate of 1.8 per cent recorded in the last year .

**Table – 6.3.1**

**Annual growth rates of industrial production in major sectors of industry (Base: 1993-94 = 100) (per cent)**

| Period | Mining | Manufacturing | Electricity | General |
|---|---|---|---|---|
| Weight | (10.4) | (79.4) | (10.2) | (100.0) |
| 2000-01 | 3.7 | 5.3 | 4.0 | 5.0 |
| 2001-02 | 1.8 | 2.9 | 3.1 | 2.7 |
| 2002-03 (April- September) over the corresponding period of 2001 | 6.5 | 5.3 | 3.4 | 5.2 |

Source: CSO

4. Five (out of seventeen) 2-digit industry groups –Wood and Wood Products; Metal Products; Jute & other Textiles (except Cotton) Products; Cotton Textiles; and Food Products recorded negative growth rates in the year 2001-02.Of the ten industry groups showing positive growth, seven industry groups have registered growth rates of less than 5 per cent. Only two industry groups - Beverages, Tobacco and Related products; and Rubber, Plastic, Petroleum and Coal products registered growth rates of over 10 per cent.

**Industrialisation Of Backward Areas-Growth Centers**

5. The Transport Subsidy Scheme and Growth Centres Scheme were initiated as Centrally Sponsored Schemes (CSS) in July 1971 and June, 1988 respectively to promote industrialization of backward areas and to promote industries in hilly, remote and inaccessible areas of the country. The funding pattern of Growth Centres envisaged an equity contribution of Rs.10 crore by the Centre, and Rs.5 crore by the concerned State, Rs. 4 crore including Rs. 2 crore as equity from financial institutions, Rs. 1 crore from nationalized banks and Rs. 10 crore as market borrowings – adding up to Rs. 30 crore per Growth Centre.

6. Seventy one Growth Centres have been identified. Sixty eight of these have been approved and of these in 56 Growth Centres plot allotment has commenced. Two Growth Centres have been sanctioned for the State of J&K and three each in the newly created States of Uttaranchal, Jharkhand and Chattisgarh. In remaining 16 growth centres, progress has yet to be demonstrated and in such cases state governments have been advised to expedite progress.

7. The implementation of the scheme has been rather unsatisfactory. Too many Growth Centres have been taken up at the same time, resulting in thin spread of scarce resources over a large number of Growth Centres. Besides, it has not been possible to mobilize market borrowings for the Growth Centres as envisaged in the original scheme. More important, industrially advanced States have been able to mobilize financial and managerial resources and make good progress. There has been not much progress in industrially backward States/most backward regions.

8. In order to overcome the difficulties faced in the implementation of the scheme, it is proposed to modify the Growth Centres Scheme by bringing changes and allowing split location up to a maximum of 3 locations for hilly States and two for the rest of the States. There is a proposal to transfer the scheme to the States along with funds.

9. The number of functional Growth Centres, during the last two year has increased from 26 to 38 and the amount of central assistance increased from Rs. 291 crore to Rs. 371 crore. The contribution of the state government and their implementing agencies increased from Rs. 405 crore to Rs. 689 crore in the same period. The number of industrial units has also increased from 656 to 833, attracting capital investment of Rs. 8,531 crore and creating direct employment for 28233 persons, as on 31.3.2002.

**Transport Subsidy**

10. Transport Subsidy Scheme was introduced in July, 1971 to promote industries in hilly, remote and inaccessible areas of Jammu & Kashmir, Himachal Pradesh, Sikkim, Andaman & Nicobar Islands and Lakshadweep, Darjeeling District of West Bengal, eight hill districts of Uttar Pradesh and North Eastern States. Under the scheme, subsidy at rates ranging from 50 per cent to 90 per cent on the transport cost incurred on movement of raw-materials and finished goods from/to designated rail heads/ports is provided to all industrial units except plantations, refineries and power generation units. The scheme works on reimbursement basis i.e. subsidy to eligible units is first disbursed by the States/ Union

territories concerned and later reimbursement is claimed from the Centre. The scheme has been extended upto 31.3.2007 for the North Eastern States and Sikkim.

11. Total disbursal under the scheme from 1.4.1976 to 31.3.2002 is Rs. 706.77 crores. The major beneficiaries have been Himachal Pradesh (Rs. 209 crores), Assam (Rs. 200.34 crores upto 31.3.2001), J&K (Rs. 29.34 crores) and Hill Districts of U.P. (Rs. 15.83 crores) besides the North-East Region including Assam which received Rs. 403.36 crores.

12. National Productivity Council (NPC) carried out a review of the Transport Subsidy Scheme to examine the impact of the scheme on industrialisation process in the beneficiary States/UTs/Areas in terms of nature and pattern of industrialisation, size of unit, employment generation and ancillarisation. The study covered Assam, Himachal Pradesh, Hills districts of U.P. then, J&K, Meghalaya, Mizoram, Nagaland for the period 1989-90 to 1997-98. The study concluded that there has been industrial growth, though uneven as seen in the increase in the number of factories and employment generated. Himachal for instance has shown remarkable performance as number of factories grew at an annual rate of 10.5 per cent, while Assam had a moderate growth in number of factories (1.59 per cent), output (2.21 per cent) and employment (3.05 per cent).

13. 25,600 jobs have been created by beneficiary units in these remote, hilly and inaccessible areas. There has been expansion and diversification in the units though ancillary units did not develop significantly. There have been indirect benefits also like infrastructure development and generation of income for the State Governments through other levies. The study also indicated the areas which require strengthening, in order to improve implementation and reduce delays. Transfer of scheme to States has, therefore, been suggested in order to improve implementation.

**Export Promotion**

14. For augmenting /strengthening the export infrastructure, a scheme- Assistance to States for Development of Export Infrastructure (ASIDE) has been evolved by providing incentive-linked assistance to State Governments which will result in concomitant growth in the infrastructure necessary for promoting exports at the state level. The earlier schemes namely Critical Infrastructure Balance (CIB), Export Promotion Zone (EPZ), Export Development Fund (EDF) for North Eastern Region (NER) and Sikkim and Export Promotion Industrial Park (EPIP) have been merged. In ASIDE 20 per cent of the funds shall be retained at the Centre while the rest 80 per cent will be allocated to the States according to the export performance criteria.

15. Trade reforms especially through the EXIM Policy announced for the period 1997-2002 and subsequent amendments have helped to strengthen the export production base, remove procedural irritants, facilitated input availability besides focusing on quality, technological up gradation and improving competitiveness. The various incentives provided for promoting exports are getting increasingly constraint by the requirement of compliance with WTO rules and accordingly being phased out.

16. Market Access Initiative (MAI) scheme had been devised to put in place an instrument which is not only WTO compatible but would also mitigate the negative effects of various handicaps faced by the exporters vis-à-vis their counterparts in the competing countries.

MAI was approved by the SFC in the terminal year of the 9h Five Year Plan at a cost of Rs. 14.50 crore with the objective to assist Export Promotion Councils in undertaking marketing studies, support exporters to set up showrooms/ warehousing facilities, publicity campaigns and brand promotion. While continuing the activities approved last year, it is proposed to include registration charges for pharmaceutical, bio-technology and agro-chemicals engineering products, assistance to cottage and handicraft units and earmarking funds to develop websites for virtual exhibitions and exports facilitation assistance for providing project specific assistance for exports to select markets during specific periods.

17. Agricultural and Processed Food Products Export Development Authority (APEDA)- which is mandated with the responsibility for export promotion and development of agricultural products including floriculture, fresh fruits and vegetables, processed food and livestock products, proposes to implement schemes for infra-structural development, database and survey/study, export promotion, market development and packaging up gradation, etc. The scheme has been modified and its allocation substantially stepped up in the Tenth Five Year Plan.

18. The Marine Products Export Development Authority (MPEDA)- a statutory body responsible for development of the Marine Products Industry with special reference to exports, proposes to implement schemes for export production-capture fisheries, export production-culture fisheries, induction of new technology, modernisation of processing facilities and market promotion etc. It has targeted to double the production during the Tenth Plan period.

19. Export Inspection Council (EIC), which is the official export inspection and certification body mandated to carry out pre-shipment inspection and certification of notified commodities plans to undertake the task of modernization/upgradation of its systems and labs, human resource development and providing services infrastructure services to the industry through information on regulatory requirements of the importing countries.

**Foreign Direct Investment (FDI)**

20. One of the major policy initiatives concerning to liberalization of foreign direct investment has been opening up of private sector participation upto 100 per cent in the Defence Industry Sector with FDI permissible upto 26 per cent both subject to licensing. FDI upto100 per cent is also now permitted for development of Integrated Townships, including housing, commercial premises, hotels, resorts, city and regional level urban infrastructure facilities. FDI (upto 100 per cent) in Tea Sector, including Tea-Plantation has been relaxed.

21. During the year 2001 (January-December), 1,982 Foreign Collaboration proposals were approved by the Government involving FDI amounting to Rs. 26,874.67crore (US $ 5.97 billion). FDI Inflows amounting to Rs. 19,265.10 crore (US $ 4.28 billion) were received during the year 2001. FDI inflows net of ADRs/GDRs and advance pending issue of shares during the year 2001 was Rs.16,071.05 crore (US $ 3.57 billion), which is 53.92%/47.08% higher than that received during the previous year in rupee/dollar terms respectively. While there was an overall decline of over 40% in the global FDI inflows

during 2001 as compared to the previous year, the inflows into India showed a positive trend.

**Anti-dumping and Allied duties and import of sensitive items**

22. In 2001-02, India initiated 30 cases, which is the highest number of cases initiated in a year so far. In addition to the new cases, mid-term review in three cases, sunset review in three cases and new shippers review in one case were also undertaken during this year. During the year, a total of 26 Final Findings were issued arising out of the investigations initiated in the previous year. Of the 28 Preliminary Findings issued during the year, 22 pertain to the current year, i.e. 2001-02, while 6 concerned cases initiated towards the end of the previous year. According to the WTO report for January to June 2001, India stands third in terms of action initiated with 16 cases after US (39 cases) and Canada (23 cases). In terms of action initiated against India, we are at fourth position with 8 cases after China (22 cases), South Korea (10 cases) and Taiwan (9 cases). Thus India is today one of the major players among the WTO member countries who are using as well as facing the anti-dumping measures.

23. Subsequent to removal of quantitative restrictions (QRs) last year, 300 items were identified as sensitive items. Import of these items is being monitored regularly. As per the provisional estimate import of these items for the first six months of the current financial year is Rs. 6487 crore as compared to Rs. 5854 crore for the corresponding period of last year thereby showing an increase of 11%. The growth in imports in general for the same period is 12%. Modernisation of DGFT and DGCIS are also underway.

24. **Modernisation of Patent Offices** Government undertook modernization of the Intellectual Property framework in India as a strategic response to the emerging challenges posed by globalization and the increasing relevance and importance of intellectual property in a knowledge based development environment. Government initiatives include appropriate legislative changes in relevant IP laws covering Patents, Trade Marks, Designs and Geographical Indications.

25. These are being complemented by simultaneous upgradation and modernization of the infrastructure of the Patent Offices, the Designs Office and the Trade Mark Registry as also the establishment of a Geographical Indications Registry.

26. **Public Sector Undertakings (PSUs)** The latest Public Enterprises survey indicates that as on 31.3.2001, there were 250 Central Public Sector Enterprises excluding 6 Insurance Companies and 2 Financial Institutions.

27. Of the 234 operating CPSEs, 111 were loss making and 66 industrial PSEs whose networth had become negative and had become sick were registered with BIFR. Of these 34 were units which has been taken over by the Government from private sector to safeguard the interest of workers. Decision on sick PSEs is taking long time and revival package apart from the problem of resource availability suffers from certain uncertainties on the viability.

**Status of statutory controls**

28. While most of the price and other controls on various items of the industrial production has been done away, their status of residuary control is as follows:

- Essential Drugs Price Control
- Fertiliser Price Control
- Sugar and molasses control.
- Reservation for SSIs.

**Fertiliser Pricing Control**

29. With the introduction of Retention Price cum Subsidy scheme (RPS), the country achieved self-sufficiency by the end of Ninth Plan to the extent of nearly 100 percent of urea and 85 percent in case of DAP. This price arrangement however has encouraged the urea manufacturers to focus more on claiming costs rather than controlling costs by enhancing production efficiency. The urea pricing policy parameter for VII and VIII pricing periods have been recommended by the Group of Ministers (GOM) headed by Deputy Chairman, Planning Commission. Corresponding retention prices have been notified for most of the units. The Expenditure Reforms Commission (ERC) recommendation on rationalisation of fertiliser subsidy by introducing group based urea pricing is under examination along with other alternatives on a new urea pricing policy. In response to the import parity pricing of feedstock, a new pricing mechanism for hydrocarbons was implemented and oil companies started following this from 9 July 2001. The NPK ratio which had got distorted to 10.0:2.9:1 during 1996-97 has since improved to 6.9:2.9:1 in 1999-2000. It needs to be kept in mind that bio-fertilisers, micronutrients and organic compost should remain an integral part of balanced fertiliser application and integrated nutrient management. Use of these supplements needs to be promoted by research, better marketing and competitive pricing.

**Sugar Policy**

30. The Government has taken a number of important policy decisions as part of the reform process in the sugar sector. The sugar industry was subjected to compulsory licensing at the commencement of the Ninth Plan and was delicensed in September 1998. Some of these decisions are:

- Reduction of levy obligation of domestic sugar producers from 40 per cent to 30 per cent with effect from 1 April 2000, from 30 per cent to 15 per cent from 1 February 2001 and from 15 per cent to 10 per cent from 1 March 2002.
- Restructuring Sugar Development Fund Rules, 1982 for providing loans at concessional rates for the rehabilitation of potentially viable sick sugar mills.
- The Government has also approved a proposal for legislation to amend the Sugar Development Fund (SDF) Act,1982 for loans for bagasse-based co-generation power projects, by-product utilisation and defraying expenditure on internal transport and freight

charges on export shipments of sugar. This was being done to improve the viability of the sugar factories as also to augment the power generation in the country.

- Relaxation in controls on the sale of non-levy free sale sugar and substituting the monthly regulatory release by quarterly regulatory release and allowing the sugar factories to sell up to 10 per cent of the quarterly quota as additional quota. This has become effective from January 2002.
- Withdrawal of stockholding limits on wholesale dealers of sugar was done with effect from 7 July 2000.
- Turnover limits on wholesale dealers were abolished with effect from 20 August 2001.
- A notification under the Forward Contracts (Regulation) Act, 1952, allowing futures/ forward trading in sugar was issued on 14 May 2001.

**Pharmaceuticals Pricing Policy:**

31. The Pharmaceutical Policy, 2002, aims to ensure abundant and good quality essential pharmaceuticals at reasonable prices, strengthen indigenous capability for cost effective quality production, reduce trade barriers and encourage R&D. Items appearing in the list of essential drugs issued by the Ministry of Health and Family Welfare and other items considered important on account of their use in various health programmes, in emergency care etc. have been kept under the Drug Price Control Order (DPCO) and will form the total basket from which selection of bulk drugs will be made for price control. However, items like sera and vaccines and blood products have been excluded from DPCO. As per the new criteria, molecules with a turnover of less than Rs. 10 crore for the fiscal ended March 2001 will not fall under DPCO, but a drug having a turnover between Rs. 10-25 crore and a single formulator having a market share of over 90 per cent will be covered by the price control order. Further, a drug with a turnover of over Rs. 25 crore and a single formulator and having a market share of over 50 per cent will be under price control. New drugs coming out of research from within the country would be off price control for the life of the patent. It has been decided to permit up to 100 per cent foreign equity under the automatic route so as to promote FDI. India, as a signatory to WTO, is committed to the introduction of a product patent regime in 2005. This will be a major change that will impact the Indian pharmaceutical industry. There may be a need for a review of the newly announced Pharmaceutical Policy 2002 to deal with the changed scenario.

32. **Reservation for SSI Units:** As of May, 2002, 749 items are reserved for *exclusive* manufacture in the small scale sector. The items de-reserved recently are readymade garments and items from leather and toys sector.

## SECTORAL PROFILE

### Engineering Industry

33. The Engineering Industry comprises industries manufacturing Engineering Goods such as metal products, office machinery, electronic goods, capital goods manufacturing Industry. The capital goods industry with a weight of 9.3 per cent in index of industrial production (IIP) comprise of 53 industry sectors. With the slackening of demand in different

sectors of economy, the growth of capital goods (based on IIP) reduced to merely 1.8 per cent in 2000-01. The capital goods sector registered a negative growth rate of (-) 3.9 per cent 2001-02. The declining trend of growth of capital goods industry has however reversed in current year.

**Table 6.3.2**

**Growth Rates Of Industrial Production By Use-based Classification**
**(Base : 1993-94=100)**

**(per cent)**

| Sectors | (Weight) | 1999-2000 | 2000-01 | 2001-02 | September 2002 over September 2001 |
|---|---|---|---|---|---|
| Basic Goods | 35.5 | 5.5 | 3.9 | 2.8 | 1.6 |
| Capital Goods | 9.3 | 6.9 | 1.8 | -3.9 | 15.5 |
| Intermediate Goods | 26.5 | 8.8 | 4.7 | 1.6 | 1.7 |
| Consumer Goods | 28.7 | 5.7 | 8.0 | 6.0 | 13.2 |
| of which (Consumer Durables) | (5.4) | (14.1) | (14.5) | 11.5 | (-)12.3 |
| IIP (Index of Industrial Production) | 100.0 | 6.7 | 5.0 | 2.8 | 6.1 |

Note : The indices are based on revised item wise weights.

34. Of the 49 PSUs under the Department of Heavy Industry, 15 made profit (Rs. 659.90 crore) and remaining 34 incurred loss (Rs. 1,433.97) during 2001-02. These are engaged in manufacture of capital/ engineering goods, consultancy and contracting activities, producing wide range of products like machine tools, boiler, power generating equipment, Tractor, Railway equipments etc. The total investment (Gross Block) in 49 PSUs under the Department was about Rs. 8052 crore till March 2001. The turnover of 39 companies in production in 2001-02 was Rs. 11,642.94 crore.

35. The disinvestment of PSUs is under progress. 17 PSUs have been referred to the Ministry of Disinvestment for Joint Venture formation/disinvestment. Some of the PSUs like NEPA, IL Palghat etc. are at advanced stage of disinvestment. There are another 13 subsidiary PSUs for which disinvestment/JV formation is being undertaken within the Department itself as shares of such companies are held by the holding companies. 7 PSUs have already been closed after seeking permission from Ministry of Labour. Benefits of VRS have been provided to their employees. Four more PSUs are slated for closure.

36. Out of 26 sick PSUs referred to BIFR, revival plans have been sanctioned by BIFR in case of 12 PSUs involving fresh infusion of funds to the extent of Rs.654 crore and financial restructuring of Rs.2106 crore .In addition, Government on its own have also undertaken restructuring in case of 7 PSUs involving fresh infusion of Rs.531 crore with financial restructuring of Rs.1443 crore.

37. Public Sector Units manufacturing capital goods have been under serious competitive pressure. Nine PSUs of Department of Heavy Industry signed Memorandum of Understanding (MOU) specifying the intentions, obligations and mutual responsibilities with the Department in 2001-02.

38. The budgetary support to PSUs would be only considered on 'project' basis in the Annual Plan, however, a 'lump sum provision for Addition, Modification and Replacement (AMR)' has been made for. A new plan scheme 'Testing facilities in Auto Sector' under the Tenth Five Year Plan is being introduced and a provision of Rs. 25 crore has been made under the annual plan 2002-03.

**Shipbuilding and Ship repair Industry**

39. Of the twenty-eight Shipyards in the country, nineteen are in Private Sector, Five shipyards in Public Sector -two under Ministry of Shipping and three under Ministry of Defence are capable of building wide range of ships and vessels. The Annual turnover of the shipbuilding and ship repair industry is approx. Rs. 2,000 crore. The industry employs 31,000 persons.

40. Two Public Sector Shipyards namely Hindustan Shipyard Ltd (HSL) and Cochin Shipyard Ltd.(CSL) under Ministry of Shipping constitute approx. 25 per cent of the industry turnover i.e. an annual turnover of approx. Rs. 450 crore. The employee strength in CSL, HSL and Hooghly Dock and Port Engineers Ltd. (HDPE) is approx. 7800. Three Defence Public Sector Undertakings, namely Mazgon Dock Limited (MDL), Garden Reach Shipbuilders & Engineers Ltd (GRSE) and Goa Shipyard Ltd.(GSL) build a variety of ships and vessels primarily for Indian Navy and Coast Guard.

41. The assessed production capacity of four large PSUs, which constitute approx. 95 per cent of the industry turnover, is approx. 0.15 million compensated gross tonnage (CGT). The present annual shipbuilding capacity in India is 0.15 CGT, vis-à-vis 20 million CGT globally. As such, the Indian shipbuilding capacity is less than one percent of the global capacity.

42. The decision of disinvestment of CSL and HSL is also under consideration of government.

**Iron & Steel**

43. Iron and steel industry is beginning to show signs of recovery. trend is expected to continue during the year. This has helped to attract private investment in iron & steel making. India has emerged as $8^{th}$ largest producer of steel in the world. It is, however, still far behind China and Japan.

44. In 2001-02, estimated production of finished steel was 30.61 million tonnes; pig iron production was 3.95 million tonnes and sponge iron production was 5.70 million tonnes. In 2001-02, share of public sector production was about 51% of crude steel, the remaining 49% being that of the private sector. Thus, there is a shift of production share in favour of private sector. The relative share of integrated steel plants and secondary steel producers was 42% and 58% respectively. This shows that integrated steel plants are subjected to

competition from secondary steel producers there by eroding the price dominance of integrated steel plant. Finished steel production in the country during 2002-03 is expected to be 32.5 million tonnes comprising of 14.5 millions from main producers and 18 million tonnes from secondary steel producers.

45. After de-licensing of Indian Iron and Steel Industry and as a result of the steps taken for creation of additional capacity in the private sector, 19 projects involving a total investment of Rs. 30,835 crores equivalent to a capacity of approx. 13 million tonnes per annum have already been cleared by Financial Institutions and are in various stages of implementation. Already 8 units with a total capacity of Approx 5.45 million tonnes have already been commissioned. Projection for 2002-03 is given below:

**Qty in ‘000 Ton**

| Items | Domestic Demand | Availability | Gap |
|---|---|---|---|
| Pig Iron | 3900 | 4060 | 160 |
| Sponge Iron | 6000 | 6000 | 00 |
| Finished (Carbon Steel) | 3110 | 3250 | (-1400) |

46. As against Rs. 16232.50 crore approved outlay including Budgetary Support (BS) of Rs. 85.50 crore BS for the Ninth Five Year Plan of Ministry of Steel, anticipated expenditure was Rs. 6490.70 crore inclusive of Rs. 66 crore as BS. The drastic fall in expenditure in the 9th Plan was due to worldwide recession in steel industry, stiff competition resulting fall in domestic and international prices for steel products which affected profitability, and dumping of steel from some of the CIS countries and China.

47. Tenth Five Year Plan outlay for Ministry of Steel is Rs. 11049.60 crore inclusive of Rs. 65 crore as BS. Annual Plan outlay for 2002-03 is Rs. 1412.45 crore inclusive of BS of Rs. 15 crore.

**Drugs And Pharmaceuticials**

48. India’s Pharmaceutical industry today is one of the largest and most advanced among the developing countries. The Industry manufactures bulk drugs belonging to several major therapeutic groups requiring various manufacturing processes and has developed excellent facilities for production of all dosage forms like tablets, capsules, liquids, orals and injectables etc. In the recent years, policy inputs have been directed towards promoting the growth of the industry to achieve a broad range of products and technologies needed to produce them from as basic stage as possible. As a result, the pharmaceutical industry today produces the complete range of formulations. Today, India is in a position to meet 70% of the country’s requirement of the bulk drugs and almost all the demands for formulations. Drugs, Pharmaceutical and fine chemicals worth Rs. 8729.9 crores were exported and of worth Rs.1701.5 crore being imported during 2000-01.

49. Public sector pharmaceutical units have provided considerable support in the growth of the industry by putting up modern plants for the manufacture of bulk drugs at a

reasonable cost. However, all the units have become sick, partly due to the government policy of allowing small formulators to take on a large part of production, late revision of prices, and partly due to the infrastructure and managerial problems. Some of the units were earlier in the private sector and were taken over by the Government after they became sick. The revival package in case of Indian Drugs and Pharmaceuticals Ltd. has failed twice and this indicates that such packages are not based on correct assumptions. The drug sector is not considered a strategic sector because of ample competition. Still, in the absence of any direct price control, PSUs can serve as an indirect way of price stabilisation when prices are fully decontrolled.

50. The first national level institute National Institute of Pharmaceutical Education & Research (NIPER) is being set up at Mohali, Punjab. This will promote Education and R&D activities in the field of Pharmaceuticals.

**Chemicals, Pesticides And Allied Industries**

51. The chemical Industry is perhaps the most diversified of all industrial sectors, covering more than 70,000 commercial products. The Indian chemical industry ranks $12^{th}$ by volume in the world production of chemicals. The export of chemicals in 2000 was $ 2.8 billion, which accounts for almost 14 per cent of the exports from the manufacturing sector and about 10 per cent of the country's total exports. Its contribution to the national revenue by way of custom and excise duties is about 20 per cent. More than 60 per cent of the production of the sector comes from SMEs.

52. The pesticide industry has continued to develop at a fast pace. It manufactures a wide variety of products including Methyl Parathion, Malathion, Quinalphos. Zinc Phosphide, Methyl Bromide etc. Indian companies have not only developed products indigenously but have also emerged as prominent exporters. India is the $13^{th}$ largest exporter of pesticides and disinfectants in the world. India produces a large number of fine and specialty chemicals, which find wide usage as food additives, pigments, polymers, additives anti-oxidants in the rubber industry, etc.

53. Today, India exports dyes and intermediates to the very same countries from which it used to import them till recently. The industry has witnessed the growth of more than 50% during the last decade and has emerged as the second largest producer of dyes and the intermediates in the Asian region.

54. The Neem seed has recently emerged as a source for alternative and unharmful pesticides. Department of Chemicals and Petrochemicals has initiated a country programme in 1999 entitled "Development and Production of Neem Products as Environment Friendly Pesticides" with the financial assistance of United Nations Development (UNDP)/ United Nations Industrial Development Organisation (UNIDO) to promote production, processing and use of neem based products, thereby aiding waste land development, generating rural employment and providing farmers with eco-friendly/biodegradable pesticides.

**Petrochemical Industry**

55. Indian petrochemical industry has continued its rapid stride in terms of both production and consumption. Though no major capacity additions took place either in

polymers or in synthetic fibre industry during the years 2000-01 and 2001-02, however, there has been a growth of about 18% in the production of these petrochemicals in the year 2000-01 over their production during 1999-2000 and is expected to register a growth of about 12.4% by the end of the year 2001-02 over 2000-01. The demand of these petrochemicals which increased to about 3.6% in the year 2000-01 over the year 1999-2000, is expected to go up to 10% by the end of the year 2001-02 when compared with their demand in the year 2000-01. The impressive growth in the production of petrochemical products increased the self-reliance and is reducing import dependency gradually in this sector.

56. Out of 9 PSUs under the administrative control of Department of Chemicals and Petrochemicals, shares of only one company, i.e. IPCL has been disinvested.

57. The Department of Chemicals and Petrochemicals (DCPC) has taken up with the Ministry of Petroleum & Natural Gas for expediting the signing of Gas Supply Agreement between Reliance Assam Petrochemicals Limited (RAPL) and ONGC and supply of the required quantity of gas to RAPL. Discussions between RAPL and ONGC have taken place on 28th August, 2001 in which specific differences regarding Gas Supply Agreement have been identified. RAPL in interacting with Ministry of P&NG to make up the shortfall in the supply of gas by ONGC.

**Fertilisers**

58. The total consumption of fertilizers, which was 16.70 million tones during 2000-01 went up to 19.30 million tones (estimated) during 2001-02. The consumption of phosphatic fertilizers increased from 4.22 million tones in 2000-01 to 5.2 million tones (estimated) in 2001-02 representing a growth of 23.22 per cent while the total production of fertilizers registered a growth rate of 0.29 per cent during 2001-02 over 2000-01. There was no import of urea during 2000-01.

59. The commercial production of 3.96 lakh MT DAP expansion Project of M/s Gujurat State Fertiliser Corporation Limited at Sikka (Gujurat) has commenced from October, 2002 . Namrup Revamp Project of M/s Hindusthan Fertiliser Corporation Ltd. is of 3.8 Lakh MT of Urea expected to be commissioned by May, 2003.

60. Due to constraints in the availability of gas and raw materials for production of phosphatic fertilizer, setting up of joint venture projects by Indian companies in rock phosphate and gas rich countries was being encouraged by government.

61. A joint venture (JV) between the government of Oman and Indian cooperative enterprises, Krishak Bharati Cooperative Limited (Kribhco) and Indian Farmers Fertlisers Cooperative (Iffco) signed in 2001, is expected to be commissioned by March 2005. A gas based fertilizer plant at Dubai, United Arab Emirates (UAE) is being setup by SPIC to produce 4.00 lakh MT of Urea.

62. The two public sector fertiliser PSUs, RCF and NFL are making profit and expected to generate projected internal resources. All other PSUs are incurring losses. In case of HFC Government has approved de-merger of its Namrup units into a new company namely

Brahmaputra Valley Fertiliser Coorporation. Another two PSUs Fertilizers & Chemicals Travancore Ltd. (FACT) and Madras Fertilizers Limited (MFL) also making losses for last few years owing to their new ammonia plant based on naphtha feed and revamp project respectively.

**Cement Industry**

63. The cement industry comprises of 120 large cement plants with an installed capacity of 127.20 million tones and more than 300 mini cement plants with an estimated capacity of 9 million tones per annum. The Cement Corporation of India, which is a Central Public Sector Undertaking, has 10 units. The total installed capacity in the country as a whole is 136.20 million tones. Actual cement production in 2001-02 was 99.61 million tones.

64. Cement industry has made significant strides in technological upgradation and assimilation of latest technology. At present, 91% of the total capacity in the industry is based on the modern and environment-friendly dry process technology. The Government has notified cement industry as one of the end-users entitled to operate their own captive coal mine. Many cement plants have shown interest for taking up coal blocks on lease and operate the coal mines.

**Leather Industry**

65. Indian Leather industry is spread over organized as well as unorganized sector. The unorganized sector i.e. small scale, cottage and artisan sectors account for over 75% of the total production. Through after de-reservation of 11 items in leather sector, which include semi-finished hides and skins, leather shoes, leather washers and laces, moulded rubber soles and heels for footwear, flexible polyurethane foam, polyurethane shoe soles, shoe-tacks & eyelets and leather pickers and other leather accessories for textile industry, no industrial Licence is required for manufacture of most of the items of the leather industry. However, some of the items of the Leather industry viz. leather shoe uppers (closed), leather sandals and chappals, leather garments, industrial bag, fancy leather goods and novelty items, watch straps and leather straps of all types are still reserved for exclusive manufacture by the small scale sector. Non small scale units can manufacture these items after obtaining industrial licence, which is granted subject to an export obligations of 50% of the production in each year.

66. Leather industry has been identified as one of the thrust areas for exports. Footwear sector has been identified as an area of extreme focus. Exports from leather sector accounts for about 4% of India's total export.

**Paper & Paper Board**

67. The Government has completely delicensed the paper industry w.e.f 17 July, 1997. Several fiscal incentives have also been provided to the paper industry, particularly to those mills which are based on non-conventional raw material.

68. There are, at present, about 515 units engaged in the manufacture of paper and paperboards and newsprint in India. The country is almost self-sufficient in manufacture of most varieties of paper and paperboards. Import, however, is confined only to certain

speciality papers. To meet part of its raw material needs, the industry has to rely on imported wood pulp and waste paper. The production of paper and paper board during the year 2001-2002 has been 31.62 lakhs tones.

69. The proportion of non-wood raw material based paper is increasing over the years. At present about 60.8 per cent of the total production is based on non-wood raw material and 39.2 per cent based on wood.

70. The performance of the industry has been constrained due to high cost of production resulting from inadequate availability and high cost of raw materials and power and concentration of mills in one particular area. Several policy measures have been initiated in recent years to remove the bottlenecks of availability of raw materials and infrastructure development. To bridge the gap due to short supply of raw materials, duty on pulp and waste paper and wood logs/chips have been reduced. The capacity utilization of the industry is low at 60% as about 194 paper mills, particularly small mills, are sick and/or lying closed.

**News Print Industry**

71. There are at present 63 mills, with an annual installed capacity of about 11.84 lakhs tones.The production of newsprint during the year 2001-02 is 4.64 lakh tones. The import of newsprint during the year 2001-02 is 1.56 lakh tones. The demand for newsprint in the country is met partly from indigenous production and partly by import. Free import and low customs duty have made newsprint market competitive. There are no price or quantitative controls. The industry has been de-licensed. Excise duty on newsprint has been removed.

**Sugar**

72. The average annual installed capacity of a sugar factory in the country is 2355 TCD, as compared to 10307 TCD in Thailand, 9216 TCD in Australia, 9168 TCD in Brazil and 6877 TCD in South Africa. Considering the need for achieving economies of scale and reduction in the cost of production, there is a need for consolidation of capacity and vertical expansion of capacity.

73. The Government had decided to completely decontrol the sugar industry in a phased manner. Accordingly, the compulsory levy obligation of the sugar factories was reduced from 40% to 30% with effect from 1.1.2000 and to 15% with effect from 1.2.2001. The compulsory levy obligations has been further reduced to 10% with effect from 1.3.2002. The complete decontrol sugar will be effected by the year 2002-03 after the futures market in sugar becomes operational.

74. The Government has decided to undertake legislation to amend the Sugar Development Fund Act, 1982 for loans for bagasse based co-generation power projects, by-product utilization and defraying expenditure on internal transport and freight charges on export shipments of sugar. This is being done to improve the viability of the sugar factories as also to augment the power generation in the country.

**Textiles**

75. Textile Industry is one of the largest and the most important sector in the economy in terms of output, employment generation and foreign exchange earnings contributes about 14 per cent to the national industrial production and about 35% to the total national export earnings and as a major source of employment and income generation to millions in various parts of the country. After agriculture, it is the largest employer, the direct employment in the industry was estimated at 35 million approximately and with indirect employment for another 58 million people. It provides employment to large numbers of the weaker sections of society such as SCs/STs, women and minorities, in rural as well as urban areas. Textiles industry in India continues to be cotton-based. In addition to the natural fibres, the industry also uses wide range of synthetic and man-made fibres such as polyester, viscose, nylon, acrylic as well as filament yarns. The industry comprises of both the organized mill sector as well as the decentralized sector. Almost all sectors of industry have shown remarkable achievement. The total production of cloth by all sector i.e. Mill, powerloom, handloom khadi. Wool and silk has gone up with an anticipated production of 41696 million sq. mtrs. during 2001-2002 which works out to 3.66% annual growth in the last 5 years. The spindleage capacity has increased from about 35.39million in 1997-98 to 38.15 million in 2001-2002. A large number of open-end rotors were installed in the 1990s and the trend of setting up of 100% export oriented spinning units has continued. The production of spun yarn is expected to touch the figure of 3132 million kgs during the current financial year showing an annual growth rate of 2.31% during the last 5 years. The production of blended yarn and 100% non-cotton yarn has continued its upward trend of recent years. The production of blended yarn may touch the figure of 639 million kgs during 2001-2002 registering an annual growth of 5.71% during the last 5 years. The production of 100% non-cotton yarn is anticipated to touch the figure of 283 million kgs. during 2001-2002 registering an annual growth of 11.80% during the last 5 years. The decentralized hosiery sector has also shown a significantly higher annual growth rate of 5% during the last 5 years. The above growth in textile industry has led to an increase in per capita domestic availability of cloth in the country despite growth in population and significant growth in exports. The per capita availability is expected to increase to 31.97 sq. mtrs. in 2001-2002 from around 30.92 sq. mtrs. in 1997-98.

76. The Technology Upgradation Fund Scheme (TUFS) was introduced to modernize the textile sector, which is critical for facing global competition from other textile producing countries like China, Taiwan, South Korea, Japan, etc. All the sub-sectors of the textiles like spinning, weaving, knitting, processing, garment making, cotton ginning & pressing and jute sector are covered under the scheme. To make more and more SSI units take the benefits of TUFS, an option either to avail of 12% credits linked capital subsidy or existing 5% interest reimbursement has also been provided to the SSI textile units recently. The regional offices of Textile Commissioners have been holding facilitation camps so that more industrial units including powerlooms can make use of the scheme. There is no cap on funding as it is meant to be an open-ended scheme depending capacity of the industry to absorb funds in bankable and techno-economically feasible proposals. The Scheme is being implemented through selected nodal agencies i.e. IDBI (for Textile Industry excl. SSI Sector), SIDBI (for SSI textile sector) and IFCI (Jute Industry). On the recommendations of Member, Planning Commission, a proposal is under active consideration to work out the modalities for a tie-up for external commercial borrowings through financial institutions to modernize textile industry. As on 1.8.2002, a total of 1778 applications with project cost of

Rs.14696.96 crores and loan amount of Rs.8506.26 crores were received and 1541 applications were sanctioned loan of Rs.5505.59 crores and 1247 applications were disbursed loan of Rs.3851.06 crores. Upto April 2002, segments viz. spinning, composite upgradation and processing of fibre yarn, garments and made-ups registered better performance than other segments. States viz. Tamil Nadu, Gujarat, Punjab, Maharashtra and Rajasthan registered better performance than other States.

77. Considering the importance of the cotton crop to the national economy, the Govt. of India has launched a Technology Mission on Cotton (TMC) from February 2000 to address the issue of low productivity and contamination. The Mission consists of four Mini-missions which are being jointly implemented by the Ministry of Agriculture and the Ministry of Textiles. Mini-Mission I and II are implemented by the Indian Council of Agricultural Research (ICAR) and the Ministry of Agriculture respectively, while Ministry of Textiles is the Nodal agency for implementation of Mini-Missions III & IV. Out of 51 market yards sanctioned for development during the 9$^{th}$ plan, 32 market yards have been completed and the remaining yards were to be developed by the beginning of the current cotton season. Out of the 150 ginning and pressing factories sanctioned for modernization during the IX Plan, 98 factories were modernized and remaining factories were to be modernized by the end of the current cotton season i.e. by October 2002.

78. As per the latest information available (i.e. upto September, 2002) under MM-III, 95 project proposals (setting up of 17 new market yards, improvement of 62 market yards and activation of 15 market yards) at a total estimated cost is Rs.400 crore have been sanctioned, out of which Government of India share would work out to Rs.82 crore. Under MM-IV, modernization of 196 ginning and pressing factories, have been sanctioned at an estimated cost of Rs.400 crores.

79. As per WTO agreement, the quota regime will be phased out by the end of 2004 and textile trade will be totally free. The Government of India has announced the National Textile Policy with a view to preparing the industry for successfully meeting the challenges of the post-MFA era and develop a strong and vibrant industry that can : a) produce cloth of good quality at acceptable prices to meet the growing needs of the people; b) increasingly contribute to the provision of sustainable employment and economic growth of the nation; and c) compete with confidence for an increasing share of the global market. The Working Group for the Tenth Plan had projected an export of US$ 32 billion by 2006-07 and US$ 50 billion by 2010.

80. Two Centrally Sponsored Schemes namely Apprel Parks for Exports and Textiles Centre Infrastructure Development Schemes have been launched by the Government with the objective of promoting textile exports of international standards and providing textile export units with modern infrastructural facilities for growth and conducive investment environment. Under Integrated Apparel Park Scheme, financial assistance is to be provided for setting up parks of modern high-tech weaving/knitting modern processing units and Effluent Treatment Plants and also provide skill upgradation/testing facilities of high standards at the approved parks or textile growth centres. A budget provision of Rs.75 crore each for the above schemes has been earmarked for the Tenth Plan approved outlay.

81. The Budget allocation for Ministry of Textiles was enhanced substantially from Rs.457 crore in 2000-2001 to Rs.650 crore in 2001-2002, which has been enhanced to Rs.736 crore as an approved plan outlay for 2002-03.

82. The provision for the TUFS kept at Rs.200 crore in 2001-2002 has been enhanced to Rs.250 crore for 2002-03 and incentive for modernization was offered by enhancing depreciation rate of machinery installed under the scheme to 50% per annum. At least 50,000 new shuttleless looms and the modernization of 2.5 lakh plain looms to automatic looms is expected to take place by 2004 through funding from the Technology Upgradation Fund Scheme (TUFS).

83. In order to examine and rectify the constraints affecting growth and investment in the sector, especially in the context of the sector's potential to re-emerge as a vibrant segment of the economy, PM approved setting up of a Steering Group on Investment and Growth in Textiles under the Chairmanship of Shri N.K. Singh, Member, Planning Commission. The Steering Committee has focused, besides measures for attracting investment on the issues of enhancement of export competitiveness and drawing up of a fiscal and tariff road-map to make the industry internationally competitive. The major recommendations of the Committee for the textile industry are :

- A continuous CENVAT chain is necessary for encouraging investment and technology upgradation and it will reduce distortions in the system and provide CENVAT credit at all stages of production thereby encouraging investment and technology upgradation in efficient and high quality units.

- The cost of machinery is a critical factor in attracting investment in modernization and technology upgradation. Success of Textile Package particularly the modernization of 2,50,000 powerlooms and the induction of 50,000 shuttleless looms will depend upon the reduction in the cost of machinery. Therefore, as a general principle, the cost of textile machinery be reduced by bringing down the customs duty to 5% and exempting the same from CENVAT. In particular, semi-automatic shuttle looms be exempted from CENVAT, specified machinery items of processing, silk and jute sectors from CENVAT and CVD, etc. for a period of 3 years upto 1.3.2005;

- To stimulate and encourage new investments in textile sector, the industry needs to be export led and garment driven. For this it is necessary to withdraw existing SSI excise exemption for clothing sector and also introduce CENVAT on knitwear sector with CENVAT credit facility;

- A merit rate of 8% CENVAT for the Textile Sector in general (with a few exceptions) for a period of 3 years with a sunset clause upto 1.3.2005 may be introduced to enhance the industry's competitiveness. In case of PFY, POY and PTY a reduction in excise duty from 32% (16% CENVAT + 16% SED) to 8% may not be possible in view of the revenue considerations involved, CENVAT rate of 16% (CENVAT 8% + SED 8%) for all synthetics/ man-made fibres may continue. The Group also recommended that no positive credit should be given at any stage in the textile chain and, therefore, capping of CENVAT credit has been recommended wherever necessary.

- A level playing field shall be provided between organized and unorganized sector by introduction of optional CENVAT scheme for those engaged in mercerizing/doubling/cabling etc., of yarn with CENVAT credit based on document and withdrawal of SSI excise exemption on woolen/shoddy yarn and wool tops.

- In order to ensure availability of raw materials for the textile sector at reasonable prices as also to encourage maximum value addition within the country, custom duty on apparel grade wool and flax fibre should be reduced from 15% to 5%, and a reduction in custom duty on intermediates of synthetic fibres and yarns (DMT/PTA/MEG/Caprolactum) from 20% to 15%.

84. Technical Textiles is also one of the new areas which will be supported by the Government for legislation for mandatory use of the fire-retardant textiles in public buildings, improving road infrastructure, soil conservation efforts etc. Research and Development activities would cover decentralized sectors, Technical Textiles, product development, Eco-friendly technologies, cost reduction technology and information technology.

85. A large number of textiles mills have become sick in the public sector, particularly, cotton textile mills Under National Textile Corporation (NTC) and British India Corporation (BIC). NTC has identified 53 viable mills and 66 unviable mills. The Government proposed to modernize the viable mills and closure/privatization of unviable mills. The BIC has two woolen mills and two cotton subsidiary companies with 3799 employees because of excess manpower, shortage of working capital and obsolete machinery, it is making continuous losses and the matter is referred to BIFR and the revival package is under consideration.

**Jute**

86. The jute sector is one of the oldest and most traditional sectors in the country. The sector plays an important role in the national economy, in general, and eastern region in particular.

87. India is the largest producer of the raw jute in the world and the second largest exporter of jute goods. About four million families are engaged in the cultivation of jute and mesta and about two lakh workers are employed in the jute industry. Production during 2001-02 (April/September) recorded a marginal increase to reach 7.81 lakh tones from 7.80 lakh tones during the same period of last year. The notable future of this year's production is substantial increase in production of sacking by 15% at the cost of production of Hessain. This increase in production of sacking is attributable mainly to revival of domestic demand from traditional end users and increase in the requirement of jute bags on Govt. account for packing foodgrains. The current trend indicates that production during 2001-02 is likely to touch 16.25 lakh tones.

88. Jute has been the traditional export earner for India. Considered as the most appropriate packing material for many products, at one time. The decline started when synthetics came into the world market as an alternative and cheaper packing material. Jute continued to hold its own in the national markets primarily on the support of legislative and other interventions. While these protections enable the jute industry to sustain and grow it also became a reason for the inadequate modernization and diversification of the industry. Efforts are underway to implement a road map for dilution of compulsory packaging norms in the country thereby paving the way for free choice to consumers. The

jute industry, however, is not very keen to follow this path of modernization and diversification given the comfort and inertia of operating under the Jute Packaging Materials Act. While synthetic substitutes are definitely a cheaper option to the first user the possibilities of re-use and environmental factors have raised serious questions about continued use of synthetic packaging material. The non-bio-degradability and the problems faced in disposal of bags by urban authorities all over the world have raised important questions on the desirability to continue with plastic packaging. This concern opens up a new opportunity to jute to come back to its original glory by presenting an environmental and consumer friendly packing option. This however cannot be done if the industry continues to produce conventional sacking material. Various other uses for the fibre have been found and shifting to a lighter, brighter quality packaging material appears to be a path for growth for this sector. The National Textile Policy envisages setting up of Jute Technology Mission on the lines of Cotton Technology Mission for the development of jute sector. The objective of the Mission is to take up activities in the critical area of technology and draw upon the results of R&D Programmes undertaken so far for larger and faster commercialization and improving productivity per hectare, quality of raw jute, develop efficient market linkages for raw jute, ensure product engineering involving machinery updating, better management and maintenance practices, encourage R&D activities for promoting higher labour productivity and better quality making jute products more competitive in the domestic as well as international markets.

89. The United Nation Development Programme (UNDP) assisted National Jute Development Programme concluded on 31. 3. 1999. Second phase of UNDP Programme known as successor Country Cooperation Framework-I (CCF-I) Programme envisaging a total contribution of US$ 7 million by UNDP and Rs.20 crore by Government of India has since been launched. This programme has been extended upto March 2002. The activities to be taken up under this programme include promotion of fine jute fibre cultivation, support to NGOs working with diversified jute products, implementation of strategic marketing plan for jute, human resource development, commercialization of R&D efforts of phase-I, indigenization of machine manufacture, quality assurance for jute goods, biotechnology intervention for development of better quality of jute fibre, etc.

90. National Centre for Jute Diversification (NCJD) is actively engaged in consolidating R&D results of various institutes in jute and textiles and transfer these to the entrepreneurs for commercial production. It co-ordinates with various agencies and helps the entrepreneurs in arranging technical, financial and marketing support and encourages them to take up production and marketing of jute diversified products.

91. Jute Manufactures Development Council (JMDC) has been entrusted with all functions relating to export promotion in the jute sector and also to perform other activities in the domestic market of jute sector. The Govt. of India finances the activities of JMDC out of the cess collected on various jute manufacturers wholly. JMDC is working in close association with Indian Jute Industrial Research Association (IJIRA) for development of low cost jute bags and promoting jute bags as an alternative to plastic bags in coordination with relevant State Govt. authorities.

92. Jute Entrepreneurs Assistance Scheme (JEAS), provides interest free loan to different categories of entrepreneurs upto a maximum limit of Rs.50 lakh from the Special Jute Development Fund. During the period April-November 2001, 712 new units have been

assisted. Till date a capacity of 60,000 MT of jute yarn production have been created since the beginning of the scheme. The scheme provided direct employment to 5200 persons and indirect employment to 20,000 persons since its inception.

**Atomic Energy:**

93. Activities of the Department of Atomic Energy (DAE) under the industry and minerals sector primarily include manufacture of nuclear and structural materials and control systems to build and operate the nuclear power plants and management of the back end of the fuel cycle. The programme profile ensures that there is a sustained and timely supply of nuclear fuel and other materials for the operating nuclear power plants and the plants that are being built. This sector is also engaged in the production of equipment for radiation and isotope products and services going to some important sectors of our economy, like agriculture, food, health, etc.

94. PSUs under DAE are the Uranium Corporation of India (UCIL), Indian Rare Earths (IRE) and Electronics Corporation of India Ltd. (ECIL), which meet the requirements of uranium concentrates, zirconium sponge and instruments and controls respectively.

95. The present nuclear power generation capacity in the country is 2,720 megawatt (Mw). The DAE plans to raise the capacity to 7,180 Mw by 2009-10.

96. A majority of the programmes implemented in the Ninth Plan have achieved the goals set by the DAE. The activities covered included: exploration for uranium, rare metal and rare earth and beach sand mineral resources; mining and processing of uranium ores and mineral sands; fabrication of nuclear fuel and production of heavy water for nuclear power reactors; reprocessing of the spent fuel and waste management; and production of control and instrumentation equipment for nuclear power plants. Reprocessing of spent fuel and irradiated thorium as well as waste management of the nuclear fuel cycle constituted the front end of the nuclear power programme. Radioisotopes produced in the research reactors, Dhruva and CIRUS at Trombay after formulating into radio-pharmaceuticals, radio-labelled compounds and radiation sources are supplied to various users for application in industry, agriculture, research and health care.

97. The present heavy water capacity is enough to take care of the country's power need during the Tenth Plan. Need for capacity addition will arise during the Eleventh Plan. During the Tenth Plan, the expenditure will be mainly towards energy saving retrofits and renewal and replacements and augmentation of plant capacities.

98. Increased fuel requirement will require new additions during the Tenth Plan. The heavy water moderated reactors (in operation or to be installed), would need addition in capacity for Zirconium Fuel Tubes through three related projects namely New Zirconium Oxide Plant, Zirconium Plant and Zirconium Fuel Tube Plant.

99. To tide over the problem of limited availability of natural uranium reserves in the country, development of Fast Breeder Technology with MOX fuel and advanced heavy water reactors on U-233 has been taken up in earnest. It would require new fuel fabrication facilities at existing site of Nuclear Fuel Corporation (NFC) as well as new locations under two separate line of activities The major additions with Tenth Plan

requirement will be for the MOX Fuel Pin Fabrication Plant at Kalpakkam, Fast Breeder Reactor Reprocessing Plant and Fabrication of prototype fast breeder reactor (PFBR) Core assemblies.

100. In addition to above, DAE pursues the programmes based on application of radiation technology in the field of health care, food preservation and industrial sectors and has set up facilities under Board of Radiation and Isotope Technology (BRIT) and Centre for Advanced Technology (CAT). Some new projects have been added under these units apart from continuing projects.

**Mining and Metallurgical Industry**

101. One of the major objectives of the Tenth Plan will be the search for the minerals in off-shore areas such as in the continental shelf and maritime zone within the territorial water limits along the Indian peninsular and the islands of the Indian Union. This would involve delineation of the area, which is likely to extend by more than one million sq. kms. The Government is actively considering enactment of suitable legislation for off-shore mineral investigations which will ultimately lead to extraction of minerals from the sea-bed.

102. Thrust would have to be given on building up of reserve-base of those minerals in which it is presently low such as base metals, nickel, tin, graphite, noble metals, precious stones, rock phosphate, etc. and for minerals the present resource-base of which is negligible and India is totally dependent on imports such as antimony, molybdenum, platinum group of metals, tin, tungsten, potash, native sulphur, etc. It is quite likely that the private sector will not invest in the exploration of these minerals because of risk involved apart from the fact that the private sector is yet to come up in the Indian exploration market. The State (both the Central and State Governments), therefore, will have to continue performing promotional role for exploration of these minerals.

103. GSI will have to be restructured and modernized, including in the areas of instrumentation for both ground and aerial geophysical surveys, state-of-the-art laboratory instrumentation with high precision capabilities, etc. Also, a new research vessel will have to be acquired for carrying out bathymetric and magnetic surveys in off-shore areas for staking claim on extended continental shelf zone up to 350 nautical miles under Third United Nations Conference on Laws of the Sea ( III – “UNCLOS”).

104. Beneficiation projects will have to be undertaken for up gradation of low grade minerals. For this, self-sustaining institutions as well as private sector organizations will have to work together and the Government will facilitate creating this net-work.

105. It will be necessary to adopt U.N. Framework Classification (UNFC) at the earliest and to bring up the national mineral inventory as per this classification which will present reserves/resources of minerals on internationally uniform system inter-alia for attracting more FDI in the mining sector.

**Review of the Annual Plan (2001-02)**

106. In view of the economic liberalization and globalization, the Government of India has taken a series of new initiatives under the over all frame work of National Mineral policy (NMP-1993) for growth of the mineral sector. The Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act) and the rules framed there under were amended in 2000-01 to make the statutory provisions on par with international best practices and investor friendly.

107. During the year 2001-02, MCR, 1960 and MCDR, 1988 were further amended as: (i) A time limit of ninety days has been prescribed for the Indian Bureau of Mines and the State Governments to convey decision on the mining plan submitted for approval (ii)Time limits have been prescribed for conveying a decision on applications for mineral concessions, viz six months for reconnaissance permits, nine months for prospecting licenses and twelve months for mining leases (iii) The provisions of penalty under MCDR, 1988 have been made more stringent to ensure systematic and scientific mining. (iv) The fee structure for various applications under MCR, 1960 and MCDR, 1988 has also been revised to make these pertinent to the cost of processing the applications.

108. Three proposals involving foreign direct investment to the tune of Rs.29 crore were approved during the year 2001-02, through the Foreign Investment Promotion Board (FIPB) route, which takes the total number of FIPB approvals to 70, indicating an expected FDI inflow of Rs.3,963 crore.

109. The policy changes have attracted private investment in exploration of base metals, noble metals and other scarce minerals. Since 1.1.2001 to 31.1.2002, reconnaissance permits in 67 cases involving an area of more than 83,000 sq. kilometer have been approved so far, of which 29 reconnaissance permits involving 31,000 sq kilometer were approved in 2001-02.

110. The States , Andhra pradesh, Karnataka, Rajasthan, Utter Pradesh and Haryana have approved twenty seven, twenty three, fourteen, two and one reconnaissance permits respectively.

111. Beach Sands (Atomic Minerals), which were hitherto reserved for the public sector, have been opened to the private sector for exploration and commercial exploitation subject to, however, some guidelines under the Atomic Minerals Act.

112. During the Zero-based budgeting exercise, the schemes/ programmes /projects implemented during the Ninth Plan were considered in depth for the purpose of weeding out, convergence and merger etc.

113. The schemes/projects in Hindustan Copper Ltd. have been weeded out and the company is slated for disinvestment.

114. NALCO would continue with the critical on going schemes like expansion of smelter and captive power plant.

115. Schemes aimed at maximizing benefits would continue in HZL which had already been disinvested to a strategic partner.

116. Geological Survey of India has been taking up some open-ended schemes. Efforts have been made to projectise these schemes apart from merging some and weeding out others.

117. IBM is essentially carrying out the establishment work and therefore all its Ninth Plan schemes have been merged into one.

118. The Science and Technology (S&T) programmes are being undertaken in a project mode with approved scope, cost and time of completion.

119. The Department of Atomic Energy is undertaking the schemes which are strategic in nature and therefore, it is necessary to continue with these programmes/ schemes.

120. The programmes of the Department of Ocean Development are essentially related to mining of poly-metallic nodules and related technology to recover metals such as copper, nickel, manganese, etc., from these nodules. These programmes are also in a projectised mode with approved scope, cost and time of completion.

121. The Hindustan Zinc Limited (HZL) where the Government of India held 75.92% equity, the decision has been taken to disinvest 26% of its total equity to M/S Sterlite .

122. In National Aluminium Company Limited (NALCO), where the Government of India holds 87.15% equity and the decision has been taken to further disinvest 30% of NALCO's equity through market route.

123. The disinvestment in Mineral Exploration Corporation Limited (MECL) would be taken up in the financial year 2002-03.

124. The Government of India has decided to disinvest its total shareholding (98.95%) in Hindustan Copper Limited (HCL) to an interested buyer. Expressions of Interest have been invited and an Inter-Ministerial Group for disinvestment of HCL has been constituted under the Chairmanship of Secretary, Department of Disinvestment.

125. A decision has already been taken by the Government to wind up sick Bharat Gold Mines Ltd (BGML).

126. The London Metal Exchange (LME) prices of non-ferrous metals kept on fluctuating during the plan period. In particular, copper has been the worst case, its prices have remained depressed and fluctuating between US$ 1450-1500 per tonne affecting adversely the performance of Hindustan Copper Limited (HCL) working mainly on indigenous copper ore.

## THE SUB SECTOR PROFILE

### Iron Ore

127. As against anticipated production of 100 million tonnes, the output of iron ore during the year 2001-02 was 80.99 million tonnes (Annexure-6.3.1).The indicative export target of 32 million tonnes set for the year 2001-02 was exceeded by around 2.43 million tonnes primarily because of demand from China, South Korea, etc.

128. The Government of India had approved development of Bailadila 10/11A iron ore projects of the National Mineral Development Corporation (NMDC) at an estimated cost of Rs.430.50 crore in August, 1995 which was to be completed by August, 1999. The implementation of the project got delayed because of some technical reasons. The equipment required for construction have already been arrived and deployed for mine development for the production capacity of 5.00 million tonnes per annum. NMDC is also planning to develop Kumaraswamy mine with a capacity of 3 million tonnes per annum in Karnataka as a replacement for the depleting Donimalai iron ore mine.

129. The mining lease for Kudremukh Iron ore company Ltd.(KIOCL) was given for 30 years period which expired on 24$^{th}$ July 1999. One year work permit from 25$^{th}$ July1999 to 24$^{th}$ July 2000 given in the first instance,. was further extended one year more till 24$^{th}$ July 2001. While approving the extension, Government of India had directed the Government of Karnataka to finalise the notification regarding Kudremukh National Park on or before 30.9.2000. The Government of Karnataka had taken a decision to exclude the lease area of 3203.55 Hectares of forest land and an additional 500 hectares of Lakya Dam submersion area from the purview of National Park and accordingly a notification has been issued deleting the Kudremukh Mine area and Lakya Dam from the Kudremukh National Park area. This notification has since been challenged and PIL is pending before the Hon'ble Supreme Court.

## NON-FERROUS METALS

### Aluminium

130. Aluminium smelting is power intensive and due to constraints in power supply and its high cost, this sector has suffered. However, major industries like NALCO and HINDALCO are now able to produce with their captive power at reasonable low cost to compete in the world trade of the metal.

131. Primary aluminium output during the year 2001-02 was 6,38,000 tonnes against an indicative target of 6,48,000 tonnes (Annexure – 6.3.1 ).

132. The short fall was accounted due to INDAL's Belgaum Smelter, which did not re-energised apart from marginal expansion of its Hirakud smelter also could not materialize, as was anticipated.

133. No green field investment was anticipated in the aluminium sector, neither in the private sector nor in the public sector during the Plan period.

134. The NALCO's debottlenecking project of its alumina refinery and expansion projects of bauxite mines from 2.4 million tpa to 4.8 million tpa and Alumina Refinery from 0.8 million tpa to 1.575 million tpa have been completed. The expansion of aluminium smelter capacity from 2,30,000 tonnes per annum to 3,45,000 tonnes per annum is under implementation.

135. NALCO has commissioned the first phase of the expansion of its alumina refinery in June, 2000 which has taken the production capacity of refinery from 8,00,000 tonnes per annum to 10,50,000 tonnes per annum. The final phase of expansion to the level of 15,75,000 tonnes per annum has been completed during December 2001.

136. After expansion, NALCO becomes the largest alumina producer in Asia with an exportable surplus of one million tonnes per annum after meeting the internal demands of its expanded smelter at Angul.

137. As regards the captive power plant (C.P.P), all the six units of 120 MW capacity are working at the rated capacity. Additions of the seventh and eighth units of 120 MW capacity each to the Captive Power Plant are likely to be completed during the X th Plan period . The Government has further approved expansion of capacity of CPP from 840 MW to 960 MW at a cost of Rs.480 crores. The project is under implementation.

138. NALCO is implementing a number of downstream projects for manufacturing value added items like special grade alumina and zeolite etc.

**Copper**

139. The copper output during the year 2001-02 was 3,06,000 tonnes ,as against the indicative target of 3,12,000 tonnes. (Annexure – 6.3.1).

140. The indigenous primary copper smelting capacity during the year 2001-02 was around 3,47,500 tonnes per annum as against the Ninth Plan anticipated target of 5,00,000 tonnes per annum due to the additions to the indigenous copper smelting capacity to the tune of 1,52,500 tpa, which was anticipated to come from the expansion of HCL's Khetri smelter (52,500 tpa) and a new smelter of Metdist Ltd. (1,00,000 tpa) not materializing on commercial considerations.

141. The out put of higher production of the metal was on account of private sectors like M/s Birla Copper and M/s Sterlite smelters based on imported copper concentrate (using OTOKUMPU and MIM technology) respectively.

142. The indigenous mining activity among the primary copper producers is limited to only Hindustan Copper Limited (HCL). The other primary copper producers in the private sector (Birla Copper and Sterlite Industries) import the required quantity of copper concentrate.

143. HCL also imports some quantity of copper concentrates for its smelter plants to supplement shortfall in indigenous production. The only indigenous copper ore mines accounting for primary production of copper during 2001-02 were the Malanjkhand, Khetri, Kolihan and Surda mines of HCL.

**Zinc and Lead**

144. Zinc output during 2001-02 was 2,05,209 tonnes against an indicative target of 1,78,000 tonnes. The higher out put of the metal was due to additional capacity coming on stream and efficiency gain.

145. Lead production was estimated at 38,217 tonnes against an indicative target of 45,000 tonnes( Annexure- 6.3.1).

146. The decline in lead out put was noted due to ban imposed on importing lead scrap in the form of drained batteries or battery plate scrap, lead residues or lead dross under the Basel Convention, which resulted in the secondary lead output of the India Lead Ltd. – a private sector company – coming down to about 50 per cent of its annual capacity apart from the additions to its lead capacity not materialising on commercial considerations, and the closure of both plants of ILL( India Lead Limited) at Thane and Kolkata.

147. The secondary zinc producers were not in operation as they were not able to import raw materials such as zinc ash, dross and skimmings, etc., on account of ban imposed by the Government under the Basel Convention.

148. The secondary zinc production was resumed after importing raw materials under the 'Actual Users Licence'.

149. HZL has completed expansion of existing smelters at Debari and Vishakhapatnam on schedule by 10,000 tonnes per annum and 7000 tonnes per annum respectively. The zinc production capacity of the Company now has been augmented from 1,52,000 tonnes per annum to 1,69,000 tonnes per annum.

150. During 2001-02, GSI took up a total of 148 programmes on mineral investigations. It has covered 98.23% of the total area of 32,87,000 sq.km. of the country by systematic geological mapping on 1:50,000 scale. An area of 2,63,000 sq. km. has been identified for updating and refining the database generated during systematic geological mapping by applying higher resolution and the emerging concepts to be covered by theme oriented mapping on 1:25,000 scale. GSI has completed "Technical Assistance project for Detailed Exploration of Platinum Group of metals in Orissa".

151. The Marine Wing of the GSI continued its offshore geo-scientific survey programmes within the Exclusive Economic Zone (EEZ) of Bay of Bengal, Arabian Sea, Andaman Sea and beyond the EEZ in the Indian Ocean.

152. Under the indigenous R&D programme of IBM, emphasis was laid on promoting R&D efforts in hydrometallurgical and bio-leaching processes for the extraction of low grade ores.

153. During the year 2001-02 (up to December, 2001), IBM continued preparation/updation of mineral maps of soapstone leaseholds in Rajasthan and bauxite leaseholds in Gujarat along with corresponding forest overlays. Preparation of mineral maps of sillimanite leaseholds and limestone leaseholds in Meghalaya State was completed. Besides, 39 index maps, multi-mineral maps, regional geological maps etc. were digitized.

154. IBM has completed two projects with the assistance provided by BRGM, France, namely, environment management of mines and waste recovery at an estimated cost of 16 million French Francs and technical management information system at an estimated cost of 23.4 million French Francs.

155. During 2001-02, till December 2001, IBM had taken action under the mining statutes for regulation of conservation of mines mentioned as under:

| | | |
|---|---|---|
| ● Mining Plans approved | : | 481 numbers |
| ● Mines inspected | : | 1653 numbers |
| ● Violations pointed out | : | 1644 numbers |
| ● Violations fully rectified | : | 613 numbers |
| ● Updated National Mineral Inventory as obtaining on 1.4.2000 | : | 27 Minerals |
| ● Area covered in Mineral Maps | | 21000 hectare |

156. The preparation of mineral maps with forest overlays with the help from Forest Survey of India, has been initiated for mineral rich areas of different States. These forest overlay maps will be supplied to the Department of Mines & Geology of State Governments for speedy processing of forest clearance in the grant and renewal of mining leases.

157. MECL's exploration programmes have yielded non-coking coal reserves amounting to 322 million tonnes in the State of West Bengal, lignite reserves to the tune of 1092 million tonnes in Tamil Nadu and copper ore reserves of 3.48 million tonnes with 0.89 Cu% in Singhana Extension block (Ph-I), dist Jhunjhunu, Rajasthan. Diamondiferous conglomerate amounting to 1.34 million tonnes has been established at Hatupur, Panna diamond field, Madhya Pradesh, while 1.90 million tonnes of gold ore with 3.93 g/t Au has been established at Dona East (Ph-I), district, Kurnool, Andhra Pradesh and 0.10 million tonnes of molybdenum with 0.08% Mo at Vellampatti south block, Tamil Nadu.

158. Sikkim Mining Corporation (SMC) has been transferred to the Department of Development of North Eastern Region with effect from 21.12.2001.

159. The State Government of Chhatisgarh and West Bengal have recently framed/revised their mineral policy /mining policy to expedite exploration of new mineral deposits by adopting modern exploration techniques. This will Create a conducive business environment to attract private investment both domestic and foreign in the mineral sector. The policy aims at the simplification of procedure and complete transparency in decision making to exploit mineral deposit by promoting adoption of mechanized and scientific mining with due regard to optimum exploitation, mines safety and minimizing the adverse affects of mineral development on the eco-system. It would provide necessary linkages for smooth and uninterrupted development of mining industry and to create a data base . The Value addition through promotion of processing units and mineral based industries would be encouraged. The policy would encourage the export of minerals having exportable potential and increase employment opportunities in the mineral sector and promote development of human resources to meet the future requirements of mining and mineral based industry besides, ensuring safety and welfare of the people engaged in mining

activities with greater and scientific utilization of mineral resources by preventing illegal mining transportation and storage of minerals.

**Programmes to be taken in the Annual Plan 2002-03**

160. NALCO would take up its critical on-going schemes like capacity increase of Smelter and VIII unit of the captive power plant etc. Hindustan Zinc Ltd. proposed to complete the critical on- going schemes along with some new schemes and schemes aimed at maximizing benefits. Hindustan Copper Ltd would take up replacement and renewals of mining and other equipments. MECL would continue with its promotional and capital schemes besides, undertaking beneficiation programmes for upgradation of low grade minerals/ore. For this, self-sustaining institutions as well as private sector organizations will have to work together and the Government will facilitate creating this net-work.

161. GSI will have to be restructured and modernized, including in the areas of instrumentation for both ground and aerial geophysical surveys, state-of-the-art laboratory instrumentation with high precision capabilities, etc. Also, a new research vessel will have to be acquired for carrying out bathymetric and magnetic surveys in off-shore areas for staking claim on extended continental shelf zone up to 350 nautical miles under Third United Nations Conference on Laws of Sea ( III – “UNCLOS”) in the Tenth plan.

162. IBM proposed to prepare U.N. Framework Classification (UNFC) and preparation of mineral maps with forest overlays with the help from Forest Survey of India, has been initiated for mineral rich areas of different States.

163. Despite the progress made in the recent past by private companies including FDI in the mining sector, there are some areas of concern having policy implications require further attention. These have been given below:

**Areas Of Concern**

164. The present procedure for granting various clearances such as reconnaissance permit, prospective licence, mining lease, transfer of surface rights has been perceived to be taking unduly a long time.

165. The mining industry is of the view that the above clearances should be made time-bound. In case, the approvals are not granted within the laid down time-frame, these should be treated as having been granted.

166. A provision needs to be made in the MMRD Act for revoking reconnaissance permit if not implemented within the prescribed time limit.

167. Presently one cannot mine a deposit which lies in declared forest area. There are many excellent mineral deposits available in such forest areas. There can be a way out for exploiting commercially such deposits for the benefit of the economy vis-à-vis maintaining requisite forest cover and at the same time enforcing safeguarding other concerns of maintaining eco-balance. This way out needs to be found.

168. Various State Governments have laid down extraneous conditions and demands such as free extra royalty, etc., besides asking the mining companies to put up their processing plants in the respective States. Such conditionalities are contrary to the present policy dispensation and needs to be done away with for the speedy growth of the private sector investment including FDI in the mining sector.

169. The practice of reserving large mining areas by the State Governments for exploitation by the Public Sector needs to be discontinued as this practice is also inconsistent with the present policy dispensation.

170. Inadequacy and high cost of infrastructure continues to be a big constraint in the growth of mineral sector including exports. This constraint will have to be eased out with speed that it demands.

171. Due to low availability of indigenous lead concentrates as well as scrap, there is an urgent need to look for a new lead resources in the country.

172. There is also a need for centralized collection of battery scrap and its processing in the organized secondary sector by units having the required environmental control measures in position. This will arrest the growth of backyard lead smelters, which are not considered environment friendly.

**Externally Aided Projects in the Mineral Sector**

173. GSI has proposed to undertake modernization of the laboratory facilities and re-structuring of its ground, marine & aerial surveys with BRGM financial aid at Rs.70.00 crores.

174. Similarly, four IBM-BRGM project proposals i.e. Management of Solid Waste from Mining in India, Supply of Laboratory equipment to IBM, Capacity of building at State level for Mineral Development and Environmental Management. Implementation of United Nation's Framework Classification for Mineral Resource Management in India under Grant-in-Aid are under active consideration of BRGM, France and Government of India, have been included in the Tenth Plan. These projects include Rs.3.33 crores BRGM, France assistance.

**Plan Outlay**

175. Plan outlay (RE) of Rs.1445.95 crore was estimated for the Annual Plan (2001-02), which included Rs. 1203.50 crore as of IBER and Rs.242.45 crore of budgetary support. An outlay of Rs.1253.00 crore was approved for the Annual Plan (2002-03), to be financed through IEBR of Rs.1018.50 and GBS of Rs.234.50 crore including a sum of Rs.73.33 crore as foreign aid routed through the budget.

**Annexure – 6.3.1**

## Physical Performance during the year 2000-01,2001-02 and Target for the year 2002-03

| S. No. | Item | Unit | 2000-01 Actual | 2001-02 | | 2002-03 Target |
|---|---|---|---|---|---|---|
| | | | | Plan Target | Actual | |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** |
| 1 | Iron Ore | Mill.Ton | 77.00 | 100.00 | 80.99 | 100.00 |
| 2 | Aluminium (Primary) | Tho.Ton | 642.84 | 648.00 | 638.00 | 721.00 |
| 3 | Copper (Cathodes - primary) | Tho.Ton | 237.72# (42.30)$ | 312.00# (43.00)$ | 306.00 (35.80)$ | 348.00 |
| 4 | Zinc (Primary) | Tho.Ton | 178.00 | 178.00## | 205.00 | 199.00 |
| 5 | Lead | Tho.Ton | 40.51 | 45.00 | 38.00 | 58.50 |

# Including production from the private sector companies i.e. Sterlite Industries Ltd., Indo Gulf Copper Ltd. (Birla Copper) and Hindustan Copper Ltd. – a public sector enterprise.

$ Indicative Plan Target for HCL.

## Higher output through additional capacity coming on stream and efficiency gain as against indicative IX th Plan target.

## 6.4 VILLAGE & SMALL SCALE INDUSTRIES AND FOOD PROCESSING INDUSTRIES

1. The Village & Small Industries (VSI) sector includes industries such as Small Scale Industries (SSI), handlooms, handicrafts, powerlooms, sericulture, khadi, wool, coir, etc. This sector has emerged as a dynamic and vibrant sector of the economy over the years. It has consistently registered growth in production, employment and exports. Small scale industries (SSIs) play an important role as producers of consumer goods and providers of employment to labour at lower investment than the large and medium scale industries, thereby addressing the problems of reducing poverty and unemployment. There are about 34 lakh small scale industrial units in the country accounting for more than 40 per cent of the gross value of output in the manufacturing sector and about 35 per cent of the total exports of the country. It provides employment to about 192 lakh persons, which is second only to agriculture.

2. The Government has been encouraging and supporting promotion of small scale industries through policies such as infrastructural support, preferential access to credit, reservation of products for exclusive manufacture in the SSI sector, preferential purchase, etc.

3. The Planning Commission has carried out the Zero-based Budgeting (ZBB) exercise for the Tenth Plan and 189 schemes under implementation in the $9^{th}$ Plan have been brought to 74 schemes by merging/regrouping/weeding out schemes. This exercise has the effect of concentrating on important schemes and not to spread resources thinly on large number of schemes.

4. The growth of SSI sector has generally been higher than the industry sector as a whole by two to three percentage points. However, in the more recent past, the sector has started feeling the effect of opening up of the economy and competition from imports. The Small Industries Development Bank of India (SIDBI) is the apex bank for the small scale sector disbursing large funds and providing refinance to commercial banks for on-lending to the SSI sector. A Credit Guarantee Scheme has been taken up on pilot basis. Under this scheme, loans upto Rs.25 lakh would be guaranteed without any collateral guarantee by the Credit Fund and upto 75 per cent of the loan would be repaid to banks in case of failure of the SSI unit and balance 25 per cent would be recovered after liquidating its assets.

5. Turnover limit of SSI units has been raised from Rs.4 crore to Rs.5 crore to help banks to provide more working capital; lending by banks to NBFCs or other financial intermediaries for purposes of on-lending to tiny sector has been included under priority sector lending by banks. As on $31^{st}$ March, 2002 for 3247 SSI units in 28 States/Uts guarantee has been approved for loan amount of worth Rs.3557.68 lakh by the Credit Guarantee Fund Trust for Small Scale Industries (CGTSI) operating the Credit Guarantee Scheme since July 27, 2000. Specialised bank branches exclusively meant for small industries are being set up to improve availability of credit to the SSI sector. So far, 391 specialised bank branches have been set up by the banks.

6. The scope of the technology modernisation fund of SIDBI has been widened to include all SSI units. Earlier, only export-oriented units were provided credit under this scheme. The Government has sanctioned a Credit Linked Capital Subsidy Scheme for Technology Upgradation for SSI sector, based on the recommendations of the Study Group.

7. Indicative physical targets and achievements in respect of production, employment and exports are given in Annexure 6.4.2. Details are discussed sectorwise in subsequent paragraphs. Plan outlays and expenditure for 2000-2001, 2001-02 (B.E.- RE) and 2002-03 (BE) are given in Annexure 6.4.1.

**Small Scale Industries**

8. Small Industries Development Organisation (SIDO), under the Ministry of Small Scale Industries provides services to the SSI units through a network of organisations viz. Small Industry Service Institutes (SISIs), Regional Testing Centres (RTCs), Field Testing Stations (FTSs), Process-cum-Product Development Centres (PPDCs), etc. SIDO provides technical input, quality testing facilities, training, extension, market development assistance, data base support, infrastructural facilities, credit guarantee, capital linked subsidy for technology upgradation, etc.

9. Small Industries Development Organisation (SIDO) has set up a number of Tool Rooms to assist SSI units and to provide assistance for technological upgradation, technical consultancy and common service facilities for design and production of quality tooling. Financial assistance is being given to the States for setting up Mini Tool Rooms for which SIDO is providing one time financial assistance for machinery to help in creating localised training and production facilities.

10. Modernisation and technology upgradation of workshops of Small Industry Service Institutes (SISIs)/Regional Testing Centres (RTCs)/Field Testing Stations (FTSs) is being taken up in a phased manner to equip them with modern machines and skilled manpower. A scheme of Technology Upgradation and Management Programme (UPTECH) was launched in 1998 to take care of modernisation and technological needs of the SSI clusters. Six clusters have been identified and diagnostic studies for these clusters have been taken up.

11. Integrated Infrastructure Development Centres (IIDCs) scheme was taken up during the Eighth Five Year Plan Plan to augment the infrastructural facilities in rural and backward areas to promote industrial development. This scheme has been revamped by removing certain restrictive provisions and by providing liberal finance to North East Region, including Sikkim. So far, 63 IIDCs are at various stages of implementation and Central grant of Rs.53.81 crore has been released upto November, 2002.

12. The scheme of Credit Linked Capital Subsidy (CLCS) has been taken up to encourage SSI units to adopt latest technologies in identified sectors with 12 per cent capital subsidy to be provided on loans taken by SSI units from banks/Financial Institutions for modernization. So far 29 units have been covered.

13. Under Credit Guarantee Fund Scheme, collateral fee loan upto the limit of Rs.25.00 lakh for individual SSI is provided. During the year 2001-02, an amount of Rs.100.00 crore has been released.

14. The Office of Development Commissioner (SSI) has taken up the scheme of collection of statistics for SSI and to carry out the 3rd SSI Census of SSI. It is expected that working results would be available by 31.12.2002 and complete census information would be ready by March, 2003.

**Prime Minister's Rozgar Yojana (PMRY)**

15. Prime Minister's Rozgar Yojana (PMRY) is under implementation to make available institutional finance to educated unemployed youths for setting up of self-employed ventures for all economically viable activities. A number of modifications have been made in the scheme to make it more attractive e.g., increase in the upper age limit from 35 years to 45 years for SCs/STs ex-servicemen, women and physically disabled persons, reduction in minimum educational qualifications, enhancing the annual family income ceiling and project size for projects under industry and service sectors; relaxation of residency criteria for married women applicants and collateral free loan for projects under industry sector by the individual beneficiary; enhancing credit/loan portion for beneficiaries of N.E. states etc. During 2001-02, loans have been sanctioned to 2.31 lakh and distributed to 1.36 lakh educated unemployed youth against the Plan target of 2.20 lakh. Poorer rate of recovery of loan over dues in some States is the cause of concern. Number of measures have been taken by the RBI and the Central Govt. to improve recovery of loan over dues under the scheme.

**National Small Industries Corporation Limited (NSIC)**

16. The National Small Industries Corporation (NSIC) Limited was set up to provide and foster growth of SSI sector. The Corporation is providing machinery on hire purchase, equipment on leasing, raw material assistance, marketing inputs for domestic and exports, single point registration, etc, to promote, aid and foster the growth of small industries in the country. NSIC is also helping in promoting viable small industries all over the country, particularly industries in backward areas North-Eastern States and in selected lines of production identified as priority areas for exports.

17. NSIC is operating 'Marketing Assistance' programme which includes i) Raw Materials Assistance Programme, ii) Integrated Marketing Support Programme and iii) Marketing to Government and Tender Marketing, including Consortia Formation. Under Raw Materials Assistance Programme, various raw materials, components, sub-assemblies for and on behalf of SSI units are procured and supplied to the SSI units for delivery in small lots, as per their requirement and capacity to make payment. Under the Integrated Marketing Support Programme, the Corporation meets financing requirements of SSI units arising due to deferred payment being made for sale of their goods. The bills are then collected by the NSIC from the purchasers.

18. The scheme of 'Single Window' assistance helps exporting SSI units and the Corporation provides all necessary assistance to enable the SSI units to export. The products being exported by SSI units include builders' hardware, brass components,

machine tools, hand tools , hand gloves, diesel engines, sanitary and bathroom fittings, sports goods, leather goods, garden tools, etc. NSIC is also helping SSI units to participate in international trade fairs. During 2002-03, upto November 2002, the exports (excluding software exports) from SSI units through NSIC were Rs.4.28 crore as against Rs.2.31 crore during the corresponding period of previous year. NSIC has registered 32,496 SSI units upto March, 2002, under Government Store Purchase Programme. During first eight months of 2002-03, 473 new units were registered under this programme.

19. Techmart India 2002 was organised by the corporation to show the technologies of the small scale sector. NSIC is encouraging the SSI units in technology transfer from abroad through Technology Transfer Centre set up at Okhla. An internet based portal (Technology Showcase) is helping the SSI units for sourcing technologies from international partner institutions.

**Khadi and Village Industries**

20. During the Tenth Plan period, employment creation has been accorded the highest priority. Especially, focus would be laid upon creating new jobs in rural areas for providing employment to rural people and reducing exodus to urban areas for search of new employment. A target of creating 20 lakh new jobs in KVI sector has been kept for the Tenth Plan. In 2002-03, being the first year of the Tenth Plan, the KVIC has initiated a number of new initiatives so that the target of 4 lakh jobs could be achieved. Main areas of focus by the KVIC would be introduction of new designs and fashion in khadi cloth, better implementation of the Margin Money Scheme(also known as Rural Employment Generation Programme), introduction of appropriate technology in village industry units, adoption of higher and uniform quality standards for VSI products, cluster development of VIs, etc.

21. Over the years, khadi cloth production and employment is going down. However, production and employment in village industries have shown growth and new job creation is reported in village industries . The Performance of khadi and village industries may be seen at Annexure 6.4.2. In 2002-03 the target of production and employment in khadi cloth is 59.50 million sq. mtrs. and 8.56 lakh persons respectively which is likely to be fully achieved. In village industries, the anticipated achievement with respect to production and employment would be Rs. 7622.50 crore and 57.82 lakh persons respectively against the target of Rs.7680 crore and 60.00 lakh persons for production and employment respectively. KVIC has introduced new designs and fashion inputs for khadi cloth with the help of National Institute of Design (NID) and National Institute of Fashion Technology (NIFT). These activities are expected to improve khadi demand to boost production and employment. In future, emphasis would be on ‘No Loss’ basis instead of ‘No Profit’ concept. The policy of providing rebate for khadi cloth would now be continued during the Tenth Plan period as recommended by the KC Pant Committee. Orders for 2002-03 have been issued by the Ministry of Agro & Rural Industries. The High Powered Committee under the Prime Minister had envisaged creation of two million jobs in KVI sector during the Eighth Plan. Under the Rural Employment Generation Programme (REGP). 14.42 lakh new jobs were created and 1.40 lakh projects were sanctioned upto 31$^{st}$ March, 2002.

22. Since 1995-96, the KVIC has introduced a new Margin Money Scheme (MMS) to encourage setting up of new village industries. Funds upto 25 per cent of the project cost are provided as margin money for projects upto Rs.10 lakh. For projects costing between

Rs.10-25 lakh, 10 per cent of the remaining cost of the projects is provided as margin money. For N.E. Region, beneficiaries from SC/ST women, ex-servicemen, physically handicapped persons, minority community, etc. margin money is provided upto 30 per cent of the project cost. The Rural Employment Generation Programme is being implemented with the active involvement of 27 Nationalised Commercial Banks, Regional Rural Banks and State KVIs. Utilisation of funds from consortia of banks is rather low and there is need to improve this. During 2001-02, KVIC has provided Rs.149.80 crore margin money advances to the public sector commercial banks and Rs.40.43 crore to the State KVI Boards, totalling to Rs.190.23 crore. Against this margin money, advances, the estimated mobilisation of bank loan was at Rs.457.30 crore approximately.

**Coir Industry**

23. The coir industry utilizes waste product, i.e. coir husk from coconut plantation. It is a labour intensive and export oriented industry. Coir industry is also concentrating on large coconut tea plantation. The Performance of Coir Industry has been indicated in Annexure 6.4.2. The Coir Board is looking after promotion, growth and development of the coir industry, promotion of exports and expansion of the domestic market by providing marketing support. The Coir Board implements a number of developmental programmes for the coir sector; these include assistance for participation in exhibitions, coir industry awards, Mahila Coir Yojana, strengthening, of national level training institutes, model coir villages, group insurance scheme for artisans, financial assistance for modernisation, reduction of drudgery and other welfare measures.

24. As part of modernisation of spinning sector, setting up of Integrated Coir Development Projects (ICDPs) has been taken up. During 2001-02 under ICDPs, 34 de-fibring units and 81 spinning units have been commissioned in Kerala out of 171 sanctioned units. The project is also under implementation in the States of Karnataka, Tamilnadu, West Bengal and Orissa.

25. The minimum export price on coir and coir products has been phased out, which has made coir products' export exportable at competitive prices. Coir exports have shown consistent growth after removal of minimum export prices. During AP 2002-03, against the target of Rs.450.00 crore for exports, upto 30$^{th}$ September, 2002 exports worth Rs.152.00 crore has been achieved and is expected to achieve the full target during the year.

26. The Coir Board is implementing a scheme of "Technology Transfer, Modernisation and Capacity Building in Indian Coir Sector" with funding support from UNDP. Total outlay for the project is US $ 8,46,000 (Rs.3.80 crore). Six coir clusters in states of Tamil Nadu, Andhra Pradesh, Karnataka and Kerala have been identified and the scheme is in progress.

27. Hindustan Coir is a model powerloom factory established by the Coir Board in 1968 with a view to demonstrate the production of coir matting on powerlooms to motivate other entrepreneurs to start such units. The factory produced 3.05 lakhs sq. mts. of powerlooms matting during 2001-02. In 2002-03, upto 30$^{th}$ September, 2002, the factory is likely to produce 1.68 lakh sq. mts. of powerlooms matting.

**Handlooms**

28. Handlooms not only depict the heritage of India and richness and diversity of our country and artistry but also play a very important role in the economy by providing employment to about 124 lakh persons. Handloom is the largest economic activity after agriculture. This sector also earns valuable foreign exchange through export of handloom products. Due to effective state intervention in providing financial assistance and by implementation of developmental and welfare schemes, this sector has been able to successfully withstand the growing competition from the powerloom and mill sectors. This sector contributes around 19 per cent of the total cloth produced in the country. Performance of the sub-sector is indicated in Annexure 6.4.2.

29. Handlooms sector has been facing a number of problems like old technology and traditional production techniques, high price of hank yarn, inadequate availability of inputs like standardised dyes and chemicals in small packs, lack of new designs, need for inadequate upgradation of skills and inadequate marketing intelligence and feedback. Besides, it has certain inherent disadvantages like unorganised structure, weak financial base of the weavers and bureaucratisation/ politicisation of cooperatives.

30. The handloom sector is largely dependent on the organised mill sector for supply of its principal raw material, namely, hank yarn. The Central Govt. has been assisting the handloom weavers in getting regular supply of hank yarn at reasonable prices through (a) Hank Yarn Obligation Scheme and (b) supply of yarn at mill gate price to handloom weavers through National Handloom Development Corporation (NHDC). NHDC had supplied 205.07 lakh kg. of yarn of value of Rs.187.38 crore during 2001-02 to the handloom agencies. Upto October, 2002, NHDC has supplied 222.00 lakh kg of hank yarn of value of Rs.170.87 crore. During 2002-03 Budget, excise duty has been levied on hank yarn. Till the end of February, 2002, hank yarn was exempted from excise duty. However, to avoid hardships to handloom weavers, due to additional cost of excise duty, the office of DC(Handlooms) has formulated a scheme to reimburse the excise duty to organisations supplying hank yarn at prices net of CENVAT to the handloom weavers on hank yarn .

31. To provide marketing support to handloom agencies and individual weavers, the Office of the DC(Handlooms) provides assistance for organising National Handloom Expos/ Special Expos, District Level Events, for conferring National Awards to the Master Weavers and for participation in the Craft Meals organised in different parts of the country. In 2001-02, 9 National Handloom Expos and 9 Special Expos and 92 District Level Events were held. During 2002-03, about 15 National Handloom Expos/Special Expos and 150 District Level Events are proposed to be organised in different parts of the country alongwith the 4 Craft Melas at Udaipur, Hyderabad, Faridabad and Agra.

32. Welfare measures are provided to handloom weavers through group insurance scheme, health package scheme, Thrift fund scheme, project package scheme and work-shed- cum- housing scheme etc. The Hon'ble Prime Minister had announced on 15th August, 2002 the implementation of a special Contributory Insurance Scheme for Weavers and Artisans. Accordingly, a comprehensive scheme called "Weavers' Welfare Scheme" has been prepared with Health Package, Thrift Fund, Bunker Bima Yojana and Package Insurance for Handloom Weavers as its components.

33. Deen Dayal Hathkargha Protsahan Yojana (DDHPY) was launched in April, 2000 and proposed to be continued till March, 2007 for development of the handlooms sector. Some of the earlier schemes like Project Package Scheme, Freelance Designer Scheme, etc, have been subsumed in the DDHPY scheme. Under DDHPY financial assistance is being provided to handloom organisations for components like (i) basic inputs, (ii) infrastructure support, (iii) design input, (iv) publicity, (v) marketing incentive, (vi) transport subsidy, and (vii) strengthening of handloom organisations. Grant is provided in the ratio of 50:50 between Central and state governments. In the case of N.E. states, Sikkim and J&K, the sharing would be 90:10. For implementing agencies having 100 per cent SC/ST/Women/ minorities the grant is shared in the ratio of 75:25. The assistance for marketing assistance would be in the ratio of 50:50 between the Central and state governments in respect of all the remaining states. The Prime Minister has announced a special package for handloom weavers on 15.08.2002 to provide welfare measures and group insurance cover. The package of J&K announced by the Prime Minister to handloom weavers included a number of new initiatives.

**Powerlooms**

34. The decentralised powerlooms sector plays an important role in meeting clothing needs of the country and produces a wide variety of cloth, both grey as well as processed having intricate designs. There are over 3.75 lakh units contributing in the total cloth production of the country to the extent of 59 per cent, excluding the cloth produced by non-SSI, weaving and hosiery/knitting units. This sector employs around 42 lakh persons and also contributes significantly to the export earnings.

35. The estimated number of powerlooms in the decentralised sector in the country has increased from 6.39 lakh in 1986 to 16.71 lakh as on 31st August, 2002. Powerlooms are facing main problems like use of outdated technology, fragmented and small size units, high powered tariffs, increasing power cuts, low skills, inadequate credit availability and poor marketing techniques. With globalisation, there is increasing competition from imports. It is necessary to modernize powerlooms, improve quality of production and productivity, provide higher design inputs and to pay attention to the social welfare needs of powerloom workers.

36. There are 13 Powerloom Service Centres (PSCs) functioning under the Textile Commissioner and 29 PSCs under the different Textile Research Associations (TRAs), namely, ATIRA, BTRA, MANTRA, NITRA, SASMIRA, IJIRA, SITRA. State governments of Andhra Pradesh and Madhya Pradesh have established PSCs at Hyderabad and Jabalpur, respectively, in 2000. These PSCs are providing inputs like technical consultancy, training, designs, technology information, etc, to the powerlooms.

37. The powerlooms in the Powerloom Service Centres (PSCs) are very old and of outdated technology. There is a need to modernise and strengthen the existing PSCs by installing shuttle-less looms, Cop-changing/shuttle changing looms, Drop Box looms, Dobby, Jacquard terry fabric weaving looms, prin winding machines, sectional warping machines, yarn and fabric testing equipment, chemical testing equipment, DG sets, etc. 21 PSCs have been modernized during the 9th Plan and remaining would be modernized in the Tenth Plan.

38. Seventeen Computer Aided Design (CAD) centres have been set up so far in the country. Uplinking and downlinking of CAD centres is under progress with National Design Centre, at New Delhi. The Group Insurance Scheme under implementation in association with Life Insurance Corporation, has been revised and as per the revised scheme, a weaver aged between 18-60 years who had earned a minimum average wage of Rs.700 per month during a year is eligible to join the scheme. The annual premium is shared equally by the powerloom worker, the Central and State Governments. A scheme for worksheds has been formulated. Under this scheme, upto 25% of the cost of shed would be provided as subsidy and State Govt. would provide land. This scheme would improve working conditions in powerloom units.

**Wool sector**

39. The woollen industry in India is concentrated in the states of Himachal Pradesh, Punjab, Haryana, Rajasthan, Uttar Pradesh, Maharashtra and Gujarat. The organised sector, decentralised sector and the rural sector of woollen industry run complementary to each other in meeting the demand of different sections of the domestic market as well as exports. The industry comprises modern sophisticated fully composite mills in the organised sector as well as handloom and hand knotted carpet manufacturing units at the village level. The industry employs large number of people to the tune of 12 lakh persons. Most of whom are shepherds rearing sheep flocks and producing raw wool. Productivity of Indian wool rearers is quite low compared to international averages because of depleting grazing grounds.

40. With a view to harmonise various diversified interests of different sectors of the wool industry and to achieve integrated development of the industry, Central Wool Development Board (CWDB), Jodhpur, has been functioning since 1989. The CWDB has taken up various activities for increasing earning of sheep rearers and increase quality of wool, marketing intelligence, marketing of wool and woollens, standardisation of wool and woollen products, quality control, dissemination of information, product diversification, advising government on policy matters, coordination etc. to promote growth and development of woollen products.

41. For the development of Angora wool an UNDP aided project costing Rs.8.43 crore is under implementation. Rural unemployed youths and farmers of hilly areas of Uttar Pradesh, Himachal Pradesh, Darjeeling, Sikkim, etc, are encouraged to take up production and processing of Angora wool. Annual Production of Angora wool in the country is about 40 MT. The amount has been revised to Rs.3.57 crore which included provision of Rs.2.88 crore for Pashmina Project for Ladhakh region. Under the Integrated Sheep and Wool Development Project, aspects of breed improvement, health coverage, product development, marketing assistance, training to sheep breeders in sheep, sheep husbandry and productivity, etc, are taken up by the CWDB. The Board has covered 37.25 lakh sheep under this programme during 9$^{th}$ Plan.

42. CWDB has set up wool testing centres at Bikaner and Beawar in Rajasthan for providing testing facilities to wool growers, merchants and the industry. The Board has also set up mini wool scouring plants, weaving and designing centres, training centres, industrial service centres, wool testing facilities, etc. A machine shearing-cum-training project is under implementation to encourage use of shearing machines to improve sheep yield of wool of good quality.

43. The Board has set up 10 centres in main wool markets to collect market intelligence information with respect to prevailing market rates of wool and yarn, latest trends and transactions of wool and woollen products on a weekly basis and disseminated to wool growers, wool merchants and wool users. The CWDB has also established a Weaving and Designing Training Centre at Kullu in Himachal Pradesh to impart training in latest weaving technology and new designs to the wool handloom weavers, so as to increase production, earnings and to get better market for their products. A new Technology Mission has been under formulation to increase productivity, earning of sheep rearers and wool weavers, etc. Efforts are under way to make available more grazing grounds by enabling States to use more and more graded waste land and to develop green pastures.

**Sericulture**

44. India is not only the second largest producer of silk in the world after China but it is producing all the four varieties of silk viz., Mulberry, Eri, Tasar and Muga. Sericulture is a labour intensive, agro based industry targeted to provide employment to about 56.50 lakh persons during 2002-03. The Central Silk Board (CSB) is covering three main areas of Research and Technology Development, Seed Maintenance and Development of Sericulture & Silk Industry and also providing extension and R&D inputs to sericulture industry in the country.

45. During the Ninth Plan period raw silk production of 17351 tonnes was achieved against the target of 20666 tonnes. During the Tenth Plan CSB has focussed upon achieving international quality standards of all varieties of silk, strengthening and R&D transfer of appropriate technology, special emphasis on bi-voltine mulberry silk, strengthening of linkages between agriculture and textile industry, etc. 2002-03 is being the first year of the Tenth Plan, a beginning has been made. Under the zero-based budgeting exercise, developmental like schemes have been made more focussed.

46. Research institutes are functioning at Mysore (Karnataka), Berhampore (West Bengal) and Pampore (Jammu & Kashmir), to deal with mulberry sericulture, the institute at Ranchi (Jharkhand) deals with Tasar, whereas the institute at Jorhat (Assam) is looking after muga and eri sericulture. The Central Silk Technological Research Institute (CSTRI) at Bangalore is engaged in providing post cocoon R&D support. CSB has established Silkworm Seed Technology Laboratory (SSTL) at Bangalore (Karnataka), Central Sericultural Germplasm Resource Centre (CSGRC) at Hosur (Tamil Nadu) and Seri Biotech Research Laboratory (SBRL) at Bangalore for R&D in areas related to silkworm races. CSB is providing technology, consultancy and extension facilities to various State Departments of Sericulture and their institutions.

47. CSB is providing quality silkworm seeds through National Silkworm Seed Project (NSSP). Under the NSSP, the CSB has targeted to distribute 276.04 lakh DFLs during 2002-03. Mulberry and Eri Silkworm Seed Production Centres (SSPCs) have produced 70.82 lakh seeds upto August, 2002 and 0.02 lakh upto June, 2002 respectively. Similarly, the production of Tasar (Oak) and Tasar (Tropical) seeds are 0.41 lakh upto June, 2002 and 7.40 lakh upto September, 2002 respectively. The production of Muga seed is 0.32 lakh upto June,2002. During the Tenth Plan period, the requirement of silk worm seeds would be higher than the present capacity of CSB Silk worm production Centres and State Government Centres. Hence private entrepreneurs would be engaged to take up production of DFLs and Seed cocoons. State Govt. seed production centers would also be strengthened suitably.

48. The CSB formulated a number of Catalytic Development Programmes (CDP) for implementation in the Ninth Plan to motivate states to increase productivity and quality and provide marketing support. Under the zero-based budgeting exercise, the CSB has revamped the CDP to give greater thrust to bi-voltine sericulture and greater market orientation to non-mulberry sector. Under the revamped CDP thrust would be laid upon development and expansion of host plantations, farm infrastructure, modern reeling and processing technologies for silk etc.

49. The UNDP assisted sub-programme on development of non-mulberry silk (Tasar, Muga and Eri) in the states of Andhra Pradesh, West Bengal, Assam, Bihar, Orissa, Meghalaya and Nagaland under Fibres and Handicrafts Programme (FHAP) of Country Cooperation Frame Work-1 (CCF-1) in collaboration with GOI would be completed in 2002-03. The total cost of the programme was Rs.12.38 crore, out of which the GOI share was Rs.4.28 crore. Thrust under this programme was on increase of quality egg production and supply, training and skill upgradation, technological support in pre-cocoon and post-cocoon processes, including reeling, spinning, etc.

50. The SFRI 2001 Project is under implementation with financial assistance from the Swiss Agency for development and cooperation (SDC) as a part of Indo-Swiss Technical Cooperation. Under the Japan International Cooperative Agency (JICA) assisted bivoltine project which was started in 1997 field verification and demonstration of bivoltine races evolved have been completed and the performance of these bi-voltine races have been satisfactory. Average yield of over 60 kg/100 dfl, a rendita of 6 to 7 Kg and 2A-4A grade raw silk (a high quality) has been obtained consistently. These silk worm races are proposed to be used to take up bi-voltine sericulture on large scale during the Tenth Plan. Traditional States like Karnataka, Tamilnadu, Andhra Pradesh, etc. would be encouraged to take up large scale production of bi-voltine mulberry silk for these proven varieties. The climate of J&K and Uttranchal is quite suitable for bi-voltine sericulture.

51. Chattisgarh State is implementing sericulture project in collaboration with Japanese Bank for International Cooperation (JBIC) at an estimated cost of Rs.748.80 crore. Under the first phase of the project (estimated cost – Rs.117.10 crore), mulberry plantation of 830 hectares has been completed. Work on second phase has been started after evaluation of the work of first phase by JBIC.

52. The Govt. of Manipur is implementing a sericulture project at an estimated cost of Rs.490.61 crore with financial assistance from JBIC. Under pilot scheme, one model rearing base has been constructed and 4,800 dfls of P2 silkworms have been reared under multiplication of hybrid silkworm eggs scheme. The definite overall development plan is under preparation by the State Govt.

53. The Tenth Plan target of providing 6700 MT of mulberry bi-voltine silk envisages special programme for large scale propagation of the new technology and new sturdy bi-voltine races developed by CSB. Annual Plan 2002-03 being the first year of the Tenth Plan CSB also envisages to encourage integrated soil-to-silk production units in the private sector by providing direct linkages between the sub-sector of the industry, ensure adoption of better quality standards, reorganization of sericulture related institutions in Central and State Governments and also to provide suitable policy interventions to create better conducive environment to achieve the Tenth Plan target for production, employment and exports.

**Handicrafts**

54. The Handicrafts sector is making significant contribution to employment generation and foreign exchange earning through exports as well as retaining heritage and tradition. Performance of the sector during 2001-02 and 2002-03 has been been encouraging, as may be seen in Annexure 6.4.2.

55. Various developmental schemes are being implemented by the Office of Development Commissioner (Handicrafts) to supplement the state activities in the handicrafts sector. The Plan schemes cover areas like training, design development, technology upgradation, market promotion, exhibitions and publicity, exports etc. Under the Ambedkar Hastashilpa Vikas Yojana (AHVY) focus is given on empowerment of artisans, providing marketing inputs, encouragement to artisans in formulating Self Help Groups (SHGs)/Cooperatives and cluster development. During 2001-02, 231 craft clusters were provided Rs.5.44 crore as financial assistance against the target of 100 clusters.

56. Training is being provided to artisans for upgrading the skills of existing craftsmen as well as to un-skilled ones with a view to expand employment and production base of crafts for economic growth. For reviving languishing crafts, focus is on training, providing financial assistance and marketing inputs. There are 136 departmental Basic Training Centres providing training for carpet weaving. For post-weaving operations like washing and finishing of carpets, training is provided in seven centres. Besides carpets, training is being provided to artisans for crafts like hand printed textiles, art metal-ware, cane and bamboo, wood-wares, etc. During 2001-02, 2640 artisans were provided training.

57. Five Regional Design and Technical Development Centres (RDTDCs) are functioning at New Delhi, Mumbai, Bangalore, Calcutta and Guwahati. The activities carried out at these centres include making crafts a success in the contemporary market, and preserving traditional beauty of the crafts on the basis of strong design inputs. Various institutes like Institute for Hand Printed Textiles at Jaipur, Development Centre for Musical Instruments at Madras, Cane and Bamboo Development Institute at Agartala, Institute of Carpet Technology at Bhadohi (U.P.) and Metal Handicrafts Centre at Muradabad are helping handicraft units through research and design, develop technology, improve tools and equipment, develop new designs, prototypes, etc. During 2001-02, 41 design workshops were organized, 2135 new designs and 25 tool kits have been developed.

58. Under the scheme of marketing and Market Development efforts are made to have a better and meaningful interaction with artisans, non-governmental organisations (NGOs), State Govts, exporters and traders. During 2000-01, 135 marketing programmes have been organized against the target of 114. These programmes helped in generating sales worth Rs.25.45 crore which benefited 13385 artisans.

59. Under the scheme of Setting up Urban Haats similar to Delhi Haat, infrastructure would be created at prime locations of market interest. So far, eight urban haats at Agra, Ahmedabad, Bhubaneshwar, Ranchi, Karnal, Jammu, Tirupati and Kolkata have been approved. The Urban Haat at Tirupati under the scheme of exhibitions has been completed and publicity financial assistance is provided to State/Central Handicraft Development Corporation. Cooperatives and NGOs to organize exhibitions. During 2001-02, 184 exhibitions were organized which resulted in achieving sales of the order of Rs.10.76 crore benefiting 3112 artisans.

60. Export promotion efforts of office of DC (Handicrafts) and Export Promotion Council for Handicrafts include participation in international fairs in foreign countries, sponsoring Sales/Technical cum Study teams to various countries. Exports from handicrafts includes craft items of zari and zari goods, art metal ware, wood ware, hand printed textiles and scarves and embroidered and crochet goods. Exports of handicrafts during 2000-01 were Rs. 9205.63 crore .

**Food Processing Industries**

61. The Ministry of Food Processing Industries is looking after formulation and implementation of policies and plans within the overall national priorities and objectives for promotion and development of this sector. FPI has sub-sectors like grain processing, fruits and vegetable products, milk products, meat and dairy products, fish and fish processing, beverages, aerated drinks, etc. The Food Processing Industries (FPI) sector had been identified as a sunrise industry which could play a significant role in increasing value addition in agricultural and horticultural produce, diversification and commercialisation of agriculture, reduction in wastage of agriculture/horticulture produce by increasing processing level, generating employment and enhancing exports.

62. Rice milling, pulses manufacturing and production of wheat flour and other wheat products are the main activities covered in the grain processing sector. The number of modern rice mills was 35088 as on 1st January, 2002. No licence is required for setting up manufacturing/processing facilities for rice or wheat. Nearly 12.50 million tonnes of wheat is converted into various wheat products annually and 820 roller flour mills with an installed capacity of 19.50 million tonnes were functioning as on 1st January, 2001. Thirteen Regional Extension Service Centres have been set up in various states with agricultural universities/research institutions for encouraging modernisation of rice milling industry and by product utilisation. Post Harvest Technology Centre at Indian Institute of Technology (IIT), Kharagpur, conducted training programmes on Home Scale Food Processing and Preservation Techniques and Processing of Minor Millet. Production of bakery products is estimated to be in excess of 30 lakh tonnes. Organised sector is producing about 65 per cent of breads and biscuits, which account for 82 per cent of the total bakery products. Besides these, soft drinks, beer and alcoholic drinks are also a part of the food processing industry.

63. About 30 per cent of horticultural produce estimated to be worth around Rs.50000 crore is being wasted due to non-availability of post-harvest processing facilities, cold storages and cold chains. A strong and effective food processing sector would play a significant role in diversification of agricultural activities, improving value addition and exports of agro-products. This sector has vast potential for increasing production, exports and employment. In the Tenth Plan, it has been envisaged to increase the food processing level to 10 per cent from the present level of 2 per cent. The estimated installed capacity of fruit and vegetable processing industries has increased to 21.10 lakh tonnes in 2001 from 21.00 lakh tonnes in 2000. This increase is negligible and fresh investment is necessary. There is an urgent need to reduce taxes on finished food products so as to make them attractive and available within the reach of masses. Reduction of excise duty on finished/ packed food products would make the FPI more attractive to get private sector investments. India is first in milk as well as fruits production and second in the production of vegetables in the world. India’s milk production is expected to touch 81 million tonnes in 2000-01 from

78 million tonnes in 1999-2000. While about 80 per cent of the fruits and vegetables are processed in countries like Brazil, in India only about two per cent of horticultural produce is processed.

64. The schemes and programmes being implemented by the Ministry of Food Processing Industries include schemes like infrastructure development, technology upgradation and modernization of FPI units, backward and forward integration and other prominent activities, quality assurance, codex standards and R&D, human resource development and strengthening of institutions under MFPI. These schemes have been approved after the zero-base budgeting exercise under which 24 schemes of 9$^{th}$ Plan were reduced to 6 schemes to be taken up in the Tenth Plan period.

65. Special emphasis is being laid on supporting research and development activities for food processing and funds would be provided for development of traditional foods, new products/ processes/packaging materials, utilisation of bye-products, etc. R&D projects funded by the MFPI in 2001-02 for which grant was provided to universities/technological research institute include upgradation of traditional food technologies to enable greater productivity, energy saving, import substitution for packaging materials and food addisives, development of intermediate products and dehydrated products with superior self-life development of cost effective and efficient food processing industries, frozen foods, etc. In the areas of packaging development to be provided more attention are hot filling of food products in plastic containers, development of appropriate packages for ready to eat foods, traditional Indian khoya based sweets, meat and meat products, micro-oven suitable packages, restartable puches for food items and bio-degradable packaging materials.

66. The existing infrastructural facilities are inadequate and need upgradation and modernisation. Sanitary facilities of quality testing and certification are not upto the standards required for meeting the demands of the domestic as well as the highly competitive export markets. Encouragement was given to set up Food Processing Parks by State/Promotional organizations So far 32 food parks have been sanctioned and they are at various stages of completion. Some of the Food parks in UP, Kerala, Karnataka, have been completed and new FPI units are being set up in these food parks.

67. To provide hygienic and quality food products to the consumers, the Food Products Order (FPO) 1955 is in vogue. Amendments in FPO are being carried out at the instance of the Central Fruit Products Advisory Committee having representatives of government, CFTRI, BIS, fruit and vegetable processors and processing industry. Amendments were carried out in 2001 and 2002. Draft specifications in respect of 61 products have been considered by the Central Fruit Products Advisory Committee and recommended for modifications. Campaigns have been launched to ensure that all processors of fruit and vegetable have a licence under the FPO.

68. Codex Alimentarius Commission is an international body constituted by Food and Agriculture Organisation (FAO) and World Health Organisation (WHO) to help in developing standards for food manufacturing and international trade by bringing together scientists, technical experts, government bodies, consumers and industry representatives. Codex standards are being used for safety and quality of food world-wide for international trade negotiations as well as for settling of disputes related to food processing. A monitoring cell has been set up in the Ministry of FPI for dissemination of information on

Codex standards. The Codex Contact Point in India is the Directorate General of Health and Services in the Ministry of Health and Family Welfare. The MFPI is closely associated with the activities of Codex Elimentaries and five Shadow Committees are under the Ministry. The Hazard Analysis and Critical Control Point (HACCP) quality assurance system and ISO: 9000 Quality Management is extremely desirable. The Ministry is providing grants upto 50 per cent, with a maximum of Rs.10 lakh, towards cost of implementation of HACCP, Total Quality Management (TQM) and obtaining ISO:9000 certification, etc. During 2001-02, financial assistance of Rs.18 lakh has been provided.

69. The MFPI has prepared a draft National Food Processing Policy which envisages creation of enabling environments, infrastructure development and backward linkages at farm level. Views of the state governments, industry and experts are included in the draft policy. An outline on the Draft Food Processing Bill has been prepared by the MFPI and is under consideration of various Ministries. The proposed Bill envisages setting up of a Processed Food Development Authority. It is proposed to harmonise and rationalise the existing food laws under single window service, consolidate and define standards, set up a Development Fund, provision for setting of equalization fund, etc, so that all provisions related to food processing are brought under a single authority. The equalization fund would provide cushion for price fluctuations in a self-regenerating manner to take advantage of biotechnology (genetically modified foods) without affecting health of the consumers. The proposal is under consideration of the Government. A group of Ministers has been set up for preparation of the proposed harmonized food law.

**Annexure -6.4.1**

## Sub-Sector-wise/Schemewise Outlays/Expenditure Annual Plan 2002-03

| S. No | Industry/ Sub Sector | 2000-01 Actual | 2001-02 (BE) | | | 2001-02 (RE)/Exp. | | | 2002-03 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Outlay | BS | IE BR | Exp. | BS | IE BR | Outlay | BS | IE BR |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| **Ministry of SSI & ARI** | | | | | | | | | | | |
| 1 | SIDO | 380.54 | 392.88 | 392.88 | - | 173.14 | 173.14 | - | 313.00 | 313.00 | - |
| 2 | NSIC | 95.69 | 146.91 | 26.91 | 120.00 | 101.30 | 25.42 | 75.88 | 117.00 | 32.00 | 85.00 |
| - | Other Schemes | 0.69 | 5.92 | 5.92 | - | 0.48 | 2.35 | - | 5.00 | 5.00 | - |
| | KVIC | 261.48 | 354.00 | 354.00 | - | 182.18 | 182.18 | - | 392.00 | 392.00 | - |
| 5 | Coir | 13.84 | 18.00 | 18.00 | - | 11.60 | 11.60 | - | 18.00 | 18.00 | - |
| 6 | PMRY | 200.98 | 193.50 | 193.50 | - | 193.47 | 193.47 | - | 169.00 | 169.00 | - |
| 7 | NPRI | - | 0.04 | 0.04 | - | - | - | - | 1.00 | 1.00 | - |
| | **Total M/o SSI & ARI** | **953.22** | **1111.25** | **991.25** | **120.00** | **662.17** | **588.16** | **75.88** | **1015.00** | **930.00** | **85.00** |
| **Ministry of Textiles** | | | | | | | | | | | |
| 1 | Handlooms | 101.45 | 137.00 | 137.00 | - | 113.01 | 113.01 | - | 140.00 | 140.00 | - |
| 2 | Powerlooms | 6.87 | 6.00 | 6.00 | - | 76.00 | 76.00 | - | 12.00 | 12.00 | - |
| 3 | Handicrafts | 65.85 | 79.00 | 79.00 | - | 76.00 | 76.00 | - | 88.00 | 88.00 | - |
| 4 | Sericulture | 78.19 | 87.00 | 87.00 | - | 88.41 | 88.41 | - | 87.50 | 87.50 | - |
| 5 | Wool | 3.76 | 8.00 | 5.00 | 3.00 | 5.62 | 3.47 | 2.15 | 8.00 | 5.26 | 2.74 |
| | **Total M/o Textiles (VSI)** | **256.12** | **317.00** | **314.00** | **3.00** | **359.04** | **356.89** | **2.15** | **335.50** | **335.50** | **2.74** |
| **M/o Food Processing Industries** | | | | | | | | | | | |
| 1 | Grain Production | 0.35 | 0.40 | 0.40 | - | 0.22 | 0.22 | - | - | - | - |
| 2 | Fruits & Veg. | 7.22 | 5.45 | 5.45 | - | 11.93 | 11.93 | - | - | - | - |
| 3 | Milk Indus. | 8.75 | 6.80 | 6.80 | - | 6.80 | 6.80 | - | - | - | - |
| 4 | Meat & Poul. | 0.64 | 2.70 | 2.70 | - | 0.70 | 0.70 | - | - | - | - |
| 5 | Fish Proc. | 19.89 | 24.00 | 24.00 | - | 24.25 | 24.25 | - | - | - | - |
| 6 | FPI Fund | - | 5.00 | 5.00 | - | 1.70 | 1.70 | - | - | - | - |
| 7 | Sectt. Services | 3.69 | 4.60 | 4.60 | - | 3.55 | 3.55 | - | - | - | - |
| 8 | NE-lump sum provision | 9.46 | 5.85 | 5.85 | - | 5.85 | 5.85 | - | - | - | - |
| | **Total M/o FPI** | 50.00 | 55.00 | 55.00 | - | 55.00 | 55.00 | - | - | - | - |
| **MFPI Schemes** | | | | | | | | | | | |
| 1 | Infrastructure Development | - | - | - | - | - | - | - | 29.00 | 29.00 | - |
| 2 | Technology Upgradation, Establishment & Mordanisation of FPI | - | - | - | - | - | - | - | 9.00 | 9.00 | - |
| 3 | Backward & Forward Integration & other Promotional Activities | - | - | - | - | - | - | - | 5.00 | 5.00 | - |

| S. No | Industry/ Sub Sector | 2000-01 Actual | 2001-02 (BE) | | | 2001-02 (RE)/Exp. | | | 2002-03 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Outlay | BS | IE BR | Exp. | BS | IE BR | Outlay | BS | IE BR |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 4 | Quality Assurance, 46.50Codex Stan 9.50dards and R 7.50& D | - | - | - | - | - | - | - | 10.50 | 10.50 | - |
| 5 | Human Resource Development | - | - | - | - | - | - | - | 4.50 | 10.50 | - |
| 6 | Strengthening of Institutions | - | - | - | - | - | - | - | 9.50 | 9.50 | - |
| 7 | NE i/c Sikkim- lumpsum provision | - | - | - | - | - | - | - | 7.50 | 7.50 | - |
| | **Total M/o FPI** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **75.00** | **75.00** | **-** |

**Annexure 6.4.2**

## Physical Performance (Sub-Sector) Annual Plan 2002-03

| S. No | Industry/sub-Sector | Unit | 2000-01 Actual | 2001-02 (Provisional) | 2002-03 Targets |
|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| **A** | **Production** | | | | |
| 1 | Small Scale Ind. | Rs. crore | 639024 | 690316 | 824363 |
| 2 | Khadi Cloth | Rs. crore | 432 | 411 | 416 |
| 3 | Village Industries | Rs. crore | 5914 | 6607 | 7680 |
| 4 | Coir Fibre | 000 tons | 364 | 375 | 390 |
| 5 | Handloom Cloth | Mill Sq Mtrs. | 7506 | 7585 | 7725 |
| 6 | Powerloom Cloth | Mill Sq Mtrs. | 23803 | 25192 | 24360 |
| 7 | Raw Silk | MT | 15857 | 17351 | 18700 |
| 8 | Handicrafts | Rs. crore | 16340 | 16200 | 19000 |
| 9 | Raw wool | Mill. Kg. | 47.00 | 47.50 | 47.50 |
| **B** | **Employment** | **Lakh Person** | | | |
| 1 | Small Scale Ind. | | 186 | 192 | 201 |
| 2 | Khadi & Village Ind. | | 60.08 | 62.64 | 68.56 |
| 3 | Coir Industries | | 5.30 | 5.43 | 5.60 |
| 4 | Handlooms | | 124 | 124.00 | 124.00 |
| 5 | Powerlooms | | 42 | 42 | 42.50 |
| 6 | Sericulture | | 54 | 55 | 56.50 |
| 7 | Handicrafts | | 57 | 58.41 | 60. 10 |
| 8 | Wool Development | | | | |
| | (Unorganised Sector) | | 12 | 12 | 12 |
| **C** | **Exports** | **Rs. crore** | | | |
| 1 | Small Scale Ind. | | 69797 | 71244 | 73673 |
| 2 | Coir Industry | | 314 | 321 | 450 |
| 3 | Handlooms | | 2127 | 2065 | 2950 |
| 4 | Powerlooms | | 10200 | 11000 | N.A. |
| 5 | Silk | | 2422 | 2235 | 2280 |
| 6 | Handicrafts | | 9271 | 9206 | 10470 |

## 6.5 Urban Development

### THE STATUS OF URBAN LOCAL BODIES

1. The Constitution (74th) Amendment Act, aims at setting up urban local bodies (ULBs) as the 'institutions of self-government' with adequate devolution of powers, well-defined and adequate resources, and functional autonomy of elected body combined with accountability to the urban residents. Under its scheme municipal bodies surpass being mere providers of civic amenities to a much wider arena of action encompassing economic and social planning. The challenge to be met in the Tenth Plan period is to assist these elected bodies to grow organically to fulfill the demands of urban residents for a quality of life in line with world standards.

2. The Urbanisation Scenario in India: The Provisional Census Data of the 2001 Census reveals several significant facets of urbanisation over the last decade. Of the 1.02 billion population, 285 million or 27.8 per cent live in the urban areas which comprise 5,161 towns, showing an increase of 2.1 per cent over the proportion of urban population in the 1991 Census.

3. Tamil Nadu is the most urbanised among the larger states with 43.9 per cent urban population, followed by Maharashtra with 42.4 per cent and Gujarat with 37.4 per cent. Among the larger states, Bihar has the lowest proportion of urban population (10.5 per cent), below Assam (12.7 per cent) and Orissa (14.9 per cent).

4. There are 35 Urban Agglomerations (UAs)/Cities with population of more than one million number 35. About 37 per cent of the total urban population live in the Million Plus UAs/Cities. In Maharashtra, West Bengal and Gujarat, more than half of the urban populations live in the Million Plus UAs/Cities. The overall rate of urbanization in the Census period 1991-2001 has been moderate.

### Major Issues in Urbanisation for the Tenth Plan

5. There is evidence to show that urbanisation is likely to have been a key determinant of economic growth in the 1980s and 1990s, boosted by economic liberalisation. However, there are many unfinished tasks before quality of urban governance meets the needs of its residents.

### Urban Governance :

6. Good urban governance calls for adequate policy and legal frameworks, the existence of regulatory and planning authorities, human skills, a sound revenue base, modern accounting standards, and accountability to the people. Substantial work has already been done to upgrade the urban infrastructure and several parastatals and urban development authorities have acquired considerable skills in planning and executing projects. Programmes such as the Mega City project for five selected cities, the Integrated Development of Small and Medium Towns (IDSMT), and the Accelerated Urban Water Supply Programme (AUWSP) have shown varying degrees of success in meeting some of the urban needs. In particular, parastatal agencies and bodies such as development

authorities, need to play a supportive role to the elected bodies rather than taking over functions which properly belong to the ULBs.

**Sources of Urban Finances**

7. The system of a smooth sharing of resources between the State Governments and the ULBs on the one hand, and between different municipal bodies on the other, which is one of the objectives of the institution of the SFCs, must ensure that the transfer of funds to the municipalities is both adequate and stable. The second round of SFCs are in place in most states and, hopefully, as the system evolves, there will be greater simplicity and transparency in the process of devolution of resources to local bodies, without undue transaction costs.

8. In order to help ULBs raise their own resources, the reform of the property tax system should be completed during the Tenth Plan period. The coverage of the property tax net is far from adequate, and this calls for serious attention. Alternatives to the 'annual rateable value', frozen in fiscal terms and discredited in implementation, are available in the form of area-based assessment, and capital value-based assessment. These initiatives should be further refined to develop transparent and buoyant systems of assessment with total coverage of all properties in a city, for which self-assessment by the property owner can be a useful instrument. The levying of user charges, increasing non-tax revenues, control of costs and in particular of establishment costs, and better utilisation of municipal assets are essential measures to make ULBs financially stronger. Municipal accounting systems should be overhauled and made acceptable to lending agencies and financial markets by making it accrual-based. This is especially important for those ULBs wanting to access debt funds.

**Broad-Based Reforms in the Urban Sector**

9. The objective of reforms in land and housing policy, and of pricing of utilities, should be to augment the resources of the ULBs, provide for adequate maintenance of civic services, and undertake expansion of infrastructure to meet growing needs.

10. Cities everywhere are recognised as contributing substantially to economic, social, educational and infrastructural needs of the country. While they offer a higher standard of amenities to city-dwellers, they also have an important role in providing a range of services to the rural hinterland creating demand for rural output and providing inputs. Towns and cities act as nodal centres for providing services in marketing, health-care, education, and providing a window to the wider world, serving people other than their permanent residents.

11. It is necessary to set in motion a virtuous circle of urban growth leading to better resources which are then used for improving infrastructure, which, in turn, will lead to further growth of the cities, resulting in enhanced economic activity and growth. Meeting the needs of the urban poor also necessitates ULBs having more resources at their command. The impediments to urban growth, as well as the necessary policy reforms, have been broadly identified. Keeping the needs of reform in the urban sector in view, a new scheme of Additional Central Assistance in the form of incentives to States to undertake a package of reform measures, has been implemented under the title of the Urban Reforms Incentive

Fund. The reform measures relate to repeal of the urban land ceiling legislation, reform of rent control, levy of user charges, improved implementation of property tax, upgrading municipal accounting standards, lowering of unduly high rates of stamp duty, and computerized systems of speedy registration of property transactions, to be followed by further measures in land policy, municipal legislation, simplification of building regulations, and initiation of public private partnerships in provision of civic services.

**Plan Assistance for Infrastructure**

12. Assistance from the Centre is an important addition to resources applied for urban infrastructure upgradation. A larger degree of central assistance, including external assistance routed through the Centre, as well as institutional finance from agencies like the Housing and Urban Development Corporation (HUDCO) would be necessary during the Tenth Plan in order to take up a vigorous programme of upgrading infrastructure and services. It is also necessary that these forms of assistance strengthen the elected ULBs as the legitimate institutions of governance at the local level. The assistance must be made conditional on sector reforms, in particular, better standards of service and the collection of user charges.

13. Infrastructure assistance through the IDSMT and Mega City schemes should aim at overcoming the worst features of neglect of urban requirements, take care of unmet needs in water supply, sanitation, solid waste management, urban transport, and the development of new extensions like residential colonies and satellite towns to relieve congestion. There is a wide variation in the availability of infrastructure and services, between cities and within the cities. The bigger cities tend to have better institutional arrangements and quality of service. In the hierarchy of cities, capital cities tend to get more attention, followed by other cities with greater economic activity, while the very small towns with extremely limited resources rarely see any improvement. The larger cities often have the capacity to raise resources from the market and from domestic as well as international funding agencies. Planning and financial support will need to be targeted at reducing the notable disparities of urban centres with significant limitations resources and glaring lack of civic amenities.

14. During the Tenth Plan, it is necessary to achieve a substantially higher, if not, total coverage of cities in need of infrastructural upgradation. Moreover, categories of cities which in the past did not receive any Central assistance, will be brought within the purview of schemes by suitably expanding the coverage of both IDSMT and the Mega Citys scheme. A substantial step up in Central allocation to the urban sector is, therefore, required. This assistance should be contingent on the achievement of certain reforms, and an overall improvement in the ULBs' own efficiency in resource mobilisation, both through taxes and user charges, as well as service delivery. Municipal bodies need to be motivated to reduce expenditure, and improve the productivity of employees.

15. Urban infrastructure cannot be funded by budgetary support alone. While market borrowings are not yet a viable source of financing for urban infrastructure in most instances, a beginning has to be made for building up creditworthiness in ULBs. If this cannot be done for ULBs as a whole, then it should be attempted at least for individual sectors such as water supply, and wherever else user charges and the general resource position makes for it feasible to use debt funds to supplement grants or own resources.

Assistance should be provided from budgetary sources as well as from external funding agencies, to defray the costs of implementing reform measures. This will enable the utilities to improve their performance and their finances. A City Challenge Fund was announced in the Union Budget 2002-03 and is in the process of being designed. Similarly, a scheme of credit enhancement and facilitation of pooling of financial needs of the smaller towns, will be taken up under the Pooled Finance Development Facility.

**Review of Annual Plan 2001-02 and Provision for Annual Plan 2002-03**

16. An outlay of Rs 5100 crores comprising Rs 825 crores in the Central sector including water supply and sanitation, and Rs 4275 crores in the State Sector had been provided for Urban Development schemes in the Annual Plan, 2001-02 for urban development. The provisional expenditure in the Central sector is placed at Rs 1576.54 crores. The revised estimate in the State sector is Rs 3975.39 crores.

17. In the current year (2002-03), which is also the first operational year of the Tenth Five Year Plan (2202-07), the outlay earmarked for the central sector Urban Development is Rs 900 crores. The plan proposals were reviewed in the background of performance progress, major issues and policy decisions, the identified thrust areas and strategies envisaged for the current five year plan period. In accordance with these, several schemes witnessed convergence, modification, reforms etc, in terms of coverage, physical scope, institutional arrangement, financial mechanism, operational, monitoring aspects.

18. It is essential that Infrastructure assistance through programmes like IDSMT should aim at clearing the backlog in terms of provision of water supply, sanitation, solid waste management, urban transport, etc. This assistance should be targeted to towns with low own sources while being faced with high rates of growth. In other words, planning and financial support would have to be targeted at reducing the disparities between urban centers with differences in resources and status of civic amenities. The IDSMT allocation for the Annual Plan, 2001-02 was Rs 70 crores and a provisional expenditure of Rs 77 crores is indicated. For the Annual Plan, 2002-03, a provision of Rs 105 crores has been made.

19. It is a fact that urban scenario in terms of availability of infrastructure and services, varies widely across the country, between cities of different size classes, and within the cities among the localities of the better-off sections as against the poorer areas. The bigger cities tend to have institutional arrangements which are more close to the needs, with a higher calibre of manpower and greater access to resources. In the hierarchy of cities the Capital cities do tend to stand higher and get more attention, followed by other cities with greater economic activity, while the very small towns with extremely limited resources rarely see any improvement. The larger cities often have the capacity to raise resources from the market and from domestic as well as international funding agencies. Under the CSS of Mega City Scheme, initiated in 1993-94, limited to the cities of Mumbai, Kolkata, Chennai, Hyderabad and Bangalore. The allocation for the Annual Plan, 2001-02 was Rs 95.50 crores and a provisional expenditure of Rs 115.34 crores is indicated. For the Annual Plan, 2002-03, a provision of Rs 125 crores has been made.

20. The availability of comprehensive data about urban requirements, status of services etc. is recognised as one of the basic tools for urban city managers. The on-going Urban

Mapping using GIS technology with layout of services, responsibility zones, and identified problem areas supplemented with high-resolution satellite imagery for ground level work on property listing for taxation purposes, as well as to monitor trends of urban growth especially in the peri-urban areas etc are expected to serve valuable purpose to authorities such as State Finance Commissions who have to make recommendations regarding allocation of resources for augmentation, maintenance of services etc. The allocation under Urban Mapping (including for research in urban and regional planning) for the Annual Plan, 2001-02 was Rs 4.93 crores and a provisional expenditure of Rs 4 crores is indicated. For the Annual Plan, 2002-03, a provision of Rs 5 crores has been made.

21. The National Capital Region Planning Board (NCRPB) came into existence with its dual objectives of reducing pressure of population in Delhi and to achieve harmonious development of the National Capital Region (NCR) involving the three States of Haryana, Uttar Pradesh and Rajasthan. The NCRPB finances various projects, especially for urban infrastructure development. The allocation for the Annual Plan, 2001-02 was Rs 50 crores which is anticipated to be the actual expenditure also. For the Annual Plan, 2002-03, a provision of Rs 55 crores has been made. Scheme-wise break-up of Outlays for Annual Plan (2002-03)- Urban Development.(Excluding Urban Water Supply & Sanitation)*is given in Annexure 6.5.1**;** Scheme-wise outlays for Annual Plan (2002-03)- Urban Povety Alleviation is given in Annexure 6.5.2. and Details of Annual Plan (2002-03) Housing & Urban Development- State Sector are is given in Annexure 6.5.3.

**Annexure 6.5.1**

## Scheme-wise break-up of Outlays for Annual Plan (2002-03)- Urban Development. (Excluding Urban Water Supply & Sanitation)*

**(Rs. crore)**

| S. No | Name of the scheme | Annual Plan (2000-01) Actual Expr | Annual Plan (2001-02) Outlay | Annual Plan (2001-02) Provisional Expr | Annual Plan (2002-03) Outlay |
|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| **A.** | **Urban Development** | | | | |
| 1. | IDSMT | 57.17 | 70.00 | 76.71 | 105.00 |
| 2. | Mega City | 85.91 | 95.50 | 115.34 | 125.00 |
| 3. | NCR Planning Board | 45.00 | 50.00 | 50.00 | 55.00 |
| 4. | Research in Urban and Regional Planning (including Urban Mapping) | 3.94 | 4.93 | 4.00 | 8.00 |
| 5. | Urban Transport | | | | |
| | DMRC | 160.00 | 165.00 | 165.00 | 172.00 |
| | Others | 0.89 | 6.64 | 1.07 | 8.00 |
| | Pass Through assistance from JBIC | 1.00 | 1.00 | 783.35 | 1.00 |
| | Land acquision | 25.00 | 1.00 | 1.00 | |
| 6. | Equity to HUDCO for Urban Infrastructure | 5.00 | 5.00 | 5.00 | 5.00 |
| 7. | Computerisation | 0.66 | 1.00 | 1.17 | 3.00 |
| 8. | Capacity Building for Urban Governance (UNDP Project) | | 1.07 | 1.07 | 1.20 |
| **B.** | **Public Works** | | | | |
| 10. | CPWD Training Institute (including R&D Cell) | 1.88 | 3.00 | 8.47 | 3.00 |
| 11. | North Eastern Zone | 3.00 | 4.00 | 0.00 | 4.00 |
| 12. | General Pool Office Accommodation | 17.71 | 20.00 | 17.45 | 25.00 |
| 13. | NBCC (Equity) | | 8.35 | 8.35 | 0.00 |
| 14. | Modernisation of CPWD/ Computerisation | 1.42 | 2.00 | 0.00 | 3.00 |
| **C** | **General Pool Residential Accommodation** | 72.91 | 80.00 | 68.34 | 90.00 |
| **D** | **New Schemes** | | | | |
| 15. | National Urban Information System | | | | 0.50 |
| 16. | Rejuvination of Culturally Significant Cities | | 1.00 | 0.00 | 1.00 |
| | New Township Scheme | | 0.01 | | |
| 17. | PFDF | | | | 0.50 |
| 18. | CCF | | | | 0.50 |
| 19. | North East – Lump Sum Provision | | 82.50 | 82.49 | 90.00 |
| | **Total** | **481.49** | **602.00** | **1388.81** | **700.70** |

* Outlay for Urban Water Supply & Sanitation is included under “Water Supply & Sanitation” .

**Annexure 6.5.2**

## Scheme-wise outlays for Annual Plan (2002-03)- Urban Povety Alleviation.

**(Rs. crore)**

| S. No. | Name of the Scheme | Annual Plan (2000-01) Actual Expr | Annual Plan (2001-02) | | Annual Plan (2002-03) Outlay |
|---|---|---|---|---|---|
| | | | Outlay | Provisional Expr | |
| 1. | VAMBAY | | | 69.00 | 256.85 |
| 2. | SJSRY | 85.91 | 168.00 | 45.54 | 105.00 |
| 3. | BMTPC | 6.50 | 4.00 | 5.07 | 4.00 |
| 4. | Night Shelter Scheme | 3.40 | 4.56 | 4.44 | 5.00 |
| 5. | Development of Urban Indicators Programme - | 0.28 | 0.32 | 0.10 | 0.10 |
| 6. | Building Centres | 3.00 | 3.00 | 2.00 | 3.00 |
| 7. | HUDCO Equity for Housing | 155.00 | 155.00 | 155.00 | 180.00 |
| 8. | NCHF | 0.20 | 0.20 | 0.50 | 0.20 |
| 9. | Infrastructure Facilities in the Displaced Persons Urban Colonies in West Bengal. | 6.50 | 6.30 | 6.30 | 8.00 |
| 10. | Lump sum provision for NE Region including Sikkim | | 38.00 | 33.00 | 62.50 |
| 11. | Housing census, periodic survey & MIS through NBO | 0.23 | 0.30 | 0.01 | |
| 12. | HPL for VRS | 6.50 | | 2.50 | |
| 13. | IYSH activities/ conferences | 0.20 | 0.32 | 0.23 | |
| | **TOTAL** | **267.72** | **380.00** | **323.69** | **625.00** |

Note:

1. The allocations proposed for Development of Urban Indicators have been kept as such subject to the decision of Planning Commission regarding clubbing of related schemes of Deptts. of UEPA and UD.

2. The allocations proposed by the Ministry for Building Centres @ Rs.3 crores have been added to VAMBAY since the decision of the Planning Commission based on ZBB was to discontinue this scheme.

**Annexure 6.5.3**

## Annual Plan (2002-03) Housing & Urban Development-State Sector

**(Rs. crores)**

| S.No. | State | Annual Plan (2001-02) | | | | Annual Plan (2002-03) Outlay | |
|---|---|---|---|---|---|---|---|
| | | Housing | | Urban | | Housing | Urban Development |
| | | Outlay | Revised outlay | Outlay | Revised outlay | | |
| 1 | Andhra Pradesh | 157.51 | 137.51 | 177.01 | 177.01 | 193.55 | 230.7 |
| 2 | Arunachal Pradesh | 19 | 19.16 | 20.01 | 20.83 | 19.28 | 21.83 |
| 3 | Assam | 3.36 | 3.36 | 11.19 | 11.19 | 3.76 | 18.43 |
| 4 | Bihar | 30.55 | 30.55 | 48.57 | 48.57 | 12.56 | 57.33 |
| 5 | Chattisgarh | 18.05 | 18.05 | 57.17 | 57.17 | 12.56 | 57.33 |
| 6 | Goa | 7.86 | 7.86 | 13.58 | 13.58 | 7.93 | 32.91 |
| 7 | Gujarat | 475.3 | 426.09 | 497.7 | 445.12 | 548.94 | 504.01 |
| 8 | Haryana | 16 | 30 | 24.51 | 26.52 | 52.80 | 38.25 |
| 9 | Himachal Pradesh | 56.82 | 58.83 | 28.55 | 29.8 | 53.85 | 23.88 |
| 10 | Jammu & Kashmir | 2.7 | 2.7 | 53.4 | 53.4 | 3.41 | 43.22 |
| 11 | Jharkhand | | | | | 46.00 | 190.00 |
| 12 | Karnataka | 498.31 | 593.08 | 379.6 | 279.19 | 587.83 | 303.50 |
| 13 | Kerala | 41.5 | 30 | 28.96 | 20 | 70.00 | 42.83 |
| 14 | Madhya Pradesh | 140.75 | 113.84 | 85.25 | 98.43 | 172.28 | 172.50 |
| 15 | Maharashtra | 216.28 | 216.28 | 272.53 | 272.53 | 179.07 | 492.85 |
| 16 | Manipur | 15.95 | 7.04 | 13.19 | 12.66 | 15.36 | 16.74 |
| 17 | Meghalaya | 11.7 | 10.55 | 19.35 | 8.92 | 11.75 | 32.40 |
| 18 | Mizoram | 47.2 | 41.82 | 19.25 | 29.42 | 44.18 | 18.41 |
| 19 | Nagaland | 27.66 | 27.66 | 4.83 | 11.06 | 33.28 | 8.94 |
| 20 | Orissa | 52.58 | 59.46 | 34.84 | 30.62 | 58.25 | 23.07 |
| 21 | Punjab | 22.18 | 22.18 | 87.49 | 87.49 | 17.00 | 60.01 |
| 22 | Rajasthan | 104.71 | 103.8 | 560.18 | 511.78 | 141.09 | 554.23 |
| 23 | Sikkim | 24.03 | 24.03 | 7.43 | 5.5 | 25.00 | 6.50 |
| 24 | Tamil Nadu | 165.9 | 217.27 | 480.47 | 557.2 | 237.45 | 492.78 |
| 25 | Tripura | 114.53 | 114.53 | 5.49 | 5.49 | 73.97 | 11.37 |
| 26 | Uttar Pradesh | 90.19 | 4.79 | 126.82 | 98.78 | 60.37 | 223.47 |
| 27 | Uttaranchal | 13.61 | 13.61 | 28.59 | 28.59 | 2.00 | 24.50 |
| 28 | West Bengal | 38.3 | 31.1 | 631.53 | 456.25 | 22.66 | 887.24 |
| 29 | A&N Islands | 16 | 16 | 11.27 | 11.27 | 14.65 | 13.65 |
| 30 | Chandigarh | 7.06 | 7.06 | 48.54 | 48.54 | 6.15 | 43.66 |
| 31 | D&N Haveli | 1.14 | 1.14 | 1.07 | 1.07 | 0.67 | 1.15 |
| 32 | Daman & Diu | 0.6 | 0.6 | 1.08 | 1.08 | 0.54 | 1.08 |
| 33 | Delhi | 30.32 | 30.32 | 478.9 | 478.9 | 32.00 | 536.65 |
| 34 | Lakshadweep | 3 | 3 | 2.4 | 2.4 | 3.12 | 2.00 |
| 35 | Pondicherry | 10.41 | 7.64 | 14.58 | 16.81 | 10.07 | 19..50 |
| **Total** | | **2481.06** | **2430.91** | **4275** | **3975.39** | **2773.38** | **5187.42** |