



**WEDNESDAY, 15 JULY 2009**

**India's Cotton & Textile Industry: Main Points**

---

- ❖ India's textile and clothing industry contributes 4% per cent to Gross Domestic Product, 14 per cent in industrial production and 12 per cent in export earnings.
- ❖ It is the second largest industry providing employment after agriculture. It provides employment to around 35 million people.
- ❖ **First Cotton Mills:** The first Indian cotton cloth mill was established in 1818 at Fort Gloaster near Kolkata, albeit this mill was a failure. The second mill which was established by *KGN Daber in 1854 is called the true foundation* of modern cotton industry in India. Its name was Bombay Spinning and weaving Company, Bombay.
- ❖ **Bad Effects of Partition:** Partition of India in 1947 affected Indian cotton industry badly. Most of the weavers who were Muslims migrated to Pakistan. There were 394 cotton mills in India before partition, out of this 14 mills went to Pakistan. Remaining 380 mills which were left in India. However 40 % cotton producing area became area of Pakistan. Thus India was forced to import raw cotton to keep the mills alive.
- ❖ **Development Starts:** Till the year 1985, development of textile sector in India took place in terms of general policies. In 1985, for the first time the importance of textile sector was recognized and a separate policy statement was announced with regard to development of textile sector. **In 1993, Govt. of India made this industry license free by its Textile Development and regulation Order 1993.**
- ❖ **Cotton Association of India:** Cotton Association of India was established in the year 1921 with a view to facilitate cotton trade and

regulate cotton futures in Mumbai. Since then, CAI has been playing a pivotal role in development and promotion of cotton across India. In 1952, CAI was granted permanent recognition for conducting futures trading in cotton throughout India. Formerly known as *East India Cotton Association*, it was redesignated as Cotton Association of India in August 2007.

- ❖ **Cotton Price Index:** Cotton Price Index was launched by Cotton Association of India on the lines of ICE futures in US and Cotlook in UK. It will be an independent index of cotton prices in India.
- ❖ **Leading States:** In India the cotton and man made fibre industry is concentrated mainly in Maharashtra, Tamil Nadu and Gujarat.
- ❖ **Main Competitors of India:** The main competitors of India in the textile exports are China, Pakistan & Bangladesh.
- ❖ **Meera Seth Committee** was related to development of Handloom sector which submitted its report in 1997. This committee recommended the establishment of national handloom fund of Rs. 500 crore.
- ❖ **TUFS:** The Government of India (GOI), Ministry of Textiles (MOT), introduced **Technology Upgradation Fund Scheme (TUFS) for Textile and Jute Industries** on April 1, 1999, for a period of 5 years, subsequently extended by 3 years to cover sanctions up to March 31, 2007. The Budget for FY 2007-08 has announced further extension of the Scheme by five years i.e to last till, FY 2011-12. Post-extension, the Scheme is under revision and sanctions w.e.f April 1, 2007, has been kept in abeyance under TUFS. **Rs. 3140 crore have been allotted in Union Budget 2009-10 for this scheme.** The Scheme is intended to facilitate induction of state-of-the-art or near state-of-the-art technology. Existing units with or without expansion and new units are eligible under TUFS.
- ❖ **Scheme for Integrated Textile Park (SITP):** To provide the industry with world-class infrastructure facilities for setting up their textile units, the Scheme for Integrated Textile Park (SITP) was approved in July 2005

to create new textile parks of international standards at potential growth centres. As per the target for the 10th Five Year Plan, 30 Textiles projects have been approved. There has been overwhelming response to the scheme. Taking into consideration the response to the scheme and the opportunities for the growth of textile industry in the quota free regime, the Government of India have decided to continue the SITP in the 11th Five Year Plan. This will facilitate additional investment, employment generation and increase in textiles production. **In the Union Budget 2009-10, Rs. 397 crore were provided for this scheme.**

- ❖ **National Textile Policy:** In the year 2000, National Textile Policy was announced. Its main objective was: to provide cloth of acceptable quality at reasonable prices for the vast majority of the population of the country, to increasingly contribute to the provision of sustainable employment and the economic growth of the nation; and to compete with confidence for an increasing share of the global market. *The policy also aimed at achieving the target of textile and apparel exports of US \$ 50 billion by 2010 of which the share of garments will be US \$ 25 billion.*
- ❖ **Strengths of Indian textile Industry:** India has rich resources of raw materials of textile industry.
- ❖ **Technology Mission on Cotton:** In order to consolidate the strength in raw material especially the cotton sector and to remove contamination, the Government had set up the Technology Mission on Cotton (TMC) on 20th February 2000. The Mission, consisting of four Mini-Missions, was intended to run for a 5-year term, commencing from 1999-2000. It has since been extended by 3 years to cover the entire Tenth Plan period, ending with 2006-07.
- ❖ **Some important Schemes for Handloom Development:** Deen Dayal Hathkargha Protsahan Yojna, Workshed cum housing scheme , Weavers welfare Scheme , Health Insurance Scheme for handloom weavers , The Mahatma Gandhi Bunkar Bima Yojna , The integrated Handloom Cluster development Scheme.

- ❖ **Apparel Export Promotion Council:** AEPC was incorporated 1978 and is the official body of apparel exporters in India that provides invaluable assistance to Indian exporters as well as importers/international buyers who choose India as their preferred sourcing destination for garments. Sponsored by the Ministry of Textiles to monitor garment exports and quotas APEC also provides online trading, news, quota circulars, EXIM. Over the last 25 years, the council has been continuously involved in the task of promoting exports by organising buyer-seller meets, leading trade delegations to potential markets globally, participating in specialized international fairs, organising the India International Garment Fair biannually, and organizing seminars on fashion and workshops on technical aspects of the industry **Twice a year**, AEPC showcases the best of India's garment export capabilities through the prestigious **India International Garment Fair**, playing host to over 350 exhibitors displaying the exotic, the haute, the prêt, the contemporary and much more.
- ❖ **Decade of manufacturing:** The decade 2006-2015 is the decade of manufacturing for India. The National Manufacturing Competitive Council (NMCC) has emphasized on the need for focused attention to the specified sectors of the manufacturing which are labor intensive and also enjoy competitive advantage. The textile and clothing industry is identified as one such sector. The Working Group has suggested a plan of action including higher plan outlay to enable this industry to realize its full potential during this Plan period.

### **Objectives of the Eleventh Plan for Textile Industry:**

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