

INDIAN COTTON TEXTILE INDUSTRY

THE FEAT OF FAIRY-TALE IN WTO REGIME

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PREFACE

COTTON Textile Industry is a mega-luminous industry in India. According to Indian Cotton Mills Federation, the Industry is the second largest in the world. It has the largest cotton acreage of 9 million hectares and is the third largest producer of this fiber. It ranks fourth in terms of staple fiber production and sixth among filament yarn production. The country accounts for about one fourth of world trade in cotton yarn.

For the Indian Economy, the textile industry accounts for 20% of industrial production employing over 15 million people. 30% of India's export basket consists of textiles and garments, makes it one of the largest contributors. In spite of high capital and power cost, Indian textile and garment sectors strength lies in availability of cotton, lower labour costs, well-educated supervisory staff, and ample technical and managerial skills. Only a few countries are endowed with such resources. Today, globalization has brought opportunities for Indian cotton textile industry. "The post multi-fiber arrangement (MFA) era would provide more opportunities not threats and the employment opportunities and earning are bound to rise" (Pant, 2003). At the same time it is expected that India would face threats, particularly from cheap imported fabrics. "A bit of threats to textile comes from disposable made out of non-woven as well as the threat of fierce competition from China, Vietnam, Thailand and Indonesia after abolition of MFA" (Raichaudhri, 1995). Thus, industry has to fight for increasing its share in international textile trade. Though the process has already begun but still a lot of work remains to be done. That day is not remote when the whole world will be looking after India for the high quality supply of cotton textile and it will become a super power soon.

Objective and Line of Analysis

Here, in this paper an attempt has been made to analyze the nitty-gritty of Indian Cotton Textile Industry. For the purpose of this analysis, data and related information have been edited after collecting it from different journals, magazines, websites and newspapers. The source particular has been referred at appropriate place. For the sake of silky tête-à-tête, this paper covers following broad-spectrum thoughts.

- Cotton Textile Industry in India: Evolution and Growth
- Main Ingredients of Indian Cotton Textile Industry
- Foreign Trade of Indian Cotton Textile Industry
- Government Policies Regarding Textile Industry of India
- Conclusion
- Notes and References

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Cotton Textile Industry in India: Evolution and Growth

The first Indian modern cotton cloth mill was established in 1818 at Fort Gloaster near Calcutta. The successful attempt made by KGN Daber who established the mill under the title of 'Bombay Spinning and Weaving Co.' in 1854 at Bombay. In fact, this mill laid down the foundation of modern cotton textile industry in India. Since then, a number of cotton textile mills have come into existence and some of them are leading at the world level successfully.

There has been a close conciliation between Indian freedom struggle and development of cotton textile industry. Various Movements like Anti-Bengal Partition (16th Oct. 1905), Non-co-operation Movement (1920-22), Quit India Movement (1942) etc. created a wave of boycotting foreign clothes and propagating the swadeshi clothes that helped a lot in developing this industry in India. But the partition of India in 1947 adversely affected the industry of the country. Most of the Muslim weavers migrated to Pakistan and the industry got divided into two parts. There were 394 cotton mills in India before the partition. Out of these, 14 mills went to Pakistan and the remaining 380 cotton mills continued to operate in India. On the other hand, 40% of cotton producing area became the part of Pakistan and only 60% area remained with India. That's why India was compelled to import raw cotton to meet the input requirements of its 380 mills.

India's five-year Plans proved a boon to cotton textile industry. During planning period, this industry not only made remarkable development but also established milestone in international market. The Government, in 1993 by its 'Textile Development and Regulation Order' has made the industry license free (2001). In April 1951, i.e., on the inception of India's economic planning in India, there were 378 cotton mills, and 11 millions 'Installed spindle' (1.84 millions spinning and 9.16 million composite) (Table 1). During the last five decades,

Table 1: Growth of Indian Textile Mill Industry

Year	Number of Mills			Installed Spindles (Million)			Number of Rotors (Thousand)	Installed Looms		
	Spin-ning	Comp-osite	Total	Spin-ning	Comp-osite	Total		Shuttle	Shuttle-less	Total
1950-1951	103	275	378	1.84	9.16	11.00	-	195.00	-	195.00
1960-1961	121	291	412	1.86	10.19	12.05	-	199.00	-	-
1970-1971	373	291	664	5.67	12.21	17.88	-	208.40	-	199.00
1980-1981	415	278	683	8.92	12.31	21.23	5.00	207.41	0.49	207.90
1990-1991	777	285	1062	15.14	11.53	26.59	66.92	174.21	3.60	177.81
1991-1992	846	271	1117	16.68	11.14	27.82	112.99	168.98	3.86	172.84
1992-1993	874	268	1142	17.23	10.86	28.09	126.68	158.24	4.25	162.49
1993-1994	909	266	1175	18.14	10.46	28.60	139.30	145.18	4.74	149.92
1994-1995	1148	268	1416	20.37	10.33	30.70	185.89	134.18	5.27	139.45
1995-1996	1974	275	2249	22.73	10.07	32.80	235.42	126.51	5.67	132.18
1996-1997	2233	281	2514	24.63	9.96	34.59	300.34	117.87	6.28	124.15
1997-1998	2365	278	2643	25.15	9.88	35.39	131.51	116.81	7.17	123.98
1998-1999	2444	281	2725	26.91	9.76	36.67	383.00	116.28	7.75	122.50
1999-2000	2486	285	2771	27.45	9.63	37.08	392.00	118.44	7.95	128.39
2000-2001	2486	281	2767	28.57	9.34	37.91	394.00	115.00	7.95	122.95

Source: *Handbook of statistics on cotton textile industries, International Cotton Mills Federation, (2001) 28th edition.*
www.icmfindia.com

the number of composite mills have shown a marginal increase and reached the figure of 281 (in 2000-2001) from 275 in 1951. And spinning mills have also shown profound growth with an increase of 24 times to reach 2486 (in 2000-01) from 103 in 1951. Similarly, whereas the installed spindles have become more than tripled during the same period from 11 million in 1951 to 37.91 million (28.57 million spinning and 9.34 million composite) in 2000-2001. The installed looms have shown a fall from 195 thousand in 1951 to 122.95 thousand (consisting of 115 thousand shuttle and 7.95 shuttleless looms) in 2000-01.

There were 27.25 percent spinning mills and 72.75 percent were composite mills. 16.73 percent, 83.27 percent were spinning and composite installed spindles. There was not even a single 'shuttleless installed loom' as well as there was no any rotor in 1951. During 2000-01 the percentage of spinning mills reached up to 89.84 percent with an increase of 62.59 percent and the composite mills approached up to 10.16 percent with a huge decline of said percentage. In case of installed spindles the percentage of spinning approached up to 75.36 percent with a great increment of 58.63 percent and of composite pushed back 24.63 percent with a decrease of the said percentage. To conclude, whereas the spinning mills and spindles shows a grand growth but composite mills and spindles are lagging behind.

The installed spindles and installed looms were utilizing their capacity only 66 percent and 64 percent in 1951 (Table 2). It reached up to 78 percent with an increase of 12 percent in case of installed spindles in 1999-2000. On the other hand, the capacity utilization suffers a heavy decline of 42 percent in case of installed looms; it reached to 22 percent in 1999-2000. To conclude, installed spindles are growing with a marginal increase in case of capacity utilization and installed looms are lagging behind in the same.

Table 2: Average Capacity Utilization in Mill Sector

Year	Installed Spindles (In Million)	Percentage Utilization	Installed Looms (In Thousand)	Percentage Utilization
1951	11.24	66	196	64
1956	12.49	71	201	70
1961	13.83	77	199	71
1966	16.67	73	207	70
1971	17.98	72	206	68
1975-76	19.36	75	207	69
1981-82	21.93	72	210	70
1985-86	26.02	69	208	62
1990-91	26.67	80	178	58
1991-92	27.82	75	169	56
1992-93	28.09	72	158	48
1993-94	28.6	74	150	48
1994-95	29.08	71	145	45
1995-96	31.22	69	136	41
1996-97	32	71	132	42
1997-98	33.88	70	124	33
1998-99	34.72	61	124	28
1999-00	35.1	78	128	22

Source: *Handbook of statistics on cotton textile industries, ICMF (2001) 28th edition.*

Main Ingredients of Indian Cotton Textile Industry

Raw Material

The basic raw materials for the cotton textile industry are

- Cotton fibre
- Viscose staple fibre
- Polyester staple fibre (PSF)
- Polyester filament yarn (PFY), and
- Acrylic fibre

Cotton is a natural fibre, which can be processed to produce a wide variety of end products. The staple length, fineness, cleanliness and strength determine the method of processing the cotton fibre for various end products. The staple length, fineness and strength drive the yarn count for which a particular variety of cotton is appropriate. The cleanliness of cotton is another parameter that affects the quality of the end product and has an impact on the process irrespective of the count of yarn for which the fiber may be apropos (Textile Sector Report, 2002).

The production of cotton in 1980-81 was 78 Lakh bales, which is doubled to 156 Lakh Bales in 1999-2000 (Table 3). The production of man-made fibre and filament yarns increased significantly from 115.2 and 74.1 million-kg. in 1980-81 to 904.27 and 916 million kg. in 2000-01.

Table 3: Production of Cotton, Man-Made Fibres and Man-Made Filament Yarns

Item	Unit	1980-81	1990-91	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
Cotton production (Cotton season)	Lakh Bales	78	117	170.2	177.9	158	165	156	—
Production of man-made fibers	Million Kgs.	115.2	336.9	498.4	588.2	708.42	781.65	834.97	904.27
Production of man-made filament yarns	Million Kgs.	74.1	276.1	493	601.56	768.55	850.33	893.68	916

Source: Handbook of statistics on cotton textile industries, ICMF (2001) 28th edition.

The ratio of cotton to man made (fibres and filament yarns) was 41:59 in 1980-81 It goes up to 61:39 which is quite high in comparison of the 'world average of 46:54 in 1999-2000. Hence, there is sufficient scope to increase the use of man-made fibres and utilize cotton for higher ends of the market, particularly for the export market' (2001). "The Indian textile industry will offer many challenges that promise great opportunities of business ventures in different sub-sectors like raw-material and inputs, technology, environment, changing consumer tastes and new products" (Raichaudhri, 1995).

Industry Structure and Textile Technology

a) Industry Structure

The average size of a spinning unit is about 25,000 spindles and it employs near about 700 workers. In the organized sector, a unit, comprising a spinning mill and a weaving mill is called a composite mill. The average size of a composite mill is approximately 25,000 spindles and 500 conventional looms with a production level of 40,000 meter per day. The slab, which is given below, explains the structure perfectly:

b) Textile Technology

The cotton textile industry predominantly uses cotton and also synthetic fibers in staple lengths not exceeding 51 millimeter. It does not use wool and continuous filament yarns. The cotton textile industry converts staple fiber into finished textile products through four manufacturing stages.

- Spinning: conversion of staple fiber into yarn.
- Weaving & knitting: conversion of yarn into gray fabrics.
- Wet processing: conversion of gray fabrics into finished fabrics.
- Garment making: conversion of finished fabrics into garments.

Integration	Technology	Trade description	Scale
Only spinning	Ring or rotor spinning	Spinning mills	Units with 15,000 spindles or 800 rotors minimum
Only spinning	Hand spun without use of power	Khadi	Cottage industry
Only weaving	Using a loom driven by power	“Power loom” sector or weaving mills	Modern technology units of min 24 machines, conventional units of 4 & 8 looms
Only weaving	Hand weaving by handloom	“Handloom” sector	Cottage industry
Only wet processing	Using power	Process house	Min. capacity 20,000 m/day woven fabrics
Only wet processing of woven fabrics	Without use of power	Hand processing units	Min. cap. 5,000 m/day
Spinning & weaving	Using power	Gray mills	15,000 spindles or 800 rotors & 50 looms
Spinning, weaving and processing	Using power in all operations	Composite mills	Mfg. finished fabrics with 20,000 m/day minimum

Thus the spinners are the primary producers followed by the weavers/knitters (intermediate producers), the finishers who produce finished fabrics for retail sales or sales to garment converters and converters or manufacture of garments/bed linen. Finished fabrics includes the followings:

- Apparel - outer and inner wear.
- Household fabrics - furnishings, bed linen, etc.
- Accessories- bags, belts, handkerchiefs, etc.
- Industrial fabrics - filter cloth, parachute cloth, etc.

Two basic technologies are being used in the cotton textile industry - mechanical processing for the conversion of fiber into yarn and yarn into gray fabrics and chemical processing for converting gray fabrics into finished fabrics. Two spinning technologies - ring spinning and rotor (open-end - OE) spinning are popular. Ring spinning uses a slightly longer process sequence. It gives a softer finish to the yarn and is versatile in spinning yarns of different counts. The basic technology of ring spinning has remained almost unchanged for almost a century though evolutionary developments, leading to higher speed and better quality, have taken place in the past two decades.

Though invented earlier, OE spinning has become popular since the 1970s. More than 10 percent of world yarn is currently produced through this technology. OE yarns, using a shorter process sequence, have a somewhat severe handle. The yarn feel and techno-economic factors have meant that OE, largely adopted for coarser counts; i.e. counts below 20s. OE can also handle short fibers and cotton waste. In fact, Indian mills have used OE extensively as a waste spinning technology (Textile Sector Reports, 2002). “One of the major shortcomings of self-sufficiency is the lack of access to global technology. Without this, no country neither maintains its current standard of living nor increases it. India before liberalization had to depend largely on second and third grade borrowed technologies and even some of first grade indigenously developed technologies languished under our craziness to embrace the foreign. This resulted in dependence on narrow range of exports that lost the profitability in the world Economy” (Bakshi, 2001). Mr. Kanshiram Rana Union Textile Minister, pointed out that the technology is crucial for modernization and for being competitive, “we have not been able to fully utilize the potential of technological developments in textile production”. Therefore, Indian Industry is fraught with severe technological obsolescence affecting productivity and quality of textile goods.

Production

Textile Production can be studied with two segments:

a) Cloth production

Cloth produced in the mill sector can be classified into five groups as (i) Coarse, (ii) Medium B, (iii) Medium A, (iv) Fine, and (v) Superfine. The former two categories of cloth generally meet the clothing requirements of the weaker sections of society. The mills have been under an obligation to produce these two categories of cloth in a certain proportion of their total output. The proportion of superior quality cloth in total output, however, has been increasing over the years, as would be seen from the fact that in 1965, the superior quality cloth formed about 22 percent of the total output; this proportion went up to 57 percent in 1999 (Dhingra, 2001).

Till the early sixties, a major proportion of cloth output in India was produced by the mill sector that was 72.5 percent in 1960. The role of the centralized sector was 37.93 percent in 1980-81 (Table 4); it fell down to 4.44 percent in 1999-2000 with a great decline of 33.49 percent. Decentralised sector of this industry has been expanding with major share of cloth output, became 62.07 percent in 1980-81 and it goes up to 95.56 percent in 1999-2000 with a huge increase of 33.49 percent. It shows that centralized sector is still lagging behind.

Table 4: Production of Cloth (All Types)

Item	Unit	1980-81	1990-91	1995-96	1996-97	1997-98	1998-99	1999-00
Production of cloth (All types)	Million Sq. Mts.	10988	20354	31460	34298	36896	35543	38627
Of which : Mills	Million Sq. Mts.	4168	2720	2019	1957	1948	1785	1714
% of cloth production by mills		37.93	13.36	6.42	5.71	5.28	5.02	4.44
Decentralised sector	Million Sq. Mts.	6820	17634	29441	32341	34948	33758	36913
% of cloth production by Decent. sector.		62.07	86.64	93.58	94.29	94.72	94.98	95.56

Source: *Handbook of statistics on cotton textile industries, ICMF (2001) 28th edition.*

b) Fabrics production

The total fabric production was 17213 million sq. mts. in 1985-86, which reached up to 40333 million sq. mts. in 2000-2001 with two-fold increase (Table 5). The share of mill sector and handloom sector in the

Table 5: Production of Fabrics from Cotton, Man-Made Fibres and Blended Thereof

(in million sq. mts.)

Year	Mill Sector	%	Handloom Sector	%	Power loom Sector	%	Hosiery	%	Total
1985-86	3544	20.589	4135	24.02	8083	46.96	1451	8.43	17213
1989-90	2667	12.948	3924	19.05	11632	56.47	2375	11.53	20598
1994-95	2271	8.0603	6180	21.93	15976	56.7	3748	13.3	28175
1996-97	1957	5.7059	7456	21.74	19352	56.42	5533	16.13	34298
1997-98	1948	5.2797	7603	20.61	20951	56.78	6394	17.33	36896
1998-99	1785	5.0221	6792	19.11	20689	58.21	6277	17.66	35543
1999-00	1714	4.4373	7352	19.03	23187	60.03	6374	16.5	38627
2000-01	1670	4.140	7472	18.52	24503	60.75	6688	16.58	40333

Source: *Handbook of statistics on cotton textile industries, ICMF (2001) 28th edition.*

production of fabrics decreased with 16.44 percent and 5.49 percent from 1985-86 to 2000-2001. On the other hand, the share of power-loom sector and hosiery increased with 13.79 percent and 8.15 percent. The share of mill sector in fabric production remained at 4.14 percent in 2000-01 while that of power loom (including hosiery) remained at 77.33 percent and handloom at 18.52 percent. It shows that mill and handloom sector's performance is not satisfactory.

Pattern of Consumption of Textile

Cotton yarn is classified on the basis of counts. Typically the higher count is of superior quality. Coarse yarn (Less than 17s) is used for low cost fabric, industrial garments etc. Medium quality yarn (20-40s) is used for shirting, knitting and other textiles. Super fine yarn (above 40s) is used for premium shirting and other sophisticated fabrics (Dhingra, 2001).

The short staple, medium long staple, long staple cotton varieties of India has shown marginal increase in mill consumption with 1.51 percent, 0.38 percent, 5.45 percent (Table 6). On the other hand, a medium staple and extra long staple cotton variety shows a hefty decline with 11.36 percent and 5.30 percent from 1992-93 to 1999-2000. The consumption of foreign cotton variety by mills raised up to 12.10 Lakh bales with an increase of 9.32 percent from 1992-93 to 1999-2000 while consumption of Indian cotton decreased with the same percentage in the same period. The share of foreign cotton in mill consumption (cotton varieties) is increasing and Indian cotton is adversely affecting consequently.

Table 6: Mill Consumption of Cotton

(Lakh bales of 170 kg. each)

Cotton Variety	Cotton Years							
	1992-93	1993-94	1994-95	1995-96 (Oct. to Sept.)	1996-97 (Oct. to Sept.)	1997-98 (Oct. to Sept.)	1998-99 (Oct. to Sept.)	1999-2000 (Oct. to Sept.)
Short staple (below 20 mm)	3.65 (3.23)	4.21 (3.69)	6.45 (5.40)	9.77 (7.07)	11.30 (7.51)	8.20 (5.72)	6.13 (4.21)	5.33 (4.74)
Medium staple (20.50 to 25.50mm)	49.75 (44.10)	47.64 (41.77)	43.27 (36.25)	50.71 (36.67)	53.79 (35.76)	45.04 (31.44)	42.19 (28.99)	36.84 (32.74)
Medium long staple (26.00 to 27.50mm)	18.23 (16.16)	23.15 (20.30)	22.56 (18.90)	26.09 (18.87)	29.62 (19.69)	27.64 (19.30)	25.77 (17.71)	18.61 (16.54)
Long staple (28.00 to 33.50mm)	30.30 (26.86)	30.29 (26.56)	35.13 (29.43)	41.52 (30.02)	47.63 (31.67)	53.68 (37.48)	58.18 (39.98)	36.35 (32.31)
Extra long staple (34.00mm & above)	9.27 (8.22)	7.86 (6.89)	7.06 (5.91)	7.47 (5.40)	7.24 (4.82)	6.07 (4.24)	5.78 (3.97)	3.29 (2.92)
Total Indian Cotton	111.20 (98.57)	113.15 (99.21)	114.47 (95.89)	135.56 (98.03)	149.58 (99.45)	140.63 (98.18)	138.05 (94.86)	100.42 (89.25)
Foreign cotton	1.61 (1.43)	0.90 (0.79)	4.90 (4.11)	2.73 (1.97)	0.83 (0.55)	2.61 (1.82)	7.48 (5.14)	12.10 (10.75)
Grand Total (Indian + Foreign cotton)	112.81 (100.00)	114.05 (100.00)	119.37 (100.00)	138.29 (100.00)	150.41 (100.00)	143.24 (100.00)	145.53 (100.00)	112.52 (100.00)
SSI Mills	—	—	—	—	—	6.54	6.24	6.07

Note: Figure in parenthesis shows percentage.

Source: www.icmfindia.com

The ratio of consumption of cotton to man-made fibres was 76:24 in 1998-99, now (in 2000-01) it comes down up to 74:26 (Table 7).

Table 7: Consumption of Fibres*(in Million Kgs.)*

Fibres	1998-1999	1999-2000	2000-2001
Cotton	2485	2652	2557
Viscose staple fibre	183	207	223
Polyester staple Fibre	487	581	577
Acrylic staple fibre	105	100	97
Other miscellaneous fibres	2	2	2
Total	3262	3542	3456

Source: *www.icmfindia.com*

The cotton production 1961-62 was 49.77 Lakh bales and it reached up to 156 Lakh bales with an increase of 213.44 percent, total availability for mills consumption increased from 54.10 Lakh bales in 1961-62 to 163.00 Lakh bales with an increase of 201.29 percent in 1999-2000 (Table 8). The total consumption by mills reached up to 160.50 Lakh bales in 1999-2000 with an increase of 166.52 percent from 60.22 Lakh bales in 1961-62.

Table 8: Availability and Mill Consumption of Cotton*(in Lakh bales of 170 Kgs.)*

Cotton Season	Cotton Production (Estimate of Commercial Crop)	Export	Extra Factory Consumption	Available for Mill Consumption from Domestic Sources	Imports	Total Availability for Mill Consumption	Total Consumption Bi Mill
1961-62	49.77	3.48	0.75	45.54	8.56	54.10	60.22
1971-72	74.62	2.47	1.06	71.09	7.90	78.99	67.33
1981-82	84.00	3.78	3.00	77.22	0.50	77.72	71.23
1991-92	119.00	0.77	8.00	110.23	3.00	113.23	103.09
1994-95	138.50	1.08	9.50	127.92	5.89	133.81	125.54
1995-96	170.20	8.00	9.50	152.70	0.50	153.20	144.79
1996-97	177.90	16.82	11.86	149.22	0.30	149.52	158.30
1997-98	158.00	3.5	9.23	145.27	4.13	149.40	149.78
1998-99	165.00	1.01	13.59	150.40	7.87	158.27	151.77
1999-00	156.00	1.00	11.00	144.00	19.00	163.00	160.50

Source: *Handbook of statistics on cotton textile industries, ICMF (2001) 28th edition.*

Consumption of cotton as a percentage of all fibers filaments was about 45:55 in urban, 56:44 in rural in 1993 in our country. In 1998 it was 43:57 in urban, 37:63 in rural sector. This is because of various inherent advantages that India has in terms of cotton production and its quality. However, in terms of ratio is 50:50. We seem to be heading towards this global trend. This is because the wash not wears qualities of polyester and blended fabric reduces the maintenance cost in terms of washing and ironing (Dhingra, 2001). Table 9 shows that there is a slight decrease in the consumption of cotton and slight increase in consumption of other all fibres/filaments. The value of cotton as a percentage of all fibres/filament was about 24:76 in urban, 32:68 in rural in 1993 in our country. In 1998 it reached up to 28:72 in urban and 37:63 in rural sector in 1998.

Table 9: Per Capita Household Purchases of Cotton Textiles by Sector Of Manufacture*Q : Quantity in Metres V : Value in Rupees*

Sector		Urban			Rural			All India		
		1993	1995	1998	1993	1995	1998	1993	1995	1998
Handloom	Q	1.18	1.08	1.63	1.85	1.48	0.82	1.68	1.38	1.03
	V	34.99	38.72	82.08	37.98	40.33	29.19	37.21	39.92	42.79
	Q%	15.425	13.059	16.139	24.41	22.458	16.078	22.105	19.66	16.119
	V%	16.129	13.075	16.805	26.82	24.459	17.519	23.145	20.1	17.158
Millmade/ Powerloom	Q	5.56	6.09	6.87	4.8	4.12	3.34	4.99	4.62	4.25
	V	164.41	230.35	347.59	90.62	107.32	114.78	109.59	139	174.66
	Q%	72.68	73.64	68.02	63.32	62.519	65.49	65.658	65.81	66.51
	V%	75.786	77.787	71.163	63.99	65.086	68.887	68.166	69.96	70.035
Hosiery	Q	0.86	1.04	1.57	0.88	0.93	0.88	0.88	0.96	1.06
	V	15.77	24.9	56.69	11.63	15.52	20.37	12.69	17.93	29.71
	Q%	11.242	12.576	15.545	11.61	14.112	17.255	11.579	13.68	16.588
	V%	63.08	99.6	226.76	46.52	62.08	81.48	50.76	71.72	118.84
Khadi	Q	0.05	0.06	0.03	0.05	0.06	0.06	0.05	0.06	0.05
	V	1.78	2.16	2.08	1.16	1.72	2.28	1.27	1.83	2.23
	Q%	0.6536	0.7255	0.297	0.66	0.9105	1.1765	0.6579	0.855	0.7825
	V%	0.8205	0.7294	0.4258	0.819	1.0431	1.3684	0.7899	0.921	0.8942
Total	Q	7.65	8.27	10.1	7.58	6.59	5.1	7.6	7.02	6.39
	V	216.94	296.13	488.44	141.6	164.89	166.62	160.77	198.6	249.39
	Q%	100	100	100	100	100	100	100	100	100
	V%	100	100	100	100	100	100	100	100	100

Source: *Handbook of statistics on cotton textile industries, ICMF (2001) 28th edition.*

Production of cloth largely failed to keep pace with the growth rate of population, which is the direct determinant of demand for cloth. During the last five decades, cloth output has increased only at an annual average rate of about 1.7 percent, whereas population has been increasing at a galloping speed with the annual average rate of more than 2.0 percent (Dhingra, 2001). As a result, the per capita availability of cloth over the years has fallen from a peak of 23.74 sq. meters (Table 10) in 1964-65 to 22.40 sq. meters in 1991-92 (61 percent cotton cloth and 38.3 percent blended) but it reached up to 30.55 sq. meters (46.4 percent cotton cloth and 53.6 percent blended in 1999-2000. Resultantly, cloth output is improving.

Revenue Collection and Profitability of Cotton Textile Industry

The excise duty on cotton and man made textiles were Rs. 9.26 crore in 1950-51 they approached up to Rs. 2723.03 crore in 1990-91 with the ratio of 68.98 percent from man-made fibres and filament yarn, 7.78 percent from cotton yarn, 5.16 percent from man-made fibre spun yarn and 18.08 percent from additional duty in lieu of sales tax on cotton and man made fabrics (Table 11). In 1999-00, this reached up to Rs. 4981.86 crore with a 182.90 percent increase in comparison of 1990-91 sharing with 44.47 percent from man-made fibres and filament yarns, 10.1 percent from cotton yarn, 9.2 percent from man made fibre spun yarn and 16.15 percent from additional duty in lieu of sales tax on cotton and man-made fibres. It is clear that the revenue collection in case of man-made fibres, filament yarn and additional duties, shows decline. On the other hand, in case of cotton yarn and man-made fibres, spun yarn shows improvement.

The cotton textile industry in India earned 9.6 percent profit after tax as percentage of net worth which was equal to all industries in 1951-52 (Table 12). It reached in negative segment, where in case of all industries

Table 10: Per Capita Availability of Cloth

Year	Estimated mid-Year Population (In Millions)	Availability for Home Consumption (Million Sq. Mtrs.)					Per Capita Availability (Sq. Mtrs.)				
		Cotton Cloth	Blended/Mixed/Man m cloth	Total	% of col. 3/5	% of col. 4/5	Cotton Cloth	Blended/Mixed/Man m cloth	Total	% of col. 8/10	% of col. 9/10
1	2	3	4	5	6	7	8	9	10	11	12
1985-86	751	11344	4639	15983	70.98	29.02	15.11	6.18	21.29	71.00	29.00
1990-91	835	12879	6947	19826	64.96	35.04	15.42	8.32	23.74	65.00	35.00
1995-96	916	14545	11426	25971	56.00	44.00	15.88	12.47	28.35	56.00	44.00
1996-97	936	14826	13278	28104	52.75	47.25	15.84	14.19	30.03	52.70	47.30
1997-98	952	14912	14589	29502	50.55	49.45	15.94	14.98	30.92	51.60	48.40
1998-99	973	12717	14712	27429	46.36	53.64	13.07	15.12	28.19	46.40	53.60
1999-00 (prov.)	989	14004	16210	30214	46.35	53.65	14.16	16.39	30.55	46.40	53.60

Source: Handbook of statistics on cotton textile industries, ICMF (2001) 28th edition.

Table 11: Growth of Excise Duty on Cotton and Man-Made Textiles

(In Rs. Crore)

Year	Basic, Auxiliary, Special, Additional Duty (on Textile Articles) and Handloom Cess wherever Applicable					Cotton fabrics	Man made Fabrics	Additional Duty in of Sales Tax on Cotton & Man-made Fabrics	Total					
	Man-made Fibres and Filament Yarns	Cotton Yarn	Man-made Fibre Spun Yarn											
	%		%		%	%	%	%	%					
1950-51	—	0.00	—	0.00	—	0.00	9.26	100.00	N.A.	0.00	N.A.	0.00	9.26	100
1960-61	2.82	3.97	0.13	0.18	—	0.00	45.94	64.64	2.05	2.88	20.13	28.32	71.07	100
1970-71	88.73	40.73	32.96	15.13	—	0.00	56.6	25.98	16.75	7.69	22.8	10.47	217.84	100
1980-81	464.98	50.60	108.59	11.82	77.73	8.46	126.98	13.82	11.2	1.22	121.54	13.23	918.99	100
1990-91	1878.83	68.98	211.77	7.78	140.67	5.16	—	0.00	—	0.00	492.44	18.08	2723.71	100
1994-95	2264.86	50.20	586.43	13.00	334.9	7.42	—	0.00	—	0.00	1325.85	29.38	4512.04	100
1996-97	1856.06	38.20	480.55	9.89	466.22	9.59	8.49	0.17	—	0.00	1456.47	29.97	4858.99	100
1997-98	1533.74	35.18	544.6	12.49	454.28	10.42	28.11	0.64	447.99	10.27	821.05	18.83	4360.04	100
1998-99	1533.44	35.17	544.66	12.49	454.28	10.42	—	0.00	—	0.00	821.05	18.83	4359.98	100
1999-00	2215.51	44.47	533.38	10.71	458.43	9.20	—	0.00	—	0.00	804.36	16.15	4981.86	100
2000-01	2436.19	45.10	821.28	15.20	440.68	8.16	—	0.00	—	0.00	753.22	13.94	5402.12	100

Source: Handbook of statistics on cotton textile industries, ICMF (2001) 28th edition.

Table 12: Cotton Textile Industry: Profitability Ratios

Year	Gross Profits as percentage of Sales Net of Rebate Discount Excise Duty and Cess		profits after tax as percentage of Net Worth		Dividends as percentage of Total Paid-up Capital		Dividends as percentage of Net Worth		Tax Provision as percentage of Profit Before Tax	
	Cotton Textile Industries	All Industries	Cotton Textile Industries	All Industries	Cotton Textile Industries	All Industries	Cotton Textile Industries	All Industries	Cotton Textile Industries	All Industries
1951-52	9	9.7	9.6	9.6	9.6		4.6	5.0		
1965-66	4.9	10.7	1.3	8.9	8.8	9.8	4.3	5.6	75.3	50
1966-67	6.7	10.5	5.3	9.1	8.5	9.2	4.4	5.5	50.4	47.8
1971-72	4.9	10	0.9	10.5	7.1	9.5	4.3	5.4	84.5	45.4
1975-76	4.1	9.1	negative	8.2	7.7	9.9	3.8	4.7	denominator negative	59
1976-77	3.2	9		7.9	7.6	10.3	4.5	5.1	do	60.5
1979-80	8.9	10.1	22.7	14.5	12.2	12.2	5.8	5.5	33.2	46.7
1980-81	7.8	9.6	16.9	14.9	12.3	12.8	5.5	5.4	31	42.7
1985-86	6.9	9	3.7	8.3	9.6	13.6	2.1	3.6	20.8	39.9
1986-87	7.1	8.4	negligible	5.4	10.1	13.4	2.2	3.6	22	44.4
1990-91	11.9	11.2	14.3	13.5	19.6	17.9	4.3	5	19.8	32.4
1991-92	8.5	11.9	7.5	11.9	15.5	18.6	4.5	4.6	53.8	37.3
1992-93	8	11.2	5.6	9.9	16.4	16.9	3.2	3.9	47.3	31.1
1993-94	10.3	11.9	16.3	12	17.9	19.4	3	3.9	21	23.7
1994-95	9.7	13	13.9	14	17.5	21.6	2.9	3.9	18.1	20.2
1995-96	4.3	9	8.2	12.2	0.7	5.2	0.3	2	17	34.6
1996-97	4	8.3	8.3	8.7	1.5	6.6	0.6	2.6	29.2	41.4
1997-98	3.9	8.5	9.3	10.4	1.9	6.3	0.7	2.6	28.8	32

Note: Gross profit here is prior to interest but after depreciation.

Source: *Handbook of statistics on cotton textile industries, ICMF (2001) 28th edition.*

it was 8.2 percent in 1975-76. It goes up to 14.3 percent in 1990-91 in comparison of 22.7 percent in 1979-80 in cotton textile industry and 13.5 percent in 1990-91 in comparison of 14.5 percent (1979-80) for all industries. In 1997-98 it reached up to 9.3 percent with a decline of 7 percent from 1993-94 in cotton textile industry and 10.4 percent with a decline of 1.6 percent in the case of all industries. It is clear from this table, there is very much fluctuation in case of profitability for cotton textile industries as well as all industries during the last five decades. "The profitability in textile industry is generally low in comparison of other major Indian industries. The variation in profit from year to year is much greater in textile industry in comparison to all. Very low level of profit margins and large level of internal variations in cost are indicative of the fact. Control should be exercised on all components of cost in order to operate efficiently" (Sidhu, 2001).

Mill Closure

The number of closed spinning mills reached up to 262 in 2001 from 41 in 1985 with a six-fold increase (Table 13). During this period, the number of closed composite mills reached up to 121 till 2001 from 29 in 1985 with an increase of four times, whereas number of closed are 8964 thousand in 2001 in comparison of

Table 13: Duration and Closure of Cotton / Man-Made Fibre Textile Mills

Year/Month End	No. of Mills			Installed Capacity			Employees on Roll (000)
	Spg.	Comp.	Total	Spindles (000)	Rotors (no.)	Looms (00)	
1985 (June)	41	29	70	1693	Nil	183	Not Available
1995-96	100	71	171	4668	6589	450	228
1996-97	118	91	209	5469	9270	542	252
1997-98	127	93	220	5752	10813	553	260
1998-99	207	106	313	7487	25534	606	311
1999-2000	240	109	349	8408	31408	726	334
2000-2001	262	121	383	8964	46012	689	344

Source: *Handbook of statistics on cotton textile industries, ICMF (2001) 28th edition., www.icmfindia.com(2002)*

1693 thousand in 1985 with 5 times increase. The number of closed Rotors reached up to 46012 in 2000-01; looms closed 68900 till 2001 with 376.5 percent increase in comparison of 1985. The message is clear that the capacity utilization of different segments of cotton textile industry is remaining idle.

There are many reasons (external and internal) for the closure of mills. Table 14 depicts that financial difficulty is the strong reason for the closure of these mills followed by strike and labour problems. Lockout is not so important reason for the same.

Table 14: Reason -Wise breaks up of the Closed Mills as on 31/03/2001

Sr. No	Reasons of Closure	Spinning Mills	Composite Mills	Total
1	Financial Difficulties	180(1)	98(1)	278
2	Strike/ Labour Problems	53 (2)	11(3)	64
3	Lockout	18(4)	3(4)	21
4	Other Reasons	44(3)	14(2)	58
	Total	295	126	421

Note: Figure in parenthesis shows rank.

Source: *www.icmfindia.com (2002)*

Indian Government established National Textiles Corporation (NTC) in 1968 to revive closed and sick units. At present NTC is managing 125 textile mills in the country. The paid up capital of Corporation is Rs. 234.28 crore and about 95 crore metres cloth is being produced by NTC in the country. But NTC has been facing problem of continuous loss for the last few years (2001). "Textiles sector is in urgent need of modernization, technical changes, restructuring and financial support. A multi-pronged national textile strategy needs to be worked out keeping in view the long-term potential of this sector. All textile-producing and exporting countries of the developing world should join hands in enforcing the early termination of the MFA system and for evolution of a rule-based global textile-restructuring programme in the WTO fora" (Panchmukhi, 2002).

Foreign Trade of Indian Cotton Textile Industry

Foreign exchange earnings are increasing in the exports of cotton textiles in different categories, in 1972 these were Rs. 173.67 crore (sharing with 46.69 percent from mill made cotton, 13.09 percent from cotton yarn and sewing thread, 0.51 percent from cotton apparel-woven and knitted, 11.84 percent from other cotton and made-up items, 8.50 percent from handloom cotton cloth, 3.96 percent handloom cotton made up, 0.75 percent from powerloom cotton cloth and 0.36 percent from powerloom cotton made-ups.) increased up to Rs. 1521.58 crores

Table 15: Exports of Cotton Textiles (Calendar Years)

Qty.: Quantity in Mil.sq.metres, Val.: Value in Rupees Crore

Yr.	Mill Made Cotton Cloth		Cotton Yarn & Sewing Thread		Cotton Apparel Woven Knitted		Other Cotton Mfrs. including made-up Items		Handloom Cotton Cloth		Handloom Cotton Made-ups		Powerloom Cotton Cloth		Powerloom Cotton Made-ups		Total FEE*	
	Qty.	Val. % age	Qty.	Val. % age	Qty.	Val. % age	Qty.	Val. % age	Qty.	Val. % age	Qty.	Val. % age	Qty.	Val. % age	Qty.	Val. % age	Qty.	Val. % age
1972	431	8109 46.69	22	23 13.09	25	1 0.51	21	11.84	43	15 8.50	7	3.96 10	1	0.75 1	0.36	174 100		
1975	332	100 32.39	4	7 2.10	112	8 2.45	38	12.13	48	32 10.28	11	3.58 7	2	0.58 1	0.42	310 100		
1980	350	176 20.62	7	18 2.09	395	43 5.03	82	9.57	96	83 9.70	31	3.6 50	21	2.44 6	0.64	853 100		
1985	355	275 18.09	10	44 2.90	768	105 6.89	72	4.71	74	94 6.20	74	4.9 117	62	4.09 26	1.74	1522 100		
1990	469	583 11.45	83	479 9.41	1950	851 16.72	236	4.64	65	120 2.36	269	5.28 457	415	8.16 187	3.68	5090 100		
1991	440	678 9.56	121	863 12.18	2515	1147 16.18	297	4.19	69	162 2.28	418	5.9 664	734	10.35 276	3.89	7090 100		
1992	440	813 7.88	122	1112 10.77	3746	1895 18.35	345	3.34	86	256 2.48	685	6.64 747	965	9.35 505	4.9	10323 100		
1993	402	910 6.58	166	1467 10.60	5088	2894 20.92	328	2.37	82	284 2.05	949	6.86 779	1092	7.89 824	5.95	13835 100		
1994	441	1095 6.09	217	2301 12.80	6843	3151 17.53	331	1.84	79	317 1.76	1157	6.44 984	1516	8.43 1269	7.06	17980 100		
1995	459	1362 6.87	244	3131 15.80	6582	3347 16.89	492	2.48	63	270 1.36	1214	6.13 1128	1902	9.6 1524	7.69	19815 100		
1996	498	1606 6.52	404	4766 19.36	7560	4446 18.06	519	2.11	52	235 0.95	1328	5.39 1331	2253	9.15 1909	7.75	24623 100		
1997	460	1586 5.75	515	6070 22.01	7479	5189 18.81	664	2.41	44	224 0.81	1659	6.02 1386	2423	8.78 2285	8.29	27579 100		
1998	625	2032 6.55	474	5887 18.98	8891	5854 18.87	1005	3.24	45	240 0.77	1852	5.97 1544	2584	8.33 2673	8.62	31018 100		
1999	481	2083 6.25	535	6439 19.32	9036	7098 21.3	1432	4.3	41	209 0.63	1703	5.11 1533	2588	7.77 2735	8.21	33322 100		
2000	638	1980 5.54	532	6594 18.45	10225	7297 20.41	1757	4.92	34	193 0.54	1624	4.54 1408	2281	6.38 3094	8.65	35744 100		

Source: Handbook of statistics on cotton textile industries, ICMF (2001) 28th edition.

*FEE – Foreign Exchange Earnings

(9 times) in 1985. In 2000, it reaches up to Rs. 35744.46 crores (23 times on the basis of 1985) sharing with 5.54 percent, 18.45 percent, 20.41 percent, 4.92 percent, 0.54 percent, 4.54 percent, 6.38 percent, 8.65 percent of the above mentioned different items respectively. It is clear from this table there is an increasing trend in decade growth (1999-2000) for foreign exchange earnings in case of cotton yarn and sewing thread (9.04 percent), cotton apparel woven, knitted (3.69 percent), other cotton and made-up items (0.285 percent), power loom cotton made-ups (4.97 percent). On the other hand, there is a decreasing trend in case of man-made cotton cloth (5.89 percent), Handloom cotton cloth (1.82 percent), Handloom cotton made-ups (0.74 percent), powerloom cotton cloth (1.78 percent).

Export trends are an important indicator of textile industry's performance. Export of cotton textiles increased by 36.59 percent from Rs.11868.4 crore in 1998-1999 to Rs.16211.7 crore in 2000-2001 (Table 16). During this period export of readymade garments increased by 38.70 percent. Handicrafts by 15.34 percent, man-made textiles 65.29 percent, silk 94.43 percent, while that of cotton fabrics and made ups, wool and woollens and coir registered a decline of (-)27.56 percent respectively. Export of textile items including jute and handicrafts increased from Rs.45504.8 crore in 1999-2000 to Rs. 55242.4 crore in 2000-2001 indicating annual growth of 21.39 percent.

Table 16: India's Exports of Textiles (in Rs.)

Items	1998-99 (Rs. Crore)	1999-2000 (Rs. Crore)	2000-2001 (Rs. Crore)
Readymade garments	18363.6	20648.5	25470.9
Cotton textiles	11868.4	13465.3	16211.7
Man-made textiles	3027.6	3705.2	5004.4
Wool & woollen textiles	313.9	185.4	236.2
Silk textiles	749.7	1063.2	1457.7
Total	34323.2	39067.6	48380.9
Handicrafts (a+b)	4950.3	5692.7	5709.9
a) Carpets & other floor coverings	2286.7	2795.4	2656.8
b) Other handicrafts	2663.5	2897.4	3053.1
Coir & coir manufactures	316.6	199.9	220.5
Jute	581.6	544.6	930.9
Total	40171.6	45504.8	55242.4

Source: www.icmfindia.com (2002)

The Textile industry is the major export industry-about 30 percent of the total value of India's exports originates in this industry (Table 17). "Exports of cotton textiles have been subject to quantitative restrictions imposed by industrial countries. This restricts the scope for increase in exports. Unlike other exporting countries like Japan, Korea, etc., whose exports of cotton textiles form as much as 80 to 90 percent of production, India exports only about 10 to 15 percent of her total annual cloth production. Our market share in the world textile trade is just about 3.0 percent. By global standards our textile industry is still at primary stage" (Dhingra, 2001). "If the protectionism pressure prevails, the developing countries will find it difficult to export and to meet their debt service obligation. Developing countries would have to impose cuts on their imports, which will necessarily affect the exports of developed countries" (Varshney, 2002). Developed countries like USA, EEC countries, Norway, Finland and Canada have a quota system whereby they impose quantitative restrictions on imports from the developing countries.

The import content of Indian cotton textile industry is very insignificant since all the raw materials as well as most of the machinery, auxiliary equipment, stores and spares are indigenously produced technology for most of the products and processes. The only exceptions are some balancing machines for quick project implementation

Table 17: Textiles Exports vis-à-vis Total Exports (IN US\$)

Year	Textiles Including Jute, Coir & Handicrafts (US \$ Million)	Overall Exports (US \$ Million)	Textile Exports As % of Total Export
1996-97	9555.0 (12.1%)	33105.7 (4.1%)	28.9%
1997-98	9797.5 (2.5%)	32440.8 (-2.0%)	30.2%
1998-99	9548.2 (-2.5%)	33641.5 (3.7%)	28.4%
1999-2000	10508.5 (10.1%)	36805.4 (9.4%)	28.6%
2000-2001	12097.4 (15.1%)	44103.8 (19.8%)	27.4%

Source: *www.icfindia.com (2002)*

where delivery periods for some of the indigenous spinning machines are too long. Therefore, protective import tariffs do not affect an industry in which the ratio of net foreign exchange to outgo is nearly 100 percent. "Competition from imports poses a threat to domestic manufacturers in a liberal-trading environment. This often demands continuous technological up-gradation and innovation. There is a need to be competitive, with a more realistic approach towards industrialization" (Babu, 2002).

Government Policies Regarding Textile Industry of India

In June 1985, the New Textile Policy was announced based on a package of specific recommendations by a high level expert committee. It accepted that the crises in the industry were neither cyclical nor temporary but rooted in deeper structural weaknesses. It identified the main task of the textile industry as increase in production of cloth of acceptable quality at reasonable prices to meet the clothing requirements of a growing population. It was envisaged that this basic objective would be met through cost efficiencies and a freer play of market forces rather than through controls and restrictions. Thus the main elements of the new policy related to:

- Dismantling the sectoral approach retaining a special role only for non-power technology.
- A multi-fiber orientation and fiber flexibility to the entire industry.
- Supply of adequate raw material at reasonable and stable prices.
- Progressive reduction in duties on synthetic raw materials.
- Removal of entry barriers and phased removal of exit barriers.
- Emphasis on technology modernization and machinery imports at international prices.
- Increasing the competitiveness of Indian textiles in the international market.

Since 1985, specific actions have been taken within the basic framework of the new policy. Duties on synthetic raw materials were reduced as part of an across-the-board reduction of customs duties. Imports and exports of cotton have been liberalized (following the globalization of the economy and the '94 GATT agreement) and differential taxes between production sectors (except for the handloom sector) have been removed. Machinery imports have also been liberalized to a great extent. The restrictive import list has been eliminated and duty protection has been effectively reduced to between 25% to 40%. Import of second hand machinery with a minimum residual life of 10 years is now allowed. Thus units now have access to equipment for their production processes from anywhere in the world. The weaving segment is following modernization in the spinning sector. A large number of spinning EOUs have come up and several independent export oriented weaving and knitting units are also being established. Exports have become profitable with the external rupee value adjusted through devaluation and market determined rates. The natural competitive advantages in textiles have given a significant boost to exports, which have grown at a fast clip in the last 5 years. In fact, export growth in the textile sector is currently reined by restrictions on imports in developed countries through quotas. These would be phased out in the next decade with GATT policies in place and the end of the MFA regime. This would provide a major growth impulse and opportunity for exports by the cotton textile industry.

To meet the requirements of modernizing textile industry, Government has created 'Textile mill Modernization Fund' with capital of Rs. 750 crore on August, 1986. A Technology Mission on Cotton (TMC) was launched in February 2000 to address issues of low productivity, marketing infrastructure and availability of cotton which is the core fibre used by the industry. A new Quota Policy has been announced for the textiles sector for the period 1-1-2000 to 31-12-2004. The policy seeks to maintain continuity and stability in exports and prepare the exporters for facing the challenges of the post-quota regime beginning from January 2005. It basically aims at better utilization of quotas and discourages 'Trading of quotas' (Dhingra, 2001). "Despite the inherent strengths Indian textiles suffered because of government's inward looking and insular policies. The enormous opportunities in international markets have not been exploited as a consequence of the policy bias against large size, automation that has only recently been corrected through adoption of sector neutrality and fiber neutrality with an impetus for globalization. Cotton yarn and fabric imports are likely to become easier in the next five years, it will create a major challenge for the Indian textile industry. Product innovation, adoption of the appropriate technology, and continued emphasis on cost and customer service will become the critical success factors for Indian textiles. Substantial growth in the domestic market and tremendous upswing in the international and domestic market, as a result of freer market access facilitated by GATT, spells a bright scenario for the Indian textile industry. New opportunities are emerging in downstream products like processed fabrics, finished, branded knit and woven garments with improvements in communications and electronic data transfer. For many years, exports by the Indian cotton textile industry lost out to international competition because of quality issues. This was due to its orientation to the domestic market, limited competition and lack of modernization. The opening up of new vistas and increasing profitability in the export market with the rupee devaluation has provided the impetus to modernize quickly, especially technology to do so was available. Many of the modern units set up recently are amply able to meet international quality demands" (Textile Sector Reports, 2002).

"The National Textile Policy was announced on November 2, 2000. The basic objective of the policy is to take care the challenges and opportunities presented by the changing global environment to the domestic textile industry, Specially, initiation of the process of gradual phasing out of quantitative restrictions on imports and the lowering of tariff levels for integration of the world textile and clothing markets by end 2004. The strategic thrust areas identified by the policy are technology upgradation, product diversification, increase in exports, innovative marketing strategies, financing arrangements, maximizing employment opportunities and integrated human development. Important targets of this policy are:

Raise the target of textile and apparel exports from the present level of US\$ 11 billion to US\$ 50 billion by 2010 of which the share of garments will be US\$25 billion.

To implement the Technology Upgradation Fund Scheme (TUFS) covering all manufacturing segments of the textile industry in a time bound manner.

To increase the cotton crop productivity by at least 50 percent and upgrade its quality to international standards, through effective implementation of the Technology mission on Cotton.

- Launch the Technology Mission on Jute to increase productivity and diversify the use of this environment-friendly fibre.
- Assist the private sector to setup specialized financial arrangements to fund the diverse needs of the textile industry.
- Setup a Venture Capital Fund for tapping Knowledge based entrepreneurs of the industry.
- Encourage the private sector to set up world class, environment friendly, integrated textile complexes and textile processing units in different parts of the country.
- De-reserve the garment industry from the Small Scale Sector.
- Strengthen and encourage the handloom industry to produce value added items and assist the industry to forge joint ventures to secure global markets.
- Re-design and revamp, during the X-Five Year Plan, the Schemes and Programmes initiated in the handloom, sericulture, handicrafts and jute sector to ensure better returns for those belonging to the disadvantaged categories, and the North East and other backward regions of the country.

- Facilitate the growth and strengthen HRD Institutions including NIFT (National Institute of Fashion Technology) on innovative Lines.
- Review and revitalize the working of the TRAs (Textiles Research Associations) research on industry needs and
- Transform, right size and professionalise all areas of organisations under the Ministry of Textiles to enable them to play the role of facilitators of change and growth” (Dhingra, 2001).

Conclusion

The sea change in Government policies has drastically altered the operating environment for the industry. Strategic questions are coming into sharper focus, at the enterprise level. It is now necessary and possible to evaluate the viability of each operation. A composite mill for instance, now has to question whether it should continue weaving activity given the competitive strength of the powerloom sector or processing activity in the face of competition from the independent houses. These choices would have to be related to the kind of markets in which units would compete and the kind of products with which they would compete. A decision to concentrate on high priced, high quality products for the domestic readymade garments market or on high value-added items for exports would lead to a different mix of manufacturing activities. A unit primarily catering to the domestic market, for example, may decide to phase out its weaving activity. It has now become possible for integrated mills to look at spinning, weaving and processing separately as organizations at the unit level would also undergo major Metamorphosis. Government should considerably strengthen infrastructure for undertaking global trade negotiations. There is a pressing need for active involvement of Government, in terms of both enunciating broad policy issues and specific actions, in relation to the WTO.

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