

**1) Highlights of the meeting with the Textile Commissioner on 10<sup>th</sup> and 11th August 2016 at MUMBAI – Segment wise minimum economic size, optimum size and employment generation potential of textiles and clothing industry**

SIMA was requested by the Textile Commissioner to coordinate with all other associations including Texprocil, CITI, PDEXIL, textile machinery manufacturers, etc. and prepare the report with all machinery details and man power details (category wise). Accordingly, SIMA collected the details from all the stakeholders, prepared the report and submitted the detailed report to the Textile Commissioner. The Textile Commissioner after a detailed discussion has adopted the proposal without any change. The summary of the report is given below regarding investment and employment generation:

Sl. No.	Sector	Specification	Minimum Economic Size	Optimum Size
I	<b>Spinning</b>	Spindles	6000	12000
		Investment - Rs. In lakhs	1366	2833
		Jobs/Rs.1 crore investment	9.23	6.61
II	<b>Weaving</b>			
A	<b>Independent weaving unit (power loom)</b>			
1	Plain Looms	No. of Looms	2	4
		Investment - Rs. In lakhs	14.7	23.1
		Jobs/Rs.1 crore investment	27.2	17.3
2	Semi-Automatic	No. of Looms	4	8
		Investment - Rs. In lakhs	24.7	44.1
		Jobs/Rs.1 crore investment	16.2	13.6
3	Shuttleless - Narrow (Rapier)	No. of Looms	12	24
		Investment - Rs. In lakhs	273	433
		Jobs/Rs.1 crore investment	8.4	8.5
4	Shuttleless - Wider (Rapier)	No. of Looms	8	16
		Investment - Rs. In lakhs	268	424
		Jobs/Rs.1 crore investment	8.6	8.7
5	Shuttleless - Narrow (Others)	No. of Looms	12	24
		Investment - Rs. In lakhs	648	1183
		Jobs/Rs.1 crore investment	3.6	3.1
6	Shuttleless - Wider (Others)	No. of Looms	8	16
		Investment - Rs. In lakhs	612	1111
		Jobs/Rs.1 crore investment	3.8	3.3
B	<b>Integrated weaving unit</b>			
1	Air jet shuttle less loom	No. of Looms	48	96

	With preparatory	Investment - Rs. In lakhs	4130	7080
		Jobs/Rs.1 crore investment	3.86	3.98
III	<b>Knitting</b>	Tonnes/day	5	8
		Investment - Rs. In lakhs	706	1080
		Jobs/Rs.1 crore investment	4.53	3.89

IV	<b>Processing</b>			
1	Fibre dyeing	Tonnes/day	6	
		Investment - Rs. In lakhs	1701	
		Jobs/Rs.1 crore investment	9.43	
2	Yarn dyeing	Tonnes/day	6	
		Investment - Rs. In lakhs	1896	
		Jobs/Rs.1 crore investment	6.98	
3	Knitted fabric dyeing	Tonnes/day	6	
		Investment - Rs. In lakhs	2337	
		Jobs/Rs.1 crore investment	6.12	
4	Woven fabric processing - Batch	Metres/day	30000	
		Investment - Rs. In lakhs	3802	
		Jobs/Rs.1 crore investment	5.76	
5	Woven fabric processing - Continuous	Metres/day	75000	
	Narrow width fabric	Investment - Rs. In lakhs	10024	
		Jobs/Rs.1 crore investment	3.65	
6	Woven fabric processing - Continuous	Metres/day	75000	
	Wider width fabric	Investment - Rs. In lakhs	11626	
		Jobs/Rs.1 crore investment	3.15	
V	<b>Cutting and Sewing</b>			
A	<b>Unorganised</b>			
1	Made - Ups	No. of Machines	20	
		Investment - Rs. In lakhs	33.75	
		Jobs/Rs.1 crore investment	160	
2	Garment	No. of Machines	30	
		Investment - Rs. In lakhs	58.76	
		Jobs/Rs.1 crore investment	151.5	
B	<b>Organised</b>			
1	Made - Ups	No. of Machines	100	
		Investment - Rs. In lakhs	414	

		Jobs/Rs.1 crore investment	121	
2	Garment	No. of Machines	150	500
		Investment - Rs. In lakhs	673	2250
		Jobs/Rs.1 crore investment	83.6	69.2

**Note:**

1. Minimum Economic Size has been considered taking account of the limitations in the financial capabilities of SSI segment.
2. Optimum size has been worked by balancing the machinery across the process flow and utilities.
3. In the case of garmenting and made-ups, smaller projects have been suggested assuming Hub & Spoke model.

**2) Highlights of Evaluation Committee Meeting of the Final Report of Wazir Advisors study on “Evaluation of RTUFS & RRTUFS” on 11<sup>th</sup> August 2016 at the Office of the Textile Commissioner, Mumbai.**

1. Textile Commissioner chaired the meeting; the core committee comprising of Industry, banks and MoT evaluated the report and approved with some corrections.
2. Mr. V K Ladia Former Chairman, CITI and Chairman, CITI TUF Sub-committee, and Dr. K Selvaraju, Secretary General, SIMA and Member CITI TUF Sub-Committee attended the meeting and suggested numerous inputs for improving the Report.
3. It was informed that the textile mills across the nation are under server financial stress due to the undue delay in the release of TUF subsidy especially the MTUFS since September 2014 and there is no transparency and the mills are not aware of the status. Mr. Ladia also stated that the Textile Minister has wrongly stated in the Parliament stating that MTUFS subsidy has been cleared upto March 2016.
4. When the officials of OTxC stated that the claims upto 31<sup>st</sup> March 2016 for all TUFS have been filed and June 2016 quarter is under progress, it was informed that very few cases have received. It was suggested to upload the status of the individual cases on the website so that the individuals would know the status.
5. TxC stated that A-TUFS has complete transparency mechanism. When it was stated the software is supposed to take care of all the TUFS, TxC sld that complete data base not available with the OTxC and therefore, it is not possible to post online tracking system. But the status of the individual cases could be verified in website of OTxC.
6. The committed liability cases and left cases (other than the cases which were not allotted UIDs) will be considered after NABCONS (NABARD) study.

**Highlights of the RTUF and RRTUF study**

1. The detailed study has highlighted the impact of TUFS from its inception in terms of productivity improvement, export improvement, job creation, investments made, value addition improvement, automations, improvement in unit value realization, growth achieved by the investors, cost efficiency improvement, prompt servicing of debts, etc.
2. The need for extending the scheme to achieve the envisaged growth has been highlighted (suggested to include modernization of spinning to enable the industry to sustain its viability and cope with the growth of the segments over a period).
3. The study has analyzed the issues and problems of implementing the TUFS and suggested measures to attract investments, methodology for data transparency regarding subsidy claim and disbursements.

- The study has recommended future technology requirements (suggested to highlight the technology gaps in different segments).

#### Further details of the study report

- Out of 10,607 units, actual visits / discussions were held with 3,062 units and data were collected through formats / questionnaire from 2,777 units. 2,745 units did not respond. TxC has insisted to check the units which had not responded and find out the reasons and cover them.
- The approved project under RTUF was Rs. 37,516 crores (with an approved subsidy Rs. 8,350 crores).
- Majority of the investments under RTUFS & RRTUFS have come for new plant set up.
- Spinning attracted 25% investment and processing attracted 11% investments.
- Gujarat, Punjab and Maharashtra together attracted more than 60% (Rs. 37,963 crores).
- Gujarat remained the first choice for textile investors with the share of 29% of investments followed by Punjab (17%) and Maharashtra (16%). Tamil Nadu had a share of 8% (4<sup>th</sup> place).
- More than 80% of the investments made by Non-MSMEs (Rs. 50,224 crores).
- The exports of textiles and clothing products (excluding khadi, coir, handicrafts and other increased from USD 8.9 Bn in 1998-99 to USD 34.9 Bn in 2014-15.
- India's share in global exports has increased from 3.5% to 5.0%.
- During the TUFS period, India achieved 8.8% export growth rate while the world average is 5.6% (but the growth of Vietnam was 17.7% followed by Bangladesh at 13% during the same period).
- India has become one of the top most competitive countries in terms of manufacturing cost.
- Due to weak financial health, low banking coverage and informal accounting systems, SSI segment could not attract much investment under TUFS.
- Under RTUFS, the import of second hand looms (with 2% IR or 8% MMS second hand looms and 5% IR and 10% CS or 20% MMS for new shuttle less looms) was around 82%; under RRTUFS (with 6% IR and 15% CS or 30% MMS), it got reversed; new shuttle less looms accounted around 80% (by number).
- The power loom sector which could not afford for new shuttle less looms upgraded the technology with second hand looms under RTUFS.
- Higher benefits recommended for value added sectors like garmenting and technical textiles.
- Recommended to encourage domestic machinery sourcing.
- Achievements during TUFS period (1998-99 to 2013-14).
  - Rs. 3, 38,824 crores investment made with an average of Rs. 22,588 crores per year.
  - Total value of output of textile and apparel industry increased from Rs. 0.9 lakh crores to Rs. 5 Lakh crores.
  - The spinning capacity increased from 44.4 million spindles to 51.64 million spindles.
  - Textile machinery manufacturing industry has grown with 12% growth rate.

#### Additional capacities and investments required by 2025

Sector	Units	Additional Capacity	Investment (In Crore)	Segment Total (In Crore)
1. Man-made Fibres & yarns	i. Fibres - Mn kg	3200	9200	23000
	ii. Filament Yarns- Mn kg	4800	13800	
2. Spinning (Spun Yarns)	i. Ring Spinning- Million spindles	30	90,000	107,000
	ii. Open End Spinning-Lakh Rotors	5	5,000	
	iii. Air Vortex Spinning-Lakh Drums	3	12,000	
3. Weaving	Lakh shuttleless looms	5	250000	265,000
4. Knitting	Numbers of Machines	50000	15,000	

5. Processing	i. Fibres - Metric tonne per day	1000	1,000	145,000
	ii. Yarns - Metric tonne per day	10000	8,000	
	iii. Woven - Lakhs Mts per day	1000	120,000	
	iv. Knitted - Metric Tonne/ day	20	16000	
6. Garment/ Made-ups	i. Garmenting - Machine numbers	400000	60000	75,000
	ii. Made -ups- Machine numbers	100000	15,000	
7. Technical Textiles	Investment in Rs. Crore	100000	100,000	100,000
Total			715,000	715,000

- TUFs has supported the textile industry in improving the financial health and helped in Improvement of loan repayment for banks.
- Larger share of trade shifted towards Asian countries in the last 20 years and enabled growth in exports of India as well.

**3) Highlights of the Evaluation Committee of the Technical Proposal of assessing the committed liabilities data of MTUFS & RTUFS given by NABARD Consultancy Services (NABCONS) on 11<sup>th</sup> August 2016**

1. The Ministry of Textiles had earlier engaged three agencies. Wazir advisor was engaged to assess the impact of RTUFS & RRTUFS. Wazir has completed the study and the report has been approved by the evaluation committee with some corrections. The corrections will be verified by the core committee and approved within 15 days.
2. The study of black out period and left cases was dropped as per the decision of the Government (Ministry of Finance). Though Ministry of Textiles tried its level best, as a policy, Ministry of Finance has rejected the proposal.
3. The third agency which was given the study of Committed liabilities of MTUFS & RRTUFS did not take up the study. At TAMC, a decision was taken to entrust the study to NABCONS. Accordingly, the technical proposal given by NABCONS was evacuated by the core Committee consisting of banks, officials of Mot and CITI / SIMA and approved the proposal on 11<sup>th</sup> August 2016.
4. The main objective of the study is evaluate / assess and examine the committed liabilities data submitted by Leading Agencies to the Ministry of Textiles (banks have committed several mistakes) for the reimbursement of subsidy for the term Loans sanctioned under MTUFS & RRTUFS.
5. Covering years: 2012-13, 2013-14 & 2014-15 for the accounts, where subsidies are already released (partly / fully).
6. Re-assessment of committed liability Vis a Vis committed liabilities submitted by the LAs for the years: 2015-16, 2016-17 & 2017-18.
7. For the years 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 accounts, where committed liabilities are not available but claims made and claims to be made (336 accounts).
8. The study will be completed within two months from the date of awarding the contract (likely to be given in 15 days as NABCONS is to give revised quote) and the report will be finalized within four months.
9. MTUFS list II cases reconciliation has already been completed by the OTxC and the balance 7099 cases will be covered under the study.