PRESS INFORMATION BUREAU
पत्र सूचना कार्यालय
GOVERNMENT OF INDIA
भारत सरकार

DNA, Mumbai
Monday, 2nd May 2011, Page: 10
Width: 17.06 cms Height: 13.38 cms, Ref: pmin.2011-05-03.4.26

Govt issues fresh norms to disburse ₹1,972 cr under tech upgradation funds

26110

Interest subsidy on spinning machinery, cover against forex fluctuation among features

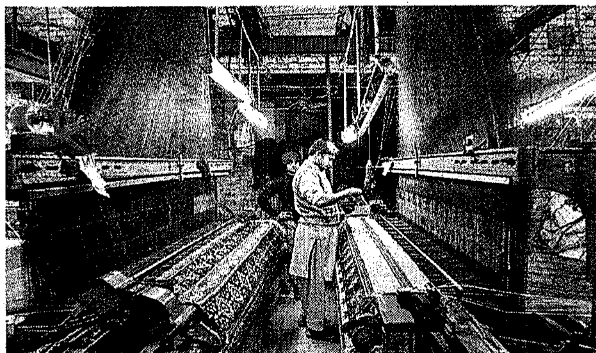
Press Trust of India
NEW DELHI

The government on Sunday came out with fresh guidelines to disburse ₹1,972 crore during the period April 28, 2011 and March 31, 2012, to the textile industry under Technology Upgradation Fund Scheme (TUFS).

TUFS is the flagship interest subsidy scheme of the Textiles Ministry for upgradation of technology and boost the textile and jute sectors.

The ministry said the additional interest subsidy of ₹1,972 crore would help in attracting new investments worth ₹46,900 crore in these sectors.

Under the financial and operational parameters of the restructured TUFS, brand new shuttleless looms can avail the benefit of 5% interest reimbursement plus 10% capital



subsidy, an official statement said.

"The scheme will cover only automatic shuttleless looms of 10 years" vintage and with a residual life of minimum 10 years," it said.

Investments like factory building, pre-operative expenses will be eligible for benefit of reimbursement under the scheme meant for apparel sector and handloom, the statement said.

For spinning machinery, the scheme would provide 4% interest subsidy for new stand alone and 5% for spinning units with matching capacity in weaving, knitting, processing and garmenting.

It would also cover foreign exchange rate fluctuation.

The ministry also said that the Common Effluent Treatment Plant and other investments like, energy saving devices, in-house R&D and electrical installations will not be eligible under restructured TUFS.

Further, it said that interest reimbursement will be for a period of 7 years.

During March end, the government has decided to enhance subsidy allocation for modernisation of the textiles industry to ₹15,404 crore from the earlier sanction of ₹8,000 crore for the current Plan ending 2012.

The decision to increase the outlay and re-structure the technology upgradation fund was taken by the Cabinet Committee on Economic Affairs.

Of the additional ₹7,404 crore, ₹1,972 crore would be available for fresh sanctions while the remaining ₹5,432 crore is meant for fulfilling the committed liabilities under the TUFS.

PRESS INFORMATION BUREAU
पत्र सूचना कार्यालय
GOVERNMENT OF INDIA
भारत सरकार

Deccan Herald, Bangalore
Monday, 2nd May 2011, Page: 14
Width: 22.35 cms Height: 35.05 cms, Ref: pmin.2011-05-03.9.31

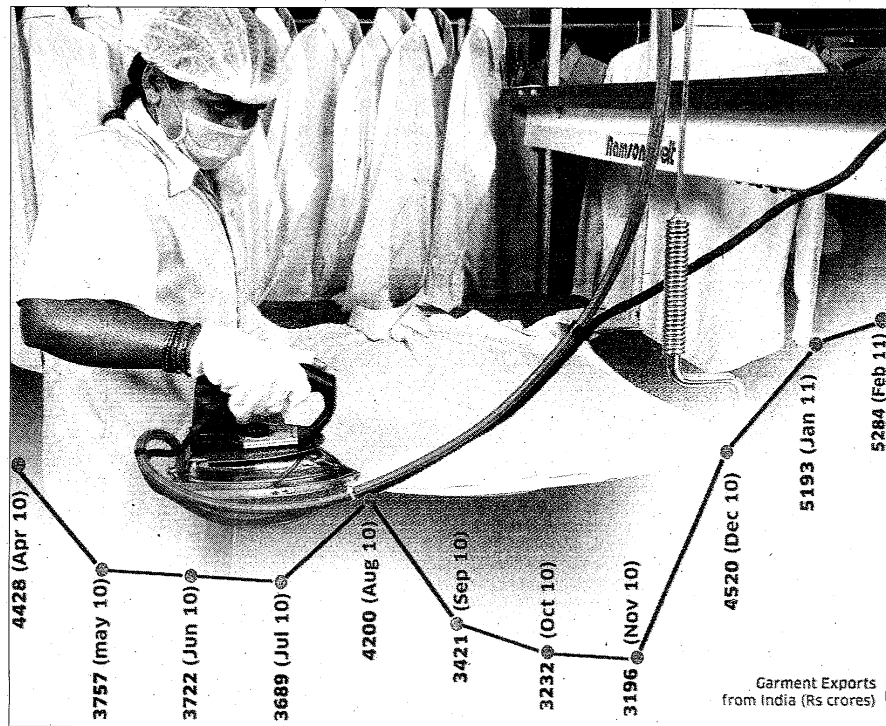
India can have an edge in garment exports

As China is becoming more expensive and moving away from mass exports, India and other Asian countries can grab larger share of the global market, writes ***Umesh M Avvannavar***

Thanks to the global economic recovery, exports from India are booming and one industry which has greatly benefited from the demand upturn is readymade garments. Being the second largest job provider, the garments industry now employs nearly 70 lakh people in India. Besides, the rise in exports is also good news for the economy.

Helped by the rising demand in the US, India's apparel exports have increased by a whopping 24 per cent in February 2011 over the same month, the previous year to Rs 5,284 crore after registering an impressive rise of 18 per cent in January 2011. Though monthly exports of garments in 2010-11 were below the previous year's levels in the intial months, the situation turned for the better from November 2010. In the first 10 months (April-January) of the last financial year (2010-11), the total garment exports stood at Rs 39,787 crore, against Rs 41,771 crore, the previous year.

In fact, encouraged by the impressive growth, Union Textiles Secretary Rita Menon recently said that the target for textile exports has been raised to around $30 billion for the current financial year against $25 billion achieved in the previous year. "As the demand is on the rise in Western markets, the government has raised the target," she said.



Big player

Bulk of India's exports of apparels go to the US, Canada and the European Union.

The government thinks India has the potential to increase its textile and apparel share in the world trade from the current level of 4.5 per cent to 8 per cent and reach $80 billion by 2020. India has the highest number of looms – 1.8 million shuttle looms (at 45 per cent of global capacity) and 2,00,000 shuttle-less looms (at 3 per cent of global capacity). We also have 3.9 million hand looms (at 85 per cent of global capacity) and the second highest number of spindles at 23 per cent of global capacity.

Exporters are enjoying good demand and the industry players are booked with orders through June and July 2011, which is exceptionally good for the Industry. "There is a good demand for our exports in the US. There is an improvement in the European market as well," said Apparel Export Promotion Council (AEPC) Chairman Premal Udani. The US accounts for about 40 per cent of India's total garment exports. Exports started growing in August 2010 after witnessing deceleration in the initial months of the current fiscal.

Udani said Indian exports have become competitive, thanks partly to the government's restrictions on exports of cotton and cotton yarn which lowered the raw material prices.

Texport Syndicate India Limited CEO & Director Avinash Misar is also very bullish on the future. He said that rising cost of labour in China and marginal price difference in fabric prices in India against China, are helping India. Chinese apparel industry is also plagued with strikes and production delays. "If India can grab 10 per cent of their business, Indian apparel exports will double to $20 billion in coming years," he added.

Growth sustainable

Can India sustain the growth? Since costs are rising in China, the medium to long term business will move from there to other countries which can better or match China's cost and delivery capabilities. It is also true that without any compelling advantage, customers will reduce their dependence on China for their bulk sourcing. Since buyers are looking at alternative markets for sourcing, India has greater chance because our country is democratic and economically and socially stable.

But the question is can India cater to much larger demand for garments? With focus on better productivity and building capability to deliver core/bulk quantity, India is certainly becoming preferable sourcing destination. Besides, the large garment industry is also getting more organised for higher demand.

Challenges galore

To be able to grab the opportunity, the garment industry here, however, will have to stitch together many of its shortcomings.

Different bodies like Cotton Corporation, Indian Textiles and AEPC should sit together and formulate the right strategy rather than each pulling in different directions. The government should formulate a structured approach as garments is a complex supply-chain industry.

Manufacturing garments is a labour intensive process as a single unit can employ as much as 50,000 people. In an inflationary situation the country is going through, there is a constant and justified demand for raising wages for the workers. But the industry cannot afford this if it is to remain globally competitive. Further, low availability of skilled manpower is another great challenge. "Worldwide and even in Asian manufacturing destinations like Vietnam, Sri Lanka, China and Thailand, manufacturing takes place in villages where cheap labour is available in plenty. Only in India the industry got concentrated in cities like Mumbai, Bangalore, Ludhiana and so on. So the only way for the future is to go to the villages," said Shahi Exports Private Limited Director Subhash Tiwari.

International competition

Other countries are not sitting idle either. According to Sangam India Limited Executive Director V K Sodani, Global giants such as Wal-Mart, VF Corporation, GAP and H&M have begun flocking India to source fabric as China, the largest supplier, is slowly retreating from denim production due to cotton crunch. "India has a golden opportunity to grab a share in the world denim market. This is because the Chinese government has reduced cotton acreage. Instead of being a mass supplier, China is trying to be a value supplier," Sodani said.

The opportunity is huge as China makes 3 billion metres of denim a year, miles ahead of India's 650 million metres output. The biggest hit we take is on the productivity when compared to China and Bangladesh. Average labour productivity of India is around 45 per cent, whereas productivity in other countries is at 65-70 per cent. This is actually a double hit our cost is high and productivity is low.

India has a better and longer history of textiles compared to any other country but still our roots are not known in global business. Since garments exports do not have large profit margins, investments from private entrepreneurs are low and this is why this industry has not grown much in India compared to many countries.

Can government help?

Tiwari urged the government: "If the government wants large employment providers to move towards smaller towns, the best thing is to structure minimum wages as it would motivate us, as there is negligible difference between the cities and towns." The recent increase in cotton yarn and fabric prices has also affected exports to a considerable extent. Instead of exporting cotton, the government should facilitate making yarn and garments in India. "It should export only the finished goods, which will increase the exports threefold and will provide employment to a lot of people," he said.

Sodani emphasis that India should focus on Free Trade Agreement (FTA) as apparel industry will gain by enlarging bilateral trade and bringing stability in the region. Asian region is developing and is becoming a developed force for economic growth because of cheap labour and big local market due to large domestic consumption.

It is time that the government increased the duty draw back for the industry to give its best, JJ Exporters Limited General Manager Nirmal Kumar Sharma said.

The industry pointed out that the budget 2011 was extremely disappointing with slapping of excise duty on branded garments. Such a labour oriented industry which provides livelihood to millions of people deserves real special efforts by the government. So the government must revoke its excise duty, the industry urged.

There is no reason for an essential item like clothing to be charged a high rate of duty. The industry is already highly fragmented because the benefits bestowed on small scale units push manufacturers to create many small units rather than large units to derive better economy of scale.

Earlier, the rate of excise was at 4 per cent and the levy was optional for garment makers who wanted to get refund under the Centvat scheme. Since most units did not register themselves to claim Centvat refund, the duty was virtually zero. Now all branded garment makers will have to pay 10 per cent duty on the 60 per cent of the MRP.

Clothing Manufacturers Association of India Regional Chairman and Chief Mentor of Gokaldas Exports Limited Rajendra J Hinduja said that for garment exporters, the new duty will create problem because even for exports, which are exempted from excise duty, all units will have to maintain detailed records, paper work will increase and man power cost will go up.

DH News Service

PRESS INFORMATION BUREAU
पत्र सूचना कार्यालय
GOVERNMENT OF INDIA
भारत सरकार

Deccan Herald, Bangalore

Monday, 2nd May 2011, Page: 15

Width: 4.11 cms Height: 12.49 cms, Ref: pmin.2011-05-03.9.35

Policy to boost exports soon

NEW DELHI, PTI: Government will come out with a strategy in next few days to double the country's export to US$450 billion by 2014.

Commerce & Industry Minister Anand Sharma said within next three days, the government will come out with the "final strategy" for doubling the export in next three years.

Sharma made this announcement in Jodhpur, where he laid foundation stone of Footwear Design & Development Institute (FDDI), an official statement said.

The commerce ministry had sought comments from stakeholders on its strategy paper, which came out in February, for doubling exports to US$450 billion by 2013-14.

The draft paper calls for setting up a technology upgrading fund, financial support to various sectors and special focus on new markets, besides clearing infrastructure bottlenecks.

PRESS INFORMATION BUREAU
पत्र सूचना कार्यालय
GOVERNMENT OF INDIA
भारत सरकार

Business Line, Delhi
Tuesday, 3rd May 2011, Page: 20
Width: 8.00 cms Height: 3.73 cms, Ref: pmin.2011-05-03.19.98

Cotton sales climb 2.5%

98-20

May 2

Cotton sales by growers in India, the second-biggest producer, climbed 2.5 per cent in the season that began October 1, according to the nation's biggest buyer. Arrivals totalled 28.6 million bales of 170 kg each by May 1, compared with 27.9 million bales a year earlier, Cotton Corporation of India said on its Web site today. Daily arrivals were about 50,000 bales, it said. — **Bloomberg**

PRESS INFORMATION BUREAU
पत्र सूचना कार्यालय
GOVERNMENT OF INDIA
भारत सरकार

Business Line, Delhi

Tuesday, 3rd May 2011, Page: 18

Width: 8.75 cms Height: 13.36 cms, Ref: pmin.2011-05-03.19.88

Rs 2,000/candy fall in cotton within a week

88-18

Our Correspondent
Rajkot, May 2

Cotton prices continue to decline in the absence of demand, particularly from spinning mills.

On the other hand, farmers have resorted to panic sales since their hopes of the Centre allowing further export of cotton have been dashed. Ginning mills have begun to close since they are not finding any takers for lint cotton.

In Gujarat, Sankar-6 cotton is being traded at Rs 48,000-49,000 for a candy of 356 kg. The price has dropped Rs 2,000 within a week's time. The Kalyan variety was traded at Rs 30,000-32,000 a candy.

In Gujarat about 15,000-16,000 bales (170 kg each) of cotton are arriving daily and in the country, arrivals are around 45,000-50,000 bales.

The price of raw cotton was Rs 800-1171 for a *maund* of 20 kg in Rajkot.

According to brokers, the market had waited in vain for the Government to allow further exports. South-based mills have built up ample stocks and as a result, they are not buying.

Meanwhile, over 300 farmers observed a fast on Sunday in Vidarbha, Maharashtra, demanding that the Government allow cotton exports. Cotton prices have also dropped despite the Centre allowing unrestricted exports of cotton yarn. The decision was expected to help spinning mills to overcome their problems of inventories. However, with the garment sector going through a rough patch, the spinning sector is not seeing much of a pick up in demand.

PRESS INFORMATION BUREAU
पत्र सूचना कार्यालय
GOVERNMENT OF INDIA
भारत सरकार

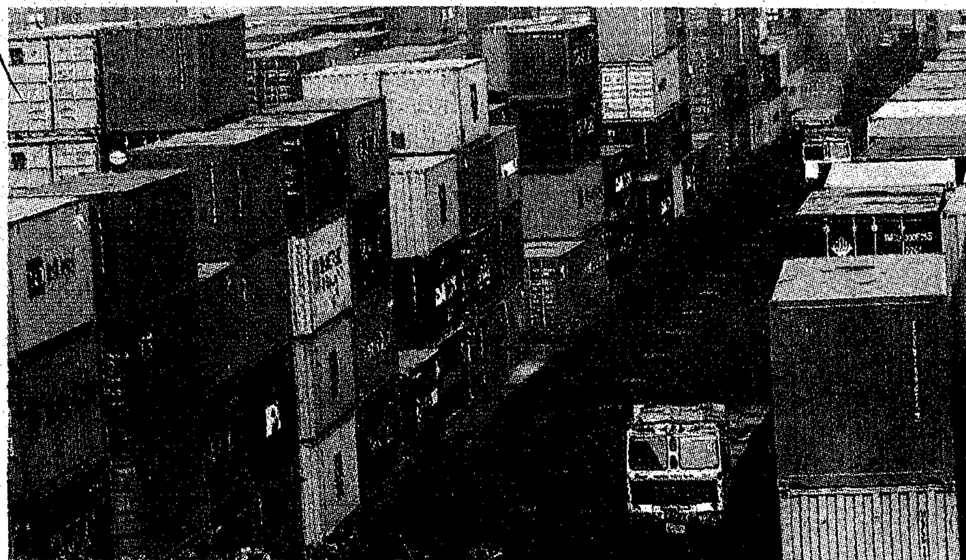
Business Standard, Delhi
Tuesday, 3rd May 2011, Page: 4
Width: 25.33 cms Height: 14.91 cms, Ref: pmin.2011-05-03.32.20

March exports up 43.8% at $29.89 billion

BS REPORTER
New Delhi, 2 May

MERCHANDISE export in March reached $29.13 billion, up 43.8 per cent over $20.25 billion in the same month a year ago, while imports grew 17.2 per cent to $34.74 billion from $29.62 billion a year ago.

With this, the country's total exports in goods for 2010-11 financial year reached $245.29 billion, registering 37.5 per cent growth against $178.75 billion in 2009-10, according to the foreign trade data released by the Ministry of Commerce and Industry.



The government had set a target to attain $200 billion worth of exports in 2010-2011 and $450 billion by 2014.

"Export momentum has definitely picked up. The strategy of diversification in terms of both products as well as markets has paved the way for growth on a long-term basis, as demand from developed countries remained sluggish. Going forward the free trade pacts that India has signed with Japan, Korea, Malaysia and others would also support the growth. But in the coming months, there is going to be slight moderation as the base effect would be gone. But we do expect to achieve $290 billion exports in this financial year," said Shubhada Rao, chief economist, Yes Bank.

Import of crude oil during March grew 8.2 per cent over FY10 to $9.43 billion from $8.72 billion, while non-oil imports during March stood at $25.30 billion as against $21 billion, up 21 per cent from March 2010, according to the statement. "Diversification strategy is paying off and the country is set to reap dividends in the near future. Exports in 2011-12 would cross $300 billion and would touch $500 billion by 2014-15," Federation of Indian Export Organisations President Ramu S Deora said adding that the concern over increasing cost of credit and infrastructure bottlenecks still remained.

The sectors which did exceedingly well in 2010-11 were engineering products as it rose a staggering 84.8 per cent to $60.1 billion, petroleum 50.6 per cent at $42.5 billion, electronic goods 34.5 per cent at $7.4 billion, textiles at $21 billion, drugs and pharmaceuticals at $10.3 billion and carpets at $1.1 billion. This is for the first time that exports of carpets from India have exceeded the $1 billion-mark.

Imports soared on the back of petroleum items that rose 16.7 per cent at $101.7 billion, fertilisers at $37.6 billion, machinery at $27.2 billion, electronic goods at $27 billion, and chemicals at $15 billion.

BUSINESS BASICS

CUMULATIVE VALUE OF ITEMS EXPORTED

Item	Value	Percentage growth
Engineering exports	60.1	84.8
Petroleum, oil and lubricants	42.5	50.6
Gems and jewellery	33.5	15.3
Readymade garments	11.1	4.2
Manmade yarn	4.2	16.1
Cotton yarn	5.7	43
Textiles	21	14.5
Electronics	7.4	34.5
Drugs and pharmaceuticals	10.3	15.1
Chemicals	8.6	26
Plastics and linoleum	4.6	38
Leather products	3.7	12
Carpets	1.1	53
Iron ore	4.5	4

CUMULATIVE VALUE OF ITEMS IMPORTED

Item	Value	Percentage growth
Gold and silver	36.8	23.6
Petroleum, oil and lubricants	101.7	16.7
Gems and jewellery	28.2	72.8
Fertilisers	37.6	
Vegetable oil	6.5	16.5
Machinery	27.2	19
Electronics	27	3.6
Chemicals	14.9	25

*Value: $ billion

Source: Ministry of Commerce and Industry