CHAPTER - IV

TEXTILE INDUSTRY - AN OVERVIEW

Textile industry plays a vital role in the development of our country. The origin and development of Textile industry at different stages have contributed to the economic development. This chapter is presented to provide a detailed insight as to the textile industry of India in general and the study area in particular, so as to gain a meaningful understanding of the status of the industry.

Historical perspective of Textile industry

The first Textile mill in India\(^1\) was set up by C.N. Davar in 1854 with an Englishman as his partner. Though there had been other ventures in 1816 and in 1830, they failed. The Savana Mill in Pondicherry was established in 1830 and was flourishing. But it did not lead to similar developments in British India immediately. It was Davar's mill which laid the foundations for a strong and growing textile industry in Bombay and soon after, in other regions of India. The next few mills in Bombay were also by Parsis, indicating both their entrepreneurial leadership as well as their contacts with British commercial interests. The fact that British and Indian businessman started these enterprises together is clear evidence of the cosmopolitanism of Bombay when compared to the social exclusiveness of Calcutta. In fact, the Bombay Mill Owners' Association which was

established in 1875 had common office arrangements with the exclusively European Bombay Chamber of Commerce for many years.

The starting of the first mill in Bombay was soon followed by Ahmedabad where Ranchodlal Chotalal succeeded in establishing a mill in 1856. The railway to Ahmedabad was not complete then and all machinery from Bombay port to that city had to be carried in bullock carts. Other centres followed within the next decade or two - centres like Cawnpore, Madurai and Coimbatore. But in terms of size as well as number of mills, it was Bombay that counted in the early years though Ahmedabad was catching up fast.

The American civil war, and its aftermath convulsed the industrial and commercial life of Bombay. With stoppage of cotton exports from the States, the Lancashire mills were forced to turn to India for supplies of cotton and even then, some had to close down. Cotton prices in India shot up to phenomenal heights and the trade benefited as a result. But because of the curtailment of supplies to Lancashire, Indian mills also benefited. A result of all this was the floating of a large number of companies between 1863 and 1865 and most of these companies went into liquidation very soon. The Indian speculator had made his first appearance.

In the beginning most of the mills were spinning mills supplying yarn to the handloom weavers. This was only natural since there had to be an established spinning industry before weaving could come into existence. Nor had the promoters enough capital to start a composite mill straight away. They were spinning coarse yarns at first, but gradually, as they gained more
experience, they went on to spin finer counts. Since then, the Indian textile industry has been gradually going fine.

While in the year 1930 only 30,000 spindles\textsuperscript{1} were used to spin Egyptian cotton, in 1949, 1.75 million spindles were consuming Egyptian cotton.

The Industry was in the throes of a major crisis in the 90s because of the stoppage of yarn exports to China. This setback came at a time when bubonic plague broke out in Bombay resulting in a major calamity as well as disruption in production. These factors made the industry realise the unstable nature of the situation and from 1900 onwards, a very rapid increase in the loomage in the country, particularly in Bombay bills was noticed.

Between 1901 and 1913, the number of looms in the country were more than doubled and again by 1933, they were more than four times what they were in 1901. This development was naturally followed by hand finishing in the earlier stages and machine finishing later. Dyeing, bleaching, printing, calendering and mercerising equipment were gradually added in the composite mills, particularly in Bombay and Ahmedabad.

The 19th and the first three decades of the 20th centuries was a period of continuous tug-of-war between Lancashire mills which tried to bring political pressure on the Indian Government to give them preferential treatment and the Indian industry which fought a somewhat unsuccessful rearguard action trying to stream the tide of rising exports from Britain. First

\textsuperscript{1} S.D. Mehta, Cotton Mills of India. The Textile Association (India).
Lancashire protested against the imposition of an import duty on cloth; then they demanded that there should be countervailing duty on Indian cloth and finally succeeded in getting the Indian Government to impose an excise duty on mill cloth. When Indian mills started spinning finer yarn from imported cotton, they also managed to persuade the Indian Government to levy a 5% duty on imported cotton. When Japan entered the field, preferential treatment was given to Lancashire. The twenties and thirties saw a period of direct negotiations between the delegations of the two countries and agreements were arrived at fixing quotas for imports into India. The problem was solved only with the advent of the Swadeshi movement and finally with the outbreak of the second world war.

Meanwhile, there was a rapid growth of the Japanese textile industry sustained and supported by help from their government. When the first world was broke out, imports from Lancashire dwindled and Japanese industry took advantage to get a foothold in India. Japanese exports to India which were hardly 9 million yards in 1913-14, soared to 238 million yards in 1918-19. Throughout the twenties, Japan’s exports to India went on increasing.

These imports from Japan were further aided by the fact that the parity of the yen was reduced. As a result, the textile industry which was very prosperous during the war years and until 1922, suffered a severe set-back during the late twenties. At last, the Government of India was forced to act and they raised the duties on imported textiles to 20% for textiles of British origin, and 25% for other foreign goods. They also imposed a duty on yarn imported into India.
It is obvious that there has been considerable variation in the profits of the industry though the big profits of the war years are clear. It is also noteworthy that the drop in profits between 1922 and 1924 is very substantial.

Perhaps one other fact that should be mentioned regarding the early growth of the textile industry is the Factories Act which was passed 1881. The working conditions in mills were certainly unsatisfactory though they were probably not much worse than their British counterparts. The measure was extremely modest in its aims. It merely defined a 'factory', debarred children below seven years from working in it and debarred children below seven years from working in it and also laid down that children below twelve years should not work for more than nine hours a day. The Factory Act of 1891 laid down a maximum of 11 hours per day and also provided for an interval of half an hour. The workers of those days protested against this measure because it reduced their earnings which were paid by the hour!

**Freedom Movement**

The freedom movement in India was not only a political movement but had an economic base as well. Enlightened Indian opinion was all for protection to the newly established Indian industries from the more mature and efficient industries in Great Britain. But in the absence of political power, nothing could be achieved. As early as the first decade of this century when Bengal was partitioned, they cry of the nationalists was 'Boycott British goods!'. In times of agitation, having bonfires of British textiles was considered a very patriotic act. But none of this affected the actual situation
and British goods happened to pour into India in increasing quantities during the first two decades of this century.

It was the appearance of Mahatma Gandhi on the Indian political scene that made a profound difference. He gave an economic meaning to what he meant by political independence and made the movement mass oriented. He said, if India could not manufacture any particular article, then we should go without rather than import. And in order to spread the message of self-reliance, he wanted to encourage the growth of cottage industries for all India's requirements. Khadi became the weapon of economic emancipation; it was the uniform for congressmen as well as for others who were sympathetic towards the freedom movement. At last, the message had reached the masses. When he was told about the plight of the Indian textile industry as a result of competition from Britain and Japan.

There is not doubt that the attitude of Mahatma Gandhi was a great help to the indigenous industry. Public awareness had been aroused. Everyone could not buy khadi. But they consoled themselves by saying that Indian mill cloth or handloom cloth was at least second best. And during the thirties, the imports of cloth from Great Britain were drastically reduced while imports from Japan also showed a decreasing tendency. On the other hand, Indian mill cloth production nearly doubled itself during a ten year period.

**Developments in Coimbatore : The study area**

One of the interesting developments in the thirties was the growth of the textile industry in Coimbatore. This should perhaps be considered in
some detail because it exhibits some special features in the expansion of the industry.

The first textile mill\(^1\) in Coimbatore was started by a European, Sir Robert Stanes in the year 1890. It was never robust in health and its fortunes fluctuated considerably over the years. The social isolation of the British in India meant that often they did not know the market trends and consequently, were greatly handicapped. So, when the industry grew in a big way and recession hit the industry in the thirties, the mill was taken over by some local interests.

The subsequent growth of the industry was very slow, there being only five mills in Coimbatore till 1930. However, there was an acceleration of industrial activity from 1930 onwards and between 30 and 39 when the second world war broke out, twenty seven spinning mills were started in the district - almost all of them by agriculturists. They brought with them all the virtues and limitations of their past. They were attached to their industry in more or less the same way as they had been attached to the soil in an earlier generation. It was not only an economic involvement but an emotional involvement as well. Paternalism was ingrained in their souls.

This acceleration of industrial growth in a small, sleepy district headquarters town - and at a time when the world was reeling under the

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\(^1\) Kasthuri Srinivasan, "India's Textile Industry", The South Indian Textile Research Association, 1984, Coimbatore.
effects of an international depression - needs to be explained. A suggestion has often been made that the industry grew in Coimbatore because the climate was suitable for spinning cotton. The fact is that the people who started these mills did not know that there was any relationship between climate and spinning. The reason found was not in economic terms alone, but also in the socio-cultural set up of the community in Coimbatore at that time.

The people of Coimbatore have always been hardworking. Most of the district is dry and the water from the wells is often brackish. They grew cotton and sold it to merchants who had them ginned and in turn sold them to mills. This brought them into contact with factories. Thus they became familiar with industrial operations. The more adventurous among them saw how money was being made out of the cotton they had grown and wanted to benefit from it themselves. The factors that helped the growth of the mills at the particular time were the growth of the national movement which gave a fillip to the handlooms, availability of cheap energy as a result of the commissioning of the Pykara electricity system, and a reduction in the price of textile machinery. Mills in other areas such as Bombay and Ahmedabad had all become composite and the yarn availability for the handloom weaver had gone down at a time when there was a national desire for self sufficiency. The Coimbatore mills thus filled a very necessary gap.

The Coimbatore mills were in the same position that the Bombay mills were in about seven decades earlier. But before they could become composite, independence had come, the interests of the handloom weavers had become paramount and the new government put a ban on the
installation of new looms. Consequently, from the thirties onwards, Coimbatore remained as the largest supplier of yarn to the decentralised sector. Thus, the fortunes of a large industry employing many millions of rupees as capital and thousands of workers have had to depend on cottage industries for its prosperity and even existence. This is a peculiar economic phenomenon that one rarely comes across anywhere in the world. This has also meant that whenever the interests of the composite mills and the decentralised sector were in conflict, the spinning and the composite mills took different attitudes to the same problem.

Another interesting sociological factor that is worthy of note is that as soon as people in Coimbatore started textile mills, they sent their sons or nephews to Great Britain to study technology. These young men returned and replaced the highly paid managers. In Bombay, Ahmedabad and other north Indian textile centres, it was more usual for the sons of the managing agents to study commerce, accountancy or law and then enter business. This difference in their respective approach to education is sometimes seen in the way the mills are run. While mills in other centres were perhaps more efficient from a commercial point of view, mills in Coimbatore have attached greater importance to technological efficiency. But in the last few years, this difference has tended to disappear because of greater cosmopolitanism in education in all the centres.
Growth pattern of textile industry

The textile industry has got an overwhelming presence in the nation's economy. In fact, the industrial growth of the country was piloted by the textile industry even before independence of the nation. It would be worthwhile to look at the growth that has taken place in the industry since 1950s.

Growth of the industry since 1950s

Textile industry had significant presence even during pre-independence era. However, due to partition, a major portion of the cotton growing areas went to Pakistan, and as a result, the growth was slightly slowed down due to constraints in the availability of cotton. Due to concerted efforts, the country could increase the production of cotton which has augmented the growth of the industry. The annual growth rate (compound) during last five decades in respect of the major parameters are indicated in the table below:
Table No. 4.1.

Annual Growth rate during the decades\(^1\)

(\(\text{In percentage}\))

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1951-61</td>
</tr>
<tr>
<td>No. of Mills</td>
<td>2.3</td>
</tr>
<tr>
<td>Installed spindles</td>
<td>2.1</td>
</tr>
<tr>
<td>Cotton production</td>
<td>4.0</td>
</tr>
<tr>
<td>Cotton Consumption</td>
<td>3.4</td>
</tr>
<tr>
<td>Man-made fibre production</td>
<td></td>
</tr>
<tr>
<td>Cellulosic</td>
<td>--</td>
</tr>
<tr>
<td>Non-cellulosic</td>
<td>--</td>
</tr>
<tr>
<td>Man-made filament yarn</td>
<td></td>
</tr>
<tr>
<td>Cellulosic</td>
<td>25.3</td>
</tr>
<tr>
<td>Non-cellulosic</td>
<td>--</td>
</tr>
<tr>
<td>Spun yarn production</td>
<td></td>
</tr>
<tr>
<td>Cotton yarn</td>
<td>3.8</td>
</tr>
<tr>
<td>Other spun yarn</td>
<td>7.2</td>
</tr>
<tr>
<td>Cloth production</td>
<td>4.3</td>
</tr>
<tr>
<td>Mill sectors</td>
<td>2.3</td>
</tr>
<tr>
<td>Decentralised sector</td>
<td>8.4</td>
</tr>
<tr>
<td>Per capital availability of</td>
<td>3.0</td>
</tr>
<tr>
<td>cloth</td>
<td></td>
</tr>
<tr>
<td>Textile exports</td>
<td>N.A</td>
</tr>
</tbody>
</table>

\(^1\) Handbook of Statistics of Cotton Textile Industry, I.C.M.F., Bombay.
It may be seen from the table that the growth during the first two decades had been gradual though lower and growth had been considerably slower during 1960s and 1970s. The growth had picked up significantly during 1980s in each and every segment. The peak level in growth has, however, been reached during 1990s. The policy measures initiated during 1991 in the direction of liberalisation of economy and trade had accelerated the rate of growth during 1990s. In particular, the growth has been spearheaded by the spinning and man-made fibre industry in the organised sector and decentralised weaving sector. The organised weaving segment has been indicating a negative growth rate since 1961. Thus, the growth since 1961 has been at the instances of the expansion of the decentralised weaving sector. The increase in production of cotton, independent spinning capacity and spectacular growth in the man-made filament yarn sector had also aided the growth of the decentralised weaving sectors.
The 1980s witnessed phenomenal growth of man-made fibre/yarn industry, particularly the non-cellulosic segment. During the 1990s, also the spectacular growth of this segment continued propelling the growth, the production of non-cotton textiles. The growth of the industry had also been reflected in the growth rate of the per capita availability of cloth. The per capita availability which declined during 1960s, had achieved splendid growth during 1990s. Similarly, the textile exports had also increased phenomenally during 1990s. Thus, it appears that the current period represent the peak phase of the growth curve of the industry.

Table No.4.2.

Textile Industry : Growth during last five decades

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Units</th>
<th>1951</th>
<th>1961</th>
<th>1971</th>
<th>81-82</th>
<th>91-92</th>
<th>96-97</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Mills</td>
<td>No.</td>
<td>383</td>
<td>481</td>
<td>670</td>
<td>723</td>
<td>1117</td>
<td>1719</td>
</tr>
<tr>
<td>Spinning Mills</td>
<td>No.</td>
<td>107</td>
<td>196</td>
<td>319</td>
<td>442</td>
<td>846</td>
<td>1438</td>
</tr>
<tr>
<td>Composite Mills</td>
<td>No.</td>
<td>276</td>
<td>285</td>
<td>291</td>
<td>281</td>
<td>271</td>
<td>281</td>
</tr>
<tr>
<td>Installed Capacity:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spindles</td>
<td>Mn.No.</td>
<td>11.25</td>
<td>13.83</td>
<td>17.98</td>
<td>21.93</td>
<td>27.82</td>
<td>33.15</td>
</tr>
<tr>
<td>Rotors</td>
<td>000 No.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>113</td>
<td>276</td>
</tr>
<tr>
<td>Looms</td>
<td>000 No.</td>
<td>196</td>
<td>199</td>
<td>206</td>
<td>210</td>
<td>169</td>
<td>124</td>
</tr>
<tr>
<td>Cotton Statistics:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td>Lakh. bales</td>
<td>31.33</td>
<td>46.37</td>
<td>65.64</td>
<td>84.00</td>
<td>119.00</td>
<td>177.90</td>
</tr>
<tr>
<td>Import</td>
<td></td>
<td>12.40</td>
<td>8.71</td>
<td>7.67</td>
<td>0.50</td>
<td>3.00</td>
<td>0.50</td>
</tr>
<tr>
<td>Export</td>
<td></td>
<td>2.00</td>
<td>3.29</td>
<td>2.04</td>
<td>4.00</td>
<td>0.77</td>
<td>17.00</td>
</tr>
<tr>
<td>Mills consumption</td>
<td></td>
<td>40.71</td>
<td>56.88</td>
<td>63.59</td>
<td>71.23</td>
<td>103.09</td>
<td>157.00</td>
</tr>
<tr>
<td>Man-made fibre production:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cellulosic</td>
<td>Mn. Kg.</td>
<td>2.46</td>
<td>23.47</td>
<td>38.47</td>
<td>41.05</td>
<td>52.69</td>
<td>57.29</td>
</tr>
<tr>
<td>Non-cellulosic</td>
<td>Mn. Kg.</td>
<td>-</td>
<td>-</td>
<td>15.03</td>
<td>43.31</td>
<td>183.99</td>
<td>409.44</td>
</tr>
<tr>
<td>Man-made filament yarn production</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cellulosic</td>
<td>Mn. Kg.</td>
<td>-</td>
<td>1.50</td>
<td>38.47</td>
<td>41.05</td>
<td>52.69</td>
<td>57.29</td>
</tr>
<tr>
<td>Non-cellulosic</td>
<td>Mn. Kg.</td>
<td>2.46</td>
<td>23.47</td>
<td>38.47</td>
<td>41.05</td>
<td>52.69</td>
<td>57.29</td>
</tr>
<tr>
<td>Spun yarn production :</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cotton yarn</td>
<td>Mn. Kg.</td>
<td>591</td>
<td>862</td>
<td>881</td>
<td>986</td>
<td>1450</td>
<td>2148</td>
</tr>
<tr>
<td>Other spun yarn</td>
<td>Mn. Kg.</td>
<td>11</td>
<td>22</td>
<td>98</td>
<td>260</td>
<td>356</td>
<td>646</td>
</tr>
<tr>
<td>Production of fabrics</td>
<td>Mn.Sq.Mtr.</td>
<td>5291</td>
<td>8027</td>
<td>9018</td>
<td>12308</td>
<td>22978</td>
<td>34813</td>
</tr>
<tr>
<td>Mill sector</td>
<td>Mn.Sq.Mtr.</td>
<td>3913</td>
<td>4936</td>
<td>4321</td>
<td>3987</td>
<td>2376</td>
<td>1957</td>
</tr>
<tr>
<td>Decentralised sector</td>
<td>Mn.Sq.Mtr.</td>
<td>1378</td>
<td>3091</td>
<td>4697</td>
<td>8321</td>
<td>20602</td>
<td>32856</td>
</tr>
<tr>
<td>Per capital availability of cloth</td>
<td>Sq.Mtr.</td>
<td>11.54</td>
<td>15.50</td>
<td>13.02</td>
<td>17.13</td>
<td>22.87</td>
<td>29.30</td>
</tr>
<tr>
<td>Textile export</td>
<td>(Excl. Jute, Coir &amp; Handicraft)</td>
<td>Rs.Crores</td>
<td>N.A.</td>
<td>N.A.</td>
<td>1335.70</td>
<td>12041.15</td>
<td>35477.93</td>
</tr>
</tbody>
</table>

Note: The figures relating to production of cloth prior to 1980s have been converted to sq.mtr. appropriately for sake of comparison.

GROWTH DURING LAST FIVE DECADES (COTTON)
(Quantity in Lakh Bales)

Year | Production | Import | Export | Mills Consumption
---|------------|--------|--------|-------------------
1951 |            | 20     |        |                   
1961 |            | 30     |        |                   
1971 |            | 40     |        |                   
1981-82 |        | 50     |        |                   
1991-92 |        | 60     |        |                   
1996-97 |        | 70     |        |                   

Quantify
The textile industry occupies a unique place in the economy of the country by virtue of its contribution to the industrial output, employment generation and foreign exchange earnings. The industry has witnessed a phenomenal growth during the last decade and a half in terms of installed spindleage, yarn production, output of cloth and its per capita availability as also exports. Thus, the number of cotton/man-made fibre textile mills rose from about 700 in the beginning of the 1980s to 1719 by the end of March, 1997. The growth has been more significant in the case of the spinning mills which rose from 400 in 1980 to 1438 units by March, 1997, with the spinning capacity increasing from 21 million spindles to about 33 million spindles during the same period, registering an addition of nearly seven lakh spindles per annum. With the announcement of the liberalised industrial policy of the Government in July, 1991, and the issuance of the Textiles (Development & Regulation) Order, 1993, the pace of setting up of textile spinning mills has increased. The growth process in the spinning sector has been marked by the installation of more rotors in the 1990s which now number about 276 thousands. Another notable feature of the new units coming up in the recent years has been the tendency to set up Export Oriented Units (EOUs), mainly for the production of cotton yarn, and such units now number 79. The sudden growth in textile EOU's in the country has been on account of the developed countries gradually abandoning spinning and weaving activities due to high labour cost.

The weaving capacity of the organized mill sector had, however, stagnated for a number of years because the then Government policy permitted only a marginal expansion in the weaving capacity of the organised mill sector. Even with the removal of the restrictions on the creation of capacities, vide the Textile Policy of June 1985, the weaving capacity has consistently been declining since 1988\textsuperscript{1}. Thus, between 1980 and 1997, the weaving capacity has declined by about 84 thousand looms. However, this was compensated by the emergence of the decentralised powerloom and hosiery sectors in a big way.

**Spinning Mills**

The spinning units have been set up primarily in the States of Tamil Nadu, Maharashtra and Andhra Pradesh, followed by Punjab, Uttar Pradesh and Gujarat. In Tamil Nadu itself, the spinning capacity has increased by over 108 per cent during the last 15 years. The management pattern of the textile units in the 1990s’ is more or less the same as in the 1980s’, except that a number of spinning units now coming up are in the private sector. A majority of the textile mills are still in the private sector (accounting for about 80 per cent), while 9 per cent of the units are in the co-operative sector and 11 per cent in the public sector. Capacity-wise, the private sector mills account for about 72 per cent of the spindle capacity, 93 per cent of rotors and 56 per cent of the loom capacity, while the remaining 28 per cent of the spindle capacity. 7 per cent of rotor capacity and 45 per cent of the

\textsuperscript{1} Mehta. S.D., *The Indian Cotton Textile Industry - An Economic Analysis*. 
loom capacity are shared by the public and co-operative sectors units together.

**Small-scale spinning units**

In addition to the spinning and composite mills in the organised sector, of late, a large number of small scale spinning units have come up, particularly in the state of Tamil Nadu, in and around Coimbatore. There were 795 SSI units with installed capacity of 1.44 Mn. spindles and 24,052 rotors enlisted with the office of the Textile Commissioner as on 31.3.97.

**Production of spun yarn / cotton yarn**

The primary product of the textile industry is spun yarn which is almost entirely manufactured by the organised sector. It is also the raw material for the composite/weaving mills and for the handloom, powerloom, hosiery sectors. Thus, an adequate availability of yarn determines the prospect of the textile mills and the handlooms and powerloom weavers. The production of spun yarn has consistently been increasing, due to an increase in the spinning capacity. There are three types of spun yarn,¹ viz., cotton yarn, blended yarn and 100% non-cotton yarn. Cotton yarn accounted for about 82 per cent to 86 per cent of the total spun yarn production in the beginning of the 1980s to the middle of 1980s. Its share has slightly declined in the recent years, and during 1996-97, it constituted about 77 per cent of the total spun yarn production in the country, while the remaining 23 per

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cent was in the form of blended and 100% non-cotton yarn. The trend in
the production of cotton yarn in the past had fluctuated in tandem with the
cotton crop in different years. On an average, during the last 15 years or so,
the trend of production of cotton yarn has shown a gradual increase by
about 6 per cent, though there was fluctuation in production in the early
1980s which could be due to labour unrest during that period. In the late
80s' and during the 90s' also, the production of cotton yarn had fluctuated,
i.e., in the years 1988-89, 1991-92 and again in 1994-95, due to a
shortfall of cotton crop. Such a fluctuation in the production of cotton yarn
had also affected the total availability of spun yarn and to a certain extent the
trend of the production of cloth.

**Cotton yarn in SSI Sector**

The estimated production of spun yarn by the SSI spinning units
which was 46.00 million kgs. in 1992-93, increased to 105.44 Mn.Kg.
during 1996-97.

**Blended yarn and non-cotton yarn**

Blended yarn which constituted about 11 per cent of the total spun
yarn production in the beginning of the 1980s, now constitutes about 17
per cent of the total spun yarn. The production trend of blended yarn has
shown a comparatively higher growth rate than that of cotton yarn during
the last 17 years, with the growth rate averaging about 14 per cent since
1980-81. However, during the last ten years or so, production has been

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increasing at an average annual rate of growth of about 22 per cent. 100% non-cotton yarn formed about 7 per cent of the total spun yarn in the 1980s' and its hare has declined marginally by 1 per cent during 1996-97. The growth rate of non-cotton yarn has been similar to that of cotton yarn, i.e., an average growth of 5 per cent per annum. However, in the recent years, its growth trend has accelerated and in the last ten years, the growth has been about 10 per cent.

Of the total spun yarn production in the country, more than 3/4th is produced by the private sector mills, while the remaining is produced by the Co-operative and Public Sector mills put together. The private sector mills are also the major producers of blended and non-cotton yarn, and a very insignificant quantity of such yarn is produced by the other two categories of mills. During the year 1996-97, the share of the mills in the private sector in cotton yarn production was about 81 per cent, while the public sector and co-operative sector mills produced about 7 per cent and 12 per cent respectively. During the same year, the private sector mills produced blended and non-cotton yarn\(^1\) to the extent of 94 per cent as against 6 per cent produced by the Public Sector and co-operative sector mills. Almost the entire quantity of yarn produced by the co-operative sector mills was cotton yarn, and only a negligible quantity of blended and non-cotton yarn was produced by such mills.

Among the States, the major producers of spun yarn are Tamil Nadu (35%) followed by Maharashtra (about 14%). These two States together with Gujarat account for about 57 per cent of the total spun yarn production in the country. The States of Punjab, Uttar Pradesh, Andhra Pradesh and Rajasthan produce about 5 to 7 per cent of spun yarn per year on an average. Maharashtra (15%), Rajasthan (22%), Gujarat (9%) and Tamil Nadu (16%) are also major producers of blended yarn accounting for about 62 per cent of the production\(^1\). There has been a consistent growth in the production of spun yarn in the above States during the last four-five years except in 1991-92 when production was affected due to bad cotton crop. The major 100% non-cotton yarn producing States are Tamil Nadu (20%), Punjab (20%) and Rajasthan (11%).

There has not been any major shift in the pattern of production of cotton yarn except that the share of such yarn in the count groups 21s to 40s, which was 50 per cent during 1980-81, declined to about 43 per cent during 1996-97. The yarn of counts below 20s constituting 38% to 40% of the total cotton yarn production during all the years from 1980-81, increased to 46% during the year 1996-97. As regards higher counts, i.e., 40s and above, which constituted about 11% of production in 1980, increased to about 13% to 14% but again in 1996-97 it declined to 11%.

Production of cloth

One of the basic necessities of life is cloth which is produced by the textile industry. All the three sectors of the industry, i.e., mills, handlooms and powerlooms (including hosiery) produce cloth though their relative share has undergone a significant change over the last decade and a half, i.e., from 36 per cent, 25 per cent, 39 per cent respectively in the year 1980-81 to about 6 per cent, 22 per cent and 72 per cent respectively during 96-97. Thus, the cloth production by the mills sector has declined by 57 per cent between 80-81 and 96-97 while that of powerloom (including hosiery) and handloom sectors has increased by about 518 per cent and 240 per cent during the same period. These two sectors taken together now contribute about 94 per cent of the total cloth production in the country and barely 6 per cent is contributed by the mill sector. However, the declining output of the mill sector has been more than made up by the increased output by the powerloom and handloom sectors. The reason for the downward trend in the production of cloth by the organised sector has been the decline in the loomage capacity of mills as a result of the structural transformation that had taken place leading to delinking of weaving from spinning. Thus, the mills sector has already lost its ground so far as production of cloth is concerned, and now concentrates mainly on spun yarn production and production of high value fabrics as also fabrics meant for exports to sophisticated markets of U.S.A., Canada, Japan and E.E.C. countries.

The overall cloth production in the country has risen by about 175.62 per cent between 1980-81 and 1996-97, i.e., at an average annual growth rate of about 10.33 per cent. The annual sectoral growth during the above period has been 8.22 per cent in the case of handlooms and 24.60 per cent
in the case of powerlooms (including hosiery). The output in the case of the mill sector has been declining at the rate of about 3.34 per cent a year. The growth in the overall cloth production has also not been uniform over the last 17 year period. Of late, the rate of growth has shown an increasing trend. Considering the data of last five years, it has been observed that annual growth rate is about 7 per cent while it was 10 per cent during the last 17 year period.

The fibre-wise production statics of 1996-97 reveal that fabrics made of cotton still form about 62 per cent of the total production as against 73 per cent during 89-90. The 100% non-cotton fabrics now account of about 13 per cent as against 2 per cent of the production during 89-90. The share of blended fabrics on an average remained more or less same from 1989-90 onwards. The cloth production by the wool, silk and khadi sectors has been almost negligible in all the years for which data have been considered, forming barely 1.4 per cent of the total production. Thus, there has not been any significant change in the pattern of cloth production over the seven year period and the dominant share continues to be that of cotton fabrics. However, man-made fabrics is gradually increasing its share in the total cloth production.

**Per-capita availability of cloth**

Following the increase in the overall cloth production, the per capita availability of cloth in the country has also increased, despite the growth in population and exports of apparels and fabrics. The availability of cloth which was 17.30 sq.mtrs. during 1980-81, rose to 29.30 sq.mtrs. during 1996-97, an increase of about 69 per cent. This works out to an average
annual growth of 3.3 per cent. The per capita availability has increased more significantly in the case of 100% non-cotton fabrics during the last decade, i.e., from 2.68 sq.mtrs. in 1984-85 to 9.08 sq.mtrs. in 1996-97, depicting an annual growth of 11 per cent. However, the per capita availability of cotton cloth grew from 12.57 sq.mtrs. to 16.24 sq.mtrs. during the same period. The annual increase in this case works out to a nominal 2.2 per cent.

**Cotton production**

In the growth of the textile industry in the country, cotton has played a dominant role. Cotton is still the pre-dominant fibre used in the textile sector, accounting for about 70 per cent of the total fibre consumption. The production data of cotton for the last 17 years show that cotton production rose from about 78 lakh bales in '80-81 to 138 lakh bales in '92-93. However, cotton production declined to 121.5 lakh bales in 93-94 (by 10%) due to climatic and other factors. The crop estimate for '96-97 has been placed at 176.50 lakh bales (revised cotton year), i.e., about 7 per cent higher than the last year's level of 164.20 lakh bales. Thus, so far there has not been a sustained growth in the production of cotton in the country. On the contrary, the production has been fluctuating from year to year. Though India has the largest cotton acreage in the world (about 9 million hectares constituting about 25%), due to very poor yield per hectare (about 320 kg.), India ranks third in the world, in terms of cotton production accounting for about 15% of the world production. Lower yield per hectare and fluctuation in the production of cotton from year to year have been largely due to the fact that almost two-thirds of the acreage under cotton remains unirrigated.
and depends on the vagaries of weather. The average yield varied between 215 kgs to 320 kgs per hectare in almost two decades.

The major cotton producing States are Punjab, Haryana, Gujarat, Maharashtra, Rajasthan and Andhra Pradesh. The northern belt comprising of Punjab, Haryana and Rajasthan taken together produce about 25 to 30 per cent of cotton followed by Andhra Pradesh which produces about 14 to 19 per cent. The western region comprising of Gujarat, Maharashtra and Madhya Pradesh produces around 30% to 40%. Since this belt is heavily dependent on the vagaries of monsoon, the fluctuation in the acreage, production and productivity swings rather wildly. Hence, its share in the total cotton production has varied from as low as 30% in 1991-92 to as high as 49% in 1996-97. The balance quantity of cotton is produced by the remaining States put together. The cotton yield is relatively higher in Punjab, Rajasthan and Haryana as compared to the All India yield, since almost the entire cotton acreage in these States is irrigated. A rather distressing trend of late has been the declining per hectare yield in the irrigated northern belt which, in turn, has been the main reason behind growing acreage under non spinnable variety, Bengal Deshi which is in relatively pestresistant and requires less fertiliser and pesticide. The largest share in the production of cotton is of the medium staple variety (about 65%) followed by long staple variety (about 30%). The share of short staple cotton is quite low (5%). Of late, it is noticed that the share of long staple variety of cotton has been slowly increasing.
Cotton consumption

So far, the import of cotton has been negligible as compared to the total consumption in a year. However, the export of cotton varies depending on the size of the cotton crop. The mill consumption of cotton has increased from 76.78 lakh bales (of 170 kg. each) during 1980-81 to 150.41 lakh bales (of 170 kg. each) during 1996-97. This corresponds with the increase in cotton production from 78 lakh bales in 1980-81 to 176.50 lakh bales in revised cotton year 1996-97 (October - September). In recent years, the demand for cotton from mills has increased significantly due to the expansion in the consuming industry.

The variety-wise consumption of cotton by mills for 1996-97 is about 32 per cent of which the medium staple variety (20.50 mm to 25.50 mm) followed by about 32 per cent of long stable variety (28 mm to 33.50). About 20 per cent is of medium long staple variety (26 mm to 27.50 mm) about 7 per cent is of short staple variety (below 20 mm) and extra long staple variety (34.00 mm & above) is about 5 per cent.

Growth of the man-made fibre and yarn industry

The man-made fibre and yarn industry comprises fibres and filaments of both cellulosic and non-cellulosic origin, generally called rayon and synthetic fibre/yarn respectively. While rayon is a regenerated fibre wholly or mainly of cellulose (wood based) and includes viscose, Acetate and Cuprammonium, Synthetic fibres or filaments are produced from polymers of chemical elements or compounds and include acrylic, nylon and polyester. The man-made fibre and yarn industry plays a very important role in the domestic textile industry as over 30 per cent of the raw material consumed is
manufactured from the man-made fibre and yarn industry. The full fibre flexibility enunciated in the June, 1985 Textile policy envisages increase in the indigenous availability of man-made fibres and yarn by creation of additional capacity as also by necessary imports.

The total installed capacity of man-made fibre and yarn industry which was hardly about 223 thousand tonnes during 1980-81 grew to 1663 thousand tonnes by 1996-97. The most significant growth in capacity has been achieved in the case of Polyester Staple Fibre and Polyester Filament Yarn, the capacity of which increased from 33,575 tonnes and about 9,000 tonnes respectively in 1980-81 to as high as 4,67,113 tonnes and 6,31,564 tonnes respectively in 1996-97. According to the industry sources, additional PSF capacity to the extent of about 2,55,000 tonnes, either by way of expansion or by setting up of new units, is likely to come up in the country in the near future which would meet additional demand for PSF. Likewise, setting up of huge PFY capacity (about 4.36 lakh tonnes) is also being planned either by expansion or by entry of new units. This, along with expansion of PSF capacity as stated above, would ensure adequate supply of the main raw materials in the future.

The capacity of Viscose Staple Fibre has also increased considerably, i.e., from 97,400 tonnes to 2,20,650 tonnes during the same period, though the capacity was shared by only two main manufacturing units. The capacity of Acrylic Staple Fibre which is currently placed at 98000 tonnes also shows a marked increase as compared to its capacity of 16000 tonnes in the year 1980-81. The growth of VFY capacity, currently standing at about 72000 tonnes, has been rather modest and that of NFY received a
setback due to the tremendous growth of the PFY sector. As regards production, the man-made fibre sector of the textile industry has been showing an excellent performance in recent years. The production of man-made fibres, i.e., PSF, VSF and Acrylic taken together was about 586,500 tonnes during 1996-97 as compared to the meagre production of about 115000 tonnes during 1980-81 showing an average annual growth of about 26 per cent in the 17 year period, i.e., 1980-81 to 1996-97. The production of PSF has increased manifold during the above period. It is seen that there has been every slow growth in the production of PSF between the period 1980-81 and 1987-88 but in 1988-89, the production had suddenly jumped to about 1,11,600 tonnes from the level of 79000 tonnes in 1987-88, an increase of more than 41 per cent. Again between 1988-89 and 1991-92, the PSF industry had a low capacity utilisation due to which its production had also suffered. However, the production again improved and during 1992-93 and 1993-94, the PSF production increased by 19.6 per cent and 23.6 per cent respectively, with production crossing two lakhs tonnes in 1993-94. The growth of PSF production during 1995-96 has, however, been a modest 3.18 per cent as compared to 1994-95. During 1996-97, the PSF production had increased by a remarkable 42 per cent over 1995-96. The VSF production grew by about 54.6 per cent during 1988-89 to 1996-97, an annual rate of growth of 5.3 per cent. The VSF production had fluctuated between 158000 tonnes and 194000 tonnes during this period. But during 1994-95 and 1996-97, production had declined to the level of 173000 and 179000 tonnes respectively, due to closure of plants. The growth in production of Acrylic Fibre has been gradual till the year 1989-90, but thereafter the rise in its production was more rapid
except a fall in production during 1995-96. Thus, between 1989-90 and 1996-97, the production of Acrylic Fibre rose by about 171.7 per cent, an average growth of 24.5 per cent per year.

Among the filament yarns, the most splendid growth has been that of PFY as compared to NFY and VFY. The rise in production of PFY has been so rapid that the annual compound growth rate during the last 17 years is 27.1% and the production during 1996-97 is 45 times more than during 1980-81. During the last two years, the quantum of growth has been more spectacular with annual additional production of 78000 and 117000 tonnes of yarn respectively. There has not been any substantial growth in the production of the other two filament yarns, viz., VFY and NFY, after 1991-92. During 1996-97, the production has declined as compared to 1995-96. The annual compound growth rate of VFY and NFY during the last 17 years is 2.1% and 3.9% respectively. It appears that due to the phenomenal growth of PFY industry, NFY and VFY sector is taking the pinch. The production of Polypropylene fibre and yarn has just started in recent years, and the production had stood at 1892 tonnes for fibre and 13,032 tonnes for filament yarn during 1996-97.

**Availability of key raw materials for man-made fibre/yarn**

The growth of the man-made fibre and filament yarn industry is closely linked with the availability of the key raw materials required for their manufacture. The easy availability of the key raw materials like DMT, PTA, MEG, Caprolactum and Acrylonitrile, constituting a significant portion of the cost of production of these man-made fibres and yarns, would go a long way in boosting the output of such fibres and yarns. At present, the availability of
these raw materials is not adequate, and hence, their domestic prices are also comparatively higher. For instance, PTA, required for PSF/PFY, is manufactured by only one unit, while DMT also required for PSF/PFY is manufactured by only three units.

Though there are five manufacturers of MEG in the country, Acrylonitrile, the raw material for acrylic staple fibre, is manufactured by only one unit, viz., IPCL and hence, except IPCL all other producers of acrylic fibre depend on the imported raw materials. The present installed capacity of MEG is 4,95,000 tonnes while that of Acrylonitrile is 30,000 tonnes. The main raw material of NFY, i.e., Caprolactum was earlier manufactured by only one unit, viz., Gujarat State Fertiliser Corporation (capacity 1,20,000 tonnes) which used a considerable portion of the raw materials for their own captive use, with the result that the bulk of the supply was imported. However, with the commissioning of FACT's plant at Cochin (Capacity 50,000 tonnes), the dependence on imported Caprolactum has considerably reduced.

It is understood that some new units are already in the pipeline. Yet, the production/availability of these items is still not adequate to meet the total raw material demand of the Synthetic fibre/yarn industry. Thus, there will always be a scramble for the vital raw materials among the existing synthetic fibre/yarn manufacturing units since some of them are already in the process of expansion of their existing capacity alongwith new entrants to the field.

For the rayon sector, i.e. VSF and VFY, the basic raw material is wood pulp. The availability of wood pulp in adequate quantities is subject to
environmental protection. However, at present, the capacity of wood pulp is 3,15,000 tonnes which can be perhaps be considered as sufficient for the VSF and VFY manufacturing units.

It is noticed that DMT production (required for manufacture of PSF and PFY) rose from about 128000 tonnes in 1991-92 to about 206000 tonnes in 1996-97, while PTA production (also required for PSF and PFY) increased from 163000 tonnes to 235000 tonnes during the same period, thus registering an average annual increase of 12.19 per cent and 8.83 per cent respectively. The production of MEG increased from 53000 in 1991-92 to about 188000 tonnes in 1996-97. The Caprolactum production grew from about 46000 tonnes in 1991-92 to about 105000 tonnes in 1996-97, an increase of 25.65 per cent per annum.

**Silk, wool and khadi sector**

The silk and woolen sectors have important places in the textile industry because of their natural features. However, the combined contribution of wool, silk and khadi to the fabrics production in the country is negligible, (about 1.4%). This is due to the constraint in the domestic availability of the raw materials like good quality apparel grade wool and raw silk of superior variety. Considering that silk and woolen textiles have good scope for export, urgent steps are necessary to increase their production. Likewise, the traditional hand spun and woven khadi sector has also an important role being a rural hand based industry.
Price of textile items

At present, there is no statutory control on prices of textile items, and hence the prices are determined by the market forces of demand and supply. The price trend of textile items during the last year and past five years is discussed below:

Cotton and cotton yarn

Although in general, the level prices of raw cotton, the main fibre for the textile industry during 1996-97 remained lower than that of during 1995-96, the weighted average price of raw cotton registered a marginal increase of 0.8% in March '97 over March '96 as against 37.1% increase during the last five year period, i.e. March '92 to March '97.

The weighted average price of cotton yarn (hank and cone yarn) and hosiery cone yarn declined by 5.3% and 4.7% respectively for March '96 and March '97. The main reason for decline in all categories of cotton yarn prices during 1996-97 i.e. the year under review may be attributed to higher production of cotton yarn leading to increased supply in the market.

The prices of Polyester Viscose and Polyester Cotton blended yarn fluctuated in a narrow range during the year 1996-97. In the last five year period, i.e. March 1992 to March '97 prices of polyester viscose blended yarn and polyester cotton blended yarn increased by 16.2% and 8.2% respectively.
Man-made fibres and raw wool

Among the man-made fibres the market prices of VSF remained steady during the first three quarters of 1996-97 and declined marginally in the last quarter due to reduction in duty. However, as compared to March '92 prices of VSF was higher by 54.3% in March '97 i.e. the yearly average increase of 10.9%. Price of PSF showed a declining trend during the year 1996-97 and the same has declined by 24.1% in March '97 over March '96 as against a decline of 15.7% during the five year period. i.e. March '92 to March '97. The average price of acrylic staple fibre declined marginally by 1.0% in March '97 over March '96 as against an increase of 13.4% during the five year period March 1992-97. the price of imported marinowool increased by 20.2% in March '97 over March '96 whereas during the five year period, i.e. March '92 to March '97 marginal increase of 1% has been registered.

Man-made filament yarn

Among the man-made filament yarn group, prices of VFY declined marginally by 1.8% in March '97 over March '96 although the level of prices in general was higher in 96-97 compared to 95-96. Prices of NFY, POY and Texturised yarn also declined by 25.7%, 39.9% and 35.6% respectively in March '97 over March '96. In a five year period, i.e. March '92 to March '97 prices of VFY increased by 30.0% whereas the same in respect of NFY, POY and texturised yarn declined by 6.7%, 46.5% and 46.2% respectively. The steep decline in prices of NFY may be attributed to lower demand. Fall in prices of POY and texturised yarn may be attributed to reduction in the prices of its raw material.
Price trends of fabrics

During the period from March '96 to March '97, ex-mill and retail prices of mill made cotton cloth and blended cloth showed an increasing trend. The ex-mill prices of cotton cloth and blended cloth increased by 3.0% and 3.4% respectively, while that of synthetic cloth, price declined by 4.6% in March '97 over March '96. Retail prices of cotton cloth and blended cloth increased by 2.5% and 3.4% respectively while in case of synthetic cloth, prices declined by 5.5% in March '97 over March '96. During the five year period i.e. March '92 to March '97 the ex-mill and retail prices of mill made cotton cloth, blended cloth and synthetic cloth increased substantially. The market prices of powerloom grey cotton cloth fluctuated marginally in 96-97 i.e. the year under review. Compared to March '97 it was higher by only 3.0% in March 96. The prices of powerloom blended cloth remained steady through out the year while the same in respect of synthetic cloth declined by 8.8% in March '97 over March '96. During the five year period, i.e. March '92 to March '97 powerloom grey cotton and blended cloth increased by 38.4% and 1.0% respectively while that of synthetic cloth price declined by 16.7% during the same period.

The prices of raw materials for man-made fibres and yarns

The world market has witnessed a turmoil in the price trends of raw material of man-made fibres, during 1995-96. During 1996-97, the prices went back nearly to the pre-1994-95 levels in all except in case of caprolactum where it had declined to pre-1994-95 level. These trends are in consonance with the domestic prices of corresponding man-made fibres and yarn. The prices of DMT and PTA declined by 45.78% and 50.61% during
1996-97 as compared to their prices during 1995-96, while they declined by 29.96 and 37.10% over the prices of 1994-95 respectively. The prices of MEG has declined during 1996-97 by 14.02% and 0.59% over the prices during 1995-96 and 1994-95 respectively. The caprolactum prices declined by 3.27% during 1996-97 as compared to prices of 1995-96, through the 1996-97 prices were higher by 9.10% over 1994-95 prices. The international prices of wood pulp and acrylo bitrile had declined during 1996-97 by 40.38% and 36.08% over the prices of 1995-96, while the decline was 7.05% and 9.62% over the prices of 1994-95. Thus, the rise in prices of these items during 1994-95 and 1995-96 were rather abnormal and hence, the sharply declining 1996-97 price levels were a sort of inevitable correction to bring them to a normal level.

**Sickness in the textile industry**

The textile industry has been plagued with one problem or other at different points in time. One of the major problems has been that of growing sickness in this industry\(^1\) though this is not uncommon in other organised industries. The Reserve Bank of India compiles the list of Non-SSI sick mills in different industries (including textiles). As per RBI data (state-wise) the number of sick mill was 383. The main reasons for sickness in textile industry could be attributed to the structural transformation in the mill sector and competition faced from powerloom having greater cost advantage. The other reasons could be excess capacity, lower productivity of labour and machine, lack of modernisation and technological upgradation, increase in

cost of inputs, particularly the key raw materials as also lack of adequate working capital.

The incidence of sickness was found to be more in the case of textile mills in Maharashtra and Gujarat, which incidentally also have the largest number of composite mills. Sickness was comparatively less in Tamil Nadu and Andhra Pradesh in relation to the number of mills in those states. The Government was alive to the problems of sickness and closure in the organised textile industry and had, therefore, considered measures for the revival of sick textile mills. Thus, the Textile Policy of June 1985 had laid great stress on the monitoring of the performance of textile units to detect any signs of incipient sickness for taking corrective action. Under the said Textile Policy, the Government had also created a Nodal Agency to evolve rehabilitation packages for textile mills found to be potentially viable. The Nodal Agency examined the cases of 177 textile mills in different States and had found 51 mills as potentially viable.

With a view to encourage the textile mills to modernise their old machinery, the Government had set up a Textile Modernisation Fund Scheme, (TMFS) in pursuance of the Textile Policy of June, 1985, for providing modernisation assistance at concessional rates of interest. The assistance sanctioned and disbursed under the scheme till 31-12-1993 was Rs.1288.46 crore and Rs.897.48 crore respectively, including foreign currency loan. The Textile Modernisation Fund Scheme was discontinued by IDBI from August 1991 due to resource constraint.

Among other measures taken by the Government to tackle the problem of industrial sickness in general, (including textiles), was the
establishment of a Board for Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act, 1985. Till 30.6.1997, 302 cases of textile mills were registered with the Board. Various stages of enquiry as on 30.6.97 shows that out of the 302 cases of textile mills registered with the board, draft revival scheme has been prepared in 64 cases and another 50 cases stand dismissed. In 5 cases, the units have been able to draft their revival schemes under section 17(2) of the Sick Industrial Companies (Special Provisions) Act, 1985. Besides, in 98 cases winding up has been recommended by the Board while in 12 cases winding up notice has been issued. Further; 17 cases are under enquiry by the Board, while 21 units are 'no longer termed sick' as those have been revived through the efforts of the BIFR. In addition, some of the cases have been referred to the Appellate Authority of the Board while cases of 5 units have again been reopened.

**Growth of the textile machinery industry**

The production of textile machinery has grown from Rs. 1040 crores in 1992-93 to Rs. 1291 crore in 1996-97, and production has declined by about 14% in 1996-97 as compared to 1995-96. While the production of spares and accessories during the same period has been increased by 11% from Rs. 216.60 crore to about Rs. 240.72 crore, in absolute terms.

The demand for textile machinery has been steadily increasing. However, a substantial portion of the textile machinery industry still remains idle and imports take away nearly 67% of the total demand of the machinery industry. The reasons for high level of import could be the long delivery schedule of the Indian machinery industry.
The import of textile machinery has increased from about Rs. 170.7 crore in '87-88 to about Rs. 2009.70 crore in '96-97. In order to improve its capacity utilisation, the machinery industry will have to develop and upgrade its technology. The textile machinery industry was also contributing to foreign exchange earnings of the country along with textile exports. The export figures of this industry available for the period '87-88 to '96-97 has shown a mixed trend ranging from about Rs. 41 crore to about Rs. 311 crore.

Textile exports

India's export performance in the textiles sector in the recent years has been remarkable. Textile exports have now emerged as the largest gross and net foreign exchange earner for the country, contributing 31 per cent of India's total export earnings. Starting from a modest figure of Rs. 1,336 crore in the beginning of the 80s, these exports have been increasing steadily over the years and have grown to Rs. 35,478 crore by 1996-97 (excluding coir, jute and handicrafts)\(^1\). The exports including coir, jute and handicrafts during 1996-97 were of the order of Rs. 41,828 crore, showing an increase of 17.3 per cent over 1995-96, valued at Rs. 35,670 crore. The export of cotton textiles alone rose from Rs. 8,888 crore in 1995-96 to Rs. 11,856 crore in 1996-97, an increase by 33.40 per cent. The export of garments placed at Rs. 16,729 crore during 1996-97 was higher by 11.9 per cent over the previous year's exports. There was also a significant growth in the export of woollen textiles of nearly 57 per cent during 1996-

97. The silk and man-made textiles exports had also increased by 4.1% and 3% respectively during 1996-97 over 1995-96. The growth trend in the overall textile exports during the past five years, i.e., 1992-93, 1993-94, 1994-95, 1995-96, 1996-97 has been found to be 35%, 30%, 26%, 13% and 18.4% respectively.

The cotton textiles have generally been contributing significantly towards the export earnings (its share being about 33%), had a spectacular growth during 1996-97 with 33.4% increase. The garment segment accounted for about 47 per cent of the total textile exports during 1996-97. The trade in garments has grown not only in value terms but there has also been a remarkable diversification in the range of products and the direction of exports to different countries. The share of man-made fibre textiles which was almost negligible during 81-82 (2.8%) now accounts for about 9 per cent in total textile exports. Likewise, the export of Woollen and Silk textiles which was negligible during 81-92 in value terms, has grown significantly by 1996-97, though the combined share of these two items in total textile exports is still quite low, accounting for about 5 percent. One of the greatest advantages of textile exports from India is the low import content in such exports ranging from 0 to 4%. Thus, the value added component in textile exports is quite high.

India has concluded two agreements with the United States and the European Union (EU) on the delicate issue of market access in textiles between Indian and these countries. The two agreements which came into force on 31st December, 1994, give India additional market access for its textile products in U.S. and E.U. countries. The agreements came into effect
with the establishment of the World Trade Organisation (WTO) replacing the General Agreement on Tariffs and Trade (GATT). Under these agreements, India has agreed to give a phased tariff liberalisation schedule for certain items at varying rates over a period ranging from 3 to 7 years. In return, the two agreements give India in particular increased quota of handloom and powerloom fabrics which are of high priority because of their linkage with employment generation. It is hoped that with the steady increase in our exports as also satisfactory conclusion of the two agreements stated above, the country's plan for reaching an export level of Rs.50,000 crore by the end of the century, appears achievable.

Eighth Five Year Plan Projections and Achievements:

Yarn and Cloth production

The revised Working Group Report on the Textile Industry for VIII Five Year Plan had made projections, year-wise, for textiles having regard to the requirements like house-hold demand for cloth, the demand for exports and other industrial uses as also the general growth of the Indian economy. The actual production of spun yarn, filament yarn and cloth during the year 1992-93, 1993-94, 1994-95, 1995-96 and 1996-97 has more or less followed the plan projection or even exceeded the same. The yearwise projections and achievements are shown below:
Table No. 4.3.

Year-wise VIII PLAN Targets and Achievements

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<th>Years</th>
<th>Target</th>
<th>Achievement</th>
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<td></td>
<td>Spun yarn (Mn.Kg.)</td>
<td>Filament yarn (Mn.Kg.)</td>
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<tr>
<td>1996-97</td>
<td>2495</td>
<td>528</td>
</tr>
</tbody>
</table>

@ includes polypropylene yarn  
+ includes wool, silk and khadi  
* includes yarn production by SSI units also

Thus, in all respects, the achievement in production of spun yarn, filament yarn and cloth have well exceeded the projections made for the terminal year of the Eighth Five Year Plan.
YEAR WISE VIII PLAN TARGETS AND ACHIEVEMENTS

Yarn = M n.kg  Cloth = Mn.Sq.m

<table>
<thead>
<tr>
<th>Year</th>
<th>Spun Yarn (Target)</th>
<th>Filament Yarn (Target)</th>
<th>Cloth (Target)</th>
<th>Spun Yarn (Achievement)</th>
<th>Filament Yarn (Achievement)</th>
<th>Cloth (Achievement)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992-93</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1993-94</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1994-95</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1995-96</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1996-97</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Ninth Five Year Plan Projection

The projections of spun yarn, filament yarn and cloth production have been made in the 9th Five Year Plan as follows:

Table No. 4.4.

IX Plan Production Projections

<table>
<thead>
<tr>
<th>Year</th>
<th>Spun yarn (Mn.Kg.)</th>
<th>Filament yarn (Mn.Kg.)</th>
<th>Cloth (Mn.Sq.Mtrs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-1998</td>
<td>2840</td>
<td>617</td>
<td>34525</td>
</tr>
<tr>
<td>1998-1999</td>
<td>3039</td>
<td>697</td>
<td>36682</td>
</tr>
<tr>
<td>1999-2000</td>
<td>3256</td>
<td>782</td>
<td>38975</td>
</tr>
<tr>
<td>2000-2001</td>
<td>3495</td>
<td>883</td>
<td>41410</td>
</tr>
<tr>
<td>2001-2002</td>
<td>3755</td>
<td>997</td>
<td>44000</td>
</tr>
</tbody>
</table>

It is heartening to note that the industry has been growing from year to year, both in terms of capacity and volume of production. However, the industry still remains predominantly cotton based, though the man-made fibres and yarns sector has been expanding and is capable of meeting the increase in the demand for fibres and yarns. The cloth production has been taken over by the decentralised sectors of powerlooms, hosiery and handlooms from the organised mills. Exports of textiles have also increased significantly. Technologywise, the spinning sector of the Textile industry has been able to keep pace with the international technological trends to a fair degree through its own efforts and also by taking advantage of the concessional loan under the Textile Modernisation Fund Scheme (TMFS).
which was in vogue during the 7th plan period. However, downstream sectors i.e. weaving finishing, processing etc. suffers from a severe lack of technological upgradation. The low level of technology affects the quality of the fabrics. This disadvantage results in the pre-dominance of low value items in our Textile export basket. In order to incentivise the downstream processes of the Industry to upgrade their technology, the Ministry of Textile has proposed a Technology Upgradation Fund with a corpus of Rs. 25,000 crore to provide loans at concessional rate of interest to these sectors. It is expected that with the liberalisation of the economy and globalisation of trade coupled with technological upgradation of downstream segments of the Textile Industry the growth of Textile export in the coming years will accelerate. Thus, the industry appears to be firmly in saddle to meet the growth and the competitive challenges of the future both in the domestic as well as external fields.