

NATIONAL TEXTILE POLICY -- 2000

(NTxP -- 2000)

PREAMBLE

Perceiving the role of the Textile Industry in providing one of the most basic needs of people and the importance of its sustained growth for improving quality of life;

Recognising its unique position as a self-reliant industry, from the production of raw materials to the delivery of finished products, with substantial value-addition at each stage of processing; and its major contribution to the country's economy;

Realising its vast potential for creation of employment opportunities in the agricultural, industrial, organised and decentralised sectors & rural and urban areas, particularly for women and the disadvantaged;

Acknowledging the tremendous impetus provided by the Textile Policy of 1985 to the economy, resulting over these years in compounded annual growth rates of 7.13% in cloth production, 3.6 % in the per capita availability of fabrics; and 13.32% in the export of textiles; raising the share of textiles to 13% of value added domestic manufacturing of the country; and to one third of the export earnings of the country,

Taking note of the new challenges and opportunities presented by the changing global environment, particularly the initiation of the process of gradual phasing out of quantitative restrictions on imports and the lowering of tariff levels for an integration of the world textile and clothing markets by end 2004, and the need for a focussed approach to maximizing opportunities and strengths inherent in the situation;

Having studied the issues and problems facing the sector, the views of a wide range of stakeholders, and the recommendations of the Expert Committee set up for this purpose;

Deciding to redefine the goals and objectives, focus on thrust areas and sharpen strategy in tune with the times,

the National Textile Policy – 2000 is enunciated as follows:

VISION

1. Endowed as the Indian Textile Industry is with multifaceted advantages, it shall be the policy of the Government to develop a strong and vibrant industry that can
 - Produce cloth of good quality at acceptable prices to meet the growing needs of the people;
 - Increasingly contribute to the provision of sustainable employment and the economic growth of the nation; and
 - Compete with confidence for an increasing share of the global market.

OBJECTIVES

2. The objectives of the policy are to-
 - Facilitate the Textile Industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing;
 - Equip the Industry to withstand pressures of import penetration and maintain a dominant presence in the domestic market;
 - Liberalise controls and regulations so that the different segments of the textile industry are enabled to perform in a greater competitive environment;
 - Enable the industry to build world class state-of-the-art manufacturing capabilities in conformity with environmental standards, and for this purpose to encourage both Foreign Direct Investment as well as research and development in the sector;
 - Develop a strong multi-fibre base with thrust of product upgradation and diversification;
 - Sustain and strengthen the traditional knowledge, skills and capabilities of our weavers and craftspeople;

- Enrich human resource skills and capabilities, with special emphasis on those working in the decentralised sectors of the Industry; and for this purpose to revitalise the Institutional structure;
- Expand productive employment by enabling the growth of the industry, with particular effort directed to enhancing the benefits to the north east region;
- Make Information Technology (IT), an integral part of the entire value chain of textile production and thereby facilitate the industry to achieve international standards in terms of quality, design and marketing and;
- Involve and ensure the active co-operation and partnership of the State Governments, Financial Institutions, Entrepreneurs, Farmers and Non-Governmental Organisations in the fulfillment of these objectives.

THRUST AREAS

3. In furtherance of the objectives, the strategic thrust will be on:

- Technological upgradation
- Enhancement of Productivity
- Quality Consciousness
- Strengthening of the raw material base
- Product Diversification
- Increase in exports and innovative marketing strategies
- Financing arrangements
- Maximising employment opportunities
- Integrated Human Resource Development

IMPORTANT TARGETS AND OUTPUTS

4. The endeavour will be to -

- Achieve the target of textile and apparel exports from the present level of US \$ 11 billion to US \$ 50 billion by 2010 of which the share of garments will be US \$ 25 billion.
- Implement vigorously, in a time bound manner, the Technology Upgradation Fund Scheme (TUFS) covering all manufacturing segments of the industry;
- Achieve increase in cotton productivity by at least 50% and upgrade its quality to international standards, through effective implementation of the Technology Mission on Cotton;
- Launch the Technology Mission on Jute to increase productivity and diversify the use of this environment-friendly fibre;
- Assist the private sector to set up specialised financial arrangements to fund the diverse needs of the textile industry;
- Set up a Venture Capital Fund for tapping knowledge based entrepreneurs of the industry;
- Encourage the private sector to set up world class, environment-friendly, integrated textile complexes and textile processing units in different parts of the country;
- De-reserve the Garment industry from the Small Scale Industry sector;
- Strengthen and encourage the handloom industry to produce value added items and assist the industry to forge joint ventures to secure global markets;
- Re-design and revamp, during the 10th Five Year Plan, the Schemes and Programmes initiated in the handloom, sericulture, handicrafts and jute sector to ensure better returns for those belonging to the disadvantaged categories, and the North East and other backward regions of the country;
- Facilitate the growth and strengthen HRD Institutions including NIFT (National Institute of Fashion Technology) on innovative lines;
- Review and revitalise the working of the TRAs (Textile Research Associations) to focus research on industry needs; and

- Transform, rightsize and professionalise all field organisations under the Ministry of Textiles to enable them to play the role of facilitators of change and growth.

SECTORAL INITIATIVES:

Within the framework of the Policy, the following sector – specific initiatives will be taken:

RAW MATERIALS

5. The thrust will be on improving the availability, productivity and quality of raw materials at reasonable prices for the industry. Necessary capabilities, including R & D facilities for improvement of fibre quality and development of specialised fibres/yarns. The endeavour will be to make available different varieties (from standard to specialised) of textile fibres/yarns of internationally quality at reasonable prices. The multi-fibre approach of providing full fibre flexibility will be continued. Though cotton is expected to continue to be the dominant fibre, special attention will be given to bring the balance between cotton and non-cotton fibres closer to international trends.

Cotton

6. The primary aim will be to improve production, productivity and quality, and stabilise prices. The Technology Mission on Cotton will be the instrument for achieving these parameters. Ministry of Textiles, Ministry of Agriculture, Cotton growing States, farmers and industry associations will be actively involved in the implementation of this Mission.

Man-Made Fibre

7. Full fibre flexibility between cotton and man-made fibres and consumption of specialised man-made fibres/yarns will be encouraged. Non-standard denierages in man-made filament yarn and spun yarn will be phased out and BIS standards harmonised with world standards. Special attention will be given to the production of fibres required for technical textiles.

Silk

8. Focus will be on achieving international standard in all varieties of silk. Steps will include

- Improving Research & Development and the effective transfer of technology at all stages;
- Considerably improving the production of non-mulberry varieties of silk;
- Augmenting efforts for the spread of bivoltine sericulture;
- Encouraging clustering of activities of reeling and weaving and strengthen linkages between the producers and industry;
- Periodically reviewing the import policy for raw-silk taking into account the balanced interests of the sericulturists as well as the export manufacturers.

Wool

9. In order to augment availability of quality wool, the following measures will be initiated:

- Take up collaborative research projects with the leading wool producing countries of the world;
- Encourage private breeding farms to increase productivity;
- Promote private sector linkages for marketing of wool;
- Establish pre-loom and post-loom processing facilities;
- Take up an integrated development programme for angora wool.
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Jute

10. Government recognises the significance of jute in India's economy, especially for the Eastern and North-eastern parts of the country. Realising the problems of the jute economy and the need to make it more competitive, a Technology Mission on Jute will be launched to achieve the following objectives:

- Develop high yielding seeds to improve productivity and acceptability in markets;

- Improve retting practices to get better quality fibre;
- Transfer cost effective technologies to the farmers;
- Create strong market linkages;
- Expand the scope for marketing of diversified jute products within the country and abroad.

SPINNING SECTOR

11. Despite the thrust given by the Textile Policy of 1985 to the spinning sector, resulting in considerable modernisation, 80 percent capacity utilisation, and a 20 percent share of global cotton yarn exports, cotton spinning still suffers the problems of over-capacity and of obsolete spindleage. This policy will continue the effort to modernise and upgrade technology to international levels, and take the following steps, in cotton spinning as well as the worsted woollen sectors:

- Encourage the spinning sector to continue to modernise;
- Liberalise and encourage export of cotton yarn; and
- Review from time to time the hank yarn obligation while ensuring supply of adequate quantity of yarn to the handloom sector.

WEAVING SECTOR

12. Despite a 58% global share of looms, consisting of 3.5 million handlooms and 1.8 million powerlooms, technology still remains backward. This sector, critical to the survival of the Indian textile industry and its export thrust, will be rapidly modernised. Clustering of production facilities in the decentralised sector will be encouraged to achieve optimum size and adopt appropriate technology.

13. The Government will facilitate harmonious development of all the segments of the fabric manufacturing sector. The balanced growth of these sectors will be achieved based on their intrinsic strengths and capacity to meet the demands and requirements of the domestic as well as international markets.

Organised Mill Industry

14. Efforts will be made to restore the organised mill industry to its position of pre-eminence to meet international demand for high value, large volume products. For this purpose, the following measures will be initiated:

- Integration of production efforts on technology driven lines;
- Encouragement to setting up of large integrated textile complexes;
- Strategic alliances with international textile majors, with focus on new products and retailing strategies;
- Creation of awareness and supportive measures for application of IT for upgradation of technology, enhancement of efficiency, productivity and quality, better working environment and HRD.

15. Government recognises that employment protection in a terminally sick industrial unit is neither conducive to efficient allocation of scarce resources nor incremental employment generation. Hence, emphasis will be laid on a pragmatic and rational exit policy with adequate protection of the workers' interests. Appropriate measures will be taken, including review of the existing Textile Workers' Rehabilitation Fund Scheme, to mitigate the problems of displaced workers, on whom the consequences of closure of private mills, with no terminal or statutory benefits being given, have been serious.

16. The earlier policy of not taking over/nationalising sick units will be continued. As regards the unviable Public Sector Undertakings such as National Textile Corporation and National Jute Manufacture Corporation, various options for strategic partnerships or privatisation will be explored. Non-viable mills will be closed down with provision for an adequate safety-net for the workers and employees.

Powerloom Industry

17. The powerloom sector occupies a pivotal position in the Indian textile industry. However, its growth has been stunted by technological obsolescence, fragmented structure, low productivity and low-end quality products. The focus will therefore be on

- Technology upgradation;
- Modernisation of Powerloom Service Centres and testing facilities;
- Clustering of facilities to achieve optimum levels of production;

- Welfare schemes for ensuring a healthy and safe working environment for the workers.
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Handloom Industry

18. The handloom sector is known for its heritage and the tradition of excellent craftsmanship. It provides livelihood to millions of weavers and craftspersons. The industry has not only survived but also grown over the decades due to its inherent strengths like flexibility of production in small quantities, openness to innovation, low level of capital investment and immense possibility of designing fabrics. Government will continue to accord priority to this sector. Steps would be taken to promote and develop its exclusiveness for the global market. Measures will include the following:

- training modules will be developed for weavers engaged in the production of low value added items, who may not be able to survive the competition consequent on globalisation, with the objective of upgrading their skills to enable them to find alternate employment in the textile or other allied sector;
- comprehensive welfare measures will continue to be implemented in close cooperation with the State Governments, for better working environment and the social security of the weavers;
- effective support systems in research and development, design inputs, skill upgradation and market linkages will be provided;
- the implementation of the Hank Yarn Obligation Order and the Reservation Orders issued under the Handloom (Reservation of Articles for Production) Act 1985 will be reviewed keeping in mind the needs of the handloom weavers.
- Weavers Service Centres will be revamped in consonance with the contemporary trends, and, using Information Technology for efficacy, their activities suitably dovetailed with activities of centres of design excellence like NIFT and NID;
- as merchandising and marketing will be central to the success of the handloom sector, the present package of schemes for production of value added fabrics will be streamlined; innovative market-oriented schemes will be introduced; and joint ventures encouraged both at the domestic and international levels.

Brand equity of handlooms will be commercially exploited to the extent possible.

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Knitting

19. Hosiery knitting, growth of which accelerated during the last decade, primarily because of expansion of hosiery into global fashion knitwear is expected to expand into the apparel and home furnishing sectors. In this segment, the following measures will be taken:

- Review of the Policy of SSI Reservation for this sector;
- Encouragement to Technology Upgradation and expansion of capacity; and
- Introduction of support systems for commercial intelligence, design and fashion inputs.

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CARPETS

20. While machine-made carpet manufacturing in the mill sector will be guided by the policy framework for the organised industry, the policy for hand knotted carpet sector will focus on sustained growth of exports and welfare of weavers and their children. Encouragement will be given to the manufacture of products that conform to and bear the 'KALEEN' mark of standards, with insistence on compliance with the provisions of the Child Labour (Prohibition and Regulation) Act, 1986. Government intervention will be on technology upgradation including indigenisation of machines; development of testing facilities; and use of natural dyes. Adaptation of traditional motifs and promotion of brand image would constitute thrust areas.

MADE-UPS

21. The made-ups sector will be given the status and importance it deserves by virtue of occupying the highest position in the textile value addition chain alongside garments. The approach for growth of this sector will be to-

- make available defect free and colour-fast processed fabrics;
- facilitate product development, production and marketing arrangements;

- place emphasis on quality and packaging; and
- expand facilities for machine dyeing and finishing of the yarn that is used for made ups from handloom fabrics;

PROCESSING AND FINISHING

22. Processing is the weakest link in the textile production chain, and results in loss of potential value. To bring about the necessary improvement

- Government will encourage setting up of modern processing units, meeting international quality and environmental norms;
- the network of CAD/CAM, computerised colour matching and testing facilities will be expanded, particularly in the clusters of the decentralised textile centres;
- research support will be extended in achieving ISO 9000 and ISO 14000 standards; and
- thrust will be given on development of eco-friendly dyes, including natural and vegetable dyes, and on energy conservation.

CLOTHING

23. The role of this sector is poised for radical changes in view of the changes in the international trading environment brought about by the rules and regulations of the WTO. The industry will be restructured as follows:

- the office of the Textile Commissioner will focus attention on the development of the garment industry;
- garment industry will be taken out of the SSI reservation list;
- joint ventures and strategic alliances with leading world manufacturers will be promoted;
- schemes with necessary infrastructural facilities for the establishment of textile/apparel parks will be designed with the active involvement of State Governments, Financial Institutions and the private sector; and

- setting up of strong domestic retail chains to ensure easy availability of branded Indian products will be encouraged.

JUTE INDUSTRY

24. The jute industry in India is beset with many problems, including competition from the synthetic sector, high labour cost, obsolescence of machinery and uneconomic working. These factors have led to large scale sickness in the industry.

25. The approach for the jute sector will be directed towards reviving the jute economy through supportive measures covering research and development; technology upgradation; creation of infrastructure for storage and marketing of raw jute; and product and market development activities for jute and diversified jute products.

26. The Mandatory Jute Packaging Order will be reviewed from time to time in the interest of the jute farmers, jute industry and the end-user sectors. Simultaneously, steps will be taken to enable the industry to become cost and quality competitive in domestic and international markets based on the inherent strength of jute as an environment-friendly fibre.

27. Organisations like JMDC (Jute Manufacturers Development Council) and NCJD (National Centre for Jute Diversification) specifically set up for the overall growth and development of the industry will be appropriately strengthened.

TECHNICAL TEXTILES

28. Considering the growing prospects for technical textiles world wide, priority will be accorded for their growth and development. The focus will be on R& D efforts and augmentation of raw material production. Standards will be set to facilitate adherence to stringent functional requirements.

EXPORTS

29. Textile exports play a crucial role in the overall exports from India. With the objective of increasing exports to US \$ 50 billion by 2010 from the present level of US \$ 11 billion, the thrust will be on:

- establishing a multi-disciplinary institutional mechanism to formulate policy measures and specific action plans, including those relating to the WTO; and closely monitoring financing proposals;
- forging of strategic alliances for gaining access to technology;
- operating a brand equity fund exclusively for textile and apparel products, consistent with WTO norms.
- restructuring AEPC and other Export Promotion Councils play the role of facilitators and professional consultants;
- developing infrastructural facilities in the predominantly textile and apparel export oriented areas in close co-operation with State Governments and Financial Institutions and the private sector; and
- evolving a suitable mechanism to facilitate industry associations to deal with disputes under the various agreements of the WTO.

HANDICRAFT EXPORTS

30. Continued and focussed attention will be given to handicrafts to enable the sector to increase both its contribution to exports and its productive employment. Initiatives will include upgradation of skills, creation of better work environment, design and technology intervention, development of clusters for specific crafts with common service facilities, improvement in infrastructure, and market development.

OTHER THRUST AREAS

INFORMATION TECHNOLOGY (IT):

31. Recognising the vital role of IT in a progressively IT-driven global economic environment, as also its scope in bringing about speed, efficiency and transparency in delivery systems, Government will play a proactive role in promoting and facilitating adoption of IT in the textile industry and trade. Using IT as the platform, a strong commercial intelligence network will be built up and suitable infrastructure for harnessing the potential of e-commerce will be put in place.

HUMAN RESOURCE DEVELOPMENT

32. HRD assumes new significance with inescapable competition facing Indian textile products both in the international and domestic markets. Government will support programmes of organisations and institutions engaged in HRD that address the professional manpower needs of the industry, as well as at the cutting edge level of workers and shop-floor supervisors. Institutions will be encouraged to network and synergistically co-operate amongst themselves. IT will become an integral part of HRD effort.

33. In recognition of the pioneering role of NIFT, the Institution will be assisted to grow and progress on innovative lines. The Nodal Centre for Upgradation of Textile Education (NCUTE) will be helped to grow into an autonomous National level TexEd Resource Centre. Information and expertise available in technical institutes like IITs, TITs and NID will be tapped for expansion of programmes.

FISCAL AND FINANCING ARRANGEMENTS.

34. A growth-oriented fiscal road map will be drawn up, which has the advantage of predictability. The parameters within which the multi-level duty structure and rates of levies will be reviewed and rationalised will include the thrust on exports, the fiscal regime of major competing countries, WTO consistency, and the need to keep prices at levels affordable to the largely poor consumers, who will continue to form the bulk of the market.

35. Funding requirements of different segments of the textile industry will be periodically reviewed and short-term and long-term requirements spelled out, particularly of the handloom, powerloom, handicrafts and sericulture sectors. Innovative measures for tapping public and private sector funding will be worked out. The endeavor will be to,

- Encourage the private sector to take the initiative in participating in financing of specific needs of the textile industry;
- Set up a Venture Capital Fund in consultation with and involvement of financial institutions for the promotion of talented Indian Designers, Technologists, innovative market leaders and e-commerce ventures;

DELIVERY MECHANISMS FOR IMPLEMENTATION OF THE POLICY:

36. Organisations working under the Ministry of Textiles will be re-oriented, rightsized and restructured to act as facilitators instead of regulatory bodies, with the mandate and role of each being reviewed and redefined over the next two years. Simultaneously, regulations and controls will be reviewed and progressively reduced.

37. Some of the specific changes will be:

- The role of the Offices of the Textile Commissioner and Jute Commissioner will be moulded to serve the developmental needs of the industry;
- Export Promotion Councils will be restructured so as to become capable of devising dynamic export strategies; promoting financing; disseminating information on various aspects of the WTO agreements; extending legal advice to trade and industry in dispute settlements, etc.
- All the nine Textile Research Associations under the Ministry of Textiles will be revamped to give a market and industry driven focus to their Research and Development support.
- The role of the Central Silk Board will be restructured in keeping with the objective of participative implementation in partnership with the State Governments and the private sector.

The Government is committed to providing a conducive environment to enable the Indian textile industry to realise its full potential, to achieve global excellence, and to fulfil its obligation to different sections of the society. In the fulfilment of these objectives, Government will enlist the co-operation and involvement of all stakeholders and ensure an effective and responsive delivery system.
