



# NITRA TEX-CLIPS



(TEXTILE INDUSTRY CLIPPING UPDATE by NITRA)

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## TEXTILE MINISTRY MAY EXTEND TECHNOLOGY UPGRADATION FUND

To sustain the present boom in the textile sector, the MoT is trying to extend the popular TUF Schemes, slated to expire by March 2007.

Addressing a press conference, Shashi Singh, Joint Textile Commissioner, said the office of the Textile Commissioner has drafted a vision document for the 11<sup>th</sup> five-year plan and the approval is awaited from the ministry. "We are trying to extend the TUFs as it is, but if there are any fund constraints we may modify the scheme and extend it thereafter," she added. It is likely that the MoT may drop any one of the sectors (which includes spinning, weaving, processing & knitting) from the TUFs, should there be any fund crunch.

*Business Standard, Mumbai  
01<sup>st</sup> Oct. 06*

## COTTON CITY AHMEDABAD TO REGAIN LOST GLORY

Ahmedabad, once considered to be the 'Manchester of India', is all set to regain its lost glory. Cotton fabric buyers are coming back to Ahmedabad as the processing houses have upgraded their machinery.

Navin Patel, President, Ahmedabad Powerloom Owners' Association, said, "With the use of new technology, the 16,000 cotton-based powerloom in the city are producing fabrics of better quality and quantity. Buyers can avail of a lot of variety while purchasing the fabric." The second contributing factor is the readily available subsidy from the Centre and the state govt. The Centre is giving a 20% grant to all the processing houses for machinery up gradations. A 50% state govt. grant can also be availed for setting up new processing houses.

Demanding the subsidizing of power tariffs, he said, "This will motivate more companies to set up processing houses in Ahmedabad. Initiatives by the state govt. in this direction would surely work and help the city regain its lost title."

*The Financial Express, Mumbai  
06<sup>th</sup> Oct. 2006*

## TECHNICAL TEXTILE FAIR TO COME TO INDIA

Messe Frankfurt Exhibition GmbH, a global organizer of trade fairs, will be coming to India in 2007 with Techtex India to help in the business of technical textiles. The potential for technical textiles in the country has been largely untapped with only a few companies such as Ginni Filaments, SRL Ltd. and Garware-Wall Ropes Ltd. operating in this sector.

"India is seen as a future production market parallel to China. On the textile side, it will give companies an opportunities to see and understand the market before they make their decision about foraying into technical textiles," said Mr. Michael Janecke, Director Brand, Messe Frankfurt Exhibition GmbH. "We are organizing communication and a business and marketing platform," he added.

The main areas of demand are geo-textiles for road and railway construction, textiles for the automobile and vehicle industry and that for environmental protection, waste water and dust filtration.

Techtextil India will offer international textile manufacturers a business platform to showcase their products for a possible sale of technologies and joint ventures. The fair, to be held from October 10-12, 2007 will have around 100 exhibitors from at least 15 countries.

*The Business Line, Chennai  
10<sup>th</sup> Oct. 2006*

## WOOLMARK PLANS TO KICK OFF BRAND CAMPAIGN IN INDIA

Woolmark Company, the world's leading wool textile organization, plans to weave a branding campaign to woo Indian consumers and create awareness about the fibre.

The company, which is running a \$6.6 million test marketing project in the US, where it has tied up with retailers like Saks Fifth Avenue and Dillard's, has similar plans for India. The company, which has found wool endorsers in international designers like Donna Karan and Valentino, is trying to involve Indian fashion designers to promote woolen apparel.

“ The priority region for us are the USA, India, China and eastern Europe, “ says the Brenda Mcgahan, Executive Director, Woolmark. MS. Mcgahan, who is on her first visit to India, says he country has an edge with its unrivalled craftsmanship. India’s current woolen exports stand at Rs. 6000 crores.

Woolmark, which is likely to launch the branding campaign next year, is already involved in activities like fashion shows, retailers’ meet and design seminars in India.

Woolmark is also increasing the numbers of licenses in India. By next year, we hope to have about 250 Woolmark licensees, which will carry our logo in their products. We are also eyeing the sportswear category as a potential growth driver and India can play a big role in that category.” She concluded.

*The Economic Times, Mumbai  
15<sup>th</sup> Oct.06*

### **BIC MAY TIE KNOT WITH NTC**

With no suitors from the private sector coming forward to run British India Corporation, te govt. is planning to merge it with national Textile Corporation.

“ We are exploring the possibility of the merger of NTC and BIC,” Textile Minister Shankarsinh Vaghela sad. Sources said the merger is being explored as an option to revive BIC as no private has shown interest in taking it despite tenders being invited. NTC, on the other hand, is sitting on a neat pile of more than Rs.2000 crores cash from sale of its properties in Mumbai and has embarked on a more than Rs. 500 crores modernization program.

*The Free Press Journal, Mumbai  
23<sup>rd</sup> Oct. 2006*

### **SEZ-LIKE TAX SOPS SOUGHT FOR TEXTILE INDUSTRIAL PARKS**

The MoT is pitching for SEZ benefits for the industrial parks, which are being constructed under the scheme for integrated textile parks (SITP). A proposal in this regard was discussed at a recent meeting of the task force for the sector under the Prime Minister’s Office, sources said. The MoT wants full SEZ status for four out of the 26 parks. SEZ status would mean that textile firms would get all the tax benefits available under the SEZ act such as tax holidays for 15 years. These incentives would include income tax exemption to the tune of 100% for the first five years, 50% for the next five years and 100% exemption on the profits ploughed back into the business for corresponding five years.

The firms would also be availing of the benefits of service tax exemption and zero duty on capital goods. In comparison to SITP, the SEZ status would give considerable financial benefits to textile companies. Under SITP, the textile ministry provides infrastructure facilities such as roads, electricity supply including captive power plants and

telecom lines to firms willing to set up textile units. The ministry may pursue this as a part of the budget proposals.

“ While SEZ’s purpose is to promote exports, SITPs are mainly being build to bolster manufacturing by textile companies. And the goods produced in SITPs can be either exported or sold in the domestic market. If these parks have high exports then they can get SEZ benefits,” informed D. K. Nair, Secretary General CITI.

*The Economic Times, Mumbai  
01<sup>st</sup> Nov. 06*

### **TEXTILE JOB GUARANTEE SCHEME FOR THE RURAL POOR**

Riding on an expected boom in the textile sector, the Ministry of Rural Development and the Ministry of Textiles have got together to work out a program expected to generate what they say will be a minimum of five lakh “assured employment opportunities” to below poverty line (BPL) rural families at the rate of a lakh each year during the eleventh plan period.

Capitalizing on synergies between the two ministries, the textile industry and helped by the Infrastructure Leasing & Financial Services company (IL&FS), the project is based on opportunities generated after the global phasing out of textile quotas under the WTO agreements.

The Ministry has estimated that the Indian textile industry will make an investment of about Rs.1.4 lakh crores by 2008 of which the industry has already invested Rs. 80,000 crores. The annual turnover of the industry is expected to swell to Rs.80 billion from the current Rs.45 billion. This expansion, the Ministry estimates, translates into 12 to 14 million employment opportunities across the spectrum, from unskilled to professional and skilled.

“ We are very seriously working out the details of this scheme,’ Rural Development Minister Raghuvansh Prasad Singh informed. The plan envisages special demand-based “skill development program” for members from below BPL families in rural India. Persons identified from rural Indian BPL families – with help from district rural development agencies- will undergo training for 30 days to three months depending on their needs (knitting, stitching etc.) and will be absorbed by the textile industry. The cost of training will be shared between the textile industry and the govt.

IL & FS will make all logistical arrangements for training needs in consultation with the textile industry on no-profit-no-loss basis under the scheme. This would involve devising training modules, arranging trainers. It is learnt that 126 institutions across the country have been identified to impart such training. While the textile industry would not only make specific skill requirements clear to the training centers, it will also provide assurance to a minimum specific number of assured jobs from those centers.

The Textile Ministry's role will be limited to coordinating the entire exercise with the industry, IL & FS and the Rural Development Ministry.

Training agencies will have a choice to screen the persons from the list supplied by the ministry and it will not be binding on them to train everyone on the list. According to an estimate by IL & FS, persons from BPL families who have passed fifth or eighth grade would require a training of one to three months at an average cost of Rs.6200 per head. It is learnt that the ministry is willing to share a maximum of about Rs.5000 per head of the training cost provided these trainees come from rural BPL families.

*The Indian Express, Mumbai*  
01<sup>st</sup> Nov. 2006

### **MOT TO MODERNISE 1000 COTTON FACTORIES**

As a part of revolutionizing the cotton industry, the MoT under the Technology Mission on Cotton is set to modernize 1000 cotton factories (ginning and pressing) across the country by 2009. This move will help to enhance good quality production of Indian cotton.

"We have already sanctioned 777 factories and out of them 467 have already been modernized. Rs.220 crore has been earmarked for it out of which around Rs.80 crore has been released so far." Informed a source close to project implementation.

*The Business Standard, Mumbai*  
03<sup>rd</sup> Nov. 06

### **GOVT RAISES BAR ON TEX- EXPORTS**

Buoyed up by higher investments, production and exports in the post-quota regime reflecting the resurgent mood of the Indian textile industry, the govt. has raised the bar on export target for textiles and clothing to \$115 billion by the terminal year of the eleventh plan (2011-12)

Interacting with media persons on the Editors' Conference in New Delhi, the Union Textile Minister Mr. Shankarsinh Vaghela, cited upsurge of investments in textile sector. Such investment in textile sector during the last two years have been witnessing unprecedented increase, he said adding that investment in 2006 were estimated at \$6 billion.

He said the industry was aiming at investments of the order of \$31 billions (i.e. Rs.14,000 crores) by 2010 so as to double India's share of global trade in textiles and clothing.

On exports, he said, after the abolition of the quota regime governing global trade in textiles and clothing in December 2004, textile export logged a robust growth in 2005-06 to touch a new peak of \$17 billion.

He said that both readymade garments and home textiles articles were the major products, which represent the highest end of textile value chain.

He said that in the second year of the quota free regime, textile export to the US, the biggest market for India, reached a level of \$3,871 million during January-August 2006.

*The Business Line, Chennai*  
09<sup>th</sup> Nov. 2006

### **INDIA ON FAST TRACK TO SLOT IN ORGANIC COTTON FARMING**

India is all set to be a world leader in the production of organic cotton. "The organic farming movement is gaining ground in India. We expect that the country will be the leader in '06-'07, with record production of organic cotton," says Simon Ferrigno, Director of the farm Development Programme of Organic Exchange, an NGO specializing in organic agriculture for natural fibres like cotton

*The Economics Times, Mumbai*  
14<sup>th</sup> Nov. 2006

### **ARVIND MAY SHIFT DENIM UNIT TO BANGLADESH**

Ahmedabad based integrated textiles major Arvind Mills is planning to partially shift its denim facilities to an overseas destination, possibly Bangladesh. According to sources, this could happen in early 2007, with the company already weaving plans to shift denim manufacturing to a more lucrative destination like Bangladesh, which has a 200 million meter per annum denim demand, as it is a major apparel-manufacturing hub.

Interestingly, AML with an annual production of 110 million meters of denim accounts for nearly 92% of India's total yearly denim demand of 120 million meters. However, company sources said that, while plans are afoot to shift capacities to an overseas location, it would be done partially with the company's 20 million meters per annum denim plant near Ahmedabad likely to be wound up and relocated to Bangladesh.

When contacted, AML director & CFO Jayesh Shah admitted that such plans were in the work. "We are examining various alternative sites like Egypt, Sri Lanka and Bangladesh, but nothing has been concretized yet." Indicating that a decision would be taken shortly as the feasibility studies were underway. Shah said both of the plants were currently working partial capacity utilization due to the oversupply in the denim market globally.

"We are operating at 80%-90% capacity currently. We may shut down the Sentej denim plant to one of the alternative overseas sites and expand capacities there." Shah explained. Shah clarified that, if this actually happens, the Rs.1, 000 crore investments Santej facility would continue to manufacture other products like shirting fabrics, knits fabrics, garments and botmweight.

*The Times of India, Mumbai*  
01<sup>st</sup> Dec. 06

## **CENTRAL RELIEF FOR FLOOD HIT TEXTILE UNITS IN GUJRAT**

Thanks to the initiative taken by Union Textile minister Shankarsinh Vaghela, the owners of the textile units damaged in the August flood are now looking forward to getting the Central Relief Package soon. Sources in South Gujrat Chamber of Commerce & Industry said that the Union Minister had recently visited the city and assured them that the package would be coming soon.

After the floods, a 50-member team from the office of Mumbai-based Textiles Commissioner had visited the city and made a detailed survey of the units affected by the calamity. The team has submitted its report to the Union Minister, who in turn, forwarded the same to the Prime Minister's office for consideration of a relief package.

*The Indian Express, Vadodara  
05<sup>th</sup> Dec. 06*

## **EMBROIDERY'S POPULARITY AFFECTING BUSINESS OF SURAT TEX-INDUSTRY**

The flourishing embroidery in Surat has taken its toll on the textile processing units in the diamond city. Out of 450 processing units, which also includes dyeing and printing units have become sick units and they are also facing a financial crunch in the wake of the embroidery industry eating up their business.

"There has been a notable shift in customers' choice during the past few years and these two years also saw the emergence of embroidery units as strong players," said Mahendra Kajiwala, former president SGCCI. He added that embroidered dress materials and saris as well as garments were fast becoming popular and customers' preference shifted to these products, as a result, printing and dyeing units had lost their share of business to embroidery units. Not only that, the change in trends had also resulted in lower demand for printed and dyed textiles.

*The Financial Express, Mumbai  
09<sup>th</sup> Dec. 06*

## **GOVT. RELEASES VISION DOCUMENTS FOR TEXTILE INDUSTRY**

The Union Govt. is committed to create an enabling and conducive milieu for the Indian textile to modernize and expand capacities, as it constitutes the 'backbone' of our manufacturing sector. The Union Textile Minister, Mr. Shankarsinh Vaghela said.

Releasing the revised Vision-Statement for Textile & Clothing Industry for the Confederation of Indian Textile Industry (CITI) at Chennai, the minister expressed happiness about industry's more ambitious vision compared to the one it made in 2004 to make investment of Rs.1.94.000 crore by 2012. However, Mr. Vaghela said that the industry vision to capture a market size of \$110 billion was slightly lower than the Govt. objective of \$115 billion by the terminal year of the Eleventh Plan.

He urged the industry to focus more on manufacturing value-added items since the higher growth in the value would flow from manufacture of more valued products and a rise in use of diversified textile products such as technical textiles. He said after being subdued for long, investments in the sector had picked in the last two years after several policy initiatives by the Govt.

*The Business Lines, Chennai  
19<sup>th</sup> Dec. 06*

## **CEMENT, TEXTILES CLOCK FASTER PROFIT GROWTH IN THREE YEARS**

While the growth of various segments of the industry is fairly established, what is not sufficiently appreciated is the extent of change in growth rates, when compared to the slowdown preceding the turnaround. ETIG conducted a study of ten different sectors to gauge the extent of turnaround, or change in the growth rate, between FY 00-03 to FY 03-06.

The analysis, covering a total of 1,563 listed companies, shows that cement and textiles have shown maximum change in profit growth rate – from less than 20% CAGR to more than 110%. Metal sector comes third, with more than 100% profit growth.

Besides, three other sectors have grown in the range of 40%-70% from less than 10% earlier and two are placed between 25%-30%.

Only two sectors, oil and pharma, have seen a decline in profits during the second period. As compared to profits, change in sales growth is much less. In fact, only two sectors – construction and metals – have seen 25% or more growth in sales. For cement, sales have risen from 6% to just 14%, while profits shot up from 21% to 121%.

*The Economic Times, Mumbai  
26<sup>th</sup> Dec. 06*

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