



# NITRA TEX-CLIPS



(TEXTILE INDUSTRY CLIPPING UPDATE by NITRA)

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## GOVT EXTENDS 10% CAPITAL SUBSIDY FOR TEXTILE PROCESSING

The govt has extended the 10% capital subsidy given to textile processing industry for one year to strength the sector. "Processing is the weakest link in the textile value chain. It is also largely fragmented industry. Hence, to strength the sector the govt decided to extend the 10% capital subsidy scheme (CSS) meant for the sector by one year till 31<sup>st</sup> March 2007," Textile Commissioner J.N.Singh informed.

*The Hitwada, Nagpur  
07<sup>th</sup> Apr. 06*

## COMPANIES KEEN TO ENTER TECHNICAL TEXTILE SEGMENT

Textile and clothing companies are rushing to venture into technical textiles, a \$4 billion segment which is still in a nascent stage in the country. With profit margin in traditional textiles and apparels under pressure due to enhanced competition from multinational brands, domestic majors like Raymond are turning to high value technical textiles used in diverse fields from manufacturing to healthcare.

*The Indian Express, Mumbai  
12<sup>th</sup> Apr. 2006*

## WELSPUN WEAVES ACQUISITION PLANS IN US AND EUROPE

Welspun India Ltd., part of the Rs. 2,000 crores Welspun Group, is exploring possibilities of acquiring textile firms in the US and Europe this fiscal and aims to touch revenues of about Rs.1,450 crores by 2009. The company is the largest producer of terry-towel in Asia and is one of the top five companies in the world, with a fully integrated terry towel unit at Vapi, Gujrat.

Sources confirmed that Welspun has massive overseas expansion plans and is looking for inorganic growth by acquiring two textile firms, one in the US and the other in Europe. Welspun also reported revenues of Rs 485 crores for the year ended March 2005. The company is also venturing into bed linen segment.

*D.N.A., Mumbai  
18<sup>th</sup> Apr.06*

## LABOUR REFORMS VITAL FOR TEXTILE INDUSTRY: VAGHELA

Labor reforms are the need of the hour for the Indian textile industry, and keeping this goal in mind the reform measures would be decided upon by the end of this year, said the Union Textile Minister Shankarsinh Vaghela. He was addressing the fourth International textiles & Apparel Congress (ITAC).

Mr. Vaghela said measures such as increasing the minimum working hours in exclusive textile zones to 60 hours a week from the current 48 hours a week and changing contract labor laws were being contemplated. The ministry would recommend liberalization of labor laws for special economic zones (SEZ) and textile parks.

*The Business Line, Chennai  
21<sup>st</sup> Apr. 2006*

## CRUDE SHOCK: TEXTILE COMPANIES TO TAP ALTERNATIVE ENERGY

Increasing fuel costs are once again pushing the power guzzling textile industry to tap alternative sources of energy. With captive power generation reducing cost by half, many players are setting up their own units. Banswara Spinning, Rajasthan Spining Mills, Sangam Spinners, Sutej Textiles and Nahar Industries are the most recent to join the bandwagon. Several textile firms in the south are now exploring the option of setting up wind energy farms.

According to R.L.Toshniwal, CMD Banswara Syntex, with erratic power supply through the state grid, many players have started to use furnace oil to generate power. "The skyrocketing crude prices have, however, rendered furnace oil as expensive as the grid power," he said. The company is setting up a 15MW – 18MW power plant at the cost of Rs. 42 crore.

Kamal Oswal, MD of the Nahar Group said they had already set up a 17MW power project, which will be operational shortly, and an additional capacity of 21 MW will be set up by '08, for Rs. 167 crore. "Captive power generation will cost us Rs.2-3 per unit, as against using furnace oil, which is currently costing Rs.5 per unit as against Rs.3 per unit earlier," he said.

Textile companies in the south are moving towards wind energy generation. India's cumulative wind energy capacity is about 3,000

MW, of which Tamil Nadu alone accounts for about 2,040 MW.

*The Economic Times, Mumbai  
04<sup>th</sup> May. 06*

### **TEXTILE SCTOR TO SEE INVESTMENT OF RS. 5,951 CR. IN 2006-07: STUDY**

Indian textile industry is expected to attract an investment of Rs. 5,951 crore in 2006-07. The maximum investment inflows would be in the spinning sector amounting to Rs. 2,201 crore followed by the processing segment pegged at Rs. 1,581 crore.

According to a survey conducted by the Confederation of Indian textile Industry (CITI), after the abolition of quota regime last year, majority of composite mills had initiated expansion, modernization and capacity building plans. These companies would make major investment in spinning, home textiles, processing and garmenting.

Of the Rs.2201 crore to be invested in the spinning sector, 65% will go to capacity building, 25% and 4% will be for modernization and forward integration respectively, the survey predicted.

*The Financial Express, Mumbai  
09<sup>th</sup> May. 2006*

### **GOVT. MAY LAUNCH ITS OWN BT COTTON AT LOWER PRICE**

To provide farmers with high yielding seeds at affordable cost, the govt is considering launch of its own variety of genetically modified (GM) cottonseeds in a couple of years. Currently, Monsanto is the sole provider of GM cottonseeds in the country. Price ranges from Rs.1100 to Rs.1200 per acre for 570 gm. packet of seeds. Now the cost will reduce further once the govt. brings in its own set of variety and hybrid seeds. It would be available at par with the normal hybrid seeds, which range from Rs.600 to Rs.750 per acre per packet through public distribution system, Mr. Barik said. A 570 gm. packet consists of 450 gm BT cotton and 120 gm. normal seeds. The cost would reduce by another 25% due to the subsidy available under the Technology Mission on Cotton.

"The high cost is mainly due to the trait (royalty) paid to farmers by the company. However, the gvt. Is not required to pay any royalty. This will force Monsanto to slash its price. This would benefit the farmers." Said Anupam Barik, Director, Cotton Development, Dept. of Agriculture and Cooperation, informed.

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

### **GOVT. WEAVING PLAN TO COUNTER CHINA**

Keeping fabrics out of value-added tax (VAT) regime, providing refund on state and local taxes to exporters, making labor laws flexible for export units and setting up a separate power tariff regime is the bouquet of measures being considered by

the govt. for the textile sector to take on aggressive Chinese competition, after 2008.

Trade restrictions on China will be lifted in 2008. "The proposals are expected to be placed before a group of ministers (GoM) for its approval soon. A note to this effect has been circulated to concerned ministries for their comments as per the direction of the Cabinet," a govt. source said.

*The Economics Times, Mumbai  
17<sup>th</sup> May. 2006*

### **GOVT. PLANS 25 TEXTILE PARKS**

The govt. is planning to set up 25 integrated textile parks, with an aim to enhance the competitiveness of the textile industry. The Indian textiles and apparel industry has a potential to grow to 85 billion dollars quite shortly, said Textile Minister Shankarsinh Vogela while addressing the first International Fashion Technology Forum, 2006.

Of the above, domestic market would be 45 billion dollars while exports were estimated to touch 40 billion dollar, he said. The govt. was taking various steps to create a congenial environment by reduction in cost of production, rationalization of excise duty structure and removing infrastructure bottlenecks, he added.

Emphasizing the importance of R&D activities, Vaghela continued, the industry needed to adopt the best practices and encourage research and development to attain global dominance. He also appreciated the role of NIFT for playing a catalytic role in the growth of fashion and lifestyle related industry, business integrated design, technology and management.

Textiles Secretary and NIFT Chairman D.P.Singh stressed upon the need to keep in mind the social responsibility of the industry that accounts for four percent of India's economy.

*The Afternoon, Mumbai  
22<sup>nd</sup> May. 06*

### **IL&FS LOOKING AT EQUITY STAKE IN TEXTILE PARKS**

Infrastructure Leasing and Financial Services (IL&FS) is looking at opportunities for equity participation in textile infrastructure projects being prompted across the country under scheme of integrated textile parks (SITPs), the private-public participation route devised by the Central Govt. to plug infrastructure gaps besetting major textile clusters.

The scope of an equity investment window in project financing for such SITPs is likely to put IL&FS in a commanding position in fund mop-up and deployment as it would shortly be entrusted with handling the entire turnkey services for 25 new textiles infrastructure parks coming up under SITPs genre, the clearance for which will be in place by September end.

The Govt has mandated IL&FS as the project management consultants for the SITPs, since these textiles infrastructure projects stand to get the 40% capital subsidy in the total infrastructure cost expended.

“ So far we haven't entered into equity participation in any of the proposed SITPs, though we'll be figuring in term lending in these ventures. But we will be willing to look at equity pick ups in textile park projects in which IL&FS is associated as project management consultants (PMC), “ said Mr.R.C.M.reddy, CEO of the IL&FS' Cluster Development Initiative, the exclusive business unit of the leasing services company.

*The Business Line, Chennai  
03<sup>rd</sup> June. 06*

### **SKILLED MANPOWER CRITICAL FOR TEXTILE SECTOR: TEXTILE SECRETARY**

“Skilled manpower for the textile sector is a critical issue and is going to be more critical over the years. We are in talks with a number of organizations and will come up with a realistic policy for the sector sometime.” Said Mr.D.P.Singh, Textile Secretary, at the inauguration of the Auditorium at the Apparel Export Promotion Council (AEPC).

The Apparel House is to be a one-stop-shop spread over five acres with features such as the 70,000 sq. feet exhibition complex, a business Centre, a 315-seat auditorium, and bank and foreign exchange facilities amongst others. It will house 250 showrooms for exporters. The total project cost being Rs.63.62 crore.

At the inauguration Mr. Shankarsinh Vaghela, Union Minister of Textiles, congratulated garment exporters for achieving a new milestone of \$8.2 billion exports in 2005-06 with a growth of 32 per cent compared to the previous year. He further stated that the Ministry was looking at furthering the export value to \$9.5 billion this year.

*The Business Line, Chennai  
15<sup>th</sup> Jun. 06*

### **INDIA GEARS UP TO MEET GLOBAL TEXTILE NEEDS**

Foreign firms are likely to play a key role in the future growth of the Indian cotton and textiles industries with the emergence of the country as a competitive clothing supplier in the global arena, a recent report from the US govt.'s agriculture department said.

While China has remained a preferred supplier so far, global firms are also becoming increasingly interested in India, both to reduce risk through diversification and because of the growing perception of India as a competitive clothing supplier with domestic sourcing of fabric, the report revealed.

Global retail giants like Wal-Mart, Gap, JC Penny and branded apparel marketers such as Calvin Klein, Lacoste and Sara Lee are among the major companies which have been attracted to India because of its potential to provide one-stop shopping. While, Wal-Mart has expressed willingness to buy goods worth 7-10 billion dollars from India over the next two years, JC Penny also plans to make India an important sourcing hub for apparel and recently expressed its intention to buy

2 billion dollars worth of products annually, the report added.

The buyer-driven commodity chains dominate the global clothing market today, in contrast to the auto, computer, and aircraft industries that are driven by producers' commodity chains where manufacturers exert control over raw material suppliers as well as distributors and retailers. The removal of multi-fibre arrangement quota constraints has led to intensified interest in the Indian market over the recent past, the report observed.

*The Free Press Journal, Mumbai  
10<sup>th</sup> July. 06*

### **NTC SET TO REDEEM RS. 2,020-CRORE BONDS**

NTC will start redeeming its bonds worth Rs.2.020 crore with the first installment of Rs. 250 crore to be made in January 2007. these bonds, raised in nine series, are of five year maturity and carry interest at the rate between 6.1% to 10%. NTC plans to repay the entire amount in cash in two and a half years.

NTC had raised Rs.2,020 crore through issue of bonds in 20 months starting January 2002. “ we have to repay a total amount of Rs.2,805 crore, including Rs. 785 crores of interest. We have already paid rs.485 crores as interest. NTC will repay the remaining amount in next two and a half years. The first installment of Rs. 250 crore will be paid in January 2007.” Chairman and Managing Director of NTC Mr. K.Ramchandra Pillai informed.

*The Economic Times, Mumbai  
30<sup>th</sup> Jul. 06*

### **TEXTILE MINISTRY FOR EXTENDING TECHNOLOGY UPGRADATION FUND**

The textile ministry is in favor of extending the Technology Upgradation Fund Scheme (TUFS) beyond 2007. Sh. E.V.K.S.Elangovan, Minister of State for Textiles asserted the same and also hinted that the nitty-gritty of the extension, including the tenure, would be decided in consultation with the finance ministry. “ Whether the govt. would extend the scheme as it is or should there be some changes would all be done in such a way that it would be beneficial to both the industry and the lending institutions.”, opined Mr. Elangovan.

*The Business Line, Chennai  
08<sup>th</sup> Aug.2006*

### **TEXTILE SECTOR TURNS SEZ SAVVY**

After the IT industry the textile sector appears to be joining the SEZ bandwagon, with eight zones planned with an outlay of Rs. 8,450 crore. While four of the 26 parks being constructed under the scheme for integrated textiles park (SITP) will be upgraded to full special economic zones (SEZ) status, handicrafts will also get a fillip with four SEZs.

The proposed textiles parks at Mundra (Gujrat), Perudurai (Tamil Nadu), Palamanara (Andhra Pradesh) and Brandix Lanka's planned

unit at Visakhapatnam are likely to get the govt.'s nod for SEZ status.

"If the potential of these export-oriented parks for earning foreign exchange is high, they are converted to special economic zones," said R.C.M.Reddy, CEO (Cluster Development Initiative), IL&FS, project management consultant (PMC) for implementing the scheme

*The Business Standard, Mumbai  
15<sup>th</sup> Aug.06*

## **PANEL PREPARES NEW COURSE CONTENT IN TEXTILE CURRICULUM**

A special committee on human resource development in textiles that has been assigned the task of identifying today's manpower needs recently completed its study. The study is to revamp the curriculum of short-term and continuous courses in textiles offered by institutes/colleges/IITs/universities to suit today's industry/business needs, upgrading the training content covering from unskilled to management cadres and synergising the public-private participation in manpower development.

The committee formed by the Textiles Ministry has been sounded to adopt value-added textiles, functional finishing, apparel technology and smart textiles as part of the syllabus of textile courses offered by institutions.

*The Business Line, Chennai  
22<sup>nd</sup> Aug.06*

## **GUJRAT TO BE THE COTTON PROCESSING HUB IN INDIA**

With new players entering in the field of ginning and pressing of cotton, Gujrat is all set to become the hub of ginning and pressing. This, however, can only be achieved if the state govt. slashes the power tariffs for such units, which would help them, become competitive compared to similar units in other states. In fact, Gujrat can truly become the 'Manchester of India' if power tariffs for ginning and pressing in the state is slashed. Mr. Dilip Patel, president, Gujrat Ginning & Pressing Federation, expressed the above view

Informing that nearly 100 new ginning units have been set up in the state this year, he said,

"Apart from this, some of the leading oil millers in Saurashtra are also diversifying into cotton ginning business. Given this fact, there is an immense potential in Gujrat."

He also said that, Manavadar in Rajkot has also regained its status as the hub for ginning business, which brought 7.50 lakh bales under pressing in the last financial year. Gujrat, at present, has 865 ginning units and 100 more are coming up in a short period of time.

*The Financial Express, Mumbai  
02<sup>nd</sup> Sept.2006*

## **GLOBAL PLAYERS PREFER QUALITY COTTON FROM GUJRAT**

With Gujrat placed on number one position among cotton producing states both in terms of quality and quantity, more and more international players are shifting their focus on the state. In view of this, the Gujrat govt. has reassured cotton growers not to worry about the current glut in the market. The govt. has also advised them not to sell the cotton grown at lower prices in a hurry.

*The Financial Express, Mumbai  
20<sup>th</sup> Sept. 06*

## **TEXTILE MINISTRY IN FAVOUR OF FOREIGN R&D JOINT VENTURES**

Textile ministry has recommended that industry players to go for joint ventures and form strategic alliance with foreign firms, based on the booming performance of the sector.

"Indian textile firms should strive for joint ventures with foreign firms to gain expertise and transfer of technologies. There should be sufficient investment in R&D as it is very limited at present. Many of the machineries and products are not of our own. However, if industry invest in R&D, innovations could be made possible and in house manufacturing of fabric will get a boost." Said J.N.Singh, the Textile Commissioner.

*Business Standard, Mumbai  
29<sup>th</sup> Sept.06*

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