

**ESTIMATES COMMITTEE  
1961-62**

**HUNDRED AND SIXTY-FIFTH REPORT  
(SECOND LOK SABHA)**

**MINISTRY OF COMMERCE AND INDUSTRY**

**OFFICE OF THE TEXTILE COMMISSIONER  
PART IV**

**Art Silk Industry**



सत्यमेव जयते

**LOK SABHA SECRETARIAT  
NEW DELHI**

*March, 1962/Chaitra, 1884 (Saka)*

*Price : Re 0.50 np.*

# LIST OF AUTHORISED AGENTS OF LOK SABHA SECRETARIAT

## ANDHRA PRADESH

1. G. R. Lakshminpathy Chetty & Sons, General Merchants & News Agents, Newpet, Chandragiri, Chittoor District (Andhra Pradesh).
2. Hindustan Diary Publishers, Market Street, Secunderabad.
3. Hyderabad Book Depot, Abid Road (Gun Foundry), Hyderabad.
4. International Consultants Corporation, 48-C, Marredpally (East), Secunderabad-3.
5. K. J. Asservadam and Sons, Cloughpet, P. O. Ongole, Guntur District (Andhra Pradesh).
6. M. S. R. Murthy & Company, Visakhapatnam.
7. People's Book House, B. 2-829/1, Nizam Shahi Road, Hyderabad-1.
8. The Triveni Publishers, Masulipatnam.

## BIHAR

9. Amar Kitab Ghar, Diagonal Road, Jamshedpur-1.
10. Book Centre, Opposite Patna College, Patna.
11. 'Jagriti', Bhagalpur-2.

## GUJARAT

12. Chanderkant Chiman Lal Vora, Law Publishers and Law Book Sellers, P.B. No. 163, 57/2, Gandhi Road, Ahmedabad.
13. Gandhi Samiriti Trust, Bhavnagar.
14. Lok Milap, District Court Road, Bhavnagar.

5. The New Order Book Company, Ellis Bridge, Ahmedabad-6.

16. Swadeshi Vastu Bhandar, Booksellers etc., Jamnagar.

## KERALA

17. C. V. Venkitachala Iyer, Near Railway Station, Chalakudi.
18. International Book House, Main Road, Trivandrum.
- 18a. M. Mukanda Krishna Nayak, Manjeshwar S. K. Cannore Dist., Kerala State.

## MADHYA PRADESH

19. Modern Book House, 286, Jawahar Ganj, Jabalpur-1.
20. The National Law House, Near Indore Library, Opposite Old High Court Building, Indore.
21. E. M. Gopalkrishna Kone, (Shri Gopal Mahal), North Chitrai Street, Madura.
22. The Kalpana Publishers, Booksellers, Trichinopoly-3.
23. The Presidency Book Supplies, 8-C, Pycroft's Rd., Triplicane, Madras-5.
24. S. Krishnaswami & Company, P. O. Teppakulam, Tiruchirapalli-2.
25. (Vacant)

## MADRAS

25. (Vacant)
26. Charles Lambert & Company, 101, Mahatma Gandhi Road, Opposite Clock Tower, Fort, Bombay.
27. The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-1.
28. D. B. Taraporevala & Sons, Co., (P) Limited, 210, Dr. Naoroji Road, Bombay-1.
29. Deccan Book Stall, Ferguson College Road, Poona-4.
30. The Good Companions, Raspura, Baroda.
31. The Imperial Book Depot, 266, Mahatma Gandhi Road, Poona.
32. The International Book House, Private Ltd., 9, Ash Lane, Mahatma Gandhi Road, Bombay-1.
33. The International Book Service, Deccan Gymkhana, Poona-4.
34. Minerva Book Shop, Shop No. 1/80, Netaji Subhash Road, Marine Drive, Bombay-2.
35. The New Book Company (P), Limited, Kitab Mahal, 188-90, Dr. Dadabhai Naoroji Road, Bombay.
36. The New Book Depot, Modi No. 3, Nagpur.
37. The Popular Book Depot (Registered), Lamington Road, Bombay-7.
38. Sahitya Saagam, Booksellers, 44, Lok Manya Vastu Bhandar, Dadar, Bombay-28.

## MYSORE

39. H. Venkataramiah & Sons, Vidyanidhi Book Depot, New Statue Circle, Mysore.
40. Makkalapustaka Press, Balamandira, Gandhi Nagar, Bangalore-9.
41. People's Book House, Opp. Jaganmohan Palace, Mysore-1.
42. Pervaje's Book House, Koppikar Road, Hubli

# CONTENTS

PAGE

Composition of the Committee	
Introduction . . . . .	(iii)
<b>I. ART SILK INDUSTRY :</b>	
A. Introduction . . . . .	1
B. Rayon Grade Pulp . . . . .	2
C. Quality of Yarn produced . . . . .	3
D. Sale of reject quality yarn . . . . .	4
E. Distribution of yarn . . . . .	5
F. Price of indigenous yarn . . . . .	6
G. Price of imported art silk yarn . . . . .	7
H. Weaving Sector . . . . .	8
I. Rehabilitation and Modernisation . . . . .	10
J. Research . . . . .	11
<b>II. EXPORT OF ART SILK FABRICES</b>	
A. Export Promotion Scheme. . . . .	12
B. Preshipment inspection of art silk fabrics . . . . .	13
C. Issue of entitlement certificates . . . . .	14
D. Incentive on post parcels . . . . .	14
E. Export of readymade garments . . . . .	15
F. Export Promotion Organisation for art silk fabrics . . . . .	16
<b>APPENDICES :</b>	
I. Statement showing the details of schemes licensed for the production of rayon grade pulp . . . . .	18
II. Main features of the Export Promotion Scheme for art silk fabrics . . . . .	20
III. Functions of the Rayon and Synthetic Textiles Development Corporation . . . . .	23
IV. Summary of Recommendations/Conclusions . . . . .	27
V. Analysis of recommendations contained in the Report . . . . .	31

ESTIMATES COMMITTEE  
(1961-62)

CHAIRMAN

Shri H. C. Dasappa

MEMBERS

2. Shri Pramathanath Banerjee
3. Shri Chandra Shankar
4. Shri V. Eacharan
5. Shri Ansar Harvani
6. Shri H. C. Heda
7. Shri M. R. Krishna
8. Rani Manjula Devi
9. Shri Bibhuti Mishra
10. Shri J. G. More
11. Shri G. S. Musafir
12. Shri Padam Dev
13. Shri Jagan Nath Prasad Pahadia
14. Shri Chintamani Panigrahi
15. Shri Panna Lal
16. Shri Karsandas Parmar
17. Shri P. T. Thanu Pillai
18. Shri P. T. Punnoose
19. Shri Rajendar Singh
20. Shri K. S. Ramaswamy
21. Shri Satis Chandra Samanta
22. Shri Vidya Charan Shukla
23. Shri Kailash Pati Sinha
24. Shri M. S. Sugandhi
25. Shri Motisinh Bahadursinh Thakore
26. Shri Mahavir Tyagi
27. Pandit Munishwar Dutt Upadhyay
28. Shri Ramsingh Bhai Varma
29. Shri Balkrishna Wasnik
30. Shri K. G. Wodeyar.

SECRETARIAT

Shri Avtar Singh Rikhy—*Deputy Secretary.*

Shri K. Ranganadham—*Under Secretary.*

(ii)

## INTRODUCTION

I, the Chairman, Estimates Committee, having been authorised by the Committee to submit the report on their behalf, present this Hundred and Sixty-Fifth Report on the Ministry of Commerce and Industry—Office of the Textile Commissioner—Part IV.

2. A statement showing an analysis of the recommendations contained in this report is also appended to the report (Appendix V).

3. The Committee wish to express their thanks to the Secretary of the Ministry of Commerce and Industry and the Textile Commissioner for placing before them the material and information that they wanted in connection with the examination of the estimates. They also wish to express their thanks to the representatives of the Bombay Yarn Merchants Association, Bombay; Madras State Handloom Industry and Trade Association, Madras; Powerloom Weavers Federation, Bhiwandi; Silk & Art Silk Mills' Association, Bombay; Silk and Rayon Textile Export Promotion Council, Bombay; and the Chairman, Development Council for Art Silk Industry, for giving evidence and making valuable suggestions to the Committee.

NEW DELHI;  
*The 26th March, 1962.*  

---

*Chaitra 5, 1884 (Saka).*

H. C. DASAPPA,  
*Chairman,*  
*Estimates Committee.*

# I

## ART SILK INDUSTRY

### A. Introduction

The production of rayon yarn in France on a commercial scale in 1884 and manufacture of cloth out of it in 1889 started a new era in the textile industry. Research has since been continuously going on in advanced countries for development of more and more man-made fibres with improved and lasting qualities. Rayon, the oldest member of the man-made fabric family, continues to retain a prominent position. It is estimated that on average the consumption of rayon textiles in foreign countries is over 20 per cent of all textiles as against 5 per cent in India.

2. The industry was started with imported yarn in 1932 and at present there are about 57,000\* authorised powerlooms working on art silk staple fibre. The production of art silk and mixed fabrics at the end of the Second Five Year Plan is estimated at 550 million yards as against the target of 515 million yards. The target for the Third Five Year Plan has been put down at 775 million yards.

3. India took to production of art silk yarn only in 1951. Notable progress in the production of rayon yarn was made in the Second Five Year Plan and the target for the Third Five Year Plan is even more ambitious as would be seen from the table given below:

	Second Five Year Plan		Third Five Year Plan
	Target	Actual Production	Target
1. Rayon Filament Yarn	100†	47.6	140
2. Staple Fibre . . . . .	56†	48.0	75

\*In addition 13,180 unauthorised non-cotton powerlooms are stated to have applied for regularisation.

†Revised figures—the original target was:

Rayon Filament Yarn . . . . . 68.3 M. Lbs.  
 Staple Fibre . . . . . 32 M. Lbs.

### B. Rayon Grade Pulp

4. Rayon Grade pulp, out of which art silk yarn is produced is imported. The quantity imported during the First and Second Plan was about 35,000 and 158,000 tons respectively valued at Rs. 3.5 crores and Rs. 16 crores. The main difficulty in the manufacture of rayon grade pulp in the country is stated to be due to lack of sustained availability at economic price of adequate quantities of long fibred soft woods which are the conventional raw material. In recent years, pilot plant work carried out in India and abroad has established the technical and economic feasibilities of utilising bamboo and hard woods for manufacture of rayon grade pulp. Another raw material for the manufacture of the pulp is cotton linters.

Capacity  
Licensed  
for Production  
of rayon  
Grade Pulp.

5. In order to achieve self-sufficiency in rayon grade pulp by the end of the Third Plan, schemes involving an additional investment of Rs. 50 crores with a foreign exchange component of Rs. 32 crores have been licensed (*vide* Appendix I) for the manufacture of rayon grade pulp from bamboo and soft woods and cotton linters to the extent of 2,67,000 tons and 39,300 tons respectively as against the target of 1,00,000 tons per annum laid down in the Third Plan. It was expected that the pulp produced would be roughly of the same standard as the pulp presently being imported.

Asked about the high figures of capacity licensed as compared to the target, the representative of the Development Wing (Ministry of Commerce and Industry) stated that the Government had deliberately done so for the following reasons:

- (1) The bamboo pulp could be used for production of rayon only to the extent of 50 to 60 per cent because of its high silica and ash content. In other words, the rayon pulp used for the production of yarn would be only about 1,40,000 tons if all the licensed schemes were to materialise.
- (2) It would take five to six years from the time of issue of licences for the actual production to start and another one or two years for the full capacity to be reached.
- (3) Some schemes licensed might not materialise at all.

As regards cotton linters, it was stated that though at present only 1500 tons of cotton linters were being recovered, the country had a potential capacity of collecting 40,000 tons. Licences issued for the manufacture of cotton pulp and the steps taken to popularise the use of cotton seed cake as cattle feed were expected to result in increasing the collection of cotton linters. As a last resort cotton linters

could also be imported to meet the initial requirements from countries producing long staple cotton.

*The Committee are glad to note that attempts are being made to attain self-sufficiency in rayon grade pulp which would result in saving of foreign exchange of substantial amount. Efforts may be made to increase the collection of cotton linters from indigenous sources so as to keep the imports to the minimum.*

### C. Quality of Yarn Produced

6. The Committee heard a number of complaints regarding the quality of indigenously produced art silk yarn. The Working Group of the N.I.D.C. for the rehabilitation and modernisation of the art silk industry had also drawn pointed attention to this matter in its reports thus:

“There has been consistent complaint from the weavers that viscose and acetate yarn currently being produced by the Indian manufacturers is far from satisfactory in respect of evenness of denier, the tensile strength, brightness and lustre of yarn and freedom from knots.”

The Second Silk and Rayon Delegation had also emphasised the need to improve the quality of indigenous yarn.

A view was expressed by some of the representatives of the trade and industry who appeared before the Committee that the quality of yarn produced by only one Mill was fairly equal but not on par with that of yarn produced by foreign manufacturers while the yarn produced by other indigenous manufacturers was not upto the mark. The representative of the Ministry while admitting that the quality of yarn produced in the country varied from spinner to spinner, stated that some of the mills were taking steps to improve the quality which, it was found in one case, depended on strict observance of the rather exacting physical conditions required for manufacture. The Textile Commissioner stated that the desirability of improving the quality of yarn was impressed by him on the spinners at a recent meeting.

Quality of yarn produced by Indigenous Manufacturers.

The Committee were informed that the Indian Standards Institution had been approached about a year and a half back to lay down standards for different varieties of yarn. Draft standards for different qualities had been prepared and a Sub-Committee was scrutinising them in detail. The final standards were expected to be ready shortly. The Textile Commissioner pointed out that the standards would not be enforced statutorily but the industry was expected to accept them voluntarily.



The Committee are surprised that the industry which was established in the country only ten years ago and which could have easily profited from developments in technique and experience of other countries had failed, by and large, to produce yarn comparable in quality to imported yarn. It was pointed out to the Committee that in some cases the fall in quality was due to certain defects in the processes of production. They would suggest that energetic steps may be taken in consultation with the concerned interests to rectify these defects speedily and to improve the quality of art silk yarn. The Committee hope that Indian Standards Institution will finalise the standards for art silk yarn early and that all the Mills will readily come forward and adopt the standards.

#### D. Sale of Reject Quality Yarn

7. Art silk yarn of four different qualities are marketed namely, First, Second, Third and Fourth. Yarn which is not included in any of these four categories due to certain defects etc. is classified as 'reject quality'.

Quality-wise  
production  
of Rayon  
Yarn.

The table below shows the quality-wise production of art silk yarn since 1960:—

(Figures in thousand Kgs.)

Year	First Quality	Second Quality	Third Quality	Fourth Quality	Reject Quality	Total
<i>Viscose Rayon Yarn</i>						
1960	9938 (52.2)	3789 (20.0)	344 (1.8)	3791 (20.0)	1171 (6.0)	19,033
1961 (Jan-Aug)	8890 (64.6)	2603 (18.9)	670 (4.8)	994 (7.2)	618 (4.5)	13,775
<i>Acetate Rayon Yarn</i>						
1960	1253 (65.2)	446 (23.1)	43 (2.3)	Nil	183 (9.4)	1,925
1961 (Jan-Aug)	1063 (79.3)	200 (14.9)	30 (2.2)	Nil	48 (3.6)	1,341

While the yarn in the first four categories was allocated to the consumers under a Distribution Scheme\*, the reject quality was not subject to any regulation. It was pointed out to the Committee that some mills taking advantage of the fact that reject quality could be sold freely in the market were marking even Second and Third qualities as reject quality and selling it in open market at high prices.

\*See paras 11 and 12.

8. The representative of the Ministry admitted the possibility of spinners having resorted to marking of Second and Third qualities as 'reject' to by-pass regulations. In order to check against any such abuse it had recently been laid down by Government that mills should obtain permission of the Textile Commissioner before reject quality yarn was sold and that the names of the parties to whom the yarn was sold should also be intimated to the Textile Commissioner. There was no special check exercised at the mill premises to see that the quality of yarn was correctly marked except through the periodical inspection by the staff of the Textile Commissioner's Organisation, which it was admitted was not likely to bring to light such irregularities. The Textile Commissioner stated that price differentials between the different qualities had been fixed from 1st April, 1961. The difference between the first and reject quality has been kept at Rs. 0.60 per Kg. and it was hoped that the temptation to mark superior quality yarn as reject quality would be greatly reduced.

Restrictions placed on the sale of Reject quality.

9. A complaint also reached the Committee that some of the mills stamped second quality yarn as of first quality. The representative of the Ministry stated in his evidence that there might be some cases of this nature but it was not a general complaint. He added that under the existing arrangements it was not possible to do anything at the factory stage to obviate such malpractices but such matters could be investigated on receipt of complaints from weavers and other users and appropriate action taken.

Marking of second quality of art silk yarn as first quality.

10. The Textile Commissioner disclosed that they were investigating a complaint against a Spinning Mill for such wrong marking of quality of yarn.

*The Committee hope that the Government will plug all the loopholes. If need be, the sale and distribution of reject quality yarn which could more appropriately be termed as Fifth Quality yarn, may also be brought under the Distribution Scheme.*

#### E. Distribution of Yarn

11. The indigenous art silk yarn is distributed on a quarterly basis to the various sectors by the Textile Commissioner with the assistance of the Distribution Committee which is a sub-Committee of the Development Council for art silk industry. Representatives of spinners, manufacturers, handlooms and small powerloom interests are all represented on the Distribution Committee.

Allocations  
of Yarn  
to Card  
Holders.

12. It was pointed out to the Committee by representatives of Art Silk Association and a Powerloom Weavers Federation that the loom owner was issued a card in which his quota of yarn from different mills was written down but since mills produced different deniers and different qualities of yarn, the weaver had perforce to dispose of in the open market such of the yarn supplied which he could not use and buy instead what he needed. The prices spiralled up because of these transactions. It was alleged that certain mills charged unauthorised premium for supplying yarn of required denier to the Card Holders.

During evidence the representative of the Ministry stated that yarn manufactured by different manufacturers was allotted to the Card holders at their request as they desired that they should get a minimum quantity of yarn manufactured by particular manufacturers. With effect from the 1st July, 1961 the indigenous yarn manufacturers have been requested by the Textile Commissioner to allocate only one quality of yarn to small powerloom units whose allocation is less than 6 cases each of 93 Kgs.

*The Committee feel that in the allocation of indigenous art silk yarn the interests of small consumers should receive the special attention of the Textile Commissioner.*

#### F. Price of Indigenous Yarn

Prices of  
Acetate and  
Viscose  
Rayon Yarn

13. The Committee were informed that the Textile Commissioner had fixed prices of acetate yarn as per the recommendations of the Tariff Commission which had enquired into the matter in 1959. As regards the prices of viscose yarn, the indigenous manufacturers had themselves fixed the prices on the basis of those prevailing in the first quarter of 1957. These prices have been enhanced to the extent of increase in excise duty levied from time to time. As for the increase in excise duty in 1961-62, 60 % was stated to have been absorbed by the spinners and 40 per cent passed on to the consumers.

*14. There is no regular machinery available with the Textile Commissioner to verify that art silk yarn is in fact sold at the prices fixed. The only means available to the Textile Commissioner of even ascertaining the selling prices of indigenous yarn seems to be the monthly returns of production and sale of yarn indicating selling prices, which the manufacturers are required to submit and a copy of which is also sent to the Distribution Committee. The Committee feel that the control over the distribution and price of the indigenous art silk yarn being lax has not achieved the objectives with which it was set up and this is borne out by*

*the high prices for art silk yarn prevailing in the market. They suggest that the Textile Commissioner may make surprise token purchases in open market in order to check if excessive prices are being charged and follow up cases so detected and established with all possible corrective measures.*

15. It was also brought to the notice of the Committee **Sale of Yarn by Allottees.** that some allottees preferred to sell away their yarn as they got good profit over such transaction. There were in existence 'ghost looms' which actually remained idle. *The Committee feel that measures should be taken to bring to book such cases and deterrent action, including cancellation of yarn quota, taken against the card-holders.*

16. The consensus of non-official opinion placed before the Committee was that the prices fixed for indigenous art silk yarn were considerably higher than international prices. The representative of the Ministry also agreed that the prices were about 40 per cent higher. *The Committee suggest that the question of cost of production, price, profit margin of art silk and staple fibre yarn may be referred to the Tariff Commission for detailed examination and report.*

#### G. Price of Imported Art Silk Yarn

17. Import licences for yarn are given in favour of either actual users or manufacturer-exporters under export promotion scheme. The established importers are required to notify to the Textile Commissioner the actual imports against the total licences granted and to effect the sale of imported yarn only on the directions issued and at the prices fixed by the Textile Commissioner. The Committee were informed by a representative of Yarn Merchants Association that imported art silk yarn was sold in the market at a very high premium. The margin of profit was stated to be about 175 %. The representative of the Power Loom Weavers' Federation stated that the premium on the sale of imported yarn ranged between 150 to 200 per cent.

The representative of the Ministry stated during evidence that yarn could not be sold by the allottees and in theory, there ought to be no free marketing in yarn. He further stated that it was not permissible for an allottee to sell the yarn allotted to him but it was difficult in practice to prove the actual sale by the party who should not have sold it because of so many intermediaries. *The penalty for indulging in such sales was to disentitle the party from imported yarn but in actual practice it had not been imposed in any case. The Committee cannot but regret this undue laxity.*

*They feel that the imposition of penalty in a few cases of proved irregularity would have gone a long way in discouraging and even in putting an end to such malpractices. They recommend that Textile Commissioner should take steps to see that yarn imported by the manufacturers or actual users is not irregularly passed on for profit. They recommend that the Government may devise steps to ensure that the imported yarn is used by the manufacturers, handloom owners, and actual users, and does not find its way into the "free market" which results in the spiralling up of the prices.*

#### H. Weaving Sector

18. The number of handlooms and powerlooms working on artsilk fabrics at the end of the First and Second Plan periods are indicated in the table below:—

	Handlooms on Art silk Fabrics		Powerlooms on Art silk Fabrics	
	Number of looms (installed capacity)	Production (Million Yards)	Number of looms (installed capacity)	Production (Million Yards)
At the commencement of the First Plan Period . . . .	N.A.	N.A.	25,801	190
At the end of the First Plan period . . . . .	150,000	6	37,727	249
At the end of the Second Plan period . . . . .	150,000	6	54,101	438

The Committee were informed that at present about 57,000 authorised powerlooms are working on artsilk. The 'authorised' or 'registered' powerlooms are entitled to the supply of artsilk yarn as a quota holder under the Distribution Scheme.

The Textile Commissioner has also received applications in respect of about 13,180 unauthorised non-cotton powerlooms for registration. The Committee understand that separate figures for the exact number working on artsilk yarn are not available.

The unauthorised powerlooms are being regularised in accordance with the Press Note dated the 5th November, 1960. So far permits in respect of about 3,450 powerlooms have been issued and the balance applications are being examined by the Regional Offices of the Textile Commissioner. *The Committee consider that the progress in the regularisation of the powerlooms has been slow and should be speeded up.*

19. The quota of yarn allowed per powerloom for the quarter July-September, 1961 was 0.43 Kg. and for the previous quarters as under:—

April-June, 1961 . . . . .	0.65 Kg.
Jan.-March, 1961 . . . . .	0.65 Kg.
Oct.-Dec., 1960 . . . . .	0.78 Kg.
July-Sept., 1960 . . . . .	0.91 Kg.
April-June, 1960 . . . . .	0.68 Kg.

The above quota was in addition to whatever was the entitlement under the Export Promotion Scheme. The average consumption of yarn per powerloom per shift of 8 hours is estimated to be 2.05 Kg.

Leaving aside the quantity of yarn that may be available under the Export Promotion Scheme, the normal quota of yarn allowed meets only about 31 per cent of the requirements.

The Ministry have estimated that for the existing number of powerlooms and ancillary industries 120 million lbs. of yarn are required per year. As the current indigenous production of art silk is only 78\* million lbs., it means that 42 million lbs. of yarn valued at about Rs. 13 crores have to be imported if the requirement is to be met in full. If yarn is to be issued for all powerlooms, including those which are awaiting regularisation and those which are not claiming quota at present, then the total requirements work out to 175 million lbs. If this requirement is to be met in full 97 million lbs. of yarn valued at Rs. 30 crores would have to be imported. In view of the tight foreign exchange position, the imports of yarn had been only of the order of Rs. 10.82 crores in 1960-61 and Rs. 10.50 crores in 1959-60 and there was little change of stepping them up. Considering these circumstances, the representative of the Ministry expressed the view that it might be advisable to shift some of the powerlooms working on art silk to cotton. He, however, pointed out that it might have repercussions on powerlooms and handlooms working on cotton as the supply of cotton yarn at present was not very abundant.

*The Committee consider that the planned entry of powerlooms from art silk in stages into cotton textile industry may not create, in the context of increase in the cotton spinning*

---

\*Indigenous production of art silk yarn is as follows:

Viscose . . . . .	48 million lbs.
Staple Fibre . . . . .	48 million lbs. or 30 million lbs. of artsilk. 48 million lbs. of viscose have been taken by the Ministry to be equivalent to 30 lbs. of artsilk yarn for these calculations.

*capacity already licensed as part of the Third Plan programme, any disproportionate or insurmountable difficulty of finding adequate cotton yarn for these and other powerlooms and handlooms which are presently working on cotton. The Committee recommend that this matter may be gone into early by Government in consultation with the various sectors of the industry.*

Joint Consultation for deciding pattern of Production.

20. The Committee were informed by the representative of the Ministry during evidence that at present there was no arrangement for holding joint consultations with representatives of cotton, silk and art silk industry, etc., for the purposes of evolving an agreed policy for distribution of yarn and manufacture of textiles. *The Committee feel that it would be useful if representatives of all the diverse interests constituting the textile industry were jointly consulted periodically by the Government so as to evolve an agreed pattern of distribution of yarn and manufacture of fabrics.*

### I. Rehabilitation & Modernisation

21. The Working Group for rehabilitation and modernisation of the artsilk industry (1960) appointed by the National Industrial Development Corporation assessed the requirements of rehabilitation and modernisation of the industry at Rs. 15 crores. It stated that the above outlay during the Third Plan would enable replacement of about 30% of the machinery in the industry. Out of Rs. 15 crores, machinery would account for Rs. 12.5 crores the balance being for installation and building. It also assessed that machinery worth Rs. 3.75 crores should be made available from indigenous production and recommended the import of machinery of approximately Rs. 9 crores in value. The representative of the Ministry informed the Committee that a number of schemes had been licensed for manufacture of powerlooms and preparatory machinery. *The Committee suggest that vigorous efforts should be made to develop the manufacture within the country of up-to-date machinery for artsilk and man-made fibre industry so that as large a proportion of the industry's requirements as possible is met by indigenous manufacture.*

Referring to the urgency of the problem of rehabilitation and modernisation, the Working Group had observed that the majority of the units in the industry had not maintained the machinery properly and that a large part of the machinery installed in the weaving units would go out of commission. The Study Group was hopeful that by equipping the industry with the latest equipment there would be welcome increase in its productivity and improvement in

quality, which should help to step up exports to Rs. 8 to 9 crores as compared to the present level of Rs. 5 crores.

22. As for the finances for the rehabilitation and modernisation scheme, the Working Group expressed the view that the Industry was in a position to raise about 75% of the funds necessary from its own resources and that the balance 25% may be made available by Government lending institutions like the National Industrial Development Corporation, Industrial Finance Corporation, etc. Government had not accepted the recommendation in so far as it related to loan assistance to be provided by National Industrial Development Corporation on the ground that the Industry could finance modernisation programme from its own resources or from Industrial Finance Corporation and other credit institutions.

*The Committee find that as in the case of cotton and woollen textile industry, the Textile Commissioner's Organisation has not kept itself fully posted with the progress of the schemes for rehabilitation and modernisation of industrial units and the extent of financial assistance obtained by them from Industrial Finance Corporation and other institutions etc. They suggest that a millwise plan for rehabilitation and modernisation may be got prepared by the Textile Commissioner and the industry assisted by indicating the sources from which suitable machinery could be procured.*

#### J. Research

23. The Committee understand that no research in the manufacture of rayon and other man-made fibres has yet been undertaken either by the Silk & Artsilk Mills Research Associations and/or other textile research institutes established in the country. *The Committee see no reason as to why the Silk and Artsilk Mills Research Association which receives substantial grants from Government has not yet undertaken any research in the field of artsilk. They hope that the Research Institute and the industry, realising the importance of research in a period of rapid advances in technique would come forward enthusiastically to devote time and money for research in Artsilk Yarn and fabrics.*



## II

## EXPORT OF ARTSILK FABRICS

A. *Export Promotion Scheme*

24. The Export Promotion Scheme for the artsilk fabrics was first introduced in 1957 when the exports had fallen to a low figure of 2.61 million yards from 7.82 million yards in 1951.

Basis for working out entitlement.

The scheme was revised in July, 1959. The revised scheme envisaged the grant of licences to the manufacturers of artsilk fabrics for import of artsilk yarn on the basis of 100% of the f.o.b. value of cloth exported. This, it was stated, resulted in the malpractice of over-invoicing. Besides, the procedure of fixing import entitlement for each particular variety of artsilk fabrics was found cumbersome entailing delays. The Government, therefore, decided that the entitlement should be fixed on the basis of per lb. of a particular type of yarn used in the exported fabrics and a revised schedule was accordingly prepared and enforced with effect from 1st February, 1960. This, however, had led to under-invoicing for the entitlement was related to the weight of yarn used in the exported fabric rather than the price it fetched.

In the latest scheme (Appendix II) the basis of working out entitlement has been changed to 100% of the f.o.b. value of artsilk fabrics. Before import entitlements are granted, a schedule of international prices of corresponding fabrics will be worked out by the Textile Commissioner and the actual import entitlement of the exporters will be limited to 100% of the f.o.b. value of export or the international price, whichever is lower.

Weight basis for working out entitlements. \*

The Committee understand that the change from weight basis has been necessitated due to the drain on foreign exchange resources as the value of foreign exchange earned by way of exported fabrics, was far less than expended on import of yarn which was claimed as entitlement. It has been pointed out to the Committee by a representative of the ~~tion of Rs. 168 for import of artsilk yarn as against the~~ 2/40X2/40s 60 reeds and 60 picks) weighing about 28 pounds entitled an exporter to a foreign exchange allocation of Rs. 168 for import of artsilk yarn as against the foreign exchange earned of Rs. 53 which was the actual sale price of the cloth at 53 nP per yard." There has also been criticism in the press that "under the previous scheme import licences for artsilk yarn worth about 9 crores were issued against the export fabrics worth 3.5 crores, entailing a net loss of foreign exchange worth Rs. 5.5 crores". The Committee were informed that the value of excessive en-

\* that a piece of 100 yards of staple fibre etc

titlements allowed under the scheme had not been worked out precisely.

*The Committee note that the criteria for working out entitlement has undergone frequent changes and had given rise to malpractices like over-invoicing and under-invoicing as the case may be which led to the depletion of very large amount of foreign exchange which the country could ill afford. It appears to the Committee that either there is no effective machinery to watch the working of the incentive scheme or if there is one it has failed in its duty completely. They are of the opinion that a detailed investigation into the circumstances under which the scheme was so manipulated by the exporters and manufacturer-exporters as to result in heavy depletion of foreign exchange may be Conducted. Constant watch on the working of the present scheme should also be kept to ensure that there is no abuse of the scheme as was the case with the previous ones.*

#### B. Pre-shipment Inspection of Artsilk Fabrics

25. The pre-shipment inspection of artsilk fabrics exported under the Incentive Scheme is carried out by the Inspection Organisation of the Textile Commissioner which works under the administrative control of Regional Offices at Calcutta, Bombay, Madras, Kanpur, Ahmedabad and Coimbatore.

It was pointed out in evidence by a representative of an Artsilk Mills Association that delays in carrying out inspection of goods offered for export had increased from 3 to 23 days.

At the instance of the Committee the following statement showing quantities of artsilk fabrics offered every month for inspection and the quantity awaiting inspection was furnished by the Ministry.

Month	(Figures in lakhs yards)		Quantity of artsilk fabrics offered for inspection and quantity awaiting inspection.
	Quantity offered for inspection	Quantity awaiting pre-shipment inspection at the end of the month	
Jan. 1961	30.63	7.10	
Feb. 1961	48.96	15.70	
March 1961	87.70	29.78	
April 1961	65.12	9.47	
May 1961	82.22	25.00	
June 1961	151.66	78.25	
July 1961	93.10	70.63	
Aug. 1961	188.81	111.10	
Sept. 1961	190.76	67.48	

The Committee note that there has been a tendency since June, 1961 to allow the goods for inspection to accumulate.

The representative of the Ministry stated that delays in the past were due to limited number of inspectors and that recently, the inspectorate strength had been increased by 11. He expressed the view that accumulation of a large quantity of cloth at the end of August, 1961 was mainly because of offers of large quantities of cloth for pre-shipment inspection as the traders apprehended that Government would reduce the incentive in the following licensing period. A Regional Office was also being opened at Amritsar to facilitate inspection locally.

*The Committee are glad to know the steps taken to improve the inspection service. The Committee suggest that Government may lay down a time limit within which the goods offered for inspection would be inspected and the certificates issued.*

### C. Issue of Entitlement Certificates

26. The Committee were informed that there was considerable time-lag in the issue of entitlement certificate in respect of exports of artsilk fabrics. The representative of the Ministry stated that the average time taken was about 2½ to 3 months. The delay had been due partly to inadequacy of inspection staff and partly to the time taken in testing the fabrics for export and that the position was improving.

So far as the delay in the testing laboratory was concerned, the Committee were informed by the representative of the Silk and Artsilk Mills Association that the results of the test were now being supplied to the Textile Commissioner's Office within about a week. The staff in the Regional Offices was also being strengthened.

The Textile Commissioner pointed out that 90% of the entitlement was allowed in advance on the basis of Chartered Accountant's certificates and that the remaining 10% was cleared after tallying the documents. *While the Committee welcome the grant of advance entitlements, they would like the Government to reduce the time-lag between inspection and issue of entitlement certificates.*

### D. Incentive on Post Parcels

27. The Committee understand that the question of granting incentives on export of artsilk fabrics by post parcels has been under consideration of the Government for some time. Two difficulties were stated to be coming in the way of including the post parcels in the scheme, namely:—

- (i) shortage of inspectors; and

- (ii) necessity of ensuring that the parcel is not tampered with after inspection till it is posted for export.

The first difficulty has already been resolved with the creation of additional posts of inspectors. As regards the second difficulty, *the Committee consider that it should be possible for the Textile Commissioner to evolve a satisfactory procedure in consultation with the postal and customs authorities.*

It was represented to the Committee that the minimum yardage for pre-shipment inspection for export may be reduced from 500 yards to 250 yards. *The Committee would like the Government to examine the matter as such a concession was likely to help the smaller exporters.*

### E. Export of Ready-made Garments

28. It is well known that the world is taking more and more to ready-made garments. The Second Silk and Rayon Delegation which visited the Middle Eastern countries in 1960 had observed as follows:

“Another important feature which came to our notice was the increasing demand for ready-made garments in these countries. . . . For instance, spun rayon shirts are available for 2½ shillings upwards. More detailed study is necessary on this point. The Delegation suggests that some representative or delegation should be sent out to study this factor as the demand for ready-made garments is expected to increase disproportionately in comparison to fabrics.”

The Committee understand that the Silk and Rayon Textiles Export Promotion Council is collecting data regarding differences in prices of foreign garments in order to suggest a suitable export promotion scheme for rayon garments. The representative of the Council stated in his evidence that rayon garments industry, being a nascent industry, needs to be organised and assisted to enable it to compete in the international market.

*The Committee suggest that a survey of the demand for ready-made rayon garments in foreign markets may be undertaken early. The rayon garment industry may also be given necessary facilities for export of rayon garments by the introduction of a suitable scheme of incentives etc.*

### *F. Export Promotion Organisation for Artsilk Fabrics*

29. The Silk and Rayon Textiles Export Promotion Council which was set up on the 13th December, 1954 has three-fold functions:

- (i) to develop export-consciousness at home;
- (ii) to acquaint the overseas buyer with the Indian Silk and Artsilk manufacturers and to build up his confidence for meeting his requirements from India; and
- (iii) to organise the export trade on a growing and scientific basis.

The Council has been assigned a number of other responsibilities which are ultimately linked with export promotion. The more important of these duties are to—

- (i) scrutinise export documents and applications for performance licence before their being forwarded to the licensing authorities;
- (ii) scrutinise applications for allocation of advance yarn imported by the State Trading Corporation under Export Promotion Scheme; and
- (iii) Distribution of indigenous yarn.

30. The Committee understand that it is proposed to set up a Rayon and Synthetic Textiles Development Corporation. It would have representatives of Government, powerloom and handloom sectors of weaving industry, spinning industry, exporters, yarn merchants etc. The main object of the Corporation is to establish, increase, support, protect, maintain and promote the export of textiles manufactured from Rayon and man-made fabrics. The details of functions proposed to be assigned to the Corporation are given in Appendix III.

The Committee note that the functions envisaged for the Corporation and those performed by the Council are similar in many respects. It was pointed out to the Committee by some representatives of the industry that the idea to form a Rayon Textile Corporation was conceived in 1959 when State Trading Corporation was not importing or distributing yarn and that the circumstances had greatly changed since then.

31. The representative of the Ministry stated in evidence that the similarity in functions of the Corporation and the Export Promotion Council resulted from a reading of the Articles of Association of the Corporation which he said had been made comprehensive enough as an enabling measure to meet any need that might arise. He clarified that the main

function of the proposed Corporation would be to import yarn from abroad. It might also at a later date be entrusted with the task of exporting fabrics to countries where there was State trading. It differed from the Export Promotion Council in that the Corporation would be a commercial body whereas the Council functioned as a promotional organisation.

*The Committee are unable to appreciate the need for setting up a Corporation with functions which are now being performed by the State Trading Corporation and the Export Promotion Council. If, as stated, it is intended to deal in the long run with exports to countries where there is state trading they fail to see why the State Trading Corporation which is already in the field and has gained experience in such trade should not be entrusted with it. As for using it as an agency for importing yarn there is no reason why the State Trading Corporation who have been handling these imports for several years should be dispensed with in favour of a new undertaking. Besides, the distribution of yarn is stated to have greatly improved since this work was taken over by the Distribution Committee of the Development Council for Artsilk Industry. In the circumstances they are not convinced of the need to form such a Corporation at this stage. They need hardly stress that duplication of machinery for discharging functions already being performed by existing organisations entails unnecessary waste of effort and resources and should be avoided.*

NEW DELHI;  
The 26th March, 1962.  
Chaitra 5, 1884 (Saka).

H. C. DASAPPA,  
Chairman,  
Estimates Committee.

## APPENDIX I

(Vide para 5)

*Schemes licensed for the manufacture of Rayon Grade Pulp from bamboo & soft woods and Cotton Linters*

Name of the Scheme licensed	Location	Capacity tons/year
1	2	3
<i>Schemes for manufacture of Rayon Grade Pulp from Bamboo and Soft woods.</i>		
1 M/s. Gwalior Rayons	Mavoor (Kerala)	45,000
2 M/s. Greater Mysore Rayon Grade Pulp & Paper Mills.	Siddalguni (Mysore)	30,000
3 M/s. Rohtas Industries Ltd., Dalmianagar.	Badarpur (Assam)	60,000
4 M/s. West Coast Paper Mills Ltd., Bombay.	Dandeli (Mysore)	27,000
5 M/s. National Rayons, Bom- bay.	Nanjungud (Mysore)	30,000
6 M/s. Manjushree Industries, Calcutta.	Cachar (Assam).	54,000
7 M/s. South India Viscose Ltd., Coimbatore.	Sirarmughai Village	21,600
		2,67,600
<i>Schemes for manufacture of Rayon Grade Pulp from Cotton Linters</i>		
1 M/s. Travancore Rayons Ltd., Rayonpuram (Kerala State.)	Rayonpuram (Kerala)	3,600
2 M/s. Indian Rayons Cor- poration, Bombay.	VEER VAL (Maharashtra).	3,600
3 M/s. Sundatta Foods & Fib- res Ltd.	Harihar (Mysore).	4,800
4 M/s. Sirsilk Ltd.	Sirpur-Kaghaznagar	1,800
5 M/s. J. K. Cotton Spg. & Wvg. Mills, Co. Ltd., Kan- pur.	Kanpur (U. P.)	3,600

1	2	3
6 M/s. Mysore Sugar Factory	Mandya (Mysore)	3,300
7 M/s. D.C.M. Mills . . . .	Delhi . . . . .	4,200
8 M/s. Cellulose Products of India, Ahmedabad.	Kathwada (Gujarat)	7,200
9 Orient Trading Co., Ahmedabad.	Broach (Gujarat).	3,600.
10 M/s. Purshottam Lal Jhunjhunwala, Bombay.	Kalyan (Maharashtra).	3,600
		39,300



## APPENDIX II

(Vide para 24)

*The main features of the Art Silk Export Promotion Scheme as in operation from 1st Oct. 1961*

(1) The actual manufacturers of art silk fabrics including Sarees, Lungies, Chadders, Shawls, Handkerchiefs, Dupittas, Dhoties, Angavasthram and Towels as well as manufacturers of Handloom Art Silk fabrics and sarees will be given import licences for the import of permissible varieties of Art Silk Yarn upto 100 per cent of the f.o.b. value of the art silk fabrics and sarees exported. However, before import entitlements are granted by the Office of the Textile Commissioner, a schedule of international prices of corresponding fabrics will be worked out by the Textile Commissioner and the actual import entitlement of the exporter will be limited to 100 per cent of the f.o.b. value of the exports or the international prices, whichever is lower.

(2) The licences will be subject to the following conditions :

- (a) 10 percent of the face value of the licences may be utilised for the import of permissible types of spare parts of machinery required for the manufacture of art silk cloth.
- (b) The art silk fabrics, sarees and other items mentioned above exported should conform to the minimum standard specifications as laid down by the Office of the Textile Commissioner, Bombay.
- (c) The art silk fabrics, sarees and other items mentioned above exported would have to be inspected prior to shipment by the Office of the Textile Commissioner, Bombay and its Regional Offices at Calcutta and Madras.
- (d) The licence holders should utilise the Art Silk yarn imported against the import licences thus issued for their own consumption and in no case they should sell the same.
- (e) No manufacturer will be entitled to import art silk yarn under the scheme in excess of Rs. 7,500/- per loom per annum or Rs. 1,875/- per loom per quarter. Accumulation of adjustments of quarterly licences may be allowed upto half a year.

(3) The licences issued for the import of art silk yarn under the above provision may be utilised for the import of synthetic yarn.

(4) The licences for the import of art silk yarn may also be issued against the export of staple fibre fabrics and sarees as well as art silk and staple fibre mixed fabrics and sarees on the above basis.

(5) Associations/Societies of small manufacturers may be allowed to export art silk fabrics/sarees and other items collectively on behalf of their members under the scheme. The Associations/Societies will distribute

the imported art silk yarn to the members according to their participation, provided all exports of such small scale authorised loom-owners who are members of the Associations/Societies are canalised through the Associations/Societies and no exports are made through any other channel. The authorised loom-owners will also be required to give in writing their agreement to such a scheme.

(6) It has also been decided to grant import licences under the Export Promotion Scheme for the import of such coaltar dyes and textile chemicals as may be notified by the Textile Commissioner in accordance with the following :

- (i) Exporters including manufacturer-exporters:—2 per cent of the face value (as determined *vide* sub para 2) of the licences issued for the import of art silk yarn.
- (ii) Processors:—2 per cent of the face value [as determined *vide* sub para (2)] of the licences issued for the import of Art Silk Yarn.

N.B.—(a) All such manufacturers, exporters or processors intending to claim import licences for coal-tar dyes and chemicals should get themselves registered with the Office of the Textile Commissioner;

- (b) If any party performs more than one of the above functions entitled to claim licences equal to those admissible under the respective category whether manufacturer, processor or exporter
- (c) Licences for import of coal-tar dyes and chemicals granted under this paragraph will also be valid for import of Cellophane paper. The quantum of imports of Cellophane paper to be allowed may be decided by the Jt. Chief Controller of Imports & Exports, Bombay in his discretion.
- (d) Exporters including manufacturer-exporters of art silk fabrics may be allowed to sell the dyes and chemicals imported in the above manner to any unit of the textile industry (*viz.* Cotton/Art silk/Woolen) which is a manufacturer or processor.

(7) Exports to Nepal, Tibet, Sikkim, Bhutan and Portuguese Possessions in India will not be taken into account in determining the amount upto which import licences will be granted. Exports to Afghanistan will, however, qualify for grant of import licences for import of Art Silk Yarn only from countries having special arrangements for payments in rupees and against payment in rupees. Exports against payments in rupees to countries with which special arrangements exist would be taken into account for the grant of import licences, provided the imports are made from countries having special arrangements for payment in rupees and against payment in rupees. These import licences will *not* be re-validated for import from General Currency Area under any circumstances.

(8) Licences will be granted only once in a month on the basis of the exports effected in the preceding month. Joint Chief Controller of Imports and Exports, Bombay will entertain applications from the powerloom sector and Joint Chief Controller of Imports and Exports, Madras from the Handloom sector. No other licensing authority will entertain applications for import licences under the scheme.

(9) 30% of the entitlement for art silk yarn under the Scheme shall have to be surrendered compulsorily by each manufacturer-exporter for the import of rayon grade wood pulp by spinners of indigenous art silk yarn. The surrender of entitlement shall apply to art silk yarn only and not to the import entitlement for dyes and chemicals and machinery and spare parts admissible under the scheme. In return for the surrender of entitlement, the manufacturer-exporter will be entitled to receive .75 lb. of indigenous art silk yarn for every one rupee of entitlement surrendered at prices to be fixed by the Textile Commissioner from time to time.

### APPENDIX III

(Vide Para 30)

#### *Objects of the Rayon and Synthetic Textiles Development Corporation*

The objects for which this Company is established are:—

(1) As a principal object, to establish, increase, support, protect, maintain and promote the export of textiles manufactured from Rayon and man-made fibres of any description made either wholly from such man-made fibres or partly from such man-made fibres and partly from any other substance (hereinafter for brevity's sake referred to as the "said textiles") by such means and methods as may be necessary or expedient and without prejudice to the generality of the premises by :—

- (a) undertaking market studies as well as researches in individual foreign markets from time to time on regular as well as on *ad hoc* basis;
- (b) sending out from time to time trade delegations and/or missions to foreign countries;
- (c) appointing representatives, agents or correspondents in foreign markets for the purpose of continuously and regularly reporting the prices, market preferences, reception accorded to actual delivery of the said textiles and other connected matters;
- (d) conducting propaganda regularly and continuously so as to bring to the notice of the dealers and the public in foreign countries the advantages of trade and commerce with India in the said textiles;
- (e) collecting statistics and other information regarding the manufacture and/or trade in these said textiles in various countries;
- (f) disseminating any information useful to the manufacturer and/or trader and/or exporter in the said textiles;
- (g) laying down standards of quality and packing in respect of these said textiles intended for exports;
- (h) setting up an organisation for pre-inspection of the said textiles or maintaining liaison with an organisation which may be set up for the inspection of the said textiles intended for export;
- (i) deputing any Officers of the Company and/or their agents and/or their representatives for the purposes of survey of the said textiles exported or intended to be exported;
- (j) investigating complaints from foreign importers of Indian exporters in respect of the quality or other particulars of the said textiles exported from India or non-fulfilment of the terms of any contracts relating to such exports and other matters connected therewith.

- (k) advising the manufacturer and/or exporter of the said textiles forming the subject matter of any complaint about the methods and means to be adopted to obviate complaints of similar nature;
  - (l) making recommendations as may be necessary or expedient to the Government in regard to measures to be adopted for the promotion of exports or maintaining liaison with the Government in this regard;
  - (m) Acting as arbitrators or nominating arbitrators or valuers in the settlement of disputes and differences arising out of the transactions relating to exports of these said textiles between parties who agree to refer their disputes to the Company;
  - (n) communicating with Chambers of Commerce and other mercantile and public bodies throughout India and concert and promote measures for the protection and advancement of export of the said textiles;
  - (o) enunciating just and equitable principles to govern the export trade in the said textiles and to set up a code or codes of practices for general guidance of exporters and manufacturers of the said textiles for export;
  - (p) keeping in constant communication with Chambers of Commerce or other mercantile and public bodies throughout the world with a view to taking appropriate and necessary measures for maintaining or increasing the exports of these said textiles;
  - (q) taking steps for the promotion of research in the manufacture and sale of the said textiles; and
  - (r) providing and/or making arrangements in any country for the establishment of Museums, Showrooms, Depots, Emporium or other methods and means of displaying and advertising and/or otherwise for the proper conduct of publicity for the said textiles.
- (2.) The company shall also have the following objects :—

- (a) To import and/or make arrangements for import and/or to act as agents of any importers of any pulp and/or other substances and/or raw materials and/or machinery and/or parts required for manufacture of staple fibre, rayon and/or other man-made fibre yarn and/or for weaving of any such staple fibre yarn and/or to impose and/or collect such levies, cesses and/or other charges as may be necessary and expedient or as may be authorised by the Central Government from time to time in that behalf on such imports as aforesaid.
- (b) To provide such incentives or such other aid, assistance or subsidy as may be deemed necessary or expedient or as may be permitted by the Central Government in connection with exports of textiles manufactured from man-made fibres of any description made either wholly from such a man-made fibre or partly from such man-made fibres and partly from any other substance by such methods as may be necessary or expedient

(3) To establish and maintain Museums, Collections, Libraries and compilation of Literature and to translate, compile, collect, publish, lend or sell any Literature connected with industry, trade and commerce so as to further any of the objects aforesaid and to prepare, edit, print, publish, issue, collect and circulate books, pamphlets, papers, periodicals, gazettes, circulars and other literary undertakings relating to or bearing upon industry, trade or commerce so as to promote and further any of the objects as aforesaid.

(4) To advise or represent to Government Local Authorities and Public Bodies on the policies adopted by them in relation to their effect on industry or commerce, and other measures including direct and indirect taxation.

(5) To enter into any arrangements and/or agreements with any Government or State or with any authorities public, municipal, local, railway or otherwise or with any other person that may seem conducive to the company's objects or any of them and to obtain from any such Government, State, authority or persons any rights, privileges and concessions with the Company may think it desirable to obtain and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions, and dispose of or turn to account the same.

(6) To acquire, purchase or take on lease lands, buildings or other immovable or movable property which the Company may from time to time deem it necessary to acquire, purchase or take on lease.

(7) To sell, improve, manage, develop, exchange, loan, sublet, mortgage, hypothecate charge dispose of turn to account or otherwise deal with all or any part of the property of the Company.

(8) To enter into any contracts for purchase and/or distribution of the raw materials, machinery, stores and other goods for the proper maintenance of production of the said textiles mentioned in Clauses (1) and (2) herein above.

(9) (i) To draw, make, accept, endorse, discount and execute, negotiable or mercantile instruments or documents;

(ii) To invest the monies of the Company in any Bank or in shares and/or securities approved in this behalf by the Union Government.

(10) To borrow or secure payment of any sum or sums of money for the purpose of the Company.

(11) To subscribe for, become a member of and co-operate with any other Company or Association whether incorporated or not, whose objects are altogether or in part similar to those contained in this Memorandum and to obtain from and communicate to any such Association such information as may be likely to fulfil the objects of this Company.

(12) To provide for the Welfare of employees or ex-employees of the Company and the wives, widows and families or the dependents or connection of such persons by building or contributing to the building of houses, dwelling of chawl or chawls or by grants of money pensions, allowance, bonus or other payment or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of

instructions and recreations, hospitals and dispensaries, medical and other attendances and other assistances as the Company shall think fit and to subscribe or contribute or otherwise assist or to guarantee money to charitable, benevolent, religious, scientific, national, political or other institutions or objects which shall have any moral or other claim to support or aid by the Company either by reason or locality of operation or of public and general utility or otherwise.

(13) From time to time to subscribe or contribute to any charitable benevolent or useful objects of a public character, the support of which will in the opinion of the Directors, tend to increase its repute or popularity among its employees, its customers or the public.

(14) To become members of any Chamber of Commerce or other bodies of manufacturers and/or merchants; to assist or oppose any legislative and/or executive measures and/or Bills which will tend to impair or affect adversely the business or objects or prospects of the Company and for the said purposes to take any steps or measures either alone or jointly with others and to spend any funds or moneys in that behalf.

(15) To procure the Company to be registered or recognised in any part of India or in any foreign country or place.

(16) To do all or any of the above things in any part of the world and as principals, brokers, agents, contractors trustees, or otherwise and by or through trustees, agents or otherwise and either alone or in conjunction with others.

(17) Generally to do all such other things as may appear to be incidental or conducive to the attainment of the above objects or any of them in any part of the world.

## APPENDIX IV

*Statement showing summary of Recommendations/Conclusions*

S. No.	Para No.	Recommendation/Conclusion
1	2	3
1	5	The Committee are glad to note that attempts are being made to attain self-sufficiency in rayon grade pulp which would result in saving of foreign exchange of substantial amount. Efforts may be made to increase the collection of cotton linters from indigenous sources so as to keep the imports to the minimum.
2	6	(i) The Committee are surprised that the rayon spinning industry which was established in the country only ten years ago and which could have easily profited from developments in technique and experience of other countries had failed, by and large, to produce yarn comparable in quality to imported yarn. It was pointed out to the Committee that in some cases the fall in quality was due to certain defects in the processes of production. They would suggest that energetic steps may be taken in consultation with the concerned interests to rectify these defects speedily and to improve the quality of art silk yarn.  (ii) The Committee hope that Indian Standards Institution will finalise the standards for art silk yarn early and that all the Mills will readily come forward and adopt the standards.
3	10	The Committee hope that Government would plug all loopholes in the existing arrangements in order to eliminate malpractices in the marking of quality of art silk yarn. If need be, the sale and distribution of reject quality yarn which could more appropriately be termed as Fifth Quality yarn, may also be brought under the Distribution Scheme.
4	12	The Committee feel that in the allocation of indigenous art silk yarn the interests of small consumers should receive the special attention of the Textile Commissioner.



1	2	3
5	14	The Committee feel that the control over the distribution and price of the indigenous art silk yarn being lax has not achieved the objectives with which it was set up and this is borne out by the high prices for art silk yarn prevailing in the market. They suggest that the Textile Commissioner may make surprise token purchases in open market in order to check if excessive prices are being charged and follow up cases so detected and established with all possible corrective measures.
6	15	The Committee feel that measures should be taken to bring to book cases of allottees who sell away yarn and deterrent action, including cancellation of their yarn quota, taken against the card-holders.
7	16	The Committee suggest that the question of cost of production, price, profit margin of art silk yarn and staple fibre yarn may be referred to the Tariff Commission for detailed examination and report.
8	17	The Committee cannot but regret the undue laxity shown in not having imposed on the allottees of art silk yarn the penalty of disentitlement for sale of yarn. They feel that the imposition of penalty in a few cases of proved irregularity would have gone a long way in discouraging and even in putting an end to sale of imported yarn at a high price. They recommend that Textile Commissioner should take steps to see that yarn imported by the manufacturers or actual users is not irregularly passed on for profit. Government may devise steps to ensure that the imported yarn is used by the manufacturers, handloom owners, and actual users, and does not find its way into the "free market" which results in the spiralling up of the price.
9	18	The Committee consider that the progress in the regularisation of the powerlooms has been slow and should be speeded up.
10	19	The Committee consider that the planned entry of powerlooms from art silk in stages into cotton textile industry may not create, in the context of increase in the cotton spinning capacity already licensed as part of the Third Plan programme and disproportionate or insurmountable difficulty of finding adequate cotton yarn for these and other powerlooms and handlooms which are presently working on cotton. The Committee recommend that this matter may be gone into early by Government in consultation with the various sectors of the industry.

I	2	3
11	20	The Committee feel that it would be useful if representatives of all the diverse interests constituting the textile industry were jointly consulted periodically by the Government so as to evolve an agreed pattern of distribution of yarn and manufacture of fabrics.
12	21	The Committee suggest that vigorous efforts should be made to develop manufacture within the country of upto-date machinery for artsilk and man-made fibre industry so that as large a proportion of the industry's requirements as possible, is met by indigenous manufacture.
13	22	The Committee suggest that a mill-wise plan for rehabilitation and modernisation may be got prepared by the Textile Commissioner and the industry assisted by indicating the sources from which suitable machinery could be procured.
14	23	The Committee see no reason as to why the Silk and Art silk Mills Research Association which receives substantial grants from Government has not yet undertaken any research in the field of art silk. They hope that the Research Institute and the industry, realising the importance of research in a period of rapid advances in technique would come forward enthusiastically to devote time and money for research in artsilk yarn and fabrics.
15	24	The Committee note that the criteria for working out entitlement has undergone frequent changes and had given rise to malpractices like over-invoicing and under-invoicing as the case may be which led to the depletion of very large amount of foreign exchange which the country could ill-afford. It appears to the Committee that either there is no effective machinery to watch the working of the incentive scheme or if there is one it has failed in its duty completely. They are of the opinion that a detailed investigation into the circumstances under which the scheme was so manipulated by the exporters and manufacturer-exporters as to result in heavy depletion of foreign exchange may be conducted. Constant watch on the working of the present scheme should also be kept to ensure that there is no abuse of the scheme as was the case with the previous ones.

---

1	2	3
16	25	The Committee suggest that Government may lay down a time limit within which the art silk fabrics offered for inspection would be inspected and the certificates issued.
17	26	The Committee would like the Government to reduce the time lag between inspection and issue of entitlement certificates.
18	27	<p>(i) The Committee consider that it should be possible for the Textile Commissioner to evolve a satisfactory procedure for the export of post parcels and allowing incentives thereon in consultation with the postal and customs authorities.</p> <p>(ii) The Committee would like the Government to examine if the minimum yardage for preshipment inspection for export may be reduced from 500 yards to 250 yards.</p>
19	28	The Committee suggest that a survey of the demand for ready-made rayon garments in foreign markets may be undertaken early. The rayon garment industry may also be given necessary facilities for export of rayon garments by the introduction of a suitable scheme of incentives etc.
20	31	The Committee are unable to appreciate the need for setting up a Corporation with functions which are now being performed by the State Trading Corporation and the Export Promotion Council. If, as stated, it is intended to deal in the long run with exports to countries where there is state trading they fail to see why the State Trading Corporation which is already in the field and has gained experience in such trade should not be entrusted with it. As for using it as an agency for importing yarn there is no reason why the State Trading Corporation who have been handling these imports for several years should be dispensed with in favour of a new undertaking. Besides, the distribution of yarn is stated to have greatly improved since this work was taken over by the Distribution Committee of the Development Council for Artsilk industry. In the circumstances they are not convinced of the need to form such a Corporation at this stage. They need hardly stress that duplication of machinery for discharging functions already being performed by existing organisations entails unnecessary waste of effort and resources and should be avoided.

---

## **APPENDIX V**

### *Analysis of recommendations contained in the Report*

#### **I. CLASSIFICATION OF RECOMMENDATIONS**

- A. Recommendations for improving the organisation and working :  
Sr. Nos. 3, 4, 5, 6, 8, 9, 11, 15, 16, 17 and 18.
- B. Recommendations relating to the developmental functions :  
Sr. Nos. 1, 2, 10, 12, 13, 19 and 20.
- C. Miscellaneous :  
Sr. Nos. 7 and 14.