

**ESTIMATES COMMITTEE
1961-62**

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

**MINISTRY OF COMMERCE AND INDUSTRY
OFFICE OF THE TEXTILE COMMISSIONER
PART V
Export Promotion of Cotton Textiles**



**LOK SABHA SECRETARIAT
NEW DELHI**

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(1961-62)

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Shri K. Ranganadham—*Under Secretary.*

INTRODUCTION

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

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

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 Cotton Textiles Export Promotion Council and the All India Exporters' Chamber for giving evidence and making valuable suggestions to the Committee.

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

H. C. DASAPPA,
Chairman,
Estimates Committee.

I

EXPORT INCENTIVE SCHEME

India's tradition in the manufacture and export of cotton fabrics is legendary. The grandeur of the fine Calicos and exquisite muslin had made for a flourishing trade for centuries to Egypt, Greece and Rome etc. The industrial revolution in the West coupled with the unsympathetic attitude of the Imperial Government resulted in the loss of traditional export market. India took to mechanisation and the first cotton textile factory was established in 1817 and since then the number of mills has been growing. India ranks as the third largest manufacturer of cotton textiles in the world, the first two being U.S.A. and China.

2. Till the Second World War, the cotton mill industry concentrated its attention on meeting the requirements of internal market. The war emergency resulted in the supply of Indian cloth to markets in South East Asia, Middle East, Australia and New Zealand. India made use of these war-time contacts and the absence of Japan, Britain and Germany, from the scene to expand her exports. These boom conditions did not last long for Japan, Germany and China, etc. have again entered the world market and made the task of sustaining Indian exports to these countries difficult.

3. The quantity and value of cotton textiles exported from 1950 to 1961 are indicated in the table below* :—

Year	Quantity (‘000 yds.)	Value (‘000 Rs.)	Average price per yd. (Rs.)
1950	1,078,470	90,33,15	1·18
1951	734,377	72,62,56	·99
1952	548,337	55,58,50	1·01
1953	594,163	46,40,45	·78
1954	809,843	58,55,60	·72
1955	692,363	49,33,78	·71
1956	683,974	48,31,53	·70
1957	839,660	58,94,79	·70
1958	581,570	40,25,34	·69
1959	814,597	54,72,33	·67
1960	694,819	54,69,99	·78
1961 (Jan. to Sept.)	449,258	35,93,44	·79

It will be seen that from over a thousand million yards in 1950 the exports have fallen to less than 700 million yards in 1960. The average price per yard of exported cloth has been coming down since 1952 but for a perceptible rise in 1960 and 1961.

*Figures of export of cotton textiles by the leading supplying countries from 1952 to 1959 are given in Appendix I.

4. The following were given as the main causes for the decline in Indian exports:

- (i) Fierce competition from countries like Japan and China;
- (ii) the comparatively lower quality of Indian goods on account of their not being produced on modern and automatic machinery; and
- (iii) the uncompetitive prices of Indian cloth.

A. Main Features of the Scheme

5. In order to improve the quality and competitive capacity of the Indian textiles and having regard to the stringent foreign exchange position, an Export Incentive Scheme was worked out which was to facilitate import of raw material and modern machinery for the textile industry and at the same time provide incentive to the industry for export. The main features of the Scheme as announced in October, 1958 were—

- (i) Linking exports of cotton cloth/yarn to import of certain essential raw materials like dyes and chemicals as well as long staple cotton required by the cotton textile industry;
- (ii) linking of the export of cotton cloth/yarn to import of textile machinery necessary for the modernisation and rehabilitation of the productive plants in the textile mills;
- (iii) import of 3000 automatic looms by exporting mills on their furnishing an undertaking to the effect that the entire production of the cloth from the automatic looms would be exported in addition to exports made by them in any of the years 1954, 1955 or 1956.

The Scheme has been revised from time to time since 1958 and the latest export incentive scheme in operation is reproduced in Appendix II.

6. It will be seen from the table given in para 3 that the scheme has only helped to sustain to some extent the previous exports but has not resulted in increasing the exports. A chamber of exporters represented to the Committee that though the underlying objective of the export incentive scheme was that the manufacturers would make cotton textile goods available to the exporters at internationally competitive prices, some of the manufacturers

kept the advantage to themselves and did not correspondingly reduce the prices of the goods offered for export.

The Committee were given to understand that the Cotton Textiles Export Promotion Council had reported that the work of the Export Incentive Scheme would require:

- (a) further procedural simplification;
- (b) examination from the standpoint of covering the special needs of specific markets where exports could be stimulated; and
- (c) consideration of the need to stimulate exports of fine and finished fabrics.

The Export Sub-Committee of the Council would shortly be making recommendations on the changes that are considered necessary in the Scheme. *The Committee recommend that the Export Promotion Council should complete at an early date review of the export incentive scheme for cotton textiles and Government should take suitable action to rectify the shortcomings which are brought to notice.*

B. Entitlement Certificates

7. 'Entitlement Certificates' are issued by the Textile Commissioner's Organisation to the exporters for the import of coal tar dyes, textile chemicals etc. on the basis of exports made by them. A chamber of exporters and a leading federation of cotton mills and several other bodies had represented to the Committee that they were not able to apply for import licence in time as the scrutiny of the export documents submitted by the exporters was being delayed in the Textile Commissioner's Office. It was suggested that the entitlement certificates might be issued on the basis of Chartered Accountant's Certificates.

During evidence the representative of the Ministry informed the Committee that to expedite issue of entitlement certificate Government had recently decided to allow 90 per cent. of the entitlement on the basis of Chartered Accountant's Certificates. The remaining 10 per cent would be adjusted later. *The Committee welcome this step. They would also like that efforts should be directed to reduce delays and to ensure that the full entitlements are made available as soon as possible after the exports are completed and the necessary documents tendered in support thereof.*

II PROMOTION OF EXPORTS

A. Cotton Textiles Export Promotion Council

**Functions of
the Council.**

8. The Cotton Textiles Export Promotion Council (CTEPC) was set up by Government in 1954 with the co-operation of the trade and industry, to stimulate the trade on organised lines in the face of heavy competition faced by the country in the export market. The CTEPC provides a liaison between the industry, trade and the Government. It collects through its network of overseas offices and other sources trade information, market potentialities and consumer preferences in respect of cotton textiles and disseminates the same among the Indian trade and industry.

The activities of the Council are financed by the voluntary contributions from the members and grants-in-aid received from the Cotton Textiles Fund. The grants-in-aid received by the Council from 1958-59 onwards are indicated below:—

Year	(Rs. in lakhs)
1958-59	5.70
1959-60	4.50
1960-61	6.92
1961-62	8.04

**Overseas
Offices.**

9. The Council has set up seven overseas offices at Baghdad, Khartoum, Mombasa, Lagos, Rangoon, Singapore and Frankfurt. The expenditure incurred on the overseas offices by the Council from the year 1958-59 to 1960-61 and the estimated expenditure for the year 1961-62 are given below:—

Year	Expenditure
	Rs.
1958-59	3,69,900
1959-60	3,38,193
1960-61	3,52,014
1961-62 (Estimated)	5,56,000

10. The following are the main functions of the overseas offices:—

- (1) to function as a field office for the export promotion of Indian cotton textile goods;
- (2) to assist manufacturers and exporters to establish suitable local contacts with agents, importers and distributors;
- (3) to advise local importers, agents or consumers of suitable sources of supply of various types of cotton textiles in India;
- (4) to report on existing or potential openings for specific classes of goods and on any local tastes, fashions, or developments which are likely to effect their sale;
- (5) to report on competition from other sources;
- (6) to advise the Council's head office (and through it the manufacturers, exporters or importers) of any change in legislation such as amendments to the Customs Tariff or in local procedure;
- (7) to send reports on the markets under the jurisdiction of each office according to the instructions of the head office.

11. The Committee understand that in Japan and U. K. there are organisations known as JETRO and BETRO which deal with the export of a number of commodities. The representative of the Ministry stated during evidence that the idea of having a common agency for different commodities was put across to the Cotton Textiles Export Promotion Council. He added that the Council was at one time requested to undertake the responsibility of export of handloom textiles in Europe but it had in turn made a counter suggestion that it could consider it if export of handloom textiles throughout the world was entrusted to it. The representative of the Council further expressed the view that personnel trained in the promotion of exports of the type of goods such as cotton textiles might not be well suited to handle other things like art silk fabrics etc.

Entrusting Overseas Offices with more than one commodity.

The Committee are not sure that the question of personnel to handle several commodities should present any insurmountable difficulty for they understand, the organisations of other countries viz. JETRO of Japan and BETRO of U.K. have been able to handle several commodities with a measure of success. It is obvious that a unified body for exports would make for a substantial saving in foreign exchange expenditure

on the overseas offices. *The Committee recommend that the possibility of entrusting the overseas offices with more than one commodity may be examined very early. The staff may be given necessary training and a pilot scheme may be tried in one area and on the basis of experience gained, a comprehensive scheme for extending the arrangement to other places may be drawn up and adopted.*

B. Measures adopted for export by CTEPC

12 The Committee understand that the Council undertakes market studies in individual foreign markets on a regular as well as *ad hoc* basis, holds fashion shows, arranges exhibitions of Indian textiles, maintains showrooms and issues publications like Texprocil Bulletin (overseas and inland editions), Handbook of the Cotton Textiles Industry etc.

Market
Studies.

13. The Indian Textile Delegations to East and Central African countries and to West Africa which were sponsored by the CTEPC had stated in their Reports that there was a dire need to make studies in the changing tastes of the foreign consumers. The Delegation of 1958 had observed—

“One of the standing complaints against Indian mills is that they are not sufficiently keen to manufacture cloth according to the buyers’ requirements. In a highly competitive buyers’ market, it would be conceded that sales can be promoted only by offering what the buyer wants. India’s export target can be reached by a greater realisation of this fact by Indian manufacturers.”

The Committee understand that Japan has developed a competent organisation in African countries for making a continuous study of consumers’ preference and market conditions and to supply the manufacturers and exporters in Japan with samples of new designs. By manufacturing cloth according to consumers’ preference Japan has been able to take over the market for African prints at a very rapid rate. *The Committee desire that special attention should be paid to the needs of each individual foreign market and continuous efforts should be made to produce new and selective designs and better qualities satisfying the buyers’ requirements and taste. The Committee also feel that the CTEPC should play a more positive role by advising the Indian exporters and manufacturers on the opening for specific classes of goods in foreign countries.*

Fashion
Shows,
Exhibitions,
etc.

14. The CTEPC has so far arranged two fashion shows in Ceylon and a mannequin show at Singapore. These are stated to have proved a useful and effective means for dis-

playing Indian textile goods abroad and in creating demand therefor. It was brought to the notice of the Committee that after a particular fashion show there was a good demand for certain Indian goods, but the Indian manufacturers were not willing to supply them as they were not prepared to execute orders for small quantities. The Committee were assured during evidence that the above non-compliance with the order might have been a stray instance and that normally goods ordered were supplied. *The Committee suggest that it may be made clear to the manufacturers who display textiles in the fashion shows that they are to execute all orders which emanate after fashion and mannequin shows.*

Fashion shows and exhibitions of textile goods are stated to produce good results. They may be a good way of promoting exports particularly in countries which offer good prospects of absorbing our textiles.

III

OTHER EXPORT PROMOTION MEASURES

A. Trade Commissions/Commercial Attaches Abroad

15. The Committee were informed that the Indian Trade Commissioners/Commercial Representatives abroad had standing instructions to keep themselves in touch with the market developments in respect of principal items of interest to the Indian trade and industry. They send monthly reports, which are stated to be "received quite a considerable time after the month of which they relate".

It was also stated that "in many cases, matters, information and details contained in these reports are known to export trade in India long before the Reports are actually received, so much so, the Reports touching on broad developments pertaining to trade with those countries, offer limited materials for specific actions when received."

One of the non-officials who appeared before the Committee expressed the view that some of the Indian Trade Commissioners and Commercial Attaches had no economic background and only a few were really active. They had also inadequate staff with the result that they were not able to help the industry to the extent desired.

The Committee were informed that wherever possible, trade sections abroad were being strengthened with locally recruited marketing personnel and that they had been helpful in getting the information for they could easily converse in the foreign language.

The Committee would stress that the functioning of the trade sections in the Indian Embassies abroad should receive constant attention so that any short-comings noticed in their working are rectified promptly in consultation with the Ministry of External Affairs. They would also like to stress the need for sending of prompt reports by the Trade Commission/Commercial Attaches, etc. and their paying special attention to textile exports which constitute one of the principal foreign exchange earners.

They welcome in this connection the establishment of Economic and Coordination Division in the Ministry of External Affairs and hope that it would bring about the desired improvement.*

*See also paras 27 to 31 of 138th Report of Estimates Committee on the Ministry of External Affairs.

B. Delegations Abroad

16. The Committee understand that the CTEPC sponsors from time to time delegations for visiting foreign countries to explore markets for Indian textiles and to make contacts with the foreign buyers. These delegations are of two types. One type of delegation confines its activities to investigating markets and the other includes persons who are at liberty to transact business on the spot. *It was represented that now that the markets for Indian textiles have been explored it would be more advantageous to send 'sale teams' who could transact business on the spot as was the practice followed in Japan. The Council may examine the suggestion.*

C. Exports to Africa

17. The Indian Exporters Delegation which had visited African countries last year had reported that adverse trade balance of those countries was coming in the way of Indian exports. Some of the African countries were stated to be eager to enter into bilateral trade agreements with India.

During evidence the representative of the Ministry stated that due to certain international obligations it was not open to India to have bilateral agreement with every country. *The Committee would suggest that a careful review in respect of each such country in Africa may be made with a view to see how far a trade understanding or agreement could be reached keeping in view the international obligations.*

D. Demand for Wax Cloth

18. The representative of the All India Exporters' Chamber in his evidence stated that there was a large demand for wax-type of cloth in African countries. *The Committee understand that special imported machinery costing about Rs. 3 lakhs was required for its manufacture. The Committee suggest that Government may examine the potentiality of exports of wax type of cloth and if the results are promising there should be no hesitation for the country going in for the specialised machinery required for its production on the condition that a substantial portion of it would be exported.*

E. Export of Printed Cloth

19. The Committee understand that the foreign buyers preferred to get smaller lots (5000 yards) per printed design but the mills were reluctant to supply lots less than 10,000 to 15,000 yards per design on the ground that it was not economical to produce less. If printed cloth was manufactured in excess of the export needs on considera-

tions of economical production, there was difficulty in selling the excess since as a measure of protection to hand-printing a quota restriction was enforced on the quantity of prints that could be manufactured for sale in the internal market. The representative of the Ministry in his evidence stated that the conditions had since been liberalised in such cases. *The Committee hope that with the liberalisation of conditions on the sale of printed cloth in the internal market, there will be now no hesitation on the part of the mills to supply smaller lots of printed cloth to the markets abroad.*

F. Automatic Looms

20. According to the earlier scheme for installation of automatic looms the export obligations prescribed were that the mills should export to the extent of 50 per cent of the past exports in any one of the calendar years 1954, 1955 and 1956 plus the entire production of the automatic looms. The penalty for shortfall in exports was prescribed at 10nP per yard in the form of Penal Excise Duty (*i.e.* in addition to normal duty). The penal duty is collected by the Central Excise authorities. In 1959, the Export Promotion Scheme for the sanction of automatic looms was revised to the extent that the allottees were also required to sign a bond whereby the penalty was recoverable at the rate of 10 nP per yard on the quantity falling short of the export obligation.

The Committee note that only 1776 automatic looms have been installed during the period 1956-57 to June, 1961 under the old export promotion scheme and that out of 3000 looms sanctioned under the export promotion scheme of 1959 no loom has actually been installed so far. Information regarding the total cloth exported from automatic looms or the duty collected as penalty for shortfall in export was not readily available with the Textile Commissioner.

Since the automatic looms were being installed specifically for increasing exports, the Committee consider that the Textile Commissioner should not only see that licensed automatic looms are installed speedily but that they in fact contribute the prescribed quota for export.

21. *The Committee are happy to know that as part of the programme of expansion of the textile industry during the Third Plan period, the Government have decided to license 10,000 automatic looms in units of 500 each, on the condition that 75 per cent of the cloth produced on these looms would be compulsorily exported. They hope that the industry would take full advantage of the opportunity not only to get licences for the automatic looms but also instal them so as to augment India's exports.*

G. Higher Prices of Indian Textiles

22. The Indian Textile Delegations to West Africa and to East and Central African countries have indicated in their Reports that the prices of Indian cotton textiles on the whole, except for certain types of cloth and the cloth receiving preferential treatment, are uncompetitive. The Indian textiles will, therefore, have to struggle hard against an intensive and extensive competition to hold the field. A table showing the prices of a few varieties of cotton textiles produced by India and by some other countries is given at Appendix III. It will be seen that prices of Indian textiles are higher than the prices of similar types of cloth exported by other leading textile manufacturing countries of the world. *The Committee desire that the Textile Commissioner should take special interest in devising means which would help to increase productivity and bring down the cost of Indian textiles. For this purpose they suggest the agency of the Research Associations may be effectively utilised.*

IV

PRE-SHIPMENT INSPECTION OF COTTON TEXTILES

A. Inspection

Itex Scheme. 23. To obviate complaints from overseas importers and to ensure establishment of a fair name for Indian textiles, the Cotton Textiles Fund Committee runs two voluntary schemes of inspection called Itex Scheme and factual inspection scheme.

The Committee were informed that there were four complaints from the foreign buyers about the goods which were exported under Itex certificates.

In his evidence the representative of the Ministry stated that the complaints about defects in the goods supplied arose because these defects were not recognised under the Itex standard. He disclosed that the question as to whether the present standard for each quality needed to be revised upward or whether in its place two or three standards for each quality should be laid down was under the consideration of the Cotton Textiles Fund Committee. *The Committee recommend that the review of Itex Scheme may be expedited. They would also like to emphasise that the standards laid down should be strictly enforced so that the goods bearing Itex label find ready acceptance in foreign markets.*

Compulsory Inspection.

24. The CTEPC has a Complaints Committee. The following table shows the number of complaints received since 1955 by the CTEPC from foreign buyers with regard to quality and quantity of yarn and cloth exported from India:

Year	No. on Complaints
1955	162
1956	221
1957	240
1958	213
1959	189
1960	234
1961	119
TOTAL	1378

The average number of complaints per year of nearly 200 is rather too high. The Committee were informed that such

complaints could be eliminated if the pre-shipment inspection was made compulsory. The representatives of the trade and the industry in their evidence stated that they had no objection to such an inspection provided no delay was entailed in making the inspection. During evidence the representative of the Ministry stated that compulsory inspection would not only involve procedural delay but would also cost Rs. 3 crores. He added that since some of the manufacturers had a very good quality control machinery of their own, Government had under consideration a scheme under which it was proposed to categorise the mills into three classes on the basis of their past record. Certain categories could then be put under compulsory inspection and others could be exempted from it. It was also proposed to levy an inspection fee to meet the expenditure involved. *The Committee hope that the industry would welcome the contemplated scheme and recommend that it may be finalised soon and brought into force.*

B. Complaints Committee of CTEPC

25. The Complaints Committee of the Council provides for a system of arbitration in case of disputes between the foreign importers and Indian exporters. A statement showing the break-up of the total number of complaints disposed of and pending since 1954 referred to the CTEPC is given at Appendix IV. From the statement it will be seen that 165 complaints are lying pending at different stages with the Complaints Committee and 13 references pertaining to complaints were pending with the Textile Commissioner. Out of these 13, one pertained to 1957, four to 1958, three to 1959 and the remaining five to 1960. Pending Complaints.

The representative of the CTEPC stated that in the past difficulties had been experienced in implementing the decisions of the Complaints Committee of the Council as it had no power to enforce them. The Textile Commissioner added that he too in the past could only use his good offices to persuade the parties to implement the decisions of the Council but had no handle for ensuring their implementation. Under the enrolment scheme recently introduced it would now be possible for the Council to de-enrol a party which failed to implement its decision and thus deprive it of benefits accruing under the export incentive scheme. The representative of the Council and the Textile Commissioner were sanguine that the pending complaints would now be cleared quickly. *The Committee hope that effective action will be taken in future to ensure that such complaints from foreign importers are disposed of expeditiously.*

V

MISCELLANEOUS

A. Packing Standards

26. The visual presentation appeal of an article is most important from the point of view of sale. Indian packing, in the past, has been the subject of adverse comment from foreign importers.* The Committee understand that the CTEPC has prescribed compulsory standards of packing. They note from the Report of the Delegation which visited West Africa in 1961 that while Indian bale packing had improved considerably, the same could not be said about the piece-packing and stamping.** *The Committee hope that effective action would be taken to improve packing so as to make it appealing and attractive.*

B. Export of Embroidery Goods

27. The Committee were informed that there was great scope for the export of embroidery goods to various markets like Singapore, Ceylon, Africa etc. The Government were also devising an export incentive scheme for embroidery goods. It was stated during evidence by the representative of the Ministry that only a limited number of embroidery machines were available in the country and that the internal market for the goods was very paying and profitable. Since the import of embroidery machines would entail foreign exchange expenditure, Government proposed to allow import of machinery only where it was to be primarily utilised for export purposes.

The Committee understand that the Government have decided to allow import of embroidery machines on the condition that embroidered fabrics produced on the imported machines will be exported to the extent of $1\frac{1}{2}$ times the value of imported machines within a period of three years from the date of the imported machinery going into production. *The Committee hope that the Government would soon be able to introduce the incentive scheme for the export of embroidery goods also.*

*Page 17 of the Report of the Indian Textile Delegation to East & Central African Countries, Madagascar and Mauritius.

**Page 19 of the Report of the Indian Cotton Textile Delegation to West Africa.

C. Ready-made Garments Industry

28. The Committee were informed that the Indian ready-made garments industry faced stiff competition from Japan and Hong Kong. The incentive for export of manufactured garments had been recently liberalised. As the world is taken more and more to ready-made garments the possibilities of this developing industry are immense. *The Committee hope that the introduction of liberalised incentive scheme for ready-made garments would make for increase in exports.*

D. Show Room in Bombay

29. The Committee were informed that the CTEPC had a proposal to set up its show room in Bombay, where it may be able to display the Indian textiles for the convenience of foreign importers. The Council could not find suitable accommodation in Bombay for housing the proposed show room, despite efforts extending over one year. *The Committee have no doubt that if the State Government is moved in the matter, the necessary accommodation for setting up the show room in Bombay would be made available.*

E. European Common Market

30. Britain's application for joining the European Common Market has naturally caused concern in this country, for it is likely to affect Indian exports more specially of textiles to that country. *The Committee hope that the negotiations going on at present will lead to satisfactory results on the whole and in particular on the question of export of Indian textile goods to Britain and other member countries of European Common Market.*

F. Evaluation

31. The Committee are glad that most of the representatives of the trade and industry who appeared before them were generally appreciative of the working of the CTEPC. Some of them had, however, expressed a view that the out-turn of the overseas offices of the Council was not commensurate with the expenditure incurred on them. This view was however not supported by the representative of the Ministry in his evidence. He stated that the exports of cotton textiles would have gone down had there been no overseas offices and if they were abolished exports of cotton textiles would suffer a serious damage.

Evaluation
of work done
by the
CTEPC.

The Committee note that the budget estimate for overseas offices of the Council for 1961-62 is Rs. 5,56,000 as

compared to Rs. 3,52,014 and Rs. 3,38,193 for 1960-61 and 1959-60 respectively. Before expanding the activities of the Council, *the Committee feel that it would be advantageous if arrangements were made to evaluate objectively the work done by the CTEPC more specially by its overseas offices. The possibility of having a combined organisation for a number of commodities as suggested in para 11, may also be examined very early.*

NEW DELHI;

The 26th March, 1962.

Chaitra 5th, 1884 (Saka).

H. C. DASAPPA,
Chairman,
Estimates Committee.

APPENDIX I

(Vide footnote under para. 3)

EXPORT OF COTTON TEXTILES BY LEADING SUPPLYING COUNTRIES

(m. yds./m. sq. yds.)

Year	India	U.K.	Japan	U.S.A.	China
1952 . . .	548·34	710·80	761·84	773·84	N.A.
1953 . . .	594·16	709·04	914·00	627·80	N.A.
1954 . . .	809·84	637·28	1298·08	613·32	17·92
1955 . . .	692·36	554·52	1138·92	551·72	134·40
1956 . . .	683·97	474·15	1262·04	518·88	286·72
1957 . . .	839·66	455·76	1468·37	559·36	358·40
1958 . . .	581·57	384·08	1245·33	505·52	450·00
1959 . . .	814·60	347·42	1267·25	472·72	N.A.

APPENDIX II

(Vide Para 5)

INCENTIVE SCHEME FOR EXPORT OF COTTON TEXTILES

The Cotton Textiles Export Incentive Scheme envisages the offering of incentives by way of utilisation of a certain portion of the export earnings of the manufacturing mills, exporters, printers, processors, powerloom and handloom units who export cloth and yarn etc. for the import of chemicals, dyes, yarn of 80s and above, textile machinery and cotton.

Details of the basis of calculation of the import entitlements of dyes, chemicals, textile machinery and raw cotton and the total entitlements in each of the categories under the Cotton Textiles Export Incentive Scheme are given below:—

A. Coaltar, dyes, chemicals, yarn and raw materials other than cotton and cotton yarn

Categories of persons	Quantum of Entitlement
Mills	2% of the f.o.b. value of exports.
Powerloom units having more than 24 looms	2% ,,
Registered processors of mill cloth and powerloom cloth	4% ,, ,, for bleached 5% ,, ,, for dyed, printed or processed.
Exporters of mill cloths, yarn and powerloom cloth produced in powerloom establishments employing 25 powerlooms and more	2% of the f.o.b. value of exports
Registered processors of yarn	2% ,, ,,
Exporters of handloom cloth and hand printed cloth	15% ,, ,,
Exporters exporting cloth produced in powerloom establishments having 24 powerlooms or less.	Rs. 10/- for every 100 yards of such cloth exported, if the export effected in linear yards. or Rs. 7.50 on every 25 lbs. of such cloth exported, if the export is by weight.
Exporters of tents and mosquito nets	7½% of the f.o.b. value of exports
Mills manufacturing for export Bed tickings, bags, pillow cases, made-up bed spreads and bed sheets from cloth produced by them.	2% ,, ,,

Categories of persons	Quantum of Entitlement
Exporters exporting bed tickings, bags, pillow cases, made-up bed spreads, bed sheets.	2% of the f.o.b. value of exports.
Mills whose cloth is utilised in the manufacture of bags, beds ticking, pillow cases, made-up bed spreads and bed sheets.	2% "
Exporters and Manufacturers—Exporters of ready-made garments or apparels (stitched) made out of cotton cloth.	15% "
Exporters and Manufacturers—Exporters of hosiery cloth made out of cotton yarn.	15% "
Mixed Hosiery	15% "
Exporters and Manufacturers—Exporters of Mixed Fabrics	As given in Public Notice No. 36 ITC(PN)[60 dated 25-3-60 (not attached).
Exporters of ropes, tapes, newar, twine, webbings and braids manufactured out of cotton yarn.	10% " "
Exporters of waterproof tarpaulines manufactured with cotton cloth as the basis material	7½% " "
Fishing nets manufactured out of cotton yarn.	10% " "

B. Raw Cotton

Import entitlements of raw cotton are granted on the basis of 66·2/3 per cent of the f.o.b. value of exports

Out of the raw cotton entitlement, the mills can retain for their own use the following percentages of cotton:

Categories	Retention Quota
(a) Mills exporting fine and superfine cloth and yarn of counts 60s and above	100% of the value of the entitlement.
(b) Mills exporting medium and coarse cloth:	
(i) situated at a distance of not more than 200 miles from the ports of Bombay, Madras and Calcutta.	30% of the value of the entitlement.
(ii) situated at a distance of more than 200 miles but less than 400 miles from the ports of Bombay, Madras and Calcutta.	32% of the value of the entitlement.
(iii) Situated at a distance of more than 400 miles from the Ports of Bombay, Madras and Calcutta.	35% of the value of the entitlement.

The balance quantity should be surrendered to the Textile Commissioner at a premium as may be fixed by the Textile Commissioner from time to time.

- (c) Powerloom Establishments having within their premises 25 powerlooms or more are eligible to receive 66.2/3 per cent of the f.o.b. value of exports as their entitlement for import of raw cotton under the Scheme. The entire value of the entitlement shall be made available to the Textile Commissioner on such terms and conditions as may be prescribed by him from time to time.
- (d) Mills whose cloth/yarn is utilised in the manufacture of fabrics like cotton bed covers, bed spreads, pillow cases, readymade garments etc. and hosiery fabrics for export are also eligible for import of cotton equal to 66.2/3 per cent of value of the cloth/yarn used in such fabrics.
- (e) Mills whose cloth and/or yarn is used in the manufacture of tents and mosquito nets will be eligible to receive import entitlement for import of cotton calculated at 50 per cent of the f.o.b. value of tents and mosquito nets, exported.
- (f) Manufacturer/exporter of handloom fabrics as well as co-operative and other registered organisations exporting handloom fabrics manufactured from cotton yarn, will, subject to the condition that the fabrics exported by any one of them in any quarter of the year is not less than Rs. 2000 by value (f.o.b.) be eligible to receive entitlement for cotton @ 40 per cent of the f.o.b. value or Rs. 2 per meter whichever is less.

C. Cotton Yarn

Exporters of handloom cloth whether organised in co-operative societies or otherwise will be granted licences for import of cotton yarn of counts of the description as may be permissible for import from time to time under the normal import policy.

D. Textile Machinery

Category of persons entitled	Quantum of Entitlement
Mills whose cotton cloth and/or yarn is exported.	10% of the f.o.b. value of the cloth and/or yarn exported and accumulation of the entitlement may be allowed upto 3 years subject to a maximum limit of 5 lakhs.

E. Automatic Looms

Automatic looms will be allowed to be imported for installation with a view to exporting flawless cloth to the foreign markets. These looms are to be allotted to those mills which will guarantee 50 per cent of their past exports in any one of the years 1954 to 1956 in addition to the entire production on the looms.

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APPENDIX III (Vide para 22)

Comparative prices of cotton textiles marketed by India and other competing countries.

Description	Countries						
	Japan	Spain & Portugal	Germany	U.S.A.	France	India	
1. GREY GOODS							
20s/20s 60 × 60 38"	70 nPs	70 nPs	70 nPs	..	Rs. 1.02 nPs	79 nPs	
30s/30s 68 × 68 38"	67 nPs	67 nPs	67 nPs	..	91 nPs	71 nPs	
30s/30s 75 × 75 38"	72 nPs	72 nPs	..	..	99 nPs	81 nPs
30s/30s 80 × 80 38"	80 nPs.	80 nPs.	80 nPs	..	..	90 nPs
30s/30s 68 × 68 50"	77 nPs	..	..	..	..	89 nPs
19/9 84 × 36 50"	..	..	..	35 cents (USA)	..	26 cents (USA)
18/18 48 × 48 31"	..	..	..	13½ cents	..	10.5 cents
18/14 68 × 36 38"	..	..	..	25 cents	..	16 cents
24/10 40 × 40 40½"	..	..	..	17½ cents	..	15.2 cents
GREY GAUGE 28 × 24 36"	..	..	..	0.053 cents	..	0.078 cents
32 × 28 36"	..	..	..	0.066 cents	..	0.096 cents
2. PROCESSED GOODS							
A. Bld. Long cloth							
(Cambric)							
28/38 72 × 64 42"	84 nPs.	..	..	..	..	92 nPs.
B. Bld. Poplin 40/40							
140 × 70 36"	Rs. 1.30 nPs	..	..	..	..	Rs. 1.75 nPs
C. Pntd. Poplin 30/40							
90/60 36"	72 nPs	..	..	..	..	Rs. 1.06 nPs
D. Printed Haircord							
30/40 73 × 66 36"	98 nPs	..	..	..	..	Rs. 1.15 nPs

APPENDIX IV

(Vide para 25)

Statement of disposed of and pending complaints as on 15-8-1961 with CTEPC

Year	Total No. of complaints received	Total No. of complaints settled and closed	No. of complaints pending	Details of complaints pending					Remarks
				Referred to the Textile Commissioner	Cases decided but decisions not implemented	Before Com- plaints , Committee , and Panel	Under active invest- igation	Nearing closure/ settle- ment	
1954	4	4	Nil	..	..	..	..	..
1955	162	162	Nil	..	..	..	..	..
1956	221	221	Nil	..	..	..	..	..
1957	240	239	1	1	..	..	..	..
1958	213	200	13	4	6	2	..	1	
1959	189	179	10	3	3	..	..	4	
1960	234	185	49	5	13	15	9	7	
1961	119	27	92	..	3	11	70	8	
TOTAL	1382	1217	165	13	25	28	79	20	[

APPENDIX V

Statement showing Summary of Recommendations/Conclusions

Sl. No.	Ref. to Para No. of Report	Summary of Recommendations/Conclusions
I	2	3
1	6	The Committee recommend that the Cotton Textiles Export Promotion Council should complete at an early date review of the export incentive scheme for cotton textiles and Government should take suitable action to rectify the shortcomings which are brought to notice.
2	7	To expedite issue of entitlement certificate under the Export Incentive Scheme, Government had recently decided to allow 90 per cent of the entitlement on the basis of Chartered Accountant's Certificates. The remaining 10 per cent would be adjusted later. The Committee welcome this step. They would also like that efforts should be directed to reduce delays and to ensure that the full entitlements are made available as soon as possible after the exports are completed and the necessary documents tendered in support thereof.
3	11	The Committee recommend that the possibility of entrusting the overseas offices of the CTEPC with more than one commodity may be examined very early. The staff may be given necessary training and a pilot scheme may be tried in one area and on the basis of experience gained, a comprehensive scheme for extending the arrangement to other places may be drawn up and adopted.
4	13	The Committee learn that by manufacturing cloth according to consumers' preference Japan has been able to take over the market for African prints at a very rapid rate. Special attention should be paid to the needs of each individual foreign market. The Committee also feel that the CTEPC should play a more positive role by advising the Indian exporters and manufacturers on the opening for specific classes of goods in foreign countries.

1	2	
		3

5 14 The Committee suggest that it may be made clear to the manufacturers who display textiles in the fashion shows that they are to execute all orders which emanate after fashion and mannequin shows.

Fashion shows and exhibitions of textile goods are stated to produce good results. They may be a good way of promoting exports particularly in countries which offer good prospects of absorbing our textiles.

6 15 The Committee would stress that the functioning of the trade sections in the Indian Embassies abroad should receive constant attention so that any shortcomings noticed in their working are rectified promptly in consultation with the Ministry of External Affairs. They would also like to stress the need for sending of prompt reports on market developments in respect of principal items of interest to the Indian trade and industry by the Trade Commissions/Commercial Attaches, etc. and their paying special attention to textile exports which constitute one of the principal foreign exchange earners.

7 16 It was represented to the Committee that now that the markets for Indian textiles have been explored it would be more advantageous to send 'Sale teams' who could transact business on the spot as was the practice followed in Japan. The CTEPC may examine the suggestion.

8 17 The Indian Exporters Delegation which had visited African countries last year had reported that adverse trade balance of those countries was coming in the way of Indian exports. Some of the African countries were stated to be eager to enter into bilateral trade agreements with India. The Committee would suggested that a careful review in respect of each country in Africa may be made with a view to see how far a trade understanding or agreement could be reached keeping in view the international obligations.

9 18 The Committee understand that there was a large demand for wax-type of cloth in African countries and that special imported machinery costing about Rs. 3 lakhs was required for its manufacture. Government may examine the potentiality of exports of wax type of cloth and if the results are promising there should be no hesitation for the country going in for

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2

3

some of the specialised machinery required for its production on the condition that a substantial portion of it would be exported.

- 10 19 The Committee hope that with the liberalisation of conditions on the sale of printed cloth in the internal market, there will be now no hesitation on the part of the mills to supply smaller lots of printed cloth to the markets abroad.
- 11 20 Information regarding the total cloth exported from automatic looms or the duty collected as penalty for short-fall in export was not readily available with the Textile Commissioner. Since the automatic looms were being installed specifically for increasing exports the Textile Commissioner should not only see that licensed automatic looms are installed speedily but that they in fact contribute the prescribed quota for export.
- 12 21 The Committee are happy to know that Government have decided to licence 10,000 automatic looms in units of 500 each, on the condition that 75 per cent of the cloth produced on these looms would be compulsorily exported. They hope that the industry would take full advantage of the opportunity not only to get licences for the automatic looms but also instal them so as to augment India's exports.
- 13 22 The Committee observe that prices of Indian textiles are higher than the prices of similar types of cloth exported by other leading textile manufacturing countries of the world. The Committee desire that the Textile Commissioner should take special interest in devising means which would help to increase productivity and bring down the cost of Indian textiles. For this purpose they suggest the agency of the Research Associations may be effectively utilised.
- 14 23 The Committee understand that the question as to whether the present standard of inspection under ITEX scheme for each quality of textile goods needed to be revised upward or whether in its places two or three standards for each quality should be laid down was under the consideration of the Cotton Textiles Fund Committee. The Committee recommend that the review of ITEX Scheme may be expedited. They would also like to emphasise that the standards laid down should be strictly enforced so that the goods bearing ITEX label find ready acceptance in foreign markets.
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1	2	3
15	24	It was stated that Government had under consideration a scheme under which it was proposed to categorise the mills into three classes on the basis of their past record. Certain categories could then be put under compulsory inspection and others could be exempted from it. It was also proposed to levy an inspection fee to meet the expenditure involved. The Committee hope that the industry would welcome the contemplated scheme and recommend that it may be finalised soon and brought into force.
16	25	The Committee hope that effective action will be taken by CTEPC to ensure that complaints regarding export of cotton textiles are disposed of expeditiously.
17	26	The Committee hope that effective action would be taken to improve packing so as to make it appealing and attractive.
18	27	The Committee hope that the Government would soon be able to introduce the incentive scheme for the export of embroidery goods.
19	28	The Committee hope that the introduction of liberalised incentive scheme for ready-made garments would make for increase in exports.
20	29	The Committee have no doubt that if the State Government is moved in the matter the necessary accommodation for setting up the show room in Bombay would be made available.
21	30	The Committee hope that the negotiations going on at present with the members of European Common Market will lead to satisfactory results on the whole and in particular on the question of export of Indian textile goods to Britain and other member-countries of European Common Market.
22	31	Before expanding the activities of the Council it would be advantageous if arrangements were made to evaluate objectively the work done by the CTEPC more specially by its overseas offices.

APPENDIX VI

Analysis of recommendations contained in the Report

I. CLASSIFICATION OF RECOMMENDATIONS

- A. Recommendations for improving the organisation and working :
S. Nos. 1, 3, 6, 11, 13, 14 and 16.
- B. Recommendations for effecting economy :
S. Nos. 3 and 22.
- C. Miscellaneous :
S. Nos. 4, 5, 7-10, 12, 15 and 17-21.

II. ANALYSIS OF THE MORE IMPORTANT RECOMMENDATIONS DIRECTED TOWARDS ECONOMY

S. No.	Number as per Summary of Recom- mendations	Particulars
1	3	Possibility of entrusting the overseas offices of the Cotton Textiles Export Promotion Council with more than one commodity may be examined.
2	22	Before expanding the activities of the Council it would be advantageous if arrangements were made to evaluate objectively the work done by the Cotton Textiles Export Promotion Council and more specially by its overseas offices.
