



Group

Sector Specific Report (Textile & Handicraft) October 2021 Edition



Comprehensive Handicrafts Cluster Development Scheme (CHCDS)



Policies Covered In The Edition

1. Amended Technology Up-gradation
Fund Scheme (ATUFS)

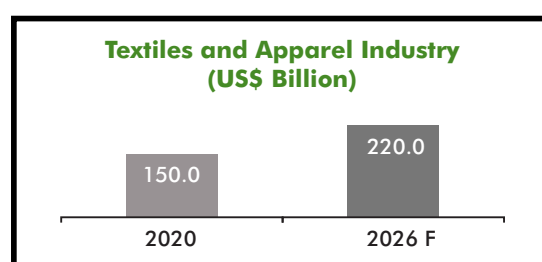
2. Comprehensive Handicrafts Cluster
Development Scheme

3. Samarth Training Under National Skill
Qualification Framework (NSQF)

Amended Technology Up-gradation Fund Scheme

Recently the Ministry of Textile has reviewed the Amended Technology Up-gradation Fund Scheme (ATUFS) in an inter-ministerial meeting with different stakeholders such as other Ministries, Departments, Textile Industry Associations, and Bank, etc. The review of the scheme is dedicated to augmenting the growth of the Indian textile industry through the promotion of ease of doing business, new opportunities of employment, and promotion of export. The vision will be achieved through the "Make in India" program of the Indian government with a "Zero effect and Zero Defect" vision in the manufacturing sector. The projection of the Indian textile and apparel industry growth scenario is as below:

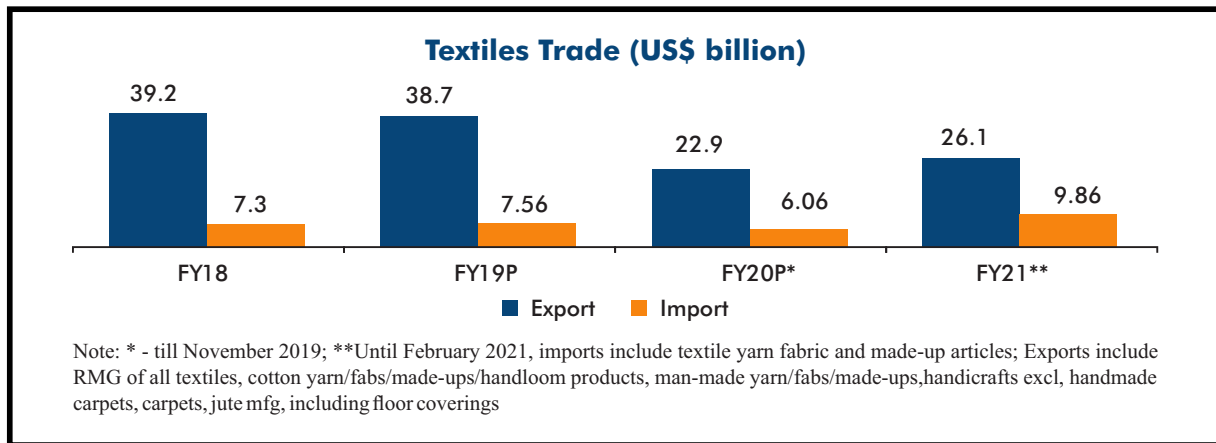
The Scheme will help in increasing investment, productivity, quality, employment, exports, and import substitution in the textile sector and give it a holistic development. This will create an indirect impact on the investment in the manufacturing of textile machinery. As it enables each eligible entity in textile manufacturing to get the Capital Investment Subsidy (CIS) based on the following rates:



S. No.	Segment	Rate of Capital Investment Subsidy (CIS)
1.	Garmenting Technical Textiles	15% subject to an upper limit of Rs 30 crores
2.	Weaving for brand new Shuttle-less looms (including weaving preparatory and knitting), Processing, Jute, Silk and Handloom.	10% subject to an upper limit of Rs 20 crores
3(a).	Composite unit/Multiple Segment - If the eligible capital investment in respect of Garmenting and Technical Textiles category is more than 50% of the eligible project cost.	15% subject to an upper limit of Rs 30 crores
3(b).	Composite unit/Multiple Segment - If the eligible capital investment in respect of Garmenting and Technical Textiles category is less than 50% of the eligible project cost.	10% subject to an upper limit of Rs 20 crores

The Ministry has introduced the Amended Technology Upgradation Fund theme (ATUFS) in Jan 2016 for the duration of 2015-16 to 2021-22 through a web-based iTUFS digital platform. The budget allocation for the scheme by the government of India was 17,822 Crore to provide Capital Investment subsidy after physical verification and

computation of subsidy for the same. The scheme is the extension of the Technology Upgradation Funds Scheme (TUFS) of the government of India which was first introduced in 1999 to increase investments in all the sub-sectors of textiles and jute trade of the country. All these measures are providing impetus to the Indian textile trade over time.



The current 5th Inter-Ministerial Steering Committee (IMSC) review of ATUFS is advocating the simplification of the procedure of joint inspection by combining it to the size of the subsidy support to the manufacturing units in the sector. The process will positively reduce the burden of the joint inspection on the subsidy bracket of lower than Rs 50Lakh. In 2019, the IMSC has decided on physical verification of machinery and subsidy computation before reimbursing the amount under each version of the scheme. Under this review, the major decisions were taken to settle the pendency and a way forward has been decided. The main points reviewed under this meeting are:

- Ease the compliances of the textile industries based on the single certificate issued from the concerned bank related to the payment of claimed capital investment.
- The cases of consortium finance will be handled based on the rationalization of GR.
- Standalone embroidery machines will get consideration under the ATUFS since its inception.
- To facilitate the Textile industry by providing Condonation of filing for UIDs for the cases falling between 23rd March 2021 and 22 October 2021 (duration of COVID Second wave) within 90 days.
- Remission of the submission of JIT requests which have cut off date in post-COVID-19.

The ministry is taking various steps under the scheme to ease the reimbursement procedure and several measures have been taken to regulate the liquidity in the sector during the pandemic. The provision of reimbursement of part subsidy against the bank guarantee is one of them. Such measures in turn are taking shape and boosting the Indian textile sector in form of:

- Employment generation and export promotion by encouraging the apparel and fashion

industry, significantly for the employment opportunities for girls.

- Increasing India's share in international textile exports.
- Promotion of Indian Textiles within the country.
- Facilitation to convert the existing looms to upgraded technology looms for better quality and productivity of the Indian textile.
- Encouraging higher quality within the textile trade and checking the fabric import requirements of the garment sector.
- It is expected to draw in investment to the tune of Rs 100 Thousand Crore and create around 30 Thousand jobs in the sector.
- All the pending cases will be resolved which are lying under the office of Textile Commissioner as per the provision and the new cases will be treated prospectively.
- The reorganization of the Office of Textile Commissioner will take place.
- The Office of textile commissioner (TxC) has been setup in each state for effective implementation of the scheme and will be responsible for closely working with entrepreneurs in the sector, banks, and state government agencies for setting up other industries and verifying assets.

With a broader vision to rank India as a world leader in Technical Textiles, the step taken by the government of India to create the National Technical Textiles Mission with a total allocation of Rs.1480 Crore, in four years during 2020-21 to 2023-24. Under its 1st Component (Research, Innovation, and Development), a class of R&D activities planned which will help in the development of machinery, test equipment related to technical textiles, and promote indigenous manufacturing of specialized technical textiles machinery under the “Make in India” program in coordination with Central Manufacturing Technology Institutes.

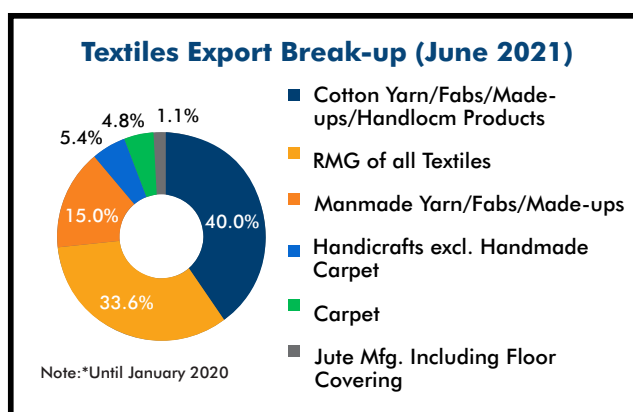
Thus a comprehensive roadmap to boost the Indian textile industry is rolling in the country and the industry is all set to reap its benefit in recent times. But the adaptive nature of the scheme through inter-ministerial quarterly reviews are making it more exclusive and responsive to the global textile market dynamics and economic growth of the country.



Comprehensive Handicrafts Cluster Development Scheme

In October 2021, the Ministry of Textile approved the continuation of the Comprehensive Handicrafts Cluster Development Scheme (CHCDS) till March 2026. The government of India has allocated Rs 160 crores under the scheme for infrastructural support, market access, and technology up-gradation support, etc to the Indian handicraft artisans. The Scheme aims to build a world-class infrastructure for the handicraft industry that helps the business needs of the native artisans as well as SMEs to augment their production and export.

As a whole, the scheme will provide the modern world-class infrastructure equipped with the latest technology and requisite coaching to the Indian handicraft artisans. It will also help in the development of human resources in the industry along with providing market access and many new streams of handicraft production.



The scheme focuses to form the integrated infrastructure for different native artisans and connect them with SMEs to scale economically. This will boost their businesses and increase the production and export in the sector. As the small and fragmented handicraft units and poor artisans are not self-sufficient to scale up their efforts in the absence of availability of proper infrastructure and required facilities like trade and market, technology support, and upskilling, networking, etc to beat the global competition.

All this in turn hamper the commercialization of their product and thus creating a Public-Private Partnership (PPP) model to make clusters with infrastructure facilities needed to satisfy the trade requirements of handicraft artisans in the country is a necessity. The scheme is getting implemented in the following ways to get the desired results and boost the Indian handicraft industry :



As each cluster is different, so under the scheme, an in-depth study of the cluster to identify the gaps and their respective needs to develop a baseline reference is made and a Detailed Project Report (DPR) is prepared which will cover the financial, technical, institutional, and implementation interventions corresponding to that cluster. The comprehensive report will also mention the expected outcomes of each of the steps taken under the plan. The mega handicraft clusters which include more than 10,000 artisans in it, will be given overall development support under the scheme.

The Validation of the report will take place by the cluster stakeholders along with representative associations of the artisans, Central/State Handicrafts Corporations, Autonomous Body, Registered Co-operatives, Producer company of artisans, Registered SPV established as a Special Purpose Vehicle (SPV) at the cluster level. The implementation of the provision of DPR along with the acquisition of land needed will be based on the approval of the Project Approval and Monitoring Committee (PAMC) under the Ministry of Textile.

This scheme under the government of India will help artisans and small entrepreneurs primarily from Tier-II and Tier-III cities and rural areas to boost their earnings with stability in their business processes. A cluster-based approach would facilitate them to improve the standard of their merchandise and provide them with new market access. CHCD scheme can facilitate the exports of textile handicrafts as the demand for such merchandise is high across the globe but their reach is limited in the absence of the platforms and infrastructural support to promote them internationally.

There will also be a provision of a cash margin of Rs 4000 in the scheme at the end of the one cycle of production-cum-marketing quarterly. The provision of emporium and exhibitions will help artisans to get additional local and global customers for their products and boost the domestic as well as export trade. The enhanced productivity and quality of the handicraft products based on the technical upskilling of the artisans will make them independent and provide linkages with other social Insurance schemes and money establishments over time. The overall vision of the scheme will empower the handicraft artisans of India and boost the trade of the industry at the global level.



Samarth Training Under National Skill Qualification Framework

During the celebration of “Azadi ka Amrit Mahotsav”, the Ministry of Textile has inaugurated the Samarth Training Program at 75 training centers corresponding to various crafts throughout the country. The program will promote the vision of “Atmanirbhar Bharat” and is dedicated to the artisans of India. Under this program, the skill training to 2250 artisans will be provided with the revised wage compensation of Rs 300 per day to individual trainees which is paid through Direct Benefit Transfer. All the courses covered under Samarth training are aligned to National Skill Qualification Framework (NSQF) as per the guidelines of the Ministry of Skill Development and Entrepreneurship.

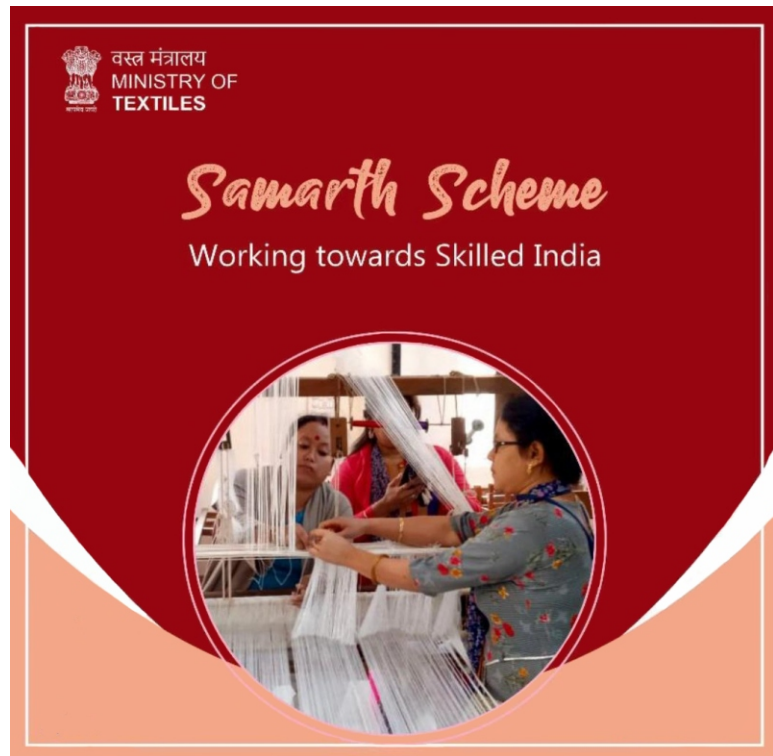
Under the scheme, the capacity building for the textile industry will take place through which Indian youth will get profit as well as sustainable employment opportunities in the sector. Artisans of the Indian Textile industry face multiple challenges within the industry including low wages and restricted access to the overall ecosystems. With the arrival of technology, skilling up the youth has become easy. Moreover, the shortcoming to the scenario into the advantages of economies of scale has placed the Indian textile business on a back foot compared to neighboring nations like Bangladesh. While setting up the textile business, there are problems regarding the shortage of economic support for MSMEs and smaller entities and there are several irregularities in infrastructural backing for the supply chain.

Moreover, there exists the question of sourcing good stuff for synthetic fibers and reducing the dependence on a cotton-producing system. Initiatives like SAMARTH will extend the mobilization of artisans to be self-sufficient and give them vital exposure to multiple textile markets. With targeted reforms and good monitoring, the textile business will venture into a different fashionable approach towards domestic production and exports both.

The scheme will encourage enhanced monitoring through centralized web-based MIS that is helping in the smooth implementation of the scheme at the ground level. It has the target to train the 10 Lakh individuals to build the capacity in the sector. The scheme will cover the whole supply chain of the textile sector, excluding Spinning and Weaving. The major objective under the scheme are:

- Provide demand-oriented placements through National Skill Qualification Framework compliant skilling programs and incentivize and supplement the efforts of the businesses to provide jobs within the organized textile and allied sectors.
- To promote young talents and skill up-gradation within the sectors of handlooms, handicrafts, sericulture, and jute, etc.
- To inculcate the need for self-employment to everyone or each section of the society within the country.

This skill training program will be enforced through big training institutions, NGOs, Societies, Trusts, Organizations, corporations, Start-Ups, Entrepreneurs active in the textile sector having placement tie-ups with textile businesses across the country. For self-employment, there is a provision of concessional credit under the Pradhan Mantri Mudra Yojana. The government of India through this training program is empowering the youth of the country and the textile sector of the Indian economy with a trained workforce which will be capable of making a global impact in the future.



Resources

1. <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1766120>
2. <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1606086>
3. <https://www.ibef.org/industry/textiles.aspx>
4. https://www.startupindia.gov.in/content/sih/en/government-schemes/mega_cluster_scheme.html
5. <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1761118>
6. http://texmin.nic.in/sites/default/files/11d_Guidelines_of_development_of_mega_cluster_scheme_Handicrafts_nmcc_cs_20090312.pdf
7. <http://handlooms.nic.in/Default.aspx?ReturnUrl=/CHCDS-FINAL.pdf>
8. <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1762153>
9. https://samarth-textiles.gov.in/about_us
10. <http://nisd.edu.in/Detail.aspx?uid=3&&id=4087>
11. <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1748948>

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