

CHAPTER – 6

PROCESSING AND FINISHING

INTRODUCTION

6.1 The processing stage is undoubtedly the most significant process in the value chain of various textile products contributing to essential user requirements and also aesthetic value addition. In the global scenario, the value addition at this stage of production is maximum, often manifold. However, in India, the processing stage is perhaps the weakest link in the entire textile production chain, which results in loss of potential value addition and also valuable foreign exchange earnings. To export value-added goods and to cater to the requirements of the export-oriented clothing sector quality goods have to be produced uniformly and consistently at the very first time and re-processing has to be avoided / minimised. The processing industry which has been recognised as one of the weakest links in the textile value chain needs to be supported and upgraded to facilitate processing of an internationally acceptable level.

6.2 The dismantling of quantitative restrictions has made the world market more competitive. In such a scenario, survival of the fittest is the norm and only the countries which are strong in the entire textile value chain will be able to face the fierce competition and 'emerge winner'.

6.3 With the world trade in textiles likely to see increasing shift in trade in value added products, rapid investments in the processing sector is the need of the hour. Moreover with the shrinkage of textile industry in the developed countries, a shift in production base and cycles to the developing countries is inevitable.

PERFORMANCE DURING THE TENTH PLAN PERIOD

6.4 There has been significant improvement in the processing sector during the Tenth Plan period. The contributory factor being Technology Upgradation Fund and the removal of the differential excise duty structure providing a level playing field to all sectors. The census of the power processing units by the Textiles Committee during the year 2005 has revealed that there were 2510 power processing units in the country compared to 2324 units in 1999-2000. The overall increase during the period was 8 percent. Out of the 2510 power processing units, 59 units are composite, 167

semi-composite and 2284 the independent processing units. The major clusters of processing units are Mumbai, Surat, Ahmedabad, Delhi, Ludhiana, Amritsar and Tirupur.

6.5 During the Tenth Plan the share of the power processed fabric has increased from 30 percent to 68 percent. Now only about 22 percent of the fabric is hand processed and 10 percent is sold in a grey form.

6.6 The Textiles Committee survey has also revealed that there are 189 units having facility of continuous processing of fabrics of 50,000 mtrs. and above per day. The production of these units was 7.62 billion sq. mtrs. during 2004-05.

6.7 In spite of significant improvement in processing during the later part of the Tenth Plan, there is still dearth of facilities for wide width fabric processing in India. Large quantities of wide width finished fabrics would be required in the domestic as well as international market for reasons of economies of scale in cutting and garment / made-up manufacturer. Incorporation of adequate wide width processing facility will not only improve our exports processed fabrics but also make available adequate amount of finished fabric of optimum width to our made-ups and garment manufacturers and exporters resulting in higher export earning from these products.

APPROACH TO THE ELEVENTH PLAN

6.8 Since significant value addition takes place at the processing stage, the sure way to improve value realization is to have adequate high-tech processing facilities. The approach to the Eleventh Plan is to set up adequate capacity for continuous processing to improve the availability of quality processed fabrics to our readymade garment and made-up sector.

PROJECTIONS FOR THE ELEVENTH PLAN

6.9 It is projected that by the terminal year of the Eleventh Plan, there will be a capacity of continuous processing of high-tech and medium tech level to process about 50 percent of the fabric production in the country. Since the fabric production is targeted at 94.6 billion sq. mtr. by the terminal year of the Eleventh Plan, the incremental continuous processing facility would be about 38 billion sq. mtr. by the end of the Eleventh Plan.

6.10 To meet the target of 38 billion sq. mtr., the incremental processing capacity required would be 400 process houses having facility of continuous processing of fabrics of 1,00,000 mtrs. and above per day and 400 process houses having facility of

continuous processing of fabrics of 50,000 mtrs. but less than 1, 00,000 mtrs. per day. The total production of 800 units is estimated at 38 billion sq. mtrs. per annum based on the Textiles Committee survey report. The total investment required for setting up these 800 units would be Rs.56,000 crore (high-tech 400 units @ Rs.100 crore and having average processing capacity of 65.83 million Sq. mtr. per annum and medium tech 400 units @ Rs.40 crore and having average processing capacity of 30.37 million sq. mtr. per annum). The details are given below:

Table – 6.1

Requirement of continuous process houses

Sl. No.	Type of process house	No. of units	capacity per unit per day (Mtr.)	Annual capacity per unit (Mn. sq. mtr.)	Production per day per unit (Mn. sq. mtr.)	Total Annual capacity (Bn. Sq. Mtr.)	Investment per unit (Rs. crore)	Total Investment (Rs. crore)
1	Large process houses	400	100000 and above	65.83	0.19	26.33	100	40000
2	Medium process houses	400	50000 but less than 100000	30.37	0.09	12.15	40	16000
	Total	800				38.48		56000

RECOMMENDATIONS

Continuation of TUFs:

6.11 Under TUFs, 10 percent capital subsidy in addition to 5 percent interest reimbursement has been provided to the processing sector. TUFs has contributed to significant improvement in processing sector. As on 31.07.2006, projects worth Rs.6384 crore have been sanctioned under TUFs. The Working Group recommends very strongly that TUFs should continue without any dilution otherwise it would be difficult to set up the processing houses of the desired technology.

Water infrastructure development scheme:

6.12 Water quality is very important for textile processing. Most of the textile processing clusters in India get hard ground water leading to wastage of dyes and chemicals. This apart, the quality of the product is also affected. The product

becomes harsh and the brilliancy of colours is adversely affected. Issue of supply of soft water for textile processing clusters is therefore to be addressed on top priority. Most of the textile processing clusters like Tirupur, Surat, Pali, Balotra, Jodhpur, Jetpur, Erode, Ludhiana, etc., have severe water problem since the ground water has been contaminated by discharge of pollutants for a long time. The water has, therefore, to be brought from surface water sources to the clusters. This would require laying of pipelines and pumping stations for bringing water from nearby rivers / canals. A project of this kind funded by the Government / Work Bank has already been undertaken by Tirupur cluster under the Title “New Tirupur Area Development Project”. Similar projects may be undertaken for other clusters. For Surat cluster, the cost of such project would be around Rs.200 crore. Similarly, for Pali, for bringing water from Indira canal the cost of the project would be around Rs.50 crore. The cost variation is due to the variation in distance of water source from the respective cluster. For Tirupur, the project is nearing completion, which may take care of Erode cluster also, and for Jetpur, it is in process with the help of State Government and Jetpur Dyeing & Printing Association. As such, to begin with, in the next Five Year Plan, projects at Surat and Pali may be taken up. It is proposed that 25 percent subsidy on the total cost of laying down the pipeline and pumping stations, etc., may be provided for such projects by the concerned State Governments.

Common Effluent Treatment Plant with marine outfall:

6.13 The major challenges that would be posed to the processing sector in the country, apart from availability of water for processing, is effluent treatment and disposal of the treated water and solid effluents. It is necessary to ensure that Government assistance for new investments in processing units is allowed only for the water frugal technology machines. In order to ensure conservation of water, Government also can insist upon recycling of water. In order to protect the environment and also meet the international pollution norms, it has become imperative to treat the textile effluents in an economical manner. Since, common salt is the major chemical used for processing textile materials, meeting the marine standards is highly economical and easier than adopting any other technology with Reverse Osmosis and zero discharge. Land fill will also become a problem with the conventional technology. Marine outfall technology is being widely adopted all over the world. Therefore, any new projects in textile processing could be encouraged

only on the sea shore. This would also enable desalination and disposal of treated water.

6.14 Currently, a large number of processing units are located in different clusters and facing problems in meeting the pollution norms. Hundreds of units have been closed by the pollution control authorities or courts because of pollution problems. Therefore, it is suggested to provide marine outfall pipelines for the existing clusters, collect the marine standard treated effluents from all the units and dispose of them in the sea. A scheme for **Common Effluent Treatment Plants with Marine Outfall (CETPMO)** may be introduced by the State Governments for the existing textile processing cluster on the basis of an SPV where State Governments bear 25 percent of the expenditure, and remaining 75 percent by the industry. The maximum distance from the sea could be restricted to 400 kilometres to make it commercially viable. To start with, such SPVs may be introduced in the following two clusters:

1. One CETPMO line to cover Tirupur, Perundurai, Erode, Salem and Karur.
2. One for Surat area

6.15 One project will cost around Rs.1000 crore assuming 300 kilometers distance from the sea. For the initial two projects, the total funding from the State Governments will be Rs.500 crore.