Performance of Selected Industries
Petroleum, Oil and Lubricants:

7.22 In 1999-2000, crude oil production was 31.95 million tonnes registering a decline of 2.4 per cent from 32.72 million tonnes in 1998-99. During 2000-01 (April-November) crude oil production at 21.71 million tonnes has been marginally higher by 0.4 per cent compared to 21.63 million tonnes during the corresesponding period of last year. (Table 7.9) The degree of India's self-reliance in Petroleum Sector which was 33 per cent during 1999-00 is expected to decline further to 30 per cent in 2000-01, is an area of concern. In order to improve domestic production Government has invited bids for 25 exploration blocks covering both onland and offshore blocks by the 31st March 2001.

7.23 During April-November 2000, natural gas production of 19.62 Billion Cubic Metres (BCM) has been 4.4 per cent higher than the production of 18.80 BCM during the corresponding period of last year. Total production of natural gas in 1999-2000 at 28.45 BCM was 3.7per cent higher than 27.43 BCM produced in 1998-99. Currently, the total gas available for sale after taking into account the internal use, extraction of Liquified Petroleum Gas (LPG) and unavoidable flaring is around 65 Million Standard Cubic Metres per Day (MSCMD).

7.24 In order to supplement the domestic availability of natural gas, the Government had initiated certain steps to import natural gas. Import of natural gas through pipelines and in the form of liquified natural gas (LNG) do not require licence from the Government. FDI upto 100 per cent is permitted in this sector. Petronet LNG Ltd, a joint venture company promoted by oil sector PSUs is to set up LNG terminals at Dahej (Gujarat) and Kochi (Kerala). Petronet has signed a long-term LNG sale purchase agreement with M/s Rasgas of Qatar for import of 7.5 Million Tonnes per Annum (MTPA) of LNG.

7.25 During 2000-01 (April-November), the total refinery production was 63.21 million tonnes representing an increase of 31.1 per cent compared to 48.20 million tonnes during the corresponding period of last year. Total refining capacity in the country as on 1st April, 2000 increased to 112.04 Million Metric Tonnes Per Annum (MMTPA) compared to 69.14 MMTPA on 1st April, 1999 and would further increase to around 123.34 MMTPA by the end of IX plan.

7.26 Total consumption of petroleum products (including import by private parties) during

TABLE 7.9
Trends in the Petroleum sector

Item	97-98	98-99	99-00*	April-November* 1999	April-November* 2000	% Change over previous year 98-99	% Change over previous year 99-00	% Change over previous year 2000-01**
				(million tonnes)			(per cent)	
1. Crude oil production	33.86	32.72	31.95	21.63	21.71	-3.4	-2.4	0.4
(i) On-shore	11.52	11.47	11.29	7.49	7.87	-0.4	-1.6	5.1
(a) ONGC	8.39	8.10	7.92	5.24	5.63	-3.5	-2.2	7.4
(b) OIL	3.09	3.29	3.28	2.21	2.19	6.5	-0.3	-0.9
(c) JVC	0.04	0.07	0.09	0.04	0.05	75.0	28.6	25.0
(ii) Off-shore	22.34	21.25	20.66	14.14	13.84	-4.9	-2.8	-2.1
(a) ONGC	19.87	18.29	16.73	11.50	11.17	-8.0	-8.5	-2.9
(b) JVC	2.47	2.96	3.93	2.64	2.67	19.8	32.8	1.1
2 Refinery crude throughput	65.17	68.54	85.96	53.22	68.14	5.2	25.4	28.0
3. Production of POL products $	61.31	64.54	79.41	48.20	63.21	5.3	23.0	31.1
4 Natural Gas Prodn. (Bn.Cu. Metres)	26.40	27.43	28.45	18.80	19.62	3.9	3.7	4.4

* Provisional **April-November $ Excludes LPG production from fractionator

2000-01 (April-November) was 62.2 million tonnes, 0.8 per cent lower than 62.7 million tonnes during the corresponding period of last year. The total consumption in 1999-2000 was 96.29 million tonnes (including 5.64 million tonnes imported by private parties), 6.3 per cent more than the previous year's consumption of 90.56 million tonnes (including 5.80 million tonnes imported by private parties (Table 7.10).

7.27 Since the commencement of phased programme of dismantling the Administered Price Mechanism (APM) w.e.f. 1st April 1998, major decisions like abolition of the system of retention price for refineries, decontrol of petroleum products other than petrol, diesel, superior kerosene oil, liquified petroleum gas and aviation turbine fuel (ATF); market determined rates for shipping of crude oil; tariff restructuring through reduced customs duty on crude oil; delicensing of refining sector; permission to private and joint venture refineries to import crude oil; decanalising of furnance oil resciding of Paraffin Wax and decontrol of distribution and pricing of all waxes and decanalising of exports of naphtha, petrol, diesel and ATF have been implemented.

7.28 Between October 1999 and November 2000 the crude oil prices increased from Rs. 7,281 per tonne to about Rs. 11,000 per tonne and the import parity prices of controlled products have increased accordingly. Consequently, prices of these products were revised on 30th September 2000 and 23rd November 2000 to pass around one-third oil pool deficit to the consumers at about Rs. 7,400 crore of the estimated deficit of Rs. 23,600 crore. The operation of the Oil Pool Account is detailed in Box 7.3.

7.29 The Government reduced customs duties on crude oil from 15 per cent to 10 per cent and on transport fuels from 25 per cent to 20 per cent. Further, excise duty has been reduced from 16 per cent to 12 per cent on HSD and from 32 per cent to 16 per cent on Motor Spirit (MS). Kerosene and LPG already carry an excise duty at the lowest rate of 8 per cent. The import and excise duty concessions amount to Rs. 2,400 crore and Rs. 1,600 crore respectively.

7.30 India imports nearly 70 per cent of its crude oil requirement. Gross imports of crude oil and petroleum products including JVCs & private during 2000-01 (April-November) were 53.80 million tonnes valued at Rs. 51,445 crore compared to 41.04 million tonnes valued at Rs. 26,806 crore excluding JVCs & private

TABLE 7.10

Consumption of Petroleum products**

Item	1997-98	1998-99	1999-2000*	April-November* 1999	April-November* 2000	% Change over previous year 1998-99	% Change over previous year 1999-00	% Change over previous year 2000-01@
	(million tonnes)					(per cent)		
1. Light Distillates	15.7	18.0	20.5	12.9	14.2	14.6	13.9	10.1
of which								
a) Naphtha	4.7	6.7	8.0	5.0	5.3	42.6	19.4	6.0
b) LPG	4.6	5.0	6.0	3.6	4.2	8.7	20.0	16.7
c) Mogas(petrol)	5.2	5.5	5.9	3.9	4.3	5.8	7.3	10.3
2. Middle Distillates	49.7	51.7	54.3	35.8	35.4	4.0	5.0	-1.1
of which								
a) Kerosene	9.9	10.6	10.7	7.1	7.1	7.1	0.9	0.0
b) Diesel Oil	36.1	37.2	39.3	25.9	25.5	3.0	5.6	-1.5
3. Heavy Ends	14.4	15.1	15.9	10.2	9.9	4.9	5.3	-2.9
of which								
Fuel Oils	11.0	11.3	11.6	7.8	7.4	2.7	2.7	-5.1
Total(1+2+3) Through PSUs	79.8	84.8	90.7	58.9	59.5	6.3	7.0	1.0
4. Import by private parties	4.5	5.8	5.6	n.a.	n.a.	28.9	-3.4	n.a.
Grand Total	84.3	90.6	96.3	n.a.	n.a.	7.5	6.3	n.a.

*** Provisional @ April-November ** Excluding Refinery Boiler Fuel NA: Not available**

BOX 7.3

Oil Pool Account

The Background

- The Oil Pool Account is maintained to provide uniform and stable prices to the consumers within the country and reasonable retention margins for the oil companies. They are supposed to be self-balancing in a longer time frame. Inflows to the Pool Account is from collection of surcharges on sale of petroleum products while the outflow is for meeting the variation in the elements of standard cost. The difference between inflows and outflows represent the surplus/deficit position of the Oil Pool Account.
- The Oil Pool deficit, which was around Rs. 6,300 crore on 31st March 2000 would have gone up to Rs. 23,600 crore by 31st March 2001, due to sharp increae in the international prices of crude oil and petoleum products at the prevailing prices of controlled products prior to the 30th September, 2000 price revision.
- The Government decided to pass around 1/3rd of the estimated oil pool deficit of Rs. 23,600 crore through upward revision in the consumer prices of controlled petroleum products effective 30th September, 2000. Simultaneously, Government reduced duties of customs on crude oil from 15 per cent to 10 per cent and on petrol, diesel etc. from 25 per cent to 20 per cent. Further, duties of excise have been reduced from 16 per cent to 12 per cent on diesel and from 32 per cent to 16 per cent on petrol. The import and excise duty concessions amount to Rs. 2,400 and 1,600 crore respectively.
- Subsequently, in a bid to reduce the burden on the common man, the Government reduced the ex-storage point price of kerosene for public distribution system (PDS) by Rs.0.89 per litre and domestic LPG by Rs. 8.54 per cylinder with effect from 22nd November, 2000 resulting in reduction in retail selling prices by around Re. 1 per litre of kerosene and Rs. 10 per LPG cylinder respectively. This is anticipated to increase the oil pool deficit to the extent of Rs. 600 crore.
- Certain petroleum products viz. SKO sold through PDS, LPG for domestic use are subsidised inter-product price adjustments to protect the interest of the vulnerable section of the society and to achieve inter-fuel substitution namely to wean away the kerosene users to LPG and users of forest fuel to kerosene.

The details are as follows:

Price = (Rs./Selling Unit)

Name of Product	Selling Unit	@Price before revision on 30.9.2000	@Price after revision on 30.9.2000	@Price after revision on 22.11.2000	Subsidies during 1999-00* (Rs. Crore)
Kerosene(PDS)	Litre	4.50	7.00	6.11	8,123
LPG(Domestic)	Cylinder	154.00	185.00	176.46	4,730
Diesel	Litre	9.63	11.93	11.93	5,000
Petrol	Litre	15.40	19.00	19.00	0
ATF	Litre	12.76	14.76	14.76	0

@ : At ex-storage point. * : Provisional

during the corresponding period of last year. Aggregate gross import excluding JVCs & private for 1999-2000 was 58.06 million tonnes valued at Rs. 41,814 crore. Private and joint sector refineries have been allowed to import crude freely without import license for actual use. The exports of petroleum products during 2000-01 (April-November) was 0.667 million tonnes valued at Rs. 730 crore, 18 per cent higher than the corresponding period of last year.

7.31 The Government has decided to retain 26 per cent of equity in IBP Co. Ltd. (IBP), a public sector petroleum product marketing company, and disinvest the balance to a strategic partner who would be entitled to management control of IBP. The process of the disinvestment will be through international competitive bidding. The induction of a strategic partner in IBP would strengthen the long-term viability of the company under deregulated conditions.

7.32 In order to protect the environment, Ministry of Petroleum & Natural Gas has taken various measures for improving the quality of transportation fuels. Leaded petrol has been totally phased out and only unleaded petrol (ULP) is being sold all over the country from 1st February 2000. The sulphur content in diesel has been reduced to 0.25 per cent all over the country from 1st January 2000 by setting up diesel hydro desulphurisation plants with an investment of about Rs. 5,600 crore at 9 refineries.

7.33 To facilitate adoption of EURO-II norms in the NCR, unleaded petrol with 0.05 per cent sulphur is being supplied to all categories of vehicles from 1st April 2000. Plans to supply this fuel in Mumbai, Calcutta, Chennai and Taj

Trapezium in a phased manner are on the anvil. Similarly, to facilitate conformity by vehicles to EURO-II norms, diesel with 0.05 per cent sulphur is being supplied at selected retail outlets in the NCR from 1st April 2000, with plans to supply this fuel to all categories of vehicles in the NCT, NCR, Mumbai, Calcutta, Chennai and Taj Trapezium in a similar phased programme. Synthetic 2-T engine oils meeting JASO, FC, Japan specifications have been introduced from 1st April 1999 for 2 wheelers and 3 wheelers. The benzene content in gasoline is restricted to a maximum of 3 per cent by volume in metro cities and 5 per cent by volume in other cities. In Delhi, pre-mixed dispensers have been installed for supply of petrol to 2-stroke engines. Pilot Projects to supply ethanol doped petrol at select locations in Maharashtra and UP are being launched from December 2000 to examine all aspects related to the usage of this fuel. CNG has already been made available as a clean and environment friendly fuel in Mumbai and Delhi.

7.34 A Group of Ministers consisting of Ministers of Finance, Petroleum & Natural Gas, External Affairs and Deputy Chairman, Planning Commission was constituted to draw up a specific framework for developing the hydrocarbon sector over the next 25 years. The Group formed six separate sub-groups on different areas of the hydrocarbon sector to facilitate their work. The India Hydrocarbon Vision 2025 report, which was presented to the Prime Minister in March, 2000 and laid on the table of both the Houses of Parliament visualizes strategies for the various activities of the oil and gas sector such as exploration and production, external policy and oil security, natural gas, refining, marketing, pricing, restructuring and disinvestment.

7.35 The policy framework in the India Hydro Carbon Vision 2025 report strives:

i) To assure energy security by achieving self-reliance through increased indigenous production and investment in equity oil abroad.

ii) To enhance quality of life by progressively improving product standards to ensure a cleaner and greener India.

iii) To develop hydrocarbon sector as a globally competitive industry which could be benchmarked against the best in the world through technology upgradation and capacity building in all facets of the industry.

iv) To have a free market and promote healthy competition among players and improve the customer service.

v) To ensure oil security for the country keeping in view strategic and defence considerations.

Coal

7.36. In 1999-2000 coal production recorded a growth of 2.6 per cent. While non-coking coal which accounts for 88.9 per cent of the total output recorded a growth of 5.4 per cent, coking coal recorded a decline of 15.1 per cent in 1999-2000. Lignite production also recorded a decline in production of 5.6 per cent in 1999-2000. While production in underground mines recorded a growth rate of 4.2 per cent, that in open cast mines recorded a decline of 2.4 per cent in 1999-2000. Coal dispatches recorded a growth of 5.7 per cent in 1999-2000. (Table 7.11) Coal production during 2000-01 (April-October) has shown an upward trend at 165.20 million tonnes compared to 153.24 tonnes during the corresponding period of last year.

Steel

7.37 Finished steel production increased by 14.1 per cent in 1999-2000 to 27.17 million tonnes. The finished steel production during 2000-01 (April-December) at 22.06 million tonnes registered an increase of 11.6 per cent. The production of pig iron in 1999-2000 at 3.15 million tonnes increased by 5.4 per cent. The production of pig iron by the secondary producers at 1.57 million tonnes during 2000-01 (April-December) was higher by 11.2 per cent compared to the corresponding period last year. (Table 7.12).

7.38 The consumption of finished steel in 1999-2000 at 25.01 million tonne registered an increase of 6.2 per cent over 1998-99. The total volume of iron and steel exported during the year 1999-2000 was 2.6 million tonne against 3.0 million tonne during 1998-99.

TABLE 7.11

Trends in the Coal sector

	1998-99	1999-00	April-October 1999-00	April-October 2000-01	% Change over previous year 1999-2000	% Change over previous year 2000-01
	(million tonnes)				(per cent)	
1. Production						
(a) Opencast	224.51	233.83	115.60	127.40	4.2	10.2
(b) Underground	67.76	66.14	37.64	37.80	-2.4	0.4
Total	292.27	299.97	153.24	165.20	2.6	7.8
2. Production (by coal grade)						
(a) Coking coal	39.18	33.25	19.30	16.70	-15.1	-13.5
(b) Non-coking coal	253.09	266.72	133.94	148.50	5.4	10.9
(c) Washed coal	9.72	9.26	4.92	4.20	-4.7	-14.6
(d) Middlings	7.16	6.10	3.58	3.74	-14.8	4.5
3. Pit-head stocks (vendible)	30.83	28.25	17.48	17.45	-8.4	-0.2
4. Despatch	284.71	300.82	165.98	174.47	5.7	5.1
5. Lignite production	23.42	22.12	12.50	12.78	-5.6	2.2
6. Output per man-shift (OMS)						
(i) CIL	2.03	2.02	1.88	1.88*	-0.5	N.A.
(ii) SCCL	1.40	1.42	1.33	1.37	1.4	3.0

***Upto September 2000**

TABLE 7.12

Output of Iron and Steel *(million tonnes)*

Item	1998-99	1999-00	April-December 1999-00	April-December 2000-01
Finished Steel				
Main Producers	9.91	11.27	8.13	9.16
	(-5.6)	(13.7)	(12.1)	(12.7)
Secondary Producers	13.91	15.89	11.63	12.90
	(2.4)	(14.2)	(14.2)	(10.9)
Total	23.82	27.17	19.76	22.06
	(1.2)	(14.1)	(13.4)	(11.6)
Pig Iron				
Main Producers	1.35	1.23	0.96	0.73
	(-2.0)	(-8.9)	(-11.4)	(-2.4)
Secondary Producers	1.64	1.92	1.41	1.57
	(-5.2)	(17.1)	(20.5)	(11.2)
Total	2.99	3.15	2.37	2.30
	(-12.7)	(5.4)	(5.3)	(-3.1)

Note : Figures in brackets indicate percentage change over the previous year.

Textiles

7.39 The production of man-made fibre and yarn has increased significantly from 188 million kgs. in 1980-81 to 1,729 million kgs in 1999-2000. However, the ratio of cotton to man-made fibre in the Indian textile industry, remains high at 58:42 compared to the world average of 46:54. There is thus scope to increase the use of man-made fibres and to utilize cotton for higher ends of the market, particularly for the export market.

7.40 The production of fabrics registered a growth rate of 8.6 per cent from 36,102 million sq.meters in 1998-99, to 39,202 million sq.meters in 1999-00. The share of the mill sector in fabric production remained at 4.4 per cent in 1999-2000, while that of powerloom (including hosiery) remained at 75.4 per cent. During 2000-01 (April-November) production of fabrics increased by 6.2 per cent, compared to the corresponding period of last year (Table 7.13).

7.41 Export trends are an important indicator of textile industry's performance. Export of textiles increased by 3.8 per cent from US$ 8,348 million in 1999-00 (April-November) to US$ 8,662 million in 2000-01 (April-November). During this period export of readymade garments increased by (6.3 per cent), Handicrafts (9.0 per cent), man-made textiles (15.1 per cent), Silk (7.2 per cent), while that of cotton fabrics and made ups, wool and woollens and coir registered a decline of (-) 3.2 per cent, (-) 17.3 per cent and (-) 1.8 per cent respectively.

7.42 The Government was able to sort out long standing differences on issues regarding tariff lines and consequent specific duty levels with EU as well as US. Consequently EU has released the full quota of 8,000 tonnes of exceptional flexibilities for the year 2,000 which may result in an annual increase in exports of around Rs. 600 crore. EU has also agreed to release 8,000 tonnes of exceptional flexibilities

TABLE 7.13
Production of Fabrics
(million sq.mtrs)

Sector	1995-96	1996-97	1997-98	1998-99	1999-2000	April-November*	
						1999-00	2000-01
Mills	2019	1957	1948	1785	1714	1119	1141
Powerlooms (incl.Hosiery)	22239	24885	27345	26966	29561	19257	20477
Handlooms	7202	7456	7603	6792	7352	4817	5129
Others	498	540	545	559	575	N.A.	N.A.
Total	**31958**	**34838**	**37441**	**36102**	**39202**	**25193**	**26747**
Share in output (per cent)							
Mills	6.3	5.6	5.2	5.0	4.4	4.5	4.3
Powerlooms (incl.Hosiery)	69.6	71.4	73.0	74.7	75.4	76.4	76.5
Handlooms	22.5	21.4	20.3	18.8	18.8	19.1	19.2
Others	1.6	1.6	1.5	1.5	1.5	-	-
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*** Provisional NA: Not available**

during the remaining years till 2004, i.e. till the end of the textile quota regime. The US has also now restored the GSP benefits for certain handloom products from India.

7.43 An important factor inhibiting technology upgradation in the textile sector has been the relatively high cost of capital required for carrying out such changes. The Technology Upgradation Fund Scheme (TUFS) was launched in April 1999 to provide easy access to capital for technology upgradation by various segments of the industry. The scheme implemented through selected nodal agencies/co-opted institutions has been progressing well. As on 30th November 2000, 910 textile units have applied for loan under the scheme with a total project cost of Rs. 10,654 crore and a loan requirement of Rs. 6,215 crore. Out of this, 710 units have been sanctioned for an amount of Rs. 3,946 crore out of which Rs. 1,893 crore has been disbursed to 483 units.

7.44 A Technology Mission on Cotton (TMC) was launched in February, 2000 to address issues of low productivity, marketing infrastructure and availability of cotton which is the core fibre used by the industry. TMC includes four Mini Missions (MM) of which two i.e. Mini-mission-III for improvement in marketing infrastructure and Mini-mission - IV for modernisation/ upgrading of ginning and pressing factories are under the purview of Ministry of Textiles. As on 31st December 2000, proposals worth Rs. 42.36 crore (with Central share of Rs. 23.13 crore) under MM III and Rs. 98.98 crore (with Central share of Rs. 19.38 crore) under MM IV were sanctioned.

7.45 The major initiatives with respect to the unorganised sector of the industry include introduction of a comprehensive scheme called “Deen Dayal Hathkargha Protsahan Yojana” with effect from April 2000 to provide financial support and assistance to a gamut of handloom activities like basic inputs, product development, infrastructure support, institutional support, training to weavers, supply of basic equipment, marketing support, etc. Under the scheme implemented through the State Government, financial assistance will be provided for funding a particular component or combination of components included as per the approved funding pattern. The total outlay approved for the scheme is Rs. 690 crore (of which Cente’s share is Rs. 360 crore and State’s Rs. 330 crore).

7.46 The market for textile products is determined by its quality, design, colour and conformity with fashion trends. Accordingly a National Computer Aided Design Centre for Handlooms has been set up. Two National Centres for Design and Product Development for Handicrafts have also been set up at New Delhi and Moradabad. These CADCs are being given internet connectivity to a recently set up National Textile Design Centre which is equipped with state-of-the-art design systems. Other initiatives include sanctioning of Urban Haats at eight other centres of the country viz; Ahmedabad, Agra, Bhubneshwar, Calcutta, Ranchi, Jammu, Karnal and Tirupati on the pattern of the successful Dilli Urban Haat to provide direct market access to weavers and craft persons.

7.47 The National Textile Policy was announced on 2nd November 2000 the basic objective of which is to take care of the challenges and opportunities presented by the changing global environment to the domestic textile industry, specially initiation of the process of gradual phasing out of quantitative restrictions on imports and the lowering of tariff levels for integration of the world textile and clothing markets by end 2004. The strategic thrust areas identified by the policy are technology upgradation, product diversification, increase in exports, innovative marketing strategies, financing arrangements, maximising employment opportunities and integrated human development. Among the highlights of the policy are a proposal for launching of a Technology Mission on Jute, setting up of a Venture Capital Fund for tapping knowledge based entrepreneurs of the industry, extension of the Technology Upgradation Fund Scheme to all manufacturing segments of the industry and the de-reservation of the garment sector. The important targets of the policy are shown in Box 7.4.

Information Technology and Electronics

7.48 The software industry has emerged as one of the fastest growing sectors in the economy with a CAGR exceeding 50 per cent during the last five years. The industry had a turnover of US $ 6 billion and exports of US $ 4 billion during 1999-2000. The Government has targeted an export of US $ 50 billion by the year 2008 for the Indian software industry.

7.49 Indian software professionals have created a brand image in the global market. As per the NASSCOM (National Association of Software & Services Companies) survey, more than 185 of the Fortune 500 companies i.e. almost two out of every five global giants outsource their software requirements from India. The capability of Indian software industry is reflected in the very high capitalisation with a

BOX 7.4

National Textile Policy 2000- Important Targets.

- Raise the target of textile and apparel exports from the present level of US$ 11 billion to US$ 50 million by 2010 of which the share of garments will be US$ 25 billion.
- Implement in a time bound manner, the Technology Upgradation Fund Scheme (TUFS) covering all manufacturing segments of the textile industry.
- Achieve increase in cotton crop productivity by at least 50 per cent and upgrade its quality to international standards, through effective implementation of the Technology Mission on Cotton.
- Launch the Technology Mission on Jute to increase productivity and diversify the use of this environment-friendly fibre.
- Assist the private sector to set up specialized financial arrangements to fund the diverse needs of the textile industry.
- Set up a Venture Capital Fund for tapping knowledge based entrepreneurs of the industry.
- Encourage the private sector to set up world class, environment-friendly, integrated textile complexes and textile processing units in different parts of the country.
- De-reserve the Garment industry from the Small Scale Sector.
- Strengthen and encourage the handloom industry to produce value added items and assist the industry to forge joint ventures to secure global markets.
- Re-design and revamp, during the X-Five Year Plan, the Schemes and Programmes initiated in the handloom, sericulture, handicrafts and jute sector to ensure better returns for those belonging to the disadvantaged categories, and the North East and other backward regions of the country.
- Facilitate the growth and strengthen HRD Institutions including NIFT (National Institute of Fashion Technology) on innovative lines.
- Review and revitalise the working of the TRAs (Textiles Research Associations) to focus research on industry needs. and
- Transform, rightsize and professionalise all field organisations under the Ministry of Textiles to enable them to play the role of facilitators of change and growth.

Market Cap of listed software companies in India estimated at US $ 55 billion as on 30th June 2000. There is an increasing demand of Indian IT professional from other countries like USA, Germany, Japan and Australia.

7.50 India's software industry has achieved the distinction for providing quality services. As of December 1999, 170 Indian software companies have acquired international quality certification. 15 out of 23 companies in the world which have acquired SEI CMM (Software Engineering Institute Capability Maturity Model) Level 5 maturity (the highest quality standard for software practices) are located in India. Majority of the Multinational companies operating in the area of information technology have either Software Development Centres or Research and Development Centres located in India. 30 per cent of the E-Commerce starts up during the year 1999 in Silicon Valley, USA were initiated by Indians. Around 500 portals are being launched in India every month.

7.51 Production in the Indian electronics industry production was Rs. 52,450 crore during the year 1999-2000, as compared to Rs. 41,140 crore during 1998-99, registering a growth of over 27 per cent. All renowned global brands have either established production facilities in the country or are present in the market through technical/ financial collaborations, thus giving the consumer a wider choice in terms of product features, technology quality and competitive prices.

7.52 Consumer electronics sector continues to consolidate its production base and has achieved a production level of Rs. 11,200 crore during 1999-2000, achieving a growth rate of 22 per cent. The Colour TV industry has witnessed phenomenal growth during the year 1999 and has crossed a production level of 57 lakh during the year. Prices of colour TV and computers have also come down in consonance with worldwide trends. The component industry, especially related to colour TV improved their performance during the year. The sale of personal computers increased substantially, as the demand of PCs was estimated to be around 14 lakh in numbers during the year 1999.

7.53 In export as well as domestic sector, computer software is a thrust area and the fastest growing sector. Software exports jumped to Rs. 17,150 crore during 1999-2000, from Rs. 10,940 crore during 1998-99, a growth rate of about 57 per cent. The domestic software industry has increased to Rs. 7,200 crore during 1999-2000 from Rs. 4,950 crore during 1998-99.

7.54 In order to facilitate growth of e-commerce, electronic communication through Internet and to accelerate induction of IT in critical sectors of the economy, an "Information Technology (IT) Act, 2000" has been enacted by the Government to provide a legal framework to facilitate electronic commerce and electronic transaction and aims to recognize electronic contacts, prevention of computer crimes, electronic filing/ documentation, digital signature, etc. Rules under the Act have been notified and the Act brought into force on 17th October 2000. The Controller of Certifying Authority has been appointed.

7.55 The Government has enacted the Semiconductor Integrated Circuits Layout-Design Act, 2000 to provide for protection of Semiconductor Integrated Circuits Layout-Design and for matters connected therewith and incidental thereto. The rules required for implementation are under formulation.

7.56 Government has taken up a project for setting up of Community Information Centres (CICs) in 486 blocks in the North-East and Sikkim as a part of the Prime Minister's Agenda for the socio-economic development of the region at an estimated cost of Rs. 220 crore to provide connectivity at the block level and to be completed within 2 years. A pilot project in 30 blocks had been initiated and completed.

Food Processing

7.57 Since the deregulation of the food industry under the new Industrial Policy of 1991, there has been a spurt in filing of Industrial Entrepreneurs Memoranda (IEMs) in various sub-sectors of the food processing industry. Till December 2000, a total of 6,427 IEMs have been filed in the food processing sector envisaging an investment of Rs. 53,819 crore. Out of the IEMs filed during the period, 678 IEMs envisaging an investment of Rs. 7,517 crore have already been implemented. Apart from these 1,132 approvals have been granted till November 2000 envisaging an investment of Rs. 19,388 crore for setting up of 100 per cent Export Oriented Units/ Industrial Licences in various sectors of food processing. Out of these, 250 proposals envisaging an investment of Rs. 4,227 crore have already been implemented. Out of the total investment of Rs. 73,207 crore approved in the sector, the foreign investment involved is Rs. 10,992 crore. Out of the total proposed foreign investment of Rs. 10,992 crore, the actual inflow of foreign investment till October 2000 is over Rs. 2,595 crore. A reason for the delay in implementation is difficulty in obtaining finances from the financial institutions.