INVESTMENT AND GROWTH

IN TEXTILE INDUSTRY

Supplementary Report by:

STEERING GROUP ON INVESTMENT AND GROWTH IN TEXTILE INDUSTRY
1. **Introduction**

1.1 The textiles and clothing sector is the largest employer after agriculture and its importance in India’s economy is recognised for its contribution to industrial production and export earnings. During a presentation made to the Prime Minister on 23rd October, 2001, the importance of the textile sector in the national economy and the need to take urgent, time bound steps to attract investment and encourage growth in the textile sector was emphasised and an High Powered Steering Group, with Prime Minister’s approval, was set up under the Chairmanship of Shri N K Singh, Member, Planning Commission to examine all issues concerning investment and growth in the textile industry and to suggest an action plan for growth.

1.2 In view of the urgency of reforms required to attract investment in this sector, the Steering Group submitted an interim report on fiscal policy for textile industry in January, 2002 and a final report in December, 2002 to enable the Government to consider fiscal policy changes and a “Textile Package” in the Budget 2003-04. Majority of the recommendations of the Steering Group with regard to fiscal policy were accepted and incorporated in the Budget 2003-04.

1.3 In the meeting of the Group held at Mumbai on September 17, 2002, industry, banks and FIs discussed the issue of debt restructuring in the textile sector to make the industry viable. In the meeting the following conclusion was drawn:

   “The Ministry of Textiles prepare a base paper for debt swapping/debt management/debt restructuring for the textile industry so that potentially viable units could be revived”

A copy of the record notes of the Meeting is at Annexure – I.
2. **Budget 2003-04 announcement**

2.1 The conclusion drawn in the meeting held at Mumbai on September 17, 2002 were discussed further and the Steering Group in its report submitted in December, 2002 recommended constitution of a Textile Industry Reconstruction Fund with a corpus of Rs.3000 crores for financial restructuring of the textile industry.

2.2 Based on the recommendations of the Steering Group, Finance Minister while presenting Budget proposals for the year 2003-04 announced “the Government is considering a mechanism for restructuring the debt portfolio of viable/potentially viable units in order to prevent sickness of the textile industry. The details to be decided in consultation with all the stakeholders”.

3. **Various Options**

3.1 Immediately after the Budget 2003-04 announcement leading FIs/Banks and industry associations were asked to draw up a comprehensive scheme. Based on inputs received the Steering Group considered the following options:

**Option – I**

3.2 The Scheme will offer a 5 percentage point interest rate reduction through restructuring of debt portfolio, which would be shared by the Financial Institutions/Banks and Government in the ratio of 2:3. 2% out of this would be part of the restructuring hit to be taken by the FIs/banks and the rest 3% will come directly from the Government in the form of “Zero Coupon Interest Rate Deferral Loan”. This loan from the Government will get accumulated for the next 7 years and will be repaid in 3 equal instalments by the units covering the cost of the accumulated loan with appropriate rate of interest depending upon the cost of the loan.
**Option – II**

3.3 The Scheme could offer a First Loss Default Guarantee (FLDG) from the fund created by the Government for this purpose. FIs/Banks willing to take this scheme will identify viable/potentially viable units and approach Government for availing this scheme. Under this scheme a fund with a initial corpus of Rs.500 - 1000 crore will provide guarantee of repayment of principle and interest reducing the credit risk involved in the restructured transactions. This reduction in risk would incentivise the institution/banks to reduce the interest rate by 4% to 5% with some initial hit to the institutions/banks. A corpus of Rs.500 crore will be able to restructure liabilities to the extent of Rs.2500 crores with a 20% FLDG. Any guarantee invoked by the FI/Banks would show the default amount as loan to the units by the Government and would be recoverable in 3 equal annual instalments after discharging restructured liabilities along with the interest to the FIs/Banks. The rate of interest to be charged under this scheme would be such which would recover the cost of accumulated loan with appropriate interest, depending upon the cost of the loan.

**Option – III**

3.4 **IDBI** has suggested the following option:

In order to enable Indian textile industry to compete in the global market, Government of India would set up a reconstruction fund with the objective of reducing cost of capital of existing textile units in the organised sector. The efforts will be to bring down the ultimate rate of interest to borrowers to around 7% - 8%. Technology Upgrdation Fund Scheme (TUFS) presently operated by Government of India through IDBI extends interest subsidy on new loans sanctioned for modernisation/technology upgradation in the textile industry. The aim of the reconstruction fund will be to restructure industry’s existing high cost rupee loans tied up in the past. It is proposed that all existing term loans, excess drawing of working
capital and unpaid interest (which would be converted into term loans) would be eligible to be covered under the fund. As a part of restructuring exercise, FIs/Banks would reduce rate of interest on their existing term loans to 14% p.a. (if the existing rates are lower, they would be maintained at that level). The rate of interest on working capital would be brought down to PLR. An incentive of maximum 6% would be extended on the rate of interest leading to final interest cost to the textile units on term borrowings at 7% - 8% p.a. While the textile units would pay interest at the rate of 7% - 8%, interest incidence of up to 6% would be compensated to FIs/Banks out of the proposed fund. The loans covered under TUFS and FC loans would not be eligible under the fund.

3.5 The size of the reconstruction fund will be Rs.500 crore. As the case of TUFS, IDBI would be the nodal agency for managing this fund on behalf of Government of India. The funds would be placed with IDBI quarterly on the basis of projections of requirement of funds by the nodal agency. The incentive in case of term loans would be disbursed to the concerned lending agency on quarterly basis.

3.6 Based on the proposed interest on term loans at 7% - 8% and on working capital at PLR of the concerned lead bank, the unit should be able to service 100% of debt and repay at least 75% of debt in 10 year period. The promoters should be capable to repay the balance debt by way of their contribution in the form of equity or interest free/unsecured loans or sale of assets etc. The term liabilities will comprise the total term loans outstanding (principal plus unpaid interest converted in to term loans) and excess working capital (i.e. more than the drawing power) on the cut-off date. In case marginal critical capital expenditure not exceeding 10% of the existing gross fixed assets of the company are agreed to be financed by the FIs/Banks, these term loans would also be covered in the scheme. The repayment period is maximum 10 years after debt restructuring (including upto 2 years moratorium, wherever necessary).

Option – IV
3.7 CMF engaged M/s Deloitte Haskins & Sells to prepare a report on restructuring of textile industry and their recommendation is as follows:

3.8 A Textile Reconstruction Fund (TRF) will be constituted. The Fund size would be in the range of Rs.4000-5000 crores spread over a period of 7-8 years. The institutional term loan/WCTL to eligible units will be so restructured that such repayment is tailored to suit projected cash flows within the following stipulation:

- The maximum moratorium on principle shall be four years.

- The maximum period of deferment on interest will be two years; such deferred interest shall be repaid towards the tail end of the restructuring period without any carrying interest.

3.9 Under the Scheme, FIs will waive all penal interest, liquidated damages etc and would also write off the normal interest to the extent possible. FIs shall also have an option of converting institutional loan to equity if a company does not perform as agreed upon.

The TRF would be deployed for:

- Providing Interest Deferment Facility (IDF) to eligible units.
- Providing primer fund to eligible units

3.10 The period of restructuring shall not exceed 15 years and the Scheme will be open for a period of two years.

3.11 The institutional loan that shall be eligible for IDF shall be the loan as the date of announcement of the Scheme. Under the Scheme the FIs shall revise the rate of interest on existing loans to 11% and a 4% IDF would be provided by the Government. The IDF shall be provided only on institutional loans on the following basis:
• The eligible working capital will be assessed on normative basis at estimated level of operation.
• The excess working capital loan over eligible working capital loan shall be treated as working capital term loan (WCTL).
• Interest on institutional loan/WCTL shall be lower of 11% or current interest of which maximum 4% deferment facility paid by the IDF.
• Interest deferment on eligible working capital (4%) will be progressively reduced.
• IDF shall be repaid by the units during the year 11 to 15.

3.12 For the purpose of the Scheme sustainable capital would be assessed for each unit participating in the scheme. This would represent maximum capital that could be serviced by a company at an employed rate of 7%. It would be assessed as the net present value of the annual cash surplus generated by the company discounted at 7%. Fresh infusion/contribution from company/promoter would be necessary to the extent of debt, which is unsustainable as per financial template.

3.13 It is understood that few companies require fresh capital for carrying out specific activities such as introduction of VRS, cost reduction initiatives etc, which would substationally improve their viability. Further, certain companies are in need of immediate funds, without which they would not be able to ensure continuance of business. IDF would not be available for this loan. There shall be no moratorium on principle or deferment of interest and the entire fresh loan shall be repayable within 5 years.

4. Consultations with Stateholders

4.1 In order to operationalise the scheme, as announced by the Finance Minister, the Steering Group held a meeting with industry, banks and FIs on 23rd July, 2003. Record Note of the proceedings of the meeting is at Annexure – II.

4.2 The basic contours of the Scheme, which emerged out of the meeting are:
- All existing textile units in the organised sector who have been assisted by FIs/banks would be eligible. However, in each case restructured debt servicing capacity would be assessed.
- At the time of restructuring all penal interest and liquidated damages would be waived.
- Rate of interest for term lending would be pegged at a threshold level of 14%. Effective rate of interest would be in the range of 8% to 9% and the difference would come as contribution from the proposed reconstruction fund. However, SBI was of the view that rate of interest for term lending should be pegged at a threshold level of 12.5% and contribution from the reconstruction fund could be limited to 3.5% to 4%.
- Technical and financial templates need to be worked out very carefully by an independent expert body/organization/institution.
- The repayment period would be a maximum of 10-12 years including two-year moratorium after debt restructuring.
- Additional security in the form of personal guarantee of promoters or pledging of shareholding may be considered, if required by the FIs/Banks.
- Modalities to ensure promoters commitment to the scheme must be worked out. Scheme is not a “free lunch”.

4.3 However, some units which were doing well and were servicing their debt regularly and earning profits were not very keen to participate in debt restructuring scheme and instead have proposed that they should be given an option to avail longer repayment period, say 10 years, for loans taken under TUFS after the cut-off date i.e. announcement of the scheme. Their argument was that longer repayment period would give additional surplus cash to the units, which in turn could be ploughed back for extension/modernisation. These units wanted to kick start the investments in textile through credit support.

5. **Restructuring Contours**
Definitions

(i) **Textile Company:** - A Textile company for the purpose of restructuring scheme defined as “whose business includes yarn spun on spinning systems, weaving, knitting, processing, texturising, made-ups, readymade garmenting and composite milling operations in the organised sector”.

(ii) **Financial Institutions:** - A Financial Institution for the purpose of the restructuring scheme includes National or State level Financial Institution, scheduled banks, private banks (Indian and foreign), cooperative banks, insurance companies, NBFC and/or registered mutual funds.

(iii) **Eligible Units:** - A unit would be eligible under the scheme if it has a minimum institutional debt exposure of Rs.2.0 crores and:

- Has a positive Earnings Before Interest, Depreciation, Tax Amortization (EBIDTA) during 3 years out of last 5 years.
- Debt servicing capacity of restructured loans with a debt servicing coverage ration (DSCR) of 1.33
- Based on the proposed interest on restructured term loan and on working capital at PLR of the concerned lead bank, the unit should be able to service 100% of debt and repay at least 80% of debt in 10 years period, including moratorium period.

(iv) **Eligible Working Capital:** - This would be assessed based on industry norms and company specific issues. For each segment of the industry, the working capital norms related to debtors, inventory, creditors, margins etc shall been frozen. These norms would be applied on the estimated level of operation of the company to define the eligible working capital.

(v) **Repayable Capital:** - This would include all debts and repayable liability including:
- Secured loans (by way of term loan, lease financing, debentures etc).
• Unsecured loans
• Unpaid interest
• Excess current liabilities – current liabilities in excess of normative current liabilities.
• Crystallised off balance sheet liabilities.

(vi) **Sustainable Capital:** This would represent the maximum capital that could be serviced by a company at an implied rate. It would be assessed as net present value of the annual cash surplus generated by the company discounted at current rate of interest (not subsidised rate of interest).

(vii) **Unsustainable Capital:** The excess of repayable capital is unsustainable capital.

6. **Debt Restructuring Scheme**

6.1 The international interest rates are very low at present. Whereas the cotton textile industry is faced with high cost of capital duty loans availed prior to introduction of Technology Upgradation Fund Scheme, which carried the then prevailing high rates of interest. In order to enable Indian textile industry to compete in the global market, Government of India should set up a reconstruction fund with the objective of reducing cost of capital of existing textile units in the organised sector. It is estimated that the total exposure of the FIs to the textile sector in the form of term loan is in the region of Rs.16000 crores, of this about 1/3 is unlikely to be revived and may not be eligible for assistance. Thus, the total debt exposure that need to be addressed is estimated to be about Rs.10,000 crores. The efforts under the restructured scheme will be to bring down the ultimate rate of interest to borrowers to around 8%. The aim of the reconstruction will be to restructure industry’s existing high cost loans tide up in the past.

6.2 It is recommended that:

• All existing secured loans, excess drawing of working capital (which would be converted into working capital term loan) would be eligible to be covered under the fund.
• As part of restructuring exercise, FIs/banks would reduce rate of interest on their existing secured loans to a threshold level of 12% per annum. If the existing rates are lower, they would be maintained at that level.
• The rate of interest on working capital would be brought down to PLR.
• The FIs/banks shall waive all penal interest, liquidated damages etc.
• Over due interest would be funded and converted into “zero coupon debentures” to be repaid after liquidating the restructured loans along with interest.
• An incentive of maximum 4% would be extended on the rate of interest leading to the final interest cost to the textile units on term borrowings at 8% per annum.
• The textile units would pay interest at the rate of 8%. Interest incidence upto 4% would be compensated to FIs/banks out of the proposed fund.
• The loans covered under TUFS and External Commercial Borrowings would not be eligible under the scheme.
• The restructured loans along with 8% interest would be repaid in a maximum period of 10 years including 2 years moratorium. After 10 years period no interest incentive would be extended to any unit.

6.3 The liabilities eligible for restructuring would include secured liabilities and excess working capital on the cut off date.

6.4 The scheme would remain open for two years from the date of announcement. Loan given during these two year period shall not be eligible under the scheme. Any fresh loan for modernisation and expansion would be eligible for interest relief under TUFS.

6.5 The initial size of the reconstruction fund will be Rs.500 crores. Additional requirement of fund could be assessed on the pace and success of the scheme.

7. **Technical template**
A reputed textile research institute/body should justify that the size of the plant is economically acceptable, technology is not obsolete and machinery is of good quality with sufficient residual life and is capable of producing quality goods. If required, a viability study would also be obtained from such a textile research institute/body.

8. **Financial template**

- Covered units should have debt servicing capacity for restructured loan with DSCR of 1.33.
- Repayable capital shall be assessed as per definition.
- Sustainable capital shall be based on 10-12 years projection as defined.
- Where sustainable capital is greater than repayable capital, the unit would be automatically eligible to participate in the scheme.
- Where sustainable capital is less than repayable capital by not more than 20%, the unit would be eligible to participate in the scheme with upfront contribution by promoters to reduce repayable capital.
- Free cash flows as adopted for eligibility assessment will form the basis, based on such cash flows all financing cash flows such as interest and repayment of all loans shall be defined and this stream will form the net cash flows of the company.
- NPV at current rate of interest (without subsidy and/or support) of net cash flows assessed shall define the actual deficit, if any.
- This deficit shall be brought in immediately by the promoters.

9. **Conditions of Restructuring**

- Units availing the scheme through FIs/banks would have to pledge their entire shareholding with voting rights with lead FI/Bank, if considered necessary by the lead institute based on past track record of the company.
- Personal guarantee of promoters for additional assistance, if considered necessary by the lead institute.
• No further borrowings without the approval of FIs/Banks.
• Right of conversion of full/part of loan into equity at par in the event of default.

10. **Foreign Currency Loan**

10.1 Some of the companies have availed significant Foreign Currency Loan (FCL). Such companies should also be given restructuring benefits similar to the companies with rupee loan. The guidelines for providing benefits to the FCL are as follows:

(i) The interest rates on FCLs should be brought to the level of LIBOR + 2%.
(ii) If foreign exchange fluctuation risk is also covered by the FIs/banks, the cost of such risk covered should be as per current risk coverage charges.
(iii) In case of direct External Commercial Borrowings, this scheme may not be applicable as providers of FCL may not be subject to the laws of the land. However, if lead FI or any of the FIs/banks involved undertakes the loan responsibility on behalf of the providers of FCL, they could also be covered under the scheme.
(iv) Sacrifice upto 3% of interest under FCLs would be made good to the FIs/banks. Any sacrifice beyond 3% would be borne by the institution/bank.

11. **Sources of Fund**

11.1 For the recommended scheme, funds could be raised from:
• Rs.500 crores as seed capital from the Government budget.
• Mobilisation from issuance of bonds with interest rate comparable to tax free infrastructure bonds.
• Specialised line of credit from multilateral financial institutions OR
• a mix of all above.

11.2 Efforts should be to keep the cost of reconstruction fund as low as possible, say, less than 3%.
12. **Alternatives for profit making units**

**Alternative – I**

12.1 Some healthy units, which are doing well and are servicing their debt regularly at current rates and earning profits are not very keen to participate in debt restructuring scheme. Such units are also paying tax on profits and declaring dividends. For such units, it is recommended that they should be given an option of 10 years repayment period for loans taken after the cut off date i.e. announcement of the scheme under TUFS. This facility should be extended only if units agree to plough back additional surplus cash so generated for extension/modernisation. This mechanism would kick-start the investment in textiles through normal credit support.

**Alternative – II (Exporting Units)**

12.2 Another way of debt restructuring of viable export oriented units could be to swap their current rupee loans by foreign exchange loans. Predominantly export oriented units have a natural hedge and can borrow and repay their loans in foreign exchange. Since most of the units are exporting yarn/fabric of sizable quantity, it may be possible for the textile companies to borrow in foreign exchange on their own strength, if banks extend guarantee on easy terms. Alternatively, the Banks can raise foreign currency loan on their own and advance to exporting units as foreign currency loan to be repaid in foreign currency only.

12.3 The foreign exchange risk under the scheme would be covered by the exporting textile units. This would reduce the cost of borrowing by the textile units to approximately 5%. This would reduce the Government’s contribution towards subsidy or relief to the textile units considerably. The FIs/banks will be able to restructure their portfolios without any significant sacrifice. The total foreign exchange exposure could be determined by FIs/banks on the basis of export performance and export earnings of a particular unit during last 3-4 years. The repayment schedule of foreign currency loans will be tailor made to the cash flows of the company but not
beyond 7 years. It is expected that under this option maximum spread that FIs/banks would charge from the borrower would not exceed 2% of their borrowing cost.

13. **Administrative and Monitoring mechanism**

13.1 The fund would be located outside Government and would be maintained and operated by a professional body selected by the Government such as IDBI/ICICI. IDBI has already been declared as a nodal agency for monitoring funds under TUFS. The fund would be placed with the selected agency quarterly on the basis of projections and requirement of fund. The incentive in case of secured loans would be disbursed to the concerned lending agency by the nodal agency on quarterly basis.

13.2 A High Powered Committee constituted under the joint chairmanship of Secretary (Textiles) and Secretary (Banking) and consisting of lead FIs/banks would monitor the implementation of the scheme. The Committee would also have 3-4 outside experts to give independent views for successful implementation of the scheme and would submit regular reports to the Finance Minister every quarter.

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RECORD OF THE PROCEEDINGS OF THE 2ND MEETING OF THE STEERING GROUP ON INVESTMENT AND GROWTH IN TEXTILE INDUSTRY

The Second meeting of the Steering Group on Investment and Growth in Textile Industry was held under the Chairmanship of Shri N.K. Singh, Member, Planning Commission on 17th September 2002 at 11:30 pm at Hotel Taj Mahal, Mumbai. The list of participants is annexed.

2. After the formal welcome of the guests, the discussions were initiated by Shri S.B. Mohapatra, Secretary (Textiles). He thanked Shri N.K. Singh for the positive sentiment in textile industry, which was created due to fiscal corrections done during the last budget, as a result of the recommendations of the Steering Group. The need of the hour now, is to take this process of fiscal corrections to its logical end, Secretary added. He listed the following issues which need to be addressed on priority to revive and support the textile industry: Accelerating the modernization particularly in weaving and processing sectors, improving the credit and investment flow, fiscal corrections, rehabilitation of weak but potentially viable mills.

3. Shri N.K. Singh, Chairman of the Steering Group, in his opening remarks raised the following 5 issues on which the response of the participants was sought:

(i) Whether textile industry has a long time future? There is a general perception that this sector has very serious endemic problems. What are the basic parameters on which this future depends?

(ii) What kind of fiscal regime would be necessary for nursing the textile industry back to health and for generating the kind of
large investment which are required for sustaining high levels of productivity in this sector?

(iii) What kind of changes are necessary in the pattern of credit and financing mechanism?

(iv) What could be the creative ways for debt restructuring in the textile sector and the sources of putting such large investments?

(v) What are other overarching considerations like the kind of labour laws structure and other macro parameters, which also have impact on the textile industry?

4. Shri Singh further added that, various segments of textile industry, deserve complements for their support to building a consensus towards completing the CENVAT chain, which was initiated in the last Budget. The option given to the powerloom industry to come under the excise net was only an interim measure and the idea was to have a common and unbroken CENVAT chain ultimately, he said.

5. Shri Subodh Kumar, Textile Commissioner made a brief presentation about the domestic market size, production, exports, technology profile and other salient features of Indian textile industry. He said that the industry which accounts for an insignificant percentage of imports has been the single largest exporter and has further potential to grow. He pointed out that the decentralized powerloom sector and the processing sector are required to be strengthened by way of technology upgradation to support the growing apparel industry. For this purpose, liberalization of rules governing import of second hand looms and additional investments need to be ensured on priority basis. The debt restructuring of the units which borrowed in the past at a high interest rate, coverage of working capital, atleast for one year, under TUFS could be some other measures, which would improve the investment climate in the industry.

6. Shri Rajaram Jaipuria, Chairman, ICMF, while thanking Shri N.K. Singh for the recommendations related to fiscal corrections carried out in the last budget, mentioned that those corrections have had very positive
impact on Indian textile industry. He suggested that completion of CENVAT chain with 8% duty, will further improve the financial health of the industry. He mentioned that the export target of US$ 50 billions set out in the National Textile Policy is not very difficult to achieve, provided the required credit flow is ensured at concessional interest rate. He suggested that the banks and other financial institutions need to adopt a realistic and sympathetic approach towards the textile industry. The TUFS need to be extended up to 2010 instead of 2004, Shri Jaipuria, suggested. He also suggested that the promoter’s contribution under TUFS need to be brought down, to the level of 10%, in order to make the scheme more effective. The re-payment period for loans should also be extended, up to 15 to 20 years, for the textile sector.

7. Shri S.P. Oswal, CMD, Vardhaman Group, mentioned that the Indian clothing industry being the single largest foreign exchange earner and largest employment provider (next to agriculture) has immense significance for the Indian economy as a whole. This industry will help in bridging the regional disparities and imbalances in the country and therefore fits into the over all objectives of our planning process. The success story of Indian spinning industry which has been able to capture a sizeable market in the world, offers useful lessons for other sectors also, to emulate. The reasons for success of spinning industry were modern technology, reasonably higher level of operations, non-reservations, non-discrimination of tax structure and absence of exemptions. We can replicate this model in other sectors of the industry, particularly weaving and processing. What is required is full MODVAT chain with 8% duty without any exemptions. The concept of deemed MODVAT, which is leading to misuse, should be done away with. The TUFS, despite its limitations has been working satisfactorily. The investment for modernization and rehabilitation of potential units needs to be stepped up in a focused manner, as was done in the case of China. These additional investments are required to be pumped in over the next 3 years, so that our industry is prepared adequately to exploit the opportunities emerging out of the phasing out of the quotas. The thrust now needs to be on making the business operations of textile industry a
profitable one. The investments will follow once the industry appears to be promising.

8. Mr. Nikhil Meswani, Executive Director, Reliance Industries said that the Indian textile industry has very bright future, especially after the fiscal corrections carried out in the last budget. While the spinning and upstream industry is reasonably modernized, investments are urgently required in the down stream segments like weaving, processing etc., for modernization. The import of second hand machinery should liberally be allowed without any restrictions, since it is the most cost effective method of modernization. The benefits available under schemes like EPCG etc., should be made applicable in case of import of second hand machinery. Mr. Meswani also added that completion of CENVAT chain will drastically improve the competitiveness of our textile and clothing industry. He pointed out that though duty on yarn get Modvated at fabric stage, the real problem was that because of higher incidence of CENVAT on yarn, there is a high amount of unutilized credit which will not be reflected in a unit’s PLA and will not allow to find the working capital. Therefore, there is a strong case to bring down CENVAT rate on filament yarns. The financial institutions should adopt a pro-active approach for mergers, consolidations/ takeovers which would improve the viability of the sick but potential units. Shri Meswani has also suggested that an Industry Group may be constituted to study the China model, so that lessons that can be applied in Indian situation could be learnt for the benefit of the industry. He also stated that the duty on man-made fibers needs to be rationalized, over a period of time, so that a fiscal policy framework, which would provide a level playing field for various sectors of the industry to compete and grow in a healthy manner, is in place.

9. Mr. V.K. Ladia, Member, ICMF spoke about the differences in duty structure for filament and spurn yarn. These differences are essentially based on the technology and production systems. Therefore, he suggested that any effort to bring both these sectors’ duties at par, should be a very gradual process, without affecting the sustainability of spinning industry. He also suggested that high input costs on raw materials, electricity etc., need to be addressed to make the industry competitive. The Financial
Institutions/ Banks should be allowed longer repayment period and also the requirement of working capital should be met by the bankers, liberally.

10. Mr. Arun Jariwala, Chairman, FIASWI, mentioned that the powerloom industry is not in a position to opt for duty payment in view of variations in duty structure at yarn stage. Therefore, it is necessary to rationalize the duty structure at various stages which would complete the CENVAT chain and encourage the powerloom weavers also to pay the excise duty. The deemed MODVAT credit enjoyed by the composite sector, should be made applicable to the decentralized sector also. He also suggested that chemicals and dyes, used by independent processing industry, should be modavated. The excise duty on weaving preparatory machinery should be removed and certain preparatory machinery, which are not covered under TUFS, should also be brought under the scope of TUFS.

11. Mr. Chintan Parikh, Arvind Mills & Member ICMF mentioned that bullishness being witnessed by the industry, due to limited fiscal correction carried out in the last budget, indicates that the industry is capable of emerging stronger, if right kind of policy environment is created. He also suggested that CENVAT chain should be completed. With the absence of quotas after 01/01/2005, we need to look at the issues related to accessing the markets for our exports, in a more focused manner. The strategy needs to provide thrust to the garment industry, which has potential to become engine for growth. There should be a strategy for revival of sick but potentially viable units by way of management consolidation etc. He added that the textile industry, with highest domestic value addition, can withstand any foreign competition and therefore, this industry should be given adequate priority by the Government. The inadequacies of MODVAT credit for dyes and chemicals, which are also inputs, need to be corrected. In China, the interest rates are as low as 4% with 20 years repayment and our TUFS should have similar provisions. The independent modern processing units, which have technology as per TUFS prescription, should not be allowed to become sick due to higher interest rates at which they borrowed, before the TUFS came into existence. Therefore, some debt restructuring by taking the TUFS subsidy into account along with higher moratorium
period should be thought about. He also suggested that different financing arrangements for predominantly export oriented units needs to be worked out.

12. Mr. O.P. Lohia, Managing Director, Indo Rama, mentioned that although the labour related issues are important for the industry in general, they are not the core issues, except for garment industry, at the present juncture. The main problems being faced by the industry are low productivity and high costs. He cited the example of China where the share of man-mades has been steadily increasing at the cost of cottons; this has helped China, in boosting its exports. Similar kind of strategy should be adopted in India also and for this purpose the duties on synthetics fibres need to be brought down to the level of 8%, as applicable to cotton yarn.

13. Mr. A. Mohan, President, AIMTEX, Coimbatore said that the modern textile processing units, which came up in the last 10 years have unfortunately become sick in view of huge interest rate on the loans and also seasonality of operations. He suggested that since the investments have been made in this modern technology, as bench marked in the TUFS, the interest subsidy benefits as available under TUFS should also be made applicable to the modern processors which came up before the introduction of TUFS. He also added that the 5% TUFS interest subsidy, even if it is provided, may not be adequate and therefore a comprehensive strategy of revival for modern processing units should be worked out. The scheme similar to the one implemented in Sri Lanka where Textile Reconstruction Fund was introduced, could be thought about for restructuring of the debts related to modern processing units.

14. Mr. R.K. Dalmia, President, Century Textiles, said that the labour reforms are required to be done on priority and also the quality of infrastructure needs to be upgraded, which will have beneficial impact on the industry’s competitiveness.

15. The representatives of Industrial Finance Corporation of India, Industrial Development Bank of India, Export & Import Bank, Punjab
National Bank and State Bank of India mentioned that the TUFS has been working satisfactorily. They have also mentioned that the TUFS has helped the Financial Institutions/Banks in better recovery and therefore no credit worthy proposal is rejected by the banks under TUFS or otherwise. The exposure norms of Financial Institutions/Banks for various sectors are the barriers in increasing the credit flow to the textile industry. Resetting the interest clock to take care of the past higher interest will warrant high provisioning in the accounts books of the Banks which may hit bottom line, they added. However, in genuine cases, where relief is possible within the existing frame work, it is being extended on case to case basis. The fact, that major percentage of NPAs are in textile industry, discourages the Financial Institutions/Banks to go for aggressive lending to the sector. The longer repayment period like 20 years, as suggested by some industry representatives, may not be a good idea, they added. Banks and Financial Institutions also supported the demand for a level playing field between various sub-sectors of the textile industry, which would plug the duty evasion routes and improve the financial viability of efficient units and would restore the confidence of Banks and Financial Institutions in the textile sector.

16. Mr. B.K. Patodia, Managing Director, GTN Textiles Limited, said that knitting sector has not yet been de-reserved so far, though it was announced in the last budget. Further, the units which have potential, but are sick at present, need to be identified and some strategy should be thought about for their rehabilitation.

17. Mr. R.L. Toshniwal, mentioned that the exports need to find priority in the Government’s strategy, since the exports create demand for upstream value addition activities. The interest rates for export credit should be brought down, taxes that are paid should be returned timely, second hand machinery to be allowed under EPCG, master spinners to be allowed to pay excise duty in case of powerlooms and MODVAT should be allowed for independent process house also, he suggested.
18. Mr. P.T. Patodia, President, FIEO, suggested that the policies of other countries with respect to the exports need to be studied. He also suggested that the interest rates on working capital should be brought down. He added that textile industry, being the oldest industry of the country, naturally accounts for high NPA.

19. Mr. Atul Chaturvedi, Joint Secretary, Ministry of Textiles, during his intervention at various stages of the proceedings, mentioned that reduction in duties on machinery has helped in modernization of the industry. The fiscal corrections carried out in the last budget have not only helped in creating positive sentiment in the industry but also resulted in additional revenue (from the measures such as bringing the hank yarn under excise net). Therefore, the need of the hour is to carry on this exercise of the fiscal corrections that was initiated last year, and also to address other related issues, so that the Indian Industry would be able to exploit the opportunities emerging out of globalization of trade. He also mentioned that there are indicators which suggest that India is likely to be the second largest buying hub for international buyers/ retailers like Wall Mart, Gap etc. Therefore, a concerted strategy involving the Government and the Industry will help in exploiting these opportunities, he added. The debt reconstruction scheme of Sri Lanka was gone through and the CII was requested to study and develop a scheme suitable for our Indian situation. The industry may also come up with ideas about the features of such scheme, Shri Chaturvedi added.

20. Mr. S.B. Mohapatra, Secretary (Textiles), while summing up mentioned that the implementation issues related to the last year budget would be sorted out jointly with the Department of Revenue. The Steering Group could meet after a period of 2 months to carry forward this exercise. The suggestions of the industry for unbroken CENVAT chain, removal of deemed MODVAT, debt restructuring etc., will have to be discussed and appropriate actions to be taken.

21. Based on discussion, Chairman Shri N.K. Singh drew the following conclusions:
a) There is a consensus that there should be unbroken CENVAT chain, without exemptions, with 8% duty and also dis-continuation of deemed MODVAT credit.

b) The fiscal policy should aim at providing a level playing field for orderly growth and sustainence of various sectors of the industry such as man-mades and cotton. Bridging the difference in duty structure between these two sectors could be considered, in a gradual manner, over a period of time, so that both the sectors could grow in a healthy competitive environment.

c) The Ministry of Textiles prepare a base paper for debt swapping/ debt management/ debt restructuring for the textile industry, so that the potential and viable units could be revived.

d) The administrative issues related to import of second hand machinery need to be sorted out by the Ministry of Textiles with the Ministry of Commerce. The principle should be that the Government should not micro-manage such commercial decisions of the companies with respect to the use of technology.

e) TUFS be extended up to the end of 10th Five Year Plan i.e., year 2007, in view of the positive impact of the scheme on modernization of the industry.

f) The Ministry of Textiles should consider setting up of an Industry Government Group to study the Chinese model of providing policy support for growth and investment of textile industry.

g) The Indian textile and clothing industry, the oldest industry of the country, which meets one of the basic needs of the population i.e., clothing, will have to be supported and strengthened and for this purpose, the Government and the industry should work together.

Meeting ended with a vote of thanks to the Chairman.
**LIST OF PARTICIPANTS ATTENDED THE STEERING GROUP ON INVESTMENT AND GROWTH IN TEXTILE INDUSTRY ON 17TH SEPTEMBER 2002 AT HOTEL TAJ, MUMBAI**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name &amp; Designation</th>
<th>Organisation</th>
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<tr>
<td>1.</td>
<td>Shri N.K. Singh, Chairman</td>
<td>Steering Group</td>
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<td>2.</td>
<td>Shri S.B. Mohapatra, Secretary (Textiles)</td>
<td>Ministry of Textiles</td>
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<td>3.</td>
<td>Shri Atul Chaturvedi, Joint Secretary</td>
<td>Ministry of Textiles</td>
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<td>4.</td>
<td>Shri Subodh Kumar, Textile commissioner</td>
<td>Ministry of Textiles</td>
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<td>5.</td>
<td>Shri R C M Reddy, Secretary</td>
<td>Textile Committee</td>
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<td>6.</td>
<td>Shri Sanjeev Saran, Chairman</td>
<td>SRTEPC</td>
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<td>7.</td>
<td>Shri Lalit Desai, Dy. Chairman</td>
<td>TEXPROCIL</td>
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<td>8.</td>
<td>Shri Dalbir Singh, CMD</td>
<td>(Central Bank) IBA</td>
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<td>9.</td>
<td>Shri Chintan Parikh</td>
<td>ICMF</td>
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<td>Shri Rajaram Jaipuria</td>
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<td>11.</td>
<td>Shri V K Ladia</td>
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<td>12.</td>
<td>Shri C S Gokhale</td>
<td>Reliance Industries</td>
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<td>13.</td>
<td>Shri (Dr.) B. Samal, CMD</td>
<td>Allahabad Bank</td>
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<td>14.</td>
<td>Shri P D Patodia</td>
<td>FIEO</td>
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<td>15.</td>
<td>Shri D K Nair, Secretary General</td>
<td>ICMF</td>
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<td>16.</td>
<td>Shri O P Gupta, Asst. General Manager</td>
<td>Indian Overseas Bank</td>
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<td>17.</td>
<td>Shri Prem Malik</td>
<td>Mafatlal Ind. Ltd.,</td>
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<td>18.</td>
<td>Shri V Y Tamane</td>
<td>ISA</td>
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<td>19.</td>
<td>Shri B K Patodia, Managing Director</td>
<td>G T N Textiles Ltd.</td>
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<td>20.</td>
<td>Shri S W Patwardhan, CGM</td>
<td>IDBI</td>
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<td>Shri T B Ananthanarayanan, G.M.</td>
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<td>22.</td>
<td>Shri S Raychaudhuri</td>
<td>Allahabad Bank</td>
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<td>23.</td>
<td>Shri Anees Noorani, Vice-Chairman,</td>
<td>Zodiac Clothing Co. Ltd.</td>
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<td>24.</td>
<td>Shri R K M Prasad, CGM</td>
<td>IFCI Ltd.</td>
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<td>25.</td>
<td>Shri S K Singhai, AGM</td>
<td>IFCI Ltd.</td>
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<td>26.</td>
<td>Shri R I S Sidhu, Zonal Manager</td>
<td>Punjab National Bank</td>
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<td>27.</td>
<td>Shri Suresh Kotak, President</td>
<td>ASSOCHAM</td>
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<td>28.</td>
<td>Shri M Y Momin, Chairman</td>
<td>PDEXCIL</td>
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<td>29</td>
<td>Shri A N Jariwala</td>
<td>Chairman</td>
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<td>30</td>
<td>Shri R C Jhamtani</td>
<td>Adviser (Industry)</td>
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<td>31</td>
<td>Shri Y Vijayanand</td>
<td>CGM</td>
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<td>32</td>
<td>Shri A R Muralidharan</td>
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<td>33</td>
<td>Shri Brij Mohan</td>
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<td>34</td>
<td>Shri Nikhil R Meswani</td>
<td>ED</td>
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<td>35</td>
<td>Shri Thomas Varghese</td>
<td>President</td>
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<td>36</td>
<td>Shri O P Lohia</td>
<td>MD</td>
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<td>37</td>
<td>Shri S P Oswal</td>
<td>CMD</td>
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<td>38</td>
<td>Shri R K Dalmia</td>
<td>President</td>
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<td>39</td>
<td>Shri N Parikh</td>
<td>Board Director</td>
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<td>40</td>
<td>Shri R L Toshniwal</td>
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<td>41</td>
<td>Shri (Dr.) K B L Mathur</td>
<td>Joint Secretary (IF)</td>
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<td>42</td>
<td>Shri Subrat Ratho</td>
<td>Zonal Jt. DGFT</td>
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<td>43</td>
<td>Shri Siddhartha Rajagopal</td>
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<td>Shri K Sathianandan</td>
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<td>Shri H B Saraiya</td>
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<td>46</td>
<td>Shri R Kannan</td>
<td>General Manager</td>
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<td>47</td>
<td>Shri C L Ghalsasi</td>
<td>Chief Manager</td>
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<td>48</td>
<td>Shri G K Gupta</td>
<td>Chairman</td>
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<td>49</td>
<td>Smt. Hiroo S Advani</td>
<td>CGM</td>
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<td>50</td>
<td>Shri (Dr.) Mohan</td>
<td>T Mathew, Economist</td>
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<td>51</td>
<td>Shri S Sinha</td>
<td>Information Manager</td>
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<td>52</td>
<td>Shri A Mohan</td>
<td>Treasurer, CBE</td>
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A meeting to discuss the restructuring of debt portfolios of viable/potentially viable textile units was held on 23rd July, 2003 at New Delhi under the Chairmanship of Shri N.K. Singh, Member (Planning Commission). List of participants is annexed.

2. In his opening remarks, Shri N.K. Singh asked for opinion of the industry participants on the following points:

   (i) What kind of restructuring would ensure revival of a large number of mills?

   (ii) Could new investments be expected in the textile sector with the textile package announced in the Central Budget for the current year and the proposed Textile Reconstruction Fund?

   (iii) What else would need to be done by the Government to ensure substantial investment in modernisation in the textile industry of the country?

3. Shri Chintan Parikh, Chairman, ICMF welcomed Shri N.K. Singh, Shri S.B. Mohapatra, Secretary (Textiles), Shri Sisodia, Secretary (Banking) and other senior officials from the Government as well as senior officials of financial institutions and banks to the meeting. He highlighted the importance of textile industry in the economy of the country in terms of employment, exports, industrial production etc. He observed that the report of the Steering Group headed by Shri N.K. Singh on investment needs of the textile industry and the Finance Minister’s budget speech had laid down certain guidelines on debt restructuring for the textile industry. He pointed out that the Textile Reconstruction Fund Scheme submitted by ICMF on 2nd July 2003 took into account these guidelines. Shri Parikh explained that ICMF’s Scheme, which had been drafted by Deloitte Haskins & Sells, focused on reducing the capital charge on textile prices. He pointed out that China was allowing loans at 4% interest rates with 20 years repayment period for modernisation of the textile industry and India needed concerted efforts for survival and growth of its textile industry.

4. Explaining the Scheme submitted by ICMF, Shri Parikh pointed out that it envisaged limited fund requirements from the Government and whatever funds were to be contributed by the Government would ultimately be paid back by the borrowers. He felt that 60% to 65% of the outstanding loans of the textile industry could become standard assets through this Scheme. Shri Parikh explained that the Scheme was objective in the sense that the interests of all the stakeholders had been taken into account. In the case of FIs, there was a proposal of 6% return on surplus funds held by them by deploying these funds elsewhere and for Government, the proposal
envisaged pay back of the entire funds provided by it, though without interest payment on such funds.

5. Shri Parikh stated that an investment of over Rs.80,000 crore was necessary to make the textile industry viable and with an effective restructuring scheme, this was viable. He added that the Scheme had measures to ensure that healthy mills did not get adversely affected by revival of the weaker ones. He added that if the healthy mills did not find the Reconstruction Scheme attractive, Government should consider giving them some impetus for continued investments by making the TUFS scheme more attractive to them. He pointed out that the Financial Institutions and current lenders were required to bring down the existing loans only to 11% as per the ICMF Scheme and observed that 11% was a reasonable return as per current interest scenario.

6. Shri B.K. Patodia pointed out that textile was the mother industry of the country and it was extremely important to the country’s economy. The proposal Textile Reconstruction Fund Scheme would unleash the potential of the industry and would bring the necessary investments in modernisation. Referring to the other measures to be taken by the Government, Shri Patodia highlighted the need for labour reforms and pointed out that there were several large garment manufacturers in the country who are operating several factories because of the risks of employing large number of workers in one unit under the current labour laws. He pointed out that after the abolition of quotas by the end of the next year, textile business would go only to countries which were cost effective. India was in a position to grab substantial additional business in this sector if the current weaknesses of the industry in the areas of interest rates and labour laws could be sorted out.

7. Shri S.P. Oswal pointed out that the issue to be considered was restoration of the confidence of the investors in the textile industry. The industry would need investible surplus of Rs.25,000 to 30,000 crore as promoters contribution, if total investment of Rs. 80,000 to 90,000 crore was necessary for modernisation. He pointed out that even companies performing well did not have enough investible surpluses after substantial tax liabilities including income tax. Shri Oswal felt that many of the companies performing well were unlikely to be interested in the restructuring fund and, therefore, there should be another window for such units under the TUFS, offering longer moratorium and repayment period comparable with the facilities given under the Textile Reconstruction Fund. He suggested that the companies should have an option of utilising either the Textile Reconstruction Fund Scheme or the Technology Upradation Fund Scheme.

8. Shri V.K. Ladia explained the costing of textile industry in terms of the shares of different elements and pointed out that working capital had eroded in the industry and the cost of investment had to come down in order to encourage modernisation. He added that the confidence of investors in the textile industry had to be improved and this could be ensured only through improved profitability and higher dividend payments. Shri Ladia pointed out that the textile industry was the highest foreign exchange earning segment in the country and, therefore, foreign exchange should be freely convertible for this industry especially in view of the comfortable foreign exchange position at present. He pointed out that converting of Rupee loans to foreign exchange loans was a difficult proposition at present and the norms for this needed to be relaxed.
9. Dr. Rajaram Jaipuria pointed out that large garment retailers and buyers abroad had started preferring India to China and these opportunities should be properly utilized by modernisation and upgradation of technology of the textile industry. Pointing out that negative returns of the textile industry was discouraging investors in the capital market, Dr. Jaipuria pointed out that profitability in the industry had to be improved in order to activate the capital market. He pointed out that if Government found the Scheme to be complicated, a simpler version could be introduced with a shorter repayment period than the period of 15 years suggested. But he emphasized that an immediate announcement of a Textile Reconstruction Fund Scheme was important for reviving the industry.

10. Shri H.B. Chaturvedi pointed out that the interest cost of the textile industry had to come down to international levels if the industry had to become competitive in the international markets. Pointing out that textile machines had a life span of over 20 years, Shri Chaturvedi suggested that 15 years repayment period was quite justified. He pointed out that a study conducted recently by Gerzi had showed that the textile industry of India was 15 to 16% costlier than other Asian countries and the lower labour cost in the country was offset by significantly lower productivity in the country. He stressed on the need for liberalizing labour laws in order to ensure larger factories and higher levels of productivity.

11. Shri Nandan Damani pointed out that there were large composite mills in Mumbai which were more than 100 years old and a debt restructuring alone could revive and help them to modernize. Shri Nandan Damani pointed out that the promoters of these mills knew the textile industry very well and if the interest burden came down, they were the most well placed for investment in modernisation.

12. Shri V.S. Velayutham pointed out that the spinning industry in the South was quite strong in productivity and competitiveness. However, un invoiced and unaccounted transactions resorted to by a large number of units had adversely affected the finances of duty paying units in recent years. With a cenvat chain being completed in the current Budget, the spinning industry in the South was now more in a position to invest now and bringing down interest cost would improve this position further. Shri Velayutham also stressed on the need for improving infrastructure and reducing the power cost.

13. Shri S. Devaraj, Chairman, SITRA explained the Study that SITRA had undertaken on the spinning mills of South India where they classified the mills into A, B and C on the basis of their strength. Shri Devaraj stressed on the need for restructuring debt portfolios of mills under classes A and B, since mills falling under class C were unlikely to improve even through restructuring.

14. Dr. B.K. Krishnaraj Vanavarayar stressed on the need for improving the raw material scenario in addition to restructuring the debt portfolios. He pointed out that there were several problems in the cotton sector of the country and Mini Mission I and II of TMC would need significantly better attention. He pointed out that the viability of the textile industry even after restructuring debt portfolios would substantially depend on cotton economy since cotton formed a significant portion of the fibre consumption in the country and a major portion of total cost for the spinning industry.
15. Industry representatives left at this point and the issue was discussed with officials of Ministry of Textiles, Department of Banking, FIs and banks.

16. Department of Banking observed that any scheme to succeed must meet prudential norms, which could include:

   (i) Technical viability of units to be certified by an independent agency.

   (ii) Units, which have given cash profits viz. have a positive EBIDTA during 3 years out of last 5 years, only to be covered under this scheme.

   (iii) Covered units should have debt servicing capacity for restructured loans of a DSCR of 1:1.33.

   (iv) All term loans should be brought down to a threshold level of 14%.

   (v) Working capital should be given at PLR only.

17. Secretary (Textiles) further clarified that debt restructuring scheme is targeting the current portfolios and should not be mixed with TUFS. Any unit, which participates in this scheme and gets its loan restructured would be free to apply separately for seeking funds for modernisation and technology upgradation under TUFS. He was of the view that through the debt restructuring initiative, at least Rs.10,000 crores worth of assets could be converted from NPAs to standard assets.

18. After detailed discussion with FIs and banks, the basic contours of the scheme, which emerged out of the meeting were:

   - All existing textile units in the organised sector who have been assisted by FIs/banks would be eligible. However, in each case restructured debt servicing capacity would be assessed.

   - At the time of restructuring all penal interest and liquidated damages would be waived.

   - Rate of interest for term lending would be pegged at a threshold level of 14%. Effective rate of interest would be in the range of 8% to 9% and the difference would come as contribution from the proposed reconstruction fund. However, SBI was of the view that rate of interest for term lending should be pegged at a threshold level of 12.5% and contribution from the reconstruction fund could be limited to 3.5% to 4%.

   - Technical and financial templates need to be worked out very carefully by an independent expert body/organization/institution.

   - The repayment period would be a maximum of 7 - 10 years including two-year moratorium after debt restructuring.
• Additional security in the form of personal guarantee of promoters or pledging of shareholding may be considered, if required by the FIs/Banks.

• Modalities to ensure promoters commitment to the scheme must be worked out. Promoters should be willing to write down equity when necessary and give personal guarantee for restructured loans.

• Some units which were doing well and were servicing their debt regularly and earning profits were not very keen to participate in debt restructuring scheme and instead have proposed that they should be given an option to avail longer repayment period, say 10 years, for loans taken under TUFS after the cut-off date i.e. announcement of the scheme. Their argument was that longer repayment period would give additional surplus cash to the units, which in turn could be ploughed back for extension/modernisation. These units wanted to kick start the investments in textile through credit support.

19. Shri N K Singh, Member, Planning Commission decided to further discuss the basic parameters of the scheme with RBI and Ministry of Finance.

20. The meeting ended with vote of thanks to the Chairman.

***
LIST OF PARTICIPANTS

1. Shri S B Mohapatra, Secretary (Textiles)
2. Shri N S Sisodia Secretary (Banking)
3. Shri Vinod Roy, Joint Secretary (IF), Department of Banking.
4. Shri Atul Chaturvedi, Joint Secretary, Ministry of Textiles.
5. Smt. Ranjana Kumar, CMD, Indian Bank
6. Shri P N Venkitachalam, MD, SBI
7. Shri P S Shenoy, Chairman, BOB
8. Shri A K Doda, ED, IDBI
9. Dr Dalbir Singh, Chairman, Central Bank of India
10. Shri S S Kohli, Chairman, PNB
11. Shri J Mukherjee, ED, ICICI
12. Shri Chintan Parikh, Chairman, ICMF
13. Shri B K Patodia, GTN Textiles
14. Shri S P Oswal, Vardhaman Spinning Mills
15. Shri V K Ladia, Shree Rajashree Syntex Ltd
16. Dr. Rajaram Jaipuria, Ginni Filament
17. Shri H B Chaturvedi, Shamken Multifab
18. Shri Nandan Damani, Simplex Mills Co.
19. Shri V S Velayutham, Shri Gomathy Mills
20. Shri S Devaraj, Chairman, SITRA
21. Dr B K Krishnaraj Vanavarayar, Shri Sakthi Mills