

**No. 1/20/2013-PL**  
**Government of India**  
**Ministry of Textiles**  
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Udyog Bhawan,  
New Delhi.  
6<sup>th</sup> February, 2014

To

Shri A.B. Joshi,  
Textile Commissioner  
Office of the Textile Commissioner,  
Nishtha Bhawan (New CGO Bldg.),  
48, New Marine Line, Mumbai-400020.

Subject: Continuation of Group Workshed Scheme for Powerloom Weavers for 12<sup>th</sup> Year Plan.

Sir,

I am directed to refer to your office letter No. 18(1)/2013/PDC/GWS dated 17.01.2014 on the subject mentioned above and to say that the Hon'ble Minister of Textiles has approved the Modified Guidelines of Group Workshed Scheme received therewith. A copy of the Modified Guidelines is enclosed for further necessary action.

Yours faithfully,



(S.P. Katnauria)  
Deputy Secretary to the Govt. of India  
Tel: 23061142

Encl: As above.

## **MODIFIED GUIDELINES OF GROUP WORKSHED SCHEME FOR POWERLOOM SECTOR**

In order to organise powerloom units in a cluster and to provide improved working condition in terms of more space, work environment, improve the work efficiency to enhance their competitiveness in the global market the Government of India has been giving incentives for setting up new units under a scheme popularly known as the “Group Workshed Scheme” since 2003. The Group Workshed Scheme introduced in 2003 was amended from time to time to enhance the scope of the scheme. The last amended Scheme was operative from 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March 2013.

It has now been decided by the Ministry of Textiles to continue the scheme for the 12<sup>th</sup> Plan period i.e. up to 31<sup>st</sup> March, 2017 with the following provisions:

### **1.0 Objectives**

The prime objective of the scheme is to facilitate the establishment of Worksheds for shuttleless looms in an existing or new cluster, which will provide required scale of economy for business operations.

### **2.0 Period of Operation**

The Group Workshed Scheme shall remain in operation up to 31<sup>st</sup> March 2017.

### **3.0 Scope of the scheme**

- 3.1 The Worksheds under the scheme include the space required for setting up of shuttleless looms, weaving preparatory & sectional warping machines and other functional requirement which inter alia will be on the following scale:
- 3.2 The eligible area under the Group Workshed Scheme would be restricted to maximum 400 sq.ft. per loom which is the requirement for working of a shuttleless loom, including raw material storage, grey fabric storage, Stores and spare parts storage, grey fabric mending / folding and packing, beam gaiting and administration/utilities/workers amenities etc. Beneficiaries can have area of bigger size with their own contribution.
- 3.3 In exceptional cases, where there is adequate justification and if beneficiaries / applicants for shuttleless looms are not available, the benefit may be extended for installation of Auto looms (subject to maximum 200 sq. ft. per loom) with the approval of Project Approval Committee (PAC) on a case-to-case basis.
- 3.4 The additional benefit for weaving preparatory such as Warping, Sizing, Testing Laboratory and common facilities such as sample display room will be provided at the rate of maximum 40% of total loomage area.
- 3.5 Similarly, the beneficiary will be eligible for infrastructure benefit i.e., internal road to the extent of 10% of eligible expenditure provided the total number of sheds is 4 (four) and above and at least one of the sheds is proposed to house weaving preparatory equipments i.e. sizing, warping etc. with or without powerlooms.
- 3.6 The beneficiary will not be eligible for any infrastructure benefits under any other scheme of Ministry of Textiles viz. SITP.

#### **4.0 Eligibility:**

The following general guidelines are prescribed for selection of beneficiaries under the Scheme:

- 4.1 Eligible beneficiaries would include weaver(s) and entrepreneur(s) associated with powerloom units, including master weaver(s), registered co-operative societies of powerloom weavers or any new entrepreneur(s) individually or in-group.
- 4.2 Group will consist of at least 4 weavers / entrepreneur(s) having separate legal entity. At least 48 Number of single width shuttleless looms or 24 Numbers of wider-width shuttleless looms (i.e. 280 cm and above) are to be installed in the Workshop. Each beneficiary should have at least 4 Number of Looms.
- 4.3 Group applications will be entertained. However, where sufficient beneficiaries are available, the subsidy will be restricted to one representative of a family only in the group.
- 4.4 "Powerloom unit" would include weaving preparatory such as winding, warping, sizing etc. including stand-alone unit.
- 4.5 Only TUFS compatible machines are to be installed in the projects sanctioned under the Scheme. However, prior approval of TUFS subsidy need not be a pre-condition.
- 4.6 The scheme does not envisage more than 500 looms under one project proposal.

#### **5.0 Purchase of Land & Clearance**

- 5.1 The EA is expected to be in possession of required land before submission of Project report to the Govt.
- 5.2 There should be industrial N.A, Layout approved, Building plan approved by specified authority and necessary approach road to the land.

#### **6.0 Operational Guidelines:**

- 6.1 There would be an Executing Agency (referred as EA) for setting up of project under this scheme which may include the State Govt. or its agency, a registered Co-operative Society or a Company set up under companies act 1956, by a group of powerloom owners (minimum of four beneficiaries) or by the local powerloom association.
- 6.2 The EA would prepare a Detailed Project Report (DPR), for the purpose of availing of subsidy under the scheme indicating the salient features and submit the same to the Powerloom Development Cell (PDC) at the Office of the Textile Commissioner, Mumbai, through its Regional Office of the Textile Commissioner with an advanced copy to PDC. The DPR should, interalia, contain the following details :
  - Executive summary of the Project
  - Nature of the EA: whether the Govt. Agency or Co-operative society or a company
  - Details of the land-location, nature of ownership (owned/leased) and the cost.
  - Details of beneficiaries, along with the Workshops and looms proposed to be installed by each
  - Component-wise cost of Project
  - Project funding patterns, indicating the shares of the EA, Central Govt. and others, and loans
  - Schedule of construction indicating month-wise plan with PERT/CPM.
  - Layout of the Project Area indicating location of sheds, infrastructure such as road/water supply/electricity/drainage and other common facilities.
- 6.3 The schedule of rates of CPWD as in that state shall be used, as the basis, for arriving at the cost estimates of construction of building under the scheme.

- 6.4 The beneficiary (ies) should give a written undertaking to the effect that the proposed powerloom building, for which assistance is being availed under the scheme, shall be used only for the purpose of installing looms and the preparatory machinery of TUFs compatible technology and shall not be utilized for any other purpose.
- 6.5 It is expected that a powerloom unit availing of subsidy should at least function for a minimum lock-in period of 3 (three) years of same ownership from the date of disbursement of subsidy.

#### 6.6 **Project Approval Committee (PAC)**

All projects under the scheme will be submitted to Project Approval Committee constituting of following members for its approval, where,

- i) GOI share /assistance is more than Rs. 2.00 crore.

Chairman	- Secretary (Textiles)
Member	- SS & FA
Member	- Joint Secretary (PL)
Member	- Representative from Planning Commission
Member Secretary	- Textile Commissioner

- ii) GOI share /assistance is less than Rs. 2.00 crore

Chairman	- Textile Commissioner
Member	- Joint Secretary (PL)
Member	- Representative from IFW
Member Secretary	- Additional Textile Commissioner

The Project Approval Committee may meet monthly but at least once in every quarter to review / assess the progress of the projects under the scheme.

- 6.7 The EAs will open an escrow account with any schedule bank and all payments for GWS will be made through escrow account which will be jointly operated by one member of EA and one member from the concerned Regional Office.
- 6.8 After receipt of communication of approval of the project by PAC & opening of escrow account the beneficiary would take up the construction. Initial 30% advance will be given only if the land is mortgaged to Govt. of India as first charge or 2<sup>nd</sup> charge. If the land is not mortgaged, initial 30% of the total GOI share will be released on incurring proportionate expenditure.
- 6.9 The EA should submit the claim for release of subsidy to the Textile Commissioner.
- 6.10 In case of any change in project profile, the approval of PAC is to be obtained.

#### 7.0 **Local Level Monitoring Committee (LLMC):**

Local Monitoring Committee will be formed for each centre which will include an officer from the concerned Regional Office of the Textile Commissioner & local District Industries Centres, a representative of local P/L association and/or respective FI/banks. The eligible subsidy will be released only after getting the physical verification report of LLMC.

## **8.0 Financial Assistance & Funding Pattern**

- 8.1 Under this scheme, subsidy for construction of Powerloom building would be limited to 40% of the unit cost of construction subject to a maximum of **Rs. 300/- per sq.ft.**
- 8.2 The maximum permissible subsidy per beneficiary shall be restricted to Rs.22.00 lakh (including the subsidy for infrastructure benefit i.e. internal road to the extent of 10% of eligible expenditure).

## **9.0 Release of Subsidies:**

The following schedule will be adopted for release of GOI share to the beneficiaries :

- 9.1 30% of the total GOI share in advance, after approval of the project by the PAC, provided the land is mortgaged to GOI on 1<sup>st</sup> charge / 2<sup>nd</sup> charge.
- 9.2 Second installment of 30% of the total GOI share will be released after the Utilization Certificate (UC) of 1<sup>st</sup> installment and after the proportionate expenditure approved by a govt. approved architect & LLMC.
- 9.3 Third installment of 20% of the total GOI share will be released after the successful completion of the construction of the worksheds
- 9.4 Balance 20% will be released after installation and satisfactory working of the machineries as approved by PAC.
- 9.5 If the land is not mortgaged, then no advance will be given, but prorata reimbursement will be done in the ratio of 30:30:20:20.

## **10.0 Monitoring and Review:**

- 10.1 With a view to monitoring the implementation of the scheme and ensuring proper usage of the benefit, the Textile Commissioner shall call for any documents/information from the beneficiary as may be deemed necessary and cause inspection of the unit(s) as and when required.
- 10.2 Failure on the part of an Eligible Unit to submit any of the information / documents as called for by the Textile Commissioner within the specified time shall amount to breach of the provisions of the Group Workshed Scheme entailing suitable action as deemed fit including action to cancel the approval of the project, or premature recall of and immediate recovery of the incentives drawn / availed.

## **11.0 Safeguard against Mis-utilisation:**

- 11.1 In order to avoid default by the beneficiaries, the mortgage of assets on 1<sup>st</sup> or 2<sup>nd</sup> charge on would be taken in all cases approved under the scheme failing which the beneficiary shall execute surety bond in the proforma specified before release of funds.
- 11.2 In case of non utilization/mis-utilisation of subsidy and delay in completion of the project, as approved by PAC, funds released shall be recovered from the Executive Agency with simple interest @10% per annum.

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## APPLICATION FOR GRANT OF SUBSIDY UNDER GROUP WORKSHED SCHEME

### (A) General Details

1.	Name of Executing Agency	
	Address of Registered/Administrative Office	
	Location of Workshed	
	Phone No.	
	Fax	
	Website	
	Email	
2.	Nature of Executing Agency	The State Govt. or its agency / Registered Co-operative Society / Private Limited Company / Public Limited Company / Powerloom Association
3.	Whether EA is registered under Companies Act of 1956	
4.	Registration No. & Date	

### (B) Details of Project costs & Financing

Sr. N o.	Items	Financing (Rs. lakh)				
		Own contribution	Central Govt's. subsidy	State Govt's. subsidy	Loan from Financial Institutions	Total
1.	Land					
2.	Worksheds					
3.	Infrastructure					
	a) Internal roads					
	b) Electricity supply					
	c) Water supply					
	d) Drainage					
	e)					
	f)					
	g)					
4.	Looms & Preparatory machinery					
	TOTAL					

(C) Project Details

1.	<u>Land</u> Total area in acres Nature of Ownership:	Owned / Leased
2.	<u>Worksheds</u>	
	a) Total No. of sheds for Looms Total No. of sheds for Preparatory Total:	
	b) Total area in sq.ft. for Looms Total area in sq.ft. for Preparatory Total:	
	c) Cost of construction per sq. ft	
3.	<u>Infrastructure</u>	
	a) Internal roads (area in sq. mtrs)	
	b) Electricity supply (Load in M.W)	
	c) Water supply (Quantity in K.L.)	
	d) Drainage (Length in mtrs)	
	e)	
	f)	
	g)	
4.	<u>Looms &amp; Preparatory machinery</u>	
	a) Number of looms proposed to be purchased (Please specify type of Looms also)	
	b) Number of Preparatory machinery proposed (Please specify type of machines also)	
5.	a) Product Profile	
	b) Production per loom/day	mtrs.
	c) Total Production per annum	Lakh mtrs.
	d) Export in terms of percentage	
	e) Total Turnover per annum	` Lakh
	f) Cost of production per annum	` Lakh
	g) Net profitability	` Lakh
	h) Employment	persons

(D) Details of Beneficiaries

Sr. No.	Name of the Beneficiary	Gender	Religion	Category	Area of proposed workshed in sq.ft.	Machines proposed		Approx. cost of the machines to be purchased (Rs.lakh)
						Qty.	Type	
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								
11.								
12.								
13.								
14.								
15.								
16.								
17.								
18.								
19.								
20.								
	TOTAL							

Note:

1. Please indicate the details of beneficiary who will be setting up preparatory machinery, if any, at the bottom of the above table.
2. \* If more than one beneficiary is sharing one shed, write their names consecutively and indicate one shed jointly against them.
3. Please indicate Gender of Beneficiary -- M - Male, F - Female.
4. Please indicate Religion of Beneficiary -- H - Hindu, M - Muslim, S - Sikh, J - Jain, C - Christain, O - Other.
5. Please indicate Category of Beneficiary -- SC/ST/OBC/General.

(E) Details of expected annual contribution by the beneficiaries towards maintenance & repayment of loans

Sr. No.	Component	Amount (in Rs.)				
1.	Details of costs of maintenance/year					
	a) Worksheds					
	b) Infrastructure <ul style="list-style-type: none"> <li>➤ Supply of power</li> <li>➤ Supply of water</li> <li>➤ Maintenance of roads &amp; drainages</li> </ul>					
	c) Watch & ward					
	d) Total Costs					
	e) Total area of worksheds					
	f) Maintenance Cost/Sq.ft. of workshed area per year					
2.	<u>Loan Repayment</u>	Year 1	Year 2	Year 3	Year 4	Year 5
	* a) Total loan borrowed b) Annual Repayment with interest c) Annual payment to be done by beneficiary per sq.ft. of workshed area year-wise.					

\* This is the loan amount borrowed by the EA for construction of worksheds and development of common facilities/infrastructure etc., if any.

Specimen of Surety Bond

On Hundred Rupees Judicial Paper

BOND PRESCRIBED TO BE EXECUTED BEFORE GRANT IS RELEASED

KNOW ALL MEN BY THESE PRESENTS that we, M/s \_\_\_\_\_, a company incorporated under the Companies Act/Co-op. Society registered under Co-op Society Act of Govt. of \_\_\_\_\_ and having its registered office at \_\_\_\_\_ (hereinafter called the "Obligors") are held fully and firmly bounded to the President of India (hereinafter called the "Government") for the sum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) well and truly to be paid to the Government on demand and without a demur for which payment we firmly bind ourselves and our successors and assigns by these presents.

Signed on the \_\_\_\_\_ day of \_\_\_\_\_ in the year Two Thousand \_\_\_\_\_.

WHEREAS on the Obligors' request, the Government as per Sanction Order No. \_\_\_\_\_ Dated \_\_\_\_\_ of Office of the Textile Commissioner, Ministry of Textiles (hereinafter referred to as the "Letter of Sanction") which forms an integral part of these presents, and a copy whereof is annexed hereto and marked as Annexure-I, agreed to make in favour of the Obligors a grant of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_) for the purpose of construction of workshed and installation of specified looms and weaving preparatory machines at \_\_\_\_\_ out of which the sum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) have been paid to the Obligors (the receipt of which the Obligors do hereby admit and acknowledge) on condition of the Obligors executing a bond in the terms and manner contained hereinafter which the Obligors have agreed to do.

NOW the conditions of the above written obligation is such that if the Obligors duly fulfill and comply with all the conditions mentioned in the letter of sanction, the above written Bond or obligation shall be void and of no effect. But otherwise, it shall remain in full force and virtue. The Obligors will abide by the terms & conditions of the grant by the target dates, if any specified therein.

THAT the Obligors shall not divert the grants and entrust execution of the Scheme or work concerned to another institution(s) or organization(s).

THAT the Obligors shall abide by any other conditions specified in this agreement and in the event of their failing to comply with the conditions or committing breach of the bond, the Obligors and the sureties individually and jointly will be liable to refund to the President of India, the entire amount of the grant with interest of 10% per annum thereon. If a part of the grant is left unspent after the expiry of the period within which it is required to be spent, interest @10% per annum shall be charged upto the date of its refund to the Government, unless it is agreed to be carried over.

The Obligors agree and undertake to surrender/pay the Government the monetary value of all such pecuniary or other benefits which it may receive or derive / have received or derived through / upon unauthorized use of (such as letting out the premises on adequate or less than adequate consideration or use of the premises for any

purpose other than that for which the grant was intended of the property) building created/acquired constructed largely from out of the Grant sanctioned by Government of India, Ministry of Textiles or the Administrative Head of the Department concerned. As regards the monetary value aforementioned to be surrendered/paid to the Government, the decision of the Project Approval Committee will be final and binding on the Obligors.

AND THESE PRESENTS ALSO WITNESS THAT

i) the decision of the Secretary to the Government of India in the Ministry of Textiles on the question whether there has been breach or violation of any of the terms or conditions mentioned in the sanction letter shall be final and binding upon the Obligors and;

ii) the Government shall bear the stamp duty payable on these presents.

IN WITNESS WHEREOF these presents have been executed as under on behalf of the Obligors the day herein above written in pursuance of the Resolution No. \_\_\_\_\_ Dated \_\_\_\_\_ passed by the governing body of the Obligor, a copy whereof is annexed hereto as Annexure-II and on behalf of the sureties and by \_\_\_\_\_ for and on behalf of the president on the date appearing below:-

FOR

\_\_\_\_\_  
Signature of the AUTHORISED SIGNATORY  
Signed for and on behalf of  
(Name of the Obligor)

1. Signature of witness 2. Signature of witness  
Name & Address Name & Address

\_\_\_\_\_  
\_\_\_\_\_

TO BE FILLED UP BY THE OFFICE OF THE TEXTILE COMMISSIONER  
(ACCEPTED)

For and on behalf of the President of India

Designation \_\_\_\_\_

Date: \_\_\_\_\_