

Scheme for development of group worksheds for the decentralised powerloom weaving industry

1.0. Background

The decentralized powerloom sector plays an important role in Indian Textile and Clothing Industry. The industry will have to prepare itself to face the challenges on account of globalization of trade and consequent competition, in order to survive and expand its market share. Modernization by way of installing modern looms is the need of the hour. However, the existing premises of powerloom weavers are not adequate to accommodate modern automatic/ shuttleless looms and such lack of appropriate space has been one of the reasons for slow pace of modernization. Therefore, the Govt. of India have approved a Group Workshed Scheme for powerloom workers during X Five Year Plan which aims to provide improved working conditions in the decentralized powerloom sector in terms of more space, facilitate installation of larger and improved looms of bench mark technology, better work environment and improved work efficiency.

2.0.Objectives

The Scheme aims at setting up of powerloom clusters with modern weaving machines to enhance their competitiveness in the global market.

3.0. Financial Assistance and funding pattern

3.1. Under this Scheme, subsidy for construction of workshed would be limited to 25% of the unit cost of construction subject to a maximum of Rs.80/- per. sq. ft. The following norms will be the guiding factors in arriving at the minimum number of looms to be installed in a workshed :

- Semi-automatic loom : 150 sq.ft.
- Automatic loom : 200 sq.ft.
- Shuttleless loom : 400 sq.ft.
- Wider width Shuttleless loom: 600 sq.ft.

- Weaving preparatory machines: 1,750 sq.ft (inclusive of associated functional requirements) – each for sizing / sectional warping.

The subsidy part shall ordinarily be restricted to 4 sheds of 3600 sq.ft. per beneficiary (i.e. an area of 14400 sq.ft irrespective of shed sizes).

- 3.2. The remaining financial requirement for the project would be raised by the beneficiary by way of promoters' contribution (10%). Balance amount may be raised as loan from financial institutions like banks, SFCs or HUDCO, or may be contributed by the beneficiaries from own sources. Any escalation due to delays or inflation would have to be borne by the beneficiary.

4.0. Eligibility:

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

1. "Weavers" as eligible beneficiaries would include weavers and entrepreneurs associated with powerloom units, including master weavers.
2. Looms to be installed under this should have a technology level above the plain powerlooms.
3. "Powerloom unit" would include weaving preparatory such as winding, warping sizing etc.

5.0. Operational Modalities/Guidelines:

- 5.1. There would be an Executing Agency (referred hereinafter as EA) for setting up the Project under this Scheme which may include the State Government or its agency, a registered Co-operative Society or a Company set up by a group of powerloom owners or by the local powerloom association under the Companies Act, 1956.
- 5.2. The responsibilities of EA would include identification of user/member beneficiaries, identification of land, project preparation and submission to the

Government for approval, arranging the required sources of finance, execution of the project and its management.

5.3. The EA would prepare a detailed project report, for the purpose of availing of subsidy under the Scheme, indicating the following salient features:

- 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 worksheds and looms proposed to be installed by each (ref. Annexure 1 for guidance)
- Component-wise cost of Project (ref. Annexure –2 for guidance)
- Project funding pattern, indicating the shares of the EA, Central Govt and others; and loans (ref. Annexure – 2 guidance)
- Details of maintenance of the project including levy of user charges and repayment of loans (ref. Annexure –3 for guidance)
- Schedule of construction indicating month-wise plan
- Layout of the Project Area indicating location of sheds, infrastructure such as road/water supply/ electricity/ drainage and other common facilities.

5.4. The schedule of rates of CPWD or the State PWD be used, as the basis, for arriving at the cost estimates of construction of worksheds and the infrastructure like roads etc.,

5.5. Since this is a Group Workshed Scheme, where a number of worksheds are expected to be located, development of required common infrastructure like roads, water supply, electricity, drainage etc., will have to be ensured by the EA. The assistance available under the Textile Centre Infrastructure Development Scheme (TCIDS) of the Govt. of India, for development of

such common infrastructure in a textile cluster, may be availed of by the EA. Similarly, the individual beneficiaries can also avail of the financial benefit under the TUFs for acquisition of modern looms. Such an integrated approach would help in development of a modern weaving cluster with required linkages. Therefore, the project report should accordingly indicate the details of not only the workshops but also the infrastructure.

- 5.6. It is expected that the beneficiaries will make new investments for purchase of looms and preparatory machinery for installing in the workshops. However, a beneficiary can also choose to shift the existing looms (technology level of semi-automatic and above) and preparatory machinery, from the present locations to the proposed workshops.
- 5.7. There might be cases where a beneficiary may not need an entire workshop. In such cases, more than one beneficiary can share a shed.
- 5.8. In case of availability of unutilised sheds in the local cluster, which were hitherto developed under Integrated Infrastructure Development Scheme of Dept. of Small Scale Industries, GOI, such sheds, if suitable, may be acquired by the EA instead of constructing the new sheds. However such sheds should meet the overall objective of development of a modern weaving cluster with all necessary linkages/infrastructure.
- 5.9. Commitment of the EA and the user beneficiaries in participation, implementation and management of the Project is a pre-requisite for obtaining assistance under this scheme from the Govt. of India. In order to satisfy the Govt., about such commitment, the following requirements may be met by the EA/user beneficiaries:
 - The EA is expected to be in possession of required land before submission of Project report to the Govt. In case the EA is not actually in possession, a letter of allotment from the State Govt. or a document

indicating “in principle” agreement for purchase/sale of required land, would suffice.

- Each of the participating beneficiary may contribute, initially, an amount equivalent to 1% of the total cost of construction of worksheds, as token of their willingness to participate in the Project. Such amount contributed by all participating beneficiaries may be deposited into a joint account operated by the proposed EA and the concerned Regional Office (RO) of the Office of the Textile Commissioner (TxC). Such joint account arrangement may help in providing confidence in the minds of participating beneficiaries about the safety of their contributed money. In case the project does not materialize for any reasons, this contributed amount shall be refunded to the beneficiary, with the accrued interest. If the project gets sanctioned and the work commences, the name of the RO shall be withdrawn from the account and the account be transferred in the name of EA. The Project Report should indicate these details of contribution by the beneficiaries.
- A resolution may be adopted in a General Body meeting of all participating beneficiaries to the effect that they are all aware of the project details including the user charges and the loan repayment schedule, if any . A copy of such resolution bearing the signatures of all the participating beneficiaries should be attached with the project report.
- Each of participating beneficiaries should give a written undertaking to the EA that the proposed worksheds, for which assistance is being availed under the scheme, shall be used only for the purpose of installing looms and the preparatory machinery and shall not be utilized for any other purpose. Based on such undertakings, the EA would be responsible to ensure that the worksheds constructed under

the Scheme are utilized only for the purposes for which they are sanctioned.

- 5.10. The EA would allocate the sheds to the participating beneficiaries, either on outright sale, lease or rental basis. The project proposal shall indicate the modalities proposed to be adopted by the EA for such allocation and the amount of outright purchase price, or, monthly rental per sq.ft. required to be paid by the beneficiary unit.
- 5.11. After completion of the above mentioned preparatory work, the project report shall be submitted by the EA to the Textile Commissioner, GOI with a copy to concerned Regional Office. If the project has component under TCIDS, the entire project proposal shall be submitted to the TxC through the respective State Govt. The TxC would carry out a detailed scrutiny of the project with respect to its conformity with the guidelines of the Scheme and if there are any shortcomings, the EA would be asked to revise the proposal accordingly. The revised proposal, if any, will be placed by the Textile Commissioner, after further scrutiny, before the Project Appraisal and Approvals Committee, chaired by the Secretary (Textiles), Govt. of India.
- 5.12. If the Project is approved by this Committee, such approval will be communicated to the EA by the TxC. After receipt of this communication, the EA would take up the construction.
- 5.13. Release of subsidy will be back-ended. Apart from completion of the construction of workshed, the associated looms/preparatory machinery should also be in position in the respective workshed, before the claim is submitted by the EA for release of subsidy to the Textile Commissioner.
- 5.14. It is expected that the project would be executed as per the approved framework. However, in case of any changes, subsequent to the approval, necessitated by the factors at the time of execution of the project, such

changes can be carried out only with the prior approval of the Textile Commissioner.

- 5.15. In case the construction of workshed is substandard and the looms/machinery have not been installed, the subsidy amount can be held back or reduced by the TxC.
- 5.16. The physical verification of completion of the construction of worksheds and the infrastructure and installation of looms would be carried out by a Local Committee (LC), consisting of the RO of the TxC, concerned State Govt. Agencies, Industry Associations and other technical organizations such as TRAs/Textiles Committee. The TxC would constitute such Local Committees separately for each Group Workshed Scheme. The Officer In-charge of the concerned RO of the TxC would act as Convenor of this Local Committee. The responsibilities of this Committee would include; periodical monitoring of the construction, physical verification and certification for the purpose of release of subsidy and other necessary guidance/support.
- 5.17. The ROs of TxC would assist EAs/proposed EAs in conceptualisation, preparation and submission of the projects to the TxC. They would also take proactive measures to sensitise the decentralised powerloom industry to make use of the benefits available under the Scheme.
- 5.18. A quarterly report would be submitted by the EA to the Office of the TxC indicating the progress of work of each of the components of the Project. Based on such reports and also inputs from the Local Committees, a consolidated quarterly report would be submitted by the TxC to the Ministry of Textiles, Government of India.

