

## **CHAPTER – 11**

### **HANDLOOMS**

#### **INTRODUCTION**

11.1 The tradition of weaving by hand constitutes one of the richest and most vibrant aspects of the Indian cultural heritage. The variety of textures, weaves and designs spun off the handloom is infinite, ranging from the finest muslins to heavy rugs, from delicate pastels to vibrant earthy hues, from appealingly simple to fascinatingly intricate compositions. Indian handlooms have been famous throughout the world for centuries and have been exported from our country to many foreign lands. In the days when only handlooms existed, these were looked at with awe in distant civilizations in Rome and Greece. The arrival of modern machines and liberalisation, however, has made serious inroads into the Handloom Sector. The Government of India, since independence, has been following a policy of promoting and encouraging the Handloom Sector through a number of programmes and schemes. Concerted efforts are being made through these programmes to increase the production, productivity and efficiency of the Handloom Sector and enhance the income and socio-economic status of weavers by upgrading their skills and providing infrastructure and marketing support and essential inputs.

#### **Strengths of the Handloom Sector**

11.2 The sector employs a workforce of 65 lakh persons directly and indirectly, contributes about 15 percent to cloth production; has contributed over \$544 million in export earnings in 2002-03 and growing at 25.63 percent over the previous year; it is the largest handloom industry in the world; it is low capital intensive and production does not require electricity; has no import content in assets/raw materials; presents incredible array of traditional designs and products, and the products are environmental and ecologically friendly. The Handloom Sector has potential to arrest migration of population to urban areas and has an edge over the powerloom and mill sectors in its ability to commercially produce the goods in small volumes.

#### **Problems faced by the Handloom Sector**

11.3 It is a dispersed and un-organized sector, making effective intervention difficult; most of the handloom products are being increasingly replicated on

powerlooms at a much lower cost. With the phasing out of quota and opening up of markets, handlooms are facing unrestricted competition from the domestic powerloom/mill made fabric as well as imported cheap mill cloth. Other handicaps include the high cost of credit as well as low disbursement of credit; the decline of handloom apex cooperatives and corporations in the States and their poor financial health, withdrawal of duty exemption extended across all segments of textile sector, which was available only to the handloom sector (CENVAT advantage of 9.2 percent on hank yarn lost), and the reduction in Marketing Incentive on a tapering basis.

#### **Handlooms – the second highest employment generating sector**

11.4 The Joint Handloom and Powerloom Census conducted in 1995-96 showed that a large population of weaver households belong to the disadvantaged strata of society, with 10.76 percent belonging to Scheduled castes, 25.50 percent belonging to Scheduled Tribes, and 42.65 percent belonging to other backward classes. Further, as per the Census, there were 60.6 percent women weavers.

#### **STATUS OF HANDLOOM SCHEMES/PROGRAMMES AT THE END OF THE TENTH PLAN**

##### **Deen Dayal Hathkargha Protsahan Yojana (DDHPY)**

11.5 Deen Dayal Hathkargha Protsahan Yojana, introduced as a Centrally sponsored Plan scheme w.e.f. 1.4.2000, aims at providing assistance for setting up of handlooms, purchasing handloom accessories, imparting training to weavers (Subsumed with IHTP w.e.f 19<sup>th</sup> December 2003), enhancing working capital, developing designs in handloom products, developing infrastructure, strengthening of handloom organizations and for the marketing of handloom products, etc. A special component to provide Transport Subsidy for transportation of finished goods from North Eastern States, Sikkim and J&K has also been incorporated in the scheme. The scheme will be in operation till 31.3.2007.

##### ***The components for which assistance is presently given under the scheme are:-***

11.5.1 (i) Basic inputs like margin money to avail credit, purchase of loom, dobby, jacquard, accessories, (ii) Infrastructure support; (iii) Design Input; (iv) Publicity; (v) Marketing Incentive; (vi) Transport Subsidy and (vii) Strengthening of Handloom Organisations.

11.5.2 During the Tenth Plan, an amount of Rs.310.00 crore was allocated initially for the scheme. This was subsequently scaled down to Rs.257.00 crore as Rs.53.00 crore was allocated to the Bunkar Bima Yojana and the Integrated Handloom Training Programme. The year-wise figures of budget allocated finally for the scheme and the utilization thereof during the Tenth Plan period are as under:-

**Table – 11.1**  
**Funds allocated and utilization during the Tenth Five Year Plan**

S. No.	Year	Budget Allocated (BE)	Amount actually utilized	percent utilisation	(Rs. crore)
1	2002-03	82.00	84.67	103.26	
2	2003-04	68.27	67.34	98.64	
3	2004-05	47.67	83.96	176.13	
4	2005-06	82.10	93.15	113.46	
5	2006-07	90.88 (anticipated)	90.88 (anticipated)	100.00	
	<b>Total</b>	<b>370.90</b>	<b>420.00</b>	<b>113.23</b>	

11.5.3 The projected expenditure figure for the Tenth Plan would, therefore, be Rs.420.00 crore. The year-wise number of beneficiaries covered under the scheme, as reported by the State Governments during the Tenth Plan are as under:-

**Table – 11.2**  
**Beneficiaries covered under DDHPY scheme**  
**during the Tenth Five Year Plan**

S.No.	Year	Beneficiaries covered
1	2002-03	527695
2	2003-04	515349
3	2004-05	515201
4	2005-06 (provisional)	525000
	<b>TOTAL</b>	<b>2083245</b>

***Constraints faced during the period of its implementation:***

11.5.4 Inability of some States to give matching contribution /some States unable to allocate money on time, resulting in delays.

11.5.5 Financial contribution from the States has always been a weak link in implementation of the scheme. The main reason is inadequate budgetary provision on the part of States to match the Central share under the scheme. In the case of some of

the States, due to severe financial constraints, no budget provision could be made for the scheme and such States have claimed special status in terms of State contribution on the pattern of the States falling under the North Eastern Region and Jammu & Kashmir. These factors contribute to the slow progress in implementation of the scheme.

11.5.6 An inadequate quantum of assistance for basic input components necessitates bank tie-ups for loans which, due to the precarious position of the handlooms agencies, are not forthcoming at the required level. Under the existing scheme, the quantum of assistance for basic input components is not commensurate with the prevailing market prices and the implementing agencies are required to contribute from their own sources to the rest of the cost, or meet it through loans raised from the banks/financial institutions. The economic condition of the weavers is precarious and the implementing agencies are not able to raise the residual of the cost from their own resources. The repayment capacity of the societies is also weak and they are also unable to meet the residual cost through loans from bank/financial institutions.

**11.5.7 Procedural delays in passing Central and State assistance to Implementing agencies:** The present procedure of passing on assistance to the implementing agencies is through a channel of agencies and assistance is given through RBI to the State's exchequer, from the State's exchequer to the Directorate of Handlooms and from the Directorate of Handlooms to the beneficiary agencies. The release of assistance, excepting the marketing incentive component is in installments, which further compounds the delay.

11.5.8 It can, however, not be denied that the scheme has been able to extend benefits to a large number of weavers in the sector who are exposed to the competitive pressures of a dynamically shifting market. It is felt that the problems /issues faced during the period of implementation of the scheme in the past years would, therefore, have to be redressed in the XIth Plan period.

### **Handloom Export Scheme**

11.6 The Handloom Export Scheme came into force w.e.f. 31-1-2003. Before that, from 1996-97 onwards, the Office of the Development Commissioner for Handlooms had been implementing the "Development of Exportable Products and their Marketing Scheme (DEPM)." The objective of the Handloom Export Scheme is to

impart financial assistance to the handloom agencies and individual exporters for the development of export-worthy handloom products and their publicity & marketing.

11.6.1 During the Tenth Plan, a provision of Rs. 26.00 crore was made available for the Scheme. Out of this, a sum of Rs. 16.17 crore was utilized during the years 2002-03 to 2005-06 and a provision of Rs. 5.50 crore has been made for the year 2006-07. Since 2002-03 to 2005-06, 53 export projects have been implemented covering 3742 weavers and a sum of Rs. 7.06 crore has been released. Apart from the export projects, funds to the tune of Rs. 9.11 crore have also been released to the Handloom Export Promotion Council (HEPC), Association of Corporations and Apex Societies of Handlooms (ACASH), Handicrafts and Handlooms Export Corporation of India Ltd., (HHEC) etc. – the Implementing Agencies for organising participation of their members in 39 international fairs/exhibitions/Buyer-Seller-Meets.

### **Marketing Promotion Programme**

11.7 The objective of the scheme is to promote the marketing of handlooms in the country and to improve levels of awareness among handloom weavers and the general public in the interest of overall development of the handloom sector. The components of the scheme are – (i) Organization of Exhibitions and fairs; (ii) setting up of Urban Haats; (iii) Publicity and awareness etc.

11.7.1 Details of Number of events organized during 2002-03 to 2004-05 and approved for the year 2005-06:

**Table – 11.3**  
**Number of marketing promotion programmes organized**

<b>Sl. No.</b>	<b>Name of Events</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06 (Approved)</b>
1.	National/Special Handloom Expos	19	27	37	61
2.	District Level Events	130	158	147	292
3.	Urban Haats	08	05	03	05
4.	Crafts Mela	07	06	07	06
	<b>Total</b>	<b>164</b>	<b>196</b>	<b>194</b>	<b>364</b>
	<b>Total funds released. *</b> <b>(Rs. in lakh)</b>	<b>927.27</b>	<b>790.61</b>	<b>908.97</b>	<b>1146.83</b>

\* include releases made towards ATE, National award etc.

11.7.2 The total outlay for the Tenth Plan was Rs.4000.00 lakh, out of which a sum of Rs.37.73 crore was released upto 31<sup>st</sup> March 2006, and B.E. of Rs.15.50 crore, has been provided for the year 2006-07. Till August 2006, a sum of Rs. 911.20 lakh has been sanctioned. It is expected that a further sum of Rs. 10.00 crore is required, and would be utilized during the remaining period of the Tenth Plan.

### **Mill Gate Price Scheme**

11.8 Government of India introduced the Mill Gate Price Scheme in 1992-93 with the objective of providing all types of yarns to handloom weavers' organizations at the mill gate price. The National Handloom Development Corporation (NHDC) is the only agency authorized to implement the scheme.

11.9 **Supply of Yarn:** The expenditure involved for the above activity and also the overhead expenditure incurred by the NHDC on this yarn transaction is reimbursed by the Government at following rate:

Yarn other than silk and jute	3.5 percent of the value of yarn
Silk Yarn	2 percent of the value of yarn
Jute Yarn	10 percent of value of yarn

The above percentage was revised upwards later on by 1.5 percent in each category.

11.9.1 Year wise supplies of yarn in quantity and value terms under the Scheme during Tenth five year plan are as follows:

**Table – 11.4**  
**Supplies of yarn during the Tenth Five Year Plan**

Year	Qty (In Lakh Kg)	Value (In Rs. crore)
2002-03	397.98	331.11
2003-04	242.77	240.71
2004-05	202.38	223.08
2005-06	220.86	228.16
2006-07 (Upto 20 <sup>th</sup> Oct., 2006)	186.67	171.77

11.9.2 NHDC has got 110 functioning Yarn Depots set up by associating State Handloom Corporations/Apex Bodies/Weavers Cooperatives/Exporters/Master

Weavers, etc., from where yarn is being supplied to weavers at mill gate prices. Additional 273 yarn depots have been opened this year.

### **Integrated Handloom Training Project**

11.10 “Integrated Handloom Training Project (IHTP)” was introduced in Dec. 2003. The project envisages skill up-gradation of handloom weavers/workers in Weaving Technology, Design Development, Dyeing Techniques & Managerial disciplines, to enable them to produce and market a diversified range of quality products in keeping with current trends in the domestic and international markets.

**Table – 11.5**  
**Performance of the Integrated Handloom Training Project scheme**  
**during the Tenth Five Year Plan**

Year	No. of weavers		(Rs. in lakh)
	Sanctioned for training	Actually trained	
2003-04	3740	3740	295.75
2004-05	16540	8020	1605.67
2005-06	13020	18700	1300.00
2006-07 (as on 31.10.06)	3980 *	2740	487.13 **
<b>Total</b>	<b>37280</b>	<b>33200</b>	<b>3688.55</b>

Note: \* The target of training for 2006-07 is 13,000 weavers and the \*\* budget allocated is Rs. 13.00 crore.

### **Workshed-cum-Housing Scheme**

11.11 The scheme is being implemented primarily to provide a suitable work place to the weavers to enable them to achieve better productivity. The scheme is being implemented by the respective State Handloom Development Corporations, Primary Societies or any other specialized agency set up by the concerned State Government for execution of such projects.

11.12 The existing funding pattern under the Scheme is given below:-

**Table – 11.6**  
**Existing funding pattern under workshed-cum-housing scheme**

(Rupee)

Name of the Component	Unit Cost	Maximum Subsidy	Loan from HUDCO/FIs	Weavers Contribution
Rural Workshed	9000	7000	-	2000
Urban Workshed	14000	10000	-	4000
Rural Workshed-cum-Houses	35000	18000	14000	3000
Urban Workshed-cum-Houses	45000	20000	20000	5000

11.12.1 During the Tenth Plan, a sum of Rs.64.85 crore was released up to the period October 2006 for the construction of 77,453 units of Workshed/Workshed-cum-Houses under the Workshed-cum-Housing Scheme. The achievement is 52,176 units under the scheme so far.

***Problems faced in implementation***

11.12.2 The utilization certificates for the first installment have not been submitted by the State Governments in time. This has delayed the release of the second installment. Subsidy and cost of construction are too low and need to be enhanced. Furthermore, the arrangements for the tie-up of loans for workshed-cum-houses are not forthcoming from financial institutions.

**Weavers' Welfare Schemes:**

11.13 Weavers Welfare Schemes comprise Thrift Fund Scheme, Health Package Scheme, Group Insurance Scheme and New Insurance Scheme.

**Thrift Fund Scheme:**

11.13.1 The Thrift Fund Scheme was introduced in the year 1985-86 as a social welfare measure. The Scheme envisages the creation of a fund in the nature of a provident fund with contribution from the weavers, the State Government and the Central Government, to help them to meet expenses towards children's education/medical expenses of family members, and expenses in connection with marriage, and other religious ceremonies, etc. The age limit for the coverage of weavers is 18 to 60 years.

11.13.2 The existing funding pattern of the scheme is as under:-

**Table – 11.7**  
**Existing funding pattern under thrift fund scheme**

i	Weavers' contribution	8 percent of the wage earned.
ii	State Government's contribution	4 percent of the wage earned.
iii	Central Government's contribution	4 percent of the wage earned

11.13.3 During the Tenth Plan period, a sum of Rs.18.41 crore was released upto October, 2006 for coverage of 5, 25,850 weavers.

**Health Package Scheme:**

11.13.4 The Health Package Scheme was introduced during 1992-93. Under the Scheme, financial assistance was provided for the treatment of diseases like asthma, tuberculosis and inflammation of respiratory system, cost of testing of eyes and spectacles, supply of drinking water, maternity benefits to women weavers, payment of additional compensation for permanent measures of family planning and infrastructure for the primary health care.

11.13.5 The main components of the scheme were as under:

**Table – 11.8**  
**Main components of the Health Package Scheme**

Sl. No.	Component	Amount entitled
1.	Reimbursement of cost of spectacles & testing of eyes.	@ Rs.150/- per weaver } @ Rs.40/- per weaver } once in five years
2.	Medical reimbursement	@ Rs.1500 per weaver p.a.
3.	Supply of drinking water	@Rs.35, 000/- per bore well sanitary dug-well for every to 50 weavers households.
4.	Maternity benefit for women.	@ Rs.500/- per women, per delivery twice in her lifetime.
5.	Compensation for sterilization	@ Rs.100/- per head once in the lifetime.
6.	Infrastructure for Primary Health Centre.	@Rs.1, 00,000/- per Centre.

11.13.6 During the Tenth Plan period up to October, 2006, a sum of Rs.16.17 crore was released for the coverage of 2, 44,429 weavers. This scheme has been replaced by the new Health Insurance Scheme (HIS) introduced during 2005-06, because of following reasons:-

- The Health Package Scheme covered only the individual and not his family.

- The upper limit for reimbursement was only Rs.1500/- per annum.
- The procedure for reimbursement of claims was too cumbersome and bureaucratic.

### **Group Insurance Scheme:**

11.13.7 The Group Insurance Scheme was introduced by the Government of India during the year 1992-93. The basic objective of the scheme is to provide insurance cover to handloom weavers in case of natural death.

11.13.8 The existing funding pattern of the scheme was as under:-

**Table – 11.9**

#### **Existing funding pattern under group insurance scheme**

i	Weavers' contribution	Rs.40/- per annum per weavers
ii	State Government's contribution	Rs.40/- per annum per weavers
iii	Central Government's contribution	Rs.40/- per annum per weavers
	<b>Total</b>	<b>Rs.120/-</b>

11.13.9 The scheme was implemented through the Life Insurance Corporation of India (LIC).

11.13.10 This scheme has been replaced by the Bunkar Bima Yojana (BBY), which was introduced in December, 2003. However, during 2002-03 and 2003-04, a sum of Rs.0.28 crore was released for the coverage of 65,259 weavers under the Group Insurance Scheme.

### **New Insurance Scheme**

11.13.11 The basic objective of the scheme is to provide Insurance cover to handloom weavers against various types of risks such as loss of life, limbs, eyes etc. due to accident, damages to dwelling units and raw materials due to natural calamities such as fire, lightning, flood, cyclone, etc. reimbursement of expenses of treatment towards injury, disease and illness, eye testing and maternity benefits. The scheme is being implemented through the United India Insurance Company Ltd.

11.13.12 The existing funding pattern under the scheme is as under:-

**Table – 11.10**  
**Existing funding pattern under new insurance scheme**

1	Weavers' contribution	Rs.20/- per annum
2	State Government's contribution	Rs.40/- per annum
3	Central Government's contribution	Rs.60/- per annum
	<b>Total</b>	<b>Rs.120/- per annum</b>

11.13.13 During the Tenth Plan period up to October, 2006, a sum of Rs.29.84 lakh was released for the coverage of 49,723 weavers. It is proposed to discontinue the Scheme in the XIth Plan to avoid duplication as the Scheme components are already covered under the Health Insurance Scheme and Mahatma Gandhi Bunkar Bima Yojana.

**Bunkar Bima Yojana (BBY)**

11.14 The Government of India introduced a Special Contributory Insurance Scheme called the “Bunkar Bima Yojana” during December, 2003. This scheme was a combination of the Janshree Bima Yojana and Add-on Group Insurance Scheme implemented in collaboration with the Life Insurance Corporation of India. The objective of the scheme was to provide enhanced insurance cover to handloom weavers in case of natural as well as accidental death.

11.15 This scheme was replaced by the Mahatma Gandhi Bunkar Bima Yojana (MGBBY), which was introduced in 2005-06. However, during 2003-04 to 2005-06 (Upto September, 2005), a sum of Rs.3.75 crore was released under the Bunkar Bima Yojana and 3,42,294 weavers were covered as per the details given below:-

**Table – 11.11**  
**Performance of the Bunkar Bima Yojana during the Tenth Five Year Plan**

Year	Fund Released (Rs. crore)	No. of Weavers covered
2003-04	1.50	33982
2004-05	1.95	213600
2005-06 (up to September)	0.30	94712

### **Design Development & Training Programme (DDTP)**

11.16 The comprehensive Design Development and Training programme provides for the skill up-gradation of weavers through a variety of training programmes, workshops and exhibitions, and for the development of design inputs to be disseminated to weavers, collection of traditional designs and skills, developing linkages between various agencies of the handloom sector for coordinating the design, technological and skill-based factors for developing products to meet the market demand and improve the productivity and viability of handloom weavers. The various components of this programme will be implemented by organizations most suited to carry out particular activities. This is a 100 percent Central Sector Programme, except for one component for Central assistance to State Governments for setting up of IIHTs and Workshed Centres (WSCs).

#### **Components of DDTP:**

- Research & Development, National Centre for Textile Design, Integrated Project for Development of Wool and Woollen Design & Development Centre in J&K under PM's Economic Package, Grants to States, IIHT salary, Infrastructure for WSCs/IIHTs and Other Charges (Training to officials of WSCs and IIHTs, Dyeing, Design and Exhibitions) are the components of DDTP.

#### ***Performance of R&D Component during the Tenth Plan Period***

11.17 The releases made during the Tenth Plan is as under:

**Table – 11.12**  
**Performance of R & D component during  
the Tenth Five Year Plan**

<b>Year</b>	<b>Funds released (Rs. lakh)</b>
2002-03	34.54
2003-04	43.13
2004-05	25.19
2005-06	26.50
2006-07	-

## **Enforcement Machinery**

### **Handlooms (Reservation of Articles for Production) Act, 1985**

The Government of India, in pursuance of the Textiles Policy, 1985, promulgated the Handlooms (Reservation of Articles for Production) Act, 1985 dated 29.3.1985 with a view to protect the interests of the handloom weavers in the country from the encroachment of the Powerloom and the Mill sector on their livelihood. Under the Act, protection to the Handloom sector was extended by way of reserving certain textile articles for exclusive production by handlooms. Presently 11 reserved textile articles are reserved under the Handloom Reservation Order, 1996 vide Notification No. S.O. 557(E) dated 26.7.96 as amended vide S.O. 408(E) dated 2.6.99 and SO 405(E) dated 25.4.2000. These articles are: 1) Saree 2) Dhoti 3) Towel, Gamcha and Angawastaram, 4) Lungi, 5) Khes, Bedsheet, Bedcover, Counterpane, Furnishing (including tapestry, upholstery), 6) Jamakkalam Durry or Durret, 7) Dress Material, 8) Barrack Blankets, Kambal or Kamblies, 9) Shawl, Loi, Muffler, Pankhi etc., 10) Woollen Tweed, 11) Chaddar, Mekhala/Phanek, subject to technical specification as contained in the Handloom (Reservation of Articles for Production) Act, 1985.

### **Scheme for Central Assistance to State/UTs for establishment of Enforcement Machinery under the Handlooms Act, 1985**

11.18 The scheme for Central Assistance to State/UTs for establishment of Enforcement Machinery was introduced by the Government of India in the year 1986-87. The scheme has been operational during the Seventh, Eighth and Ninth Five Year Plan and 2002-03 and 2003-04 of the Tenth Plan as a Plan Scheme. From 2004-05, it is being continued under Non-Plan with 100 percent Central Assistance. The basic objective of the scheme is to encourage and assist the States/UTs to establish Enforcement Machinery to effectively implement the Handlooms (Reservation of Articles for Production) Act, 1985. The assistance under the scheme is released to the State Director Incharge of Handlooms and Textiles through the State Government/Union Territory.

11.19 The following is the Eligibility Criteria to avail assistance: -

11.19.1 Those States which have 5000 or more powerlooms are eligible for assistance; the head quarter office will be under the direct control of the State

Director in-charge of Handlooms and Textiles; each Subsidiary Office shall be set up with additional 20,000 power looms in each pocket of power looms concentration. So far, only 14 states are eligible, out of which only 12 States have availed assistance under the scheme.

**Table – 11.13**  
**Performance of the Enforcement Machinery during the Tenth Five Year Plan**

<b>Sl. No</b>	<b>Physical progress</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07 (upto 17.8.06)</b>
1.	Targets for Powerloom Inspections	1,50,000	1,64,250	1,82,280	1,91,387	200949
2.	No. of Powerlooms Inspected	1,77,636	1,79,683	1,88,588	2,07,043	86669
3.	No. of FIRs. Lodged	30	13	10	33	11
4.	Convictions	33	15	7	10	5

### **NEW INITIATIVES DURING THE TENTH PLAN**

#### **Integrated Handloom Cluster Development Scheme**

11.20 The Hon'ble Finance Minister in his Budget Speech for 2005-06 had, *inter alia* stated that “the Government proposed to adopt the cluster development approach for the production and marketing of handloom products. The Ministry of Textiles will take up 20 clusters in the first phase at a cost of Rs.40.00 crore, and the amount will be provided during the course of the year”. The Integrated Handloom Development Cluster Scheme has been launched in compliance with the pronouncement made by the Hon'ble Finance Minister as a new Central Sector Scheme from 14<sup>th</sup> November 2005. The Integrated Handloom Cluster Development Scheme was introduced in 20 handloom clusters, at a cost of Rs.40.00 crore to provide for development of handloom clusters in an inclusive and holistic manner, and to build up their capacity to meet the challenges of the market and global competition in a sustainable and self-reliant manner. The scheme will support weavers in the cooperative and outside the cooperative fold including those of Self Help Groups, NGOs, small and medium enterprises and attached weavers. Following a holistic approach, the programme will cover the entire need of the handloom sector in each cluster for supply of raw materials, marketing support, design inputs, upgradation of technology and welfare of the weavers. It is expected that through various interventions, the weaknesses of the cluster will be rectified and the

handloom products will be more competitive in the market place. Special emphasis would be given on the design component where the assistance of professional designers as well as product diversification will be undertaken. The Implementing Agencies for development of Handloom Clusters have been selected in respect of all the clusters. It has also been selected as a National Resource Agency for the development of 20 identified handloom clusters throughout the country and work has commenced in all 20 Clusters through various implementing agencies.

### **Mahatma Gandhi Bunkar Bima Yojana**

11.21 The Mahatma Gandhi Bunkar Bima Yojana (MGBBY) was introduced during the year 2005-06. The objective of the scheme is to provide insurance coverage to handloom weavers in case of natural as well as accidental death. It is an improvement of the earlier scheme in the sense that weaver's contribution has been reduced by Rs.50/-. The Scheme is being implemented through the Life Insurance Corporation of India (LIC). The sum assured for natural death is Rs.50, 000/- and that for accidental death is Rs.80,000/-. In the case of permanent total disability, also, a sum of Rs.50,000/- is assured, while in the case of partial disability the sum assured is Rs.25,000/-.The annual premium under the scheme is Rs.330/-. The funding pattern of the Scheme is as under:-

**Table – 11.14**  
**Funding pattern of the Mahatma Gandhi**  
**Bunkar Bima Yojana scheme**

i	Weavers' share	Rs.80/- per weaver per annum
ii	Government of India' share	Rs.150/- per weaver per annum
iii	LIC's share	Rs.100/- per weaver per annum
	<b>Total</b>	<b>Rs.330/-</b>

### ***Additional benefits under MGBBY***

11.21.1 A scholarship of Rs.300/-, per quarter, per child, is to be paid to students studying in standard IX to XII for a maximum period of four years or till they compete XII standard, whichever event occurs earlier. The scholarship will be for the academic year June to May. The benefits are restricted to two children of the member covered. Both the children will be covered for scholarship. This scheme is an improvement over the Bunkar Bima Yojana because the weavers' contribution is fewer by Rs50/- per annum in the new scheme for same amount of benefits.

11.21.2 During 2005-06, a sum of Rs.3.15 crore was released to the LIC towards the Central Government contribution and 2, 73,886 weavers were covered under the scheme from October 2005 to September 2006. Besides this, 94712 weavers were covered under the old Bunkar Bima Yojana during April to September, 2005.

#### **Health Insurance Scheme (HIS) – Novel Innovative Scheme**

11.22 The Health Insurance Scheme was introduced in 2005-06, in place of the earlier Health Package Scheme in which the upper limit for the reimbursement claim received from the State Governments was only Rs.1500/- in a year. The Health Package Scheme covered only the individual and not the members of his family. The newly introduced Health Insurance Scheme covers not only the weaver, but his wife and two children also. It covers all pre-existing and new diseases. The maximum limit per family is Rs.15000/- per annum, which is 10 times the benefit under the old Health Package Scheme. Of this amount, the OPD cover is Rs.7, 500/-.

11.23 The benefits under the Scheme are given below:-

**Table – 11.15**  
**Benefits under the Health Insurance Scheme**

<b>Annual Limit per family (1+3)</b>	<b>15,000/-</b>
Sub Limits per Family:	
All pre-existing Diseases + New Diseases	15,000/-
Maternity Benefits (per child for the first two)	2,500/-
Dental treatment	250/-
Eye treatment	75/-
Spectacles	250/-
Domiciliary Hospitalisation	4,000/-
Ayurvedic/Unani/Homeopathic/Siddha	4,000/-
Pre-Hospitalisation & Post Hospitalisation	15,000/-
Baby coverage	500/-
OPD	7,500/-
Limit per illness	7,500/-
<b>Premium for family of Four</b>	<b>1000/-</b>

11.24 The existing funding pattern on the scheme is as under:-

**Table – 11.16**  
**Existing funding pattern under Health Insurance Scheme**

i)	Weavers' share	Rs.200/- per weaver per annum
ii)	Government of India' share	Rs.800/- per weaver per annum
	<b>Total</b>	<b>Rs.1000/-</b>

11.25 The scheme is implemented through ICICI Lombard General Insurance Company Ltd.

11.26 During the year 2005-06, a sum of Rs.26.73 crore was released to the ICICI Lombard General Insurance Company Ltd. and 2.97 lakh weavers have been covered under the scheme till date. During 2006-07 a sum of Rs. 8.50 crore has been released to ICICI, Lombard for renewal cases of 92,151 weavers.

#### **Handloom Mark**

11.27 The Office of the Development Commissioner for Handlooms, Ministry of Textiles, and Government of India has introduced 'Handloom Mark' for the domestic as well as international markets. The Hon'ble Prime Minister of India had launched the Scheme on 28<sup>th</sup> June, 2006. The Handloom Mark will serve as a guarantee for the buyer that the product being purchased is genuinely hand woven and will help in promoting sales of handloom products. It will not only popularize Indian handlooms, but also improve price realization for handloom products in domestic and international markets. It will help the buyers in distinguishing handloom products from powerlooms and mill-made products. The Handloom Mark covers all handloom fabrics and products made thereof. The Handloom Mark will be operational throughout the country. Individual weavers, Weavers Cooperative Societies, Master Weavers, Retailers and Exporters are entitled to participate in the scheme and avail of its benefits. The Handloom Mark logo has been developed by the National Institute of Design, Ahmedabad. Textiles Committee in the Ministry of Textiles is the implementing agency for the Scheme.

#### **Technology Upgradation Fund Scheme (TUFS) for the Handloom Sector**

11.28 This scheme was launched on 31<sup>st</sup> July, 2006 as a component of the existing TUF Scheme of the Ministry of Textiles.

**Salient features of the Scheme:** Twentyfive percent capital subsidy for the purchase of new machinery and equipment for pre-loom & post-loom operations, up-gradation

of handlooms testing & Quality Control equipments for exclusive use by the handloom production units. The capital ceiling per project is Rs.80.00 Lakh and the maximum capital subsidy is Rs. 20.00 lakh.

**Eligible Agencies:** Existing handloom units with a minimum of 10 handlooms housed in a common work-shed; new units, which are proposed to be set up with at least 10 handlooms at one place in a common work-shed.

**Restructuring of Handloom Organizations under the Deen Dayal Hathkargh Protsahan Yojana (DDHPY)**

11.29 Details of restructuring of Handloom Organizations: Assistance under this component is released in installments: the 1<sup>st</sup> as an advance, and the subsequent releases on submission of utilization certificates, progress report, release of State share to the implementing agency etc. On the basis of viable projects received from the States, the following organizations have been sanctioned assistance under this component so far:

**Table – 11.17**  
**Details of assistance sanctioned under**  
**Deen Dayal Hathkargh Protsahan Yojana (DDHPY)**

(Rs. in crore)

Sl.No.	Name of the Organization	Project Cost	Central Assistance	
			Sanctioned	Released.
1.	Andhra Pradesh State Handloom Weavers Cooperative Society Ltd., (APCO) Andhra Pradesh	40.00	20.00	20.00
2	U.P. State Handloom Corporation	40.00	20.00	5.00
3	Tamil Nadu Handloom Weavers Cooperative Society Ltd. (Cooptex)	39.50	19.75	19.75
4	Karnataka State Handloom Corporation (KHDC)	40.00	20.00	10.00

11.30 The turnover of APCO which stood at Rs.22.92 crore before restructuring in the year 2000-01, went up to Rs.111.79 crore in the year 2005-06. Reportedly the society made a profit of Rs.3.50 crore in the year 2005-06 (provisional). The retail sales of Cooptex, which stood at Rs.96.00 crore in the year 2004-05, the year in which the restructuring project was sanctioned, went up to Rs.105.98 crore in the year

2005-06. The organization had made a turnaround with Rs.1.55 crore profit. The KHDC had initiated action to send excess employees on VRS, closed down the unviable showrooms and enhanced the production substantially. The Corporation was also able to pay an increased wage to the weavers covered by it.

#### **Opening up of new Yarn Depots**

11.31 All major Handloom Clusters have been covered by a Yarn Depot by the National Handloom Development Corporation. A total of 273 new Yarn Depots have become functional during the year.

#### **Marketing Events Doubled**

11.32 This has helped in the marketing of the handloom fabrics to a great extent and resulted in the rise of total production in the country. The number of District Level Events, Special Expos/National Expos has increased from 180 to 350 during the year 2005-06.

#### **Skill upgradation Doubled**

11.33 The number of weavers trained under the Integrated Handloom Training Project in 2005-06 was 18,700 as against 8,020 in 2004-05. This has helped weavers to improve their skills.

### **APPROACH TO THE ELEVENTH PLAN**

#### **Vision Statement**

To develop a strong, competitive and vibrant Handloom Sector to provide sustainable employment for the economic development of the nation, particularly of rural areas.

#### **11.36 Thrust Areas**

- Cluster Development Approach:
- Weavers Welfare Programmes
- Thrust on marketing and exports
- Capacity building and Public Private Partnership
- Design diversification and new product development

## **RECOMMENDATIONS FOR THE XIth PLAN**

### **Integrated Handloom Cluster Development Scheme**

11.37 For the holistic and integrated development of the Handloom Sector, Integrated Handloom Cluster Development Scheme was launched during the year 2005. To achieve the optimum results of the cluster development approach, it is proposed to merge Deen Dayal Hathkargha Protsahan Yojana (DDHPY), Integrated Handloom Training Project (IHTP), Workshed-cum-Housing Scheme and Design Development & Training Programme in the Integrated Handloom Cluster Development Scheme as its components.

#### **Components of Integrated Handloom Cluster Development Scheme**

- 1. Handloom Cluster Development Scheme**
- 2. Deen Dayal Hathkargha Protsahan Yojana(DDHPY)**
- 3. Integrated Handloom Training Project (IHTP)**
- 4. Workshed-cum-Housing Scheme**
- 5. Design Development & Training Programme (DDTP)**

### **Handloom Cluster Development Scheme**

It has been observed in handloom clusters that there is lack of information on latest technologies and market, inability to exploit export potential, lack of cultural attitude towards cooperation both at the firm and at the institutional level, absence of incentives for implementation of common projects, imperfect market functioning for provision of crucial inputs required for network development such as information and innovation; and high risk of free riding is especially faced in contexts where the legal framework to back up joint endeavour is relatively underdeveloped.

It is, therefore, imperative that a cluster development programme is taken up in order to ensure holistic development of these clusters. It is important to mention here that the requirement of assistance is usually not in terms of disbursing subsidy for commercial activities but more in terms of contributing towards awareness generation, developing cluster vision and action plan, creation of common facilities, common branding/marketing, facilitating formation of networks, conducting demonstration projects, strengthening associations, capacity building of the cluster

actors, developing social capital etc. This cluster development programme can imbibe dynamism so that the clusters can exploit their growth potential.

A cluster has to be visualized in the context of possessing both hardware as well as software. The hardware relates to necessary infrastructure, vertical depth, and strength of the supply chain as also presence of necessary private and public service providers. The software refers to levels and avenues of interactions and cooperative behaviour amongst cluster actors to successfully meet external challenges and exploit opportunities. Software also refers to the presence of an autonomous governance mechanism amongst cluster actors to do the same.

### **Cluster Development Strategy:**

11.38 It is imperative that intervention is made in the said clusters so that entrepreneurs in these clusters network to take best advantage of a growing markets; domestic and international. Diversification is one of the areas, potential of which is not properly exploited by the entrepreneurs in these clusters. Therefore, efforts will be initiated to improve market potential of Handloom products manufactured in these clusters. In the era of globalization, where tariff and non-tariff barriers are depleting, market forces can decide the ultimate fortune. Attempts can be made in making the individual enterprises and the cluster as a whole market worthy. Consortium based initiatives can be nurtured to take best advantage of the globalized economy. Possibilities of market development can be pursued in a strategic manner.

Moreover, attempts will be made to understand pressure point along the value chain and take appropriate measures. The intervention points will not be concentrated on manufacturers of handloom products alone but will also encompass the suppliers of raw material, other inputs and market drivers. In the domain of procurement of raw material and inputs, joint initiatives will be pursued to get cash and quantity discounts. Similarly consortium based approach will be tried in front of marketing. There are success stories (in other clusters in India) of entrepreneurs joining hands to participate in international trade fair, brand building etc. and the same will be explored in the said clusters as well. The backward and forward linkages will be strengthened for overall benefit of the clusters.

Strengthening linkages with the support organizations will be one of the important elements of the proposed cluster development programme. Linkages with

institutions like Textile Training Institute of respective states and Research Institute, National Productivity Council, National Institute of Design etc. will be strengthened. Management of some selected institutions would be sensitized to upgrade their facilities so as to fulfill the requirements of the clusters. If required, some training programme for the employees (from the clusters) can be organized in association with local institutions. This is one of the instruments of ensuring sustainability of the development process in the cluster.

Business Development Services (BDS) is one of the areas that will be given proper attention in the proposed cluster development programme. Availability of quality BDS will be ensured for the betterment of enterprises in the cluster. Competition will be infused in the BDS market to ensure that quality remains the prime driving force. Efforts will be made to improve linkages with existing BDS and induce new BDS to take care of the requirements of the cluster.

There will be enterprise specific technological intervention with the overall objective of making them quality conscious and targeting Value Sensitive end of the market. They will be geared to adopt the road of growth path. The technological intervention will encompass enterprises manufacturing Handloom, and backward linkage members like raw material suppliers. Issue of bulk capital requirement, skill development and HR needs of the cluster will go hand in hand other technological requirements.

Capacity building of the associations will be ensured in order to make them pro-active and addressing cluster generic issues. Common pursuits like developing newsletter, library/documentation center can generate revenue to support the developmental role of the association. Moreover visit to a dynamic cluster can be organized to enable the secretariat (in the associations) understand the role of associations in imbibing dynamism in a cluster. Networking with public and private BDS, Government agencies, support organizations will be attempted at the association level.

As an exit strategy, ownership on the part of the cluster actors will be ensured. Entrepreneurs, BDS, local association, support institutions, backward and forward linkage members will be sensitized to work together for holistic development of the

clusters. Their role will be delineated and synergized to gel with the overall objective of cluster development programme and cluster vision.

Before carrying out any intervention, need of such intervention will be assessed. A comprehensive Diagnostic Study will be carried out which will help understand the root cause of problem and delineate the scope of improvement. The intervention instrument will be demand driven and not supply focused.

The Integrated Handloom Cluster development Scheme was introduced in the year 2005-06. The main features of the scheme are:

1. 100 percent centrally funded scheme to overcome constraints of State funds.
2. Aimed at direct intervention for effective implementation control.
3. In selected handloom clusters in a focused manner rather than a thin spread over the entire country.
4. Inclusive approach to cover weavers both within and outside the cooperative sector.
5. Holistic and flexible intervention to provide for need based inputs specific to each cluster.
6. Market orientation by associating entrepreneurs and professionals for marketing, design and managing the production.

To provide for development of handloom clusters in an inclusive and holistic manner and to build up their capacity to meet the challenges of the market and global competition in a sustainable and self-reliant manner, Integrated Handloom Cluster Development Scheme has been introduced in 20 handloom clusters having more than 5000 looms at a cost of Rs. 40.00 crore @ Rs.2.00 crore per cluster. During the financial year 2006-07, another 100 clusters were selected for development with an outlay of Rs.50.00 crore.

The Handloom Clusters would be covered under this Scheme looking to their felt need. The estimated requirement of funds in the 11<sup>th</sup> Plan for the Clusters Development Scheme would be Rs.400 crore.

Out of the total Plan outlay for the scheme, an amount equivalent to 5 percent or Rs.2.00 crore, whichever is less, may be utilized for the publicity of the scheme so that all weavers can take maximum advantage.

### **Deen Dayal Hathkargha Protsahan Yojana (DDHPY)**

11.39 During the Eleventh Plan period, it is proposed to provide a budget of Rs.700.00 crore for DDHPY. The amount so sanctioned will cover margin money for working capital, financial assistance for looms and accessories, formation of SHGs, publicity, infrastructure development, including creation of common facility centers, modernization & upgradation of handlooms and a marketing incentive. During the period of its implementation in the Tenth Plan, the following constraints were faced due to which the scheme could not be put to optimal use:-

- Inability of some States to give matching contribution. In some States, allocation of funds for the scheme could not be made on time. In some, due to severe financial constraints, no budget provision could be made for the scheme. Such States have claimed special status in terms of State contribution on the pattern of the States falling under the North Eastern Region, and Jammu & Kashmir. These factors contribute to the slow progress in implementation of the scheme.
- Inadequate quantum of assistance for basic input components necessitates bank tie-ups for loans which, due to the precarious position of the handloom agencies, are not forthcoming to the required level.

11.40 Keeping in view the above, the following measures are proposed to make the scheme more comprehensive and beneficial to the sector.

#### ***Basic input***

11.41 Margin money for working capital: Assistance for margin money would be raised from the present level of Rs. 4,000.00 per weaver to Rs. 6,000.00. The Central Government will provide Rs. 5,500.00 and the balance Rs. 500.00 will be contributed by the concerned State Government/Implementing Agency/weaver.

11.42 New Looms: - Under the existing scheme an assistance of Rs.2, 000/- is given for purchase of looms. This assistance is shared between the Center and the State. As the cost of a new loom is approximately Rs.8000/-, central assistance for purchase

of looms would be raised to Rs.6, 000/- per loom and the remaining Rs.2, 000/- will be contributed by the concerned State/beneficiary or agency. However, in respect of the States falling in NER, J&K, HP, Jharkhand, Chhattisgarh and Uttaranchal and all such societies that have 100 percent members/beneficiaries as SC/ST/Women/ Minorities, irrespective of the State, it is proposed to raise the central assistance to Rs.7,200/-with the remaining Rs.800/- contributed by the concerned State/beneficiary or agency.

11.43 Dobby: - Under the existing scheme an assistance of Rs.1, 500/- is given for purchase of a dobbey. This assistance is shared between the Center and the State. As the cost of a Dobby is approximately Rs.4000/-, central assistance for purchase of Dobby would be raised to Rs.3, 000/- per Dobby and the remaining Rs.1, 000/- will be contributed by the concerned State/beneficiary or agency. However, in respect of the States falling in NER, J&K, HP, Jharkhand, Chhattisgarh and Uttaranchal and all such societies that have 100 percent members/beneficiaries as SC/ST/Women/ Minorities, irrespective of the State, it is proposed to raise the central assistance to Rs.3,600/-with the remaining Rs.400/- contributed by the concerned State/beneficiary or agency.

11.44 Jacquard: - Under the existing scheme an assistance of Rs.2, 000/- is given for purchase of a jacquard. This assistance is shared between the Center and the State. As the cost of a Jacquard is approximately Rs.6000/-, central assistance for purchase of Jacquard would be raised to Rs.4, 500/- per Jacquard and the remaining Rs.1, 500/- will be contributed by the concerned State/beneficiary or agency. However, in respect of the States falling in NER, J&K, HP, Jharkhand, Chhattisgarh and Uttaranchal and all such societies that have 100 percent members/beneficiaries as SC/ST/Women/ Minorities, irrespective of the State, it is proposed to raise the central assistance to Rs.5,400/-with the remaining Rs.600/- contributed by the concerned State/beneficiary or agency.

11.45 Accessories: - Under the existing scheme assistance of Rs.1, 000/- per weaver is given for purchase of other accessories. This assistance is shared between the Center and the State. As the cost of other accessories of each looms is approximately Rs.2, 000/-, central assistance for purchase of other accessories would be raised to Rs.1, 500/- and the remaining Rs.500/- will be contributed by the concerned State/beneficiary or agency. However, in respect of the States falling in NER, J&K,

HP, Jharkhand, Chhattisgarh and Uttarakhand and all such societies that have 100 percent members/beneficiaries as SC/ST/Women/ Minorities, irrespective of the State, it is proposed to raise the central assistance to Rs.1,800/-, and the remaining Rs.200/- will be contributed by the concerned State/beneficiary or agency.

Assistance for components 11.42 to 11.45 will be shared in the ratio of 75:25 by the Centre and the State/Implementing Agency/beneficiaries in respect of the States other than the States falling in NER, J&K, HP, Jharkhand, Chhattisgarh, and Uttarakhand where the sharing ratio will be 90:10. In case of societies with 100 percent members/beneficiaries as SC/ST/Women/Minorities the sharing ratio will be 90:10 irrespective of the State. Under the present Scheme, the above assistance is given for a minimum of 25 weavers and up to a maximum of 100 weavers. However, during the XIth Plan, assistance for these components would be given for a minimum of 10 weavers and a maximum of 100 weavers.

#### ***Formation of Self Help Groups (SHGs)***

11.46 Mobilization of beneficiaries shall be undertaken in areas where the diagnostic survey has been completed. This activity shall include mobilizing the artisans into SHGs with NABARD and other organisations, training of SHGs on various aspects of forming and running a community business enterprise.

#### ***Design development and product diversification:***

11.47 It is proposed to enhance assistance under this component to Rs 10.00 lakh from the existing level of Rs 5.00 lakh per implementing agency. While assistance up to Rs.5.00 lakh will be available for the purchase of CAD/CAM, colour forecast, trend forecast and other allied requirements, assistance up to Rs.5.00 lakh would be available to engage a qualified designer for a minimum period of 3 years.

#### ***Publicity:***

11.48 With a view to project handlooms within India and create awareness about weaving techniques, and open opportunities to boost the sales of handlooms in India, financial assistance will be considered to the eligible organizations for both domestic and international publicity. This would cover expenditure towards advertisement, printing of brochures, catalogues, market research, market survey, etc. Assistance for these purposes would be raised from the present figure of Rs.5.00 lakh to Rs 10.00 lakh per agency during the Eleventh Plan. This assistance would be

released in 5 annual installments of Rs.2.00 lakh each up to a maximum of Rs.10.00 lakh per beneficiary organization during the entire Plan period.

***Infrastructure/Common Facility Centre:***

11.49 The scheme would also envisage covering provisions of common infrastructure, which would improve quality of life in the village. This assistance would be available for setting up of Common Facility Centres which will include water effluent treatment plants, pre-loom and post-loom operations like bleaching, dyeing, finishing for carrying out warping, quality control lab, exhibition hall, committee room for organising buyer-seller meets, seminars, workshops etc. and also for bore-well, sanitary dug-well, primary school etc. The Common Facility Centre will be developed on a public-private partnership mode subject to the condition that the cost of the infrastructure/common facility centre will be Rs. 1.00 crore. 20 percent of the cost will be born by the entrepreneur/agency/a consortium/State Government, with the remaining 80 percent, being given as Central grant which will be limited to a maximum of Rs.80.00 lakh per project. Assistance for bore-well, sanitary dug-well, primary school etc. will be in the form of 100 percent central grant. The proposal for release of assistance under this component would be placed before the State Level Project Committee and should meet the approval of the Development Commissioner for Handlooms. Only one project will be given for a village.

***Market Survey/Market Intelligence:***

11.50 The Handloom weavers, presently, do not have an appropriate feed back on market trend. This, many a time, leads to accumulation of stocks causing thereby a bottleneck in the production-delivery cycle. It is felt that with a back up market study/survey/trend, the weaver will be well-equipped with the latest requirement of the market, and gear his production to suit market requirements. It is proposed to earmark an amount of Rs.1.00 lakh per agency for the Eleventh Plan period for hiring a professional in the field. Only one project will be sanctioned for a village and in the case of a cluster, only one project would be sanctioned for the cluster if more than one village in that cluster produces a similar range of products.

Assistance for the components 11.47 to 11.50 will be available to such beneficiary organization that covers atleast 250 looms or has had an annual turnover of not less than Rs.25.00 lakhs during each of the last three years. Two or more

organizations can join hands to fulfill the above criteria and take the benefit of the above components. This assistance, in respect of components 11.47, 11.48 and 11.50 will be shared in the ratio of 75:25 by the Centre and the State/Implementing Agency/beneficiaries in respect of the States other than the States falling in NER, J&K, HP, Jharkhand, Chhattisgarh, and Uttaranchal where the sharing ratio will be 90:10. In case of societies with 100 percent members/beneficiaries as SC/ST/Women/Minorities the sharing ratio will be 90:10 irrespective of the State.

Assistance up to Rs.1.00 lakh each for (a) Design Development & Product Diversification and (b) Publicity Components would be available to such individual Primary Handloom Weavers Cooperative Societies which are not covered under 11.47 and 11.48 hereinabove.

**Marketing Incentive:**

11.51 The level of assistance under the Marketing Incentive component of the scheme may be retained at 10 percent of the average turnover of the last 3 years in respect of National/State Level Handloom Organizations/Apex Weavers Cooperative Societies, Primary Societies, SHGs and NGOs during the entire Eleventh Plan period. This would be shared equally between the Center and the State.

11.52 The marketing incentive is given under the Deen Dayal Hathkargha Protsahan Yojana for preparing conditions that are conducive to marketing of handloom products. This assistance can be used for giving rebate/discount on sale of handlooms cloth, for creating infrastructure to improve production and productivity or any other activity aimed at attracting consumers. This incentive is largely given to make the handloom sector more competitive. In the last year of the Xth Plan period, the marketing incentive will be given to Handloom Corporations/Apex Societies @ 2 percent and Primary Cooperative Societies @ 4 percent on average sales turnover of last three years. This is too low an incentive to a sector which faces stiff competition from the organized sectors and should, therefore, be restored for five years both for the Handloom Apex Organisations and primary Cooperative Societies and the incentive retained at 10 percent for all the handloom agencies. The sharing between the centre and the state for this component would be in the ratio of 50:50 for all States.

***Strengthening of Handloom Organisations:***

11.53 Assistance under this component is given to National Level Handloom Organisations, State Handloom Corporations and Apex Weavers Cooperative Societies/Federations to make them viable by enhancing their cash credit limit/working capital. This assistance is extended on a 50:50 sharing basis between the Center and the State. The organization is required to improve its viability by streamlining the business policies and rationalizing manpower. It is proposed to retain this component of the scheme in the existing form without any modification.

***Modernisation of Handloom Technology (MHT):***

11.54 Under this Head, a 40 percent capital subsidy may be provided for the construction of a work-shed, purchase of the new machinery and equipment for the pre-loom & post-loom operations, up-gradation of handlooms, testing & Quality Control equipment, and for Apparel and Made-ups for exclusive use by handloom production units with a capital ceiling of Rs.1.00 crore, allowing maximum capital subsidy of Rs.40.00 lakh. Out of this, the maximum capital subsidy available towards the construction of the workshed will be limited to Rs.16.00 lakh i.e. 40 percent of Rs.40.00 lakh (being the upper capital ceiling for construction of workshed). The maximum duration of completion of construction of workshed and installation of Plant & machinery is 2 years. The individual activity schedule would vary from project to project based on a kind of technological up-gradation and the location of the project, subject to a ceiling of 2 years. The aforesaid capital subsidy package under TUF Scheme would be available to existing handloom units, with a minimum of 10 handlooms housed in a common work-shed. The scheme shall also be available to new units, which are proposed to be set up with at least 10 handlooms at one place in a common work-shed. The benefits under the Scheme can be availed by the Private Handloom Entrepreneurs, Primary Handloom Weavers Co-operative Societies, Apex Handloom Cooperative Societies, State Handloom Corporations, NGOs/SHGs (with handloom background), and National Level Handloom Organisations.

11.55 The DDHPY may be implemented as a Centrally Sponsored Scheme during the Eleventh Plan with a budget provision of Rs. 700.00 crore. Out of the total Plan Outlay for the scheme, an amount equivalent to 5 percent or Rs. 1.00 crore,

whichever is less, may be utilized for the publicity of the scheme so that all weavers can take maximum advantage.

#### **Integrated Handloom Training Project**

11.56 Training and Re-training are critical inputs for handloom weavers/workers to adapt to produce diversified products with improved quality to meet changing market trends. As the IHTP Scheme provide a holistic approach to the issues relating to the up-gradation of relevant skills in the Handloom Sector, the continuation of IHTP is essential. During the Eleventh Plan, it is proposed to cover 70,000 weavers @ 14,000 weaver per year, at a total cost of Rs. 70.00 crore

Out of the total Plan Outlay for the scheme, an amount equivalent to 5 percent or Rs. 1.00 crore, whichever is less, may be utilized for the publicity of the scheme so that all weavers can take maximum advantage.

#### **Workshed-cum-Housing Scheme**

11.57 There have been suggestions from the members of the All India Handloom Board as well as the Parliamentary Standing Committee that the Central assistance under the scheme is very low and needs to be enhanced. There were also suggestions that the assistance for the worksheds/workshed-cum-houses in rural areas should be at par with the assistance for the worksheds/workshed-cum-houses in the urban areas, since there is not much difference in the construction cost between the rural areas and in the urban areas. Many States have also expressed difficulty in getting loan tie-up from the HUDCO/Financial Institutions, therefore, loan component may be dispensed with.

11.58 The funding pattern would be as under:-

**Table – 11.18**  
**Funding pattern under Workshed-cum-housing scheme**

<b>Sl. No.</b>	<b>Component</b>	<b>Area per unit</b>	<b>Amount of Central Assistance upto</b>
(a)	Construction of Workshed	20 sq. mtrs.	Rs.25,000/-
(b)	Construction of Workshed-cum-Houses	40 sq. mtrs.	Rs.50,000/-

11.59 While the Central assistance will be limited to the levels mentioned above, the State Governments/UTs./ beneficiaries will be free to meet the additional cost if any, by means of their own contribution or loans from financial institutions.

11.60 At present, the weavers of the Primary Weavers Cooperative Society/Corporations/Apex Societies are being covered under the Scheme, it is proposed to cover Weavers outside the cooperative fold also. Since only a small percentage of weavers fall under the cooperative fold, this will include members of the Self Help Groups (SHGs) and NGOs.

11.61 It is expected that, 20,000 units of Worksheds/Workshed-cum-Houses would be sanctioned in a year. The total coverage during the Eleventh Plan would be 1 lakh units with a Central Assistance of Rs. 312.50 crore for constructing the 75,000 worksheds and 25,000 workshed-cum-houses, at a cost of Rs. 25,000/- and Rs. 50,000 each, respectively. Rs. 2.00 crore will be kept for the publicity of the scheme over and above the budget so that all weavers can take maximum advantage.

### **Diversified Handloom Scheme**

11.62 The name of the Scheme “Design Development & Training Programme” is proposed to be changed to “Diversified Handloom Scheme”. In addition to the existing components of DDTP, a new component, namely, Setting up of IIHTs in the central sector with Plan Outlay of Rs. 5.00 crore has been envisaged in the XI Plan under Diversified Handloom Scheme. Further, the Research & Development component of proposed Diversified Handloom Scheme will also include three new sub-components, viz. Mapping/Census of Handlooms, Issue of Identity Cards and Market Survey/Market Intelligence. The first Handloom Census at the National level was conducted in 1987-88 and the Second Joint Census of Handlooms & Powerloom was conducted during 1995-96. Tremendous changes have taken place in the country over the last 10 years. It is necessary to conduct a new Census of Handlooms at national level. For this purpose an amount equivalent to Rs. 16.00 crore will be kept in the XIth Plan as part of R&D component of Diversified Handloom Scheme. Further, to ensure direct transfer of various benefits to the weavers, a drive for identification, registration and certification of the weavers and master weavers will be launched with issuance of Multipurpose Identity card. For this purpose Rs. 3.00 crore will be kept in the XIth Plan as part of R&D component of DDTP. The Handloom sector has evolved over the centuries and today producing fabrics, sarees, dress materials as also high-end exportable home furnishing items. With the opening up of the global trade, the handloom sector of India is poised to expand world-wide but will also face unforeseen challenges that the new world economy has to throw. The

Handloom weavers, presently, do not have an appropriate feed back on market trend. This, many a time, leads to accumulation of stocks causing thereby a bottleneck in the production-delivery cycle. It is felt that with a back up of market study/survey/trend, the weaver will be well-equipped with the latest requirement of the market-domestic as well as export and gear his production to suit market requirements. All the players involved in the developmental policies in the handloom sector- be it a weaver, government or the private sector need continuous feed-back of the domestic and global requirement. Thus, there is a need for conducting market surveys/market intelligence. Therefore, it is proposed to ear-mark an amount of Rs.20.00 crore for this purpose in the Eleventh Plan period under R&D component of proposed Diversified Handloom Scheme.

It is, therefore, proposed to have an outlay of Rs.73.83 crore. The individual Plan outlay will be as under:-

(i)	Grants to States	Rs. 1.05 crore
(ii)	IIHTs salary component	Rs.3.50 crore
(iii)	Infrastructure for WSCs/IIHTs	Rs.10.00 crore
(iv)	Other charges (Training to officials of WSCs and IIHTs, Dyeing, Design and Exhibitions)	Rs.1.50 crore
(v)	Research & Development	Rs.41.00 crore
(vi)	National Centre for Textile Design	Rs.6.50 crore
(vii)	Integrated Project for Development of Wool and Woollen Design & Development Centre in J&K under PM's Economic Package	Rs.1.40 crore
(viii)	Weavers Service Centre (J&K)	Rs. 3.88 crore
(ix)	Setting up of IIHTs in the Central Sector	Rs. 5.00 crore

Out of the total Plan Outlay for the scheme, an amount equivalent to 5 percent or Rs. 1.00 crore, whichever is less, may be utilized for the publicity of the scheme so that all weavers can take maximum advantage.

## **Weavers Welfare Scheme**

### **(a) Health Insurance Scheme**

11.63 The Health Insurance Scheme (HIS) is a popular scheme and also beneficial to the handloom weavers. Therefore, it is proposed to continue it during the Eleventh Plan period with extra benefits. It is expected to cover 3 lakh weavers in a year and 15 lakh weavers during the entire period of the Eleventh Plan alongwith their renewals, with Central assistance of Rs. 250.00 crore. A sum of Rs. 2.00 crore will be kept for the publicity of the scheme over and above Rs. 250.00 crore so that all weavers can take maximum advantage.

### **(b) Mahatma Gandhi Bunkar Bima Yojana**

11.64 The Mahatma Gandhi Bunkar Bima Yojana (MGBBY) which provides life insurance cover to the weavers is another popular scheme. This scheme is proposed to be continued in the Eleventh Plan and more benefits are proposed to be included in the scheme with the following modifications in consultation with the Life Insurance Corporation of India (LIC):-

**Table – 11.19**  
**Modifications under Mahatma Gandhi Bunkar Bima Yojana**

<b>Sl No</b>	<b>Component</b>	<b>Financial (Rs.)</b>
i	Natural death.	75,000/-
ii	On death due to accident.	1,00,000/-
iii	Loss of use of two eyes or two limbs or one eye or one limb in an accident.	1,00,000/-
iv	Loss of one eye or one limb in accident.	50,000/-
v	Permanent total disablement from injury other than named above.	1,00,000/-

11.65 It is expected to cover 3 lakh weavers in a year and 15 lakh weavers during the entire period of Eleventh Plan alongwith their renewals, with a Central assistance of Rs.70.00 crore (approximately). Rs. 2.00 crore will be kept for the publicity of the scheme over and above Rs. 70.00 crore so that all weavers can take maximum advantage.

### **(c) Thrift Fund Scheme**

11.66 The Thrift Fund Scheme was introduced in the year 1985-86 as a social welfare measure. The Scheme envisages creation of a type of fund in the nature of provident fund, with the contribution from the weavers, the State Government and the Central Government to help them meet expenses towards children's education/ medical expenses of family members and expenses in connection with marriage, and other religious ceremonies etc. It is expected to cover 1 lakh weavers each year during the Eleventh Plan period (a total of 5.00 lakhs weavers) with a budget provision of Rs. 20.00 crore. Rs. 2.00 crore will be kept for the publicity of the scheme over and above Rs. 20.00 crore so that all weavers can take maximum advantage.

### **Pension Scheme**

11.67 It is proposed to introduce a Pension Scheme for Handloom Weavers after their attaining the age of 60 years, when they become incapacitated to work. It is proposed to provide monthly pension @ Rs.200/- to all the weavers after 60 or more years. It is expected to cover on an average 2.00 lakhs weavers per year i.e. 10.00 lakhs weavers during the XIth Plan period. Therefore, it is proposed to provide Plan Outlay of Rs. 48.00 crore for the XI Plan period. Rs. 2.00 crore will be kept for the publicity of the scheme over and above Rs. 48.00 crore so that all weavers can take maximum advantage.

### **Marketing & Export Promotion Scheme**

#### **(a) Marketing Promotion Programme (MPP)**

11.68 The objective of MPP is promotion of marketing of handloom goods in the country as well as brand building of the handloom sector. For promotion of the sales and marketing of the handloom goods, MPP envisages a wide gamut of activities which include organisation of national handloom expos, special handloom expos, district level events, setting up of Urban Haats and setting up of Marketing Complexes etc. For brand building and publicity of the handloom sector, the MPP envisages films on handlooms, national festivals, publicity campaigns, seminars and workshops, national awards to weavers, Master Craftsman Programmes, public awareness programmes etc.

Besides the existing programmes, the following new initiatives have been proposed in the XI Plan:

Marketing Complexes at District and State levels: It is felt that setting up of Marketing Complexes at District and State levels will create more outlets for selling the handloom products without incurring high transportation cost. Therefore, it is proposed to set up 10 District Handloom Marketing Complexes every year @ Rs.100.00 lakh each in important districts. Further, it is also proposed to set up 2 State Handloom Marketing Complexes every year @ Rs.450.00 lakh each in State capitals.

Space on rent at private commercial malls, heritage hotels etc. : It is proposed to take space on rent at private commercial malls and similar outlets, heritage hotels etc. to market handloom products more aggressively in an aggressive environment which is modern and attracts a large number of high-end customers. It has been felt that private-public partnership will help in making the customers more aware of the handloom products and consequently increasing the sales of the handloom products. In this direction, some prominent private business houses have also been requested to give some space to sell handloom products. Further, some financial assistance may be provided to private traders who assure to buy the handloom products from the handloom clusters and work as a marketing link for the handloom products produced at a particular cluster. A provision of Rs. 600.00 lakh has been kept for such activities for the XIth Plan period.

Marketing Consultants: A provision of Rs.500.00 lakh has also been kept for Marketing Consultants during the XI Plan period. It has always been felt that Marketing Promotion Programme should have a component for engaging qualified and experienced marketing personnel and/or organisations who can assist the handloom agencies in contacting the private business houses, buying houses, exporters etc.; procure orders for them from these sources and generally help the agencies in marketing and sale of their products.

Handloom Mark: The Handloom Mark has already been launched by the Hon'ble Prime Minister on 28th June, 2006. The Textile Committee, Mumbai is the Implementing Agency for implementation of the Handloom Mark Scheme.

Powerloom products pose serious competition to handloom products on account of their cost advantage and for mass production. Also, in the absence of a strong brand image for handloom products, they can be passed off as having been produced on handlooms. Therefore, the Handloom Mark has been introduced w.e.f. 28<sup>th</sup> June, 2006. The Handloom Mark will distinguish handloom products from powerloom and mill products. The Handloom Mark will be used not only for

popularizing the handwoven products but also to serve as a guarantee to the buyer that the product being purchased is genuinely hand-woven. In the Eleventh Plan, intensive promotion of the Handloom Mark will be undertaken. A Plan outlay of Rs.98.00 crore may be kept for the Handloom Mark in the Eleventh Plan.

Geographical Indication Act: Measures would also be taken under Marketing Promotion Programme for seeking protection of patterns and designs of GI products, e.g. Banarasi brocades, Jamdani of Bengal, etc., under the Geographical Indication Act. The budget estimate for this purpose in the Xith Plan will be Rs.2.00 crore.

Setting up of Administrative Offices of the Office of Development Commissioner for Handlooms in important handloom states: Presently, the Office of the Development Commissioner for (Handlooms) implements various Handloom schemes through the State Government concerned. However, it has been observed that the benefits of the schemes have not reached the beneficiaries in time due to the delays on the part of the State Governments. Therefore, it is proposed to set up administrative offices of the Office of the DC (Handlooms) in major Handloom producing States. A total provision of Rs. 2.00 crore will be kept in the XIth Plan period for this purpose.

Handloom House at Janpath and other similar Infrastructure: Infrastructure is a major gap in the sector. Common Facility Centres will be set up under DDHPY in selected clusters with a provision of key infrastructural and technological facilities such as cabinet dyeing, reeling, calendaring etc. Similarly, marketing infrastructure will be created in the form of showrooms in the urban areas, particularly in district headquarters and State capitals. The Ministry of Textiles already has a piece of land at Janpath, New Delhi where a Handloom House and other handloom organisations will be located. The estimates for the Handloom House during the Eleventh Plan period would be Rs.35.00 crore.

Publicity of handloom Schemes/Components: It is felt necessary to promote and popularize the handloom Schemes/Components by way of Workshops/Seminars/Buyer Seller Meets/Publicity Campaigns through Print and Electronic Media etc. etc. so that the benefits of the Schemes/Components reached to the weavers. A provision of Rs. 20.00 crore has been kept for this purpose in the XIth Plan.

The total budget provision for Marketing Promotion Programme during the XIth Plan period is estimated to be Rs. 455.00 crore and this entire amount will be from the central sector fund.

**Table – 11.20**  
**Estimates of Expenditure for Eleventh Plan - MPP**

<b>Sl. No.</b>	<b>Name of event/component</b>	<b>No. of events/components x amount x period</b>	<b>Amount (Rs. Lakh)</b>
1	National Handloom Expo (NHE)	20 x 50 x 5	5000.00
2	Special Handloom Expo (SHE)	50 x 20 x 5	5000.00
3	District Level Event (DLE)	300 x 3 x 5	4500.00
4	Appropriate Technology Exhibition (ATE)	10 x 10 x 5	500.00
5	Handloom Mark		9800.00
6	Urban Haat	5 x 135 x 5	3375.00
7	<b>Setting up of Marketing Complexes</b>		
7 (a)	District Handloom Marketing Complex	10 x 100 x 5	5000.00
7 (b)	State Handloom Marketing Complex	2 x 450 x 5	4500.00
7(c)	Assistance to Primary Societies for Marketing Complex @ 75 percent of the total cost		
8	Craft Melas	6 x 20 x 5	600.00
9	National Award	1 x 50 x 5	250.00
10	Rent of space at Commercial Malls, heritage hotels etc. ( 1000 sq. ft. @ Rs.50/- per sq.ft = Rs. 50,000 per month x 12 x 2 shops = Rs. 12,00,000 x 10 States = Rs. 1,20,00,000 x 5 years = Rs. 600.00 lakhs)	2 areas/space x 10 states x 5 years	600.00
11	Marketing consultant for each State		500.00
12	Geographical Indication (GI)		200.00
13	Setting up of Administrative Offices of DCHL in major handloom States.		200.00
14	Janpath Handloom Complex		3500.00
15	Publicity: (Workshops/BSMs & Seminars, printing of brochures, General advertising and Media Campaign for promotion of all handlooms Schemes/Components etc.)		2000.00 (rounded of)
<b>Grand Total</b>			<b>45525.00</b>

**Say Rs. 455.00 crore**

Note: The above outlay has been projected based on the enhanced number of events and enhanced assistance towards infrastructure and publicity.

**(b) Handloom Export Scheme**

11.69 There is the need for definite incentives from the Government to attract the entrepreneurs and investors into the Handloom Export Sector. One important incentive to the Handloom Export Sector is the Handloom Export Scheme being

implemented by the Office of the Development Commissioner for Handlooms. The review of the Handloom Export Scheme over the Tenth Plan period has shown that there shall be appropriate modifications in the Scheme for the Eleventh Plan period so that the Scheme is able to give its full advantage to the handloom exporters. The exports are expected to grow at the rate of 15 percent per annum to Rs. 9263 crore approximately by the end of XIth Plan.

**Changes proposed in the Handloom Export Scheme in the Eleventh Plan:**

11.70 The aim of the Scheme is to assist the handloom agencies and exporters to develop and market export worthy handloom products. In the Tenth Plan, the Scheme has been successful in its endeavour to bring about improvement in the standards of the products, and reviews have shown that most of agencies/exporters have been able to produce good quality products meant for foreign markets. But, their performance in terms of exports needs further improvement. Certain changes have been felt necessary to boost the export of such products.

11.71 On the basis of review of the Export Projects sanctioned over the Tenth Plan, the following changes are suggested in the Part-I of the existing scheme for Export Projects:

11.71.1 Marketing Consultant component: As and when the product is ready for the export market, the marketing professionals will come in the first phase itself to help the agencies in finding foreign buyers for the products.

11.71.2 Development of promotional materials/website for publicity: These measures will help the agencies to reach their foreign buyers in a systematic manner.

11.71.3 Training in Packaging: The component should be limited to impart training to the agencies in the field of international packaging.

11.71.4 Follow-up Strategies component should be deleted: Facilities like dyeing units, etc., are not easily available in rural and semi urban areas for want of enough electricity and other logistical problems and, therefore, agencies outsource these facilities.

11.71.5 Free TA, accommodation, transportation cost, clearing agent/cargo charges etc. to the participants in International Fairs: This measure will help handloom exporters who already suffer on account of cost disadvantage vis-à-vis the powerloom and mill sector.

11.71.6 Weavers Service Centres may also be allowed to recommend the project proposals: However, proposals of private handloom exporters may continue to be recommended by the Handloom Export Promotion Council. But funds to the

exporters, after sanction of project, may be released directly to the exporters instead of being routed through the Handloom Export Promotion Council as is being done in the case of other export projects.

11.71.7 Utilisation Certificate and Progress Reports may be sent by WSCs: State Share may be removed for the Export Projects.

11.71.8 Design Studios: Design Studios can be set up in important Handloom Clusters. The Design Studios will provide the facilities and services like creation of new designs based on client's needs, adapting and modifying designs from sketches or fabrics submitted by clients, to meet a price or other restriction, to analyze the latest trends, to forecast the change in motifs and colours etc., create new designs based on the analysis and forecasting for the manufacturers, to provide latest technology by way of related software, etc. The Design Studio may be a joint collaboration between the Government of India and the industry/HEPC in the ratio of 75:25. Approximately, 20 Design Studios as major handloom clusters/centres, each at an approximate cost of Rs. 1 crore are envisaged in the XI Plan.

11.72 The Plan outlay for the Handloom Export Scheme is estimated to be Rs. 45.00 crore.

Out of the total Plan Outlay for the scheme, an amount equivalent to 5 percent or Rs. 1.00 crore, whichever is less, may be utilized for the publicity of the scheme so that all weavers can take maximum advantage.

### **Handloom Inputs Scheme**

#### **(a) Mill Gate Price Scheme**

11.73 The NHDC will not only increase the number of yarn depots throughout the country for supplying good quality yarn, chemicals, and dyes at subsidized rates, but also get actively involved in the marketing of yarn. The distribution of yarn will be decentralized and additional local distribution points will be put in place. Subsidised yarn will be given to the Handloom Sector to enable it to compete with powerlooms. Under the existing Mill Gate Price Scheme, NHDC will increase yarn supplies from the level of 268.80 lakh kg valued at Rs.268.80 crore in the year 2006-07, to 475 lakh kg till the terminal year of the Eleventh Plan period. The scheme will be expanded to include supply of quality Dyes & Chemicals also. Therefore, the budget estimate for the Mill Gate Price Scheme in the Eleventh Plan is expected to be Rs.121.35 crore. It is proposed to supply Dyes and Chemicals up to 25.00 lac kg valuing Rs.25 crore per year till the terminal year of XI Plan period.

Out of the total Plan Outlay for the scheme, an amount equivalent to Rs. 2.00 crore will be utilized for the publicity of the scheme so that all weavers can take maximum advantage.

**(b) Hank Yarn Price Subsidy:**

11.74 To offset the high cost of yarn prices for handlooms, the Government of India used to provide a subsidy on hank yarn (of 20s, 40s count) at the rate of Rs.15 per kg.(the value of one kg. yarn of count 20s used to be about Rs.85 per kg. during the year 1994-95). It was stipulated that whenever hank yarn prices corresponding to the 20s count fall below the Rs.70/- per kg. level, the operation of the Scheme would be suspended and a review undertaken. In the year 1995-96, the subsidy was enhanced to Rs.20 per kg. Before 1<sup>st</sup> March, 2002 cotton hank yarn in plain reel form was exempted from Central excise (CENVAT). The rate of CENVAT on Cotton hank yarn was 9.2 percent, and this price advantage was exclusively for the handloom sector. With effect from 1<sup>st</sup> March 2002, cotton hank yarn was included under incidence of CENVAT through the Budget announcement for the year 2002-03. The Budget announcement also stipulated that this incidence of CENVAT will be reimbursed for those quantities of yarn which are consumed by the handloom sector. The agencies who were authorized to reimburse this amount included the State Governments/NHDC. However, since July 2004 CENVAT on all varieties of cotton yarn has been exempted. Once this 9.2 percent CENVAT advantage for the Handloom Sector was withdrawn, strong competition from the powerloom sector was experienced. This was due to inherent superior productivity and higher economies of scale available to the organized Powerloom Sector. Various State Governments and handloom organizations have represented to restore this price advantage to the Handloom Sector. Therefore, it is proposed that a subsidy on hank yarn for Handloom Sector, distributed through NHDC and other eligible agencies, may be introduced at following rates for various counts:

**Table 11.21**  
**Proposed subsidy rates for various counts of hank yarn**

	Counts of Hank Yarn	Proposed subsidy
(a)	Upto 10s	Rs. 10 per kg.
(b)	Above 10s and upto 40s	Rs.15 per kg.
I	Above 40s	Rs.20- per kg.

11.75 On an expected annual distribution of 400 lakh kg of yarn, the expected subsidy at an average cost of Rs.15 per kg. would be Rs.60.00 crore per annum.

Therefore, the budget estimate for the Hank Yarn Price Subsidy Scheme in the Eleventh Plan is expected to be Rs.300.00 crore.

Out of the total Plan Outlay for the scheme, an amount equivalent to 5 percent or Rs. 1.00 crore, whichever is less, will be utilized for the publicity of the scheme so that all weavers can take maximum advantage.

### **Financial Package for Handloom Sector**

11.76 The issue of credit flow to the handloom sector is closely linked to the working capital management of the handloom business. This, in turn is directly related to overall health and business performance of the handloom sector as a whole. Various aspects such as marketing, design, technology, skill up-gradation etc. determine the performance of this sector. It is acknowledged that besides all inputs, credit is an important input for the growth of the handloom sector.

The Hon'ble Prime Minister had convened a meeting on 16<sup>th</sup> May, 2006 to review the action taken to support the handloom weavers. Various new initiatives were discussed and clear timelines were set. It was pointed out that there was a serious problem with regard to the availability of credit to the handloom sector and the interest rates were extremely high. The Minutes of the Meeting convened by the Hon'ble Prime Minister stated as follows:

“On the issue of making credit available at cheaper rates, Finance Minister Stated that he was willing to consider it on a pattern analogous to the Vaidyanathan Committee recommendations for cooperative banks. He felt and Minister of Commerce supported the view that State Governments should be got on board, however nominal their contributions are likely to be. This was agreed to. Ministry of Finance may take follow-up action in this matter.”

Subsequently, at a function to launch the Handloom Mark on the 28<sup>th</sup> June, 2006, Hon'ble Prime Minister said:

“I understand that handloom cooperatives suffer from two problems in accessing credit. Firstly, the cost of credit is on the higher side. The other is that credit to handloom cooperatives have been choked because of a debt overhang. Considering the importance of handlooms, we need to address these problems on a priority. I have asked the Finance Minister to consider the feasibility of extending the low interest facility provided for agricultural

loans to handloom weavers as well. I have also asked the Textile and Finance Minister to look at the problem of debt which is afflicting handloom cooperatives so that this can be rescheduled or cooperatives recapitalized in a manner similar to that done for cooperative banks through the Vaidyanathan Committee.”

To address these issues a meeting was held under the Chairmanship of Secretary (Textiles) on 21<sup>st</sup> August, 2006 in which it was decided to constitute a Committee comprising the MD, NABARD as Convenor and Representatives of IBA/RBI/ NIFT, Secretary (Handlooms) Government of Orissa/Tamil Nadu/ Uttar Pradesh/ Assam/ Kerala/ Karnataka/ West Bengal/ Andhra Pradesh, Representative of National Association of State Cooperatives, Additional Development Commissioner (Handlooms). First meeting of the Committee was held on 1<sup>st</sup> September, 2006 which was chaired by Shri D.G. Karmakar, MD, NABARD while another meeting was held on 27<sup>th</sup> September, 2006 to discuss measures for marketing of handloom products.

MD, NABARD has now sent the Report of the High Level Committee giving details of the financial package recommended for the handloom sector. Salient features of the report are:

### **Components of Financial Package for Handloom Sector**

#### **Cleansing of balance sheets of Apex Societies and Primary Societies**

While many of the Primary Weaver Cooperative Societies (PWCS) are viable, a large number of potentially viable units are financially in bad shape on account of accumulated losses and due to long pending receivables from State Governments. It is proposed to cleanse the Balance Sheets of these viable and potentially viable PWCSs and Apex Societies. Estimated funds required for the capitalization of Apex Societies/PWSCs is **Rs 600 crore**, which includes Rs 300 crore for Apex Societies, Rs 200 crore for PWCSs and an additional Rs 100 crore to wipe out long pending receivables from State/Central Government on account of sales rebate, subsidies, restructuring assistance etc. for Apex Societies/Handloom Development Corporations and PWCSs.

### **Waiver of overdue loans and interest of PWCS & Apex Societies**

It is proposed that looking to the fierce competition, the handloom sector has to face from powerloom and the mills, a one time waiver for all outstanding loans and interest thereon, inclusive of penal interest, may be allowed to rejuvenate the Handloom Sector, so that credit lines, presently choked, may be reopened. It is proposed to waive overdue loans of about **Rs 500 crore** and overdue interest of about **Rs 80 crore**.

### **Interest subvention – Working Capital**

One of the critical inputs for rejuvenation of the handloom sector is the easy availability of finance and credit, particularly working capital finance to handloom weavers both within and outside the cooperative fold at a lower rate of interest. This will make the production and marketing activities in the sector sustainable. In fact, a very large part of the handloom sector has been paralyzed over the years due to the non-availability of credit commensurate with the needs of the sector. The credit lines for the cooperative societies, both primary level as well as apex level, are choked over the years due to large scale default on the part of the cooperative societies in repayment of bank loans. There is a need to re-open these credit lines. Credit at lower rates of interest through NABARD and Commercial Banks may be contemplated. NABARD's cost of funds in raising the resources from the market for working capital refinance is currently @ 8 percent per annum. NABARD provides working capital to the State Cooperative Banks who in turn provide it to the District Cooperative Banks. The Weavers Cooperatives get funds at the final rate of 12-14 percent varying from state to state. If credit is to be made available to the weaver at a rate of 7 percent, then NABARD needs to be sub-vented by 5 percent per annum, so that the re-finance can be provided at a concessional rate of 3 percent per annum to the State Cooperative Banks with the stipulation of ultimate rate of interest not to exceed 7 percent per annum. Besides NABARD, commercial banks will also be roped in to give loans at 7 percent rate of interest to those outside the cooperative structure. The Handloom Sector should get credit at 7 percent rate of interest on the lines of the Agriculture Sector and modalities are being worked out by the Ministry of Finance. An amount of about **Rs 50 crore** is required for providing this interest subvention.

### **Contribution to Handloom Development and Equity Fund**

It is proposed to set up an exclusive “Handloom Weaver Development and Equity Fund” in NABARD for the purpose of providing equity and promotional support to PWCS/Apex Societies/HWGs/NGOs etc. Estimated amount required for the purpose during the Eleventh Plan is about **Rs 60 Crore** out of which NABARD will provide initial contribution of Rs 10 Crore.

### **Credit Guarantee Fund Scheme:**

It is proposed to introduce a Credit Guarantee Scheme, which will provide ease in accessing credit from the banks. The estimated expenditure under the scheme during the Eleventh Plan is **Rs 5.00 crore**.

**Table No. – 11.22**  
**Budget required for implementation of Handloom**  
**Weavers Financial Package:**

<b>Sl. No.</b>	<b>Particulars of the Programme</b>	<b>Funds required (Rs. crore)</b>
1.	Amount required for cleansing of balance sheets of – – Apex Societies - Primary Societies	300.00 200.00
2.	Amount required to cleanse the receivables from State/Central Government on account of sales rebate, subsidies, restructuring assistance etc. for Apex Societies/HLDCs and PWCSs	100.00
3.	Amount required for interest waiver/Write Off	80.00
4.	Waiver of loans of PWCS & Apex Societies	500.00
<b>Sl. No.</b>	<b>Particulars of the Programme</b>	<b>Funds required (Rs. crore)</b>
5.	Amount required for interest subvention – Working Capital	50.00
6.	Contribution to Handloom Development and Equity Fund	60.00
7.	Credit Guarantee Fund Scheme	5.00
8	Total	1295.00
	8.1 – GOI Share – 1155.00 8.2 - State share - 130.00 8.3 - NABARD - 10.00 Total - 1295.00	

Out of the total Plan Outlay for the scheme, an amount equivalent to 5 percent or Rs. 1.00 crore, whichever is less, will be utilized for the publicity of the scheme so that all weavers can take maximum advantage.

## **Other Measures**

### **Institutional Set up:**

11.80 Weavers Service Centres/Indian Institutes of Handloom Technology: Weavers Service Centres and Indian Institutes of Handloom Technology, will also be adopting clusters for modernization and growth for production of quality fabrics. The Weavers Service Centres will undertake production of handloom fabrics on captive looms in collaboration with State agencies to demonstrate marketability of new products of the State Agencies. They will also undertake the periodical publication of shade cards, which will be updated from time to time, according to the needs of industry. Weaver Service Centres (WSCs) and 1 IIHT will be equipped with a Computer Aided Textile Design System. Steps will be taken to enhance the number of seats for admission in the three year Diploma Course in Handloom Technology, conducted by the IIHTs, and also new courses will be started as per the need of the Handloom Industry. Physical infrastructure like, Laboratories, machinery and equipment, construction/renovation of the class room/lab/hostel, will be strengthened.

11.81 National Handloom Development Corporation Limited (NHDC): NHDC will continue to assist the handloom weavers for their overall economic development.

11.82 Handloom Export Promotion Council: In the Eleventh Five Year Plan, the Council has planned to undertake market studies, open permanent showrooms with warehousing facilities as well as tying up with international chain of malls, showrooms, etc., in important international cities in focus countries and set up state of the art Design Studios in major export clusters.

11.83 National Handicrafts and Handlooms Museum: Building of NHHM will be expanded both in terms of the land area and construction of the phase III to include a new auditorium, new area for exhibition gallery with modern technology in terms of lighting display facilities, and cafeteria. The entire digital catalogue of NHHM collection will be linked to the web page of NHHM. NHHM will network with museums at the national and international level for complete information sharing. Traditional handlooms and handicrafts masterpieces will be revived for their contemporary marketability to enhance the economic status of the traditional weavers and crafts persons.

11.84 Association of Corporations & Apex Societies of Handlooms (ACASH): In the Eleventh Plan, ACASH's endeavour should be to supply value-added items to new Government segments like hotel industries, air lines, PSUs, etc. Further, ACASH will endeavour to organize more national level and special handloom expos so that a large number of weavers get the more and more marketing opportunities.

## **PROJECTED OUTCOMES OF THE XI PLAN**

11.85 The exports are expected to grow at the rate of 15 percent per annum from estimated figure of Rs. 4605 crore in 2006-07 to Rs. 9263 crore by the end of the XI Plan.

The production of handloom cloth is expected to grow from the estimated figure of 6188 million sq. mtrs. in 2005-06 up to 8292 million sq. mtrs. by the end of XI Plan at an estimated average annual growth of 5 percent.

Number of workers engaged in handloom sector had declined from 67.39 lakh in 1987-88 Census to 65.50 lakh in 1995-96 Census. With comprehensive approach for handloom development in XIth Plan, this declining trend in employment will not only be stopped but is expected to grow to about 70 lakh by the end of XIth Plan.

Cluster Development Scheme will be extended to all 470 handloom clusters by the end of the Xth Plan.

### **FINANCIAL RESOURCES:**

#### **100 percent Central Sector Schemes:**

11.86 For timely and effective implementation of programmes/schemes, new Schemes and existing Schemes will be 100 percent Central Schemes as far as possible. It has been observed during the implementation of the Schemes/Programmes in the Tenth Plan that, whereas poorer States are not in a position to get optimum benefits as they are mostly unable to contribute their share in the Schemes, other States which are in a comparatively better financial position, not only delay the recommendations and approvals for projects, but also take very long time in contributing their share of the funds. Because of these reasons, projects are delayed, holding precious Central funds. Further, in the Eleventh Plan, in addition to the handloom cooperative sector and handloom corporations, SHGs/Master Weavers, entrepreneurs may also be considered for the implementation of the Schemes so that their benefits reach weaker weavers also who are outside the cooperative fold.

#### **Budgetary Allocation proposed for the Eleventh Plan:**

11.87 Out of the 65 lakh weavers in Handloom Sector, only 15 per cent are presently covered under the cooperative fold. To cover the remaining weavers, Government schemes will be extended to weavers who are outside the cooperative fold as well. Thus, in order to multiply the coverage of handloom weavers, there is a need to enhance the budgetary allocation for the Handloom Sector to the tune of **Rs. 4028.68 crore** for next five years to put Handlooms on sustainable platform.

11.88 The Tenth Plan Budget/Expenditure and proposed Plan Outlay for the Eleventh Plan period under various proposed Handloom schemes is given in Table 11.23.

**Table – 11.23**  
**FINANCIAL PROPOSAL FOR XI PLAN**

<b>Sl. No.</b>	<b>Scheme</b>	<b>Component</b>	<b>X Plan Financial Achievement (Rs. in crore)</b>	<b>XI Plan proposed Financial Outlay (Rs. in crore)</b>
1.	<b>Integrated Handloom Cluster Development Scheme (IHCDS)</b>		<b>474.60</b>	<b>1556.33</b>
1.1		Integrated Handloom Cluster Development Scheme (IHCDS)	5.00	400.00
1.2		Deen Dayal Hathkargha Protsahan Yojana (DDHPY)	345.27	700.00
1.3		Workshed-cum-Housing Scheme	64.85	312.50
1.4		Integrated Handloom Training Programme	29.47	70.00
1.5		Diversified Handloom Schemes	30.01	73.83
2	<b>Marketing &amp; Export Promotion Scheme</b>		<b>59.79</b>	<b>500.00</b>
2.1		Marketing Promotion Programme	42.65	455.00
2.2		Handloom Export Scheme	17.14	45.00
3.	<b>Weavers Welfare Schemes</b>		<b>60.55</b>	<b>396.00</b>
3.1		Health Insurance Scheme	35.23	252.00
3.2		Mahatma Gandhi Bunkar Bima Yojana	3.15	72.00
3.3		Thrift Fund Scheme	18.41	22.00
3.4		Bunkar Bima Yojana*	3.76	
3.5		Pension Scheme		50.00

<b>Sl. No.</b>	<b>Scheme</b>	<b>Component</b>	<b>X Plan Financial Achievement (Rs. in crore)</b>	<b>XI Plan proposed Financial Outlay (Rs. in crore)</b>
4.	<b>Handloom Inputs Scheme</b>		<b>42.61</b>	<b>421.35</b>
4.1		Mill Gate Price Scheme	42.61	121.35
4.3		Hank Yarn Price Subsidy Scheme		300.00
5.	<b>Weavers Financial Package</b>		<b>Nil</b>	<b>1295.00</b> GOI share – <b>1155.00</b> State share- 130.00 NABARD-10.00
5.1		Cleansing of Balance Sheets of - Apex Societies -Primary Societies		300.00 200.00
5.2		Cleansing the receivable from State/Central Government on account of sales rebate, subsidies, restructuring assistance etc. for Apex Societies/ Handloom Corporations/ Primary Societies		100.00
5.3		Interest Waiver/ Write Off		80.00
5.4		Waiver of Loan of PWCS & Apex Societies		500.00
5.5		Interest Subvention – Working Capital		50.00
5.6		Contribution to Handloom Development and Equity Fund		60.00
5.7		Credit Guarantee Fund Scheme		5.00
	<b>TOTAL</b>		<b>637.55</b>	<b>4028.68</b>

*Note: 1. All the Schemes mentioned above include budgetary provision for NER.*

\* *Bunkar Bima Yojana at Sl. No. 3.4 above has been discontinued w.e.f. 2<sup>nd</sup> October, 2005 and thus, is no longer a component of Weavers Welfare Scheme in the XIth Plan.*