

CHAPTER - 5

POWERLOOMS

INTRODUCTION

5.1 The Decentralized Powerlooms Sector is one of the most important segments of the textiles industry in terms of fabric production and employment generation. It provides employment to 48.60 lakh persons and contributes 62 percent to total cloth production in the country. Infact, 60% of the fabrics produced in the powerloom sector is of Man-made. More than 60 percent of fabric meant for export is also sourced from Powerlooms sector. The ready made garments and home textiles sectors are heavily dependent on the powerlooms sector to meet their fabric requirement.

5.2 There were approximately 4.30 lakh powerloom units with 19.44 lakh powerlooms as on 31st March 2006. The technology level of this sector varies from obsolete plain looms to high-tech shuttleless looms. There are approximately 4.00 lakh drop box semi automatic looms, 40000 automatic looms, and 32000 Shuttleless looms in this sector. The remaining 14.72 lakh are plain shuttle looms. It is estimated that more than 75 percent of the shuttle looms are obsolete and outdated with a vintage of more than 15 years , and have virtually no process or quality control devices / attachments. However, there has been significant upgradation in the technology level of the Powerlooms sector during the last 3-4 years.

5.3 In line with the varied technology level wide range of products. These vary from low value coarse and gauze cloth to high value shirting, suiting and made-ups.

PERFORMANCE OF THE POWERLOOMS SECTOR DURING THE TENTH FIVE YEAR PLAN

Production

5.4 Fabric production in the powerlooms sector registered an annualized rate of growth of 5 percent during the Tenth Five Year Plan. It increased to 30.54 billion sq. mtrs in 2005-06 from 25.19 billion sq. mtrs in 2001-02.

5.5 The technology level in the powerlooms sector has also increased significantly during the Tenth Five Year Plan. About 27000 shuttleless looms were installed during this plan period.

Review of the Tenth Plan Schemes and Programmes.

Technology Upgradation Fund Scheme (TUFS)

5.6 TUFS was launched to modernize the textiles & jute sector w.e.f. 01.04.1999 for a period of 5 years, and was later extended up to 31.03.2007. Considering the problem of liquidity in the powerlooms sector, an option of 20 percent Credit Linked Capital Subsidy (CLCS) was provided to the powerlooms sector from November 2003. Entrepreneurs have invested heavily under the scheme during the last 3 years, particularly under 20 percent CLCS. The project cost as shown in applications sanctioned during the Tenth Plan Period, is Rs. 402 crore. In addition, under 20 percent CLCS, 522 units have invested an amount of Rs. 178 crore in machinery. The subsidy for this works out to Rs. 29.01 crore. The performance of TUFS, particularly 20 percent CLCS, has seen a continuous increase during last two years.

5.7 Different studies evaluating TUFS have pointed out the overall improvement in productivity, product quality, and profitability of beneficiaries, including those from the powerlooms sector. The evaluation studies have emphasized the continuation of TUFS for the powerlooms sector to augment the overall weaving capacity of the country.

Group Workshed Scheme

5.8 The Government of India introduced the Group Workshed Scheme (GWSS) for decentralized Powerlooms Sector on 29.7.2003. This envisaged the setting up of Powerlooms Parks with modern weaving machinery to enhance competitiveness in the global market. Under this Scheme, subsidy for the construction of a Workshed is provided at 25 percent of the unit cost of construction, subject to a maximum of Rs. 80/- per sq. ft. A plan outlay of Rs. 19.27 crore was made during the Tenth Plan. Four Hi-tech weaving parks were approved under the Group Workshed Scheme, alongwith infrastructure support under TCIDS. However these parks faced the problem of accessing loans for the construction of worksheds in time. After the announcement of the Scheme for Integrated Textile Parks (SITP), M/s. Palladam Hi-tech Weaving Park and Hyderabad Hi-tech Weaving Park have opted for SITP. The remaining two parks, i.e., Cauveri Hi-tech Weaving Park and Vaigai Hi-tech Weaving Parks are being implemented under GWSS. Though GWSS has not

outlived its relevance, it needs to be modified for implementation in the Eleventh Five Year Plan.

Modernisation of Powerloom Service Centres (PSCs)

5.9 PSCs are the grass root service providers for the decentralised sector. PSCs were designated as Lead Implementing Agencies (LIA) to catalyse the modernization of the Powerloom sector. PSCs were modernized during the Ninth and Tenth Plan to augment training facilities, testing facilities, for fabric & yarns, design service consultancy, and to organizing awareness programmes for Government schemes. The Government approved a Plan allocation of Rs. 36 crore under the scheme during the Tenth Plan. However, the Budget allocation made was for Rs. 30 crore. The actual amount utilized was only Rs. 26.15 crore.

5.9.1 The modernisation of 21 PSCs was completed during the Ninth Plan at a total financial outlay of Rs. 11.30 crore. This 23 PSCs remained to be modernized during the Tenth Five Year Plan. Nine PSCs have been modernized at total financial expenditure of Rs. 2.60 crore, and work on the remaining 14 PSCs is underway, and expected to be completed by March 2007, at an outlay of Rs.3.40 crore.

5.9.2 A recurring expenditure of Rs. 21 crore has been incurred for 35 PSCs during the Xth Plan towards establishment overheads, annual maintenance contracts for looms and laboratory equipment, training aids, etc.

5.9.3 During the Tenth plan, a total amount of Rs.1.23 crore was provided to 4 PSCs under the TRAs for the construction of the buildings. A sum of Rs. 37.45 lakh has been provided to 3 PSCs (2 under Textile Commissioner & 1 under Textile Research Association) for renovation /repairing of the PSC building.

Computer Aided Design Centers (CADC)

5.10 Seventeen CADCs were established during the Ninth Plan. No new CAD Centres were established during Tenth Plan. It was decided to provide a grant for the initial five years at the rate of Rs.6.75 lakh / center / year to enable them to become self-reliant. Accordingly, an expenditure of Rs. 1.66 crore, out of total outlay of Rs. 2 crore was incurred on eligible CADCs, which had not completed the five years during the first four years of the Tenth Plan. One CAD Centre which has not completed five years is only eligible for grant during the terminal year of the Tenth Plan.

5.11 CAD centres have played an important role by imparting training to the sector and have led to the emergence of Private CAD centers, set up by the erstwhile trainees of these centres. On critical review, a majority of centres could not live up to their role on account of low adaptability of technology in the area. There is still a need of skilled manpower for design development in the sector and to meet a revised scheme is being recommended. This will provide for the setting up of new centers and also help existing centers.

Group Insurance Scheme for the powerlooms workers

5.12 The Government of India launched a revised Scheme “Welfare of Powerloom Workers through Group Insurance Scheme” in association with LIC from 1st July 2003. There are two separate components under the scheme (1) Janashree Bima Yojana (JBY) and (2) Add-on-Group Insurance Scheme (GIS). The total number of powerlooms workers covered under JBY is 229044, and, 48616 under GIS. Government's share of the premium is Rs.1.81 crore, against the financial outlay of Rs. 1.73 crore. The performance of the scheme was encouraging during the Tenth Five Year Plan in comparison to the earlier scheme implemented during the Ninth Plan. The scheme should be continued in the Eleventh Five Year Plan also.

APPROACH TO THE ELEVENTH PLAN

5.13 The powerlooms sector is the major producer of fabric in the country. The continuation of Government support in terms of existing schemes as well as the introduction of new schemes is necessary to strengthen, augment and technologically upgrade the capacity of this sector to meet the growing fabric requirement of the apparel and home textile sectors.

5.14 Support for the powerlooms sector is envisaged on the following lines:-

- Focus on the induction of improved technology to modernize the sector through the Technology Upgradation Fund Scheme (TUFS).
- Promotion of value added textiles through improved designs and technical textiles.
- Strengthening of existing infrastructure facilities and the creation of new PSCs and CAD centers.
- Easy access to credit in a friendly environment.

- Consolidation of the powerlooms sector through the modernized workshed scheme in existing and new clusters.

RECOMMENDATIONS

Schemes / programmes for Eleventh Plan

Technology Upgradation Fund Scheme (TUFS)

5.15 The cloth production has been targeted at 94.60 billion sq. mtr by the end of the Eleventh Plan. The contribution of the powerlooms sector has been targeted at 58 billion sq.mtr. by 2011-12 with the estimated production in 2006-07 will be 33 billion sq. mtrs.. To produce an incremental 25 billion sq.mtr. of fabrics, the consolidation and strengthening of powerloom units and an upgradation of their technology is a pre-requisite. This is only possible if the benefit of TUFS is made available to the powerlooms sector during the Eleventh Five Year Plan. Therefore the continuation of TUFS for the powerlooms sector during the Eleventh Five Year Plan is imperative. However, the technology norms for powerlooms sector under TUFS need modification to raise the technology level of this sector. The norm for the powerlooms sector should be automatic looms, and not the existing one of semi-automatic looms.

5.16 It is estimated that an incremental 187351 auto/shuttleless looms will be required to produce an additional 25 billion sq. mtrs. of fabric. It is expected that 70 percent of the incremental looms will avail of the option for 5 percent interest subsidy under TUFS, and only 30 percent will avail of benefit under 20 percent CLCS. The investment in 30 percent of the incremental loom (i.e., 29550 Automatic Looms and 26655 Shuttleless Looms) is expected to be Rs. 4400 crore, and fund requirement for 20 percent subsidy is estimated at Rs. 874 crore. The details of working are at **Appendix – 5.1**

Development schemes for powerloom sector

5.17 **Modernized Worksheds:** - The scheme for modernized worksheds is proposed with certain changes in the existing Group Workshed Scheme with a view to enlarge its scope and facilitate access. The prime objective of the proposed scheme is to facilitate the establishment of Worksheds for modern looms in an

existing / new cluster, which will provide the required economies of scale for business operations.

5.18 The scheme targets industrial clusters / locations with potential. A group comprising a minimum of four weavers will constitute a legal entity. The scheme covers looms as well as weaving preparatory activities. The scheme proposes the commissioning of an Executing Agency (EA) to the project report. The benefit under the scheme includes 40 percent of the unit cost of construction or Rs.120 per sq. ft. which ever is lower. For approval of the projects under the scheme, a Project Appraisal and Approval Committee has been proposed. A beneficiary under the scheme will not be eligible for any other infrastructure support scheme of the Government, including SITP.

5.19 It has been estimated that during Eleventh Plan 1225 loom sheds and 245 preparatory sheds covering 211 lakh sq. ft., will be installed. These sheds will accommodate 56205 looms (i.e., 29550 auto looms and 26650 shuttleless looms). It is proposed to set state wise targets under the scheme to remove regional imbalances and create of new weaving clusters. The fund requirement for the subsidy under the scheme has been estimated at Rs. 250 crore. The details of working are at **Appendix-5.2.**

5.20 Market Development Assistance & Exposure Visits - The Market Development Assistance Programme envisages two components. The first includes organizing exhibitions / buyers-sellers meet and publicity / promotion and the second component provides for exposure visits for weavers. The basic objective of organizing exhibitions or buyer-seller meets is to showcase powerlooms products to the consuming industry, and to enable powerloom weavers to receive consumer feedback and produce the products as per the requirements of the consuming industry. Financial assistance for organizing exhibitions or buyer-sellers meet will depend upon the area. For exhibitions, assistance will be given for infrastructure, stall rent, furnishing, electricity charges, publicity and administrative expenses etc. The level of assistance will be Rs. 15 lakh, Rs. 10 lakh and Rs.5 lakh for three days at Class A, B, and C Cities respectively or actual whichever is lower. It is proposed to organize one programme per cluster in a year. Thirty five exhibitions or buyer-seller meets will be

organized each year. Thus, a provision of Rs. 25 crore for plan period at the rate of Rs. 5 crore per annum is proposed. The details of working are at **Appendix-5.3.**

5.20.1 Exposure visits for powerlooms weavers from comparatively low technology areas to the developed areas is also proposed to create a demonstration effect, and encourage the adoption of new technology. Powerloom weavers / entrepreneurs with upto 12 shuttle looms who intend to modernize their units shall be eligible. Only one exposure visit per weaver will be admissible. The Government of India will bear the expenditure for railway fare for travel in second-class sleeper. The Regional Office of the Textiles Commissioner will implement the scheme. The scheme aims to cover 5000 beneficiaries in a year. An amount of Rs. 5 crore, at the rate of Rs. 1 crore per annum, is proposed under the scheme. The details of working are at **Appendix – 5.4.**

Survey of the Powerlooms sector

5.21 Since the database for the powerlooms sector is not authentic, it becomes very difficult to plan the growth of the industry. To have the realistic future growth plan a base line powerloom survey has to be conducted. The estimated expenditure on the base line survey of powerlooms sector is estimated at Rs. 2 crore.

Cluster development activities

5.22 Powerlooms cluster development activities are proposed to facilitate the sustainable development of the powerlooms industry in a holistic manner and to encourage product innovation and diversification. These development activities will include the engagement of an expert agency to conduct a diagnostic study for each identified cluster, and suggest time bound strategies / actions to be taken by the stakeholders in each cluster. This also involves deputing a well-trained cluster development officer in the identified powerloom clusters and the dissemination of success stories of model. The scheme aims to cover about 50 clusters during the Eleventh Five Year Plan. The components eligible for financial assistance include engaging of an expert agency to conduct diagnostic study, training to the nominated cluster development officer, assistance on organising workshops / seminars, etc., and assistance for publicity, etc. It is proposed to provide Rs. 4 crore for cluster

development activities during the Eleventh Five Year Plan. The details of working are at **Appendix – 5.5.**

Setting up of the new CAD centres

5.23 The Government of India has so far sanctioned and is operating 17 CAD Centres in different parts of the country. By and large, the CAD Centres were set up within the PSCs in the powerlooms sector. The CAD centres develop new designs as per latest trend and also provide training. The designs developed by CAD centres are bought by the weavers. Many trainees of the CAD centres have also set up their own CAD centres. It is proposed to upgrade the existing CAD centres and set up new CAD Centres in the Public Private Partnership (PPP) mode. A provision of Rs.4.5 crore is proposed for the upgradation of existing centres and the creation of new CAD centres. The details of working are at **Appendix – 5.6.**

Modernisation & upgradation of Powerloom Service Centres.

5.24 PSCs have been providing a number of services (viz. training weavers, testing facilities, design development, technical consultancy, dissemination of information about modernization of looms, and as Lead Implementing Agencies) to the decentralised powerlooms sector, and have been instrumental in the growth and modernization of powerlooms sector. There is need to further upgrade the existing 24 PSCs which are located in good clusters by installing new looms, equipment and laboratory facilities. A sum of Rs.11.50 crore is proposed for the upgradation of existing 24 PSCs during the Eleventh Plan. The details of working are at **Appendix – 5.7.**

5.25 Apart from strengthening existing PSCs, it is proposed to set up 9 new PSCs in the States of Maharashtra, Gujarat, U.P., M.P., A.P., Bihar, Tripura & Manipur to meet the requirements of weavers in these States. A provision of Rs.13.00 crore to establish these centers is proposed.

5.26 The Government of India should continue to assist the 35 PSCs on the same scale as during Tenth Plan. A provision of Rs 5.54 crores per year for recurring expenditure for 35 existing Plan PSCs, a total Plan outlay of Rs.27.70 crore is recommended. With the installation of new PSCs, an additional outlay of Rs.1.08 crore per year would be required as recurring expenditure. Thus the total financial

outlay of Rs.33 crore on account of recurring expenditure should be provided. The details of working are at **Appendix – 5.8.**

5.27 There are a total of 44 PSCs (30 under TRAs & 14 under TxC) of which 25 TRA PSCs & 9 TxC PSCs are housed in hired premises, which may need to be provided with their own buildings. In Eleventh Five Year Plan 15 PSCs will be identified for which an outlay of Rs.5.25 crore is proposed. The details of working are at **Appendix – 5.7.**

5.28 The Group Insurance Scheme for powerloom workers has received good response and should be continued during the Eleventh Five Year Plan. The fund requirement for this scheme is estimated at Rs.4.84 crore. The details are given at **Appendix – 5.9**

North Eastern Region

5.29 Presently there is only one state in the North Eastern Region, where powerloom exists .In Guwahati, in Assam, there are about 2700 conventional looms providing employment to approximately 7,000 workers. Most of the looms are engaged in job work, producing Acrylic Shawls. There is only one PSC at Guwahati under, a TRA i.e. IJIRA which is slated for modernization during the current year. It is, therefore, recommended that new PSCs may also be set up in the states of Manipur & Tripura at a cost of Rs. One crore each. A new CAD Centre may also be set up in the Guwahati PSC with Government assistance.

Proposed Plan Outlay

	Description	(Rs. in crore)	Total outlay (Rs. In Cr)
1	Development Scheme for powerloom sector		280.00
	a) Modernized Workshed	250.00	
	b) Market Assistance	25.00	
	c) Exposure Visit	5.00	
2	Commissioning of Studies – a. Powerloom Survey in the country b. Diagnostic study of Cluster & Developmental activities	2.00 4.00	6.00
3	Modernization & upgradation of Powerloom Service Centres		67.25
	a) Modernization of P.S.Cs	11.50	
	b) CAD Centres	4.50	
	c) Recurring Plan expenditure	33.00	
	d) Construction of new building for PSC	5.25	
4	e) Setting up of nine additional PSCs on felt need basis.	13.00	4.84
	Welfare of powerloom Workers	4.84	
Grand Total			358.09

Say Rs. 358 crore.