

ESTIMATES COMMITTEE (1961-62)

HUNDRED AND SIXTY-THIRD REPORT

(SECOND LOK SABHA)

**MINISTRY OF COMMERCE AND INDUSTRY
OFFICE OF THE TEXTILE COMMISSIONER**

PART II

Handloom and Powerloom Industries



**LOK SABHA SECRETARIAT
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(1961-62)

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INTRODUCTION

I, the Chairman, Estimates Committee, having been authorised by the Committee to submit the report on their behalf, present this Hundred and Sixty-Third Report on the Ministry of Commerce and Industry—Office of the Textile Commissioner—Part II.

2. A statement showing an analysis of the recommendations contained in this report is also appended to the report (Appendix V).

3. The Committee wish to express their thanks to the Secretary of the Ministry of Commerce and Industry and the Textile Commissioner for placing before them the material and information that they wanted in connection with the examination of the estimates. They also wish to express their thanks to the representatives of the Indian Cotton Mills Federation, Bombay; Madras State Handloom Industry and Trade Association, Madras, and the Powerloom Weavers' Federation, Bhiwandi, for giving evidence and making valuable suggestions to the Committee.

NEW DELHI,
The 26th March, 1962.
Chaitra 5, 1883 (Saka).

H. C. DASAPPA,
Chairman,
Estimates Committee.

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HANDLOOM INDUSTRY

A. Introduction

It is well known that the handloom industry had attained **Objectives.** a very high degree of perfection in India from the earliest centuries. The growth of industrialisation has inevitably affected its fortunes but even now, as the largest cottage industry in India it occupies a place of prominence in the general economy of the country. In the First Five Year Plan, an extensive programme for village industries was prepared primarily with the object of increasing rural employment. The objectives of the programme for these industries, as set out in the Industrial Policy Resolution (1956) and in the Second Plan, are to create immediate and permanent employment on a large scale at relatively small capital cost, meet a substantial part of the increased demand for consumer goods, facilitate mobilisation of resources of capital and skill which might otherwise remain inadequately utilised and bring about integration of the development of these industries with the rural economy on the one hand and the large scale industry on the other. With improvement in techniques and organisation, these industries offer possibilities of growing into an efficient and progressive decentralised sector of the economy providing opportunities of work and income all over the country.

B. The All India Handloom Board

2. The Government of India constituted the All India **Organisa-** Handloom Board in October, 1952 with the object of de- **tion.** veloping the handloom industry, improving the conditions of the handloom weavers and arranging for proper marketing facilities for handloom fabrics. The functions of the Board besides advising the Government generally on the problems of the handloom industry, are to examine schemes for improvement and development of the handloom industry and to make recommendations for assistance from the Handloom Fund. The Board was subsequently reconstituted four times, *i.e.*, in 1954, 1957, 1958 and 1961. The present composition of the Board is given at Appendix I. The Committee were informed by the representative of the Ministry during evidence that the life of the Board as laid down at the time of notifying its constitution was for

a period of two years. *They however observe that it is not being followed in practice and the period itself has been specified in only one of the several notifications from time to time for reconstituting the Board. They suggest that the life of every reconstituted Board may be formally laid down and mentioned each time in the notification and strictly observed.*

**Member-
ship.**

3. The Committee understand that the membership of the Board had risen from 16 in 1952 to 60 in 1961. The representative of the Ministry stated during evidence that the number had to be increased to give representation on the Board to varied interests and areas. The Textile Commissioner added that for the purpose of ensuring business—like working of the Board, a Standing Committee of nine elected members and three co-opted members had been set up which was able to take decisions on all matters.

The Committee feel that the present membership of the Board is on the high side. If the Standing Committee of twelve members could have plenary powers and take decisions on 'all matters', there is no reason why the Board should be larger and unwieldy merely for observing, as it were, a formality of giving representation to all allied interests and areas. The Committee suggest that with a view to ensuring business-like deliberations of the Board, its total membership may be reduced without affecting vital representative interests.

**Headquar-
ters.**

4. It was represented to the Committee on behalf of important handloom interests in Southern India that since out of a total of 27 lakh handlooms in the country, about 11 lakh handlooms were located within the States of Madras, Andhra, Mysore and Kerala, the headquarters of the All India Handloom Board might be shifted to Madras which was the centre of the industry. The delegation of the powers of the Textile Commissioner to the State Governments was also suggested as a measure of decentralisation of work relating to handlooms on the ground that the State Governments were better placed to handle such work.

Since a large percentage of handlooms are situated in the South while the headquarters of the All India Handloom Board being part and parcel of the Textile Commissioner's Office, is situated at Bombay, adequate powers may be devolved on the Regional Directors and the State Governments concerned obviating the necessity of their having to make frequent references to the Textile Commissioner on various matters connected with the handlooms.

C. Production

5. The targets of production of cotton cloth on handlooms and the actual achievements during the First and Second Five Year Plans are as follows:

Targets of Production and actual achievements.

(in Million Yards)

Year	Target	Estimated Production
1951	1700	850
1952		1109
1953		1200
1954		1318
1955		1480
1956	2171	1599*
1957		1714*
1958		1865*
1959		1873*
1960		1891*

The Committee were informed that calculation of production by the handloom industry was made on the basis of the total supplies of yarn available and the yardage of cloth which could be spun per pound of yarn. The production of handloom cloth was estimated on the assumption that (i) 76 per cent of the mill yarn delivered for civil consumption by the mill industry as consumed by the handloom industry and that on an average 4.5 yards of cloth were produced per pound of yarn; and (ii) the entire quantity of yarn imported from abroad was consumed by the handloom industry, the average production being 8 yards per pound. The Working Group (Study Team) for Handloom Industry (1959) expressed the opinion that while the conversion factor of 4.5 yards of cloth per pound of indigenous yarn corresponded to the pattern of production obtaining in the industry at that time the percentage of free yarn delivered and consumed by the handloom industry would require verification..

6. Out of a total production target of 9300 million yards of cloth set for the last of the Third Plan period, the share of the decentralised sector, namely, the handloom, powerloom and khadi industries, has been fixed at 3500 million yards, as compared with its output of about 2350 million yards in 1960-61. The major portion of the additional production is expected to come from the handloom industry but no precise allocation of it between these different sections has yet been made. It has been stated that the position will be reviewed from time to time in the light of progress made in each sector.

Third Plan Target.

*Figures relate to the financial year.

The Working Group (Study Team) for Handloom Industry (1959) however in estimating the handloom production at the end of the Third Plan as 2800 million yards have stated as follows:

“Production in the handloom industry at the beginning of the Second Five Year Plan stood at 1,471 million yards. The estimates of production at the end of the Second Five Year Plan put the figure at 2,125 million yards. This represents an increase of 650 million yards at an annual rate of 130 million yards or an increase of 44 per cent. There is no reason to believe that this percentage of increase will not be kept up during the Third Five Year Plan, in which case the production at end of the Third Plan in the handloom industry will stand at 3,060 million yards. If, on the other hand, the increase is taken as a constant figure of 130 million yards per year, the production at the end of the Third Five Year Plan in the industry will amount to 2,775 million yards. Technical improvement, efforts to increase the productivity per loom, marketing aids to increase the off-take of handloom cloth and developmental programmes for increasing the efficiency of the handloom industry are well under way and may be expected to be intensified during the Third Five Year Plan. Therefore, the effect of these measures would be to even increase the production in the handloom industry beyond the figure of 2,775 million yards. The realistic estimate of handloom production at the end of the Third Plan can, therefore, be placed at at least 2,800 million yards.”

The Committee note that the above estimates of production by handlooms in the Third Five Year Plan is based on the presumption that a target of 2,125 million yards would have been reached at the end of the Second Five Year Plan. In fact, as the statistics given in para 5 above show, the estimated production in 1960-61 was only 1,891 million yards which means that the increase in production achieved during the whole of the Second Five Year Plan was only 400 million yards as compared to 650 million yards presumed by the

Working Group (Study Team). *The estimate of handloom production at the end of the Third Plan as 2,800 million yards may be over optimistic as it is unlikely that an increase of over 900 million yards in production can be achieved in five years when the achievement in this behalf in the Second Five Year Plan was only 400 million yards.* The Committee have already referred at length in the earlier report to the admittedly outdated formula of consumption of yarn coming into the free market which is taken as the basis for determining production of cloth by the handloom and powerloom sectors. *The Committee are therefore unable to place any reliance on the estimates of production made by the Working Group (Study Team) for Handloom Industry (1959) and would reiterate the need for making a precise assessment of production of handlooms and powerlooms in the decentralised sector.*

D. Development

7. In February, 1953 an additional excise duty on cloth produced by the textile industry was levied to feed a Cess Fund to meet the cost of measures for developing khadi and other handloom industries. This duty is still in force but from the 1st April, 1960 no separate fund is being kept out of the proceeds of this duty. The Committee were informed that the Cess Fund was abolished mainly because it involved a complicated and cumbersome procedure of accounting without any special benefit.

Objectives
of Develop-
ment Assis-
tance.

8. The Committee were informed that loans amounting to Rs. 9,37,59,499 and grants amounting to Rs. 15,72,89,484 were sanctioned to the State Governments for the development of handloom industry during the Second Five Year Plan period against the plan provision of Rs. 34.50 crores. In addition, an expenditure of Rs. 209.68 lakh was incurred on the centrally sponsored schemes against the plan provision of Rs. 200 lakhs. The reasons for shortfall of 8.5 crores in the total expenditure on the development of handloom industry during the Second Plan period were stated to be as follows:—

Plan outlay.

- (1) The rebate on wholesale, retail and export sales which was permitted at the rate of 1.5 annas, 1.5 annas and 1 anna per rupee respectively was progressively reduced to 5 nP, 3 nP and 5 nP respectively.
- (2) As many States began to draw working capital for production and marketing from institutional financing agencies, the amount utilised for that purpose from the Government funds was correspondingly reduced.

In the Third Plan, a total outlay of Rs. 34 crores has been provided for the development of handloom industry. The principal aim of the handloom programme during the Third Plan period would be to bring about further expansion of handloom production through fuller employment of the handloom weavers and the introduction of improved techniques. Emphasis would be shifted gradually from rebate on sales which has already been reduced from 6 nP to 5nP and other schemes involving subsidy to more positive forms of assistance. A high priority is accorded to the supply of improved appliances, provision of facilities for processing and training, introduction of improved designs and purchase of yarn requirements increasingly from cooperative spinning mills. Steps would also be taken to stimulate the exports of handloom cloth.

The agency of the State Governments is being made use of for implementing the handloom development schemes for the States. The grants and loans are made available to the State Governments in whole or in part for financing activities necessary for the development of the handloom industry. The general principles on which financial assistance is given for schemes for development of handloom industry are given in Appendix II.

Marketing Schemes.

9. The Committee were informed that for the purpose of marketing of handloom cloth under the Schemes of Assistance for Development of Handloom Industry, grants were given to the State Governments during the Second Plan period for various schemes some of which are mentioned below:—

Scheme	Amount of Grant
1. Mobile Vans	• 6,82,048
2. Plying of Trollies at Railway Stations.	31,664
3. Employment of Scooters	12,000
4. Appointment of Hawkers.	25,372

The Committee suggest that the success of various schemes of assistance for development of handloom industry implemented during the Second Plan period, particularly those mentioned above, may be evaluated.

Pattern of marketing assistance.

10. The Working Group (Study Team) 1959 had pointed out a number of shortcomings in the scheme of Selling Units (Marketing) e.g. opening of sales depots without proper planning, inadequate incentives to selling agents to increase sales etc. They had recommended that a new pattern

of marketing assistance should be evolved which should be related to the annual turn over within the cooperative production fold in a State. This would give complete freedom to the implementing authority to decide which type of selling units would be suitable for particular localities. *The Committee are inclined to share the view that in the choice of the various schemes of selling units and in deployment of the financial outlay thereon the State Governments which are charged with the responsibility of implementing the schemes should be allowed the necessary flexibility. As marketing is the crux of the problem of handloom industry, they recommend that an early decision should be taken on the above suggestion of the Working Group which is stated to be under the consideration of Government.*

11. The Committee also understand that quality control of handloom fabrics for consumption in the internal markets has been in operation in U.P. and is being introduced in some of the other States. *They suggest that the All India Handloom Board may keep a watch over the implementation of quality control schemes so that as far as possible there is uniformity of standards.*

12. The Working Group (Study Team) for the Handloom Industry (1959) had recommended that steps should be taken to set up a suitable machinery under the All India Handloom Board for the purpose of undertaking market research. The Committee were informed by the Textile Commissioner during evidence that a beginning had been made with a marketing survey of handlooms in Coimbatore. The survey had been jointly sponsored by the All India Handloom Board, the Cotton Textile Fund Committee and the South India Textile Research Association. *The Committee hope that similar surveys would be undertaken elsewhere in the country after studying the results of the present survey.*

13. The Committee were informed that the Central Schemes comprised expenditure on the following:—

- (1) Central Marketing Organisation (Pay and Allowances etc., of staff of the Board Secretariat and the Regional and Sub-Regional Offices);
- (2) Weavers' Service Centres including the Institutes of Handloom Technology at Salem and Varanasi;
- (3) External Marketing Schemes in respect of assistance given to the All India Handloom Fabrics Marketing Co-operative Society Ltd., which is the agency of the Board;
- (4) Propaganda and Publicity;

Quality Control.

Market Research.

Grant to Private Parties.

- (5) Miscellaneous Expenditure;
- (6) Grants to Private Parties;
- (7) Loans to Private Parties.

It was stated that grants to private parties were sanctioned 'on merits'. A statement showing the grants sanctioned to private parties is given at Appendix III.

It will be seen that four individuals received such grants amounting to Rs. 46,700 during the period from 1953-54 to 1960-61. The Textile Commissioner informed the Committee during evidence that the grants were really for inventions covering techniques of production and for experiments on looms and appliances etc., to improve their working. He added that such proposals were not dealt with according to the general principles of financing but 'on merits' of the case. *The Committee suggest that the criteria governing the sanction of grants on 'merits' to private parties under the Centrally Sponsored Schemes of Development of Handloom Industry may be formally laid down and suitably publicised.*

Collection of
Statistics.

14. The Committee were informed that an amount of Rs. 7,61,110 had been paid to the State Governments for collection of statistics relating to the handloom industry during the Second Five Year Plan period. *The Committee regret to find that despite this outlay, reliable data about the production of handlooms is not available with the result that as mentioned in the earlier report there has been an acute controversy about the allocation of production targets for the decentralised sector as a whole more specially for powerlooms vis-a-vis handlooms.*

The Committee understand that registration drive for handloom has been started and that so far 27.61 lakh handlooms have been registered. It was also proposed to make use of the agency of the national sample survey for collection of statistics relating to handlooms. *The Committee would like the Government to pay special attention to the collection of statistics relating to the handlooms so that there is an assured basis for planning and for allocation of targets of production.*

E. Conversion of Handlooms into Powerlooms

Target and
Actual Achievement.

15. The Committee understand that the Textile Enquiry Committee recommended in 1954 a phased programme for conversion of handlooms into powerlooms. The ultimate idea of the Textile Enquiry Committee was that "at the end of 15 to 20 years, barring, say 50,000 handlooms of the

throw-shuttle or flyshuttle type manufacturing special fabrics with an intricate body design, the entire handloom sector will have been converted into the improved (semi-automatic) handloom or the decentralised powerloom industry". By planning in this manner for the gradual conversion of the entire handloom sector, the Committee felt that the country would have achieved the twin objectives of maintaining employment over the short-term and securing the best possible efficiency in the long run. On the basis of this recommendation, the Government of India decided to have 35,000 powerlooms installed in the handloom sector under the scheme of conversion of handlooms into powerlooms during the Second Five Year Plan period. The progress made in implementing the scheme is indicated in the table below:—

Name of State	Looms asked for	Looms ordered	Looms received	Looms installed
1. Assam .	230	150	150	30
2. Bihar	1300	900	800	341
3. Maharashtra (including Gujarat)	3100	1023	874	775
4. Kerala . .	1500	500		
5. Madhya Pradesh .	467	258	258	258
6. Madras	15	15	15	15
7. Mysore .	2000	1280	900	488
8. Orissa .	1200	512	489	300
9. Punjab .	500	188	188	180
10. Rajasthan .	400	130	100	75
11. Uttar Pradesh	1000	268	268	268
12. West Bengal	1605	745	705	705
<i>Union Territories</i>				
1. Delhi .	26	16		
2. Manipur	1			
3. Pondicherry	125	30	..	..
TOTAL .	13469	6015	4747	3435

It will be observed that against a target of conversion of 35,000 handlooms into powerlooms during the Second Five Year Plan only 13,469 powerlooms were applied for and

sanctioned by the Government. It is a matter of surprise that some of the States which occupy important position in the industry, had sought for so few conversions to powerlooms. The actual installation of powerlooms by the State Governments was even poorer since only 3,435 looms out of 13,469 sanctioned were installed. The Committee are one with the broad objectives set forth by the Textile Enquiry Committee (1954) in suggesting the conversion of the handlooms into powerlooms and consider it unfortunate that even the none-too-ambitious scheme of the Government of conversion of 35,000 handlooms into powerlooms made poor progress during the Second Plan.

Restrictions
imposed on
the Scheme.

16. The Committee were informed that the Scheme of Conversion of Handlooms into Powerlooms stipulated among others the following conditions:—

- (1) The cooperative units of the powerlooms to be formed should normally be small in size say of 25 looms.
- (2) The powerloom units should be located only in rural areas. For this purpose, a town with a population of 30,000 or less is considered as rural area.

The Committee suggest that the above restrictions imposed by the Government on the working of the scheme may be removed as they may well have been responsible for the tardy progress of the Scheme.

Revision of
Policy.

17. The Committee were informed during evidence that the policy with regard to the installation of powerlooms in the cooperative sector of the handloom industry had been reviewed in consultation with the Planning Commission and that it had been decided in September, 1961 not to sanction any further schemes for the conversion of handlooms into powerlooms on the ground that:— . .

- (i) the coming into existence of a large number of powerlooms would have adverse repercussions on the employment position;
- (ii) the amount spent on installation of powerlooms could be more usefully utilised for the improvement of the general standard of production of handlooms and for promoting their exports with a view to augmenting foreign exchange.

As regards the apprehension of the Government that the coming into existence of a large number of powerlooms in the country would have adverse repercussions on the employment position in the country, the Committee would

draw attention to the fact that what has now happened is more in the way of official recognition of the surreptitious existence of the unregistered powerlooms in the powerloom sector rather than a sudden influx of powerlooms into the textile industry. As for the effect of introduction of powerlooms in relation to employment potential, they would like to quote from the Textile Enquiry Committee, 1954 which had carefully gone into that question:—

- “An improved type of the so-called semi-automatic handloom will produce 20 to 24 yards a day (of 8 hours) and a powerloom will produce 30 or more yards per shift. An extra 2.13 lac improved handlooms|powerlooms working one shift a day (and producing an average of 20 yards a day) for 300 days a year will be required to manufacture the extra 1,600 million yards. This would mean that against the 3 lac handlooms (employing 3,75 lac workers) which are eliminated by raising the economic efficiency of the handloom industry merely by increasing the number of working days from 200 to 300, an extra 2.13 lac improved handlooms or powerlooms could be introduced. It is expected that these new looms would employ nearly 2.5 lac workers. So 1.25 lac workers will be displaced in the course of six years by this substitution of 3 lac handlooms with 2.13 lac improved looms. The displacement will be of the order of 20,000 a year which, the Committee feels, is not such as would create any great social or economic disturbance, considering that the current and the next Five Year Plans would ensure the development of agriculture, industries and a number of resources which would provide a certain modicum of extra employment more than in proportion to the increase in population.”

The Committee are inclined generally to agree with this assessment made by the Textile Enquiry Committee, 1954 on the likely effect of the progressive conversion of handlooms into powerlooms. While there may be some employment displacement, it is likely to be of comparatively small dimension. The Committee recommend that the laudable scheme of conversion of handlooms into powerlooms may be suitably modified to meet the requirements of the State Governments and implemented on the

basis of a perspective plan to be drawn up for this purpose.

F. Cooperative Organisations

Progress during Five Year Plans.

18. The Government's decision to distribute yarn to handlooms through Weavers' Cooperative Societies during the textile control period gave a fillip to the formation of cooperative societies. The progress made in bringing the handlooms in the cooperative fold during the Second Five Year Plan is indicated below:—

(Figures in lakhs)

As on the 1st April of the year	No. of handlooms in cooperative fold
1956	10.27
1957	10.40
1958	11.97
1959	11.98
1960	12.99

At the end of the Second Plan period, it is estimated that approximately 13.57 lakh handlooms would have been brought within the cooperative fold. *The Committee observe that only 3.30 lakh handlooms are estimated to have been brought within the cooperative fold as against the target of 4.5 lakh handlooms set for the Second Plan.* Thus out of the total number of approximately 22.61 lakh commercial handlooms in the country, 13.57 lakh handlooms are estimated to be within the cooperative fold at the end of the Second Plan and nearly 9 lakh are outside the cooperative fold. During the Third Plan, the target is to bring 2 lakh additional handlooms in the cooperative fold:

Shortcomings of Co-operative Movement.

19. The Working Group (Study Team) for the Handloom Industry, 1959 have pointed out in their Report a number of weaknesses and shortcomings in the Weavers' Cooperative Movement. One of these is the absence of loyalty of weaver members. The Committee were informed by a representative of the handloom industry during evidence that the cooperative societies did not attract weavers because the bye-laws did not permit immediate financial assistance for meeting personal needs, howsoever urgent they might be, which on the other hand would have been readily forthcoming from the Master Weaver. He added that the assistance rendered by the cooperative societies was indirect and did not appeal to weavers.

20. The Committee understand that the Working Group (Study Team) for the Handloom Industry, 1959 had recommended to the Government a scheme for making a matching contribution to the Contributory Thrift Funds set up by the Weavers' Cooperative Societies for the benefit of the handloom weavers. The Committee were informed by the Textile Commissioner during evidence that the Planning Commission was of the view that the question of making matching contributions for the thrift funds should be treated as an alternative to the scheme of rebate but the suggestion did not find favour with the State Governments.

Contributory
Thrift
Funds.

The Committee urge that the question of evolving a suitable scheme for meeting without unnecessary delay the genuine needs of the weavers, may be sympathetically considered by the Government.

21. The principal aim of the handloom programme during the Third Plan period is to bring about further expansion of handloom production through fuller employment of the handloom weavers and the introduction of improved techniques. The Working Group (Study Team) for the Handloom Industry, 1959 had pointed out that once the existing cooperative societies were in a position to give regular and continuous employment to their members, the confidence of the weavers in the societies would be strengthened and that in itself would be sufficient incentive for them to come into the cooperative fold. The Committee were informed by the Textile Commissioner during evidence that a number of steps had been or were proposed to be taken to strengthen and consolidate the Cooperative Societies:—

Third Plan
Objectives.

- (i) The Working capital of a cooperative society which was restricted to Rs. 300 per handloom, was to be raised to Rs. 500 per handloom;
- (ii) Assistance was given through advances to enable the weavers to increase their shareholdings in the cooperative societies;
- (iii) Processing factories, dye-houses and finishing plants were proposed to be established in States to improve production.

The Committee welcome these measures and hope that they will be implemented early.

22. The Committee were informed that since the year 1957-58, the working capital for Weavers' Cooperative Societies for production and marketing of handloom fabrics was made available by the Reserve Bank of India through the apex and central cooperative banks. The scheme was stated to be in force in all the States except West Bengal, Assam and Union Territories. The Textile Commissioner

Institutional
Finance.

stated during evidence that efforts were being made to extend the scheme to those areas. *The Committee hope that steps would be taken early to extend the scheme to all these areas particularly the Union Territories.*

Intensive
Develop-
ment of
Selected
Areas,

23. The Working Group of the Handloom Industry had recommended that one or two "Beacon" areas in each major State which were important from the point of view of handloom industry and where cooperative movement had already gained initial momentum should be selected for intensive development. *The Committee are glad to learn that pilot centres which would serve the same purpose as Beacon areas, have been set up in nine States. They recommend that a close watch on the working of the pilot centres should be kept so that the experience gained from them can be fully utilised for strengthening and intensifying the cooperative movement in the handloom sector.*

Silk and
Woollen
Handloom
Industry.

24. *As regards the development of the silk and woollen handloom industry in the country, the Committee agree with the views of the Working Group (Study Team) for the Handloom Industry, 1959 and stress that the All India Handloom Board should undertake a special study of the problems of these cooperatives with a view to framing special programmes for their development.*

G. Availability and Quality of Yarn

Arrange-
ments for
Supply of
Yarn.

25. The Committee were informed that on certain occasions particularly when prices of yarn had tended to rise, there had been complaints that the Weavers' Cooperative Societies were unable to get their requirements of yarn at reasonable prices. The Handloom Board Secretariat had rendered assistance by putting cooperative societies in touch with mills through the good offices of the Millowners' Associations so that they could get the benefit of the price at which the mills were selling yarn and thus eliminate the margins which normally they had to pay to the intermediary agencies. As a result of these efforts, the Southern India Millowners' Association had arranged for regular supplies of yarn from member mills at *ex-mill* prices to Weavers' Associations outside the cooperative fold. The Committee were informed by a representative of the handloom industry during evidence that even now the weavers were unable to get at fixed prices yarn of 60s and 80s which was used for the production of exportable varieties of fabrics. As a result, the cost of production had gone up considerably and the industry was not in a position to compete successfully with Japan and China.

The Committee feel that such complaints regarding non-availability of certain qualities of yarn at fixed prices may be looked into by the Textile Commissioner. They hope that the assistance being rendered to the Handloom

Weavers' Cooperative Societies by putting them in touch with the textile mills through the good offices of the Southern India Millowners' Association for securing the benefit of procuring yarn at ex-mill rates, would also be emulated by the Indian Cotton Mills Federation so that the facility becomes available all over the country.

While the Committee welcome the steps taken so far, they would like to emphasise that the Textile Commissioner should keep a watch on the actual working of these arrangements and ensure that the supply of yarn is assured to the handloom weavers at reasonable prices.

26. As* stated in Second Five Year Plan, the object of decentralised spinning on an extensive scale was mainly to provide the requirements of handlooms which were otherwise dependent upon mill yarn. In consonance with this policy, the Government had earmarked 300 million yards of cotton cloth to be produced out of Ambar Yarn during the Second Plan period. *The Committee were surprised to learn that the information relating to the quantity of Ambar Yarn used by the handloom weavers was not available with the Textile Commissioner.* It was, however, acknowledged that the average breakage per hank of Ambar Yarn was considerably more than in the case of mill yarn. It was also shorter in length per hank and the time taken on it for various processes like sizing, pirn winding and weaving was more than on mill yarn. A representative of the handloom industry stated in evidence that Ambar Yarn was not used to the extent originally anticipated as it did not possess adequate strength required for warps. *The Committee consider it unfortunate that due to inferior quality of Ambar Yarn, the expectations of its use in considerable quantities in the handloom industry during the Second Plan have been belied. In view of the grave doubts expressed before the Committee about the quality of Ambar Yarn, they would like the Government to have the matter examined early to see if the idea of Ambar Yarn being used by the handloom sector can actually materialise.*

Unsuitability of Ambar Yarn for Weaving.

H. Technical Improvement

27. The Committee were informed that the Government of India had been providing financial assistance to the State Governments for carrying out technical improvements in the handloom industry. These improvements are designed to increase the productivity of the handlooms, to better the quality of the product, to bring down the cost of production and to reduce the strain on human labour.

Supply of Improved Appliances.

The Working Group (Study Team) for the Handloom Industry, 1959 had pointed out that appliances were supplied to societies which had no use for them and not to those which required them. The Committee were also informed by a representative of the handloom industry during evidence that some of the semi-automatic pedal looms given to the primary weavers' societies by the State Cooperative Societies were lying unused. He was of the view that practical demonstration of the improved designs of the appliances should be arranged with a view to popularising them among weavers and that research should be carried out to improve the pick-up motion so that weavers could weave the fabrics evenly. *The Committee would like to stress the need for standardising the appliances for handlooms and ensuring their further technical improvement by sponsoring suitable research schemes. They suggest that practical demonstrations of the improved designs may be extensively arranged so that weavers become familiar with them and show greater readiness and enthusiasm to adopt them.*

I. Exports

Markets for
Handlooms
in Foreign
Countries.

28. With the invention of the powerloom and the establishment of textile mills in overseas countries as well as India, the handloom industry in India had to face severe competition in the internal and overseas markets. The advent of the two great World Wars also considerably affected the export trade in these fabrics. Immediately after the Second World War, one by one, the countries in South East Asia gained their independence. Some of these countries, with the object of protecting indigenous handloom industry, imposed restrictive measures designed to curtail the imports of the handloom goods. Quite recently, Japan, Hongkong and China have been competing in overseas markets with Indian handloom and mill fabrics. A representative of the Handloom Industry stated in his evidence to the Committee that one of the competing countries was manufacturing "lungis" and marketing them as "Madras Lungis".

Declining
Exports.

29. The following table gives the quantity and value of handloom fabrics exported during 1956 to 1961:—

Year	Quantity (in million yds.)	Value (in million Rs.)
1956	59.87	86.72
1957	38.31	55.63
1958	35.17	52.35
1959	35.58	65.91
1960	28.87	50.18
1961	20.53	24.08

It is a matter of serious concern that the quantity and value of exports of handloom fabrics have gone down from 59.87 million yards (Rs. 86.72 million in value) in the year 1956 to 20.53 million yards (Rs. 34.08 million in value) in the year 1961.

30. The Working Group (Study Team) for the Handloom Industry, 1959 had made the following recommendations for effectively increasing the volume of handloom exports from India during the Third Plan period:—

Measures for
increasing
Exports.

- (1) Sending of delegations to overseas countries for exploration of the markets and assessment of their requirements.
- (2) Inclusion of handloom cloth as one of the items in all trade and barter agreements entered into by the Government with other countries.
- (3) Grant of subsidy for export of ready-made garments made out of handloom fabrics.
- (4) Market research and constant study of the taste in fashion and design in overseas countries.
- (5) Setting up of finishing, mercerising and processing plants exclusively for handloom fabrics for export and the examination of the desirability to have pre-shrinking arrangements.
- (6) Opening of warehouses in overseas centres for stocking handloom fabrics.
- (7) Assuring supply of indigenous and imported dyes and chemicals.

The Committee were informed that the following measures had been taken or were proposed to be taken to step up exports:—

- (a) Introduction of a scheme of export incentives.
- (b) A scheme of inspection and quality marking of handloom fabrics for export on a limited scale.
- (c) Participation in exhibitions abroad by the All India Handloom Board.
- (d) Providing financial assistance to the State Governments to set up collective weaving centres for production of cloth of standard qualities for exports.

- (e) Increasing facilities for finishing handloom fabrics.

These steps are in the right direction.

**Marketing
Organisations**

31. The All India Handloom Fabrics Marketing Co-operative Society was registered on 19-5-1955 in Bombay. Its authorised share capital is Rs. 50 lakhs. The main objects of the Society are:—

- (1) To support, protect, maintain, increase and promote sales of handloom cloth within the country and abroad.
- (2) To organise and develop markets for handloom goods within the country and abroad.
- (3) To purchase such raw materials and appliances as may be required for the industry and sell the same to members or others.
- (4) To undertake market studies within the country and abroad, send out trade missions to foreign countries, etc.

The Society commenced its trading activities in March 1956. Sales emporia under the name "Handloom House" have been started by the Society in Bombay, Madras, Calcutta and recently in Delhi. The Society has been handling the external marketing scheme of the All India Handloom Board from 1-1-1958 under which emporia were functioning in Aden, Bangkok, Colombo, Kuala Lumpur and Singapore. From the commencement of business till 30-6-1960, the Society's turnover has amounted to Rs. 567 lakhs, and it has received from Government a total grant of Rs. 50,81,013 till 1960-61 for marketing, rebate, commission etc.

32. The Committee were informed that with a view to finding out the possibilities of exports to the American markets, the Government, in cooperation with the Ford Foundation, invited a team of American experts in 1956. This team made a number of recommendations for the promotion of exports of handloom goods to America. In pursuance of these recommendations, the Government set up a Handloom Export Organisation in 1959 to develop export of handloom fabrics to new markets, particularly to the United States of America.

33. The Organisation was mainly concerned with promotional and developmental activities in the matter of export to the non-traditional areas, that is, to countries other than Ceylon, Africa, Middle East and South East Asia.

Originally the Government intended to set up a separate Corporation for this purpose but subsequently thought that it could be a subsidiary company of the State Trading Corporation. Ultimately the Government decided that it should function as a department of the State Trading Corporation. Government had paid a sum of Rs. 2.5 lakhs to the State Trading Corporation towards reimbursement of the losses incurred by the Handloom Export Organisation during the period January, 1959 to March, 1960. As a result of the efforts of the Handloom Export Organisation it has been stated that a considerable quantity of a special fabric popularly known as "Bleeding Madras" was exported to the United States in 1959-60.

The Committee are not quite convinced of the need for having two separate bodies for dealing with the export of handloom fabrics viz., the All India Handloom Fabrics Marketing Co-operative Society Ltd., and Handloom Export Organisation, one for the traditional markets and the other for non-traditional markets. They feel that one common organisation should be able to handle exports to all the countries.

II

POWERLOOM INDUSTRY

A. Introduction

Place of
Powerlooms
in the Textile
Industry.

The powerloom industry, along with handlooms and khadi constitutes the decentralised sector of the textile industry. It has had as long a history as the organised textile industry. Its present position taking the textile industry as a whole has become one of controversy. While there is on all hands a general acceptance, willing or unwilling, according as the underlying ideological considerations vary, of the present place of the handloom industry in juxtaposition to the mill industry, there is as yet not a clear and accepted picture of the role of this other important limb of the decentralised sector of the industry, viz., powerlooms. A large number of unauthorised powerlooms have come into existence and this has led to a blurring of its already uncertain but controversial role in the country's economy. There has been a strong criticism from the mill industry that this unauthorised growth of the powerloom sector has defeated the Government's policy of encouraging handlooms and that the benefits of the policy have entirely gone to the powerloom industry. It has also been alleged by the mill industry that a number of larger powerlooms have been depriving the exchequer of enormous amounts of revenue, by resorting to fragmentation to avail of exemption from excise duty.

In the textile policy announced for the Second Plan, powerlooms were divided into two categories, namely, powerlooms in the powerloom sector and powerlooms in the handloom sector. In the Third Plan this differentiation has no longer been continued.

B. Installed Capacity

Number of
Powerlooms
not known.

35. The Committee were informed that there was no restriction on the installation of powerlooms in the powerloom sector (cotton and non-cotton) before 1956. With a view to collecting accurate statistics relating to the cotton powerlooms in the country restrictions were imposed in May 1956 on the further installation of cotton powerlooms by an amendment of the Cotton Textile Control Order. Under the same Order all owners of cotton powerlooms were required to register themselves with the Textile Commissioner. It was stated that more than 25,000 cotton powerlooms were thus got registered.

Upto November 1956, there was no restriction on the installation of art silk and woollen powerlooms. Since there

was no legal bar to conversion of cotton powerlooms to non-cotton yarn, and since art silk yarn and woollen yarn or raw wool had to be imported with attendant foreign exchange expenditure, the Government decided in the latter half of 1956 on imposing restrictions on the further expansion of the art silk and woollen powerloom sector also. Accordingly, the Textile (Production by Powerlooms) Control Order was promulgated in December, 1956 which prohibited further installation of non-cotton powerlooms and required all owners of such looms to apply to the Textile Commissioner for registration. Registration certificates were issued in respect of more than 50,000 art silk looms and 2,000 woollen looms.

36. As disclosed in the Administrative Report (1960-61) of the Textile Commissioner, there were about 28,000 powerlooms producing cotton fabrics and about 55,000 non-cotton powerlooms of which about 3,000 were producing woollen fabrics and the rest art silk and staple fibre fabrics. The Report further adds that exemption in the past from excise duty of units with not more than four powerlooms had led to fragmentation of larger powerloom units into units with four or less number of looms in order to come within the exemption limit. In 1958, reports had been received that in the non-exciseable powerloom sector, a large number of unauthorised powerlooms had sprung up in different parts of the country, specially in the then undivided Bombay State and in Mysore. To ascertain the exact number of such powerlooms set up without any permit, an all India Census of unauthorised powerlooms was held with the assistance of State Governments. The census reports received by the middle of 1960 disclosed that there were 18,000 unauthorised powerlooms working on cotton yarn and about 11,000 unauthorised powerlooms working on non-cotton yarn.* The Government announced the policy regarding the regulation of unauthorised and unregistered powerlooms on the 5th November, 1960. It was also laid down therein that in future no new powerloom would be allowed to be installed except in cases where it was required for the purpose of imparting vocational training in any educational institution or for some other special purpose approved by the Textile Commissioner.

37. The Committee were informed by a representative of the Powerloom Industry during evidence that till September 1959 weavers could purchase looms from mills but thereafter the sale of looms by the mills was prohibited by the

*In evidence before the Committee in October 1961 the Textile Commissioner however stated that the total number of unauthorised powerloom units was estimated at 50,000.

Textile Commissioner. Some of the mills had thereupon taken recourse to selling old looms "in the name of spare parts." The price paid for the old looms had varied from Rs. 850 to Rs. 1,200 as against the original price of about Rs. 2,000.

The Textile Commissioner stated during evidence that the power to prevent sale of powerlooms had been taken over by the Government during the last one and a half years 'presumably because too much advantage was taken of by unauthorised powerlooms'. The representative of the Ministry acknowledged that there had been in the past some laxity in the matter and even new looms had come up in the powerloom sector. He added that it was presumed that a loom sold by a mill would go to a party authorised to work a loom whose original loom had been discarded.

The Committee are not satisfied with the way in which the matter of growth of unauthorised powerlooms has been handled all these years. They draw attention to the fact that under the Cotton Textile Control Order (1948), acquisition and installation of powerlooms was not permissible except with the written permission of the Textile Commissioner and that under the Textile (Production of Powerlooms) Control Order 1956 sale or disposal of any powerloom for producing cloth from woollen or art silk yarn required the written permission of the Textile Commissioner. It is obvious that the authorities have been lax in enforcing the Control Orders with the result that unauthorised powerlooms grew unchecked in numbers till they came to pose a serious problem to the Government.

C. Problems of Development

Need for
Concerted
Development

38. The Committee find that ever since the publication of the draft outline of the Third Five Year Plan in June 1960 a controversy has arisen over the allocation of targets among the different sectors of the industry. A number of articles and editorials have appeared in newspapers and the Indian Cotton Mills Federation have published a booklet entitled "Third Plan Targets for Handlooms, Powerlooms and Mills". The central points discussed in all these publications have been the extent of cloth production by the handloom and powerloom sectors and the criticism that the powerloom sector had thrived on the targets earmarked for the handloom sector and had in the process throttled its benefactor. The Committee do not propose to enter into the merits or demerits of the criticism. *They would only draw attention to the fact that it was the individual units of the Mill Industry which by selling the discarded looms at good*

prices, had facilitated the expansion, though unauthorised, of the powerloom sector.

39. The Indian Cotton Mills Federation has estimated the production in the powerloom sector at 1,365 million yards by subtracting the estimate of production in the handloom sector from the estimate of the combined cloth production by the two sectors. It has also attempted to verify whether the powerloom sector has the capacity to produce the estimated 1,365 million yards. For this purpose, the Federation has made use of the data relating to the 10 per cent of the units which had been furnishing returns to the Textile Commissioner and which were being published by him till September 1960 in the monthly Statistical Bulletins. In a pamphlet entitled 'Targets of Cloth Production in the Third Plan' prepared and published by the office of the Textile Commissioner, the manner in which the Indian Cotton Mills Federation had estimated the production of the powerloom sector based on "truncated data" has been questioned. It has pointed out that the capacities of the decentralised sector are much larger than what are put to productive use. Claiming, however, no accuracy for the official estimates of production of powerlooms of 350 million yards, it has referred to the steps taken to collect statistics relating to the decentralised sector the lack of which has, in the main, led to the controversy. It has stated that the All India Handloom Board has taken steps to evolve a direct and reliable system for estimating the production of handlooms. Government have also appointed a high-power committee to advise them on the collection of the data from small industries. The annual industrial census, the Sample Survey of manufacturing industries and National Sample Survey have schemes for covering large, medium, small and cottage industries. Lastly, as a result of the steps recently taken to regularise the unregistered powerlooms a better idea about size and productive possibilities of the sector would also be available.

The Committee cannot help feeling that if the steps mentioned above had been initiated in the beginning of the Second Five Year Plan instead of at the end, the Government would have been in a better position to regulate the development of these sectors.

40. The Textile Commissioner stated in his evidence that the ban on the installation of additional powerlooms in the powerloom sector did not mean that the powerlooms could not increase their production. The Government policy was to assure supply of yarn both to the powerloom and the handloom sectors so that they could freely use it to increase production, by working more shifts, etc.

As regards the proposal for licensing 25,000 additional looms in the organised mill sector, the representative of the Ministry stated that the additional looms would not be sanctioned immediately. The performance of the powerloom and handloom sectors would be watched closely by the Government so as to make sure that the supply of yarn to them would not be adversely affected by the grant of sanction for installation of additional looms in the mill sector.

The Committee welcome this clarification given by the representative of the Ministry on this important aspect of the policy to be followed by the Government during the Third Plan.

41. As stated by the Textile Enquiry Committee (1954) powerloom industry operating upto to 50 looms per unit was only a slightly improved version of the small scale industry since the processes like winding, warping, sizing etc. were often carried on in those units in very much the same way as for the smaller units. Costs of the preparatory processes and wastage were much larger in the case of such units than in the case of very large units and of composite mills. These units were also subjected to the operation of the Factory Laws and in some cases to stipulations of minimum wage, dearness allowance etc.

While these in general are the main handicaps which the powerloom industry has to face, there is a wide divergence in the estimate of profitability of the industry as given to the Committee by the representatives of the Mill Industry and Powerloom Industry. The Indian Cotton Mills Federation in a note furnished to the Committee gave an estimate of profit margin of about Rs. 500 per month per powerloom on account of the saving in excise duty alone, taking for the purpose the case of powerloom establishments having upto two powerlooms and unauthorised powerlooms which had not to pay any excise duty. The Committee were on the other hand, informed by a representative of the powerloom industry that as a result of the levy of excise duty on smaller units in 1961 more than 6000 powerlooms out of a total of 17000 powerlooms were lying closed in Bhiwandi alone, thus resulting in loss of production of 130 million yards of cloth per year. It was claimed that the withdrawal of exemption of excise duty for 4 looms and the enhancement of excise duty had hit the smaller units with the result that out of the average income of a unit of 4 looms on cotton of about Rs. 300 the taxation at the revised rates accounted for Rs. 222. The representative of the Indian Cotton Mills Federation when asked about the diverse estimates of the margin of profit stated that the studies so far made in this

matter were probably incomplete. He expressed the view that the subject was controversial but important enough to warrant a thorough study into the working of the powerloom industry in the country. The representative of the Ministry in his evidence before the Committee admitted that no reliable data regarding the margin of profit on powerlooms was available. He added that a scientific assessment of the likely profits made by powerlooms ought to be taken up.

Apart from collecting complete statistics relating to the Industry, the Committee recommend that a comprehensive study may be made of the working of the powerloom sector with a view to ascertaining its problems, working conditions, margin of profit and its capacity to bear the present incidence of excise duty.

They also recommend that necessary steps should be taken to encourage cooperatives of the powerloom owners for the purpose of manufacturing yarn and for undertaking processes like winding, warping, sizing, calendering, finishing, marketing etc. for which they had limited facilities of their own.

42. *Considering the size of the industry, its production and its problems, the Committee feel that there is need for an all-India organisation for development of the powerloom industry. It could deal with the supply of suitable and adequate yarn to the powerloom weavers, training of personnel and procurement of improved equipment and above all could effectively encourage cooperative effort among them.* Powerloom Board.
 A Federation of the Powerloom Weavers has suggested that there should be an organisation consisting of representatives of the powerloom industry, technicians and government officials for guiding the development of their sector. *The Committee suggest that the question of setting up a Powerloom Board on all-India basis may be examined.*

D. Role of the Powerloom Industry

43. The Textile Enquiry Committee (1954) had suggested that at the end of 15 to 20 years, barring say, 50,000 handlooms of the throw-shuttle or fly-shuttle type manufacturing special fabrics with an intricate body design, the entire handloom sector should be converted into the improved (semi-automatic) handloom or the decentralised powerloom industry. By planning in that fashion the Committee had felt that the country would achieve the twin objective of maintaining employment over the short term and securing the best possible efficiency in the long run. As an ultimate objective, the Committee had envisaged only two sectors Need for Assigning Definite Role to Powerlooms.

or the textile industry, namely, "the handloom-cum-improved handloom-cum-domestic-cum-small scale powerloom industry and the large scale powerloom-cum-organised mill industry."

The Committee note that in the Industrial Policy Resolution of 1956 which continues to govern the approach to the Five Year Plans, a significant place has been allotted to small scale industries. The two principal objectives underlying this policy of encouraging small scale industry are decentralisation of production and local utilisation of manpower. These objectives are fulfilled by and large by the powerlooms which are essentially a small scale industry.

With the ready availability of electricity in suburbs and in villages, powerlooms may well prove an attractive and rewarding vocation and with the spread of education the coming generation of weavers may not look with favour upon merely manual operations as on handlooms for their means of livelihood. In this connection, the Committee welcome the view expressed by the representative of the Ministry on the perspective role of the handloom industry that over a period of time when the employment opportunities grow, the handloom sector would diminish. The Committee are no doubt fully aware that any such process of transformation is bound to be extremely gradual. There need be no apprehension in any quarter that it will lead to any violent changes in the economy of handloom textiles. Having regard to all these factors, the Committee consider that it is necessary to review the position and allot a long term role to the powerlooms in the decentralised sector of the textile industry. In their view, the present is a particularly opportune time for the purpose since Government would shortly have an accurate idea about the number of powerlooms in the country with the completion of the registration drive.

NEW DELHI;
The 26th March, 1962
 Chaitra 5, 1884 (Saka).

H. C. DASAPPA,
 Chairman,
 Estimates Committee.

APPENDIX I

(Vide para 2)

Statement showing the composition of the All India Handloom Board

CHAIRMAN

1. Textile Commissioner

MEMBERS

2. President, All India Handloom Fabrics Marketing Co-operative Society Ltd., Bombay.

3. President, Hyderabad Handloom Weavers Central Co-operative Association, Hyderabad.

4. President, Madras State Handloom Weaver Co-operative Society, Madras.

***5. Shri K. Basava Raju, President, Andhra Handloom Weavers Co-operative Society, Vijayawada.

6. Shri P.N. Chaudhuri, M.L.A. Chairman, Central Weavers Co-operative Society, Nalbari, Assam.

***7. Shri A. Ibrahim Ansari, Ranchi (Bihar).

8. Shri G. Chandrasekharan Pillai, M.L.A., President, Travancore Shree Moolam Handloom Weavers Central Co-operative Society, Trivandrum.

9. Shri R.K.S. Thakur, Raipur.

10. Shri A. Mariappan, M.L.A., President, Ammapet Weavers Co-operative Society Ltd., Salem.

***11. Shri K. S. Subramania Gounder, President, Central Co-operative Bank, Salem.

12. Shri F. M. Baradwad, Betgeri, Gadag.

13. Shri Kutarth Acharya, President, Orissa State Handloom Weavers Co-operative Society Cuttack.

***14. Shri Paras Mal Kankariya, Kankariya Building, Jalori Gate, Jodhpur.

15. Nawab Aizaz Rasool, Mall Avenue, Lucknow.

†16. Prakash Chandra Saxena, Advocate, President, Etawah District Weavers Central Co-operative Store Ltd., Etawah.

17. Smt. Bina Das, Secretary, Women's Co-operative Industrial Home, Kamarahatty, 24, Parganas, West Bengal.

†18. Shri Ghulam Rasool Matto, C/o Messrs Matto Brothers, Hari Singh High Street, Srinagar.

19. Honorary Industrial Adviser (Textile Designs), Bombay.

20. Deputy Secretary in charge of handlooms in the Ministry of Commerce and Industry or his representative, New Delhi.

21. Deputy Textile Commissioner, Bombay.
22. Assistant Financial Adviser, Bombay.
23. Dr. K. I. Narasimhan, Director, Textile Commissioner's Office, Bombay.
24. Dr. D. K. Malhotra, Joint Secretary, Planning Commission or his representative.
25. Chief Officer, Agricultural Credit Department, Reserve Bank of India or his representative, Bombay.
26. Director of Handlooms, Andhra (Hyderabad).
27. Registrar of Co-operative Societies, Shillong (Assam).
- ***28. Joint Registrar of Co-operative Societies-cum-Deputy Director of Industries, Patna.
- ***29. Joint Director of Industries & Commerce (Co-operation), Trivandrum.
30. Joint Director of Industries (Handloom), Indore, Madhya Pradesh.
31. Director of Handlooms, Madras.
32. Joint Director of Industries and Commerce (Rural Industrialisation, Bangalore) Mysore.
- †33. Additional Registrar of Co-operative Societies, Bhubaneswar, Orissa.
34. Joint Director of Village Industries-cum-Joint Registrar of Co-operative Societies, Chandigarh, Punjab.
35. Joint Director of Industries (Handloom and Industrial Estates), Jaipur, Rajasthan.
36. Director of Industries, Kanpur (U.P.)
37. Joint Director of Industries (Handlooms) Calcutta, West Bengal.
38. Director of Industries and Commerce, Srinagar, Jammu & Kashmir State.
39. Registrar of Co-operative Societies, Gujarat, Ahmedabad.
40. Shri Murarji Vaidya, Central Silk Board, Bombay.
41. Shri A. R. Ramanathan, Chairman, Development Council for Art Silk Industry, C/o Travancore Rayons, Rayonapuram, Kerala State.
42. Shri S. Ratnam, Director-in-charge, HEO and Handicrafts Development Corporation or his nominee.
43. Shri M. S. A. Majid, 34, First Main Road, Gandhi Nagar, Madras-20.
44. Shri C. P. Krishnan Nair, Cannanore.
45. Shri L. P. Gupta, Indian Textile Private Ltd., Great Eastern Hotel, Arcade, Calcutta.
46. Shri H. P. Kaul, Webbing & Belting Factory (P) Ltd., G. T. Road, Ghaziabad.
47. Shri Darga Durgiah, President, Hyderabad Wool Industrial Central Co-operative Society, Hyderabad.
- ***48. Shri Mallappa Kollur, President, Mysore State Woollen Handloom Weavers' Co-operative Society, Bangalore.

49. Shri G. K. Devarajulu, President, South India Millowners Association, Coimbatore.

50. Shri Gautam Sarabhai, Chairman, The Calico Mills Ltd., Ahmedabad.

†51. Shri M. P. Gandhi, Editor, Cotton Textile Industry Annual, Nanabhay Mansion, Sir Pherozshah Mehta Road, Fort, Bombay-1.

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53. Shri T. S. Pattabhai Raman, M.P., Madras.

†54. Director (Handlooms).

†55. Dr. Balakrishna, Head of the Department of Economics, Madras University, Madras.

†56. Registrar of Co-operative Societies, Government of Maharashtra or his nominee.

†57. Chairman, State Handloom Board, Government of Maharashtra, Bombay.

†58. Shri P. L. Majumdar, Sanchalak, Sabarmati Ashram, Ahmedabad.

***59. Shri Thakur Ved Ram, Director, Punjab Handloom Weavers' Apex Co-operative Society, Kulu.

SECRETARY

60. Dy. Director of All India Handloom Board, Bombay.

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†Amended vide Notification dated 15-4-61.

†Amended vide Notification dated 6-4-61.

***Amended vide Notification dated 2-5-61.

APPENDIX II

(Vide para 8)

Statement showing the general principles accepted by the Government of India for sanctioning financial assistance for schemes for the Development of Handloom Industry engaged in Weaving fabrics from cotton, art silk, woollen and silk yarn (As on 10th May, 1961).

PART I—LOAN SCHEMES

Note —(1). All loans sanctioned for handloom schemes from 1st June, 1957 will bear the normal rates of interest. In the case of loans which were till then being issued free of interest, as subsidy will be granted to offset the effect of the new rates of interest to be charged. This subsidy will be confined to loans sanctioned between 1st June, 1957 and 31st March 1963.

(2) The Government of India decided that with effect from 1st April, 1957, credit facilities for working capital to the Weavers Co-operative Societies will be made available by the Reserve Bank of India through the Apex and Co-operative Banks. As a special case, however, the Government of India provided central assistance towards the working capital requirements of the Cotton Weavers' societies in Assam, West Bengal and the Union Territories and also to new industrial co-operatives, new silk Weavers' Co-operative societies and new wool weavers' co-operative societies, during the period 1957-58 to 1960-61.

L-1. *Financing the share capital of weavers to be admitted into the co-operative fold*:—Central Assistance for the share capital of weavers to be admitted into the co-operative fold will be admissible in the shape of loan, repayable in two equated annual instalments of principal and interest, commencing from the first anniversary of the date of drawal of the loan by the State Government, subject to the following conditions:—

- (a) Note more than 25% of the weavers who are outside the co-operative fold in a State should be admitted into the co-operative fold each year.
- (b) The maximum share value would be Rs. 50/- in the case of cotton, art silk or wool weavers' co-operative societies, and Rs. 100/- in the case of silk weavers' co-operative societies. In the former case, the State Governments may fix the share value at any convenient level subject to a maximum of Rs. 50/-
- (c) The extent of central assistance will be 75% of the share value per weaver in the case of cotton, art silk or wool weavers' co-operative society, and 87½% of the share value per weaver in the case of silk weavers' co-operative society.
- (d) The qualification for membership of a co-operative society should be the possession of a loom. Exception may be made in special cases as in Sholapur and Malabar Districts, for instance, where a large number of looms are under Master-weavers or in Khar-khanes.

- (e) The aim should be to secure that weaver members of co-operative societies market their cloth only through the co-operative societies.
- (f) In societies where there are silk handloom weavers and other weavers as members, the State Governments should ensure that no member gets double benefit, *viz.*, benefit admissible to silk handlooms and benefit admissible to other handlooms.

L-2:—Strengthening the share capital structure of existing weavers' Co-operative societies:—In order to enable them to increase their owned resources, existing cooperative societies of cotton, art silk or wool weavers, whose share value is at present less than Rs. 50/- may increase their share value to Rs. 50/-, if necessary, by stages. Central assistance in the shape of loan repayable in two equated annual instalments of principal and interest commencing from the first anniversary of the date of drawal of the loan by the State Government would be admissible for the purpose to the extent indicated below:—

- (a) 100% of the difference between the existing share value and the proposed increased share value in cases where the existing share value to the credit of the weaver-member works out to 25 % or more of the proposed increased share value.
- (b) 75% of the proposed increased share value, in cases where the existing share value works out to less than 25% of the proposed increased share value. The weaver-member concerned should contribute from his own resources an amount which would raise his existing share value from its present level to 25% of the proposed increased share value.

L-3. Working capital of primary weavers, co-operative societies:—

- (a) Loans may be sanctioned at the rate of Rs. 300 per loom in respect of new looms to be brought under the co-operative fold.
- (b) Loans may be sanctioned at the rate of Rs. 300 per loom in respect of looms already in the co-operative fold *i.e.* old looms. This will be subject to the following conditions:—
 - (i) that the co-operative societies receiving loans had accumulated losses during the 3 years ended 30th June, 1954.
 - (ii) that the losses referred to in (i) are not due to inefficient performance or dishonesty on the part of the management or similar other factors;
 - (iii) that the societies have at least their share capital intact; and
 - (iv) societies which have already been granted loans under this item from the Cess Fund should not be granted additional funds to make up the total to Rs. 300 per loom.
- (c) Loans at the rate of Rs. 200 per loom may be sanctioned for art silk and woollen handlooms to be brought under the co-operative fold.
- (d) In the case of silk handlooms loans may be granted at Rs. 500 per loom.

- (e) These loans will be repayable in 10 equated annual instalments of principal and interest commencing from the 2nd anniversary of the date of drawal. Simple interest will be charged for the first year and it will be paid on the first anniversary of the date of drawal.

L-4. *Working capital of apex societies for marketing*:—Loans up to 10 times the paid up share capital plus reserve fund (and building fund provided it is liquid and available) reduced by accumulated losses or up to the overall borrowing limit fixed in the bye-laws, whichever is less, may be sanctioned to apex weavers' co-operative societies for marketing of handloom cloth. This loan will be repayable in 9 equated annual instalments of principal and interest commencing from the 2nd anniversary of the date of drawal. Interest will be payable on these loans after a period of 5 years from the date of drawal.

L-5. *Working capital for sales depots*:—No loans will be admissible towards working capital of sales depots owned by weavers' societies and District or Apex Societies. In States or in areas in State where handloom co-operative movement has not developed and co-operative societies have not started functioning as sales organisations, a loans to the State Government, if such State Government is prepared to run sales depots for the sale of handloom fabrics, may be sanctioned at a rate not exceeding Rs. 15,000 per depot subject to the condition that the depots are transferred to co-operative societies after one year. The loans will be repayable in 5 equated annual instalments of principal and interest commencing from the 1st anniversary of the date of drawal.

L-6. *Working capital for purchase of goods to be sold by mobile vans*:—Loans may be sanctioned to State Governments to equip the mobile vans with sufficient stocks of handloom cloth. The amount of loans is to be decided on merits, subject to a maximum of Rs. 25,000/- per van. The loans will be repayable in 5 equated annual instalments of principal and interest commencing from the 1st anniversary of the date of drawal.

L-7. *State participation in share capital of Apex Societies*:—Loans may be sanctioned for State participation in the share capital structure of Apex Weavers' Co-operative Societies upto 51 per cent. of the paid up share capital calculated as in the following example. In the actual paid-up share capital contributed by sources other than the Government is Rs. 49,000 and that contributed by the State Government from their own resources is Rs. 11,000, the Central assistance will be limited to Rs. 51,000—Rs. 11,000—Rs. 40,000. The loans would be repayable in 12 equated annual instalments of principal and interest commencing from the 1st anniversary of the date of drawal.

L-8. *Construction of sheds for wool weaving*:—Loans will be admissible for the construction of sheds for wool weaving to the extent of 75 per cent. of the cost, the balance 25 per cent. being met by the State Government or the Weavers' Co-operative Society concerned. No shed should contain more than 5 looms installed in it. The loans would be repayable in ten equated annual instalments of principal and interest, commencing from the 1st anniversary of the date of drawal.

L-9. Co-operative Spinning Mills:—Loans may be granted to State Government for participation in the share capital of co-operative spinning mills to be set up for supply of yarn to handloom weavers. Loans may be granted upto 51 per cent. of the paid up share capital of the co-operative spinning mills calculated as exemplified in L-7. The loans will be repayable in 20 equated annual instalments of principal and interest commencing from the 1st anniversary of the date of drawal. No central assistance will be admissible either for working capital or for purchase of machinery and plant.

Loans as above will be admissible subject to the following conditions being satisfied:—

- (a) The minimum spindleage for a mill should be 12,000.
- (b) Subscription to share capital of the mill should be thrown open to:—
 - (i) primary weaver's co-operative societies and open weavers co-operative societies;
 - (ii) any other co-operative societies registered under the co-operative societies Act in force; and
 - (iii) individuals, preferably cotton growers and handloom weavers; subject to the condition that not more than 33 $\frac{1}{3}$ % of the issued capital will be contributed by the individuals mentioned in (iii).
- (c) There should be 3 classes of shares, A, B, and C, the value of 'B' class share being higher than the 'A' Class share and the value of 'C' class share being higher than 'B' class share. Primary and apex weavers' co-operative societies should be eligible to subscribe to 'A' class shares, other co-operative societies to 'B' class shares, and individuals to 'C' class shares.
- (d) The bye-laws of the mill should provide for all yarn to be made in available to weavers' co-operative societies. Yarn should be sold in the market only if the co-operative societies are unable to consume it.
- (e) The mill should obtain funds required for machinery and working capital from Finance Corporations and Co-operative Banks.
- (f) The Board of Directors of the mills should be so constituted as to ensure that control of the affairs rests with representatives of Government and weavers' Co-operative societies.
- (g) The bye-laws should provide for the ultimate redemption by weavers' Co-operative societies of shares subscribed to by individuals.

L-10. Renovation and enlargement of existing houses of weavers:—Loans may be sanctioned to State Governments subject to a maximum of Rs. 500 per house for the purpose of renovation and enlargement of existing houses of weavers, especially to accommodate the installation of frame looms. The loan will be repayable in ten equated annual instalments of principal

and interest. The first instalment of repayment will fall due on the first anniversary of the date of drawal of the second and last instalment of the loan. Payment of the loan to the State Governments will be as under:—

- (i) 80% with the approval for the scheme; and
- (ii) 20% after submission of audited statements of cost of renovations and enlargements.

Simple interest for the first year should be charged. The interest so due should be paid along with the first instalment of repayment.

PART II—GRANT SCHEMES

G-1.—Organisational expenses:—The base for grants towards organisational expenses would be the organisational expenditure actually incurred by the State Government for the financial year 1957-58. This amount will be reimbursed to the State Government in full. In respect of any expenditure over and above the base, central assistance will be admissible to the extent of 50%, the balance 50% being found by the State Government from their own resources.

G-1B.—Additional audit and supervisory staff to be appointed in connection with the Reserve Bank scheme for the provision of working capital.—The expenditure on this additional staff will be met from within the base amount as defined in G-1. Any portion of this expenditure which cannot be accommodated within that grant, would be shared 50 : 50 between the Central and State Governments.

G-2.—Sales Depots/Emporia:—(a) Marketing within and outside the States (except marketing in foreign countries) should be left to State Governments and co-operative societies.

(b) Grants may be sanctioned for meeting the expenses incurred by State Governments and co-operative societies on furniture, equipment, rental and staff etc., required for marketing depots or emporia within the States subject to a maximum of Rs. 4,000 per depot or emporium for the first year only. For the second year, the Government grant for recurring expenditure would not exceed 75 per cent of the actual expenditure subject to a maximum of Rs. 3000 per depot. For the 3rd year, a grant not exceeding 50 per cent of the recurring expenditure sanctioned for the 1st year or of the actual expenditure whichever is less may be sanctioned. For the 4th year, a grant not exceeding 25 per cent of the recurring expenditure sanctioned for the 1st year or of the actual expenditure whichever is less may be sanctioned. These grants would be admissible only to such of the marketing depots emporia that effect minimum sales of handloom cloth as indicated below:—

	Rs.
1st year	15,000
2nd year	20,000
3rd year	30,000
4th year	35,000

In the case of depots which do not fulfil the prescribed norms financial assistance may be given to them in the same proportion as the actual sales bear to the prescribed norms.

One depot or emporium should cater to a minimum of 500 looms.

G-3.—*Depots in big cities.*—(a) Assistance for opening sales depots in cities with a population of over one lakh may be given at Rs. 6,000 per depot. This amount will cover both non-recurring and recurring expenses for the first year of working.

(b) Assistance will not be admissible for more than one depot in one city.

(c) For the 2nd, 3rd and 4th years of working the depot, a grant not exceeding 75 per cent, 50 per cent and 25 per cent respectively of the recurring expenditure for the first year or of the actual recurring expenditure incurred the second, third or the fourth year, as the case may be as grant, whichever is less, may be sanctioned.

(d) These grants would be admissible only to such of the depots in big cities that effect minimum sales of handloom cloth as indicated below:—

	Rs.
1st year	36,000
2nd year	45,000
3rd year	55,000
4th year	65,000

In the case of depots which do not fulfil the prescribed norms, financial assistance may be given to them in the same proportion as the actual sales bear to the prescribed norms.

G-4.—*Inter-State Sales Depots:*—(a) A grant of an amount not exceeding Rs. 15,000 per year (non-recurring plus recurring) subject to actuals may be given for each new depot.

(b) For the 2nd, 3rd and 4th years of running the depot, a grant not exceeding 75%, 50% and 25% respectively of the recurring expenditure for the first year or of the actual recurring expenditure incurred in the second, third or the fourth year as the case may be, whichever is less, may be sanctioned as grant.

(c) Those grants would be admissible only to such of the inter-State depots that effect minimum sales of handloom cloth as indicated below:—

	Rs.
1st year	1,00,000
2nd year	1,25,000
3rd year	1,55,000
4th year	2,00,000

In the case of depots which do not fulfil the prescribed norms, financial assistance may be given in the same proportion as the actual sales bear to the prescribed norms.

(d) Sanction for new inter-State depots should issue provided it is ascertained beforehand.

- (i) that the All India Handloom Fabrics Marketing Co-operative Society does not propose to open a depot in the city or town concerned; and
- (ii) that the State Government within whose jurisdiction the city or town concerned falls has no objection to an Inter-State depot being opened. The responsibility for ascertaining these will rest with the State Government which sponsors the opening of Inter-State depots.

G-5.—*Central depots.*—Central depots for stocking handloom cloth and feeding the sales depots will be eligible for a grant of Rs. 6,000 per depot. For the 2nd, 3rd and 4th years of working of the depots, a grant not exceeding 75%, 50% and 25% respectively of the recurring expenditure for the first year, or of the actual recurring expenditure incurred in the second, third or the fourth year as the case maybe whichever is less may be sanctioned as grant.

G-6.—*Marketing of silk handloom fabrics:*—(a) State Governments which wish to market silk handloom fabrics woven by the handloom societies or produced by handlooms under Government auspices or by individual weavers whose fabrics are brought by co-operative societies or Government institutions may utilise the services of the sales depots opened by them under cess fund.

(b) If a State Government wishes to open a separate depot on its own account for marketing silk handloom fabrics only, assistance may be recommended on the same basis as that applicable for Inter-State depots or Inter State depots provided such assistance is permissible under the law.

G-7.—*Running expenses of production societies:*—Grants for running expenses of production societies may be sanctioned subject to the following:—

(a) At Rs. 50 per month to societies which have 50 to 100 looms of which at least 50 are on production activity; at Rs. 100 per month to Societies which have more than 100 looms of which at least 100 are on production activity.

(b) Subsidy will be given only to the new production societies registered as such in 1953-54 and after.

(c) The subsidy will be given only to those societies which according to their latest balance sheets are running at a loss exceeding Rs. 1,000 per annum and which do not have adequate managerial staff at present.

(d) The scheme will be limited to three years 1955-56, 1956-57 and 1957-58.

G-8.—Mobile Vans:—(a) Mobile vans may, for all practical purposes be treated as sales depots. Provision of vans may be on the basis of the van for 75,000 looms, subject to a minimum of one van for each State which applies for grant for that purpose provided, however, that no State which has less than 20,000 looms will be eligible for a van.

(b) Capital expenditure on the purchase of vans may be provided as a grant subject to a maximum of Rs. 25,000 per van.

(c) Recurring expenditure may be provided as a grant subject to a maximum of Rs. 8,600 per van for the 1st year. For the 2nd year 75% of the actual recurring expenditure or Rs. 6,450 per van whichever is less may be sanctioned. For the 3rd year, 50% of the recurring expenditure actually incurred subject to a maximum of 50% of the recurring expenditure sanctioned for the 1st year may be sanctioned as a grant. For the 4th year 25% of the recurring expenditure actually incurred subject to a maximum of 25% of the recurring expenditure sanctioned for the first year may be sanctioned as a grant.

(d) Taxes payable on the vans should not be met from the Cess Fund.

(e) The conditions under which such grants are to be made should be decided by the Board Secretariat, but one of them should be that the Board should be consulted before any van is disposed of and the sale value will be credited to the Government of India.

(f) If any State wants to increase the number of vans from that mentioned in (a) it may do so provided the entire expenditure is met out of its funds. The Board may consider assisting the State by meeting part of the recurring expenses for one year.

G-9.—Pattern making factories:—(a) Individual schemes may be examined on merits. Assistance to be given as grant.

(b) Recurring expenditure for the second, third and 4th years of the running of these factories may be given as a grant to the extent of 75%, 50% and 25% respectively of such expenditure for the first year or of the actual recurring expenditure incurred in the second, third or fourth year as the case may be, whichever is less.

(c) No financial assistance will be admissible for starting factories in the form of model weaving units attached to primary weavers' co-operative societies.

(d) No new pattern factory should be sanctioned for States to which one or more factories have already been sanctioned by the Government of India. No assistance should be given for the expansion of pattern making factories already sanctioned but assistance for the provision of improved appliances should be recommended on merits.

(e) State Governments, may, if they so desire, utilise the pattern making factories for imparting training to weavers in the use of improved appliances and in weaving improved designs.

G-10.—Training of weavers :—Training of weavers should primarily be the responsibility of the State Governments and the expenses must be met from their own resources. Exceptions in deserving cases may be made, subject to the stipulation that training is imparted only to existing weavers.

G-11.—Training of employees of apex and primary weavers' co-operative societies:—Schemes of this nature should be sanctioned subject to the following conditions:—

- (a) The training should be confined to staff already employed in and proposed to be employed by primary and apex societies;
- (b) The period of training should be 3 to 6 months;
- (c) Not more than two persons should be trained by a primary or each unit of an apex society;
- (d) The syllabus for training should be drawn up by the State Governments concerned, but it should include management, accounts, salesmanship, co-operation, etc ;
- (e) Pay and allowances of the trainees should be met by the institutions under whom they are employed. Allowance will also include T.A.
- (f) An amount equivalent to the stipends to the trainees will be given as a grant.
- (g) The stipend will be subject to a ceiling of Rs. 45/- per trainee; and
- (h) All expenses other than those covered by item (e) and (f) would be shared between the Central Government and the State Government in equal proportion.

G-12.—Training in Salesmanship of employees of sales depots:—Only 50 per cent of the expenditure on training should be sanctioned viz., Salary and allowance of a lecturer and a peon and contingent expenditure on training. Expenses of the nature of Salaries/stipend and T.A. of trainees should be met by the State or the Co-operative Societies.

G-13.—Training of supervisory staff in technical aspects of Handloom Industry:—(i) Pay and allowances of the trainees (including travelling allowances) should be met as a grant by the State Governments themselves;

(ii) 50 per cent. of the balance of the expenditure will be met as a grant by the Central Government the remaining 50 per cent being met by the State Government.

G-14.—Deputation of weavers to weaving centres within and outside the State:—Financial assistance in the form of grant may be given to State Governments for schemes relating to the deputation of weavers to weaving centres within and outside the State to the extent of 50 per cent of the expenditure subject to a maximum of Rs. 1000 per weaver. The balance should be met either by the Weaver or the Society concerned.

G-15.—Inspection, Stamping etc:—Quality Control is approved in principle and assistance in the shape of grant will be admissible as follows:—

- (i) 100% of the expenditure for the first and second years of working of the scheme ; and
- (ii) 75% of the expenditure for the third and fourth years of working of the scheme.

G-16.—Subsidy on transport and overhead on yarns:—There is no need to stimulate production and, as far as possible, the stimulus should be for consumption. Principles have already been laid down for stimulating sales. As

a general principle, therefore, transport and overhead charges on yarn would not be subsidised except in cases like Assam where, owing to the distance from the producing centres of yarn or due to lack of proper communications and transport facilities, transport charges are unduly heavy. In such cases, individual schemes are to be examined on merits, subject to the condition that the rate of subsidy does not exceed 50 per cent of the transport charges from Calcutta to the consuming centres in the case of Manipur and Tripura, from Amritsar to the consuming centres in the case of Jammu and Kashmir and Rs. 20 per bale in the case of Assam.

G-17.—*Award of prices for designs*:—Each individual scheme would be examined on merits and assistance will be admissible in the form of a grant.

G-18.—*Subsidy for rent and furniture of new silk weavers' co-operative Societies to be formed*:—

Furniture Rs. 3,000 per society (Grant)

Rent Rs. 1,800 per society per annum (Grant)

G-19.—*Assistance to apex societies for establishment charges* :— deleted.

G-20.—*Research (equipment therefor), designs etc.*:—(a) States which have a concentration of the handloom industry may be given assistance to set up research institutes for designing, bleaching, dyeing etc.

(b) Non-recurring expenditure may be sanctioned as grant.

(c) 50 per cent of the recurring expenditure may be sanctioned as grant for the first 3 years, the balance 50 per cent to be met by the States from their own resources.

G-21.—*Purchase of samples from weavers' Co-operative Societies*:—Assistance by way of grants will be admissible to subsidise partially the purchase of representative samples of various handloom textiles produced by weavers' societies for supply to prospective customers as the supply of such samples is essential to build up business in handloom fabrics.

G-22.—*Publicity and propaganda*:—Each individual scheme may be examined on merits. Any assistance in this behalf should be in the form of grant.

G-23.—*Participation in exhibition*:—Grants equal to 50 per cent of the expenditure may be sanctioned, subject to a maximum of Rs. 10,000 per exhibition.

G-24.—*Collection of statistics*:—For schemes relating to the collection of statistics of production, sales and unsold stocks of handloom cloth of the lines approved by the Government of India, grant may be sanctioned subject to a maximum of 25 naye paise per registered loom.

G-25.—*Subsidy on sales of cloth for internal consumption and for export (rebate Scheme)*:—(A) Grants may be sanctioned to State Governments to

reimburse the rebates allowed on sales of handloom cloth, subject to the conditions stipulated in this behalf by the Government of India from time to time.

(B) (I) The details of the rebate scheme in force from 1st September, 1960 are as under :—

(i) A rebate at the rate of 5 nP (Five Naye Paise) in the rupee will be allowed on genuine retail sales of handloom cloth worth rupees two or more from

(a) weavers co-operative societies and/or State-owned depots, and

(b) Consumer co-operative societies which purchase handloom cloth only from weavers co-operative societies and which deal, so far as cloth business is concerned, only in hand woven cloth.

(ii) A special additional rebate at the rate of 5 nP (five naye paise) in the rupee will be allowed on genuine retail sales of handloom cloth for a total period of 15 days in the year i.e. for eight days during the Annual All India Handloom Week celebrations and for seven days on suitable festival occasions to be chosen by the individual State Governments/Union Territories concerned with the prior approval of this Ministry. Specific orders will be issued for such special rebate. Depots of apex weavers societies or other co-operative institutions functioning in states other than the one in which their head quarters office is located will be entitled to this concession of special additional rebate only during the period such rebate is granted in the State in which such depots are located.

II. *Rebate on wholesale sales*:—A rebate at the rate of 3 nP (three naye paise) in the rupee will be allowed on wholesale sales of handloom cloth by weavers' co-operative societies. For this purpose, sale of handloom cloth worth Rs. 100 (one hundred) or more at a time in a single transaction will constitute a wholesale sale. The State Governments will have the option of allowing or not allowing this rebate on wholesale sales, having due regard to the need for limiting the expenditure on rebates within the ceiling shares allotted to them.

III. *Rebate on export sales*:—A rebate at the rate of 5 nP (five naye paise) in the rupee will be admissible to—

(a) Co-operative societies or State Trading organisations on sales for export of handloom cloth purchased from weavers' co-operative societies; and

(b) Co-operative societies exporting handloom cloth direct.

V. Sales emporium run by the State Govts./Union Territories should restrict the rebate to retail sales of handloom cloth purchased by them from weavers co-op. societies under their production programme and not from individual weavers in the cooperative fold.

V. Ceilings have been fixed for each State/Union Territory for expenditure on the Rebate scheme. It is essential that the ceilings are adhered to strictly. If considered necessary, the scheme of rebate may be so regulated further by the State Governments by restricting the categories of sales/categories of

cloth or by reducing the rate of rebate either wholly or in part as to keep the expenditure within the prescribed ceilings. In no case will central assistance be given for expenditure on the rebate scheme in excess of the ceilings.

VI. The State Governments and Union Territories should ensure that weavers cooperative societies are reimbursed rebate on the sale of only such handloom cloth as is produced by their members from out of yarn supplied by societies themselves.

VII. All conditions stipulated by the Government of India in respect of each category of sales of handloom cloth qualifying for the rebate will continue to apply.

G-26.—*Multipurpose co-operative societies*:—Financial assistance in the form of subsidy may be given to these societies subject to the following conditions.

- (a) the subsidy would be given only to such multi-purpose cooperative societies and stores which have not been hitherto selling handloom cloth.
- (b) the subsidy would be admissible only to such societies/stores as have a minimum sales of handloom cloth worth Rs. 3,000 per half-year.
- (c) the subsidy would be Rs. 300 per half-year or the actual loss suffered on the sale of handloom cloth whichever is less, subject to a maximum of Rs. 600 a year
- (d) each society or store undertaking sale of handloom cloth under this scheme should keep separate accounts of purchase and sale of handloom goods;
- (e) the society/store should purchase handloom cloth only from Weavers' Cooperative Societies approved by the cooperative department;
- (f) the loss should be apportioned on a pro-rate basis for this purpose, in addition to items relating to the purchase and sale of handloom cloth, only establishment charges and general expenses should be taken into account. No subsidy will, however, be admissible where no loss is suffered on the purchase and sales of handloom cloth;
- (g) the subsidy to each Society/Store would be limited to one year; and
- (h) the Registrar of Cooperative Societies/Director of Industries should certify in each case that the subsidy is admissible and the actual losses suffered by the Society to make them eligible for subsidy etc. have been taken into account.

G-27.—*Power-driven vehicles*:—(a) The introduction of power-driven vehicles for the sale of handloom cloth has been approved as an experimental measure.

- (b) One vehicle will be admissible for every 25,000 looms within the cooperative fold.

- (c) The vehicles may be sanctioned only to primaries having not less than 150 looms and not more than 20% of the total number of vehicles admissible to a state should be sanctioned to the apex societies.
- (d) There should be an agency to co-ordinate the functions of the existing emporia, sales depots etc., so as to ensure that there is no duplication of available marketing facilities.
- (e) The cost of the vehicles (estimated at Rs. 2,500 and 50% of the salary and commission of the driver/salesman subject to a maximum of Rs. 150 per month will be met as grant from the Cess fund.

The scale of salary and commission will be as under:—

Salary	Rs. 60 per mensem (fixed)
Commission on sales	
(i) Upto Rs. 1,000 p.m.	Nil
(ii) Upto Rs. 1,500 p.m.	On Rs. 1,000 nil, Excess over Rs. 1,000—2 per cent.
(iii) Above Rs. 1,500 p.m.	Upto Rs. 1,500 as at (ii) above and one per cent on every additional sale of Rs. 100.

The expenditure on petrol taxes insurance, contingencies, etc. will have to be borne by the State Governments or the Weavers' Cooperative societies from their own resources.

G-28.—*Hawkers*.—(a) The appointment of hawkers on retainer-cum-commission basis has been approved as an experimental measures.

(b) Assistance for the appointment of one hawker may be sanctioned for every 10,000 looms within the co-operative fold.

(c) A grant representing 50% of the salary and commission payable to each hawker subject to a maximum of Rs. 100 per month will be admissible. The scale of salary and commission will be as under :

Salary	Rs. 40 p.m. fixed.
Commission on Sales :—	
(i) Upto Rs. 500 p.m.	Nil.
(ii) Upto Rs. 1000 p.m.	2 per cent on the excess over Rs. 500.
(iii) Upto Rs. 1500 p.m.	On the first Rs. 500 Nil. On the second Rs. 500—2 per cent. On excess over Rs. 1,000—3 per cent.
(iv) Above Rs. 1500 p.m.	As at (iii) above on Rs. 1,500 and one per cent on every additional sale of Rs. 100/-

(d) There should be an agency to co-ordinate the functions of the existing emporia, sales depots etc. so as to ensure that there is no duplication of available marketing facilities.

G-29.—*Warping drums*.—Supply of warping drums to primary co-operative societies for the preparation of long warps may be subsidised by grants to the extent of three fourths of the actual cost of each drums.

G-30. Press machines deleted.

PART III—LOAN-CUM-GRANT SCHEMES¹

LG-1. *Formation of Industrial Co-operatives* :—Schemes for the formation of Industrial Co-operative Workshops for handloom industry, either by the conversion of existing handloom factories or by formation of new industrial co-operative, may be examined on merits. The assistance to be sanctioned will be on the following basis :—

(a) Loan for share capital to the extent of 75 per cent of the share value. Loan will be repayable in 2 equated annual instalments of principal and interest commencing from the first anniversary of the date of drawal.

(b) Loan for working capital at the rate of Rs. 400 per loom, repayable in 10 equated annual instalments of principal and interest commencing from the 2nd anniversary of the date of drawal. This loan will have to be obtained from the Reserve Bank. As a special case, for 1957-58 to 1960-61 the Government of India agreed to provide this assistance from the Cess Fund.

(c) Loans for purchase of looms and accessories repayable in 7 equated annual instalments of principal and interest commencing from the 1st anniversary of the date of drawal. The looms and accessories should be pledged by the industrial co-operative in favour of the State Government.

(d) Loan for Land and Buildings will be repayable in 10 equated annual instalments of principal and interest commencing from the 1st anniversary of the date of drawal. The property should be pledged by the industrial co-operative in favour of the State Government.

(e) Loan for furniture and baling press will be repayable in 2 equated annual instalments of principal and interest commencing from the 1st anniversary of the date of drawal.

(f) Rent may be sanctioned as grant upto a ceiling of Rs. 3,000.

LG-2. *Housing Colonies* : For construction of housing colonies by Weaver's Co-operative Societies, financial assistance will be provided as under :—

(a) The cost of construction of each house, including cost of land, should not exceed Rs. 3,600.

(b) 66-2/3 per cent of such cost will be met as a loan.

(c) 33-1/3 per cent of such cost will be met as subsidy. Efforts should be made to bring down the cost of the houses. That is to say the cost of such houses would be between Rs. 3,000 and Rs. 3,600. The latter figure would be the ceiling. The handloom weavers should be urged wherever possible to contribute their share in free labour which would decrease the overall cost of the house to that extent. In such cases, the grant and loan of 33-1/3 per cent and 66-2/3 per cent respectively would be given on the net cost of the house.

(d) The entire cost of providing amenities such as water supply, drainage etc. will be met as a loan and approved along with the first instalment of the loan admissible towards the cost of houses.

(e) The loan will be repayable in 25 equated annual instalments commencing from the 1st anniversary of the date of drawal of the entire loan. The loans will carry the normal rate of interest (only simple interest is to be paid upto the date of repayment of the 1st instalment, i.e., simple interest on the entire loan will have to be paid along with the 1st instalment of repayment of the loan). Payment of subsidy and loan to the State Government will be as under :—

SUBSIDY :—33-1/3 per cent after completion of construction.

66-2/3 per cent after submission of audited accounts of the cost of construction.

Loan : 33-1/3 per cent along with sanction of scheme.

33-1/3 per cent when construction reaches plinth level.

33-1/3 per cent when construction reaches roof level.

NOTE.—Proportionate payment of 2nd and 3rd instalments of the loans admissible towards the cost of houses may be made when at least 25 per cent of the total number of houses under a particular scheme reach plinth and roof level respectively.

Scrutiny of schemes of housing colonies will be in accordance with the instructions laid down in the Ministry's letter No. 4(37) Tex (C)/56, dated the 8th November, 1956.

(f) The State Governments should ensure that housing schemes are sponsored only on behalf of well-established weavers co-operative societies, with good financial strength and whose affairs have consistently been managed satisfactorily.

(g) Only such weaver-members of the society who genuinely stand in need of housing should be made eligible for assistance.

LG-3. *Experimental weaving centre and calendering plants as part of housing colonies* : (a) For the setting up of calendering plants and experimental weaving centres as adjuncts of housing colonies, assistance will be given on the basis of 66-2/3 per cent as loan and 33-1/3 per cent as subsidy.

(b) In addition, 50 per cent of the recurring expenses for the 1st year will be given as grant.

(c) The loan will bear the normal rate of interest and be repayable in ten equated annual instalments of principal and interest, the first instalment to commence from the first anniversary of the date of drawal.

LG-4. *Printing Factories as part of Housing Colonies* : (a) Capital expenditure in setting up of such factories will be met in the proportion of 66-2/3 per cent as loan and 33-1/3 per cent as grant.]

(b) No assistance will be given for recurring expenses.

(c) The loan will bear the normal rate of interest and be repayable in ten equated annual instalments of principal and interest, the first instalment to commence from the first anniversary of the date of drawal.

LG-5. Dye houses within and outside housing colonies : The pattern of assistance for all dye houses whether within or outside housing colonies will be as under :—

- (i) **Lands:**—No assistance is admissible for dye houses to be set up outside housing colonies. Assistance subject to ceiling of Rs. 800, Rs. 500 and Rs. 350 for large, medium and small dye houses respectively, in the shape of loan, will, however, be admissible in respect of dye houses to be set up within housing colonies. The loan will be repayable in 10 equated annual instalments of principal and interest commencing from the first anniversary of the date of drawal.
- (ii) **Building:**—Long term loan, repayable in 10 equal instalments commencing from the 1st anniversary of the date of drawal.
- (iii) Non-recurring expenditure 100 per cent grant.
- (iv) Recurring for 1st year. 100 per cent grant.
 Recurring for 2nd year. 75 per cent grant.
 Recurring for 3rd year. 50 per cent grant.
 Recurring for 4th year. 25 per cent grant.
- (v) **Working Capital:**—Loan repayable in 5 equated annual instalments of principal and interest, the 1st instalment to be on the 1st anniversary of the drawal.

L.G- 6. Calendering and Finishing plants for cotton handlooms milling and finishing plants for woolien handlooms outside having colonies.

- (a) Each Scheme should be examined on merits, i.e. on the suitability of fabrics production in a locality for finishing etc.
- (b) Assistance for the setting up of finishing plants should be 50 per cent as grant and 50 per cent as loan, in respect of non-recurring expenditure.
- (c) 50 per cent of the recurring expenditure may be met as a grant for one year.
- (d) Finishing plants should not be provided with winding, warping and sizing equipments.
- (e) No state should be assisted to have more than one finishing plant to start with. However, in addition to one finishing plant being set up entirely from central assistance financial assistance will be admissible for setting up additional plants provided weavers cooperative societies or processing societies formed by weavers co-operatives with proposals to meet 25 per cent of the cost of setting up finishing plants and satisfy the State Government that they have kept separately the amount so required in liquid form the remaining 5% of the expenditure being met from the central assistance half as grant and half as loan in addition to the grant for meeting 50 per cent of the recurring expenses for one year.

(f) For the setting up of the first calendering plant in a state, assistance for the purchase of land or construction of buildings will be admissible in the form of loan, provided that the amount of loan asked for is reasonable in relation to the total cost of the scheme. For the setting up of subsequent plants, assistance in the shape of loan may be sanctioned on merits.

(g) The loans will be repayable in 10 equated annual instalments of principal and interest, the first instalment to begin after 1 year from the date of drawal of the loan by the State Government.

LG-7. *Supply of looms and accessories to weavers* (i) *Conversion of throw shuttle looms into fly shuttle looms* : (a) State Governments may encourage the conversion of throw- hutte looms into fly shuttle looms. Assistance from the Cess Fund for such conversion will be 75 per cent as grant, the balance 25 per cent being as loan if necessary, subject to a ceiling of Rs. 25 per loom.

(b) Pit looms should be changed over as early as possible to frame fly shuttle looms.

(ii) *Provision of take up motion*—The introduction of take-up motion attachment to fly shuttle looms may be encouraged. The expenses therefore will be met from the Cess Fund 75 per cent as grant, and 25 per cent as loan if necessary, subject to a ceiling of Rs. 70 per loom (for the lever, roller, beams, etc).

(iii) *Warping frames (for the type required by Saurashtra)* :—(a) Financial assistance from the Cess Fund will be admissible for the provision of warping frames in the proportion of 75 per cent as grant, the balance 25 per cent as loan, if necessary.

(b) For the type of warping frames contemplated by the Saurashtra Govt. Rs. 20/- per frame is reasonable.

(c) Wherever there is concentration of looms, one warping frame should be equated with 12 looms so that the maximum possible benefit may be taken out of such frame. Wherever there is no such concentration, a frame may have to be made available, irrespective of the number of looms.

(iv) *Slay* :—(a) Financial assistance from the Cess Fund will be admissible 75 per cent as grant, the balance 25 per cent as loan, if necessary.

(b) The following amounts are reasonable for slay : Rs. 50 each if the slay is required with cloth roller warp beam, etc. Rs. 30 each if the slay is required with cloth roller only Rs. 25 each if the slay only is required.

(c) Only reasonable number of slays should be sanctioned during a year.

(v) *Looms fitted with jacquards* : (a) Proposals for limited number of looms with jacquards may be sanctioned.

(b) Rs. 300 for a loom fitted with jacquards is adequate.

(c) The assistance to be given should be 50 per cent as grant and 50 per cent as interest-free loan repayable in 2 equal annual instalments commencing from the 1st anniversary of the date of drawal.

(vi) Self-leasing vertical warping machines (a) Rs. 500 for a self-leasing vertical warping machine is reasonable.

(b) 75 per cent of this amount may be sanctioned as grant, the balance 25 per cent being sanctioned as loan if necessary.

(c) States should not go in for a large number of such machines. Proposals for a small number may be sanctioned.

(vii) Cross border dobby (a) Rs. 50 per cross border dobby is adequate.

(b) 75 per cent of this amount should be sanctioned as grant, the balance 25 per cent being sanctioned as loan if necessary.

(viii) *Reeds.* (a) Assistance for the supply of (i) iron reeds, and (ii) bamboo and cholam reeds will be admissible at actual cost, subject to a maximum of Rs. 20 and Rs. 10 per reed, respectively. The assistance will be 75 per cent as grant, the balance 25 per cent being made available as loan if necessary.

(b) The reeds should remain the property of co-operative societies for the use of their members. The average life of a bamboo or a cholam reed is estimated at 5 years.

(ix) *Varnished healds:* For the supply of varnished and wire healds, assistance at the rate of Rs. 20 per set may be sanctioned from the Cess Fund. The assistance will be 75 per cent as grant the balance 25 per cent being made available as loan if necessary.

(x) *Drop boxes to existing slays:* Assistance for the provision of drop boxes will be admissible from the Cess Fund, subject to a maximum of Rs. 8 each. The assistance will be 75 per cent as grant, the balance 25 per cent being sanctioned as loan if necessary.

(xi) *Roller Temples:* Assistance will be admissible from the cess fund for the supply of roller temples to looms fitted with takeup motion attachments. The assistance will be 75 per cent as grant, the balance 25 per cent being made available as loan if necessary.

(xii) *Heald Staves :* Assistance will be admissible from the Cess Fund for the supply of heald staves at Rs. 15 per set. The assistance will be 75 per cent as grant, the balance 25 per cent being made available as loan if necessary.

(xiii) *Semi-automatic pedal looms:* Assistance may be sanctioned from the cess fund at Rs. 600 per loom exclusive of erection as demonstration charges which will be borne by the State Government or the weavers co-operative society and it will be governed by Note (2) under G.P. No. LG-7.

(xiv) *Conversion to frame looms:* Assistance for this will be admissible from the Cess Fund at Rs. 218 which will include provision from take-up

motion attachment, slay dobby, iron reed, varnished head and drop box. This could be sanctioned in respect of woollen schemes also. The assistance will be 75 per cent as grant, the balance 25 per cent being sanctioned as loan if necessary.

NOTE:—(1) In the case of self-leasing vertical warping machines semi-automatic pedal looms and frame looms, the loan admissible will be repayable in five equated annual instalments of principal and interest commencing from the first anniversary of the date of drawal and in the case of the other equipment, in two equated annual instalments of principal and interest commencing from the first anniversary of the date of drawal.

(2) Central assistance for improved appliance cost over Rs. 500 and upto Rs. 1,000 each will be 75 per cent as loan and 25 per cent as grant and if the cost exceeds Rs. 1,000 each, the difference between the actual cost and Rs. 1,000 will be as loan. These loans will be repayable in five equated annual instalments of principal and interest commencing from the first anniversary of the date of drawal.

LG-8. *Carding machines for woollen handlooms*:—Assistance for the installation of carding machines will be governed by Note (2) under G.P. No. LG-7.

LG-9. *Construction of weaving sheds and establishment of collective weaving centres*.

(a) *Construction of sheds*:—100% loan subject to a maximum of Rs. 10 per square foot, the requirement of each loom being calculated at approximately 200 sq. ft. and for a maximum of 50 looms per shed. The loan will be repayable in 10 equated annual instalments of principal and interest commencing from the first anniversary of the date of drawal of the loan (Rs. 1,00,000 is equal to Rs. $10 \times 50 \times 200$).

(b) *Construction of dyehouses attached to the shed*:—100 per cent loan subject to a ceiling of Rs. 10 per sq. ft. the maximum requirement of space being calculated at 500 sq. ft. (Rs. 10×500). The loan will be repayable in ten equated annual instalments of principal and interest commencing from the first anniversary of the date of drawal.

(c) *Equipment for weaving preparatory and dyeing*:—50% as grant and 50% as loan subject to a ceiling of Rs. 500 per loom set up (for weaving and preparatory) and Rs. 80 per loom set up (for dyeing). The loan will be repayable in five equated annual instalments of principal and interest commencing from the first anniversary of the date of drawal.

(d) *Assistance for organisational expenses*:—This may be met from the grant for organisational expenses as in G.I.

NOTE :—Only one or two schemes on a pilot basis mainly with a view to meeting export requirements and supplying fabrics against tenders issued by the Director of supplies (Textiles) should be taken up by the State Governments.

LG-10. *Press machines*: — Assistance will be governed by Note (2) under C.P. No. LG-7.

Instructions for Scrutinising Housing Colony Scheme [LG-2(3)].

No. 4 (37)Tex. (c)/56

GOVERNMENT OF INDIA,

MINISTRY OF COMMERCE AND CONSUMER INDUSTRIES.

New Delhi, the 8th Nov., 1956.

From :—

Shri M. S. Sadasivan, I.A.S.,

Under Secretary to the Govt. of India.

To

All Secretaries (Industries Department) of various States.

SUBJECT :—*Handloom Weavers Housing Colonies*

Sir,

The question of procedure to be followed in sanctioning scheme for Housing colonies for handloom weavers has been re-examined and the following revised procedure will be followed :—

1. As already indicated the ceiling cost of a house would be Rs. 3,600 and financial assistance will be given at the rate of two-thirds as a loan, and one-thirds as a grant of the actual cost incurred. It has been further decided also that, where required, provision for amenities such as water-supply could be included in the scheme and will be covered by a separate loan from the Centre. The loan would be repayable in 25 years and would bear interest at $4\frac{1}{2}$ %.

2. It has also been decided that in addition to Housing colonies financial assistance on the same pattern of two-thirds loans one-thirds grant will be given for the improvement and renovation of existing handloom houses, especially for the purpose of changing over to frame looms in place of pit looms. The upper limit should be normally about Rs. 1.00 per house.

3. Hitherto, after schemes have been approved in principle, detailed estimates and plans were worked out by the State Governments and were then scrutinised by the Housing Officer of the Handloom Board, and also by the Central Government. It has been decided now to dispense with this Scrutiny. However, a copy of certain specifications and standards prepared by the Housing Adviser, Ministry of Works, Housing and Supply is enclosed which should be taken as a guide by State Governments. Such variations as would be made necessary by local conditions and other factors, are left entirely to the discretion of State Governments.

4. All Housing Schemes in future may be scrutinised by an Officer of the rank of an Executive Engineer of the State Government Public Works Department for schemes costing upto Rs. 40,000 and by the Superintending Engineer of the State Public Works Department between Rs. 40,000 and Rs. 2 lakhs. Schemes costing above Rs. 2 lakhs should be approved by the Chief Engineer or Deputy Chief Engineer of the State Government.

5. After such Scrutiny the Schemes may be forwarded to the Central Government for sanction of the funds required. It may be mentioned in each scheme that the plans and estimates had been approved by the State Government Public Works Department Officers at the requisite level necessary to send the detailed plans and estimates to the Central Government with the scheme.

6. In the case of schemes now pending with State Governments or which have been returned to State Governments, it is requested that the above procedure of scrutiny by Officers of the State Government Public Works Department may be followed and then a request made to the Centre for sanction of the necessary funds.

MINISTRY OF WORKS, HOUSING AND SUPPLY

Shri Bannerji handed this file over to me and discussed the case. He suggested that this Ministry may give general alternative specifications for houses of the handloom weavers and also suggest the minimum standard of accommodation.

2. I am placing below the general specifications for the housing of the handloom weavers as well as the recommended minimum standard of accommodation. It may be noted that in the general specifications several alternatives have been suggested for various structural items like foundations, superstructure, roofing etc., etc. The local engineers can adopt any of the alternatives depending upon the availability of materials at a particular site. It would also be in order to adopt any other alternative of comparable strength and durability. Regarding standard of accommodation I have given the accommodation in square feet. Planning may depend on the local requirements and the sizes of looms etc. etc. the State Government also would be quite at liberty to give higher accommodation but normally the accommodation should not be less than the minimum unless there are very special reasons for this.

Sd/- ,
C. B. Patel,
Housing Adviser.

General Specifications for single-storeyed structures.

1. Foundations 2' deep, 16" wide, concrete 6" thick, may be cement concrete with stone ballast 1:1:5:10 or lime concrete with brick ballast whichever is available in the locality. Deeper and wider foundations will have to be provided for where soil is poor.

2. Masonry in foundation and Plinth (a) Mixed class brickwork in cement mortar 1:8 or lime mortar 1:3 plinth 9" to 12" above the ground level, thickness 1"-1½" or 9"

OR

(b) Random rubble masonry in cement mortar 1:8, or lime mortar 1, 3, 12" to 15" thick

OR

(c) Precast cement concrete blocks.

3. Damp-proof course : Cement concrete 1:2:4, 1" thick or rich cement plaster 3/4" thick or bitumastic compound.

4. Superstructure : (a) Mixed class brickwork in mud mortar 9" thick with top and bottom 2 courses and jambs in cement or lime mortar.

OR

(b) Random rubble masonry in mud mortar 12" to 15" thick with top and bottom 9" depth and jambs in cement or lime mortar.

OR

- (c) Cement sand or cement concrete hollow block masonry 6" thick.

OR

- (d) Precast cement concrete walling in pillar and panel construction with 1½" thick double walls with at least 2" hollow between the 2 leaves.

OR

- (e) Stabilised soil cement blocks or in situ walls with stabilised earth with cement lime or bitumen (impacted at optimum moisture in proper frame work.)

5. Roofing (a) R.C.C. Slabs 3" to 4" thick according to the span with a suitable waterproofing course.

OR

- (b) Reinforced brickwork roof with a suitable waterproofing course.
- (c) Semi-precast roof with precast beams and hollow blocks or brick between the beams topped with 1½" thick in situ compression concrete with proper waterproofing course.
- (d) Reinforced concrete precast roof in toes channels or I-sections with proper waterproofing course.

OR

- (e) Slopped roof with Mangalore tiles or asbestos or G.I. sheets on sawn scantlings.

6. Woodwork (a) Battened and braced doors and windows with local timber painted 2 coats with durable paint.

(b) 1½" thick panelled doors with local timber and 2" thick panelled windows with local timber.

Minimum size of frame to be 3" x 3" for doors and 3" x 2½" for windows. G.I. Sheet and asbestos short panels should be avoided. Hard white ant-resisting wood like sal may be used for frames, while soft woods like Devdar or koil may be used for shutters.

7. Flooring (a) 1" thick cc. 1:2:4 over 3" concrete with brick ballast or 1:5:10 c.c. with stone ballast.

- (b) Stone slab floor with Shahabad, Kotah, Cuddapah or any other durable stone slabs laid in lime mortar and pointed with cement mortar over 3" thick stable base.

- (c) 3/4" thick cement plaster 1:3 mortar finished smooth neat cement over a bed of 4" thick cement concrete 1:5:10 in stone ballast or lime concrete in brick bats.

8. Finish : 1/2" thick 1:6 cement plaster both sides or 1:2 lime plaster inside and cement plaster outside or cement pointing to brick stone or hollow block masonry outside and plaster inside. White washing inside and colour washing on the outside.

9. Partition Walls : (a) Non-load-bearing partition walls may have no foundation and may be 3" thick with brick on edge where good bricks are available or 4½" thick with brick where bricks are not so good in cement mortar 1:4.

(b) Clinker blocks made with burnt clinker in the proportion of 1:10, 3" to 4" thick.

(c) 3" to 4" thick made with brick bats or any other light weight aggregate.

(d) Hollow Cement sand blocks.

10. Sanitary Installations : Indian type white glazed water closet with 3 gallons C.I. Flushing tanks or dry latrine.

11. Water Supply : One water tap in the bathing place with a 4" diameter open drain and gully tap, if available.

12. Electric Connection : Two electric points, one in the room and the other in the kitchen, if available.

13. The flooring of the hall where looms are to be fixed may be kept kachha, if required.

Bore hole latrines are permissible in lieu of W.Cs. as a measure of economy.

Minimum standard of accommodation for the housing of Handloom Weavers

	sq. ft.
Working Hall and living space	220
Kitchen	50
Semi-enclosed verandah which could be converted, if required, into a bed room	100
Bathing place	16
Latrine	12
.	
TOTAL .	398
SAY .	400

APPENDIX III

(Vide para 13)

Statements showing the grants paid to private parties during 1953-54 to 1960-61 for the development of Handloom Industry

PART A

(Amount in rupees)

Name of Party	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	Total	Purpose of grant
I. All India Handloom Fabrics Marketing Cooperative Society Ltd.										
(i) Rebate including Export Rebate	..				4,75,540	20,92,180	8,34,630	6,90,250	40,92,600	
(ii) Van	30,000	..	8,100	6,450	44,550	
(iii) External Marketing	77,057	1,70,530	..	2,47,587	
(iv) Internal Marketing	..					2,78,500		64,317	3,42,817	
(v) Commission for Madras Handkerchief (relief scheme)						47,287	47,287	
(vi) Exhibitions	6,172	6,172	
(vii) Ad hoc grant for Publicity, exhibitions etc.	3,00,000	3,00,000	
TOTAL	5,05,540	24,47,737	10,13,260	11,14,476	50,81,013	

Name of Party	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	Total	Purpose of grant
2. Madras State Handloom weavers' co-operative Society, Madras.	71,750	62,135	36,861		3,53,915			..	5,26,661	External Marketing scheme.
3. Central Social Welfare Board, New Delhi	..	..	..	..	..		4,89,420		4,89,420	For setting up handloom training-cum-production Centre.
4. Handloom Export Organisation, Madras	..	..	..	..	..			2,50,000	2,50,000	For meeting losses incurred.
GRAND TOTAL	71,750	62,135	36,861	..	8,61,455	24,47,737	15,02,680	13,64,476	63,47,094	

Statement showing the grants paid to private parties during 1953-54 to 1960-61 for the development of Handloom Industry

PART B

(Amount in Rs.)

Name of Party	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	Total	Purpose of the Grant
1. Sri S. Srinivasan, Santiniketan	3,000	..	..	250	..	..	..	..	3,250	For Designing Improved looms.
2. Indian Standards Institution, New Delhi.	10,000	..	..	..	..	..	..	..	10,000	For laying down standards for certain handloom fabrics.
3. Shri V. V. Gupte, Bombay.	..	..	18,000	18,000	..	..	..	800	36,800	For designing and constructing a small spinning unit.
4. Madras University, Madras.	..	..	49,140	..	34,884	3,915	..	12,101	1,00,040	For conducting sample survey and evaluation survey of the Handloom Industry.
Shri Joe Curien, New Delhi.	..	..	500	1,500	..	..	..	..	2,000	For prototype spinning charkha.
6 Miss Margaret Leishner.	..	..	3,329	..	..	..	1,333	..	4,662	Expenditure incurred on travelling etc. for visiting various States for advising on designs on woollen handloom fabrics.

Name of Party	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	Total	Purpose of the Grant
7. Gauhati University .		•	•	80,000				•	80,000	For sample survey Handloom Industry
8. National Council of Applied Economic Research, New Delhi.		•			28,250		50,838		79,088	Do.
9 Marketing Corpora- tion of India, New Delhi.								3,000	3,000	For marketing research on handloom fabrics.
GRAND TOTAL	13,000	•	70,969	99,750	63,134	3,915	52,171	15,901	3,18,840	

APPENDIX IV

Summary of recommendations/conclusions

Serial No.	Reference to Para No.	Summary of recommendations/conclusions
1	2	3
1	2	The Committee observe that the life of the All India Handloom Board <i>viz.</i> two years, laid down is not being followed in practice and that the period itself has been specified in only one of the several notifications from time to time for reconstituting the Board. They suggest that the life of every reconstituted Board may be formally laid down and mentioned each time in the notification and strictly observed.
2	3	The Committee feel that the present membership of the All India Handloom Board is on the high side. If the Standing Committee of twelve members could have plenary powers and take decisions on 'all matters' there is no reason why the Board should be larger and unwieldy merely for observing, as it were, a formality of giving representation to all allied interests and areas. The Committee suggest that with a view to ensuring business-like deliberations of the Board, its total membership may be reduced without affecting vital representative interests.
3	4	Since a large percentage of handlooms are situated in the South while the headquarters of the All India Handloom Board being part and parcel of the Textile Commissioner's Office, is situated at Bombay, adequate powers may be devolved on the Regional Directors and the State Governments concerned obviating the necessity of their having to make frequent references to the Textile Commissioner on various matters connected with the handlooms.
4	6	(i) The estimate of handloom production at the end of the Third Plan as 2,800 million yards may be over optimistic as it is unlikely that an increase of over 900 million yards in production can be achieved in five years when the achievement in this behalf in the Second Five Year Plan was only 400 million yards.

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(ii) The Committee are therefore unable to place any reliance on the estimates of production in the Third Plan made by the Working Group (Study Team) for Handloom Industry (1959) and would reiterate the need for making a precise assessment of production of handlooms and powerlooms in the decentralised sector.

5 9 The Committee suggest that the success of various schemes of assistance for development of handloom industry implemented during the Second Plan period, particularly those mentioned in para 9 of the Report, may be evaluated.

6 10 The Committee are inclined to share the view of the Working Group (Study Team) for the Handloom Industry, 1959 that in the choice of the various schemes of selling units and in deployment of the financial outlay thereon the State Governments which are charged with the responsibility of implementing the schemes should be allowed the necessary flexibility. As marketing is the crux of the problem of handloom industry, they recommend that an early decision should be taken on the above suggestion of the Working Group which is stated to be under the consideration of Government.

7 11 The Committee suggest that the All India Handloom Board may keep a watch over the implementation of quality control schemes for handlooms by the State Governments so that as far as possible there is uniformity of standards.

8 12 The Committee hope that marketing surveys of handlooms would be undertaken elsewhere in the country after studying the results of the present survey in Coimbatore.

9 13 The Committee suggest that the criteria governing the sanction of grants on 'merits' to private parties under the Centrally Sponsored Schemes of Development of Handloom Industry may be formally laid down and suitably publicised.

10 14 (i) The Committee regret to find that despite the financial provision made for collection of statistics, reliable data about the production of handlooms is not available with the result that as mentioned in the earlier report there has been an acute controversy about the allocation of production targets for the decentralised sector as a whole more specially for powerlooms *vis-a-vis* handlooms.

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(ii) The Committee would like the Government to pay special attention to the collection of statistics relating to the handlooms so that there is an assured basis for planning and for allocation of targets of production.

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As against a target of conversion of 35,000 handlooms into powerlooms during the Second Five Year Plan only 13,469 powerlooms were applied for and sanctioned by the Government of India. It is a matter of surprise that some of the States which occupy important position in the industry, had sought for so few conversions to powerlooms. The actual installation of powerlooms by the State Governments was even poorer since only 3,435 looms out of 13,469 sanctioned were installed. The Committee are one with the broad objectives set forth by the Textile Enquiry Committee (1954) in suggesting the conversion of the handlooms into powerlooms and consider it unfortunate that even the none-too-ambitious scheme of the Government of conversion of 35,000 handlooms into powerlooms made poor progress during the Second Plan.

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The Committee suggest that the restrictions referred to in para 16 imposed by the Government on the working of the Scheme of Conversion of Handlooms into Powerlooms may be removed as they may well have been responsible for the tardy progress of the Scheme.

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(i) As regards the apprehension of the Government that the coming into existence of a large number of powerlooms in the country would have adverse repercussions on the employment position in the country, the Committee would draw attention to the fact that what has now happened is more in the way of official recognition of the surreptitious existence of the unregistered powerlooms in the powerloom sector rather than a sudden influx of powerlooms into the textile industry.

(ii) The Committee are inclined generally to agree with the assessment made by the Textile Enquiry Committee, 1954 on the likely effect of the progressive conversion of handlooms into powerlooms. While there may be some employment displacement, it is likely to be of comparatively small dimension. The Committee recommend that the laudable scheme of conversion of handlooms into powerlooms may be suitably modified to meet the requirements of the

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		State Governments and implemented on the basis of a perspective plan to be drawn up for this purpose.
14	20	Since the recommendation of the Working Group (Study Team) for the Handloom industry 1959 to devise a scheme for amaking a matching contribution to the Contributory Thrift Funds set up by the Weaver's Cooperative Societies for the benefit of the handloom weavers has not been accepted by Government, the Committee urge that the question of evolving a suitable scheme for meeting without unnecessary delay the genuine needs of the weavers, may be sympathetically considered by the Government.
15	21	The Committee welcome the measures taken so far and those proposed to be taken to strengthen and consolidate the Handloom Weavers' Cooperative Society and hope that they will be implemented early.
16	22	The Committee hope that steps would be taken early to extend the Reserve Bank of India scheme of providing institutional finance for assisting Weavers' Cooperative Societies to Assam, West Bengal and the Union Territories, particularly the last.
17	23	(i) The Committee are glad to learn that pilot centres which would serve the same purpose as Beacon areas, have been set up in nine States in areas where co-operative movement has gained initial momentum. (ii) They recommend that a close watch on the working of the pilot centres should be kept so that the experience gained from them can be fully utilised for strengthening and intensifying the co-operative movement in the handloom sector.
18	24	As regards the development of the silk and woollen handloom industry in the country, the Committee agree with the views of the Working Group (Study Team) for the Handloom Industry 1959 and stress that the All India Handloom Board should undertake a special study of the Problems of these cooperatives with a view to framing special programmes for their development.
19	25	(i) The Committee feel that complaints regarding non-availability of certain qualities of yarn at fixed prices may be looked into by the Textile Commissioner.

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They hope that the assistance being rendered to the Handloom Weavers' Cooperative Societies by putting them in touch with the textile mills through the good offices of the Southern India Millowners' Association for securing the benefit of procuring yarn at ex-mill rates, would also be emulated by the Indian Cotton Mills Federation so that the facility becomes available all over the country.

(ii) While the Committee welcome the steps taken so far, they would like to emphasise that the Textile Commissioner should keep a watch on the actual working of these arrangements and ensure that the supply of yarn is assured to the handloom weavers at reasonable prices.

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(i) The Committee were surprised to learn that the information relating to the quantity of Ambar Yarn used by the handloom weavers was not available with the Textile Commissioner.

(ii) The Committee consider it unfortunate that due to inferior quality of Ambar Yarn, the expectations of its use in considerable quantities in the handloom industry during the Second Plan have been belied. In view of the grave doubts expressed before the Committee about the quality of Ambar Yarn, they would like the Government to have the matter examined early to see if the idea of Ambar Yarn being used by the handloom sector can actually materialise.

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The Committee would like to stress the need for standardising the appliances for handlooms and ensuring their further technical improvement by sponsoring suitable research schemes. They suggest that practical demonstrations of the improved designs may be extensively arranged so that weavers become familiar with them and show greater readiness and enthusiasm to adopt them.

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The Committee are not quite convinced of the need for having two separate bodies for dealing with the export of handloom Fabrics *viz.*, the All India Handloom Fabrics Marketing Co-operative Society Ltd., and Handloom Export Organisation, one for the traditional markets and the other for non-traditional markets. They feel that one common organisation should be able to handle exports to all the countries.

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| 23 | 37 | <p>The Committee are not satisfied with the way in which the matter of growth of unauthorised powerlooms has been handled all these years. They draw attention to the fact that under the Cotton Textile Control Order (1948), acquisition and installation of powerlooms was not permissible except with the written permission of the Textile Commissioner and that under the Textile (Production of Powerlooms) Control Order, 1956 sale or disposal of any powerloom for producing cloth from woollen or art silk yarn required the written permission of the Textile Commissioner. It is obvious that the authorities have been lax in enforcing the Control Orders with the result that unauthorised powerlooms grew unchecked in numbers till they came to pose a serious problem to the Government.</p> |
| 24 | 39 | <p>The Committee cannot help feeling that if the steps mentioned in para 39 had been initiated in the beginning of the Second Five Year Plan instead of at the end, the Government would have been in a better position to regulate the development of these sectors.</p> |
| 25 | 41 | <p>(i) Apart from collecting complete statistics relating to the Powerloom Industry, the Committee recommend that a comprehensive study may be made of the working of the powerloom sector with a view to ascertaining its problems, working conditions, margin of profit and its capacity to bear the present incidence of excise duty.</p> <p>(ii) They also recommend that necessary steps should be taken to encourage cooperatives of the powerloom owners for the purpose manufacturing yarn and for undertaking processes like winding, warping, sizing, calendering, finishing, marketing, etc., for which they had limited facilities of their own.</p> |
| 26 | 42 | <p>(i) Considering the size of the Powerloom Industry, its production and its problems, the Committee feel that there is need for an all-India organisation for development of the powerloom industry. It could deal with the supply of suitable and adequate yarn to the powerloom weavers, training of personnel and procurement of improved equipment and above all could effectively encourage cooperative effort among them.</p> <p>(ii) The Committee suggest that the question of setting up of a Powerloom Board on all-India basis may be examined.</p> |
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27	43	<p>With the ready availability of electricity in suburbs and in villages, powerlooms may well prove an attractive and rewarding vocation and with the spread of education the coming generation of weavers may not look with favour upon merely manual operations as on handlooms for their means of livelihood. In this connection, the Committee welcome the view expressed by the representative of the Ministry on the perspective role of the handloom industry that over a period of time when the employment opportunities grow the handloom sector would diminish. The Committee are no doubt fully aware that any such process of transformation is bound to be extremely gradual. There need be no apprehension in any quarter that it will lead to any violent changes in the economy of handloom textiles. Having regard to all these factors, the Committee consider that it is necessary to review the position and allot a long term role to the powerlooms in the decentralised sector of the textile industry. In their view, the present is a particularly opportune time for the purpose since Government would shortly have an accurate idea about the number of powerlooms in the country with the completion of the registration drive.</p>

APPENDIX V

Analysis of recommendations contained in the Report

I. CLASSIFICATION OF RECOMMENDATIONS

- A. Recommendations for improving the organisation and working :
S. Nos. 1, 2, 3, 9, 10 and 22 to 24.
- B. Recommendations relating to the developmental functions :
S. Nos. 4, 7, 8, 11 to 21 and 25 to 27.
- C. Miscellaneous :
S. Nos. 5 and 6.

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