

>

Title: The Minister of Commerce and Industry and Minister of Textiles laid a statement regarding the decision of the Union Cabinet on the comprehensive package for handloom sector.

THE MINISTER OF COMMERCE AND INDUSTRY AND MINISTER OF TEXTILES (SHRI ANAND SHARMA): I beg to lay the statement regarding the decision of the Union Cabinet on the Comprehensive Package for the Handloom Sector.

During the Budget Speech of 2011-12, the Finance Minister had announced that the Government of India would provide Rs. 3000 crore for implementing the financial package for handloom sector for waiver of overdue loans. The Financial Package has recently been approved by the Government with an outlay of Rs. 3884 crore. This includes one time waiver of overdue loans and interests as on 31st March, 2010, for loans disbursed to handloom sector. The Financial Package is expected to benefit about 3 lakh individual handloom weavers and 15000 cooperative societies, and they will be able to access institutional credit once again. A statement in this regard has already been laid on the table of the House on 25th November, 2011.

2. However, the above financial package will benefit only those weavers and their cooperative societies that had taken loans earlier. There would be many handloom weavers who had no access to institutional credit in the past. Such weavers will not be benefited under the financial package. Further, a need was also felt to provide yarn to handloom sector at a price which is cheaper than that at which it is available to the powerloom and mills, so that handlooms can compete with them.

3. Therefore, in order to address the two critical needs of cheap credit and cheap yarn, the Government has now approved a comprehensive package for handloom weavers. The interventions will be operationalised by modifying the two existing Plan schemes, i.e., Integrated Handlooms Development Scheme for extending cheap credit, and Mill Gate Price Scheme for supply of subsidized hank yarn. The brief details of interventions approved by the Government are as follows:

(i) **Credit to handloom sector:** The Government will provide assistance for the following:

(a) **Margin money assistance** will be provide @ Rs. 4200 per weaver to individual weavers, their self help groups and joint liability groups by the Government so as to enable them to get fresh loans from the Financial Institutions.

(b) **Interest Subvention of 3%** per annum for 3 years from the date of first disbursement will be provided by the Government so that handloom weavers and their cooperative societies can get loans at a subsidized rate of interest.

(c) **Credit Guarantee:** The loans extended by the Financial Institutions to the handloom weavers and their cooperative societies will be guaranteed for 3 years by the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). The Government of India will pay the required guarantee fee and annual service fee.

(d) **Information, Education & Communication (IEC) Activity:** A publicity and awareness campaign will be carried out to make the handloom weavers aware of the scheme.

(e) **Service Charge to the Implementing Agency:** The Scheme will be implemented by NABARD, SIDBI, CGTMSE and Nationalised Banks. These agencies will be paid service charges @2% of the amount of margin money and interest subsidy disbursed by them.

(ii) **Yarn supply to handloom sector:** To address the issue of yarn availability at reasonable prices, the following benefits will be provided:-

(a) 10% price subsidy on silk and cotton hank yarn will be provided by the Government to ensure supply of subsidized yarn to handloom sector.

(b) The Government has decided to enhance the freight reimbursement for transportation of different types of yarn used by the handloom sector in order to offset the increase in fuel cost. This will ensure availability of yarn in the handloom clusters in far flung areas of the country at roughly the same price at which it is available at yarn manufacturing mills.

(c) The National Handloom Development Corporation would implement the scheme for supplying subsidized yarn. The State Governments and their agencies will also be associated for supplying yarn wherever necessary on the same terms. A yarn passbook will be issued and the subsidized yarn will be supplied either to individual handloom weavers or to their self help groups, cooperative societies etc., but not to both. This subsidy will be available for cotton and raw silk yarn.

4. The comprehensive package will benefit all the handloom weavers and their cooperative societies in the country as per the Budget allocation. The cooperation of the State Governments is crucial for the successful implementation of this comprehensive package. They will have to carry out IEC activities and conduct special camps periodically in handloom clusters for extending the loan facility to handloom weavers. They will also have to issue yarn passbooks to weavers.

5. The projected financial outlay involved in the implementation of the comprehensive package during the current year and the 12th Plan period is Rs. 2362.15 crore. The entire funding will be provided by the Government of India.
