

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE



REPORT OF THE
WORKING GROUP ON HANDLOOM

JUNE 1964

PRINTED IN INDIA BY THE MANAGER
GOVT. OF INDIA PRESS COIMBATORE 1965

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CHAPTER I

INTRODUCTORY

1.1 Following the practice adopted in connection with the Third Five Year Plan the Government of India set up a number of Planning/Working Groups for the Fourth Plan. One of these is the Working Group on Handloom and Coir. This was set up by the Government of India *vide* Ministry of Industry Office Memorandum No. 22(1)/63-ICC(1) dated 12th September 1963, as amended by their Office Memorandum of even number dated the 22/24th October, 1963, and 7/8th January, 1964. The Working Group consists of the following members:—

Chairman

1. Shri A. V. Venkateswaran.

Members

2. Dr. D. K. Malhotra.
3. Shri M. P. Nachimuthu Mudaliar.
4. Shri K. Newton.
5. Chairman, Coir Board (Shri M. P. Alexander).
6. A representative of the Finance Ministry (Shri C. V. R. Panikar).
7. A representative of the Ministry of Community Development & Co-operation (Shri P. M. Mathai).
8. Shri L. N. Renu (Director, Industrial Co-operatives).
9. Shri A. G. V. Subrahmaniam
10. Director of Handlooms, Madras (Shri I. Mahadevan).
11. Director of Industries, Uttar Pradesh.
12. A representative of the State of Kerala.
13. Mrs. Pupul Jayakar.
14. Shri M. S. A. Majid.
15. Shri L. P. Gupta.

Convenor

16. Shri N. Swami.

1.2. The Government of Kerala first nominated the Joint Director of Industries and Commerce, Kerala, and later, the Additional Director of Industries and Commerce as their representative.

1.3. The terms of reference of the Working Group were as follows:—

- (i) To make a critical review of the progress of the programme and schemes on Handloom and Coir in the Third Plan;
- (ii) To assess, in the light of the current trends and other available data, the position likely to be reached at the end of the Third Plan period;
- (iii) To formulate proposals for the Fourth Plan in the perspective, wherever possible, of 15 year period, 1966—81.

1.4. At the first meeting, the Working Group decided to set up two separate sub-groups consisting of the following members of the Group to examine the problems of the respective industries and submit a report thereon to Government:—

Sub-group for Handloom

1. Shri A. V. Venkateswaran.
2. Dr. D. K. Malhotra.
3. Shri M. P. Nachimuthu Mudaliar.
4. Shri C. V. R. Panikar.
5. Shri P. M. Mathai.
- *6. Shri L. N. Renu.
7. Shri A. G. V. Subrahmaniam.
8. Shri I. Mahadevan.
9. Director of Industries, U.P.
10. Shri Justin S. Jesudasan.
11. Smt. Pupul Jayakar.
12. Shri M. S. A. Majid.
13. Shri L. P. Gupta.
14. Shri N. Swami.

Sub-Group for Coir

1. Shri M. P. Alexander—*Chairman*.
2. Shri C. V. R. Panikar.
3. Shri K. Newton.
4. Shri L. N. Renu, and
5. Representative of the Kerala Government.

1.5. As a sub-group has been set up for the Coir 'Industry' and will be submitting its report separately, this report is concerned with only the Handloom Industry.

1.6. The Working Group on Handloom undertook study tours to Varanasi, Calcutta, Madras, Kancheepuram, Salem, Bangalore, Hyderabad and Bombay. In Varanasi they held discussions with the officials and non-officials of Uttar Pradesh. In Calcutta they held discussions not only with officials and non-officials of West Bengal but also with those of Bihar, Orissa, Assam and Manipur. During the tour in the Southern States, they held discussions with the officials and non-officials of Madras, Kerala, Andhra Pradesh and Mysore. In Bombay, they held discussions with the officials and non-officials of the States of Maharashtra, Madhya Pradesh, Punjab, Gujarat and Rajasthan and also with the Reserve Bank of India and the All India Handloom Fabrics Marketing Co-operative Society.

1.7. Shri M. A. Chidambaram, Deputy Chief Officer, Reserve Bank of India, was associated with the deliberations of the Working Group.

*On his transfer to another assignment, Shri L. N. Renu could not associate himself with the sub-group in the later stages.

Sarvashri S. Banerji and Pragada Kotiah were also associated with the Group at the time of the discussions in Calcutta and Hyderabad respectively.

1.8. Annexure I gives details of the itinerary of the Working Group; Annexure II gives the various questionnaires issued and Annexure III contains the list of State Governments, Apex Weavers Societies, Exporters, Associations of Weavers, and individuals who responded to the questionnaires.

1.9. In this report we trace the historical background of handloom development in Chapter II. Thereafter, we review the production and production targets in Chapter III and the position in regard to supply of raw materials in Chapter IV. In Chapter V the schemes connected with the co-operative organisation are dealt along with certain important aspects of the weavers co-operative movement. After dealing in Chapter VI with credit facilities, we indicate the nature of assistance necessary for the development of the handlooms outside the co-operatives in Chapter VII. We then discuss marketing and exports in Chapters VIII and IX respectively. After considering the scheme for technical development in Chapter X we go on to the introduction of powerlooms in Chapter XI. We devote Chapter XII to co-operative spinning mills, quite a number of which have been licensed so far. Training and Research and miscellaneous matters form the topics of Chapters XIII and XIV. In Chapter XV we indicate the future Administrative set up of the All India Handloom Board which is responsible for the development of the handloom industry. In Chapter XVI we indicate the financial outlay required in the Fourth Five Year Plan. The last chapter gives the summary of conclusions and recommendations.

1.10. We are grateful to the various State Governments, apex weavers' co-operative societies, exporters and associations of weavers who responded to our questionnaire as well as to the several officials, non-officials and institutions who met us and gave their views on various matters during our tours. We are also grateful to the Ministers of State Governments and the Deputy Governor of the Reserve Bank of India who were kind enough to enlighten us on several matters. We are also grateful to Sarvashri M. A. Chidambaram, S. Banerji and Pragada Kotiah who were associated in our discussions. We also wish to place on record our appreciation of the valuable work done by the officers and staff of the Secretariat of the All India Handloom Board and, in particular, Sarvashri M. S. Ramnath, Director, H. N. Satyanarayana, Secretary, and K. V. Rajagopalan, Assistant Director, in connection with the preparation and submission of our report.

CHAPTER II

HISTORICAL BACKGROUND

2.1. The handloom industry occupies a place of prominence in our country's economy by virtue of its being the largest cottage industry providing means of livelihood to about ten million persons, particularly in the villages and meeting nearly one-third of the country's requirements of cloth.

2.2. The history of the handloom industry dates back to the Epic Ages. The Gossamer silk of Varanasi, Fine Muslin of Dacca and Patola of Baroda and other fabrics of Assam, Manipur, Orissa and South India have been famous for ages. Export of handwoven cloth dates back to the time of Gautama Buddha. The handloom fabrics of India occupied a priceless position in the early civilisations of Egypt, Rome and Babylon. It is well-known that from early times up to the 18th century handloom textiles of excellent quality and workmanship were exported in considerable quantities to European countries. Till the 19th century, when there were no machines for weaving, the handloom industry was the sole supplier of cloth in the country. This monopoly came to an end with the advent of the industrial revolution. The invention of spinning jenny, closely followed by the invention of the powerloom in England, spelt danger to the industry. At first, only spinning mills were set up for the supply of yarn to the handloom weavers. The handloom industry hitherto accustomed to the use of handspun yarn found the mill-made yarn cheaper and, for a time, its position in regard to raw materials was quite happy. There was then a progressive conversion of the spinning mills into composite mills having separate weaving establishments. Added to this, there was keen competition from Japan and U.K. as well as the die-hard, conservatism of the weavers to stick on to their outmoded methods of production and marketing. These ended the monopoly so long enjoyed by the handloom industry in the matter of satisfying the clothing needs of the country. Since then there have been alternate boom and slump in the fortunes of the handloom industry. Nevertheless, it has survived to this day because of its inherent vitality.

2.3. The attention of the Government was for the first time drawn to the problems of the industry in 1928, by the Royal Commission on Agriculture, which expressed the view that the development of the village industries on co-operative lines was essential to their survival in the face of increasing competition from the organised industry. No steps were, however, taken by Government to develop the handloom industry till 1934. At that time the Government of India announced their decision to subsidise State Governments by paying a sum of Rs. 5 lakhs every year for the purpose of improving the handloom industry. Some of the State Governments supplemented this subsidy by contribution from their own resources.

2.4. The grievances of the handloom industry continued to be voiced at the various industries conferences. Eventually, on a recommendation by a Handloom Conference held in 1940, the Government of India appointed a Fact Finding Committee in 1941. The Fact Finding Committee's report is the first authoritative report containing valuable and

exhaustive information on the various aspects of the handloom industry, *viz.*, size and shape, employment potential and importance in the national economy. The Committee endorsed the grievances of the industry, and recommended, among other things, the setting up of an All India Handloom Board. A summary of conclusions of the Fact Finding Committee is given in Annexure IV. The Government of India constituted the first All India Handloom Board in 1945. The functions of this Board were confined to the question of supply of raw materials to the handloom weavers, the method of marketing handloom fabrics and the administration of grants-in-aid. This Board functioned till 1947.

2.5. In 1948, the Government of India set up a Standing Handloom Committee under the aegis of the Cottage Industries Board to deal with the problem of the handloom industry. The subsidy of Rs. 5 lakhs had been withdrawn in the meanwhile by the Government of India on the ground that they were already giving substantial funds to the States for the post-war development of Industries. Although the first All India Handloom Board, had recommended the revival of this subsidy, the Government of India did not do so till 1949 when they agreed to create a Handloom Development Fund of Rs. 10 lakhs. They placed this amount at the disposal of the Standing Handloom Committee for disbursement to the State Governments as grants for approved schemes. This Fund was augmented by Rs. 5 lakhs in 1950. The amount sanctioned out of the Fund to the State Governments totalled Rs. 14 lakhs.

2.6. During the years of the Second World War and until 1951, the industry managed to function well although its condition was not significantly prosperous. While the war was on, India became the arsenal for supplies to the Allies. This gave considerable stimulus to the production of the cotton textile mill industry. The increased production of cloth by mills necessarily resulted in shortage of yarn to the handlooms. The Government of India, therefore, adopted certain measures for restraining the composite mills from large scale consumption of yarn produced by them. In addition, they devised a scheme whereby the entire surplus yarn of the composite mills and the yarn produced by the spinning mills were pooled together as 'free yarn' and distributed to various States for supplies to consumers. While these measures enabled the handloom industry to secure some quantity of yarn, it was not sufficient to meet its requirements. However, due to inflationary purchasing power generated by the war time economy and the brisk foreign demand for Indian cloth, the market for textiles was a sellers' market and the handloom industry shared the benefit of boom conditions with the mills.

2.7. This prosperity was, however, shortlived. Conditions began to change in the latter half of 1951 owing to a number of factors, international and national, such as modification of the U.S. stockpiling programme, larger availability of consumer goods including mill cloth and the anti-inflationary measures taken by the Government of India. The demand for handloom cloth declined sharply. Unsold stocks mounted up. Many looms were rendered idle resulting in widespread unemployment among the handloom weavers. The handloom industry faced an unprecedented crisis at this stage.

2.8. The Government of India were very much concerned with this situation. They, therefore, launched from 1950 onwards a programme

of assistance for rehabilitating the industry initially and for placing it on sound footing in the long run. The programme consisted of the following steps:—

- (i) Setting up of an All India Handloom Board with comprehensive functions;
- (ii) Levy of an additional excise duty on mill-made cloth for the purpose of developing the khadi and other handloom industries and promoting the sale of khadi and other handloom cloth;
- (iii) Appointment of a Textile Enquiry Committee to make a detailed enquiry into the various sectors of the cotton textile industry viz., the mills, powerlooms and handlooms with a view to determining the place of each in the national economy and their inter-relationship; and
- (iv) Enforcement of certain interim measures directed towards ensuring an assured market for the products of the handloom industry, e.g., restrictions on the production of dhoties by the mill industry to 60 per cent of the average monthly packings of this variety of cloth during the 12 months ending March 1952, prohibition of piece-dyeing of dhoties and sarees by the mills.

2.9. The All India Handloom Board was set up in October 1952. This Board was the successor to the Standing Handloom Committee of the Cottage Industries Board. The Textile Commissioner has been the Chairman of the Board from its inception. With the coming into existence of this Board, a new era has begun in the annals of the handloom industry in that under its aegis, a massive programme aimed at developing the handloom industry on sound co-operative lines and increasing production and marketing of handloom cloth has been undertaken by the Government of India. The functions of the Board were to advise Government generally on the problems of handloom industry and, in particular, to examine schemes for the improvement of the industry and to recommend financial assistance. Thus the Board was entrusted with the task of formulating policies for the rehabilitation and consolidation of the industry.

2.10. For the purpose of meeting the development of Khadi and other Handloom Industries, the Government of India decided in February 1953 to levy an additional excise duty on cloth produced by the textile mill industry, under the Khadi and other Handloom Industries (Additional Excise Duty on Cloth) Act, 1953. The additional excise duty was collected on all cloth produced by the mills except that which was exported out of India. The proceeds of the duty were to be utilised for meeting the cost of such measures as Government considered necessary and expedient for the development of Khadi and other handloom industries and in particular measures for—

- (a) undertaking, assisting or encouraging khadi and other handloom industries;
- (b) encouraging the adoption of improved methods of manufacturing khadi and other handloom cloth;
- (c) encouraging and developing research in the technique and in the art of designs relating thereto;
- (d) maintaining or assisting in the maintenance of institutes for the development of khadi and other handloom industries;

- (e) promoting the sale and marketing of khadi and other handloom cloth;
- (f) fixing the grades and standards of khadi and other handloom cloth and enforcing quality control;
- (g) promoting and encouraging co-operative effort among manufacturers of khadi and other handloom cloth.

2.11. At the beginning, the proceeds of the duty were credited to a fund commonly known as the Cess Fund. In due course, the proceeds were found to be insufficient to meet the expenditure. The Cess Fund had, therefore, to be augmented by contribution from the General Revenues from time to time. Furthermore, procedural difficulties in accounting etc., were experienced. For all these reasons, the Cess Fund was abolished in the year 1960. Since then, the proceeds are credited to the General Revenues and expenditure on handloom development schemes is met from the Consolidated Fund.

2.12. The Textile Enquiry Committee submitted its report in 1954. The Committee *inter alia* recommended a phased programme of conversion of handlooms into powerlooms and suggested that at the end of 15 to 20 years except for 50,000 fly shuttle or throw-shuttle looms manufacturing special fabrics with an intricate body design the entire handloom sector should be converted into improved (semi-automatic) handlooms or decentralised powerloom. By planning in this manner for a phased conversion of the handloom sector, the Committee expected that the twin objectives of maintaining employment in the short-term and securing the best possible efficiency in the long run would be achieved. The Committee envisaged that there should be two sectors of the textile industry viz., 'handloom-cum-improved handloom-cum-domestic-cum-small-scale powerloom industry' and 'large-scale powerloom-cum-organised mill industry'. In course of time, the improved handloom should again in many cases be converted into powerlooms. Another important recommendation of the Committee was that the then existing reservation of items of productions in favour of the handloom (or improved handloom and the domestic powerloom industry) should be continued. The Committee also recommended that the expansion of the mill industry should be only on the spinning side and not on the weaving side. The Board, however, did not accept the Textile Enquiry Committee's recommendations regarding conversion of handlooms into powerlooms for the reason that it would lead to large-scale unemployment of weavers.

2.13. When the present All India Handloom Board was set up, the task which it had to tackle was a very complex one. The handloom industry was in great distress. The offtake of handloom cloth had gone down and the handloom weavers were suffering from acute unemployment. The Board felt that the solution for the ills of the handloom industry lay in organising the industry on sound co-operative lines and in providing proper marketing facilities. At that time, there were nearly 7 lakhs of handloom weavers in the co-operative fold. The State Governments agreed with the view that a proper type of organisation for the handloom industry would be the co-operative pattern. The Board, therefore, decided to confine the financial assistance to the handloom industry organised on co-operative basis. The Board, with the concurrence of the Government of India, evolved a number of Schemes and also the pattern of assistance admissible for each type of scheme. The principles evolved were commonly known as General Principles. A ceiling for the

share of financial assistance for each State was fixed for each year. This share was fixed as the mean of the percentage of yarn delivered to that State to the total delivery of yarn to all the States during the period January 1952 to June 1953 and the percentage of the yarn delivered to the industry in that State to the total delivery to the industry in all the States during the period January 1950 to June 1953. The total amount sanctioned to the States during the years 1953-54 to 1955-56 was Rs. 1071.81 lakhs out of which the State Governments spent Rs. 969.52 lakhs. A statement showing the details of the sanction and expenditure during these years is given in Annexure V.

2.14. The All India Handloom Board prepared a plan for the development of the handloom industry during the Second Plan period. This plan provided for an expenditure of Rs. 180 crores and had the objective of bringing in all an additional 4.5 lakhs of handlooms into the co-operative fold. In June 1955, the Planning Commission constituted a Committee known as the Village and Small Scale Industries (Second Five Year Plan) Committee in order to prepare the scheme industry-wise, and wherever possible, state-wise, for the utilisation of the resources to be earmarked for the development of Village and Small Scale Industries as an integral part of the Second Five Year Plan. The Committee *inter alia* made the following recommendations:—

- (i) The production by mills and powerlooms should be limited to the level already reached, *i.e.*, to 5,000 million yards (assuming an export target of 1,000 million yards) and 200 million yards respectively, and all the increased demand (which the Committee computed at 1,700 million yards) during the Plan period should be met by expansion of handloom production.
- (ii) The three major objectives of the development programme for the handloom industry on the production side should be—
 - (a) to extend the co-operative organisation to a larger number of handlooms;
 - (b) to introduce such improvements in the existing handlooms as would raise the level of their technical efficiency and output; and
 - (c) to bring idle looms into use.
- (iii) The production programme for the handloom industry should aim at ensuring by 1960-61 the working of 20 lakhs handlooms for about 300 days in the year with a daily average output of 6 yards, per loom.
- (iv) If the performance of handlooms is found to be inadequate even after the scheme of technical improvements and their assistance have been implemented, it should be considered in the light of supply and demand position of cloth whether further measures for the introduction of technically more efficient or power-driven equipment in the handloom industry on decentralised basis should be taken up.

2.15. The Committee recommended a total outlay of Rs. 88 crores (Rs. 80 crores for cotton handloom, Rs. 5 crores for silk handlooms and Rs. 3 crores for woollen handlooms). The formula devised by the Handloom Board for the determination of ceiling shares was adopted as the

basis for the allocation of Rs. 80 crores for cotton handlooms from the Cess Fund.

2.16. These recommendations were considered by the All India Handloom Board at its meeting held on the 28th November 1955. The Board generally supported the recommendations.

2.17. In the Second Five Year Plan, the total outlay for the handloom industry was fixed at Rs. 59.5 crores of which Rs. 58 crores represented the cost of schemes to be implemented by States and the balance, the cost of schemes to be implemented by the centre. This was exclusive of working capital to be obtained from the institutional financing agencies. In 1956, the Government of India reduced the allocation and intimated an allocation of Rs. 33 crores for the handloom industry, consisting of Rs. 28 crores for the development of cotton handloom industry, Rs. 1 crore for the development of silk and woollen industry and Rs. 2 crores towards expenditure by the Central Government and the balance to be kept as reserve. This was also exclusive of the working capital requirements of the handloom industry. With the re-organisation of States in November, 1956, the allocation to the various States were revised and the total amount of outlay fixed by the Planning Commission for the Plan period was Rs. 36.50 crores consisting of Rs. 32 crores for cotton handlooms, Rs. 2.50 crores for silk and woollen handlooms, and Rs. 2 crores for Central Schemes. The total expenditure reported by State Governments for the Second Plan period amounted to Rs. 25.48 crores. A statement showing the details of the sanction and expenditure in the 2nd Plan period is given in Annexure VI. In May 1958 a major change in the procedure for release of Central assistance to States was made in the Second Plan with a view to enabling the State Governments to implement their annual plans expeditiously. Till then Central assistance was released on specific sanction being issued for individual Schemes. Under the revised procedure funds are made available to State Governments as a "Ways and Means" advance to be adjusted in the succeeding year on the basis of actual expenditure for the previous year.

2.18. In order to evaluate the programme for the handloom industry in the Second Five Year Plan and obtain lessons for the programme to be drawn up for it in the Third Plan, the Government of India set up towards the end of 1958 a Working Group (Study Team) for the Handloom Industry. This Working Group (Study Team) submitted its report in September, 1959. The All India Handloom Board approved all the recommendations made by the Working Group except a few to which certain modifications were suggested. The Government of India generally approved of the Working Group's recommendations. A copy of the Government of India's Resolution dated the 5th May, 1961 on the Working Group's report is at Annexure VII.

2.19. The Working Group drew up a development programme involving an outlay of Rs. 140.19 crores for the Third Plan period. This outlay included a provision of Rs. 4 crores for the scheme of conversion of handlooms into powerlooms. Of the outlay of Rs. 136.19 crores, a sum of Rs. 84.19 crores was to be obtained from Government, and the balance representing working capital, from the institutional financing agencies.

2.20. In the Draft Third Plan a tentative allocation of Rs. 32 crores, made up of Rs. 29 crores for State Schemes and Rs. 3 crores for Central

Schemes was made. The All India Handloom Board felt that the allocation of Rs. 32 crores was very inadequate. Although the size of the Third Plan was double that of the Second Five Year Plan, the allotment to the handloom industry was almost the same as for the Second Plan. The Handloom Board strongly pressed for increasing the allocation to Rs. 43 crores or, at the least to Rs. 40 crores. The provision finally allotted for the Third Plan was Rs. 34 crores, of which Rs. 31 crores were for State Schemes and Rs. 3 crores for Central Schemes. During the Third Plan, the principal aim was laid down as further expansion of handloom production through fuller employment of the handloom weavers. It was stated that loan assistance on a more liberal scale should be given to weavers so that on the basis of the larger share capital in the co-operatives, it would be possible for them to borrow larger funds from institutional financing agencies. A higher priority was suggested for the supply of improved appliances including semi-automatic looms, provision of facilities for processing and training, introduction of improved designs and purchase of yarn requirements increasingly from co-operative spinning mills. Steps were to be taken to stimulate exports of handloom cloth.

2.21. The Government of India felt that the patterns of assistance as between the Centre and the States for the various schemes implemented by the latter should be kept as simple as possible so as to reduce the burden of administrative work. They accordingly laid down simplified patterns of assistance. A copy of Planning Commission's letter to State Governments No. PC(P)/4/2/61 dated the 20th October, 1961 in this regard is at Annexure VIII. These patterns are in operation at present.

CHAPTER III

REVIEW OF PRODUCTION AND PRODUCTION TARGETS

3.1. Since the commencement of planned development of the country, the production of cotton textiles has been largely planned on the basis of a common production programme covering the organised sector and the decentralised sector. The production of the decentralised sector excluding Khadi is computed on an estimate based on the assumption that 90% of the free yarn delivered by the mills is consumed by this sector and that the share of the handlooms is 76%. A pound of yarn was considered equivalent to 4½ yards of cloth, but as a result of recent trend towards production of finer cloth, this is now computed at 5 yards per pound of yarn.

3.2. The First Plan envisaged a production target of 6400 million yards; 4700 million yards to be produced by mills and 1700 million yards by handlooms. The achievement at the end of the Plan period was 5000 million yards by the mills; 1450 million yards by handlooms and 250 million yards by powerlooms, totalling 6700 million yards.

3.3. The policy governing the production of cotton cloth during the Second Plan period was announced by the Government of India in June 1956. From the level of 6700 million yards reached in the First Plan this policy envisaged the level of production to go up to 8400 million yards at the end of the Second Plan or an increase of 1700 million yards. The Textile Enquiry Committee, 1958, however, considered that this target would have to be reduced to 8000 million yards, of which the share of the handloom would be 2100 million yards. The achievement at the end of the Second Plan was 5136 million yards by mills and 2592 million yards by handlooms and powerlooms.

3.4. In the Third Plan period the requirements of cotton textiles were estimated at 9300 millions yards consisting of 8450 million yards for domestic consumption and 850 million yards for export. Out of this target 3500 million yards were allocated as the share of the decentralised sector—handlooms, powerlooms and khadi and 5800 million yards as the share of the mills. No separate production target as such was allotted to the handloom industry. The All India Handloom Board, however, fixed a target of 2800 million yards for this industry.

3.5. The most important development in recent years has been the phenomenal growth of powerlooms. An impetus for conversion of handlooms into powerlooms was given by the Government decision based on a recommendation of the Textile Enquiry Committee, 1954, to introduce 35,000 powerlooms in the handloom sector with Governmental assistance. A beginning was made in the Second Plan, but the scheme was later suspended in 1961 owing to the following reasons:—

- (i) The coming into existence of a large number of powerlooms would have adverse repercussions on the employment position;
- (ii) In some cases, the benefit from the setting up of powerlooms had accrued to millowners rather than to the owners of the power looms, whether they are individuals or co-operatives;

- (iii) The amount spent on the installation of powerlooms could be more usefully utilised for the improvement of the general standard of production of handlooms and for promoting their exports.

3.6. While the scheme of conversion of handlooms into powerlooms was suspended, two factors helped the growth of unauthorised powerlooms. The first was the fiscal policy adopted from 1955 in regard to mills *vis-a-vis* the powerlooms. The excise duty levied on mill-made fabrics underwent sharp increase over the years. Simultaneously total exemption from excise duty was given to units of 4 powerlooms or less. This widening gap in the excise levy between the mills and the exempted category of the powerlooms acted as a direct incentive to the rapid growth of powerlooms. The second factor was the reservation of fields of production. These reservations were made to encourage the handloom sector, but were equally beneficial to the units of four powerlooms or less, as such units were not prohibited from making the reserved varieties.

3.7. The cumulative result has been the advent of unauthorised powerlooms. The powerlooms continued to expand and as against 45,129 cotton powerlooms (27,129 authorised and 18,000 unauthorised) which were in existence in 1958-59, when a census was taken, it is estimated that by now over 80,000 powerlooms have come into existence.

3.8. Apart from this large number of powerlooms, the production of yarn by mills was also somewhat stagnant during 1961 and 1962. During the two years ended 1962 the quantity of free yarn delivered by mills amounted to 290 million kgs. and 295 million kgs. respectively.

3.9. On the basis of the conventional formula, the production of the decentralised sector would amount to 2591 million yards in 1961, 2636 million yards in 1962 and 3144 million yards in 1963. The share of the handlooms accordingly works out to 2192, 2225 and 2658 million yards respectively. We, however, understand that a detailed study made by the Powerloom Enquiry Committee into the production of cotton cloth by the decentralised sector has shown that currently the production of the handloom industry is of the order of 2050 to 2150 million yards per annum and that by the powerloom industry is of the order of 1000 to 1100 million yards.

3.10. However, drastic changes in the excise levy have been introduced in the Budget of 1964-65. A large segment of the excise duties has been shifted to yarn and a multiplicity of duties have been imposed on powerlooms and mills together with suitable concessions to handlooms. A comparison between the position prevailing before and after the new budget is given in Annexure IX. These changes would enable the handloom industry to achieve its due share in production.

3.11. Apart from the fiscal levies, orders have been issued by Textile Commissioner compelling composite mills to pack yarn in hanks a quantity at least equal to that packed in June 1962 and also prohibiting mills from supplying sized beams without his permission. These measures are also beneficial to handlooms and may mean more production from this sector.

3.12. Indications are that these changes have tended to curb the unrestricted growth of unauthorised powerlooms. It is also noticed that the

demand by powerlooms for superfine yarn has somewhat receded. It is, therefore, expected that the handloom production would register a substantial rise and may reach 2500 million yards and that powerloom production may be maintained round about 1100 million yards till the end of the Third Plan period. Thus, in our view, the target of 3500 million yards set for the decentralised sector is likely to be achieved by the end of the Plan period.

3.13. In the course of our tours and discussions, there was considerable evidence of a growing urge on the part of handloom weavers to switch over to powerlooms. At Salem which may be said to be the stronghold of the handloom industry, several non-official leaders strongly urged for the allotment of powerlooms to handloom weavers. The Minister for Commerce and Industries, Government of West Bengal, pointedly mentioned the inadequate earnings which a handloom weaver was getting and stressed the introduction of powerlooms as the only solution to increase his wages. The Minister for Co-operation, Government of Maharashtra, also expressed the same view. We are in complete agreement with this view. There are strict limitations to the quantitative productivity of a handloom and consequently to increasing the earnings on handlooms. No matter what technical improvements are effected in a handloom and howsoever efficient the worker is, it is inconceivable that an ordinary handloom weaver would be able to earn anything like a living wage. In the circumstances, we are convinced that a phased programme of conversion of handlooms into powerlooms is inevitable. In the Fourth Plan judging from current trends, we anticipate that not less than 60,000 powerlooms may be introduced in the handloom sector. During our discussions a view was expressed that the allotment of powerlooms should be thrown open to anyone who is willing to take it up and not reserved only to handloom weavers. On the other hand it was strongly urged by other quarters that powerlooms should be allowed only to weavers and that too to weavers in the co-operative fold. We agree with the latter suggestion.

3.14. In the Fourth Plan the *per capita* requirement of cloth is expected to increase to 18.5 million yards for an estimated population of 55.5 crores. The total estimated requirements for the Fourth Plan period are 11,200 million yards, including 850 million yards for exports.

3.15. Out of this target, it could be reasonably expected that the handloom industry would be able to account for a production of nearly 3000 million yards. In arriving at this figure, the Working Group has taken into account the possible increase in the production of the powerloom sector by nearly 100% over the existing level of production. Although there is a tendency towards switching over to powerlooms, there are certain limiting factors *viz.*, investment involved, availability of power and the availability of looms. In view of this it is unlikely that the increase in production of the powerloom sector would exceed more than 100%. This leaves considerable scope for the handloom industry to develop its genius in the matter of specialised fields both for export and home markets. With the increase in the standard of living in India, the consumption of handloom goods can also be expected to increase. This progress in production is unlikely to be maintained in the Fifth Plan period and the handloom industry may have to reconcile ultimately to an annual production of the order of 3000 million yards as a long term measure—the potential capacity being 4600 million yards.

3.16. In spite of the introduction of 60,000 powerlooms suggested above, a large number of weavers have necessarily to continue to operate the handlooms for their living. The principal aim of handloom development should be to increase the earnings of the weaver. It is impossible to achieve this aim as long as the majority of weavers confine their production to ordinary plain fabrics made of coarse counts of yarn. Our studies reveal that it is only in the case of those weavers who are producing speciality and designed fabrics that the earnings have gone up in some measure. These fabrics are the handloom weavers' monopoly and the demand for these types of fabrics is also growing. The speciality fabrics are—

- (a) Ikat table cloth mats and spreads.
- (b) Ikat silk cloth for dress material.
- (c) Dress material for sarees and scarves.
- (d) Cut work material for dress material.
- (e) Hangings with jute in leno weaves.
- (f) Jute furnishing fabrics.
- (g) Fabrics made out of dischargeable and non-dischargeable colours.
- (h) Jamdani designs.
- (j) Mixed fabrics using different mixtures of fibres.
- (k) Jari fabrics etc. etc.

3.17. For switching over to production of speciality fabrics, proper training has to be given to handloom weavers who are at present engaged in the production of plain fabrics. In the Fourth Plan period, we suggest that 20,000 looms should be harnessed in the cooperative sector for the production of these fabrics. This would involve the provision of training facilities to this number of weavers.

3.18. In course of time, the handloom weavers now producing grey cloth will have to become powerloom weavers catering to the masses or will have to switch over to the production of coloured sarees or speciality handloom fabrics for sophisticated and export markets. The handloom industry engaged in these lines will be the hard core which will ultimately remain.

CHAPTER IV

RAW MATERIALS

4.1. The important raw materials required by the handloom industry are yarn made of cotton, silk, or wool, rayon, staple fibre and/or synthetic fibres and dyestuffs and chemicals, as also jari for the silk weaving industry. Cotton yarn constitutes by far the most important of these, as the bulk of the production of the industry is cotton fabrics. In some centres, the industry has been traditionally weaving fabrics made exclusively of silk or wool. The use of rayon, staple fibre and other synthetic yarns is of comparatively recent origin.

(a) Cotton yarn

4.2. Cotton yarn is produced both by composite mills and by purely spinning mills. An insignificant quantity, particularly of specialised superior varieties, is also being imported. Apart from the handloom industry, the small powerloom, hosiery, rope and newar making industries also consume cotton yarn.

4.3. Several measures have been taken by Government during the last decade to ensure adequate supplies of yarn to the decentralised industry, particularly handlooms. During the Second World War and some years later, Government reserved 25 per cent. of the production of spindles installed by mills under the post-war planning scheme for consumption by the handloom industry. All mills were also statutorily required to sell a specified minimum quantity of yarn in each quarter for consumption by handlooms. A scheme of controlled distribution of cotton yarn was also initiated whereby yarn produced by composite mills, which was surplus to their weaving requirements, as also the entire production of yarn by spinning mills was pooled together, and distributed equitably amongst the various States for consumption by handlooms. The distribution Scheme, along with the attendant price control, was continued until 1953. The obligation of composite mills to deliver prescribed quantities of yarn, based on their average deliveries during the years 1949 and 1950 was, however, continued thereafter. The export policy in regard to cotton yarn was basically so adjusted that only yarn surplus to domestic needs was allowed to go out of the country.

4.4. With a view to enable the handloom industry to meet its targetted production during the successive plan periods, and to secure an uninterrupted supply of the increasing quantities of yarn needed for meeting the progressively increased role assigned to it in the textile production programme, the loomage of mills was pegged, and Government encouraged a policy of setting up additional spinning mills in several parts of the country. As against 88 spinning mills with a capacity of 1.57 million spindles in existence at the beginning of 1948, there are today 223 mills with 3.56 million spindles. The capacity for yarn production has thus been doubled since 1948. The table below gives the average monthly deliveries of yarn for civil consumption made by mills since 1951.

TABLE IV-A

(Figures in million kgs. per month)

Year (1)	Production (2)	Deliveries for civil consumption (3)	% of (3) to (2) (4)
1951	49.3	10.4	21.1
1952	54.8	13.4	24.5
1953	56.9	14.4	25.3
1954	59.0	15.4	26.1
1955	61.6	16.4	26.6
1956	63.2	16.7	26.4
1957	67.3	18.2	27.0
1958	63.7	19.9	31.2
1959	65.1	21.1	32.4
1960	65.7	20.5	31.2
1961	71.9	24.2	33.7
1962	71.6	24.6	34.4
1963	74.4	26.4	35.5

4.5. Since 1958, however, there has been an unexpected growth of unauthorised powerlooms in the country, assisted largely by the high incidence of excise duties on mill-made cloth and the absence of any restrictions on production by small powerloom units with four or less looms. The phenomenal growth of these powerlooms within a very short period resulted in a considerable dip into the limited, though increased, supplies of cotton yarn made available by mills, and created a serious problem for the handloom industry in the matter of its most vital raw material.

4.6. The prices of almost all counts of cotton yarn remained fairly steady until 1955. In 1956, there was a spurt in cloth prices followed by a similar rise in yarn prices. The rising prices of cloth were arrested by an enhancement of the excise duty, and yarn prices also steadied. In 1959 and 1960, however, the prices of mill-made yarn and fabrics again started increasing following reports of a shortage in the cotton crop for 1959-60 resulting in high cotton prices. Following protracted negotiations with the industry, a scheme of voluntary price regulation was introduced in the industry since September, 1960.

4.7. As already stated, the incursion into the field, between 1958 and 1961, of a large number of unauthorised powerlooms resulted in the handloom industry facing serious difficulties in meeting its yarn requirements. After detailed discussions with the industry, Government introduced an All India Yarn Distribution Scheme, whereby the essential requirements of the State Weavers' Co-operative Societies on behalf of their constituent primary societies and production centres, and all registered associations of handloom weavers in various States

were pooled together, and direct allotments from mills were made by the Textile Commissioner through the State Governments. Provision was also made to meet the special needs of exporters of handloom fabrics who require quality yarn for the production of exportable varieties. At the present time, about 22,000 bales of yarn are being distributed per month directly to the handloom industry, and the scheme has been generally reported to be working satisfactorily, although it covers only a small proportion of the total quantity of yarn delivered by mills for civil consumption. In order to obviate the possibility of mills diverting increasing quantities of free yarn to the small power-looms, powers were taken by the Textile Commissioner, under the Cotton Textile (Control) Order, 1948, to regulate the quantity of yarn to be packed by mills in the hank, cone and other forms.

4.8. While the general scheme of distribution has been stated to be working smoothly, it has been represented to us that there is need for a larger quantity of yarn being drawn from the mills in the superfine counts for the handloom industry; that exporters do not always get yarn of the required count from specified mills; and that it is necessary that the minimum strength should be compulsorily stamped by mills on all yarn. We have no doubt that the necessary adjustments could be made within the frame work of the existing scheme of distribution to cover the first two points. In view of the increasing necessity of the handloom industry to produce quality fabrics to meet the changing consumer demands, we would urge that Government should seriously examine the desirability of compelling mills to stamp the minimum count strength product of the yarn produced by them as a corollary to the ceiling price approved, albeit on a voluntary basis, for different counts of yarn.

4.9. A statement is attached (Annexure X) giving the movement of wholesale prices of cotton yarn in the Coimbatore market, the principal yarn market in the country, since 1958. It will be noticed that the prices of yarn of all counts ranging from Nf 8s to 84s (10s to 100s) have substantially moved up, over the last six years or so. Actually, the prices of Nf 17s and 34s (20s and 40s), the two key counts, spun out of Indian cotton and particularly consumed by the handloom industry in large quantities, have moved up from Rs. 16 and Rs. 23.75 per bundle in 1958 to Rs. 22.50 and Rs. 33 per bundle in 1962. The increase is of the order of nearly 40% over a span of six years. Similar increase in prices is also observed in respect of superfine counts of yarn, particularly Nf 68s (80s) and Nf 84s (100s). While we realise that a rise in the price of yarn to the extent of the rise in the cost of production cannot be denied to the mill industry, we would emphasise the need for a more careful fixation and regulation of the prices of cotton yarn. This is particularly necessary in view of the fact that any increase in yarn prices will have adverse effects on the prices and, consequently, the marketability of handwoven fabrics.

4.10. The third plan target for cotton yarn production has been fixed at 2,250 million lbs. Mill cloth production has been fixed at 5,800 million yards. Making provision for the yarn content required for mill production, it is estimated that the availability of yarn for the decentralised sector of the industry, including handlooms, would be of the order of 800 million lbs. per annum. Allowing for exports at the current rate of 30 million lbs. a year, the actual availability

of yarn by 1965-66 will amount to 770 million lbs. Deliveries of yarn effected by mills in 1963 aggregated 700 million lbs. While the gap of 70 million lbs. may be made up by the mill industry, the serious inroads made by the powerloom industry in recent years into available supplies of superfine counts of yarn produced from imported cotton may result in the handloom industry finding it difficult to secure its requirements of specific counts of fine and super fine yarn. We would, therefore, urge on Government the desirability of ensuring that the handloom industry is assured of a legitimate share of superfine yarn spun from cotton imported from foreign countries with such limited foreign exchange as may be available. This point assumes considerable importance in view of the fact that some of the handloom fabrics in which we have been able to build up substantial exports, like Bleeding Madras, Lungies and Sarongs, and Madras Handkerchiefs, require the use of super-fine counts of yarn.

(b) Silk

4.11. The estimated production of silk of various kinds in India during the last four years has been as under:—

(Figures in lakh kgs.)

Year	Mulberry Silk	Tussar Silk	Eri Silk	Muga Silk	Total
1960	11.54	1.79	1.12	0.54	14.99
1961	12.64	2.03	1.33	0.56	16.56
1962	14.01	2.02	1.32	0.45	17.80
1963*	14.12	2.17	1.96	0.50	18.75

4.12. The weaving of silk fabrics is largely confined to the handloom industry, although, recently, there has been a growing demand for finer fabrics like georgettes, crepes and chiffons made by the powerloom industry. It is understood that there are at present 1,02,000 handlooms and about 1,500 powerlooms engaged in weaving silk.

4.13. The Tariff Commission estimated in 1963 the annual demand for silk at 20 lakhs kgs. Of this quantity, 18 lakhs kgs. are produced in India, and there is need for the import of 2 lakhs kgs. from abroad. Actual imports of mulberry silk during the last five years were as under:—

Year	Quantity (kgs.)	Value (Rs.)
1959	1,49,801	59,83,191
1960	1,08,131	46,04,406
1961	1,06,153	57,51,113
1962	1,12,096	62,12,404
1963	1,00,165	77,64,765

* Estimated.

4.14. The imports are canalised through the State Trading Corporation, and the distribution is made in the Central Silk Board through the State Governments, Co-operative institutions and other agencies approved by State Governments. With a view to encourage exports, special allotments are made to exporters from the imported silk, and, at the present time, roughly 50 per cent of the imported silk is being released to exporters, the balance being available to actual users.

4.15. There is no statutory control over the distribution of indigenous silk or its prices. Prices of silk have been increasing during the last two years. Filature raw silk which was selling around Rs. 86 per kg. in 1961-62 rose to as much as Rs. 108 per kg. in February, 1964. Other qualities have also moved up correspondingly. The rise was partly due to the unusual spurt in raw silk prices in the international market. Japanese silk, which ruled at between Rs. 51.46 and Rs. 56.46 per kg. (*f.o.b.*) during 1961, touched Rs. 87.71 in June, 1963. Although the international prices subsequently declined and were stabilised, Indian silk prices continue to rule high. We gather that the question of arresting the fluctuations in Indian raw silk prices is engaging the attention of the Central Silk Board, who have under consideration a proposal for distribution of indigenous and imported raw silk at steady prices. We recommend that the Central Silk Board should finalise the proposal and introduce it early in the interests of the handloom industry.

4.16 The production of eri and muga silk is almost wholly confined to Assam, and the fabrics are mostly consumed locally.

4.17. Tussar production is mainly concentrated in the three States of Bihar, Madhya Pradesh and Orissa. There has been a substantial increase during recent years in the exports of tussar fabrics. The table below gives the production of tussar, eri and muga silk as also tussar waste during the last six years.

TABLE IV-B

Year	(In lakh kgs.)			
	Tussar Silk	Tussar Waste	Eri Silk	Muga Silk
1958	1.59	1.18	1.35	0.93
1959	1.62	0.86	1.28	0.84
1960	1.79	0.92	1.12	0.54
1961	2.03	1.38	1.33	0.56
1962	2.02	1.11	1.32	0.45
1963	2.17	1.30	1.96	0.50

Here again, there has been a steep rise in prices; against a price range of Rs. 44 to Rs. 71.50 per kg. for tussar silk in 1958, the quotation was between Rs. 70.50 to Rs. 95.25 per kg. in 1963. With a view to stabilise the market, we understand that the Central Silk Board contemplate the organisation of collection and marketing of tussar cocoons and yarn through a corporation to be set up jointly by the three tussar producing States of Bihar, Madhya Pradesh and Orissa. We trust that this corporation will come into being soon.

(c) Art Silk

4.18. Since 1959, 10 per cent of the available indigenous rayon yarn of standard qualities was being allocated to the handloom industry; this was increased to 12% from 1st April, 1963. With the considerable expansion in the production of indigenous rayon achieved in 1963, control over distribution was discontinued from January 1964. Measures have been taken under the export promotion scheme to enable the industry to secure adequate supplies of both imported and indigenous rayon yarn.

(d) Dyes and Chemicals

4.19. Handloom processors require dyestuffs, mostly vat powders, naphthols and bases. Amongst the more important chemicals required by the industry are caustic soda, soda ash, bleaching powder, hydro-sulphide of soda and sodium nitrate. Almost all items of naphthols and bases and some of the vat dyes as also most of the chemicals are at present being produced in the country. Under the present import policy, all items of dyes and chemicals not manufactured within the country are allowed to be imported only against export promotion licences.

4.20. In the course of our discussions with representatives of the handloom industry, it was forcefully pointed out to us that there was an acute shortage of imported dyestuffs essentially needed by it and that there was clear need for the restoration of the old policy of allowing imports to actual users. It was urged that market prices for vat colours not produced in the country were more than double the landed cost. Even under the export promotion schemes, 65 per cent of the dye entitlement is earmarked for supply of intermediates to the manufacturers of indigenous dyestuffs. This policy, it was represented, had affected seriously the availability of imported dyestuffs to the handloom industry. The number of exporting manufacturers is limited and exporters have to buy these dyes from the market at exorbitant prices. This, in turn, adversely affects the exports of the handloom industry.

4.21. We have recommended in another part of this report the desirability of a switch over of production of a sizeable number of handlooms now engaged in coarse grey cloth to colored fabrics. This will naturally involve the use of a much larger quantity of dyes and chemicals by the industry.

4.22. A comparative table showing the landed cost and the market prices of representative items of dyes consumed by the handloom industry is given below:—

TABLE IV-C

	Landed cost	Market price (In Rs. per kg.)
Vat Violet RR	60	140
Vat Brown R	82	180
Vat Brown G	76	170
Vat Brown BR	82	196
Vat Yellow GCN'	78	162
Vat Olive R	61	135
Vat Golden Orange BG	139	350
Vat Grey BG	152	390

4.23. We strongly recommend that an A.U. provision of Rs. 25 lakhs per annum may be made for dyes and chemicals under the import policy for distribution to the handloom industry in order to assist it in the diversification of its production on the lines suggested.

(d) Jari

4.24. In the course of our discussions with the representatives of the silk handloom industry in Varanasi, it was represented to us that the Gold Control Administration required the jari manufactures to produce their account of past consumption of gold, for allotment of gold. A large number of manufacturers, being illiterate, had not maintained any accounts. They were therefore unable to comply with this requirement. It was stated that jari made with silver thread turned black after sometime. It was further represented that gold should be released at the international price, especially for the production of fabrics intended for export, to enable the silk weavers to compete in the foreign markets and thus expand the country's exports of silk fabrics. We recommend that the Gold Control Administration may examine the possibilities of relaxing the conditions regarding the production of accounts of past consumption of gold by the jari manufacturers.

CHAPTER V

CO-OPERATIVE ORGANISATION

5.1. The Handloom Industry, as the largest cottage industry occupies an important place in the economy of the country and provides sustenance for about 10 million persons, meeting nearly one-third of the country's requirements of clothing. According to available statistics, 29,59,754 looms are registered for production of cotton cloth. Of these, a little over 5 lakhs working in Assam, Manipur and the tribal areas in the north east are known to be working on a domestic basis. The number of woollen handlooms has been estimated at 2 lakhs by a Study Team appointed recently. The number of handlooms working on silk is estimated at 1,02,000. The number of handlooms working on all types of fabrics on a commercial basis may thus be estimated at 27 lakhs.

5.2. The first weavers' co-operative society was formed in 1905. In the early stages the societies were mainly concerned with credit. Government at first utilised this agency for the distribution of grants-in-aid and, later, as a medium for distribution of yarn. As yarn was in short supply the distribution of same through weavers' co-operatives gave a fillip to the movement and by September 1953, 6.82 lakh looms had come into the co-operative fold.

5.3. With the lifting of the control over the distribution of yarn in 1952-53, many of the societies had considerable stocks of yarn. They incurred heavy losses in disposing of these stocks. This retarded the growth of weavers co-operative movement. The All India Handloom Board came into being at this juncture. One of the main problems which the Board had to tackle was the organisation of weavers on proper lines so that the financial assistance which the Government of India were prepared to make available for the development of the handloom industry could be utilised to the best advantage of the industry. The Board, in consultation with State Governments, came to the conclusion that the co-operative form of organisation was most suited for the development of the handloom industry.

(a) Primary Weavers Societies

5.4. Initially, financial assistance was made available to weavers to enable them to enlist themselves as members of co-operative societies. Later on it was found necessary to strengthen the owned resources of the weavers' co-operative societies. Finance was, therefore, made available to existing members for increasing their share holding in the societies.

(i) *Maximum share value*

5.5. Up to the end of the Second Plan, the maximum share value in a cotton, art silk or wool weavers primary co-operative society did not exceed Rs. 25 and that in a silk weavers society did not exceed Rs. 100. During 1961-62, this was raised to Rs. 50 in the case of cotton, art silk or wool weavers co-operative societies. The maximum share value in a cotton society was again raised to Rs. 100 during 1962-63. In the same year, the maximum share value in a silk society was raised to Rs. 200.

(ii) *Loan for share capital*

5.6. Financial assistance for share capital is in the shape of loan. Different patterns of assistance ranging from 75% to 100% of the share value were prescribed until 1962-63 when a uniform pattern of 75% of the share value came into operation.

5.7. The loan for share capital was repayable in two equated annual instalments commencing from the first anniversary of the date of drawal upto 1961-62. From 1962-63 the period of repayment has been increased to four years.

5.8. The number of looms in the co-operative fold which stood at 6.82 lakhs in September, 1953 rose to 10.26 lakhs, 13.24 lakhs and 13.60 lakhs at the close of the First Plan, Second Plan and the Second year of the Third Plan respectively. The following table gives the distribution of looms in the co-operative fold among the various States as on 31-3-1963:—

TABLE V-A

State	No. of Hand-looms (Cotton) Registered ^a	Number of looms in the co-operative fold				Total
		Cotton	Silk	Art Silk	Woollen	
Andhra Pradesh	4,01,712	2,58,015	2,121	..	20,482	
Assam	6,06,138	34,430	..	..	..
Bihar	1,38,492	1,14,779	5,700	9,790	641	
Gujarat	46,385	25,247	547	..	180	
Maharashtra	1,55,502	80,564	517	15	2,828	
Madhya Pradesh	48,462	33,389	..	..	..
Madras	5,16,086	2,24,704	3,132	1,269	..	
Orissa	1,11,385	53,460	752	..	..
Punjab	63,102	12,782	..	..	..
West Bengal	1,39,140	77,000	..	60	300	
Uttar Pradesh	2,61,791	2,00,619	..	..	..
Mysore	1,02,355	82,833	5,875	..	15,097	
Rajasthan	41,069	27,687	..	..	..
Kerala	1,09,185	49,216	..	..	..
Delhi	846	794	..	..	..
Himachal Pradesh . . . . .	..	21	..	..	15
Manipur	2,00,272	6,270	..	..	..
Tripura	14,494	3,252	..	..	..
Pondicherry	3,338	2,916	..	..	..
Jammu and Kashmir . . . . .	..	120	130	..	65
TOTAL	20,59,754	12,88,098	20,774	11,134	39,608	

5.9. During the first two years of the current Plan period, the number of looms in the co-operative fold has increased by 36,000. This increase is small as compared with the rate of expansion witnessed during the Second Plan period. This small increase is accounted for by the fact that in the Third Plan period, it was decided that developmental programme of the handloom industry should be directed towards consolidation of the co-operative movement rather than on expansion. This policy was, however, reversed on the declaration of the emergency in October, 1962 when Government decided that the co-operative sector should be extended with the object of holding the price line of textiles. On present indications it may be expected that not more than 50,000 additional looms would be brought into the co-operative fold in the remaining three years of the Plan period. The total number of looms in the co-operative fold at the end of the Plan Period may roughly be around 14 lakhs or nearly 50% of the known size of the industry.

5.10. Enlistment of looms in the co-operative fold is not the only indicator of progress. For a proper assessment we have to see whether any progress has been made by weavers societies in building up their owned resources over the years and in the number of looms producing for the co-operatives. We have also to examine the progress made by the societies in the matter of production and sales. Data on all these aspects are given in the statistical statement relating to the co-operative movement in India published by the Reserve Bank of India. The date covers the period 1957-58 to 1961-62 and is given in Annexure XI.

5.11. The following Table gives the position in regard to the Central and Primary Weavers' Societies.

TABLE V-B

(Amount in thousands of Rupees)

	1957-58	1958-59	1959-60	1960-61	1961-62
1. Number of Societies	9,870	10,451	11,194	11,925	12,342
2. Number of Members	11,14,742	11,84,277	12,80,134	13,18,952	12,28,384
3. Number of looms	10,11,158	9,57,651	11,90,196	12,61,002	12,53,703
4. Number of active looms	7,23,455	6,20,821	7,45,653	7,64,457	7,31,099
5. Paid up Share Capital	3,24,81	3,57,65	4,14,54	4,07,58	4,76,91
6. Reserve Fund }	3,77,38	4,15,57	4,39,14	4,69,28	4,93,81
7. Other Funds }					
8. Borrowings	8,15,24	9,75,91	10,12,82	12,09,38	13,78,77
9. Working Capital	15,17,43	17,49,13	18,66,50	20,86,24	23,49,49
10. Cloth production	35,78,88	36,95,94	33,00,02	35,41,59	40,24,06
11. Cloth Sales	40,39,44	39,78,00	37,85,96	38,71,81	43,90,35
12. Wages	1,53,17	1,97,40	2,10,14	2,40,03	2,85,13
13. Number of Societies that worked at profit	4,621	4,409	5,339	5,641	4,891
14. Amount of profit	1,44,45	1,15,82	1,26,93	1,32,14	1,42,79
15. Number of Societies that worked at loss	2,887	3,359	3,292	3,559	4,059
16. Amount of loss	6,587	8,584	5,159	6,353	7,419
17. Number of Societies that incurred no profit or loss	2,089	2,695	2,563	2,725	3,390

5.12. The above data cover not only cotton societies but also societies working on other fibres. No separate data in respect of cotton societies are available. The number of societies engaged in fibres other than cotton is, however, small. For the purpose of the various targets we are suggesting in the following paragraphs we have assumed the above data as pertaining to cotton societies.

Societies and Loomage

5.13. There has been a steady rise in the number of societies as well as in the number of looms. Whereas in 1957-58 there were, 9,870 societies with a loomage of 10.11 lakhs, in 1961-62 there were 12,342 societies with a loomage of 12.54 lakhs.

5.14. In this connection we give below data made available to us by the All India Handloom Board in regard to the classification of cotton weavers' co-operative societies according to looms as on 21st March, 1963.

Classification		No. of societies	No. of looms
Looms up to 50	. . . . .	3,899	1,12,255
51-100 looms	. . . . .	1,500	1,22,896
101-200 looms	. . . . .	1,590	2,23,055
201-300 looms	. . . . .	639	1,55,082
301-400 looms	. . . . .	213	74,565
401-500 looms	. . . . .	118	53,047
501 above	. . . . .	202	2,25,717
TOTAL		8,161	9,66,617*

5.15 It has been the experience of States where the co-operative organisation of handloom weavers has succeeded in large measure that the membership of a society to be viable should be between 50 and 100 looms. In the Fourth Plan period, therefore, it is necessary that concerted efforts should be made towards raising the membership of small societies (with less than the economic number) to the requisite size. This may be attempted by merger of two or three societies in contiguous areas or by admission of additional looms to the required extent.

5.16. The Working Group appointed by the Government of Madras has pointed out that just as new weavers are getting into the co-operative fold year after year, a number of weavers who are already in the co-operative fold go out of the societies due to death, disability, migration etc. Under the Second Plan period, this wastage has been assessed at 4.5% per annum of the total strength in the co-operative fold and for the first two years of the current plan, at 4.8% per annum. That Working Group, however, considered a wastage of 3% per annum as normal. Similar data is not readily available in respect of other States. We, however, feel that a wastage of about 3% may

*This total does not include data pertaining to Gujarat, Mysore, Punjab and Uttar Pradesh.

hold good on an all India basis. On this basis, the nett addition of 36,000 looms to the co-operative fold during the first two years of the current plan would actually mean that about one lakh looms should have been brought into the co-operative fold, so that the wastage is offset. The State Governments may take note of this aspect in their plans for enlistment of looms in the co-operative fold.

5.17. *Sales.*—A review of the sales figures shows that from 1959 onwards there has been a progressive rise in the total sales by the central and primary weavers' co-operative societies; in 1961-62 these amounted to about Rs. 44 crores. We suggest that central and primary societies should aim at a sales turnover of Rs. 100 crores per annum in the Fourth Plan.

5.18. It will be observed from Table V-B that the weavers co-operative movement over the years has made a slow but steady progress all round, especially since 1959-60. Between 1957-58 and 1961-62 the paid up share capital has increased by Rs. 1.52 crores, while the reserve and other funds have increased by Rs. 1.16 crores. Their working capital has increased by as much as Rs. 8.32 crores. Production has also increased by Rs. 4.4 crores from Rs. 35.78 crores in 1957-58 to Rs. 40.34 crores in 1961-62. Sales have almost kept pace with the increase in production.

5.19. It is observed that out of 12,341 societies as on 1961-62, 4,059 societies incurred losses while 3,390 societies were either wholly dormant or were near dormancy. The number of looms involved in these is not known. The analysis indicates that the task of promotion and consolidation has to be pursued more vigorously by the State Governments and the All India Handloom Board.

5.20. The All India Handloom Board has laid down that weavers co-operative societies should be organised on production-*cum*-sales pattern, *i.e.*, the societies must procure and distribute yarn and other raw materials to their weaver members, take back the finished goods from them on payment of wages and market the goods on the Society's own responsibility. In several States the societies are still working as supply and marketing societies, *i.e.*, selling yarn to weavers, purchasing cloth and selling the cloth after purchase. The pattern laid down by the Board is an integrated one covering all activities from procurement of raw materials to the marketing of finished goods. It entirely relieves the weavers of the responsibility of finding the wherewithal for carrying on his avocation. The latter type of societies would confine their purchase of cloth from members of co-operative when it suits them. Their major activity would be selling of yarn. Such societies would be able to render greater service to their members if they are converted into production-*cum*-sales pattern. It is, therefore, advisable that the State Governments take adequate steps to see that these societies are converted as quickly as possible into production-*cum*-sales pattern.

5.21. Our enquiries have revealed a number of defects in the working of the weavers' co-operative societies. The staff employed have not had any training in co-operation. There is no proper record to find out the age of the stocks held by the societies. Production charts are not maintained. Periodical verification of stocks is not conducted by the office bearers. Finished goods are not returned promptly and regularly by members. The establishment charges are heavy compared

to the turnover. It seems to us that the defects could be remedied if managers are appointed for weavers societies who are administratively qualified and who have adequate knowledge of the textile trade. We, therefore, recommend the creation of a cadre of managers at the earliest possible date in every State. The All India Handloom Board may initiate steps in this regard and provide necessary facilities for training the personnel appointed to this cadre.

5.22. We envisage that the production of handloom cloth in the country would go up to 3,000 million yards by the end of the Fourth Plan period. Of this production the share of co-operatives may be roughly one-third *i.e.*, thousand million yards valued at about Rs. 100 crores. The primary and Central Societies have achieved a sales turnover of Rs. 44 crores in 1961-62. They should endeavour to increase their sales to Rs. 100 crores on the basis of current prices.

5.23. In 1961-62 with a working capital of Rs. 23.50 crores, they have been able to handle sales to the extent of Rs. 44 crores. On this basis for an annual sale of Rs. 100 crores, they would require a working capital of as much as Rs. 45 crores.

5.24. In this connection the paid up share capital of primary societies which stood at Rs. 4.77 crores in 1961-62 works out to Rs. 39 per loom. With the assistance available for increasing the share holding of weavers' societies to the maximum share value of Rs. 100 there is considerable scope for the societies to increase their paid up capital and thereby strengthen their borrowing capacity. We, therefore, recommend that in the Fourth Plan societies should double their paid up share capital to Rs. 9.5 crores. Even then the per loom share capital would work out to Rs. 70 only. The reserve and other funds of the societies have been rising at an average rate of Rs. 20 lakhs per annum. The accretion to this by the end of the Fourth Plan may, therefore, be estimated at Rs. 1.5 crores, which means that the societies will have reserve and other funds amounting to Rs. 6.4 crores by 1970-71. On the above basis the owned resources of the societies would aggregate roughly to Rs. 15.9 crores. The societies would, therefore, have to resort to borrowing of about Rs. 30 crores to enable them to handle the sales target indicated above. We do not anticipate any difficulty on the part of the societies in raising these borrowings with their owned resources envisaged above.

Revival of dormant societies

5.25. The first Working Group had estimated that nearly 2 lakhs looms would be accounted for by membership of dormant societies and had stated that activating these societies would go a long way in strengthening the co-operative movement. The Reserve Bank of India had drawn up a note on rectification and reconstruction of dormant societies. This note is reproduced in Annexure XII. We understand that the Government of India had circulated this note to the State Governments for necessary action. No progress appears to have been made in this regard. We suggest that State Governments should take vigorous steps in the Fourth Plan period to liquidate such of the societies as are not fit to be revived and to revive the others.

Industrial co-operative factories

5.26. The scheme for formation of industrial co-operative factories

of weavers originated from the conditions which prevailed in the Malabar district in the Kerala State where a large number of handloom weavers were working in factories owned and run by financiers. These weavers had no looms of their own and were merely workers. The working conditions in the factories were not satisfactory. Several factories were closed down and some worked partially. The problem of rehabilitation of the weavers thus thrown out of employment of the factories was considered by the All India Handloom Board and it was decided that in tune with the fundamental decision of organising handloom weavers on co-operative lines financial assistance should be given to such of the factories as were prepared to convert their establishments into industrial co-operatives. Later on, financial assistance was also given for the formation of new factories on co-operative basis.

5.27. The pattern of assistance for the scheme provides for a loan upto 75% for share capital and 100% for cost of looms, accessories, land and building, furniture and baling press. A grant is given towards the first year's rent if the factory is housed in rented accommodation. These co-operative factories have been set up in the States of Bihar, Kerala, Madras, Pondicherry and Jammu and Kashmir. A majority of them are located in the States of Kerala and Madras.

5.28. In Madras State a number of problems have cropped up in the working of these factories. The cost of housing the looms in a weaving shed with sufficient amenities has been found prohibitive. Many of the societies have been experiencing difficulties in repaying loans taken by them from Government. Another problem is that of labour unrest arising from the fact that weavers working in the factories develop an attitude different from those of the household weavers. The industrial co-operatives also concentrated on certain varieties and were not in a position to change their lines of production so as to suit the tastes of consumers. For all these reasons it has been suggested that no more industrial co-operative factories should be organised in the State of Madras. We discussed this matter with the Minister for Industries, Madras, who expressed himself in agreement with the above views and added that so far as Madras State was concerned, the handloom industry should be developed on a cottage basis. On the other hand, the Additional Director of Industries and Commerce, Kerala, informed us that the industrial co-operatives set up in Kerala have been working well. Unlike the weavers in Madras, weavers in certain parts of Kerala, accustomed as they are to working in factories, gave their best only if they were employed in factories. It was thus a question of temperament and customary habits of the weavers. The Additional Director of Industries and Commerce, Kerala, therefore, strongly urged on the working Group that the Kerala Government should be allowed to form industrial co-operatives in the future. If any State Government are satisfied that the scheme is a success, there should be no objection to that State implementing the scheme in the Fourth Plan period.

(b) Apex Societies

5.29. Financial assistance is admissible for apex societies by way of State participation in share capital. The limit for State participation is normally 51%. The objective of State participation is to strengthen

the borrowing capacity of the apex societies. Unless the apex societies have sufficient funds of their own they cannot borrow adequate funds from financial institutions and unless they borrow adequate funds they cannot discharge their primary responsibilities, namely, supply of raw materials to their primaries and procurement of cloth from them and marketing the same satisfactorily.

5.30. It will be observed from Annexure XI that there were 19 apex societies in 1961-62. Their membership consisted of 6,583 primary societies and 2,144 individuals and others. There were 3,228 looms attached to them, out of which 2,561 were working. The paid up share capital of the apex societies which stood at Rs. 57.55 lakhs in 1957-58 increased by Rs. 47.14 lakhs to Rs. 104.69 lakhs in 1961-62. Their reserve and other funds increased from Rs. 50.65 lakhs in 1957-58 to Rs. 87.91 lakhs in 1961-62 *i.e.*, at an average rate of Rs. 7.5 lakhs per annum. Their working capital amounted to Rs. 5.46 crores in 1957-58 and rose to Rs. 7.59 crores by 1961-62. The sales effected by these societies had increased from Rs. 5.99 crores in 1957-58 to Rs. 8.94 crores in 1961-62.

5.31. Our studies have revealed that barring a few, the apex societies in general have been procuring only a fraction of the cloth produced by the primary societies. The highest percentage of procurement from primaries by any apex society is noticed to be not more than 25% of the production of the primaries. During the Fourth Plan period, as mentioned earlier, the co-operative sector will have to reach a sales target of Rs. 100 crores worth of handloom cloth. Out of this, the share of the apex societies should account for about Rs. 25 crores. In 1961-62 their sales turnover had amounted to Rs. 8.9 crores. On this basis the apex societies in general have nearly to treble their sales by 1970-71. The apex societies should be assisted financially to reach this sales target. In addition, the apex societies would also have to supply yarn and other raw materials to the primaries to a larger extent than hitherto. We consider that the apex societies should distribute yarn and other raw materials to the primaries to the extent of Rs. 25 crores by 1970-71. The total working capital required for both these activities would be Rs. 16 crores. Normally, institutional financing agencies give accommodation to the extent of not more than 5 times the owned capital of the societies. Accordingly the owned resources of the societies should come up to at least Rs. 5 crores to enable them to get sufficient working capital for these activities. In 1961-62 the reserve and other funds of the societies had amounted to Rs. 87.91 lakhs. At the rate of increase which was evident in the past it is estimated that these funds would amount to Rs. 1.39 crores by the close of the Fourth Plan. Their paid-up capital has amounted to Rs. 1.04 crores in 1961-62. To reach the level of Rs. 5 crores of owned resources, the apex societies have to find an additional sum of about Rs. 2.5 crores by way of paid-up share capital.

5.32. One of the sources which could be tapped for this purpose is the various primary societies. It is found that out of a total of 12,342 societies, only 6,583 societies were affiliated to the apex societies. As a first step towards increasing the paid up share capital of the apex societies it is necessary that those societies which are not affiliated to the apex society should be compulsorily affiliated to them. As a second step, each primary society should be required to contribute to the

share capital of the apex society at the rate of Rs. 10 per loom. As we have earlier recommended that the various central and primary societies should be enabled to double their paid-up share capital, it should be easy for them to contribute this amount. We estimate that a sum of Rs. 1 crore could be expected from this source. With their accretion to the share capital from this source, the apex societies could have recourse to additional share capital under the scheme for State participation. If necessary, the limit for State participation may be suitably relaxed in individual cases.

5.33. It seems to us that an important reason why as many as 5,700 societies have not so far got themselves affiliated to apex societies is that the apex societies have not been of any considerable help to them both in the matter of supply of raw materials and in the matter of procurement of cloth. This has a two-fold effect. One is that apex societies have not been able to grow. By reason of the fact that the apex societies have also not been strong, primary societies have also not been able to function efficiently. It is vital for the progress of the co-operative movement that there should be greater integration between the apex and the primaries. We, therefore, suggest that the apex societies should as a rule procure a minimum percentage of production from each and every affiliated primary society.

5.34. There are several pockets where the co-operative movement has not made progress. In those pockets the earnings of the weavers from the co-operatives are poor. As a measure of energising the societies in those areas it has been suggested that State Governments should participate in the share capital of the societies or alternatively a grant based on the sales turnover should be given to the societies towards reserve fund. We have examined these suggestions and recommend the adoption of the latter.

5.35. So far, we have discussed the question of organising handlooms into co-operatives, their present condition and the targets for the Fourth Plan. We have elsewhere suggested conversion of 60,000 handlooms to powerlooms in the co-operative sector. This will introduce new problems in regard to co-operative organisation and working.

5.36. The Working Group discussed with the State representatives the question whether such converted powerlooms will work in the same co-operative society or will be organised into separate co-operatives. The consensus of opinion was that they should work in the same co-operative societies. Organising separate societies of powerlooms will involve considerable difficulty not only in regard to capital but also with regard to leadership. If the same co-operative societies of handloom weavers have to be given powerlooms, obviously the share capital cannot be identical in the case of these two instruments. The financial requirements of a powerloom are several times more than those of a handloom. The capital cost of setting up a powerloom is expected to be about Rs. 6,000 and the working capital requirement about Rs. 2,500. The handloom weaver taking up a powerloom will have probably to take a number of shares in the co-operative society.

5.37. We are discussing the question of credit facilities required for the purchase and working of such powerlooms in the chapter on the introduction of powerlooms.

(c) Silk and Woollen Handlooms

5.38. The number of woollen and silk handlooms in the country has been estimated at 2 lakhs and 1.02 lakhs respectively. Out of this, 39,608 woollen looms and 20,774 silk looms have been brought into the co-operative fold so far. We suggest a target of 5,000 woollen weavers and 10,000 silk weavers for being brought into the co-operative fold in the Fourth Plan Period.

5.39. We are recommending in the chapter on credit facilities that the limit of working capital per woollen loom may be raised from Rs. 300 to Rs. 1000 and that of a silk loom from Rs. 500 to Rs. 1,500. In the case of woollen handloom societies the maximum share value is now Rs. 50. In order to enable the woollen looms to borrow working capital at the enhanced limit suggested by us from the institutional financing agencies, it is necessary to raise the maximum share value to Rs. 150. In the case of silk societies the maximum share value is at present Rs. 200. For enabling these societies to borrow funds from institutional financing agencies at the rate of Rs. 1,500 per loom it is necessary to raise the maximum share value to Rs. 250. The existing societies as well as the societies to be formed will have to raise their paid-up share capital to the required extent. In the Fourth Plan period we estimate that a provision of Rs. 35 lakhs for the share capital of woollen societies and Rs. 35 lakhs for the share capital of silk societies may be required.

5.40. It has been represented to us that the weavers are finding it difficult to contribute 25% of the share capital from their own resources, as required under the present pattern. Their difficulty will be greater when the share values are enhanced as suggested above. We, therefore, recommend that the pattern of assistance for share capital may be liberalised to 90% loan in the case of wool and silk societies.

CHAPTER VI

CREDIT FACILITIES

6.1. One of the chief requirements of the handloom industry is working capital for production and marketing of handloom cloth. In the absence of any recognised agency the working capital needed by each loom used to be provided by the weaver himself from his own meagre resources. Later the class of master weavers came into being who provided employment for the weavers and arranged the marketing of finished goods produced by them. The weavers became mere wage earners. This state of affairs continued for a long time. Later, when the weavers were persuaded to organise themselves into co-operative societies, the Co-operative Banks were not very sympathetic to the demands of these societies. Only a few banks here and there lent some funds to the weavers' societies.

6.2 Thus in 1953, when the programme of organising and assisting the handloom industry on a co-operative basis was launched by the Government of India, it was found that assistance for working capital to weavers co-operative societies from co-operative banks was purely nominal. The All India Handloom Board, therefore, recommended the sanction of working capital for primary and apex weavers' societies from out of the Cess Fund. While the Government of India accepted the recommendation they expressed the view that as working capital was business finance it should appropriately be obtained from institutional agencies and not from Government. The handloom industry came to be progressively organised on co-operative lines and as working capital requirements of weavers' societies steadily increased, Government had seriously to consider the question of placing the arrangement for the provision of working capital on an institutional basis.

6.3. Since April, 1952, the Reserve Bank of India had been agreeable to provide financial accommodation to the handloom industry through the State Co-operative Banks under Section 17(2)(a) of the Reserve Bank of India Act. The accommodation under this Section is available at the bank rate of interest for a period of 90 days and can be utilised for the purchase and sale of yarn only. In 1953, a new sub-section (bb) was added to Section 17(2) of the Reserve Bank of India Act. This sub-section enabled the Reserve Bank of India to finance such cottage and small scale industries, as were approved by the Central Board, in respect of production and marketing activities provided (i) the period of accommodation did not exceed twelve months (ii) the funds were obtained on the strength of two good signatures, one of which being that of a State Co-operative Bank or a State Financial Corporation and (iii) the payment of the principal and interest was fully guaranteed by the State Government. The first, and so far, the only industry to obtain its credit requirements under this sub-section is the cotton handloom industry.

6.4. The matter was initially examined departmentally by the Government of India and later in July 1955 at a conference of Development Secretaries of State Governments. This Conference set up an Expert Committee to examine the question of credit facilities to the Handloom Industry.

6.5. The recommendations of this Committee and the tentative decision taken by the Government of India were subsequently considered at a conference of representatives of State Governments and apex and central banks. Thereafter, in September, 1956, the Government of India took the following decisions:—

- (i) With effect from the 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 Central Co-operative Banks. The loan will be made available by the Reserve Bank at $1\frac{1}{2}\%$ below the Bank Rate. The bank rate at that time was $3\frac{1}{2}\%$. The Co-operative Banks would charge 3% , the ultimate rate thus being 5% . It has, however, been decided that the loan should be given to the Weavers' Co-operatives only at 3% , the difference of 2% being given as subsidy by the Central Government. All State Governments should arrange to disburse working capital through the medium of co-operative banks. Where the State Governments are unable to set up Apex Co-operative Banks and complete other necessary arrangements for switching on to the Reserve Bank credit, loan at the rate of 3% interest may continue to be given from the Cess Fund after the 1st April, 1957. This arrangement will remain in force up to the 30th September, 1957. In all other cases, loans from Cess Fund will cease with effect from the 1st April, 1957.
- (ii) In respect of individual losses arising out of non-recovery of loans, the proposal is that the Government of India would bear 50% themselves, and the State Governments should bear 40% and the Co-operative Banks 10% of such losses. There will be an upper ceiling of 5% of the total funds disbursed to the handloom industry by the Co-operative Banks, so far as the Central Government's share in the loss is concerned. This arrangement would remain in force up to 1958-59 when the position would be reviewed.
- (iii) The success of the scheme would depend very largely on an adequate supervision and audit of the co-operative societies. It is proposed, therefore, that requisite staff would be appointed for this purpose in consultation with the Reserve Bank. The Government of India agreed to bear a substantial part of the expenditure on this additional staff.

6.6 Soon after these decisions were announced, the Bank Rate was raised from $3\frac{1}{2}\%$ to 4% and again in 1963 from 4% to $4\frac{1}{2}\%$. The Government of India decided to increase the subsidy from 2% to $2\frac{1}{2}\%$ and from $2\frac{1}{2}\%$ to 3% so that the weavers co-operative societies would continue to receive the loans from the institutional financing agencies at 3% only.

6.7. The Government further decided to extend the concessions regarding subsidy towards interest and guarantee of losses to working capital loans made available by central financing agencies to weavers co-operative societies from their own resources. Thus the above scheme which has since come to be known as the Reserve Bank scheme of handloom finance came into operation from the 1st April, 1957. The Reserve Bank of India has set up an *ad hoc* Advisory Committee on

Handloom finance for reviewing the progress made with the scheme from time to time.

6.8. The Reserve Bank scheme of handloom finance has completed seven years of its working. During this period it has made steady progress. The credit limits sanctioned by the Reserve Bank to the State Co-operative Banks have risen from Rs. 180-190 lakhs in 1957-58 to Rs. 561.043 lakhs in 1963-64. Thus during the period under review the Reserve Bank have been able to more than treble their accommodation to the State Co-operative Banks. The position in regard to drawal of funds by the Co-operative Banks under the Scheme has been heartening. As against six State Co-operative Banks which had availed of financial accommodation to the extent of Rs. 49.28 lakhs in 1957-58, ten State Co-operative Banks have obtained financial accommodation to the extent of Rs. 487.688 lakhs in 1963-64, nearly ten times the amount availed of by them in 1957-58. A detailed statement showing the progress of the scheme is appended at Annexure XIII.

6.9. This statement shows that while the scheme as a whole has made considerable progress only six states have taken advantage of the scheme in large measure. Even among these six states, Madras and Andhra Pradesh in particular have received the bulk of the accommodation. Seven states, *viz.*, Uttar Pradesh, West Bengal, Assam, Punjab, Rajasthan, Bihar and Gujarat have either availed of this facility to a very small extent or not availed of it at all.

6.10. In the case of Uttar Pradesh, this has been due to the insistence of the State Government to utilise the Uttar Pradesh State Industrial Co-operative Bank as the sole financing agency. The Reserve Bank of India on the other hand hold that the Bank should confine its activities to the headquarters and to the districts where it had offices already established; so that in other areas the Central Banks should finance the weavers societies. As a result of recent discussions by the State Authorities with the Reserve Bank, it would appear that arrangements are now being finalised for introducing the scheme from the current year. In the case of West Bengal and Assam, this is due to the Central Co-operative Banks being weak. In the case of Punjab, Rajasthan and Bihar, however, no special reasons seem to exist. In Gujarat it would appear that most of the Central Banks have been financing the weavers societies out of their own funds.

6.11. We have elsewhere indicated that the co-operative societies should achieve a programme of Rs. 100 crores for sale of handloom cloth in the Fourth Plan. In order to fulfil the target, it is essential that all states should vigorously take up the institutional financing scheme. The All India Handloom Board may fix statewise programmes for drawal of funds under the scheme in the seven states mentioned above in consultation with the State Governments and the Reserve Bank of India. This may be done as quickly as possible so that all the spade work may be completed before the close of the current plan. In West Bengal and Assam concentrated efforts have to be made by the State Governments on the strengthening of the Central Co-operative Banks.

6.12. In order that the institutional financing scheme may make headway to the required extent, it is necessary that there should be effective supervision and timely audit of the societies. It was with

this view that the Government of India had emphasised when the scheme of institutional finance was introduced: in 1957 the appointment of supervisory and audit staff on a specified scale. However, several State Governments have not yet appointed the full complement of such staff. They should do so on an urgent basis. The Central Banks should also have special inspectors to safeguard their interests in relation to the advance made by them to societies. The staffing pattern on the departmental side and for banks is to be considered complementary. Owing to the absence of adequate staff at the field level, there have been a number of instances where the preparation of loan applications on behalf of the societies and the submission of the same to the Co-operative Central Banks have been delayed.

6.13 After the report of the first Working Group on industrial co-operatives, the Government of India had recommended the appointment of a Deputy Manager for Central Co-operative Banks which finance industrial co-operatives and the Government of India had agreed to subsidise 50% of the cost of such appointment for a specified period. Even in the Case of Central Co-operative Banks which had a sizeable number of weavers co-operatives societies, this proposal had not been implemented. The Working Group recommends that this proposal should be immediately implemented.

6.14. In several cases there has been further delay at the State level to complete the procedural formalities of guarantee to the Reserve Bank and the execution of the guarantee deed. To avoid such delay at the Governmental level the Reserve Bank had suggested that the State Governments might consider the issue of a continuing guarantee for a period of three or five years. So far only the Government of Maharashtra have accepted the proposal. The Working Group recommends this arrangement for adoption by all State Governments.

6.15. We consider below some of the difficulties experienced by co-operatives in the implementation of the Reserve Bank of India scheme for handloom finance:

- (i) The weavers society should be of the production-cum-marketing type. In other words, the societies should procure and distribute the yarn and other raw materials to the weaver members of the society and take back the finished product and market this on its own responsibility. But in many States, the societies still sell the yarn to members and buy back the production of cloth. We have recommended elsewhere that all such societies should be converted into production-cum-sales type.
- (ii) The central financing agencies were expected to issue the working capital loan as cash credit so that the funds can be kept revolving for the business of the society and a good working society will not be required to make good to the bank the entire amount on any given date. Many of the financing agencies have not given effect to the revolving cash credit system. We recommend that all central financing agencies should follow this pattern.
- (iii) The finance to the weavers societies was to be made available at concessional rate of 3% and the central banks to claim the subsidy in this respect from the State Governments. However, some of the central co-operative banks charge the usual rate of interest and pass on the subsidy they receive from the State

Government to the primaries at a later stage. We recommend that a uniform procedure should be to give the loans at the outset at concessional rate of interest.

- (iv) In very few states, arrangements, have been made to make the forms available to the primary societies in the local language so that they could be filled by the staff of the society itself with very little assistance from the field staff. We would suggest the use of bilingual form to facilitate their correct filling.
- (v) The monthly stock statements should be regularly submitted by the primaries to the central co-operative bank.
- (vi) Another factor which inhibited the central co-operative banks was the delay in the announcement by the Government of India of the continuance of the Scheme. At present, the rate of subsidy available to central co-operative banks on the finance provided by them to the various weavers societies and also the continuance of the scheme of guarantee of the loss is being announced on an annual basis much after the commencement of each year. The Central Co-operative Banks do not feel secure so long as they are kept in doubt about the continuance of the scheme. We, therefore, recommend that the scheme should be announced for the entire plan period up to the close of the Fourth Plan.

6.16. The Reserve Bank of India Act was amended in 1953 to provide institutional finance facilities for cottage and small industries in respect of those which are approved specifically by the Central Board of Directors of the Reserve Bank of India. Under this section, so far, only the cotton handloom weavers' societies have been approved for financial accommodation. There have been persistent demands that the facilities conferred under that particular section of the Reserve Bank of India should be made available equally to silk and wool handloom industry. Both silk and woollen handlooms have assumed importance in several areas and could prosper if the benefit of institutional finance, *viz.*, cash credit accommodation for working capital could be made available. The Reserve Bank in their circular letter dated the 23rd April, 1963 have stated that the concessional finance given by them for agricultural purposes and for specific co-operative non-agricultural purposes, *e.g.*, handlooms is intended to strengthen the position of co-operative banks so that they may find it possible to finance agriculture as well as industry on as large a scale and on as favourable terms as possible. During our discussions with the Reserve Bank of India we were informed that while the recognition of any specific industry by the Reserve Bank might be beneficial only to that particular industry, the broader approach now adopted by the Reserve Bank would be beneficial for the promotion of a much wider variety of industrial co-operatives. The Working Group, however, is unable to appreciate as to why financing of one sector of the handloom industry should be placed on a different footing from that of another. The question is essentially one of extending a uniform procedure for financing of all types of handlooms and not one of extension of the assistance to another industry. Practical experience has also shown that central co-operative banks do not give preference to industrial co-operatives in their programme of financing. Hence, silk and woollen handlooms in the co-operative sector would continue to suffer unless the Reserve Bank agree to bring them also under Section 6-2AHB,64

17(2)(bb) of the Reserve Bank of India Act and provide specific credits for them. The Working Group strongly recommends such a course.

6.17. Under Section 17(2)(bb) of the Reserve Bank of India Act, state co-operative weavers societies are eligible for finance for production and marketing activities. This credit facility is available for a period of 12 months in the form of a revolving credit. Only three State societies namely those at Madras, Vijayawada and Jabalpur availed of this facility during the last two or three years. In the earlier years a few other state societies, *e.g.*, those in Punjab, Bihar and Rajasthan had this facility; however, due to the following difficulties they are not now able to obtain the limit under this section:—

- (i) Financial weakness of the societies. This has been discussed elsewhere.
- (ii) The Reserve Bank of India insist that for the consideration of credit limit application the audit of the State weavers societies should be up-to-date and along with the application the audit report of the previous financial year should be submitted, *i.e.*, for credit limit for 1964-65, the audit report for the year ending June 1963 should be made available to the Reserve Bank.

6.18. There have been considerable delays in completing audit of weavers societies and even the audit of the apex weavers societies was being abnormally delayed in many States. The delay in audit makes it difficult to judge in time the financial position of the institutions. The Working Group recommend that State Governments should take necessary steps to complete audit of these societies within six months of the close of the co-operative year. We understand that in several of these larger institutions, there is a system of concurrent audit done by the departmental officers. There is no reason, therefore, why there should be such delay. However, if necessary, to clear the back-log additional auditors may be appointed. We also recommend that the accounting procedure adopted by the societies should be studied and measures taken for ensuring uniformity and simplification.

6.19. In practice, the Reserve Bank of India have been fixing credit limits to the State weavers societies at two or three times their owned capital for production and marketing of cloth under Section 17(2)(bb) and one or two times for the trading in yarn under Section 17(2)(a). Several of the State weavers societies indicated to the Working Group that the quantum of limits fixed by the Reserve Bank was inadequate to carry on the work that have been entrusted to them. They have been only able to market about 20 to 25 per cent of production of the primary societies. If they are provided with larger quantum of funds in respect of each of the categories, they would be able to render better service to the primary weavers societies. The view of the Reserve Bank would appear to be that quantum of finance provided to any society should depend on the requirements of that society for its transactions. It should not be related only to the purchases but also to the sales potential. The Working Group, while appreciating the steps taken by the Reserve Bank in judging the requirements of state weavers' societies, would emphasise that the Reserve Bank should adopt a more liberal attitude in this regard.

6.20. As explained elsewhere, state handloom weavers' societies in a few States are not financially strong on account of defects in the

organisation which resulted in large accumulated loss. The Reserve Bank, after study of these institutions have suggested in the case of Madhya Pradesh and Rajasthan apex weavers societies sizeable outright grant would have to be given to put right the financial position of these institutions. Other State Governments may examine the position of their apex weavers societies in their State and take necessary steps to strengthen the financial resources of the societies if need be by providing an outright grant. Adequate funds may be provided for the purpose in the Fourth Plan.

6.21. The Reserve Bank of India make available funds to the apex weavers societies for the production and marketing of cloth under Section 17(2)(bb) of the Reserve Bank of India Act at a concessional rate of interest $1\frac{1}{2}\%$ below the bank rate and that for trading in yarn under Section 17(2)(a) at the Bank Rate. The state co-operative banks usually charge a margin of $\frac{1}{8}$ to 1 per cent varying from state to state. It has been represented to the Working Group that the distinction made by the Reserve Bank in the rate of interest charged for funds made to the apex societies under sub-sections (2)(bb) and 2(a) of Section 17 was not in the interest of the development of the handloom industry and was largely the result of the differences in approach in regard to the interpretation of the various sub-sections of the Reserve Bank of India Act. This question engaged the attention of the Somappa Committee appointed by the All India Handloom Board in 1956 and was being taken up through the All India Handloom Board with the Reserve Bank from time to time. The arguments in favour of treating the credit terms under both the sub-sections on the same basis are as follows:—

- (i) The apex societies are acting only as agents of primaries in regard to the procurement of yarn. It is, therefore, not correct to say that the apex societies traded in yarn.
- (ii) The apex societies obtain yarn for supply to their members, *viz.*, the primaries, which in turn, supply it to their members, *viz.*, the weavers for production. Thus, the the entire transaction in yarn can be treated as composite production activity and, therefore, advances to apex societies for yarn are in effect advances for production activity.
- (iii) It should be noted that the apex societies market a sizeable part of the production of the primaries.

6.22. During our visits to several state weavers societies this point was repeatedly brought to our notice so that it could be taken up with the Reserve Bank authorities suitably. During the discussions the members of the Working Group had with the authorities of the Reserve Bank, this point was discussed, but they took the view that while the advances under Section 17(2)(bb) were for the purpose of increasing production, advances under Section 17(2)(a) were for purely commercial transactions and did not justify the same treatment. When the apex weavers societies passed on the yarn to the primary weavers societies, the former did not take up the responsibility for taking over the entire production. The responsibility for marketing the cloth still rested wholly with the primary society and the assistance that the apex society would render was limited to its own capacity to find an

outside market. The Working Group have again considered this aspect and we feel that there is no justification for adopting two different standards in regard to facilities made available to the handloom sector. The concession was extended by the Reserve Bank on the basis that the handloom industry was in a weak position. By charging a higher rate of interest for yarn transactions the cost of yarn made available to the weaver was being raised and consequently increased the cost of production of the finished goods by primary societies, which would in turn effect marketability of cloth. We, therefore, urge that the Reserve Bank should reconsider their stand and may be requested to agree to extend the concessional rate of interest applicable to advances under Section 17(2)(bb) to the advances made under Section 17(2)(a) of the Act also.

6.23. When the institutional finance scheme was introduced in 1957 the scale of finance per loom was fixed at a ceiling of Rs. 300 per loom. Subsequently with the increase in the cost of raw materials and the improved methods of production adopted by the societies the scale of finance was revised with a ceiling of Rs. 500 per loom. This meant that weaver could expect to obtain finance at a rate not exceeding Rs. 500 per loom but the actual scale of finance is to be decided by the weavers' society in consultation with the departmental staff and the central co-operative bank was to agree to this. This decision would take into account the type of cloth produced, the count of yarn used, the warp length, etc. After the last increase in ceiling limit there has been a further increase in the cost of raw materials and wages on account of improvements in the techniques of production. Longer warp lengths are now being used in the manufacture of several varieties of cloth, better designs which are more costly to introduce are adopted and the border materials used in several cases have also become more costly. It has, therefore, been represented to the Working Group that the scale of finance should be raised to not less than Rs. 750. This point was also discussed with the Reserve Bank. The Working Group feels that the scale of finance requires to be revised and fixed at a minimum of Rs. 750 per cotton or art silk loom, Rs. 1,000 per woollen loom and Rs. 1,500 for silk loom.

6.24. During our discussions with the Reserve Bank authorities it was indicated they would be interested if pilot schemes in selected areas could be organised to work out the institutional financing of silk and woollen handlooms. Ordinarily silk and woollen handlooms are in concentrated areas in parts of States. We recommend that on the lines of the pilot schemes for cotton handlooms functioning in the eight States, schemes might be drawn up for silk and woollen handlooms also. We propose that such schemes may be in Madras, Mysore, Andhra Pradesh and Uttar Pradesh in respect of silk and in Mysore, Andhra, Punjab and Rajasthan in respect of wool.

6.25. We have suggested elsewhere the introduction of 60,000 powerlooms in the co-operative sector in the Fourth Plan. The working capital of these powerlooms is estimated at Rs. 15 crores at the rate of Rs. 2,500 per loom. We recommend that the Government of India may, in consultation with the Reserve Bank of India, extend the scheme of institutional financing to powerlooms in the co-operative sector.

CHAPTER VII

HANDLOOMS OUTSIDE CO-OPERATIVES

7.1. Assistance under the Plan schemes for the handloom industry has almost entirely been confined to the co-operative sector. Weavers outside the co-operative fold get only marginal and indirect benefits from such measures as publicity and propaganda and regulated distribution of yarn and other raw materials. One has, however, to recognise the fact that even now about 50% of handlooms in the country are operated by weavers outside the co-operative fold. It has been represented to the Working Group that in the interest of planned growth of the handloom industry as a whole the weavers outside the co-operative sector should also receive appropriate assistance.

7.2. It is a fact that a substantial portion of the export trade in handlooms is in the hands of persons outside the co-operative sector. A substantial number of the silk and woollen handlooms as well as looms using man-made fibres are outside the co-operative fold. Any scheme for promotion of handloom exports and development of the handloom industry in wool and silk has to take into account this fact.

7.3. The important ideological objection to assistance to weavers outside the co-operative sector is that such assistance would only benefit master weavers and other middlemen and would not reach the actual weavers. If this view were to be pressed to its logical conclusion, no State aid can be given to any industry which is not organised on co-operative lines by the workers themselves. This, however, is of course not the case either in agriculture or in any of the other small scale industries. Development of small scale industries and even handicrafts is being encouraged through judicious assistance to the small entrepreneurs in the field. There appears to be no reason why a similar attitude should not be adopted in the case of the handloom industry also. Much of the ideological difficulties would be eliminated if one understands the different objectives in helping the two sectors of the handloom industry. Assistance to the weavers co-operative societies is intended to subserve the objective of providing employment and reasonable standards of living to the weavers. Such assistance is largely in the shape of subsidies. Assistance to manufacturers of handloom fabrics outside the co-operative sector would be for the purpose of increasing production of cloth and boosting our exports. Such assistance should be, almost wholly, in the shape of credits and facilities for the supply of raw materials, production, marketing and exports. It would not be necessary to provide for any element of grant or subsidy in this case. Representatives of the industry and State Governments were generally of the view that weavers outside the co-operative fold should be assisted.

7.4. The working group recommends that it should be the responsibility of the All India Handloom Board to provide appropriate assistance to the handloom industry outside the co-operative sector also. A few suggestions as to how this could be done are given below:—

- (i) *Organisation*.—Manufacturers of handloom fabrics have been organising themselves into associations for the purpose of securing quotas of yarn and other raw materials. This is a welcome

trend which should be encouraged. It is also possible to organise co-operative marketing societies for manufacturers and exporters of handloom fabrics. The All India Handloom Fabrics Marketing Co-operative Society has already enrolled manufacturers outside the co-operative sector as its 'C' class members and procures and markets handloom cloth from them.

- (ii) *Supply of Raw Materials.*—It has already been accepted that no distinction should be made between weavers inside the co-operative sector or outside in the matter of equitable distribution of yarn and other raw materials. This is a salutary principle which should be adhered to. The All India Handloom Board may play a more active role in promoting associations of manufacturers, in assessing their need of raw materials and in arranging for their supplies.
- (iii) *Production Finance.*—Financial assistance for production and marketing is perhaps the most felt need of the handloom manufacturers and exporters. For many reasons there has not been an adequate supply of credit from the normal banking channels for handloom production. There has been a long and persistent demand from the manufacturers of handloom fabrics that special arrangements should be made to provide them with adequate financial assistance. The first Working Group for the handloom industry took this demand into account and recommended that the State Finance Corporations should be persuaded to finance the handloom industry outside the co-operative fold with the help of the Reserve Bank of India. It also recommended that where this was not possible establishment of separate finance corporations might be considered. The Government of India had expressed the hope that State Governments would carefully consider the Working Group's recommendation for rendering assistance to weavers outside the co-operative fold through the State Finance Corporations. The Government of Madras have, subsequently, prepared a scheme for the formation of a Handloom Finance Corporation, the object of which is to promote the development of handloom industry outside the co-operative sector. The Corporation will provide financial assistance to the handloom and allied ancillary industries, including the decentralised powerlooms. Financial assistance will be given to individual persons and firms engaged in the handloom industry for the establishment or expansion of industrial or trading units, procurement of raw materials, manufacture or processing of handloom cloth and marketing. Financial assistance will be in the form of short term or medium loans and advances. It is proposed to float the Corporation as a public limited company with State Government participation. We understand that the Government of India have accorded their concurrence to the project in principle subject to certain conditions. The Working Group recommends that steps should be taken to include handloom as one among the industries to be financed by State Finance Corporations. They would like the Madras scheme of a separate Handloom Finance Corporation to be given a trial.
- (iv) *Supply of Improved Appliances.*—Supply of better appliances for the improvement of the quality of handloom fabrics and for increase in productivity should be made a universal service. The

Government of Madras has set up a factory for the manufacture of parts of handloom at Salem. This is a laudable venture and similar factories may be considered in areas where there is a concentration of handlooms. The Government of Uttar Pradesh desired to put up such a factory. Such factories may be set up by the State Governments or in the private sector with assistance under the normal provisions of the State Aid to Industries Act.

- (v) *Publicity and Propaganda.*—The All India Handloom Board has already taken several measures to conduct intensive publicity and propaganda not only within the country but also abroad. The handloom manufacturers and exporters outside the co-operative sector may be associated with this campaign.
- (vi) *Research and Training.*—It is encouraging to note that the facilities at the Institutes of Handloom Technology and the Weavers Service Centres are already open to all weavers whether they are in the co-operative sector or outside. This is again a step in the right direction.
- (vii) *Exports.*—It is in the field of export promotion that there is a compelling need to provide substantial assistance to manufacturers and exporters of handloom fabrics. Supply of good quality yarn at reasonable prices to the exporters has been provided for on a priority basis. The Handicrafts and Handlooms Export Corporation has enrolled exporters as Business Associates for export purposes. Actual User's licences for the import of raw materials and incentives for exports have also been extended to the exporters of handloom fabrics. These measures may be continued in the Fourth Plan.

CHAPTER VIII

MARKETING

8.1. Marketing is the principal problem of the handloom industry. It has to face stiff competition from the well organised, mechanised mill sector. In view of this, the first measure of over-riding importance taken by Government which has assisted the handloom industry in a far reaching manner has been the pegging of the weaving capacity of the organised industry. This measure was originally suggested by the Textile Enquiry Committee and has been adopted consistently throughout the First, Second and Third Five Year Plans. The mill capacity has been frozen around 5,000 million yards and extra requirements of cloth of the growing population in the country has largely been left to be met by the decentralised sector. The only time a departure from this policy was made was in October, 1963 when a 10% increase in the loomage of the composite mills was sanctioned and spinning mills were each allowed to set up 100 looms. Due to various factors this permission has not been largely utilised.

(i) Reservation of field of production

8.2. The second important measure taken by the Government of India for assisting the handloom industry is the reservation of certain varieties of cloth for handlooms since 1950. The reserved varieties are:—

A. Prohibited for manufacture by producers who have spinning plants, i.e., Composite Mills.

(i) *Saree.*—(a) No Producer who has a spinning plant shall produce a saree with a border $\frac{3}{4}$ " or less in width and containing coloured yarn in border.

(b) No producer who has a spinning plant shall use gold coloured yarn, art silk yarn in a saree border.

(c) No producer who has a spinning plant shall use any coloured yarn in the body of a saree except in a heading thereof.

B. Prohibited for manufacture by producers who have no spinning plants i.e., Powerloom Units (with 5 or more powerlooms)

(ii) *Saree.*—(a) No producer who has no spinning plant shall produce a saree with a striped or check pattern in which coloured yarn is used.

(b) No producer who has no spinning plant shall produce any saree in which the count of yarn is below 36s (whether warp or weft and whether single or folded).

(c) Prohibited for manufacture by all producers, that is to say, both by producers who have a spinning plant and those who have not; in other words, Composite Mills and Powerloom Units (with 5 or more powerlooms).

(iii) *Dhoties.*—No producer shall produce a dhoti with borders which contain coloured yarn exceeding $\frac{1}{4}$ " in width or use Zari or Mega or art silk yarn in a dhoti border.

(iv) *Lungis and Gamchas*.—No producer shall produce Lungi, Sarong or Gamcha with a check pattern or any cloth with a check pattern and having width between 42" and 52" from which Lungis, Sarongs or Gamchas may be made. This prohibition does not apply to the production of bed ticking cloth, gadlapat cloth (a) which has no coloured or white patti border, (b) which is made of warp and weft counts not higher than 18s and (c) which has reeds and picks not higher than 48 and 44 respectively.

(v) *Chaddars, Bedsheets, Bedcovers and Counterpanes*.—(a) No producer shall produce any checked or striped chaddar.

(b) No producer shall produce any bed sheet with coloured woven borders lengthwise or breadthwise.

(c) No producer shall produce any bed cover.

(d) No producer shall produce any counterpane other than one having overall dobby or jacquard designs.

(vi) *Low reed pick cloth*.—No producer shall produce any cloth with low reeds and picks, *i.e.*, loose woven.

This prohibition does not apply to dhoties and sarees, sucies, mosquito netting cloth, leno cloth, mesh cloth and dyed and printed cloth.

(vii) *Table cloth and Napkins*.—No producer shall produce any table cloth or napkin other than one of damask bleached quality.

(viii) *Dusters*.—No producer shall produce a duster or duster cloth or wiper cloth or glass cloth.

(ix) *Coarse cloth of plain weave*.—No producer shall produce cloth of plain weave with warp or weft counts of 8s and below.

(x) *Saree*.—(a) No producer shall produce saree with borders exceeding 2½" in width or use real or imitation zari in a saree border.

(b) No producer shall produce any saree with a heading more than 9" in width.

(xi) *Towels*.—(a) No producer shall produce towels or towelling cloth in honey comb weave.

(b) No producer shall produce any Erazhu Thorthu.

(xii) *Mashru Cloth*.—No producer shall produce any mashru cloth, that is to say, cloth in satin weave with silk or rayon warp and cotton weft and having characteristic coloured stripes.

NOTE.—(1) These prohibitions excepting the prohibition regarding Lungis and Gamchas do not apply:—

- (a) to cloth manufactured for export and marked with export markings, and
 - (b) to cloth which is produced on a powerloom in a Government institution and which is sold as Government property.
 - (c) to a producer who has less than 5 powerlooms in his possession or under his control but is not a producer who, whether by himself or in partnership or jointly with others, had 5 or more powerlooms in his possession or under his control on the 31st March 1950.
- (2) Any type of mulls, voiles and dorias having a width between 37" and 54" (inclusive) shall be considered as sarees.
 - (3) The prohibition regarding lungis and gamchas does not apply to the production of bed ticking cloth or gadlabat cloth (i) which has no coloured or white patti border (ii) which is made of warp and weft counts not higher than 18s and (iii) which has a reed and pick not higher than 48 and 44 respectively.

8.3. In addition to the above, certain maximum limits for the production of dhoties by mills have also been prescribed. Extra production beyond the prescribed limits attracts additional excise levies at a graduated scale. Under this order production of dhoties by mills has been restricted to 60% of their average monthly packing of this variety during the 12 months ending March 1952. By and large, the reservation has had the desired effect of helping the handloom development.

8.4. Production of dhoties and sarees by mills during the last five years has been under: —

Year	(Thousand metres)	
	Dhoties	Sarees
1959	4,23,935	4,32,191
1960	4,03,753	4,88,027
1961	4,04,861	3,98,257
1962	3,52,473	3,83,772
1963	3,31,416	3,18,276

8.5. It will be observed that the production of sarees and dhoties by mills has steadily declined. It is obvious that this shortfall in mill production is presently being met by the handloom industry.

8.6. It has been represented to us that the production of dhoties and sarees should be reserved exclusively for the handloom industry.

8.7. We do not think it would be desirable to reserve dhoties entirely for the handloom industry. We however recommend that dhoties of counts 60s and below should be reserved exclusively for the handloom industry. The effect of this may be reviewed after a period of two years and additional reservations granted to the handloom industry, if necessary.

8.8. There is at present reservation in regard to specific varieties of sarees. Mills are now debarred from piece-dyeing sarees. In actual practice, this reservation has not been of much benefit to the handloom industry since a number of mills are producing saree materials like voiles and mulls in running length which is subsequently piece-dyed and cut into saree lengths for sale as sarees with or without headings or printed designs. The Working Group feels that this obvious lacuna should be removed. Without any further expansion in the field of reservation the Working Group holds that the production of coloured sarees, whether piece-dyed or yarn-dyed, should be exclusively reserved for the handloom industry. This is not likely to result in any hardship either to mills or to consumers.

8.9. Under the existing reservations, composite mills are allowed to produce sarees made of counts 36s and below whereas powerloom units are debarred from making such sarees. We see no justification for the existence of this disparity and accordingly recommend that the concession given to composite mills in this behalf may be withdrawn.

8.10. In this context it is also relevant to point out that the existing concession to produce the reserved varieties on the powerlooms should be withdrawn. In other words, these reservations should be exclusively for the handloom industry. Unless this is done, the protection to the handloom industry will not be fully effective or real.

(ii) Selling Units

8.11. Merely helping the weavers to produce more and better fabrics will not bring any desired result if such production cannot be channelised to the consumer. The measures mentioned above are only negative in character. These are to be supplemented by positive measures of marketing. During the First, Second and Third Plans grants have been given for opening two types of sales depots in the State markets and one type of sales depot in inter-State markets. Grants have also been given for the opening of central depots.

8.12. For the opening of the three types of sales depots mentioned above, grants are sanctioned for meeting the expenditure on non-recurring items such as furniture and equipment as well as recurring items like rental and staff. The total grants for the first year are estimated at Rs. 4,000, 6,000 and 15,000 respectively for the three types of depots. For the 2nd, 3rd and 4th years tapering scale of grants not exceeding 75%, 50% and 25% respectively of the recurring expenditure is given. The sanction of grants is subject to the selling units meeting certain prescribed norms of sales. If the sales fall below the norms the subsidy is reduced proportionately.

8.13. The minimum sales of handloom cloth in the sales depots have been fixed at Rs. 15,000 for the first year, Rs. 20,000 for the 2nd year and Rs. 30,000 for the 3rd year and Rs. 35,000 for the 4th year. Depots opened in big cities should effect a minimum sale of Rs. 36,000 in the first year, Rs. 45,000 in the second year, Rs. 55,000 and Rs. 65,000 in the third and fourth years. Likewise norms have been fixed for inter-State sales depots.

8.14. As on the 31st March, 1963 there were 1716 sales depots of various kinds. It has been pointed out to us that the existing pattern of assistance is not adequate and that the principle of tapering such grants has in many cases led to the closing of depots.

8.15. Certain impediments are found in the opening of inter-State depots. With the setting up of the All India Handloom Fabrics Marketing Co-operative Society, it has been laid down that before any State society opens a depot in another State permission of the latter State and the All India Handloom Fabrics Society should be obtained. It has been pointed out to us that permission from other States is not easily forthcoming with the result that the development of inter-State marketing has been greatly handicapped.

8.16. In the light of the foregoing we consider that the pattern of assistance to selling units has to be radically changed to one linked to the total sales turnover. We recommend that a block grant of three per cent of the sales turnover in respect of handloom cloth may be given to the co-operative sector on sales effected over the sales in a basic period which should be 1961-62. For sale of powerloom cloth, a grant of half per cent may be given on turnover. In view of this no separate assistance will be admissible to schemes for selling units.

8.17. In order to develop inter-State markets, the Handloom Board approved the formation of an All India Handloom Fabrics Marketing Co-operative Society. This Society was registered in the State of Maharashtra in March, 1955. The members of this society consist of State Apex Societies, Primary Societies, State Governments and producers of handloom cloth outside the co-operative fold. During the period of 9 years, the Fabrics Society has progressed considerably. The paid-up capital has increased from Rs. 2.73 lakhs in 1955 to Rs. 13.36 lakhs on 31st March, 1963. The Society has at present 30 'A' class shareholders, 1,242 'B' class shareholders and 565 'C' class shareholders. The Society has set up sales emporia known as Handloom Houses in 5 cities namely Bombay, Madras, Calcutta, New Delhi and Bangalore. The sales from these emporia have progressively increased from Rs. 26 thousand in 1955-56 to Rs. 1.32 crores in 1962-63.

8.18. Two specific complaints about the working of the Fabrics Society were brought to the notice of the Working Group. The first was that the Fabrics Society showed preference to purchases from 'C' class shareholders and purchases from the apex and primary societies are relegated to a lower priority. This has also been borne out by the figures of purchases furnished by the Fabrics Society. During 1962-63 their total purchases from 'A' and 'B' class members was Rs. 40.28 lakhs against Rs. 81.58 lakhs from 'C' class shareholders. During the course of evidence before the Working Group, the President of the Society stated that the comparatively poor quality of the fabrics produced by the primary societies was the reason why the Fabrics Society was purchasing more cloth from their 'C' class shareholders. The Working Group is of the view that with the organisation at its disposal it should have been possible for the Fabrics Society to organise production by the primaries of the qualities required.

8.19. The second criticism which was levelled against the Society was that the Society did not give a fair share of their business to all the States. It is necessary for the Fabrics Society to examine this criticism and take remedial action especially in respect of States which have not developed inter-State marketing.

8.20. The Fabrics Society has a target of increasing its internal sales to Rs. 5 crores and exports to Rs. 3 crores during the Fourth Plan period. To achieve this target the Fabrics Society requires a capital of Rs. 1.23 crores. It was suggested to it to obtain necessary funds from institutional financing agencies. It appears that it is unable to do so on account of its inability to get Government guarantee. We consider that development of inter-State marketing is an important requisite for the handloom industry, and therefore, suggest re-examination of the question of removal of impediments in the way of the Fabrics Society getting funds from institutional financing agencies. In view of the All India character of the Society, the possibility of a guarantee by the Central Government may be examined.

8.21. In the chapter on Co-operative Organisation, we have suggested a target of sales of cloth worth Rs. 100 crores in the Fourth Plan for the co-operative sector. The production by powerlooms in the co-operative sector would be over and above this and may amount to Rs. 120 crores. It is necessary that adequate arrangements should be made to market all this production. We suggest that the All India Handloom Board may fix targets for marketing in respect of every

State in consultation with State Governments and prepare a programme for the number of depots to be operated by primaries and apex organisations and also the number of inter-State depots.

8.22. In addition to the sale depots to be organised by primary and apex societies and the Fabrics Society, it may be necessary for the Handloom Board—which we have elsewhere recommended should be made statutory—to take up marketing as one of its important activities towards the fulfilment of the plan targets. The All India Handloom Board may have actively to assist, particularly the weaker States where the development of the handloom industry (although artistically advanced) has been hampered due to lack of any marketing organisation.

8.23. For carrying out such a massive programme of sales, it is essential to create a large number of competent salesmen. The Board may consider setting up training centres or assist State Governments in setting up such centres.

(iii) Rebate

8.24. In the year 1953 when there was heavy accumulation of stocks of handloom cloth, the All India Handloom Board had to devise ways and means to liquidate the accumulated stocks. The scheme of rebate on sales was, therefore, introduced. At present, a rebate of 5 p. in the rupee is allowed on retail sales, and a rebate of 3 p. a year on wholesale sales. A special additional rebate of 5 p. in the rupee is also allowed on retail sales for a period of 15 days in a year, *i.e.*, for 8 days during the annual All India Handloom Week celebrations and for 7 days on festival occasions chosen by State Governments is also allowed.

8.25. Rebate is an important item on which State Governments have been utilising the provision made in the handloom development plans. Nearly half the total plan allocation is spent on rebate. The Working Group discussed with representatives of the handloom industry and State Governments the question whether or not the rebate scheme should be continued in the Fourth Plan. A few State Governments stated that some abuses were noticed in the working of the scheme. The Working Group appointed by the Government of Madras was of the view that grant of rebate all through the year was so routinised as to rob rebate of all psychological attraction. It therefore, suggested that a higher quantum of rebate may be given restricting it to a few weeks in a year to achieve greater sales at less cost so that the money saved could be directed to other schemes of assistance to weavers such as thrift fund. The majority of the State Governments and representatives of the industry were, however, unanimous in their demand for continuance of the rebate scheme in the Fourth Plan. The Reserve Bank of India was also in favour of the proposal as they fear otherwise a fall in sales, accumulation of stocks and general slackening of production.

8.26. We have carefully considered all these aspects and found that at this stage of development of the handloom industry, discontinuance of the rebate would not be advisable and recommend that it should be continued in the present form during the Fourth Plan period. We however, suggest that there should be a uniform rebate of 4 p. in

the rupee on sales of handloom cloth, both wholesale and retail. We also strongly suggest that rebate should be given only in respect of sales of handloom cloth produced by weavers' co-operative societies from yarn supplied by such societies to their members. The implementation of this, together with the introduction of a single rate of rebate is likely to prevent abuse of the rebate scheme and at the same time encourage the development of weavers of the production-cum-sales pattern.

8.27. We also recommend that rebate should be allowed on art silk handloom fabrics and mixed handloom fabrics containing art silk and cotton yarn. Such fabrics are low priced varieties and are consumed by the poor and middle classes. The limitations regarding prices of fabrics for eligibility for rebate should also be removed.

8.28. We recommend that the All India Handloom Board may maintain active liaison with all the State Governments in the implementation of the rebate scheme and give necessary assistance in working the scheme properly to States where the industry is not well organised.

(iv) Godowns

8.29. The period between July and September is a slack season for the handloom industry. The offtake of handloom cloth at this period is negligible because of agricultural operations and monsoon. In order to maintain the loyalty of the weavers to co-operative movement, it is necessary for societies to continue production and maintain employment of weavers even during this period. The cloth produced has to be stocked for a few months. A godown is thus an important requisite for the weavers' societies. We therefore recommend that as against the present pattern of assistance which provides for 75% loan only, 75% loan and 25% grant should be given for the construction of godown.

(v) Market Study

8.30. The tastes of the present day consumer are different from before. The dress habits have changed. The handloom weavers have to some extent to adjust their production to the new demands. We find that market studies have not been undertaken on any significant scale. A survey has been conducted in Coimbatore by the South India Textile Research Association. It is necessary that more such surveys should be undertaken and as a result thereof improvements in the design, colour etc., of the handloom cloth carried out. We suggest that the All India Handloom Board may devote particular attention to this aspect.

(vi) Publicity & Propaganda

8.31. Publicity and Propaganda is carried out by participation in exhibitions, press and printed publicity and handloom week celebrations in order to popularise handloom cloth. Participation in the different exhibitions and holding of the All India Handloom Weeks have helped to focus the attention of the public on the various aspects of the handloom industry and provide publicity for handloom goods. A more intensive publicity and propaganda work is necessary to develop marketing of handloom cloth.

8.32. In addition to the schemes mentioned above, schemes for mobile vans, hawkers, setting up of show cases, kiosks at railway stations, erection of neon signs, etc., have also been implemented. These schemes have to some extent served the purpose.

(vii) **Quality Control**

8.33. The First Working Group had recommended that a suitable scheme of quality control covering specified varieties should be evolved for implementation by State Governments in selected pockets. Subsequently, the Estimates Committee (1961-62) had also observed that the All India Handloom Board should keep a watch over the implementation of Quality Control Schemes on handloom fabrics for consumption in the internal markets. The All India Handloom Board had prepared a draft Scheme of quality control, which is appended in Annexure XIV. The States of Madras, Uttar Pradesh, Madhya Pradesh, Maharashtra, Assam, Punjab and Andhra Pradesh have implemented this scheme.

CHAPTER IX

EXPORTS

9.1. Handloom fabrics have been an important article of India's exports for a long time. Exports were principally being made to countries where Indians had settled, more especially to countries in South East Asia like Burma, Ceylon, Singapore, Siam and Malaya and to African States. After the Second World War, as these countries acquired independence, they started industrialising and the industry with which they commenced and concentrated on was textiles. The local development of the textile industry in these countries in turn led to the imposition of substantial import duties and other import restrictions. The result was a considerable and precipitous decline in our exports of textiles.

9.2. On the other hand, on account of the introduction of the export incentive schemes and the various other measures taken by the Government of India, export of handloom textiles registered substantial increases in regard to non-traditional markets especially to the U.S.A. The long Term Geneva Agreement on the international textiles trades concluded some time ago provides for exemption of handloom fabrics (made in cottage industry) from the application of any restraints which the contracting Parties to the Agreement may after consultations deem fit to impose. This is a provision in favour of exporting countries and offers potentialities for further increasing exports of Indian handloom fabrics.

9.3. Exports of handloom textiles are made up mostly of cotton cloth and to some extent of mulberry and non-mulberry silk fabrics and ready-made garments.

9.4. The following table shows the value of export of handloom textiles during the last three years:—

TABLE IX-A

		(Rs. in lakhs)		
Sr. No.	Item	1961-62	1962-63	1963-64
1.	Cotton fabrics of standard type	500.06	665.27	688.66
2.	Silk fabrics	68.14	72.20	143.46
3.	Synthetic fabrics	183.59	192.92	270.08
4.	Woollen and worsted fabrics	0.44	0.83	6.24
5.	Tulle lace and lace fabrics	1.47	0.71	2.06
6.	Blankets, Travelling rugs etc.	26.28	18.13	19.46
7.	Bed linen, table linen etc.	41.13	26.58	50.19
8.	Curtains, napkins, etc.	0.89	0.51	0.59
9.	Carpets, carpeting materials (other than wool and hair fine).	44.82	43.86	47.35
	TOTAL	866.82	1,021.01	1,228.08

It will be seen that total exports in 1963-64 are about 50% higher than for 1961 and the rate of increase is fairly uniform in respect of each of the items.

9.5. Table IX-B shows the destination-wise exports of cotton fabrics of standard type which is the principal item of exports of handloom cloth.

TABLE IX-B

Destination-wise Exports of Cotton Fabrics of Standard Type

(in 000s)

S. No.	Country	1961-62		1962-63		1963-64	
		Quantity	Value	Quantity	Value	Quantity	Value
1	2	3	4	5	6	7	8
1.	Ceylon	5,151	9,821	2,145	4,781	3,607	7,076
2.	Singapore	2,942	6,049	1,867	4,428	3868,	9,323
3.	Malaya	4,313	9,687	3,334	8,387	4,050	11,036
4.	Aden	3,089	5,672	1,448	3,062	1,433	3,126
5.	U.K.	755	1,488	643	1,587	1,062	2,045
6.	Tanganyika	107	153	52	103	95	227
7.	Kenya	169	329	149	283	146	304
8.	Nigeria	1,909	3,530	2,413	5,787	1,640	3,937
9.	Sudan	1,270	1,351	593	594	759	755
10.	Kuwait	13	40	111	154	29	73
11.	U.S.A.	2,577	6,153	11,862	32,230	8,672	23,023
12.	West Germany	49	114	36	36	29	77
13.	Hongkong	41	94	155	406	347	923
14.	Others	4,183	5,525	3,202	4,689	4,979	6,931
TOTAL		26,568	50,006	28,015	66,527	30,716	68,866

NOTE.—Quantity in metres. Value in Rupees.

9.6. Until the fifties Ceylon accounted for nearly 40% of the total exports of handloom fabrics. At present it accounts for less than 10%. The principal item of export to Ceylon has been Sarongs. The Ceylon Government has restricted the import of this item to cloth of a value not exceeding Rs. 2 per yard. This has virtually shut out the export of sarongs from India. Another important market for our cotton textiles used to be Nigeria, with an offtake of nearly Rs. 3 crores. There has been a considerable shrinkage in our exports to this country. The main article of export to Nigeria is Real Madras Handkerchiefs, of considerable popular appeal in Nigeria. This market has been captured by Japan which is supplying spun rayon fabrics at much cheaper prices. A delegation which went to Nigeria in 1960 made certain proposals for recapturing this market. Indonesia is another market which used to import considerable quantities of handloom cloth. A suggestion was made to us that negotiations at Governmental level should be made to recapture this market. We recommend an intensive study of these and other traditional markets so that suitable steps may be taken to recapture these markets. A higher incentive in respect of exports to Nigeria, in particular, may be considered.

9.7. Against the precipitous fall in export to traditional markets, there has been a welcome development in the shape of increasing exports to U.S.A. The principal item is 'Bleeding Madras', a type of fabric in which the colour bleeds. The export of "Bleeding Madras" was considerably assisted by a delegation of Handloom Export Organisation which visited the Chicago Fair in 1959. This delegation secured substantial orders, but owing to the activities of some American buyers who came down personally to Madras and started buying their requirements at any price and also by the operations of inexperienced exporters from Madras, the market shot up suddenly and then failing to keep its balance, staggered and collapsed, resulting in large scale cancellation of orders by foreign buyers. Consequently accumulation of stocks with weavers, master weavers and co-operative societies followed with considerable attendant suffering. The situation was retrieved by the Government of India sanctioning a relief scheme under which the Handloom Export Organisation purchased Bleeding Madras stocks. This resulted in the revival of confidence in the market. To prevent a recurrence of such a situation, floor and ceiling prices were introduced for exports of "Bleeding Madras" from the 15th July 1961. These ceiling prices were coupled with a system of quotas in order to regulate the exports of such fabrics. The result of these measures has been satisfactory. Export to U.S.A. in the year 1963 totalling Rs. 3 crores was a record. This was followed by a slump in the opening months of the current year following heavy shipments during the last few months of last year but indications are that exports have picked up. It is most important that the Handloom Board keeps a careful watch on Bleeding Madras exports to the U.S.A. It may be necessary to appoint Consultants to advise on future colour and design trends. This would enable weavers to continue weaving during lean periods. If this design knowledge is not available, there may be accumulation of cloth because of changes in design trends. It is also very necessary that a co-ordinated programme for publicity of Bleeding Madras should be undertaken from year to year in the U.S.A. The exporters, importers and Government should co-operate on such a programme.

9.8. 'Etawah stripes' is another variety in which substantial exports have developed during the last few years. On account of internal

competition as between stripes produced by Etawah and Cannanore (Kerala), the Government of India introduced a scheme of floor price with effect from the 14th March 1963 for three standardised qualities of this fabric. The floor price for the lowest quality was fixed at Rs. 1.69 per sq. metre. Representations were received by us from the Uttar Pradesh manufacturers that the introduction of such floor prices was operating against their interests and that the floor prices should be reduced to Rs. 1.25 per sq. metre. Manufacturers from Cannanore had no objection to the reduction of the level of prices as desired by Uttar Pradesh manufacturers. The question of reducing the floor prices fixed for Etawah stripes may be examined.

9.9. For exports to non-traditional markets, *viz.*, to Europe and America, compulsory inspection was introduced with effect from the 1st February 1960. Grant of incentive licence has been linked with such inspections. The Cotton Textiles Fund Committee, an autonomous statutory body, is the inspecting body for the purpose. It has introduced standards for different types of handloom products and has opened branch offices to cover all parts of India. From six lakh yards in 1960, the quantum inspected in 1963 has gone up to 152 lakh yards. In order to expedite exports the Quality Marking Scheme in force in Uttar Pradesh for a number of years has been accepted. Goods bearing the quality mark of Uttar Pradesh are automatically deemed to have been inspected for the purpose of grant of incentive licences. Similar recognition is being extended to the Punjab Quality Marking Scheme. Government should examine the possibility of introducing quality control and floor and ceiling prices to all varieties exported to non-traditional markets.

9.10. The Cotton Textiles Fund Committee has also been entrusted with the inspection of handloom rayon fabrics with effect from 1st March 1964. This will be followed by similar inspection schemes for silk and tussar. A note on the activities of the Cotton Textiles Fund Committee in regard to inspection of handloom textiles for export is attached as Annexure XV.

9.11. The Export Credit and Guarantee Corporation has been rendering useful service in the field of exports. It covers risks on credit transactions in export markets and also issues guarantees to scheduled banks on the basis of which exporters can get financial accommodation. We were informed that handloom exporters were not getting benefits under the scheme. The above Corporation has already set up an office in Madras. We, therefore, consider that there should be no difficulty in handloom exporters receiving full benefits under the scheme. The All India Handloom Board may take adequate steps to achieve this objective.

9.12. The Weavers' Service Centres set up by the All India Handloom Board are doing valuable work in regard to evolution of suitable designs for export fabrics. Exporters are taking full advantage of the designs produced in such centres.

9.13. Participation in international fairs by the Handicrafts and Handloom Export Corporation has assisted in the popularisation of handloom textiles in the non-traditional markets. This programme may be intensified.

9.14. Delegations of exporters may have to be sent constantly to various parts of the world to book orders. Difficulties in getting foreign

exchange for travels, abroad are experienced especially by exporters of handloom silk. Such difficulties are by no means peculiar to this industry. It has to be pointed out, however, that handloom textiles are much more difficult to sell and their sales would depend very much on their designs and consumer appeal. The need for intimate contact is, therefore, much greater in the case of handloom than in the case of organised industry. In view of the fact that the Fourth Plan envisages an export target of as much as Rs. 20 crores per annum, adequate foreign exchange may be made available to handloom exporters wishing to go abroad for purposes of export promotion.

9.15. Export of cotton handloom fabrics was brought under the purview of the Export Incentive Scheme for Cotton Textiles with effect from the quarter January/March 1959. Initially, import licences against exports of cotton handloom fabrics were being granted to exporters of fabrics whether organised in co-operative societies or otherwise and the licences were for import of coal-tar dyes, textile chemicals and/or cotton yarn of the counts and descriptions as were permissible for import under the normal import policy at the rate of—

- (a) Rs. 10 for every hundred yards of such cloth exported, if the export effected is in linear yards;
- or
- (b) Rs. 7.50 on every 25 lbs. of such cloth exported, if the export effected is by weight.

9.16. The grant of import entitlements against exports of handloom fabrics was however revised from the 1st July 1961. According to the revised basis, exporters of handloom fabrics were made eligible to receive import entitlements against exports of their fabrics at the rate of 15% of the f.o.b. value of the fabrics exported for import of coal-tar dyes, textile chemicals, special kinds of paper and/or cotton yarn. Subsequently, the facility for import of cellophane was withdrawn. With effect from the 1st January 1961, exporters of handloom fabrics were also made eligible to receive cotton entitlements calculated at 40% of the actual f.o.b. value of the fabrics exported or the value calculated at Rs. 2 per square metre whichever is less. Against this cotton entitlement no import licence was issued but the exporters were given a cash incentive. Initially, the cash incentive was at the rate of 5% of the f.o.b. value of export, but subsequently raised to 8.4 per cent from the 1st October 1962. Cash incentive against exports of handloom fabrics is paid out of the Export Promotion Fund maintained by the Indian Cotton Mills Federation, out of the premia collected on imported cotton and staple fibre as also from Indian cotton allocated to mills for their consumption.

9.17. The cash incentives currently paid against exports of mill-made cotton textiles are as follows:—

All traditional markets	14 % of f.o.b. value	
Indonesia and East Europe	2.67 %	Do.
Countries in the American Continent	24 %	Do.
West Europe, excluding U.K., Austria,		
France and West Germany	26 %	Do.
Austria, France and West Germany	32 %	Do.

9.18. Compared to the above rates of incentives applicable to mill-made cotton piecegoods, the incentive granted against exports of handloom fabrics at 8.4% of the f.o.b. value is very low. There is no reason why export of handloom fabrics should be treated on a differential basis. The principle that incentives are required for export of textiles to make them competitive in the overseas markets having been accepted, a further differentiation in the matter of the incentive as between mill-made cotton piecegoods and handloom cotton fabrics would appear improper. When it is considered that even export of yarn to the different markets mentioned in the table above get the same incentives as are being given to exports of mill-made cotton piecegoods, and special extra incentives are also given against exports of yarn to certain traditional markets, the lower incentive for handloom fabrics becomes all the more untenable.

9.19. The rate of incentives to mills against exports of their cotton piecegoods varies not only as between traditional and non-traditional markets but also between the different varieties. Certain special assistance by way of extra cash incentives has recently been found necessary to maintain exports of particular varieties of textiles, e.g., exports of khangas to Africa, white shirting for West Africa, export of yarn to Thailand, Burma, etc. The principle that exports, destination-wise as well as variety-wise, need to be assisted having been recognised, the criteria for grant of incentives should be the need to maintain and promote exports of textiles as a whole. There has been a reluctance on the part of the Indian Cotton Mills Federation to entertain claims for larger incentives against exports of cotton handloom fabrics mainly on the ground that the Export Promotion Fund being created from contributions made by mills on the cotton allocated to them for their consumption, should benefit the mills only. This approach is not correct as the yarn produced out of the cotton allocated to the mills is consumed not only by mills but also by handlooms. No distinction as between the two sectors is justified. Furthermore, another reason for the larger cash incentive in the case of exports of mill-made textiles appears to benefit the manufacturers viz., the mills. If so measures could be devised to ensure that the benefits of the incentives do percolate to the handloom weavers.

9.20. Based on the receipts into Export Promotion Fund maintained by the Indian Cotton Mills Federation during the years 1962 and 1963, the amount of receipts into the Fund annually is about Rs. 11.7 crores. Disbursement by way of incentives during the year 1963 against exports of mill-made cotton piecegoods as also handloom fabrics has been as under:—

On exports of mill-made cotton piecegoods	. . . .	Rs. 7.02 crores.
Against exports of cotton handloom fabrics	. . . .	Rs. 47.9 lakhs.

9.21. The incentives paid against export of handloom fabrics constitute about 4.2% of the annual receipt into the Fund as against 60% disbursed as incentives to the Textile mills. The disparity in the distribution of incentives between mill-made cotton piecegoods and handloom fabrics, is considerable. Difficulties in maintaining and increasing exports of handloom fabrics have also been considerable and with many of the traditional markets for handloom fabrics placing restrictions on imports of such fabrics into their territories, greater scope for increasing export of handloom fabrics would have to be found in other markets which hitherto have been non-traditional and for which greater financial assistance would be necessary. Export of cotton handloom fabrics, by value,

is approximately 20% of the exports of mill-made cotton piecegoods. Out of about Rs. 11.7 crores which is currently the annual income of the fund, a *pro rata* share for promoting exports of handloom fabrics would be of the order of Rs. 2.4 crores. We consider that it would be equitable to earmark such a *pro rata* share of the annual income of the Fund for promoting exports of cotton handloom fabrics and place it at the disposal of the All India Handloom Board for financing handloom export promotion. The grant of incentives may be based on the difficulties experienced in the specified markets as also in regard to export of specific varieties and this work may be entrusted to the Board.

9.22. Incentives in regard to export of real silk fabrics were revised with effect from 1st January, 1964. The exporter is entitled to get 75% of the f.o.b. value of the exports which could be utilised for import of raw silk, dyes and chemicals and machinery. The exports of silk fabrics have increased to Rs. 151 lakhs in 1963 from Rs. 86 lakhs in 1962.

9.23. The incentive on tussar has been fixed at 10% of the f.o.b. value. While this appears to have been adequate at the time it was introduced and actually export in 1963 was twice that in 1962, it has been found that the price of tussar cocoons has shown considerable rise from Rs. 60 per kahan to about Rs. 96 per kahan. The price of tussar yarn being a substantial item in the cost of production, the increase in the yarn price would automatically push up the price of fabric. The suggestion of the exporters is to increase the incentive suitably. We recommend that this question may be examined on an immediate basis. Simultaneously, ceiling prices may be fixed for tussar fabrics.

9.24. Export of readymade garments particularly of handloom textiles has registered a sharp rise principally to U.S.A. The total exports of all garments rose from Rs. 14 lakhs in 1961-62 to Rs. 283 lakhs in 1963-64. The Government has adopted a policy of encouraging the establishment of readymade garment factories with the latest machinery. It is reported that half a dozen factories have been licensed with an annual production capacity valued at about Rs. 50 lakhs. This is a sphere in which more capacity could be set up particularly in the co-operative sector. Incentives on export of readymade handloom garments were revised with effect from the 5th October, 1962. The exporter could get dyes and chemicals and embellishments to the extent of 25% of the incentives. In order to see that quality is maintained, it may be advisable to fix floor prices for garments made out of Bleeding Madras taking into account the prices fixed for the basic material.

9.25. The export of handloom textiles has been developed principally by individual exporters. We recommend that the co-operative sector should pay more attention to production of exportable varieties of handloom fabrics and play its due part in the export trade. The establishment of the Handicrafts and Handloom Exports Corporation has given an impetus for export of handloom fabrics to the non-traditional markets, especially to U.S.A. and Western Europe. A note on the activities of this Corporation is attached (Annexure XVI).

9.26. At present, the All India Handloom Fabrics Marketing Co-operative Society is entrusted with the development of traditional markets, and the Handicrafts and Handlooms Exports Corporation, with the development of non-traditional markets. It seems doubtful whether the Fabrics Society as at present organised and with its resources as at present,

is in the best position to develop the export markets, whether traditional or otherwise. Considerable know-how is required, and the distinction sought to be made between traditional and non-traditional markets cannot always be maintained in practice. On the other hand, the H.H.E.C. is a specialised agency which has recently been constituted to concentrate in the export field. The Corporation has also developed by now considerable knowledge and experience of the various overseas markets. The Fabrics Society, on the other hand, seems to have specialised rather more in internal marketing; it has established five Handloom Houses, and proposes to establish a few more. In this context, it seems to us that it might be worth considering whether the H.H.E.C. may not be made the sole agency for developing exports to all markets, while the Fabrics Society might devote all its attention to internal marketing.

9.27. In this connection a strong plea was made for a separate Export Promotion Council for all handloom goods—cotton, silk, artsilk and wool. A separate Council would be of considerable assistance in developing exports. Such a Council would be in a position to keep a constant watch on various markets and advise its members. We accordingly recommend the setting up of a separate Export Promotion Council for handloom textiles with head office in Madras wherefrom the bulk of exports is taking place.

9.28. We have examined the present trend of exports and come to the conclusion that a target of Rs. 20 crores per annum may be fixed for the Fourth Plan period for exports of all types of handloom textiles. The export development programme may include revival of traditional markets and expansion of new markets.

CHAPTER X

TECHNICAL DEVELOPMENT

10.1. For the technical development of the handloom industry, Government have been giving financial assistance to weavers' co-operative societies for introduction of improved looms and appliances and setting up of dye houses, finishing and calendering plants and pattern making factories.

(i) Introduction of improved looms and appliances

10.2 The objectives of introduction of improved looms and appliances are to increase the productive capacity of the handlooms, improve the quality of the cloth produced, bring down the cost of production and reduce the strain on human labour.

10.3. The pattern of assistance for the supply of improved looms and appliances to the weavers is 75% grant and 25% loan for appliances costing Rs. 1,000 or less each, and 75% grant and 25% loan (the total being limited to Rs. 1,000) for appliances costing over Rs. 1,000 each, the excess amount over Rs. 1,000 being given as loan.

10.4. Following is the list of improved looms and appliances for which financial assistance is being sanctioned:—

Frame looms.

Semi-automatic/Pedal looms.

Take up motion attachments.

Slays with cloth roller/warp beam, etc.

Warping machines, warping frames and warping drums.

Jacquards and dobbies.

Steel reeds, iron reeds, bamboo reeds, cholam reeds.

Varnished healds, wire healds.

Roller Temples.

Drop Boxes.

Press Machines.

Carding Machines.

10.5. We find that the tempo of expenditure under this scheme has been comparatively less during the last two years of the current Plan as compared with that in the Second Plan. It has come to our notice that some of the improved looms and appliances supplied to weavers have not been put into use because of a number of factors. Owing to defective purchase and distribution arrangements the right type of equipment has not been supplied in some places. There is also some reluctance on the part of weavers to change over to improved appliances partly because of conservative habits and partly because of lack of skill to use them. The procurement of equipments suitable for particular localities has been rendered difficult due to

lack of specifications. The First Working Group had drawn particular attention to the difficulties in the use of take-up motion attachments, and semi-automatic looms. The position in regard to the use of take up motion attachments has improved in recent years, but semi-automatic/pedal looms are popular only in a few States like West Bengal. It has been stated that they are not popular in other parts of the country because they involve greater manual exertion than a handloom.

(ii) Dye Houses

10.6. The pattern of assistance for the setting up of dye houses is 100% loan for working capital and buildings, 100% grant for equipment, furniture, etc. Recurring expenses are met by grants of 100%, 75%, 50% and 25% in the first to the fourth year respectively. In special cases the percentages for assistance on recurring expenses may be varied from year to year within the four-year period subject to the assistance not exceeding the total sanction envisaged under the pattern.

10.7. Three sizes of dye houses, *viz.*, small dye house having a daily processing capacity of 100 lbs. of yarn, medium sized one of 200 lbs. capacity and large sized ones of 400 lbs. capacity are sanctioned. The number of dye houses in each State is indicated below:—

Andhra Pradesh	61
Assam	1
Bihar	3
Gujarat	11
Kerala	20
M.P.	30
Maharashtra	89
Madras	31
Mysore	59
Orissa	18
Punjab	53
Rajasthan	17
U.P.	66
West Bengal	20
Manipur	1
Tripura	3
Pondicherry	1
Jammu and Kashmir	3
TOTAL	487

10.8. Technical officers of the Weavers' Service Centres of the All India Handloom Board have visited a large number of these dye houses with a view to studying their working and suggesting improvements. They observed that the processing capacity was not fully utilised in many of the dye houses. Since the processing capacity itself was small, the dye houses have not been able to afford employment of qualified and experienced dyers. In the absence of such qualified staff

cost of dyeing, bleaching, etc., increases. In order to minimise the cost of dyeing, bleaching, etc. attempts are usually made to shorten the processes. They also observed that quite a few of the dye houses did not have enough space for carrying out day to day work with the result that equipments were not properly utilised, workers were put to inconvenience and production suffered. They further observed the lack of certain essential items of equipment in the dye houses. We understand that some time back the All India Handloom Board had circulated a report on the working of the dye houses based on an extensive survey by the technical staff of the Weavers' Service Centres. The report deals with the various aspects of the working of the dye houses and contains valuable suggestions for improving the quality of dyeing. The report is appended (Annexure XVII).

(iii) Finishing and Calendering Plants

10.9. The pattern of assistance for the setting up of finishing and calendering plants is 50% grant and 50% loan for building and equipment and 100% grant for recurring expenses for one year. So far 21 finishing and calendering plants have been sanctioned for different States as per details given below:—

State	No. sanctioned	No. working
Andhra Pradesh	1	1
Bihar	2	..
Gujarat	2	2
Kerala	1	1
Madhya Pradesh	1	1
Maharashtra	3	1
Madras	1	1
Mysore	3	..
Orissa	2	1
U.P.	4	2
West Bengal	1	..
	—	—
	21	10

10.10. We were informed that a majority of these units have not been working to full capacity. The reasons for this state of affairs appears to be as follows:—

- (a) Not all the various types of handloom cloth produced in the country require to be bleached and calendered, *e.g.*, it is not necessary to calender sarrees, bed sheets, towels, etc.
- (b) A sizeable portion of the handloom cloth production is made from dyed yarn. Bleaching and dyeing do not arise in respect of the same.
- (c) The handloom industry is widely scattered with the result that problems of transport of cloth from the weaving units to the processing units and *vice versa* arise.
- (d) Under-utilisation of capacity increases the cost of processing.

(iv) Pattern making factories

10.11. Since August, 1962, the scheme for the establishment of pattern making factories is treated as a non-pattern scheme. Prior to that the pattern of assistance was 100% grant for non-recurring expenses and a tapering grant of 100%, 75%, 50% and 25% for recurring expenses for the first to the fourth year respectively. The number of pattern making factories existing in each State is given below:—

State	Number
Andhra	10
Bihar	4
Gujarat	1
Kerala	1
M.P.	4
Maharashtra	3
Madras	5
Mysore	4
Orissa	2
Punjab	1
U.P.	8
West Bengal	1
	—
TOTAL	44

10.12. These factories were intended to evolve new woven designs in different colour combinations and textures by the use of different kinds of yarn against the background of traditional production techniques. It was, however, understood that a majority of the factories did not subscribe the objective but worked as production units. A proposal to link the pattern making factories with the Weavers' Service Centres in order that the former may undertake production of samples on the basis of designs evolved by the latter was mooted, but no headway was made with it. These factories are equipped with looms fitted with dobbies, jacquards and other improved accessories. Some of these have marketing arrangements as well. They are also situated in areas where handlooms are concentrated. In view of these advantages, the pattern making factories could be made to serve as a vital link between the Weavers' Service Centres and the handloom production units. They could also be made use of as training institutions.

10.13. We understand that the All India Handloom Board had held a Technical Seminar in Bombay under the Chairmanship of the then Union Minister for Industry, Shri Nityanand Kanungo in March, 1964. The recommendations made by the Seminar on the problems of technical development are given below:—

- (a) There is an urgent need to attempt at standardisation of the various equipments and ancillaries which are being subsidised by the Central Government and which are not finding proper utilisation. Arrangements for distribution of improved looms and equipments to the weavers should be rationalised.

- (b) There is need to have Technical Panel at State Government level to decide on the type of improved appliances which should be supplied to different areas in each State. This body should consist, amongst others, of representatives of apex and primary societies and the head of the Weavers' Service Centre. For the technical improvement of the industry, improved appliances now being subsidised by Government should also be made available to the weavers outside the co-operatives without subsidy.
- (c) All existing "pattern making factories" set up by State Governments should be made use of as focal centres for dispersal of the services and facilities available at the Weavers' Service Centres to the weavers in the State.
- (d) State Governments should take energetic steps to assess in the pilot centres under the Reserve Bank Scheme of handloom finance the effect of improved accessories and appliances on the production and quality of handloom fabrics.
- (e) Active measures should be taken by all the States concerned to utilise the full capacity for finishing by processing, if necessary, cloth produced by weavers outside the co-operative fold.
- (f) Speedy steps should be taken by the State Governments to commission finishing plants which are at present in the course of installation.
- (g) The question of installation of additional calendering and bleaching units should be considered only after steps are taken to ensure full utilisation of the capacities of the plants which have already been set up and plants which are at present under installation. In the case of Assam State, however, one calendering plant may be permitted to be set up at Gauhati provided the State Government could ensure that the capacity of the plant would be fully utilised.
- (h) For fuller utilisation of the capacity of the calendering plants already set up State Governments concerned may examine the feasibility of attaching yarn dyeing and bleaching units as adjuncts.
- (i) A screen printing unit should be attached to the bleaching and calendering plant for improved marketability of bleached cloth.
- (j) For efficient and economic running, the size of the dye houses to be set up in future should have a minimum capacity of 1,000 lbs. a day.
- (k) Expansion of capacity in the existing dye houses may be allowed on merits.
- (l) All dye houses should be equipped fully and adequately and any advice required in this connection should be rendered by the Weavers' Service Centres.

10.14. We endorse the above recommendations of the seminar and would add that States should take vigorous steps to bring all dye houses and finishing and processing plants into working condition. These

units will have to play an important role in the Fourth Plan particularly when there will be a massive introduction of powerlooms and the switching over of a large number of looms, from production of grey varieties to coloured and designed varieties.

(v) Jacquards and Wool Carding Machines

10.15. We understand that improved jacquards of the Hardaker type costing as much as Rs. 2,000 each are popular in Delhi and U.P. Weavers' Societies are, however, not in a position to go in for this type of jacquard because financial assistance is now limited to Rs. 300 per jacquard. The pattern of assistance for equipment costing over Rs. 1,000 is also weighted in favour of loan. In the circumstances, we recommend that the ceiling cost may be relaxed in respect of jacquards and the pattern of assistance therefor may be 75% grant and 25% loan regardless of the cost. Similarly, we recommend that assistance for Wool Carding machines may be liberalised to 75% grant and 25% loan irrespective of cost.

(vi) Evaset and mercerising plant

10.16. We understand that these plants have been sanctioned to the State of Madras but they have not yet been installed. The Evaset plant would be very useful in expanding our exports of handloom fabrics such as Bleeding Madras and Madras Handkerchiefs. Foreign buyers have been complaining about the abnormal shrinkage of these fabrics. In view of this position we would stress the desirability of bringing this plant into commission speedily.

(vii) Twisting Machines

10.17. We understand that the All India Handloom Board had sometime ago decided that till such time as the availability of yarn for twisting increased substantially so as to utilise the existing twisting capacity fully, no twisting machines should be sanctioned. Representatives of the silk and art silk industry who appeared before us pointed out that the existing capacity for twisting had been fully utilised and that at present there was an acute shortage of twisting capacity. We agree with this view and recommend that twisting machines may be sanctioned, and the pattern of assistance may be 75% grant and 25% loan.

(viii) Pirn Winding Machines

10.18. We understand that the Handloom Board had recommended sanction of a pirn winding machine as an experimental measure and that recommendation is still under consideration of the Government of India. As these machines will be very useful for the handloom industry we would recommend sanction of these machines.

(ix) Mechanised preparatory and processing unit

10.19. We understand that the All India Handloom Board had recommended sanction of two mechanised preparatory and processing units (one each for West Bengal and Madras) as an experimental measure. The Government of India accepted the recommendation with

the modification that for the present only one unit should be sanctioned to West Bengal and the working of this unit should be watched before the plant for Madras was sanctioned. We have been informed that the scheme sanctioned to West Bengal is still in a preliminary stage. Meanwhile, it does not seem necessary to postpone setting up of a similar unit in Madras till the plant is brought into commission in West Bengal. The view has been expressed to us that with the introduction of frame looms the use of sized beams has become popular with the weavers. The advantage of setting up this plant would appear to be that the time spent by a weaver's family on warping and sizing is saved, production is increased and quality of the cloth is better. In order to test these advantages in actual working conditions, we feel that experimental units should be set up in more than one place. We, therefore, recommend that in addition to the plant sanctioned for West Bengal, two plants should be sanctioned during the Fourth Plan period to two States, one of which should be Madras.

10.20. We understand that the Textile Research Laboratories like Ahmedabad Textile Industries Research Association, Bombay Textile Research Association and Southern India Textile Research Association have developed processes to reduce the cost of bleaching, dyeing, etc., and for making fabrics drip-dry. The All India Handloom Board may maintain active contact with these laboratories so that the fruits of their research may be made available to the handloom industry.

CHAPTER XI

INTRODUCTION OF POWERLOOMS

11.1. The Textile Enquiry Committee of 1954 recommended a phased programme of "Conversion of Handlooms into Powerlooms". On the basis of this recommendation, the Government of India decided to allow installation of 35,000 powerlooms in the handloom sector under a scheme of "Conversion of Handlooms into Powerlooms" during the Second Five Year Plan Period in order to improve the economic condition of the handloom weaver.

11.2. The main features of the scheme were that powerlooms should be introduced only in the co-operative fold, the co-operative units should be normally small in size, say 25 powerlooms, and that the powerlooms should be located in the rural areas, *i.e.*, with a population of 30,000 or less.

11.3. In August, 1961, on a review of the progress of the programme, the Government of India decided to discontinue the scheme except in respect of irrevocable commitments made by State Governments. The reasons were as follows:—

- (i) The coming into existence of a large number of powerlooms would have adverse repercussions on the employment position;
- (ii) In some cases, the benefits from the setting up of powerlooms had accrued to the millowners rather than to the owners of the powerlooms whether they are individuals or co-operatives;
- (iii) The amount spent on the installation of powerlooms could be more usefully utilised for the improvement of the general standard of production of handlooms and for promoting their exports.

11.4. The present position of the above programme is as under:—

Total number of powerlooms sanctioned	13,769
Total number of powerlooms covered by irrevocable commitments	11,128
Number of powerlooms received	9,395
Number of powerlooms installed	9,387

11.5. We have pointed out in Chapter III how a large number of unauthorised powerlooms came into existence during the period 1958 to 1962. The basis for regularisation of such unauthorised powerlooms was also changed many times resulting in confusion.

11.6. While on the one hand, Government revised their policy of introduction of powerlooms in the handloom sector on the basis of an anticipated unemployment of weavers, the haphazard growth of thousands of unauthorised powerlooms posed a major problem. The Government, therefore, appointed a Powerloom Enquiry Committee in 1963. It is understood that the report of the Powerloom Enquiry Committee has been submitted to Government.

11.7. Notwithstanding considerable Governmental effort and finance which have been expended on the development of handloom industry, the earnings of handloom workers have not increased significantly and continue to be near about the *per capita* income of the country. During our discussions with the representatives of weavers and State Governments there was a consensus of opinion that in order to improve the earning capacity of the weaver the handlooms should be converted into powerlooms. The production of a powerloom being very much larger than that of a handloom the earnings of a weaver working on a powerloom would consequently be more. This is particularly true in the case of a large number of handloom weavers at present producing grey cloth. It is only in the case of a weaver who is producing coloured and speciality fabrics in which considerable skill is applied that his earnings are reasonable. With the spread of literacy and the extension of electricity in the villages, there is a growing reluctance on the part of the younger generation of weavers to the working of a handloom and an increasing urge to take to powerlooms.

11.8. Shri M. P. Nachimuthu pointed out that the *per capita* consumption of cloth during the last ten years has been round about 16 yards. He, therefore, felt that the *per capita* consumption of cloth may at best be 17.5 yards in the Fourth Plan, in which case the additional requirements could be easily met by the handlooms and the existing powerlooms and mills. If, however, the cloth requirements of the country exceed 17.5 yards *per capita*, he had no objection to additional powerlooms being allotted to the handloom weavers in the co-operative sector to the extent that is absolutely necessary, provided that the production of sarrees and dhoties, are exclusively reserved for handlooms. He added that in the event of additional powerlooms being introduced, no handloom weaver should be thrown out of employment. Further powerlooms should be treated on a par with the mills in the matter of all levies by Government without any exception. The mill production should be pegged at the present level.

11.9. We have examined this matter carefully and find that all these factors favour conversion of handlooms to powerlooms. Even in States where the handloom industry is well organised the State Governments have come to realise that the future of the handloom weaver lies in his converting his handlooms into powerlooms. Most of the representatives who gave evidence before us suggested that the conversion should be restricted only to handloom weavers and that too within the co-operative fold. We agree with this view as it is the only way of ensuring that the benefit of the introduction of powerlooms accrue to the handloom weavers. We, therefore, recommend the introduction of 60,000 powerlooms during the first two years of the Fourth Plan. These powerlooms should be given only to handloom weavers in the co-operative fold. They should be allotted to the States proportionate to the number of handlooms in each State after taking into consideration the number of powerlooms already existing therein. Simultaneously, all possible steps should be taken to see that no unauthorised powerlooms are set up.

11.10. The finance involved in the introduction of 60,000 powerlooms in the co-operative fold will be as follows. It is estimated that one powerloom involves a capital cost of Rs. 6,000 including the expenditure required on preparatory and processing machinery. Each

powerloom would also require a working capital of Rs. 2,500. Introduction of 60,000 powerlooms would, therefore, involve a capital expenditure of Rs. 36 crores and a working capital of Rs. 15 crores. We have noted that the reasons for the tardy progress of the conversion scheme in the Second Plan were the various restrictions imposed on the working of the scheme. It is, therefore, necessary to remove all such restrictions as otherwise it would vitiate the scheme in the Fourth Plan period. Adequate arrangements should, therefore, be made to see that the scheme is put through without any hindrance.

11.11. We, therefore, suggest that a sum of Rs. 36 crores may be provided in the Fourth Plan for meeting the capital cost of equipment. Preliminary programmes may be worked out by the State Governments during the currency of the Third Plan itself in regard to the location where looms are to be given and the preparatory equipment which may have to be installed as well as the marketing arrangements. This would facilitate launching of the scheme from the beginning of the Fourth Plan.

11.12. As regards the working capital requirements of Rs. 15 crores we have already indicated that the powerlooms would be brought into existence in the existing weavers' co-operative societies. It, therefore, follows that the institutional scheme of finance for the handloom industry should be extended to the powerlooms in the co-operative sector. We suggest that details of the scheme may be finalised well in advance of the Fourth Plan.

CHAPTER XII

CO-OPERATIVE SPINNING MILLS

12.1. Even as early as 1942, the Fact Finding Committee on Handloom Industry came to the conclusion that it would be desirable to set up big spinning mills under some sort of official control with the aid of the State Governments for supply of yarn to the handloom industry. After independence the idea took concrete shape with the establishment of co-operative spinning mills.

12.2. The first co-operative spinning mill in the country was set up by the Composite Madras State at Guntakal and it went into production in 1954. The mill was organised entirely with funds contributed by the apex and the primary weavers' co-operative societies and the State Government. The success of this venture led the Textile Enquiry Committee (1954) to emphasise the desirability of organising at least a few co-operative spinning mills on the pattern of the mill at Guntakal.

12.3. The scheme for the organisation of co-operative spinning mills has gathered momentum, particularly during the Third Plan period. A list of co-operative spinning mills licensed up to June, 1964 is given in Annexure XVIII. The All India Handloom Board appointed a sub-committee to formulate the pattern of assistance applicable to co-operative spinning mills. The recommendations of the sub-committee, which have been approved by the All India Handloom Board, were as follows:—

- (i) The minimum spindleage for a mill should be 12,000.
- (ii) Subscription to share capital of the mills should be thrown open to:—
 - (a) Primary weavers' co-operative societies and apex weavers' co-operative societies;
 - (b) any other co-operative societies registered under the Co-operative Societies' Act in force; and
 - (c) 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 (c).
- (iii) There should be 3 classes of shares 'A', 'B' and 'C' the value of 'B' class share being higher than '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 share, other co-operative societies to 'B' class shares and individuals to 'C' class shares.
- (iv) A co-operative spinning mill which has collected a minimum of Rs. 10 lakhs as paid up share capital should be eligible for financial assistance from Government and as soon as the mill has collected this minimum share capital not less than the amount so collected should be contributed by Government as share capital.
- (v) The bye-laws of the Mill should provide for all yarn to be made available to weavers' co-operative societies. Yarn should be sold

in the market only if the co-operative societies are unable to consume it.

(vi) The mills should obtain funds required for machinery and working capital from Finance Corporation, Co-operative Bank and/or Cess Fund.

(vii) 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.

(viii) The bye-laws should provide for the ultimate redemption by weavers' co-operative societies of shares subscribed to by individuals.

12.4. While accepting these recommendations, the Government of India decided that the financial assistance to the State Governments for participation in the share capital of the co-operative spinning mills should be in the form of loans and limited to 51% of the total paid-up share capital of co-operative spinning mill. The loans are repayable in 20 equated annual instalments commencing from the first anniversary of the drawal. No financial assistance would be admissible for working capital or for the purchase of machinery. The ceiling for share capital participation of individuals was raised to 40% on the recommendation of the First Working Group for the handloom industry (1959).

12.5. A seminar on co-operative spinning mills was held in December, 1963 in Delhi. The seminar recommended a target of 5 lakhs spindles to be installed in the co-operative sector by the end of the Third Five Year Plan period. The Seminar also considered in detail the methods of raising necessary resources for the establishment of co-operative spinning mills. The following are the major recommendations of the Seminar:—

(i) Cost of machinery for mills of 12,000 spindles would be Rs. 45 lakhs and that of land and buildings Rs. 15 lakhs. Working capital requirements for running two shifts would be Rs. 10 lakhs and for three shifts Rs. 15 lakhs. There are mills in certain areas which, however, may require a higher working capital of Rs. 15 lakhs for running two shifts because of the necessity of purchasing cotton in bulk. For mills whose number of spindles is higher, the working capital would be also proportionately higher.

(ii) On the analogy of financing sugar co-operatives the Industrial Finance Corporation may be requested to finance up to 65 per cent of the block capital to the co-operative spinning mills on the guarantee of the Central and State Governments on a 50:50 basis.

(iii) The State Bank of India may be requested to give clean loan for working capital up to 30 per cent of the requirements against the guarantee of the State Government or the State Co-operative Bank and the other 70 per cent be treated as hypothecation or key loan.

(iv) The participation of the State in the share capital may not be less than 51 per cent. In addition, the State may advance loans up to 25 per cent of the share capital to individual members of handloom and other co-operative societies and workers of the mills participating in the co-operative spinning mills. Such loans should be at a rate not exceeding Rs. 150 per member. Such share capital loans should

not count as borrowing for purposes of working capital loans to be raised by the co-operative societies. The loans should be repayable in ten annual instalments, the first repayment starting one year after the mills start production.

(v) The membership of the co-operative spinning mills may be open to the following groups subject to such restrictions as may be imposed by the State Government: handloom and powerloom weavers' societies, workers in co-operative mills, individual handloom and powerloom weavers, hosiery units, ginning and processing co-operatives, cotton sale and other marketing societies, cotton growers, co-operative banks and other co-operative institutions and sympathiser members.

(vi) The co-operative banks, weavers' societies and other co-operative institutions may be permitted to invest appropriately in the shares of these co-operative ventures from their own funds.

(vii) Within the overall target of cotton spindles during the Third Five Year Plan, 5 lakh spindles may be licensed by the end of the Third Plan period in the co-operative sector. This capacity in the co-operative sector should be outside the State quota of spindles. Efforts should be made to establish this capacity in the co-operative sector in the next three years. The investment required for this purpose is estimated at Rs. 25 crores in land, building, plant and equipment. Of this an amount of Rs. 16.25 crores should be provided by the Industrial Finance Corporation. The Government of India may also place necessary funds at the disposal of the Industrial Finance Corporation for this purpose. The co-operative spinning mills will have to raise an amount of Rs. 10.5 crores as share capital. Of this between Rs. 5.6 crores and Rs. 8.25 crores will have to be provided by the State Governments. The remaining amount will have to be raised by the members. The amount of short term loan required from the State Bank of India and the Co-operative Banks would be of the order of Rs. 4 to 6 crores.

(viii) It shall be open to the co-operative spinning mills to have recourse to funds from other institutions like the Refinance Corporation for Industry, the State Finance Corporation, the State Bank of India, the Life Insurance Corporation, etc.

(ix) A separate Central or All India Industrial Co-operative Bank for financing co-operative industries in the country may be established.

(x) The Central Government, the Planning Commission and the State Government should take necessary steps to provide the necessary finances in the respective State Plans in the remaining two years of the Third Plan for the establishment of the above capacity of 5 lakh spindles in the co-operative sector. The provisions as finalised after discussion of the Annual State Plans earmarked for the co-operative spinning mills should not be diverted to other heads.

(xi) An All India Federation of Co-operative Spinning Mills should be established at an early date.

12.6. The All India Handloom Board has endorsed these recommendations excepting the one relating to the establishment of an All India Industrial Co-operative Bank which the Board considered was beyond its purview. The recommendations of the Seminar are now under the consideration of the Government of India.

12.7. It is somewhat too early to review the actual working of the co-operative spinning mills. Out of the 12 mills which have so far gone into production, only 4 units, namely, The Andhra Co-operative Spinning Mills, Guntakal, the Saurashtra Co-operative Spinning Mill, Limbdi, the Karnataka Co-operative Textile Mill, Hubli, and the Shivaji Textile Co-operative Spinning Mill, Bhor, have completed three years of working. An analysis of the working results of these 11 units is given in Annexure XIX. It is encouraging that three of the above four units have worked profitably. Only one unit *viz.*, Karnataka Co-operative Textile Mill, has suffered a loss. This is an exceptional case, as the society took over a closed mill whose spinning department was destroyed almost completely in a fire accident.

12.8. We are informed by the Textile Commissioner, on the basis of the progress reports submitted by the co-operative spinning mills, that 17 units with a licensed capacity of 2,20,000 spindles are likely to go into production by the end of the Third Five Year Plan.

12.9. The major hurdles in the way of speedy implementation of the programme of setting up of co-operative spinning mills are the non-availability of block capital requirements, shortage of foreign exchange for the import of blow room and preparatory machinery as well as the extended terms of delivery of indigenous items of textile machinery.

12.10. The problem of finance would be solved to a large extent if the recommendations of the seminar on co-operative spinning mills summarised above are accepted by the Government of India and implemented. As regards the imported items of machinery, we would recommend that the co-operative spinning mills should be placed in a special category which should be entitled to priority in the matter of imports and allotment of foreign exchange. The Working Group has been assured that the Textile Commissioner would be able to use his good offices in the matter of securing speedy deliveries of indigenous machinery for the co-operative spinning mills.

12.11. It is essential for the success of the scheme that the objectives in establishing co-operative spinning mills are kept in view while determining the policy for pricing and marketing of yarn produced by the co-operative spinning mills. We would recommend that prices for the counts of yarn produced by the mills should be fixed on the basis of actual cost of production plus a reasonable percentage of profit subject to ceiling prices. The entire production should be reserved for distribution to the handloom industry inside the co-operative sector.

The distribution should be done through the agency of the apex weavers' co-operative societies which should be granted adequate credit facilities for the purchase of yarn by the Reserve Bank of India.

12.12. Most of the co-operative spinning mills have a licensed capacity of 12,000 spindles. It has been recognised that the minimum size for an economic unit is 25,000 spindles. We, therefore, recommend that the existing co-operative spinning mills should be expanded at the earliest possible time to at least 25,000 spindles each and that the programme of expansion should have priority over the setting up of new spinning mills during the Fourth Plan. This would involve additional licensing of 2.90 lakh spindles in the co-operative sector.

12.13. Licenses have already been issued for 31 co-operative spinning mills with a licensed capacity of 4.97 lakh spindles where no effective steps have so far been taken to instal the capacity. A major portion of this capacity may start production in the later portion of the Fourth Plan. We expect that at the end of the Fourth Plan nearly 1 million spindles may be expected to be in production in the co-operative fold.

CHAPTER XIII

TRAINING AND RESEARCH

(a) Weavers' Service Centres

13.1. The first Weavers' Service Centre of the All India Handloom Board was started in Bombay in 1956. It was intended primarily as a channel through which production units could receive technical advice and assistance in the pre-loom, loom, and post-loom production processes. Although initially, the centres were designated as "Design Centres", it was found in practice that research and service on the design side were impossible without intensive research and service on the technical side, also. These Centres were therefore, subsequently re-designated as Weavers' Service Centres with the main functions of research, service and training. The Centre in Bombay was followed by another in Madras with a sub-unit in Kancheepuram to service the silk weaving industry of that centre. Next followed the Centre in Varanasi with another in Calcutta. A Centre was set up in Delhi in October 1961, and two further Centres were set up in Bangalore and Indore during the year 1962.

13.2. Each unit of the Weavers' Service Centre consists of the following:—

(i) *An Artists Studio* composed of artists drawn from the best talent from the Art Schools of the country. Apart from artists, nakshabandhas or indigenous designers and graph paper designers are recruited. These artists work in close collaboration with the dye laboratory and the weaving shed. The designing is undertaken within the discipline imposed by the yarn, the dyes and the weaving techniques employed. Due emphasis is given to the necessity for designing for different income groups. The Studio designs fabrics for internal and export markets and initiates research into the production of new types of fabrics structures, weaves and prints.

(ii) *A Dye Laboratory* fully equipped and well staffed, capable of undertaking research into the problems of dyeing and finishing of textiles. The laboratory also dyes small yarn samples used on the looms within the weaving shed. Several important problems connected with dyeing and processing of handwoven fabrics have been tackled and solved by the dye laboratory attached to the Centres. Two shade Cards, one for "Cotton" and the other for "Silk" have also been prepared by these laboratories.

(iii) *A Weaving Section* consisting of weavers drawn from the main weaving centres of the country. Care is taken in the selection of weavers to ensure fair representation of traditional skills and techniques. Close liaison is maintained by the designing and technical staff with production of new units which are assisted at all stages of production of new designs and structural effects. The centres keep in close touch with the marketing organisation and assist production units in the disposal of new fabrics produced by them. An important item of work that has been taken up recently is intensive application of new designs and techniques in the pilot project areas selected for implementing the Reserve Bank scheme of institutional financing of the industry at Salem, in Madras, the East Godavari District in Andhra Pradesh and Sholapur in Maharashtra.

Intensive work is being done in close collaboration with the State technical officers to select co-operative units to give them practical assistance in problems of weaving, dyeing and designing.

13.3. The Weavers Service Centres also have a short term training course in the use of improved looms and advanced techniques of weaving, refresher courses in dyeing and finishing and for pattern making. A stipend of Rs. 150 is being paid to each trainee for the duration of training, which is approximately three months.

13.4. These Weavers Service Centres in various parts of the country have broken fresh ground in the field of designing for fabrics, in introducing improved weaving techniques and in quality dyeing and processing of hand woven cloth. A number of designs and textural effects evolved by the Centres have been successfully introduced on a commercial scale and have proved to be of great assistance to the industry both within the co-operative fold and outside. Particular mention may be made in this connection of a number of interesting textural effects with the use of different types of yarn, such as wool/cotton, cotton /jute, cotton/matka, tassar/matka, wool/matka etc. on upholstery, furnishing and draping materials. The samples, produced initially on an experimental basis for the Handicrafts and Handlooms Exports Corporation have been shown to representatives of large importing houses in our non-traditional markets, who have evinced considerable interest in them. Numerous design combinations have also been given to the All India Fabrics Society for production and marketing of handloom cloth both within the country and outside. Technical staff from the centres are deputed to production centres, charged with the function of effective duplication of the new designs by production units on a commercial scale. While the reaction of production units to the weaving of new and novel designs is not usually very helpful, the reception of the market to the new designs when brought out have belied their initial apprehensions about the market ability of the cloth, and have enabled them progressively to look to the Weavers Service Centres for better and newer designs which could readily be marketed and appeal to the changing consumer tastes.

13.5. In another part of this report, we have proposed a target for marketing of handloom cloth internally of a total value of nearly Rs. 100 crores in the co-operative fold. A target for exports has likewise been fixed at Rs. 20 crores. The fulfilment of such an ambitious target would necessarily involve the introduction of a steady flow of new designs, new colour combinations and new textures. With a view to providing effective machinery to ensure a smooth and regular stream of such designs and trained weavers we recommend—

(a) that in every State there should be set up one main unit of the Weavers Service Centre in the IV Plan period. There are at present 7 such units located at Bombay, Madras, Calcutta, Varanasi, Delhi, Indore and Bangalore. Ten additional units may be set up at:

- (1) Vijayawada.
- (2) Trivandrum.
- (3) Jaipur.
- (4) Cuttack.
- (5) Patna.
- (6) Gauhati.

- (7) Imphal.
- (8) Chandigarh.
- (9) Ahmedabad and
- (10) Jammu/Srinagar.

The cost of establishing a unit would roughly work out to Rs. 1½ lakhs for the first year. The total cost of ten units would therefore amount to Rs. 15 lakhs in the first year. For the next four years of the plan period, the expenditure may be reckoned at about Rs. 10 lakhs per annum. The total cost of these 10 units over the plan period would thus work out to Rs. 55 lakhs.

(b) Sub-units of the main centres, similar to the one now in Kancheepuram, should be set up in centres where there is a concentration of handlooms, as for instance, Salem, Sholapur, Nagpur, Mau, etc. We suggest that 20 such units may be attempted during the next plan period. The approximate expenditure on the establishment of these sub-units over the Fourth Plan period would be roughly Rs. 50 lakhs.

13.6. With a view to ensure effective integration of the work of the centres with handloom production, it is of the utmost importance that the centres should be adequately staffed with technical personnel fully conversant with weaving, pattern-making, dyeing, etc. Such persons should, by regular and constant contacts with production units, be able to solve on the spot the many practical problems that have to be met in the process of producing new designs. The staff should also assist the weavers in the use of improved tools and appliances and in improved techniques of weaving.

13.7. Trained personnel from the centres are deputed to production centres with a view to assist weavers in the use of improved appliances sanctioned under the handloom development programmes and in the proper processing of these fabrics to make them more attractive.

13.8. The Working Group visited a number of these centres and were very much impressed with the original work done there. The useful work done by these units should be continued more vigorously and extensively so that in course of time, the industry may be geared up to keep itself abreast of the developments in textile technology. A large number of designs evolved by the various weavers service centres have gone into production for the export market and there has been general acceptance of these designs on the part of the buyers abroad. In the internal markets, there is a very large demand from private manufacturers for the designs from these centres. That the designing work of these units has been impressive may be seen from the fact that the representatives of the States in which no unit of the Centre has so far been set up have been uniformly asking for the setting up of a unit of the Centre in that State for servicing the handloom industry.

13.9. It was reported to us at Kancheepuram that handwoven materials evolved on the basis of the designs produced by the Weavers' Service Centres were produced and marketed by co-operative societies and other production units to the tune of nearly Rs. 22 lakhs during the year 1963-64. The Centre, supplies paper and painted designs to co-operative societies, master weavers and other private artisans. Woven samples are provided where it is difficult to visualise the texture of fabrics

from designs drawn on paper. The Centre has helped in installing improved appliances to existing looms so as to improve the quality of production. About 85% of the production of one of the co-operative societies in Kancheepuram is based on designs produced by the Kancheepuram Weavers' Service Centre. Similarly the work of the unit in Varanasi has toned up the designing in this ancient silk weaving centre and has in fact given a new orientation to the designing of silk fabrics of this place.

13.10. The Weavers Service Centres also undertake short term courses for artisans in designing, pattern-making weaving and dyeing. The task of integrating the work of the Centre with production units could be made more substantial and fruitful by augmenting the field staff of the Service Centres and providing each one of the units with a mobile van in which improved looms and appliances, as also equipment and material necessary to demonstrate successful processes of weaving, dyeing and processing of handwoven materials could be undertaken by qualified staff. The necessity for such demonstration by the staff of the Weavers' Service Centre was pointedly brought to our notice during the course of our visit to the Mysore State.

13.11. Until the beginning of April this year, the services available with the Weavers' Service Centres were free to all co-operative societies. It was represented to us that the charges since being levied from these institutions for various services rendered by them militate against the free utilisation of the facilities available to the handloom industry. In the present state of the co-operative organisation and working of these institutions, we suggest that the assistance may continue to be made available to weavers in the co-operative fold free of charge.

(b) Indian Institutes of Handloom Technology

13.12. With a view to gear up the technological efficiency of the handloom industry and to provide the necessary supervisory and skilled personnel needed for work connected with development schemes for the industry all over the country, the Government of India decided to take over the Government Central Weaving Institute, Varanasi, with effect from September 1956. Government also took over the Textile Institute at Madras and shifted it to Salem, the largest single hand-weaving centre in Madras. The idea was to run these two Institutes as two All India Institutes of Handloom Technology, one designed to cater to the Northern States and the other to the States in the South. The objectives of the two institutions and the nature of training and research work which they should undertake were exhaustively examined by an Expert Committee appointed by the Chairman of the All India Handloom Board in September 1957 under the Chairmanship of Mrs. Pupul Jayakar, Honorary Adviser (Handlooms). This Committee came to the conclusion that the objective of the two Central Institutes should be:

- (i) to undertake experimental and research programmes in all aspects of handloom industry;
- (ii) to lay down the highest possible technical standards of training for the handloom industry and to devise short-term and long-term training programmes for technical personnel to be employed within the handloom industry;

- (iii) to devise channels of service in order to build up the closest possible liaison between the Institutes and Handloom Production Units;
- (iv) to see that the solutions arrived at in the Research Section of the Institutes are made available to the handloom industry;
- (v) to impart practical instruction in improved methods of handloom weaving, dyeing, designing and pattern-making to personnel employed within the handloom industry.

The Committee envisaged two types of training:—

- (a) A long-term course for higher supervisory personnel as well as for textile designers, and
- (b) Short-term training programme for craftsmen already employed in the industry in order to familiarise them with new appliances, techniques, designs, colour harmonies, etc. Such craftsmen would include pattern makers, dyers and expert weavers and would be drawn as far as possible from the pattern-making factories and the dye-houses set up by the various State Governments or weavers' co-operative societies.

13.13. In the case of research, the Committee held that research on specific work relating to the handloom industry should be undertaken by the Institutes. The fruits of such research should be fully demonstrated and made available to the handloom industry. For this purpose the research section of the Institutes should have workshops where prototypes could be manufactured on the basis of the solutions arrived at.

13.14. The long-term course for supervisory personnel comprised full time courses leading to Diploma as under :

	Duration	Qualifications for admission
(i) Diploma in Handloom Technology .	3 years	A pass in High School or equivalent examination with Physics, Chemistry and Mathematics and English as subjects for the examination.
(ii) Diploma in Textile Designing .	2 years	A pass in High School or equivalent examination with a Diploma or Degree in Fine Arts from a recognised institution.

13.15. A short-term training for craftsmen to cover weavers, dyers, pattern-makers already employed in the industry was also recommended, the duration of the course being about three months. The diploma course in Textile Technology was started in Salem from the 1st July 1960 and in Varanasi from the 1st July 1962.

13.16. The Institute at Varanasi caters to the needs of the State in the northern region, viz., Punjab, Bihar, Madhya Pradesh, U.P., Rajasthan, West Bengal, Orissa, Assam, Manipur and Tripura, while the Salem Institute caters to the needs of Madras, Andhra Pradesh, Maharashtra, Mysore, Kerala, Gujarat and Pondicherry.

13.17. The total number of seats for each of the two long term courses is 20, and the seats are distributed between the States on the basis of the loomage in each State. A stipend of Rs. 60/- per month is paid to each selected candidate for the duration of the course and the trainees are drawn as far as possible from the traditional weaving community. Diploma course in Textile Designing has not yet been started as it has not been possible so far to secure an adequate number of teaching staff. So far 58 candidates have successfully taken their Diploma in Handloom Technology from the Salem Institute.

13.18. The Research Sections of the two Institutes have done useful work. A statement showing the results of the work done so far by the Varanasi Institute is given below:—

13.19. The Research Section of the Institute has been doing quite useful work from its inception, particularly in the field of technical improvements and new designs with textural combinations. During the last decade a number of new labour saving devices have been invented. Quite a number of these have already been adopted by the weavers of the various States of the Indian Union. Special mention could be made of some of them like improved dobbies and jacquards of various types, double box sleys, take-up motion attachments and a few more improved devices for preparatory processes like multiple winders, warping drums, etc.

13.20. Descriptions and illustrations of the aforesaid appliances, have already appeared in the form of brochures and in papers from time to time. In the recent past a much wider field has been covered, more particularly in the weaving of fancy and novelty fabrics such as 'J' Durries, Leno Brocades, Jute-Matka-Hangings, which had not been tried on Handlooms in the past. Not only designs of such fabrics have been worked out successfully, but suitable looms, auxiliary devices and the requisite gadgets to produce them have also been successfully evolved.

13.21. Some of the improved appliances devised are as follows:—

(a) *Cloth Beam Attachment on Banarasi Looms.*—This helps to produce long lengths of fabrics on pit looms at a stretch upto 60 or even 80 yards as against the very short lengths commonly produced.

(b) *Take-up Motion Attachments.*—(i) The take-up motion attachments suitable for pit as well as frame looms which were successfully designed at the Institute have found much favour amongst the handloom weavers all over the country and particularly in centres like Mau etc.

(ii) An improved Take-up Motion attachment with a crank shaft having two balance wheels at either ends was also devised at the Research Section to overcome defects of the ordinary Take-up Motion which did not avoid irregular picks.

(c) *Let-off Motion Device.*—This is a simple device suited mainly for pit looms when particularly warp rollers are used at almost the ground level. This consists of a pair of metallic ruffles and two specially devised levers which work on each ruffle and control the tension on the warp. This obviates use of ropes and heavy weights needed for the negative let-off.

(d) *Multiple Bobbin Winder.*—This has 4 spindles for 4 warper bobbins and each spindle is provided with an independent stop motion.

The special feature of the machine is the device relating to the formation of a barrel shaped bobbin which helps to increase yarn content on each bobbin.

(e) *Mosquito Net Jacquard*.—To enable the handloom weaver to produce figured mosquito fabrics on handlooms, experiments were conducted and a loom with special attachment was evolved, which with the help of a jacquard, is able to operate the compound harness successfully.

(f) *'J' Durree Loom*.—A special 400' Cross Border Jacquard with a pick and pick sley has been devised to manufacture a heavy textured red all over pattern durree on a fly shuttle frame loom. The 400' cross border jacquard that has been designed for the purpose has a special type of cylinder-changing device that works on a different principle from what is in vogue. The Jacquard is worked by means of pedals through the help of a chain attachment. In order to increase the holding capacity for bigger pirns special type of shuttles have also been designed and are being worked satisfactorily on these looms.

(g) *Multistrand Chenille Mechanism on Semi-Auto Loom*.—The speciality of the mechanism lies in simultaneously weaving and cutting the chenille cloth into multiple strands which otherwise consumes not only double the time but also causes much strain for cutting individual strands.

(h) *Fabrics*.—(i) *Patent Satin (Upholstery)*.—The leading feature of this type of cloth is that the figure is developed by means of very coarse weft on a ground of fine yarn in solid colour. The fabric is quite compact and heavy in structure.

(ii) *Leno Fabrics Woven with Banarasi Brocade Designs*.—The distinctive characteristic feature of this type of fabric is the open cellular structure formed by the inter-turning of the warp which gives a special appearance to the fabrics which is not destroyed or distorted even with frequent washings.

Hence they are preferred to mock leno structures. The brocade bold designs produced having leno weave as background are very attractive. They can find a good export market if explored by a suitable agency. They are useful as window curtains or dress materials.

(iii) *Leno Golden Chick*.—This is a golden coloured hanging material suited for door curtains or as chick. Thin reeds having natural golden colour are used as weft with leno structured weave. The extra reed portion of the float are cut as in a cut-work. The entire material imparts a special rich effect when displayed in front of a lighted background.

(iv) *Sarees with Different Solid Coloured Borders*.—Such sarees are produced on handlooms by using even three different colours in weft, one for the body and the two other colours for the borders woven with corresponding coloured wefts produce three solid colour effects in the body and borders of the saree.

(i) *Experiments*.—During October, 1962 experiments were undertaken in the use of condensor yarn spun from cotton waste on the belani unit of the amber charkha in the manufacture of 'J' durree. Different textural effects have been found possible with the use of these condensor yarns.

(ii) *Stable Roving*.—With the help of the Belani, experiments have been successfully conducted to manufacture soft roving as well as “Staple soft roving. The latter embeds a fine yarn in the core of roving to give it stability and strength when woven as weft in the fabrics.

(iii) During November-December 1962 experiments in the use of mixed fabrics such as Nylon and Tussar to give a crease resistant fabrics were also undertaken.

(iv) Experiments to produce tie-dye effect during hand spinning by using dyed cotton were undertaken on a hand spinning charkha. The results are novel and very interesting. The only drawback is its un-economical production.

(v) Some designs based on textural effects have been worked out particularly based on enquiries received from exporters.

(vi) Pique fabrics of full width size having jacquard designs with geometrical motifs were successfully manufactured on the fly shuttle looms. A few private parties have evinced interest to undertake the manufacture of this on a commercial scale.

(vii) Experiments have been conducted to assess the possibility and the relative production capacity of using ambar yarn on Banarasi semi-automatic loom as well as on the usual fly shuttle pit or frame loom. The experiment on Banarasi semi-automatic loom was very successful. It has been established beyond doubt that the production on the semi-automatic loom is at least 75% more than on any ordinary handloom. The quality of cloth produced is better or at least as good as any produced on a handloom.

(viii) A novel experiment was conducted for evolving mixed yarn textures in different weaves by using different fibres, particularly using cotton rovings obtained from belani of the amber charkha in weft. These composed of the following combinations:—

For warp	For weft
Cottons 2s	Cotton rovings. Approx $\frac{1}{8}$ s
Jute 3 $\frac{1}{4}$ lbs. quality	Do.
Cotton 2s	Wool
Cotton 2s	Noil 2s

The colour combinations in warp and weft are matched particularly to suit the foreign markets. They are:

Warp	Weft
White	White
Black	White
Tussar Colour	White
White	Grey
Turquoise Blue	Bright Green
Pink	Red

The other constructional details of these varieties are:—Reed—12s, Picks/Met-12, Weave; 4 end irregular Satin and other 4 Shafts weaves.

13.22. Production of table covers with buttas in the body with side and cross borders in different designs using hand spun twisted amber charkha yarn in warp and weft has been successfully evolved. The peculiarity of this curtain cloth is that it is woven with extra warp and weft. This is woven on the fly shuttle pit loom. Extra weft figuring was carried out by jala-pagia system.

13.23. No staff has been sanctioned so far to the Salem Institute for carrying out research work. The looms were installed in the new workshop only in February, 1963. Since then, a beginning has been made in two fields (1) in evolving new designs and (2) in setting up a loom with roller temples along with the take up and let-off motions.

13.24. With the guidance of the staff members the students of the Institute produced 78 samples with dobby and jacquard designs, the number of paper designs produced being much more than this. Many of the designs have been appreciated by the visitors and some of them have been supplied to the societies in response to their requests.

13.25. During the current year over 250 paper designs have been produced by the students with the guidance of the staff members. Quite a large number of samples have been produced with dobby and jacquard designs. In addition to the above the following experiments are in progress relating to improved appliances for looms.

(a) Device to have long lengths of warps on pit looms with the introduction of pulley system:

In the existing pit looms, the length of warp that can be put in is limited. By the introduction of pulley system it would be possible for the weavers to have very long lengths of warp on pit looms which would enable them to increase the production of fabrics on the looms as the time lost in changing each warp could be considerably reduced. Further the wastage is also reduced. One loom has been equipped with this pulley system alongwith take-up motion attachment and roller temples. The loom is working successfully. Such a device will improve quality and also increase the production if commercially adopted.

(b) Attaching an additional treadle to jacquard looms:

Normally jacquards are operated by a single treadle. But it is very difficult to work heavy jacquards with single treadle. In order to make it easy for the operative to work, double treadle system has been introduced on the jacquard loom. A pulley has been fixed in front of the loom suitably and a rope has been looped over it connecting the two treadles. Dead weight has been attached to the outer end of the lifting lever to counter balance the weight of the lingoos and weight of the lifting parts of the jacquard. This system has facilitated the weaver to weave the cloth with ease and also it ensures correct selection of hooks as the cylinder perfectly presses the needle board to the jacquard.

(c) (i) Out of several samples produced special mention may be made about Chenille Carpet, a cotton carpet with cushioning effect entirely produced out of coarse yarns.

(ii) Bed spreads in 70" x 100" with buttas utilising extra warps to give spot designs.

(iii) Blouse materials with small butta designs using extra warp.

(d) A leno loom to give a figured leno fabric is being erected and it will start working shortly for sample production.

13.26. If the post of a Scientific Officer (Weaving) is sanctioned and filled up as recommended by the Reorganisation Committee and the Governing Body, it would be possible to take up the research work more intensively taking into account the problems of the industry. Practical assistance has also been rendered by this Institute to the handloom industry in the South in the following directions:—

(a) The warping machine lying idle for quite a long time with the Rasipuram Handloom Weavers Production and Sale Society Ltd., was erected by the technical staff of this Institute.

(b) The technical staff of the Institute was deputed for erecting the jacquard, mounting the harness and running the same with a suitable design in the Pattern Making Factory at Salem run by the Madras State Apex Society.

(c) The Ammapet Weavers Co-operative Society was provided with graph paper designs and paper designs as and when they requested for the same.

(d) Necessary technical assistance was provided to the Government Handloom Parts Factory at Salem for the purpose of manufacturing reeds.

(e) Technical staff was deputed for producing Chenile Carpet in Ayothiappattanam Weavers Co-operative Society.

13.27. At the recent Technical Seminar on the Handloom Industry held in Bombay in March this year it was recognised that there was a need for diversification of the long term course of training in handloom technology now being conducted in both these Institutes. At present, for the course of handloom technology 40 students per annum are being admitted to the Salem Institute and 20 in Varanasi. It has been suggested that the present course of training may be diversified into five different courses (1) Textile Designing, (2) Weaving, (3) Dyeing, (4) Powerloom and (5) Marketing. In many handloom centres, there is a great shortage of qualified dyers who could fit into the cottage industry. In the states of Kerala, Mysore, Gujarat and Rajasthan schemes for installation of powerlooms in the handloom sector are being actively implemented. In view of this, a course in powerloom weaving would be helpful in these States. Marketing is a vital problem for the handloom industry. Apart from technical improvements in quality, good salesmanship and publicity are pre-requisites for the orderly movement of handloom cloth from the producing centres to the consuming markets. Simultaneously, short-term courses of training of artisans employed in the industry in higher technology would also be substantially helpful to the technological efficiency of the industry. At our request, the Principals of the two Institutes have prepared a long term and a short term training course for personnel necessary for the successful implementation of the programme of handloom development in the IV Plan. A copy of this note is attached as Annexure XX.

13.28. Briefly stated, the proposal is that 200 students will be trained up in each of the two Institutes in different branches of the handloom industry over the five yearly plan period. The scheme envisages similarly 12—2 AIHB/64.

that 460 trainees should be provided with specialised training in the use of equipments, improved techniques of weaving, designing, dyeing, etc. In addition, provision has been made for a scheme of "observer" training for a period of two months for skilled artisans already employed in the industry whose knowledge could be widened by an orientation course by observing improved techniques of production and improved designs being worked in the various units of the Weavers Service Centres, and the two Institutes of Handloom Technology.

13.29. The ambitious programme of training, which has been drawn up by the Principals of the Institutes involves additions to the existing buildings, housing the two Institutes, as also a substantial outlay on equipment necessary for the successful implementation of the programme. In view of the need for a growing number of supervisory staff and skilled artisans necessary for the progressive development of the industry and for developing the latent talent of the hereditary weavers, we suggest that the programme as drawn up may be implemented in the Fourth Plan Period.

CHAPTER XIV MISCELLANEOUS

14.1. We deal in this chapter with a number of schemes which have not found a place in the other chapters.

(a) Housing Colonies

14.2. Prior to May 1961 the pattern of assistance for schemes for establishment of housing colonies for weavers provided for a ceiling cost of Rs. 3,600 per house (including cost of land) 33 $\frac{1}{3}$ % of which was admissible as grant and 66 $\frac{2}{3}$ % as loan. For common amenities in the colony additional funds were provided in the shape of loan. The loans were repayable in 25 annual instalments.

14.3. It was represented that the ceiling cost of Rs. 3,600 per house was inadequate and that it should be raised to Rs. 5,000. In pursuance of these representations the Government of India raised the ceiling cost to Rs. 5,000. At the same time, the pattern of assistance was changed to 25% grant and 75% loan. Representations were then received that the weavers to whom houses had been allotted were finding it difficult to repay the loan instalments. In November 1961, the Planning Commission deputed some officers to conduct an on the spot study of a few weavers' housing colonies. This study confirmed that the monthly instalments on account of loans for housing were beyond the capacity of the weavers to pay. The Government of India reconsidered the matter and introduced a modified pattern with effect from September 1962. Under the modified pattern the maximum assistance per house was reduced to Rs. 3,600 out of which Rs. 2,000 was to be given as loan and Rs. 1,250 as grant. The weaver was expected to contribute a minimum of Rs. 350 or 10% of the cost whichever was higher in the form of cash, labour or construction materials. Some increase in the ceiling could, however, be considered on merits in special cases where the cost of land was high owing to its proximity to large towns and the earning capacity of the weavers was comparatively high but the entire expenditure on common amenities was to be in the shape of loan. It was also specified that the floor area per house should not exceed 400 sq. ft.

14.4. As on 31st March 1961, 2,639 houses were completed and 1,440 were under construction. As on 31-3-1963, 4,628 houses had been completed and 1,892 were under construction. Housing colony schemes have been taken up in a big way in the Southern States. Wherever we visited in the course of our tours, opinion was expressed unanimously that the pattern of assistance for housing schemes should be liberalised. It was emphasised that the weavers' earnings have not gone up appreciably during the last few years and even the meagre rise in the earnings has been eroded by rise in the cost of living. Weavers, therefore, experienced considerable difficulties in the repayment of instalments of loans availed of by them for houses. We have considered the matter very carefully. While there is no doubt that housing schemes are very important, at the same time, the pattern of assistance should be such that the burden of repayment of the loan would be within the means of the weavers. We consider that a weaver's household working three looms cannot afford to pay anything more than Rs. 10 per month by way of rental. In these

circumstances, we have reluctantly to suggest that the scheme of housing may be deleted from the handloom development programme. Shri Nachimuthu, however, felt that the scheme should be retained. He suggested that the rate of interest should be fixed at 1% and that the subsidy towards the cost of houses and common amenities should be 1/3rd, the total assistance being Rs. 6,000 per house.

(b) Provision of house sites

14.5. As an alternative to housing schemes a suggestion was made that State Governments might acquire suitable plots of land for developing them as house sites and hand them over to the weavers' societies so that weavers might build houses on the sites according to their means. For various reasons this suggestion did not meet with approval. We do not favour this suggestion. We put this suggestion before some leaders of the handloom industry but they also did not favour it as they thought that the weavers would not be in a position to afford the cost of building proper houses on the sites.

(c) Renovation of existing houses

14.6. The pattern of assistance for this scheme is entirely in the shape of loan subject to a ceiling of Rs. 500 per house. In its present form the scheme has not been popular. The scheme may, therefore, be deleted from the handloom development programme.

(d) Indebtedness of weavers

14.7. The First Working Group (1959) had recommended that a scheme for wiping out indebtedness of weavers should form an integral part of the development programme in the beacon area. The Government of India, however, did not accept the recommendation on the ground that they considered the relief of indebtedness of weavers was purely a social welfare measure and as such it would not be proper to utilise for that purpose funds earmarked for the development of the handloom industry. The Government of Madras has been implementing a scheme for the relief of indebtedness of weavers by way of grant of loans up to Rs. 150 per head. They have also decided to discontinue the scheme and tackle the problem of indebtedness through the contributory thrift fund scheme.

(e) Subsidy towards interest on loans sanctioned by the Government of India

14.8. Financial assistance in respect of some of the handloom development schemes was given wholly or partly in the shape of loan. These loans were interest free in some cases and interest bearing in others. Interest free loans were also converted into interest bearing loans. In the case of these loans the Government of India have agreed to pay subsidy to offset the interest. We are informed that the All India Handloom Board has also recommended continuance of the scheme with a slight modification in respect of loans sanctioned up to 31-3-1966 and that the matter is under consideration of the Government of India. We feel that this subsidy may be continued in the Fourth Plan period.

(f) Contributory thrift fund

14.9. The Government of Madras have informed us that they have been implementing a scheme of contributory thrift fund for weavers in the co-operative fold since 1st July, 1962 on an experimental basis.

The salient feature of the scheme are:

- (a) Weavers co-operative societies should have completed five years of working and should have worked on profit continuously for at least three years immediately preceding the date of application for participation in the scheme and the borrowing power of the society should be at least twice its working capital requirements.
- (b) The weaver should have been a member of the society for not less than two years and should have a minimum share capital of Rs. 150 to his credit without any loan outstanding against him as share capital advance. The weaver should have worked continuously for the society for at least two years and achieved certain minimum norms of production to be prescribed for the purpose. He should not be a defaulter or in default to the society.
- (c) Contribution to the fund is based on the wages earned by the weavers. For each rupee of wage earned the weaver contributes 6 p., the society 2 p. and the Government 4 p.
- (d) The scheme provides for temporary advances being made to the subscriber as well as for partial non-refundable withdrawals by the subscriber, at the discretion of the Board of Directors of the Society, subject to certain specified conditions.
- (e) The scheme is confined to long established societies with sound financial position and provides for ensuring continued loyalty of the weavers to the society and assisting the weaver in getting financial help out of the fund in times of his dire need.

14.10. The Government of Madras have further informed us that 5,026 members from 98 societies were admitted into the scheme during 1962-63, the first year of operation. No new admissions were made during 1963-64. The total subscription paid by the participating members and the contributions made by the concerned societies and the Government during 1962-63 amounted respectively to Rs. 1.77 lakhs, Rs. 0.59 lakhs and Rs. 1.16 lakhs. As 1962-63 was the first year of operation of the scheme, there were no cases of sanction of loans and advances or withdrawals from the fund.

14.11. We understand that the Planning Commission had expressed the view that Government contribution to weavers thrift fund should be considered in lieu of rebate on sales of handloom cloth and not in addition to it, while the All India Handloom Board had opined that it would not be correct to link the scheme of matching contributions to the thrift fund of weavers with the scheme of rebate and had recommended that financial assistance should be made available to State Governments and Union Territories for the introduction of experimental schemes of contributory thrift fund drawn more or less on the lines of the scheme evolved by the Madras Government. We agree with the All India Handloom Board that it is not correct to link up the scheme of contribution to thrift fund with the scheme of rebate as they fulfil entirely different objectives and benefit entirely different categories of people.

14.12. Time and again several Committees have commented on the lack of loyalty among the weavers to their co-operatives. The chief reason for this lack of loyalty is that the co-operative societies provide practically no financial assistance in times of need. As master weavers and exporters provide such assistance, the weavers naturally turn to them rather than to the co-operatives. The continued loyalty of the members to the co-operatives would result in their producing more and more cloth for the co-operative with the result that production in the co-operative sector would go up. The thrift fund not only provides him with moneys in times of need but also ensures provision for his old age when he may not be able to work on the looms.

14.13. We endorse the recommendations of the All India Handloom Board in regard to this scheme with the modification that the rate of contribution from the Government should be shared half and half between the Central Government and the State Governments. Many of the leaders of the handloom industry in the State of Madras indicated to us that the societies should be exempted from the contribution to be made by them and that the matching contribution should be made entirely by Government. We have carefully considered this proposal but are unable to agree to it. We would like to point out that the success of the scheme depends entirely on the financial soundness of the societies selected for implementing the scheme. It would not, therefore, be advisable to extend the scheme indiscriminately to all co-operative societies. The scheme should be tried in well organised and working societies in the States and extended to others later on depending on the success achieved by the scheme.

Collection of Statistics

14.14. We understand that the scheme for collection of production and other statistics relating to the handloom industry covering both the co-operative sector and the sector outside is under implementation in half a dozen states. We also understand that the experience in implementing the scheme had shown that the procedure adopted by the individual State Governments varied requiring an examination of the sampling design adopted by the different State Governments. A Committee has been appointed for this purpose and the Committee has also been charged with the task of evolving a uniform procedure which might be adopted by all the State Governments so that the results of the scheme in different States would be comparable. We would urge that all the State Governments should be persuaded to take up the implementation of the Scheme after the Committee has finalised a uniform design and procedure.

CHAPTER XV

ADMINISTRATION

15.1. The All India Handloom Board was constituted in 1945 on the basis of a recommendation of the Fact Finding Committee. Later on, however, its functions were taken over by the Standing Committee of the All India Cottage Industries Board. The All India Handloom Board was again reconstituted in 1952.

15.2. The All India Handloom Board has drawn up a set of general principles regulating the pattern of assistance for handloom plan schemes. Till 1958 the All India Handloom Board was directly responsible for formulating the State Plan Schemes for the Handloom Industry after detailed discussions with the State Governments, for scrutinising and sanctioning individual schemes and for watching and reviewing the implementation of the schemes by the State Governments. The position has however, radically changed after May 1958, when the new procedure for the release of Central assistance for State Plan Schemes was brought into force.

15.3 The un-intended result of the revised procedure has been the by-passing of the All India Handloom Board in the formulation of the Plan Schemes and their loss of contact with the State Governments which are now reluctant even to submit the prescribed statistical returns. The Working Group has given anxious thought to this problem and has considered how best the All India Handloom Board could be converted into an effective agency for formulating the Handloom Plan Schemes and watching their implementation. It is clear that unless the character and composition of the All India Handloom Board and its duties and responsibilities are radically altered in the present changed context, it would be ineffective. The Working Group is convinced that the All India Handloom Board has a vital role to play as an "Expert Body" in the development of the Handloom Industry. The Working Group, therefore, strongly recommends that the All India Handloom Board should be constituted as a Statutory Body with adequate financial resources and powers to formulate the Handloom Plan Schemes, to regulate the sanctions, to watch and review the progress of the Plan Schemes and to co-ordinate the activities of State Governments and other agencies charged with the implementation of the Plan Schemes. The All India Handloom Board should be made responsible for the development of the Handloom Industry as well as the decentralised powerloom sector. The close association of the Textile Commissioner with the Statutory Handloom Board would be very necessary for a co-ordinated development of the different sectors of the textile industry. The All India Handloom Board may include representatives of the Government of India, State Governments, Reserve Bank of India, Apex Weavers' Co-operative Societies, Handicrafts and Handlooms Exports Corporation of India, All India Handloom Fabrics Marketing Co-operative Society Ltd. and other agencies concerned with the handloom industry and trade.

15.4. The following may *inter alia* be the functions of the Statutory All India Handloom Board:—

- (i) To promote, aid and assist the rehabilitation, growth and development of the Handloom Industry, on particular, of that sector of the Handloom Industry which is inside the co-operative fold;

- (ii) To formulate Plan Schemes for the development of the Handloom Industry and to canalise Central assistance to States on the basis of patterns of assistance formulated by the All India Handloom Board;
- (iii) To arrange for the procurement and equitable distribution of raw materials necessary for the manufacture of handloom fabrics;
- (iv) To organize production, marketing and export of handloom goods;
- (v) To organise training in every branch of the handloom industry such as spinning, weaving, processing, pattern and design-making, embroidering, printing, salesmanship, marketing, accounts, management, etc.;
- (vi) To conduct research to improve the productivity as well as the quality, finishing, versatility and marketability of handloom fabrics;
- (vii) To undertake enquiries and studies in market trends and consumer preference with a view to increase the sale of handloom fabrics in India and abroad;
- (viii) To conduct publicity and propaganda;
- (ix) To co-ordinate the activities of the various agencies interested in the development of the handloom industry;
- (x) To arrange for the collection of statistics and dissemination of information relating to the handloom industry;
- (xi) To initiate a regulated growth of the powerloom sector by a gradual conversion of handlooms; and
- (xii) To implement schemes conducive to the welfare of weavers and to ensure continuous employment, higher wages, better living conditions and higher standards of living for them.

CHAPTER XVI

FINANCIAL OUTLAY

16.1. Here we give an estimate of the outlay for the Fourth Plan in the light of the various recommendations we have made in the earlier chapters.

16.2. Expenditure on the development of the handloom industry amounted to Rs. 9.69 crores in the First Plan and Rs. 25.48 crores in the Second Plan, making a total of Rs. 35.17 crores up to the close of the Second Plan period. The original outlay in the Third Plan is Rs. 31 crores for State Schemes and Rs. 3 crores for Central Schemes.

16.3. Table XVI-A gives the Third Plan provision of the States and expenditure actually incurred and anticipated. It will be observed from the table that although an allocation of Rs. 31 crores had been made for the Third Plan period, State Governments have programmed for an outlay of Rs. 29.35 crores only.

Co-operative Organisation

16.4. In the chapter on Co-operative Organisation, we have suggested that out of the production target of 3,000 million yards for cotton handloom cloth, the share of the co-operatives may be 1,000 million yards, valued at Rs. 100 crores. In order to enable them to achieve this share, we have recommended that cotton weavers' co-operative societies should double their share capital. Financial assistance for this purpose is estimated at Rs. 4 crores.

16.5. It is reported that the scheme of industrial co-operative factories is popular in Kerala. Additional factories may, therefore, have to be set up. A provision of Rs. 50 lakhs for share capital, equipment and land and buildings may be set apart for this purpose.

16.6. Cotton apex societies are expected to market as much as Rs. 25 crores worth of cotton handloom cloth and distribute yarn and other raw materials of the value of Rs. 25 crores by the last year of the Fourth Plan. For these activities, the apex societies may require working capital to the extent of Rs. 16 crores. In order to facilitate borrowings to this extent, the apex societies will have to strengthen their owned resources. It is expected that they will be able to raise the bulk of the additional amount required on their own. The balance will have to be made good by State participation in share capital. A provision of Rs. 1.5 crores is suggested for this purpose.

16.7. For the introduction of 60,000 powerlooms recommended by us, a provision of Rs. 2.5 crores may be required for the share capital of weavers, at the rate of Rs. 400 per weaver.

16.8. We have suggested a target of 5,000 woollen weavers and 10,000 silk weavers for admission into the co-operative fold in the Fourth Plan period. Provision will have to be made for the share capital of these weavers as well as for increasing the share capital of weavers who are already in the co-operative fold. The outlay for this purpose is estimated at Rs. 70 lakhs.

16.9. Although the pattern of assistance provides for tapering grants towards running expenses of production societies, no considerable advantage has been taken of it by State Governments. Our studies have shown that quite a large number of societies are working at a loss. One of the principal reasons for this state of affairs is the lack of competent managerial staff. The need for the appointment of competent managerial staff will be all the more greater in the case of dormant societies which should be revived. State Governments will, therefore, have to provide substantial amounts for this scheme in the Fourth Plan. In the light of this, we suggest an outlay of Rs. 1 crore for this scheme.

Credit Facilities

16.10. The working capital requirements are estimated at Rs. 30 crores for cotton central and primary societies, Rs. 16 crores for cotton apex societies, Rs. 0.15 crores for industrial co-operative factories, Rs. 1.23 crores for the All India Handloom Fabrics Marketing Society and Rs. 9 crores for silk and woollen weavers societies, totalling Rs. 56.38 crores. The working capital requirements of the powerloom programme are estimated at Rs. 18 crores, consisting of Rs. 15 crores for the primary societies and Rs. 3 crores for the apex societies. The total working capital requirements thus amount to Rs. 74.38 crores. We have recommended that these should be obtained from the institutional financing agencies. To the extent that this is not possible, the requirements will have to be met from government funds. The outlay towards the interest subsidy on loans advanced by institutional financing agencies and by government is estimated at Rs. 3 crores.

Marketing

16.11. In the chapter on marketing, after drawing attention to the need for changing the present pattern of assistance for selling units, we have suggested a revised pattern of block grant based on sales turnover exceeding that in 1961-62. On this basis the provision for assistance for selling units is estimated at Rs. 5 crores in respect of handloom cloth and Rs. 1.5 crores in respect of powerloom cloth.

16.12. The quantum of assistance to States for publicity and propaganda is normally 1.5 per cent. of the total plan allocation made to them. This pattern may be continued in the Fourth Plan. The outlay for this scheme is estimated at Rs. 1.5 crores.

Rebate

16.13. We have recommended that the scheme of rebate may be continued and extended to artsilk fabrics and mixed fabrics but at a reduced rate of 4 p. in the rupee. We estimate the outlay under this head at Rs. 20 crores.

16.14. For the construction of godowns by apex and primary societies, a provision of Rs. 30 lakhs may be made.

Exports

16.15. With a view to achieving an export target of Rs. 20 crores we have proposed the setting up of an Export Promotion Council. A campaign of publicity and propaganda should be undertaken in foreign

countries. Delegations would also have to be sent abroad. The outlay for all these items is estimated at Rs. 2 crores.

Technical Development

16.16. We suggest a provision of Rs. 1.5 crores for the supply of looms and appliances to the handloom weavers, Rs. 0.5 crores for the expansion of existing dye houses and for setting up of new dye houses and Rs. 1 crore for the scheme of finishing and calendering plants, making a total of Rs. 3 crores.

Powerlooms

16.17. The introduction of 60,000 powerlooms in the co-operative sector has been recommended by us. The capital cost of the scheme, which will have to come from Government, is estimated at Rs. 36 crores.

Co-operative Spinning Mills

16.18. The programme of co-operative spinning mills will require a provision of Rs. 6.74 crores from Government. Of this, Government participation in the share capital of the mills will account for Rs. 4.75 crores, while Government loan to members of the co-operative societies to take shares in the mills will account for Rs. 1.99 crores. In addition to this provision, a sum of Rs. 19 crores will be required by the mills towards their block capital from the institutional financing agencies, like the Industrial Finance Corporation.

Miscellaneous

16.19. We have recommended the introduction of contributory thrift fund for the weavers on all India basis. The outlay for this scheme is estimated at Rs. 50 lakhs, including Rs. 25 lakhs to be contributed by State Governments.

Administration, Training and Research

16.20. We have recommended the conversion of the All India Handloom Board, which is now a purely advisory body, into a statutory institution, with very wide functions and responsibilities. We have also indicated in the chapter on Training and Research the expansion and diffusion of the activities of the Weavers' Service Centres and the Institutes of Handloom Technology. An intensive programme of publicity and propaganda has to be undertaken by the Board. A provision of Rs. 2.50 crores is suggested for all these items.

Woollen and Silk Handlooms

16.21. We have seen a report on the woollen handloom industry submitted by a study team appointed by the Panel for that industry. The Panel has not yet considered the report. We understand that a similar study team has been appointed for going into the problems of the silk handloom industry. This team has not commenced its study. In the light of this position, we suggest that a provision of Rs. 50 lakhs be made for the technical development of woollen and silk handlooms.

Organisational Expenses

16.22. During the Third Plan period assistance was given only to staff newly appointed during the Third Plan period. On the same analogy the cost of additional staff appointed in the Fourth Plan period is to be met in full by the Government of India. The States have also to be given assistance for various training schemes. An outlay of Rs. 4.5 crores is estimated on this account.

16.23. The following is a summary of the financial requirements in the Fourth Plan as set out in the above paragraphs:—

	Rs.	crores
(i) Co-operative organisation	10.20	
(ii) Credit facilities :		
(a) Working Capital	74.38	
(b) Interest subsidy	3.00	
(iii) Marketing :		
(a) Selling units	6.50	
(b) Publicity and Propaganda	1.50	
(c) Rebate	20.00	
(d) Warehouses	0.30	
(iv) Exports	2.00	
(v) Technical Development	3.00	
(vi) Powerlooms	36.00	
(vii) Co-operative Spinning mills	25.74	
(viii) Miscellaneous	0.50	
(ix) Administration, and Training and Research	2.50	
(x) Woollen and Silk handlooms	0.50	
(xi) Organisational Expenses	4.50	
TOTAL	190.62	

16.24. It may be pointed out that of the total estimated requirements of Rs. 190.62 crores, Rs. 93.38 crores is expected to come from institutional financing agencies and the balance of Rs. 97.24 crores from Government. The latter represents Rs. 58.74 crores for Handlooms and Rs. 38.50 crores for Powerlooms.

TABLE XVI-A

State	Third Plan Provision	Actual expenditure 1961-62	Actual expenditure 1962-63	Anticipated expenditure 1963-64	Proposed outlay for 1964-65	Projected outlay for 1965-66	Total anticipated expenditure—III Plan
1	2	3	4	5	6	7	8
Andhra Pradesh	381·21	69·16	55·38	65·00	60·01	81·66	331·21
Assam	65·00	13·83	8·01	10·57	13·56	19·28	65·00
Bihar	200·00	21·76	13·99	23·22	36·27	72·64	167·88
Gujarat	65·00	5·34	8·93	8·16	8·48	13·03	43·94
Jammu and Kashmir	29·44	2·45	1·40	2·54	7·42	N.A.	13·81
Kerala	165·00	28·54	27·66	22·00	25·00	25·17	128·37
Madhya Pradesh	66·28	6·04	5·40	6·89	15·88	13·20	47·41
Madras	800·00	142·82	160·99	141·67	152·93	154·95	753·36
Maharashtra	180·31	23·46	30·65	31·00	N.A.	N.A.	85·11
Mysore	210·00	26·81	26·92	20·00	29·70	106·57	210·00
Orissa	120·61	16·29	13·75	18·69	19·72	42·59	111·04
Punjab	43·86	6·43	7·49	7·90	16·81	5·08	43·71
Rajasthan	37·00	5·79	4·92	3·62	5·30	N.A.	19·63
Uttar Pradesh	272·13	35·35	46·22	43·23	45·50	45·00	215·30
West Bengal	311·50	32·46	29·95	26·24	58·88	60·03	207·56
Delhi	9·50	0·91	1·20	1·56	3·40	N.A.	7·07
Himachal Pradesh	5·00	0·86	1·01	1·47	1·32	1·09	5·75
Manipur	10·00	1·26	1·83	2·71	3·50	2·00	11·30
Pondicherry	5·00	0·62	0·50	1·13	1·40	1·35	5·00
Tripura	8·50	0·83	0·98	1·56	2·17	2·02	7·56
TOTAL	2935·34	441·01	447·18	439·16	507·05	645·61	2480·01

CHAPTER XVII

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

(The figures in brackets at the end of each summary refer to paragraph numbers.)

1. It is expected that handloom production may reach 2,500 million yards; while powerloom production may amount to 1,100 million yards, in the Third Plan period. The target of 3,500 million yards set for the decentralised sector in the Third Plan is, therefore, likely to be achieved.

[3.12.]

2. Out of the estimated requirements of 11,200 million yards for the Fourth Plan period, it could be reasonably expected that the handloom industry would be able to account for a production of nearly 3,000 million yards.

[3.15.]

3. It is unlikely that the increase in the production of the powerloom sector in the Fourth Plan period would exceed 100%.

[3.15.]

4. The handloom industry may have to reconcile to an annual production of the order of 3,000 million yards as a long-term measure.

[3.15.]

5. The principal aim of handloom development should be to increase the earnings of weavers and it is impossible to achieve this as long as the majority of weavers confine their production to ordinary plain fabrics made of coarse counts of yarn.

[3.16.]

6. Speciality and designed fabrics are the handloom weavers' monopoly and the demand for these types of fabrics is growing.

[3.16.]

7. In the Fourth Plan period, an additional 20,000 looms in the co-operative sector should be assisted to change over to production of speciality and designed fabrics.

[3.17.]

8. In course of time, the present handloom weaver producing grey cloth will either become a powerloom weaver or a weaver of coloured sarees or of speciality handloom fabrics, catering to sophisticated markets or for export.

[3.18.]

9. Government should seriously examine the desirability of compelling mills to stamp the minimum count strength product of the yarn produced by them.

[4.8.]

10. While a rise in the price of yarn to the extent of the rise in the cost of production cannot be denied to the mills, there is need for a more careful fixation and regulation of the same.

[4.9.]

11. The handloom industry should be assured of a legitimate share of superfine yarn spun from imported cotton.

[4.10.]

12. Prices of silk have been increasing during the last two years.

[4.15.]

13. The Central Silk Board should finalise its proposal for distribution of indigenous and imported raw silk at steady prices and introduce it early in the interests of the handloom industry.

[4.15.]

14. The proposed corporation for collection and marketing of tassar cocoons and yarn should come into being soon.

[4.17.]

15. An A. U. provision of Rs. 25 lakhs per year should be made for dyes and chemicals for distribution to the handloom industry.

[4.23.]

16. The Gold Control Administration should examine the possibilities of relaxing the condition regarding the production of accounts of past consumption of gold by jari manufacturers.

[4.24.]

17. The total number of looms in the co-operative fold at the end of the Third Plan period may roughly be around 14 lakhs or nearly 50% of the known size of the industry.

[5.9.]

18. The analysis of the working of the central and primary weavers' co-operative societies indicates that the task of promotion and consolidation has to be pursued more vigorously by the All India Handloom Board and State Governments.

[5.19.]

19. State Governments should take adequate steps to see that supply and marketing societies are converted as quickly as possible into production-cum-sales pattern.

[5.20.]

20. Weavers' co-operative societies should arrange to appoint Managers, who are administratively qualified and who have adequate knowledge of the textile trade.

[5.21.]

21. The creation of a cadre of managers for weavers' societies is recommended and the All India Handloom Board should initiate steps for training of the personnel.

[5.21.]

22. In the Fourth Plan, the Central and Primary societies should endeavour to increase their sales turnover to Rs. 100 crores on the basis of current prices.

[5.23.]

23. The primary societies should endeavour to double their paid-up capital to Rs. 9.5 crores.

[5.24.]

24. State Governments should take vigorous steps to liquidate such of the dormant societies as are not fit to be revived and to revive the others.

[5.25.]

25. If any State Government is satisfied that the scheme of industrial co-operative factories is a success, there should be no objection to that State implementing the scheme in the Fourth Plan.

[5.28.]

26. Apex societies in general have been procuring only a fraction of the cloth produced by the primary societies.

[5.31.]

27. Apex societies should aim at a turnover of Rs. 25 crores in handloom cloth in the Fourth Plan period.

[5.31.]

28. Apex societies should distribute yarn and other raw materials to the primaries to the extent of Rs. 25 crores by 1970-71.

[5.31.]

29. The owned resources of apex societies should come up to Rs. 5 crores to enable them to get sufficient working capital.

[5.31.]

30. Primary societies which are not affiliated to the apex society should be compulsorily affiliated to the apex society, and each primary society should contribute at the rate of Rs. 10 per loom to the share capital of the apex society.

[5.32.]

31. It is vital for the progress of the co-operative movement that there should be greater integration between the apex society and the primaries.

[5.33.]

32. Apex societies should, as a rule, procure a minimum percentage of production from each and every affiliated primary society.

[5.33.]

33. The consensus of opinion was that powerlooms and handlooms should work in the same co-operative societies.

[5.36.]

34. The target for admission of woollen weavers and silk weavers in the co-operative fold in the Fourth Plan should be 5,000 and 10,000 respectively.

[5.38.]

35. It is necessary to raise the share value to Rs. 150 in the case of the woollen society and Rs. 250 in the case of the silk society.

[5.39.]

36. The pattern of assistance for share capital should be liberalised to 90% loan.

[5.40.]

37. Although the Reserve Bank Scheme of Handloom Finance has made considerable progress, only six States have taken advantage of it in large measure.

[6.9.]

38. All States should vigorously take up the institutional financing scheme.

[6.11.]

39. The All India Handloom Board may fix statewide programmes for drawal of funds under the Reserve Bank Scheme in states where the scheme has not made any headway, in consultation with the State Governments and the Reserve Bank of India.

[6.11.]

40. In West Bengal, Bihar and Assam, efforts have to be made by the State Governments to strengthen the Central Co-operative Banks.

[6.11.]

41. State Governments which have not yet appointed the full complement of audit and supervisory staff should do so on an urgent basis.

[6.12.]

42. The proposal for the appointment of a Deputy Manager for industrial co-operatives by Central Co-operative Banks should be implemented immediately.

[6.13.]

43. The Reserve Bank's suggestion regarding the issue of a continuing guarantee for a period of three or five years is recommended for adoption by all State Governments.

[6.14.]

44. All Central Financing agencies should issue working capital loan in the form of cash credit, and charge only the concessional rate of interest from the societies.

[6.15 ii & iii.]

45. The Government of India should announce the continuance of the schemes of interest subsidy and guarantee of losses for the entire Fourth Plan period well in advance.

[6.15 vi.]

46. Both silk and woollen handlooms have assumed importance in several areas and could prosper if institutional finance could be made available.

[6.16.]

47. The Reserve Bank of India should bring silk and woollen handlooms also under Section 17(2)(bb) and provide specific credits for them.
[6.16.]

48. State Governments should take necessary steps to complete audit of weavers societies within six months of the close of the co-operative year.
[6.18.]

49. The accounting procedure adopted by the weavers' societies should be studied and measures taken for ensuring uniformity and simplification.
[6.18.]

50. The Reserve Bank of India should adopt a more liberal attitude in respect of providing working capital to apex societies.
[6.19.]

51. State Governments should examine the position of their apex societies and take necessary steps to strengthen their financial resources, if need be, by providing an outright grant.
[6.20.]

52. The Reserve Bank of India should extend the concessional rate of interest applicable to advances for production and marketing to advances for yarn transactions also.
[6.22.]

53. The limit of working capital may be fixed at Rs. 750 per cotton or artsilk loom, Rs. 1000 per woollen loom and Rs. 1,500 per silk loom.
[6.23.]

54. Pilot schemes of institutional financing should be introduced in Madras, Mysore, Andhra Pradesh and Uttar Pradesh in respect of silk handlooms and in Mysore, Andhra Pradesh, Punjab and Rajasthan in respect of woollen handlooms.
[6.24.]

55. The Government of India may, in consultation with the Reserve Bank of India, extend the scheme of institutional financing to powerlooms in the co-operative sector.
[6.25.]

56. The representatives of the handloom industry and State Governments were generally of the view that weavers outside the co-operative fold should be assisted.
[7.3.]

57. The All India Handloom Board may provide appropriate assistance to the handloom industry outside the co-operative sector.
[7.4.]

58. Manufacturers of handloom fabrics have organised themselves into associations for the purpose of securing quotas of yarn and other raw materials. This is a welcome trend, which should be encouraged.
[7.4. i.]

59. The salutary principle of making no distinction between weavers inside the co-operative sector and outside in the matter of distribution of yarn and other raw materials should be adhered to.

[7.4. ii.]

60. The All India Handloom Board should play a more active role in promoting associations of manufacturers, in assessing their needs of raw materials and in arranging supplies.

[7.4. ii.]

61. Steps should be taken to include handloom as one of the industries to be financed by State Finance Corporations.

[7.4. iii.]

62. The Madras Government's scheme for a separate Handloom Finance Corporation for the development of handloom industry outside the co-operative sector may be given a trial.

[7.4. iii.]

63. Factories for the manufacture of improved appliances may be set up by State Governments or in the private sector with assistance under the State Aid to Industries Act.

[7.4. iv.]

64. Handloom manufacturers and exporters outside the co-operative sector should be associated with the All India Handloom Board's programme of publicity and propaganda.

[7.4. v.]

65. The facilities at the Institutes of Handloom Technology and the Weavers Service Centres are already open to all weavers both in the co-operative sector and outside, and this is a step in the right direction.

[7.4. vi.]

66. Measures such as supply of quality yarn at reasonable prices to exporters on priority basis may be continued in the Fourth Plan.

[7.4. vii.]

67. By and large, the reservation of fields of production has had the desired effect of helping handloom development. The existing field of reservation should, therefore, be continued.

[8.3.]

68. Dhories of counts 60s and below should be reserved exclusively for handlooms.

[8.7.]

69. In practice, the prohibition of piece-dyeing of sarees by mills has not been of much benefit to the handloom industry and the lacuna in the orders governing this prohibition should be removed.

[8.8.]

70. The production of coloured sarees, whether piece-dyed or yarn dyed, should be exclusively reserved for the handloom industry.

[8.8.]

71. The concession given to composite mills to produce sarees of counts 36s and below should be withdrawn.

[8.9.]

72. The existing concessions to powerlooms to produce reserved varieties should be withdrawn.

[8.10.]

73. As assistance for selling units a block grant of three per cent of the sales turnover in respect of handloom cloth and half per cent of the sales turnover in respect of powerloom cloth may be given to the co-operative sector on sales effected in excess of sales in 1961-62.

[8.16.]

74. The Fabrics Society should take steps to increase its purchases from co-operative societies and from States which have not developed inter-State marketing.

[8.19.]

75. The Central Government may examine the possibilities of standing guarantee for working capital loans to be obtained by the Fabrics Society from institutional financing agencies.

[8.20.]

76. The All India Handloom Board may, wherever necessary, take up marketing as one of its important activities in the fulfilment of plan targets, and actively assist, particularly the weaker States, in respect of marketing.

[8.22.]

77. The Board may consider setting up centres for the training of salesmen or assist State Governments in setting up such centres.

[8.23.]

78. At this stage of development of the handloom industry, the discontinuance of the rebate scheme would not be advisable.

[8.26.]

79. There should be a uniform rebate of four paise per rupee on sales of handloom cloth, both wholesale and retail.

[8.26.]

80. Rebate should be given only in the case of sales of handloom cloth produced by weavers' co-operative societies from yarn supplied by such societies to their members.

[8.26.]

81. Rebate may be allowed on artsilk or mixed handloom fabrics containing artsilk and cotton yarn without any limitation of price.

[8.27.]

82. At least 25% of the amount required for the construction of godowns should be given as grant.

[8.29.]

83. The Board should devote particular attention to market research.

[8.30.]

84. Intensive publicity and propaganda is necessary for developing the marketing of handloom cloth.

[8.31.]

85. Concerted measures should be taken to recapture the traditional markets.

[9.6.]

86. The question of providing a higher incentive for exports to Nigeria may be examined.

[9.6.]

87. The question of reducing the floor prices fixed for Etawah Stripes may be examined.

[9.8.]

88. Government should examine the possibility of introducing quality control and floor and ceiling prices on all varieties exported to non-traditional markets.

[9.9.]

89. Exporters may avail themselves of the facilities afforded by the Export Credit and Guarantee Corporation.

[9.11.]

90. The programme of participation in international fairs may be intensified.

[9.13.]

91. Requests for adequate exchange from exporters wishing to go abroad for export promotion should be considered favourably.

[9.14.]

92. The principle that exports need to be assisted having been recognised, the criterion for the grant of incentives should be the need to maintain and promote exports of textiles as a whole. No distinction as between the mill sector and the handloom sector in this regard is justified.

[9.19.]

93. Handlooms should get prorata share from out of the moneys collected by the Indian Cotton Mills Federation by way of premium on cotton allotments and the same should be placed at the disposal of the All India Handloom Board for financing handloom export promotion.

[9.21.]

94. The question of increasing the incentive on export of tassar fabrics should be examined. Simultaneously, ceiling prices should be fixed for such fabrics.

[9.23.]

95. It may be advisable to fix floor prices for garments made out of Bleeding Madras taking into account the prices fixed for the basic material.

[9.24.]

96. It is worth considering whether the Handicrafts & Handloom Export Corporation may not be made the sole agency for developing exports while the Fabrics Society might devote all its attention to internal marketing.

[9.26.]

97. The setting up of an Export Promotion Council for all handloom textiles would be of considerable assistance in developing exports.
[9.27.]

98. The Fourth Plan target for exports should be Rs. 20 crores per annum.
[9.28.]

99. The position in regard to the use of take-up motion attachments has improved in recent years, but semi-automatic/pedal looms are popular only in a few States like West Bengal.
[10.5.]

100. The recommendations made by the Technical Seminar on handloom industry held in March 1964 are endorsed.
[10.14.]

101. State Governments should take vigorous steps to bring all dyehouses and finishing and processing plants into commission.
[10.14.]

102. The pattern of assistance for jacquards, woollen carding machines and twisting machines may be liberalised to 75% grant and 25% loan.
[10.15.]

103. The Evaset Plant sanctioned to Madras State should be installed expeditiously.
[10.16.]

104. Pirn Winding machines should be sanctioned to weavers societies as an experimental measure.
[10.18.]

105. In addition to one mechanised preparatory and processing unit already sanctioned to West Bengal, two plants may be sanctioned during the Fourth Plan period to two States one of which should be Madras.
[10.19.]

106. The All India Handloom Board should maintain active contact with the laboratories of the Textile Research Associations so that the fruits of their research may be made available to handloom industry.
[10.20.]

107. 60,000 powerlooms should be introduced during the first two years of the Fourth Plan. The powerlooms should be given only to the handloom weavers in the co-operative fold.
[11.9.]

108. All possible steps should be taken to see that no unauthorised powerlooms are set up.
[11.9.]

109. State Governments should take all preliminary steps for the introduction of the powerlooms during the current plan itself.
[11.11.]

110. The problem of finance for the setting up of co-operative spinning mills would be solved to a large extent if the recommendations of the Seminar on Co-operative Spinning Mills are accepted by the Government of India and implemented.

[12.10.]

111. Co-operative spinning mills should be placed in a special category entitled to priority in the matter of import of machinery.

[12.10.]

112. Prices of yarn produced by co-operative spinning mills should be fixed on the basis of actual cost of production plus a reasonable percentage of profit subject to ceiling prices.

[12.11]

113. The existing co-operative spinning mills of 12,000 spindles each should be expanded at the earliest possible time to 25,000 spindles each and such expansion should have priority over the setting up of new spinning mills in the Fourth Plan.

[12.12]

114. It is expected that one million spindles will be in production in the co-operative fold at the end of the Fourth Plan.

[12.13]

115. The Weavers Service Centres have broken fresh ground in the field of designing for fabrics, in introducing improved weaving techniques and in quality dyeing and processing of hand-woven cloth.

[13.4.]

116. There should be one main unit of the Weavers' Service Centre in every State in the Fourth Plan period.

[13.5.]

117. Sub-units of weavers' service centres should be set up in areas where handlooms are concentrated.

[13.5. b.]

118. The useful work done by the Weavers Service Centres should be continued more vigorously and extensively.

[13.8.]

119. The assistance of the Weavers' Service Centres may continue to be made available free of charge to weavers in the co-operative fold.

[13.11.]

120. The training programme drawn up for the two Institutes of Handloom Technology should be implemented.

[13.29.]

121. It is suggested that the scheme of housing may be deleted from the programme.

[14.4.]

122. The scheme of subsidy towards interest on loans sanctioned by the Government of India should be continued.

[14.8.]

123. The recommendation of the All India Handloom Board in regard to introduction of a scheme of matching contribution to thrift fund is endorsed.

[14.13.]

124. The All India Handloom Board should be constituted as a statutory body with adequate financial resources. The Board should be made responsible for the development of the handloom industry as well as the decentralised powerloom sector.

[15.3.]

125. The recommendations made by us entail a total outlay of Rs. 190.62 crores, of which Rs. 93.38 crores is expected to come from institutional financing agencies and Rs. 97.24 crores from Government, made up of Rs. 58.74 crores for Handlooms and Rs. 38.50 crores for Powerlooms.

[16.23.]

A. V. Venkateswaran,

(Chairman)

D. K. Malhotra,

M. P. Nachimuthu Mudaliar,

M. R. Sharma (For Shri P. M. Mathai),

A. G. V. Subrahmaniam,

I. Mahadevan,

T. N. Bhatia (For Director of Industries, U.P.),

Justin S. Jesudasan,

Pupul Jayakar,

M. S. A. Majid,

L. P. Gupta,

N. Swami.

(Members)

BOMBAY,

Dated the 30th June, 1964.

ANNEXURE I

Itinerary of working group on Handloom

Date	Place	Meetings, Visits and Discussions
1-11-63	Bombay	1st Meeting at Bombay.
20-1-64	,,	2nd Meeting at Bombay.
3-3-64	Varanasi	Visit to Indian Institute of Handloom Technology, visit to Weavers' Service Centre, visit to the Silk Handloom Factory of Indian Textiles Company (Pvt.) Ltd. Discussions with officials and non-officials of Uttar Pradesh.
4-3-64 to 6-3-64	Calcutta	Visit to Weavers' Service Centre. Visit to the Silk Handloom Factory of the Eastern Silk Mfg. Co. (Pvt.) Ltd. Discussions with Minister for Commerce and Industries and Cottage and Small Scale Industries, West Bengal. Discussions with officials and non-officials of West Bengal. Do. Bihar. Do. Assam. Do. Orissa. Do. Manipur.
16-4-64	Madras	Discussions with Handloom Cloth Manufacturers' Society, Cannanore. Do. Additional Director of Industries & Commerce, Kerala. Visit to Weavers Service Centre. Visit to Handloom Cloth Factory at Anakaputhur. Visit to Co-optex Saree Emporium.
17-4-64	Do.	Visit to Handloom House. Discussions with the Minister for Industries and officials of the Government of Madras. Discussions with Handicrafts and Handlooms Exports Corporation. Do. with Madras State Handloom Weavers' Co-operative Society. Do. Handloom Industry and Trade Association. Visit to Real Madras Handkerchiefs Exporters Association. Visit to National Chamber of Commerce.
18-4-64	Salem	Visit to Indian Institute of Handloom Technology. Visit to Ammapet Handloom Weavers' Society and its housing colony. Visit to Salem Co-operative Spg. Mills. Visit to Co-optex Emporium. Visit to Salem Co-operative Central Bank. Discussions with Shri K. Subramania Gounder, President, Salem Central Co-operative Bank, District Federation of Weavers' Co-operative Societies.

Date	Place	Meetings, Visits and Discussions
12-4-64	Salem— <i>contd.</i>	Salem Gugai Handloom Cloth Manufacturers, Salem Handloom Cloth Manufacturers and Exporters Association, Handloom Textiles & Exporters Society, Kumarapalayam.
19-4-64	Kancheepuram	Visit to Weavers' Service Centre. Visit to District Central Co-operative Bank. Visit to Weavers Housing Colony. Discussions with Directors of Kancheepuram Kamakshi Amman Silk Handloom Weavers' Co-operative Society. Visit to Kancheepuram Murugan Silk Weavers' Co-operative Society. Visit to President of the Co-operative Central Bank.
20-4-64	Bangalore	Visit to Mysore State Woollen Handloom Weavers' Co-operative Society. Visit to Mysore State Silk Handloom Weavers' Co-operative Society. Visit to Chickpet Sri Swakulasali Reshme Kaimaggadavara Sahakara Sangham. Visit to Mysore State Cotton Handloom Weavers' Co-operative Society. Visit to Kabadi Chicknagusa & Sons. Janardhana Silk Weaving Factory. Visit to Handloom House. Mysore State Handloom Research and Designing Centre. Discussions with Minister for Co-operation and Deputy Minister for Co-operation, Govt. of Mysore. Discussions with officials of the Govt. of Mysore. Discussions with representatives of Wool, Silk and Cotton Apex Societies. Discussions with exporters.
21-4-64	Channapatna Bangalore	Visit to Spun Silk Mills. Called on the Chief Minister, Govt. of Mysore.
22-4-64	Hyderabad	Visit to Production Centre of the Hyderabad Handloom Weavers' Central Co-operative Association. Discussions with Minister for Industries, Andhra Pradesh. Discussions with Andhra and Hyderabad Apex Weavers' Societies. Discussions with officials of Govt. of Andhra Pradesh.
23-4-64	Do.	Visit to Pochampalli Handloom Weavers' Co-operative Society. Discussions with Shri Konda Laxman Babuji.
11-5-64	Bombay	Discussions with Minister for Co-operation and Deputy Minister for Co-operation, Govt. of Maharashtra. Do. All India Handloom Fabrics Marketing Co-operative Society.
12-5-64	Do.	Do. Deputy Governor and Officials of Reserve Bank of India. Do. Officials of the Govt. of Maharashtra. Do. Apex Weavers' Societies of Maharashtra.
13-5-64	Do.	Do. Officials of the Government of M.P. and M.P. Apex Co-operative Bank.

ANNEXURE II

FORM NO. WGH-1

Working Group on Handloom

Questionnaire for State Governments

NAME OF STATE.....

PART I

General Information

1. No. of Handlooms in the State :	Cotton	Silk	Art Silk	Jute	Wool	Mixed/ other fibres	Total
(a) Registered							
(b) Unregistered							
TOTAL							

2. Total No. of weavers' co-operative societies in the State, their membership and loomage :

	As on 30-6-56	As on 30-6-61	As on 30-6-63
(a) No. of weavers' co-operative societies			
(b) No. of members			
(c) No. of looms			

3. Please furnish the following information regarding handloom factories/worksheds in the private sector :—

- (a) Handloom factories/worksheds in the private sector which were working.
- (b) (i) No. of such factories
- (ii) No. of active looms in such factories/worksheds
- (iii) No. of idle looms in such factories/worksheds.
- (iv) Annual Production (value in Rupees and quantity in yds.)
- (v) Varieties of fabrics produced
- (c) Handloom Factories/worksheds in the private sector which remained closed .
- (i) No. of factories / worksheds closed down.
- (ii) No. of looms involved
- (iii) Varieties of fabrics which were produced.

4. Please furnish the following information regarding Handlooms engaged mainly on cotton yarn :—

- | | As on
30-6-56 | As on
30-6-61 | As on
30-6-63 |
|-------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|
| (i) No. of handlooms engaged mainly on cotton yarn. | | | |
| (ii) No. of cotton weavers' co-operative societies : | | | |
| (a) Production-cum-Sales Societies | | | |
| (b) Yarn Distribution Societies | | | |
| (c) Marketing Societies | | | |
| (d) Dormant Societies | | | |
| (iii) No. of looms in the co-operative fold : | | | |
| (a) In Production-cum-Sales Societies | | | |
| (b) In yarn Distribution Societies | | | |
| (c) In Marketing Societies | | | |
| (d) In Dormant Societies | | | |
| (iv) No. of looms in the co-operative fold : | | | |
| (a) Active looms | | | |
| (b) Idle looms | | | |
| (v) No. of weavers | | | |
| (vi) No. of weavers in the co-operative fold | | | |
| (vii). Annual production of cotton handloom cloth (value in Rs. and quantity in yds.). | | | |
| (viii) Annual production of cotton handloom cloth in co-operative fold (value in Rs. and quantity in yds.). | | | |
| (ix) Annual sales of handloom cloth in the co-operative fold (value in Rs. and quantity in yds.). | | | |
| (x) Varieties of handloom cloth commonly produced. | | | |

5. Please furnish the following information regarding handlooms engaged mainly on Silk :—

- | | | | |
|---------------------------------------------------|--|--|--|
| (i) No. of handlooms engaged mainly on silk : | | | |
| (a) Mulberry | | | |
| (b) Tussar | | | |
| (c) Muga | | | |
| (d) Eri | | | |
| (ii) No. of Silk weavers co-operative societies : | | | |
| (a) Active looms | | | |
| (b) Dormant | | | |
| (iii) No. of looms in co-op. fold : | | | |
| (a) Active looms | | | |
| (b) Idle looms | | | |
| (iv) No. of Silk weavers | | | |
| (v) No. of Silk weavers in co-op. fold | | | |

- | | As on
30-6-56 | As on
30-6-61 | As on
30-6-63 |
|-------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|
| (vi) Annual production of Silk handloom cloth (value in Rs. and quantity in yds.) : | | | |
| (a) Mulberry | | | |
| (b) Tussar | | | |
| (c) Muga | | | |
| (d) Eri | | | |
| (vii) Annual production of Silk handloom cloth in the co-op. fold (value in Rs. and quantity in yds.). | | | |
| (viii) Annual sales of Silk handloom cloth in the co-op. fold (value in Rs. and quantity in yds.): | | | |
| (a) Mulberry | | | |
| (b) Tussar | | | |
| (c) Muga | | | |
| (d) Eri | | | |
| (ix) Varieties of silk fabrics commonly produced. | | | |
|
 | | | |
| 6. Please furnish the following information regarding handlooms engaged mainly on Artsilk :— | | | |
| (i) No. of handlooms engaged mainly on Artsilk. | | | |
| (ii) No. of Artsilk Weavers' Societies : | | | |
| (a) Active societies | | | |
| (b) Dormant societies | | | |
| (iii) No. of looms in the co-op. fold: | | | |
| (a) Active looms | | | |
| (b) Idle looms | | | |
| (iv) No. of artsilk weavers | | | |
| (v) No. of artsilk weavers in the co-operative fold. | | | |
| (vi) Annual production of Artsilk handloom cloth (value in Rs. and quantity in yds.). | | | |
| (vii) Annual production of Artsilk cloth in the co-operative fold (value in Rs. and quantity in yds.). | | | |
| (viii) Annual sales of Artsilk handloom cloth in the co-operative fold (value in Rs. and quantity in yds.). | | | |
| (ix) Varieties of artsilk handloom cloth commonly produced. | | | |
|
 | | | |
| 7. Please furnish the following information regarding Handlooms engaged mainly on Wool :— | | | |
| (i) No. of handlooms engaged mainly on wool . | | | |
| (ii) No. of Wool Weavers co-op. societies : | | | |
| (a) Active societies | | | |
| (b) Dormant Societies | | | |

As on 30-6-56	As on 30-6-61	As on 30-6-63
------------------	------------------	------------------

- (iii) No. of looms in the co-op. fold :
- (a) Active
- (b) Idle
- (iv) No. of Wool Weavers
- (v) No. of Wool Weavers in the co-op. fold .
- (vi) Annual production of woollen handloom cloth (value in Rs. and quantity in yds.).
- (vii) Annual product on of woollen handloom cloth in the co-op. fold (value in Rs. and quantity in yds.).
- (viii) Annual sales of handloom cloth in the co-op. fold (value in Rs. and quantity in yds.).
- (ix) Varieties of woollen handloom fabrics commonly produced.
8. Please furnish the following information regarding handlooms engaged on fibres other than cotton, silk, artsilk and wool and on mixed fabrics :
- (i) No. of handlooms engaged in fibres other than Cotton, Silk, Artsilk and Wool and on mixed fibres.
- (ii) No. of societies :
- (a) Active
- (b) Dormant societies
- (iii) No. of looms in the co-op. fold :
- (a) Active looms
- (b) Idle looms
- (iv) No. of Weavers
- (v) No. of Weavers in the co-op. fold . . .
- (vi) Annual production of cloth (value in Rs. and quantity in yds.).
- (vii) Annual production of cloth in the co-op. fold (value in Rs. and quantity in yds.).
- (viii) Annual sales of cloth in the co-op. fold (value in Rs. and quantity in yds.).
- (ix) Varieties of fabrics commonly produced .
9. Total number of handloom weavers societies—number, membership, liabilities and assets (information to be furnished separately for Cotton Societies, Silk Societies, Wool Societies, Artsilk Societies, and mixed fabrics societies as per attached proforma No. WGH-1-A).
10. Weavers Societies operations during 1955-56, 1960-61 and 1962-63, (information to be furnished *separately* for Cotton Weavers Societies, Silk Weavers Societies, Wool Weavers Societies and Artsilk Weavers Societies and mixed Fabrics Societies as per attached Proforma No. WGH-1-B).

11. How does the production of cotton handloom cloth compare with the targets laid down by the All India Handloom Board for the years 1961-62 and 1962-63. Please give reasons for shortfall, if any :

1961-62			1962-63		
Tar-gets fixed by Handloom Board	Achievement		Tar-gets fixed by the Handloom Board	Achievement	

12. How does the production of cotton handloom cloth in the co-operative fold compare with the targets laid down by the Handloom Board. Give reasons for shortfall, if any :

1961-62			1962-63		
Tar-gets fixed by the Handloom Board	Achievement		Target fixed by the Handloom Board	Achievement	

PART II

Employment

13. Employment (other than in preparatory processes, weaving and post-weaving/processes) generated from development schemes :

(a) Long-term Employment

S. No.	Source of employment	As on 30-6-56			As on 30-6-61			As on 30-6-63		
		No. of units existing	Average No. of persons employed per unit	Total employment	No. of units existing	Average No. of persons employed per unit	Total employment	No. of units existing	Average No. of persons employed per unit	Total employment
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

(i) Primary societies (employees of the societies like Secretary, Clerk, Accountant).

(ii) Apex Society (employees of the Societies like Secretary, Manager, Clerks).

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	(iii)	Sales Depots	.	.						
	(iv)	Mobile Vans	.	.						
	(v)	Inspection and stamping.								
	(vi)	Inter-State depots	.							
	(vii)	Hawkers	.	.						
	(viii)	Central Depots	.							
	(ix)	Showrooms	.	.						
	(x)	Trolleys & Push Carts								
	(xi)	Organisational staff of State Govt.								
	(xii)	Audit and Supervisory staff of the State Govt.								
	(xiii)	Dye Houses :								
		(a) Small	.							
		(b) Medium	.							
		(c) Big	.	.						
		(d) Mobile	.							
	(xiv)	Pattern making factories.								
	(xv)	Finishing and Calendering plants.								
	(xvi)	Silk processing factory.								
	(xvii)	Co-op. Spinning Mills								
	(xviii)	Industrial Co-op. factories of weavers.								
	(xix)	Research Instts.	.							
	(xx)	Carding Machines	.							

(b) Short-term employment between 1st April 1961 and 1st April 1963

S. No.	Source of employment	Total No. of units	Employment per unit	Total employment	Average duration of employment
(i)	Construction of housing colonies and renovation of weavers houses.				
(ii)	Construction of buildings and erection of machinery for co-op. spinning mills.				
(iii)	Construction of buildings and erection of calendering plants.				
(iv)	Other construction activities				

PART III

Cooperative Organisation

14. Are all the weavers' cooperative societies in the State production-cum-sales societies? If not, what steps are being taken for converting all the societies into production-cum-sales societies?
15. How many weavers' co-operative societies were organised during the 2 years 1961-62, and 1962-63 and how many were wound up? What were the reasons for the latter?
16. Please give a review of the working of the Weavers' co-operative societies. This review should contain explanations of the trends revealed in the information supplied in Proforma mentioned against S. Nos. 8 and 9 above.
17. Please give an assessment of the extent to which the co-operative movement has gained ground in the industry.
18. Please furnish a detailed note on the progress of revival/liquidation of dormant weavers' societies enclosing a copy of the circular issued by the State Govt. to the Field Officers in the matter.

PART IV

Implementation of Schemes

19. What is the financial provision made for the development of the handloom industry for the 2 years 1961-62 and 1962-63 and what has been the expenditure? (Information to be supplied as per proforma No. WGH-1-C.)

Marketing

20. How many sales/depots/inter-State depots/central depots were opened? How many have been closed down so far? What are the reasons for their closure?
21. What has been the average value of sales per sales unit?

	Sales depot	Inter-State depots
--	-------------	-----------------------

- | | | | |
|--|----------------------------------------|-----------|--|
| | (i) In the first year of its existence | | |
| | (ii) Do. second year | | |
| | (iii) Do. third year | | |
| | (iv) Do. fourth year | | |
22. Please indicate the number of mobile vans which have been surrendered to the Textile Commissioner for disposal.
 23. Is a scheme for inspection and stamping in operation in the State, and if so, please give details thereof.

24. Please furnish the following information regarding technical improvements :

	Number purchased	Number supplied to weavers	Number utilised by weavers
(i) Take up motion attachments			
(ii) Warping frames			
(iii) Warping drums			
(iv) Jacquards			
(v) Sleys of all kinds			
(vi) Warping machines			
(vii) Dobbies			
(viii) Reeds			
(ix) Healds			
(x) Drop Boxes			
(xi) Roller temples			
(xii) Heald Staves			
(xiii) Press machines			
(xiv) Frame looms			
(xv) Semi-automatic/Pedal looms			
(xvi) Carding Machines			

(a) To what extent has the introduction of improved appliances increased production ?

Technical Processing

25. Please give the following information regarding Dye houses :

As on	Set up				Closed down			
	Small	Medium	Big	Mobile	Small	Medium	Big	Mobile
30-6-56								
30-6-61								
30-6-63								

26. What has been the average quantity of yarn and/or cloth dyed during a year by the dye houses ?

	Average installed capacity	Yarn dyed in pounds	Cloth dyed in yards
(a) Small			
(b) Medium			
(c) Big			
(d) Mobile			

Pattern Making factories

27. State the location of the pattern making factories and give number of patterns evolved by each of them during the two years 1961-62 and 1962-63. Are these factories utilised for the production of patterns, for production or for both ? How many of the patterns evolved have been supplied to the co-operative societies and with what result ?

Calendering and Finishing Plants

As on	As on	As on
30-6-56	30-6-61	30-6-63

28. Please furnish the following information in respect of each plant installed in the State :—

- (a) Exact location
- (b) Installed capacity in pounds for 3 shifts working.
 - (i) Bleaching
 - (ii) Dyeing
 - (iii) Calendering
 - (iv) Mercerising
- (c) Average annual production achieved
- (d) Annual revenue from the Plants
- (e) Annual recurring expenditure on the plant

29. Please indicate the locations where additional plants are at present under installation, the capacity proposed to be installed therein and the progress in the installation of such plants with reasons for slow progress, if any.

Training and research

30. Please give an account of the training facilities available in the State for training of

- (a) Weavers in the use of improved appliances, weaving of improved designs etc.
- (b) Employees of Primary Weavers' Societies and Apex Weavers Societies.
- (c) Employees of sales units

31. How many persons under each of the above types have been trained ?

- (a) Weavers
- (b) Employees of Primary and Apex Societies
- (c) Employees of sales Units

32. Are any changes necessary in the nature of training to be imparted in future ? If so, in what directions ?

33. Please give an account of the Service/Research Centres being run under the Handloom Development Programme.

Industrial Co-operative Factories/Worksheds of Weavers

34. Please furnish the following information in respect of each industrial cooperative factory of weavers set up with Central assistance :

- (a) Name
- (b) Location
- (c) No. of looms installed

	As on	As on	As on
	30-6-56	30-6-61	30-6-63

- (d) No. of looms working .
 - (e) No. of weaver members
 - (f) No. of helpers employed
35. Annual production of handloom cloth (value in Rs. and quantity in yds.).
36. Annual sales of handloom cloth (value in Rs. and quantity in yds.).
37. Profit made or loss incurred (in Rupees to the nearest thousand).

Housing Colonies

38. Please furnish the following information :—
- (a) No. of houses completed as on 30-6-1963
 - (b) No. of houses under construction as on 30-6-1963.
 - (c) No. of houses allotted to weavers as on 30-6-1963.
 - (d) No. of houses occupied by weavers as on 30-6-1963.
39. Is the handloom industry able to get its raw materials viz., cotton yarn, Artsilk yarn, Silk yarn, dyes and chemicals in required quantities at reasonable prices ?

PART V

(Miscellaneous)

40. Please indicate details regarding non-fabric items such as durries, tape and newar produced by the handloom industry (No. of looms engaged in and annual production of each item may be indicated).
41. Please discuss the effect of different types of improved appliances (*e.g.*, take-up motion attachments, warping machines, dobbies and jacquards) on the efficiency and earnings of the handloom weavers.
42. Please indicate whether any study of the productivity of the handloom industry has been made and if so, what the findings are ?
43. Please give an assessment of the working of the various selling units set up.
44. What in your view has been the bearing of housing on the efficiency and income of the handloom weaver ?
45. Please indicate the arrangements you have for the collection of statistics bearing on the various aspects of the handloom industry. Are the existing arrangements satisfactory ? Do they need modification and if so, in what directions ?

As on 30-6-56	As on 30-6-61	As on 30-6-63
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46. What is the normal basis of costing of handloom cloth ?
Please give details of costing of a typical variety per yard indicating separately (a) cost of raw material, (b) wages, (c) dyeing and processing charges, (d) overheads, (e) profit margin and (f) total in the case of weavers, in the co-operative fold. Please also give the prices of any identical or comparable variety of mill-made cloth.
47. Please indicate what in your view is the maximum earning and the minimum earning of a handloom weaver, classified according to the fibres woven and the counts or deniers used in the cloth.
48. Please give an assessment of the working of the All India Cotton Yarn Distribution Scheme on the smooth flow of cotton yarn to the handloom industry.
49. Please give an assessment of the working of the Reserve Bank Scheme of Handloom Finance for production and marketing of handloom cloth.
50. Please give details of the various taxes and levies (local, State and Central) on the raw materials used by the handloom industry and on handloom fabrics.
51. Please also indicate the effect of these taxes on the development of the handloom industry.
52. Please indicate the special measures which in your opinion may be taken for the further development of the handloom industry.

PROFORMA NO. WGH-1A.

(Ref. S. No. 8 of Form WGH-1).

(NOTE.—Information to be furnished separately for cotton societies, silk societies, wool societies, art silk societies and mixed fabrics societies.)

Weavers' Societies—Number, Membership, Liabilities & Assets at the end of 30th June, 1956, 30th June 1961 and 30th June 1963

No. of Socs.	No. of members		Total liabilities	Work- ing capital (Total of Cols. 6,10 & 11)	Paid up Capital				Reserve and other funds	Borrowings			All other liabili- ties	
	Socs.	Indi- viduals and others			Total	Government	Socs.	Indi- viduals & others		Total	Government	Central Financ- ing agencies		Others
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
STATE														
30-6-1956	.	.	.											
30-6-1961	.	.	.											
30-6-1963	.	.	.											
CENTRAL														
30-6-1956	.	.	.											
30-6-1961	.	.	.											
30-6-1963	.	.	.											
PRIMARY														
30-6-1956	.	.	.											
30-6-1961	.	.	.											
30-6-1963	.	.	.											

No. of Socs.	STOCKS								
	Total Assets	At the beginning of the year		At the end of the Third year		Investments	Plant and equipment	All other assets	Difference between assets and liabilities (+ or -)
		Raw materials	Finished goods	Raw materials	Finished goods				
16	17	18	19	20	21	22	23	24	

STATE

30-6-1956 . . .
 30-6-1961 . . .
 30-6-1963 . . .

CENTRAL

30-6-1956 . . .
 30-6-1961 . . .
 30-6-1963 . . .

PRIMARY

30-6-1956 . . .
 30-6-1961 . . .
 30-6-1963 . . .

PROFORMA NO. WGH-1B.

(Ref. S. No. 9 of Form WGH-1.)

(NOTE.—Information to be furnished separately for cotton societies, silk societies, wool societies, art silk societies and mixed fabrics societies.)

Weavers Societies—Operations During 1955-56, 1960-61 and 1962-63

Production	Sales Rs.	GOVERNMENT AID							COST OF MANAGE- MENT		
		Loan			Subsidies				Salaries and wages	Other expenses	
		Construction of godowns	Construc- tion of housing colonies	Other purposes	Construc- tion of godowns	Construc- tion of housing colonies	Cost of management	Rebate to consumers			
1	2	3	4	5	6	7	8	9	10	11	
STATE											
1955-56											
1960-61											
1962-63											
CENTRAL											
1955-56											
1960-61											
1962-63											
PRIMARY											
1955-56											
1960-61											
1962-63											

Production	Sales Rs.	PROFIT		LOSS		No. of societies without profit or loss	NO. OF LOOMS		NO. OF GODOWNS	
		No. of socs.	Amount	No. of socs.	Amount		Total	Working	Owned	Hired
1	2	12	13	14	15	16	17	18	19	20
STATE										
1955-56	.									
1960-61	.									
1962-63	.									
CENTRAL										
1955-56	.									
1960-61	.									
1962-63	.									
PRIMARY										
1955-56	.									
1960-61	.									
1962-63	.									

PROFORMA No. WGH-IB—Contd.

NUMBER WORKING

Production	Sales Rs.	Sales Units	Pattern making factories	Dye houses	Finishing plants	Mobile Vans	Milling Plants	Carding Machines	Houses for weavers under housing colony schemes
1	2	21	22	23	24	25	26	27	28
STATE									
1955-56	.								
1960-61	.								
1962-63	.								
CENTRAL									
1955-56	.								
1960-61	.								
1962-63	.								
PRIMARY									
1955-56	.								
1960-61	.								
1962-63	.								

PROFORMA NO. WGH-I C.

S. No. 18 Of Form WGH-I. (Ref:-)

Working Group On Handloom

S.No.	Description of Scheme	CENTRAL ASSISTANCE												STATES OWN RESOURCES							
		Expenditure						Achievements in physical terms						Expenditure				Achievements in physical terms			
		1961-62			1962-63			1961-62			1962-63			1961-62		1962-63		1961-62		1962-63	
		Loan	Grant	Total	Loan	Grant	Total	Loan	Grant	Total	Loan	Grant	Total	Loan	Grant	Total	Loan	Grant	Total	Loan	Grant	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22

HM. 1

HANDLOOM INDUSTRY

Some of the points to be covered in the Memorandum to be furnished to the Working Group on Handloom

I. A critical review of the progress of Handloom Development Programmes in the State under each of the following schemes, indicating *inter alia*—

(i) Shortcomings.

(ii) Weaknesses.

(iii) Remedial measures.

(a) Schemes for the organisation of the Handloom Industry on a co-operative basis—State of the co-operative sector of the industry *vis-a-vis* the state of the industry outside the co-operative fold—employment and earnings of weavers—role of apex and central societies, problems of inactive looms in the co-operative fold—problem of dormant societies;

(b) Scheme for the provision of working capital for production and marketing—Reserve Bank Scheme of Handloom Finance;

(c) Scheme for the marketing of handloom cloth;

(d) Scheme for sales promotion activities—consumer preference, market research *etc.*;

(e) Scheme of rebate on sales of handloom cloth—rebate as an aid to increased marketing and as a factor in facing competition from other sectors of the Textile industry—abuses. Need for continuance of rebate in the context of the widening difference between handloom and mill cloth prices as a result of increase of excise duty on the latter. Alternative Schemes;

(f) Scheme for technical improvement—Extent of utilisation of particular items of equipment by weavers—prospects of large scale introduction of semi-automatic/pedal looms;

(g) Schemes for technical processing (dye-houses, finishing plants, etc.)—Difficulties faced in the setting up and working of processing units—reasons for under-utilisation of installed capacity—availability of technical personnel for working the units—extent of utility of the units in increasing saleability of cloth—Prospects of installation of units for centralised sizing and warping, mercerising, sanforising, printing *etc.*;

(h) Schemes for training and research—to what extent have the facilities provided in the Weavers Service Centres and the Institutes of Handloom Technology set up by the All India Handloom Board been availed of—suggestion;

(i) Co-operative Spinning Mills—Advantages to the Handloom Industry in respect of prices and quality of yarn;

(j) Industrial co-operative factories of weavers—comparison between a weavers co-operative factory and a primary weavers society with members working in their own homes, in terms of production per loom, number of days worked per loom per year, quality of production, introduction of improved equipment and improved techniques of production, cost of production, earnings of weavers and economics of working;

(k) Housing colonies and renovation of houses of handloom weavers and other welfare measures, if any.

II. Problems of the Handloom Industry, outside the co-operative fold—critical appraisal.

III. Brief note on the employment in the Handloom industry in the State as indicated by the Census of 1961.

IV. Role of subsidies and sales rebate in the Fourth Plan, in the light of the observation in the Third Plan that it should be progressively reduced.

V. Reservation of items of production for the handloom industry—benefits which have accrued to the handloom industry with supporting statistical data.

VI. Production of handloom cloth in the co-operative sector and outside the co-operative sector likely to be reached at the end of the Third Plan period.

VII. Objectives to be kept in mind for the Fourth Plan.

VIII. Projects/Schemes for inclusion in the Fourth Plan in the perspective, wherever possible, of 15-year period 1965-81, targets, outlays, phases etc.

IX. Provision suggested for the Annual Plan for 1964-65 for advance action in regard to the projects/schemes for the Fourth Plan, together with details of the Projects/schemes for which the provision is intended.

X. Important projects/schemes with their implications in physical and financial terms, suggested for implementation during the first and second years of the Fourth Plan.

XI. Schemes suggested for increasing the export of handloom cloth.

Form No. WGH-2

Working Group on Handloom for assessing the progress in the Third Plan and carrying out ground work for the formation of projects for the Fourth Plan.

Questionnaire for Apex Weavers' Cooperative Societies

Part I—General Information

1. Name of the Apex Society
2. Address
3. Date of Registration

Part II—Purchase and Supply of Raw Materials

4. What are the raw materials which the Apex Society purchases in bulk and supplies to (a) primary societies and (b) others. What are the sources from which they are purchased ?
5. Please furnish the following details in respect of each raw material :—

Raw material	Co-operative year	Purchases		Supplies		Profit (+) or Loss (-) made
		Qty. in lbs. to the nearest thousand	Value in Rs. to the nearest thousand	Qty. in lbs. to the nearest thousand	Value in Rs. to the nearest thousand	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(a) Cotton yarn	1955-56 1960-61 1962-63					
(b) Art Silk Yarn	1955-56 1960-61 1962-63					
(c) Silk	1955-56 1960-61 1962-63					
(d) Wool	1955-56 1960-61 1962-63					
(e) Other Yarn	1955-56 1960-61 1962-63					
(f) Dyes and Chemicals	1955-56 1960-61 1962-63					
(g) Other	1955-56 1960-61 1962-63					

6. Was any shortage of raw material experienced by the Co-op. fold during the year 1961-62 and 1962-63? If so, what steps were taken to meet the situation?
7. Please give a review of the movement in the prices of important raw materials like yarn, dyes and chemicals. The review should be supported by statements (to be enclosed) showing the prices of important raw materials during the years 1961-62 and 1962-63.

Part III—Production and Marketing

8. Please furnish the following information :—

(Quantity figures in yards to the nearest thousand and sales figures in Rupees to the nearest thousand.)

Co-operative Year	Production by production units of Apex Society		Procurement from affiliated societies		Procurement from individual members		Procurement from non-members, if any		Total	
	Qty. in Yds.	Value in Rs.	Qty. in Yds.	Value in Rs.	Qty. in Yds.	Value in Rs.	Qty. in Yds.	Value in Rs.	Yds.	Rs.
	1955-56
1960-61	.	.	.	.	.	.	.	.	.	.
1962-63	.	.	.	.	.	.	.	.	.	.

9. If the trend revealed by the figures against serial No. 8 is not progressive, please give the reasons therefor.
10. Please furnish the following information regarding sales of handloom cloth by the Apex Society :—

Co-operative Year	Sales	
	Quantity	Value
1955-56	.	.
1960-61	.	.
1962-63	.	.

11. If the trend revealed by the figures given against S. No. 10 is not progressive, please give the reasons therefor.
12. Has any improvement been effected in the method of marketing? If so, what is the nature of such improvement?
13. Has any comparative study of prices of comparable handloom cloth and mill cloth been carried out by the Apex Society? If so, please give an account of the findings.
14. Has any market research been conducted by the Apex Society? If so, please give an account of the findings.

15. What, in the opinion of the Apex Society, is the average price at the present time of a yard of handloom cloth ? Please give the working details also.
16. The production of handloom cloth is at present estimated on the assumption that (i) 76% of the mill yarn delivered for civil consumption by the mill industry is consumed by the handloom industry and that on an average $4\frac{1}{2}$ yards of cloth are produced per pound of such yarn and (ii) the entire quantity of yarn imported from abroad is consumed by the handloom industry, the average production being 8 yards per pound of such yarn. Does this formula reflect the position accurately ? If not, please indicate a revised formula with supporting data.
17. Please explain the benefits which accrued to the handloom industry by the existing reservations of items of production with supporting statistical data.

Part IV—Implementation of Schemes

18. What are the various handloom development schemes entrusted by the State Government to the Apex Society for its implementation ? (Scheme-wise review of the progress made as on 30-6-1963 together with an account of the difficulties, if any, experienced in the implementation of the scheme may be furnished).
19. Has the Apex Society laid down standards for the production of quality goods by the primaries ? If so please indicate the varieties and the standards laid down therefor, and also, the extent to which marketing has been facilitated by this step ?
20. Please indicate details regarding non-fabric items such as durries, tape and newar produced by the handloom industry (the number of looms engaged in and annual production of each item may be indicated).
21. Please discuss the effect of different types of improved appliances, (e.g., take up motion attachments, warping machines, dobbies and jacquards) on the efficiency and earnings of the handloom weavers.
22. What in your view has been the bearing of housing on the efficiency and income of the handloom weaver ?
23. Please indicate the arrangements you have for the collection of statistics bearing on the various aspects of the handloom industry ? Do they need modification and, if so, in what direction ?
24. Please give an assessment of the working of the various selling units set up.
25. Please indicate whether any study of the productivity of the Handloom Industry has been made, and if so, what the findings are ?
26. What is the normal basis of costing of handloom cloth ? Please give details of costing of a typical variety per yard indicating separately—
 - (a) Cost of raw material
 - (b) Wages
 - (c) Dyeing and processing charges

- (d) Overheads
 (e) Profit margin and
 (f) Total, in the case of weavers :
 (i) in the co-operative fold ; and
 (ii) outside the co-operative fold
27. Please indicate what in your view is the maximum earning and the minimum earning of a handloom weaver classified according to the fibres woven and the counts or deniers used in the cloth.
28. Please give an assessment of the working of the All India Cotton Yarn Distribution Scheme on the smooth flow of cotton yarn to the handloom industry.
29. Please give an assessment of the working of the Reserve Bank Scheme of Handloom Finance for production and marketing of handloom cloth.
30. Please give details of the various taxes and levies (local, State and Central) on the raw materials used by the handloom industry on handloom fabrics. Please also indicate the effect of these taxes/levies on the development of the handloom industry.
31. Please indicate special measures, which in your opinion, may be taken for the further development of the handloom industry.
32. Please enclose one copy each of Audit Certificate, Balance Sheet and Profit and Loss Account of the Apex Society for the co-operative years 1955-56, 1960-61 and 1962-63.

FORM NO. WGH-3

Questionnaire for Handloom Weavers Associations

Part I—General Information

1. Name of the Association
2. Address
3. Date of Registration
4. Number of members
5. No. of looms engaged on :

	As on 31-3-56	As on 31-3-62	As on 31-3-63
(a) Cotton			
(b) Silk			
(c) Artsilk			
(d) Mixed Fabrics			
(e) Staple fibre			
(f) No. of idle looms, if any			

Part II—Purchase and supply of Raw Materials

6. Please furnish the following details in respect of each raw material purchased and supplied to members :—

Raw material	Financial year	Through Director of Handlooms purchased and supplied to members			In open market (through or directly by members) Value Rs.	Qty. in kgs. (nearest thousand)	Total value (nearest thousand)
		Qty. in kgs. to the nearest thousand	Value in Rs. to the nearest thousand	Qty. in kgs. to the nearest thousand			
1	2	3	4	5	6	7	8
(a) Cotton Yarn.	1955-56 1961-62 1962-63						
(b) Artsilk Yarn	1955-56 1961-62 1962-63						
(c) Silk	1955-56 1961-62 1962-63						
(d) Other yarn	1955-56 1961-62 1962-63						
(e) Dyes and chemicals.	1955-56 1961-62 1962-63						
(f) Staple fibre consumer med.	1955-56 1961-62 1962-63						
(g) Other materials (specifying details).	1955-56 1961-62 1962-63						

7. Market Prices :

Raw materials	1955-56 Raw materials rate	1961-62 Raw materials rate	1962-63 Raw materials rate
1	2	3	4

8. Is the supply of raw material adequate during 1961-62 and 1962-63 ? If not what are the steps taken to meet the situation ?

Part III—Production and Marketing

9. Please furnish the following information (Quantity figures in yards to the nearest thousand and sales figures in rupees to the nearest thousand):—

Financial year	Varieties of the Handloom cloth	Production by the members	
		Qty. in metre	Value
1955-56		
1961-62		
1962-63		

10. Is the production progressive ? If not reasons for the shortfall.

11. Please furnish the following information regarding sales of handloom cloth by the members :—

Financial year	Varieties of Handloom cloth	Sales	
		Quantity	Value
1955-56		
1961-62		
1962-63		

12. Do the members of the Association deal in the export of Handloom cloth ? If so, please furnish the following information :—

Financial year	Country to which exported	Exports	
		Quantity	Value
1955-56		
1961-62		
1962-63		

13. What are the sources through which sales are effected ?
Has any difficulty felt in marketing the goods produced ?
If so, what are the steps taken to overcome this situation ?
14. Was the sale progressive or diminishing ? If diminishing what are the reasons therefor ?
15. How are the finances met for the production and marketing of the handloom goods ?
16. What are the suggestions made for improving and developing the handloom industry ?

FORM NO. WGH-3.
Working Group on Handlooms

Questionnaire for Exporters of Handloom

1. Are you an exporter or manufacturer and exporter ?
2. How long have you been exporting ?
3. What are the countries to which you are exporting ?
4. Is yours a proprietary or partnership concern ?
5. What is the arrangement for credit ?
6. Do you get any credit accommodation from banks ?
And if so, at what interest ?
7. Is the credit facility available to you adequate ?
8. What are the varieties you are exporting ?
9. Do you own your own looms ?
10. Which are the centres where you obtain your requirements ?
11. Do you have your own Godown ?
12. How do you transport the goods from the production centres to the Godown ?
13. Do you stock goods in anticipation of orders ? If yes, the extent to which you hold stocks.
14. Do you purchase outright from the producers or supply the raw materials and pay wages ?
15. Do you have dyeing and finishing facilities ? If not, how do you get your yarn dyed ?
16. Do you export loom state cloth or do you finish it ?
If the latter, what are the finishing processes followed ?
17. How do you get the goods inspected ?
18. Do you have any arrangement for supervising production for quality ?
19. What is the normal percentage of rejects ?
20. Are the present transport facilities satisfactory ? If not, what are your suggestions for improvement ?
21. Are you taking advantage of the Export Risk Insurance ?
22. Do you think that the Export Risk Insurance Scheme can be improved upon and if so, how ?
23. Do you have your own agents in foreign countries ? If so, is the arrangement with them working satisfactorily ?
Please give terms of agency.
24. Are your buyers satisfied with your packing ?

25. Do you work on L.C. basis or on D.P. terms ?
26. Has there been any case of default in regard to payment of your bills ?
27. Are you getting your raw material requirements in full ?
28. Do you get the yarn by direct import, from the market or from the mills ?
29. What are your difficulties in regard to procurement ?
30. Are you experiencing any difficulties in executing the orders in time ? If so, give details.
31. Please state specific difficulties, if any in regard to the procurement of raw materials.
32. Do you have any difficulties in regard to technical matters ?
33. Do you think you can increase your exports ? If so, what are the facilities you would like to have from Government ?
34. Are you conversant with all the export incentive schemes of the Government of India ? Please give your comments, if any, on their working and suggestions for improvement.
35. Have you been abroad any time in connection with business ?
36. Did your visit help increase your exports ?
37. Is there any change in the pattern of demand from what it was a few years back ? Give details.
38. Have you been able to adjust your production to the change in the pattern of demand ?
39. What are your annual exports ? Please give figures for the last three years.
40. What is the arrangement in regard to new designs and samples ? Do you produce your own samples and send to your buyers or your buyers send you the samples on which they order ?

ANNEXURE III

(a) State Governments who responded to our questionnaire

1. Andhra Pradesh
2. Assam.
3. Bihar.
4. Delhi.
5. Gujarat.
6. Kerala.
7. Madras.
8. Maharashtra.
9. Madhya Pradesh.
10. Manipur.
11. Mysore.
12. Orissa.
13. Pondicherry.
14. Punjab.
15. Rajasthan.
16. Tripura.
17. Uttar Pradesh.
18. West Bengal.

(b) Apex societies who responded to our questionnaire

1. The Tamil Nadu (Madras State) Handloom Weavers' Co-operative Society Ltd., Egmore, Madras-8.
2. The Kerala State Handloom Weavers' Co-operative Society, Trivandrum.
3. The Manipur State Handloom Weavers' Co-operative Society Ltd., Imphal, Manipur.
4. The Orissa State Handloom Weavers' Co-operative Society Ltd., Cuttack.
5. The Hyderabad Handloom Weavers' Central Co-operative Association Ltd., Hyderabad. (A.P.).
6. The Uttar Pradesh Industrial Co-operative Association, Kanpur.
7. The Indian Co-operative Union, Janpath, Delhi.
8. Assam Apex Weavers' Co-operative Society Ltd., Gauhati.
9. Gujarat State Industrial Co-operative Association, Ahmedabad.
10. Rajasthan Raja Bunkar Sahkari Sangh Ltd., Jaipur.
11. Punjab Handloom Weavers' Apex Co-operative Society Ltd., Chandigarh.
12. Vidarbha Weavers' Central Co-operative Society Ltd., Nagpur.
13. The West Bengal State Handloom Weavers' Co-operative Society Ltd., Calcutta.

(c) Handloom Weavers' Association who responded to our questionnaire

1. Seerappalli Dhanalakshmi Kaithari Art Silk Javuli Urpathi & Virpanaiyalar Sangam, Seerappalli.
2. Sree Venkateswara Handloom Master Weavers' Association, Mydukur.

3. Rameswaram Weavers' & Master Weavers' Syndicate.
4. The Thavuttupalayam Handloom Cloth Manufacturers' Association.
5. Shri Venkateswaran Handloom Master Weavers' Association, Kuprial.
6. The Mydukur Division Handloom Art Silk Small Users' Association.
7. Shri Panduranga Art Silk Handloom Weavers' Association, Anantapur Dist.
8. C. Rajupalam Art Silk Handloom Master Weavers' Association.
9. Kuppampatti Devanga Handloom Art Silk Cloth Manufacturers' Association.
37. Salem T.
10. Elanganasalai Pappapatti Kaithari Narpattu Nesavalargal & Urpathiyalar Sangam.
11. Sri Satyanarayana Handloom Small Users Association, Andhra Pradesh.
12. Salem Taluka Elampillai Soundambigai Art Silk Kaithari Nesavu Thozhilalar Sangam.
13. Elampillai Handloom Art Silk Producers' Association, Elampillai.
14. The Art Silk Handloom Cloth Manufacturers' Association.
15. The Madurai Junior Master Weavers' Association, Madurai.
16. Dhoodampalayam Handloom Cloth Merchant Association, Dhoodampalayam.
17. Kangayam Art Silk Handloom Fabric Producers' Sangam, Coimbatore Dist.
18. Pudukkottai Division Handloom Art Silk Yarn Cloth Manufacturers' Association.
19. Art Silk Handloom Cloth Manufacturers' Association, Coimbatore.
20. Arupukottai Thaluka Kaithari Art Silk Nool Javuli Urbathialar, Sangam.
21. The Vijaya Handloom Master Weavers' Association.
22. The Elampillai Handloom Art Silk Cloth Producers' Sangam.
23. Andavar Kaithari Narpattu Javuli Urpathiyalargal Association, Salem.
24. The Kondalampatty, Sri Sowdanbigai Art Silk Cloth Manufacturers' Association.
25. Perumagoundampatti Handloom Art Silk Cloth Manufacturers' Association, Salem.
26. Sri Venkateswar Handloom, Art Silk Cloth Manufacturers' Association, Salem.
27. 31st Ward Handloom Art Silk Cloth Manufacturers' Association, Salem.
28. Elampillai Rajeswari Kaithari Nesavu Thozhilalar Sangam.
29. Putthur Agraharam Art Silk Handloom Weavers' Production & Sale Society.
30. Dasappa Goundenpudur Kaithari Seyakari Pattuthuni Urpathiyalar Sangam, Coimbatore Dist.
31. The Abbavaram Handloom Master Weavers' Association.
32. Sri Lakshmi Handloom Silk Yarn Cloth Production Association, Erode.
33. Kilakku Salem Kaithari Sayerkai Pattu Javuli Urpathiyalar Sangam, Salem.
34. Elampillai Rajeswari Kaithari Nesavu Thozhilalar Sangam.
35. The Salem Handloom Art Silk Cloth Manufacturers' Association.
36. The Nethaji, Handloom Art Silk Cloth Manufacturers' Association, Salem.
37. Salem Taluk Art Silk Users' Handloom Weavers' Association, Salem.
38. Dhanalakshmi Kaithari Narpattu Nesavalar Sangam.
39. Thiruvalluvar Handloom Art Silk & Yarn Weavers' Association.
40. The Jammalamadugu Taluk Handloom Master Weavers' Association.
41. The Padakandla Handloom Art Silk Small Users' Association, Kurnool.
42. Sri Chamundeswari Handloom Weavers' Association.
43. The Vijayalakshmi Handloom Master Weavers' Association.
44. Allagadda Taluk Handloom Small Users & Master Weavers' Association, Kurnool.

45. The Rajampet Taluk Balaji Handloom Master Weavers' Association (Andhra Pradesh).
46. Jangaon Taluka Master Weavers' Association.
47. Nool Javuly Urpathiyalar Sangam.
48. Injedu Master Weavers' & Small Users' Association.
49. Kuppampatti Devanga Handloom Art Silk Cloth Manufacturers' Association.
50. The Art Silk Handloom Cloth Manufacturers' Association.
51. The Elampillai Handloom Art Silk Cloth Producers' Sangam.
52. Salem Taluk Art Silk Users Handloom Weavers' Association, Salem.
53. 31st Ward Handloom Art Silk & Yarn Weavers' Association.
54. Manamedu Handloom Art Silk Cloth Manufacturers' Association.
55. Shri Harasimha Handloom Master Weavers' Small Users Association.
56. The Abbavaram Handloom Master Weavers' Association.

*(d) From exporters of handlooms who responded to our
Questionnaire*

1. M. Naraindas, Madras.
2. K. Kalahastri Chetty and Sons, Madras.
3. The Indolanka Traders, Madras.
4. The National Palyakat Co., Madras.
5. B. Balakrishnamma Chetty & Sons, Madras.
6. The Overseas Trading Corporation, Madras.
7. Kasimari Stores, Madras.
8. A. M. Ahmed and Co., Madras.
9. Moulana Co. (Pvt.) Ltd., Madras.
10. Bharat Traders, Coimbatore.
11. M. A. Naina Mohamed and Co., Madras.
12. Sarvaswathi and Co., Madras.
13. D. Narayana Iyengar and Son, Tirunajeshwaram.
14. Golden Trading Co., Madras.
15. King Trading Co.
16. Anga and Co.
17. Kashthuri Palayakoo Co.
18. S. M. Akbar and Co.
19. Good Lock Palayakot and Co.
20. Exporters Bleedy.
21. United Trading Co.
22. Cauveri Trading Co.
23. S. Govindaswamy Chettiar and Co.
24. Jubilee Palayakot and Co.
25. Golden Palyakat and Co.
26. Textiles India Agencies.
27. T. Doraiswamy Mudaliar and Co.
28. Lakshmi Trading Co.
29. Fareast Merchantile and Co.
30. G. Kewalaram Pvt. Ltd.
31. S. S. S. B. Trading, Madras.
32. Sri Rajeswari Palayakat Co., Madras.

33. Bargama Textiles, Madras.
34. Allianza Supplies, Madras.
35. S. Manickram and Co., Madras.
36. Chanrai Uttamchand, Madras.
37. M. M. Naina & Co., Madras.
38. C. S. Kumarswamy Chetty & Sons.
39. Asia Palayakat & Co., Madras.
40. Madras Lungi Corporation, Madras.
41. Royal Textiles, Madras.
42. Veena Textiles.
43. Chennai Kaithari Corporation, Madras.
44. Ambiga Palayakat Co., Madras.
45. Chandra Palayakat Co., Madras.
46. Manonmani Palayakat Co., Madras.
47. Southern Palayakat Co., Madras.
48. Superior Palayakat Co., Madras.
49. City Palayakat Co., Madras.
50. Sellamutu Sivanathan & Co.
51. Ganeshar Palayakat & Co.
52. S. Zacharias Mudaliar & Co., Karaur.
53. Sri Kumaran Palayakat & Co., Karaur.
54. The Velavar Palayakat & Co., Madras.
55. Sarthi Co., Madras.
56. Sri Y. Munuswamy Chetty, Madras.
57. Modern Palayakat Co., Madras.
58. Royal Textile, Madras.
59. Natarajan & Co., Madras.
60. Malaya Export Co., Madras.
61. Kadarali Maricar, Madras.
62. Hindustan Handloom & Handicrafts, Madras.
63. Raja Palayakat Stores, Madras.
64. Velayatha Muddiar & Bros., Madras.
65. Chettyzons, Madras.
66. Premier Lungi Co., Madras.
67. Abdul Gafoor & Co., Madras.
68. Swamy Iyer Palayakat Co., Madras.
69. Ambal Palayakat Co., Madras.
70. Amin & Co.
71. Meenakshi Palayakat & Co.
72. Ashoka Palayakat & Co.
73. Raya S. Venkatachalapathur Iyer.
74. M. E. A. Mohd. Hamij Merran and Bros.
75. Mani and Co.
76. Eastern Silk Mfg. Co. Pvt. Ltd.
77. The Ammapet Handloom Weavers' Co-operative Prod. and Sales Society, Ltd., Salem.
78. Textiles India Agencies, Madras.
79. Nagavedu Lungi Co.
80. Uma Ravi Silk Emp., Bangalore.

81. Radha Silk Emp., Madras.
82. Agarwal Mercantile Corporation, Sowerpet.
83. Banaras Silk Museum, Banaras.
84. Raja Rajeshwari Wvg. Mills, Kerala.
85. S. B. S. Trading Co., Madras.
86. Radha Ram Bros., Madras.
87. The Madras State Handloom Weavers' Coop. Society, Ltd., Madras.
88. C. S. C. Kumaraswamy Chetty and Sons, Madras.
89. Sri Ganapathy Palayakat Co., Madras.
90. Thoondimul Palayakat Co., Madras.
91. Nagoragani and Sons, Madras.
92. Oriental Lungi and Co., Madras.
93. V. Govinda Mudaliar Sons, Madras.
94. Ashoka Marketing Ltd., Madras.
95. The Webbing and Belting Fy. Pvt., Delhi
96. Popular Lungi Co., Madras.
97. Pioneer and Co., Madras.
98. M. E. Veerbhadram, Madras.
99. W. A. Bearsell and Co. Pvt. Ltd., Madras.
100. Fabindia Ltd., New Delhi.

ANNEXURE IV

Summary of comments of the fact finding committee on various suggestions made to it

Planning for Self-Sufficiency.—Excessive dependence on distant markets is not desirable. It is necessary in future to plan production in such a way that a great majority of weavers do not depend on distant market—as rapid change in fashions and tastes and effective competition from substitutes are bound to cause much distress.

In the case of certain superior fabrics, specialisation in distinct centres for far-off markets must continue. In the case of such goods the advantages resulting from localization cannot be neglected (*para* 181).

New Markets.—The crux of the problem is exploring markets, maintaining them and adjusting production according to their requirements (*para*. 179).

Internal re-organisation of weavers.—An organisation for helping the weaver which will arrange for supply of yarn and credit on economical terms is needed (*Para*. 183).

It will be wiser to utilise the middlemen or Mahajans in some way in the re-organisation programme (*Para*. 184).

Such organisations as Joint Stock Companies for carrying on the work now done by the Mahajans which will take upon themselves, with State aid, the responsibilities of purchasing yarn, production through cottages or Kharkhanas should be started (*Para*. 186).

If in kharkhanas, or under the aegis of Co-operative Societies, a large number of weavers can be brought under some organisation it may be possible to bring under practical use some of the improved appliances which will reduce the cost of production of handloom cloth (*Para*. 187).

The weaver working in his family circle is the ideal arrangement, socially and economically, and by bringing the Cottage weaver under Co-operative or controlled Mahajan system it will be possible to render him all help in regard to yarn, credit and marketing that he stands in need of.

Improved appliances can be demonstrated to him at the Co-operative Office or at the fairs. It may also be possible to send round motor vans for demonstrating new designs as well as technical appliances.

The weavers' lack of punctuality and carelessness, in regard to dimensions, ends and picks, can only be cured by the discipline which a co-operative system can give (*Para*. 188).

The emergence of a great spinning industry in the South has been of great assistance to handloom weavers, and any direct or indirect measures which will encourage them to continue the work and discourage their taking up weaving will be helpful (*Para*. 200).

The mills may be asked to distribute yarn among the weavers and take back cloth from them and sell after finishing it. It may be possible to send the work to the weavers' cottages and get piece work done under supervision and thus avoid some of the evils attendant upon working in the mill atmosphere. If spinning mills employ handloom weavers on such a basis there is no doubt that total employment in handloom weaving will increase and some organisational evil which predominates in the trade at present can be put an end to; such disadvantages from which handloom industry suffers, in respect of supply of yarn, finance, organisation, marketing, etc., will ultimately disappear; and the result of such co-operation between handloom and mill industry will be beneficial to both parties (*Para*. 201).

Some sort of reservation should be made for the handloom weavers. Such reservation, however, must be based on mutual agreement between the mills and

the handlooms. In our opinion such agreement would be possible if the mills agree not to weave any goods of plain weave with the width of from 25" to 50" and a length of from $1\frac{1}{2}$ yards to $9\frac{1}{2}$ yards per piece, divided by headings across the width at a length-wise distance of less than $9\frac{1}{2}$ yards and with borders, the grounds of such articles not being distinguished with any stripes or checks-woven, developed by different counts of yarn or by bleached, coloured or printed yarn. Neither should the grounds of such cloths be striped or checked by some other processes such as printing or by crimp dyeing or by any other chemical methods. Such a definition would reserve to handlooms all striped and checked sarees, gamchas, and checked chaddars, and is likely to narrow down the field of competition. The mills and powerlooms, in our opinion, can afford to relinquish their production of this type of articles. This is likely to provide a greater field for the handloom weavers and no complication whatever is likely to arise if any such voluntary restriction is imposed by mills upon themselves in the interests of the poor handloom weavers (*Para. 202*).

However, plenty of yarn should be supplied at a reasonable cost to the weavers. Yarn dealers should be brought under control and licences should be issued to those only who would abide by rules for the sale of yarn. In most cases the yarn dealers are the buyers of finished goods. We feel that this must be discouraged. A yarn dealer to be entitled for a licence shall not have any interest either direct or indirect in the finished products. The licensing can be enforced under the direction of the Provincial and State Governments and the Directors of Industries should be empowered to cancel a licence in the event of any breach of rules on the part of the yarn dealers. The rules concerned should be in respect of malpractices mostly, but some sort of connection between the invoice price of yarn purchased by the dealers and the price at which it is sold may be maintained after allowing for normal profits. An incidental advantage of licensing yarn dealers would be that it would be possible to collect statistics of the supply of yarn to handloom weavers and others through the licensed yarn dealers. They should be required by law to submit periodical returns showing the sale of yarn under classified headings, such as handlooms, powerlooms, hosiery etc. (*Para. 204*).

Correct number of knots in each bundle of yarn according to standard packing should be insisted upon and the yarn required to be packed in standard bundles by law. Moreover, a strict supervision at the sources as well as the subsequent stages of sale might be adopted so as to enforce the provision of the Indian Merchandise Marks Act, 1889 (*Para. 204*).

Government-managed yarn depots are likely to be quite successful but so long as the depot does not undertake a part of the marketing function either directly or indirectly, it will be difficult to wean the weavers away from the middle-men yarn dealers (*Para. 205*).

If big spinning mills are established under some sort of official control, and with the aid of Provincial or State Governments, especially in areas which are yarn consuming but not yarn producing, it will be of much use to the industry. This may also enable the Governments concerned indirectly to control the yarn market in the area by providing an element of a fair competition in the market (*Para. 206*).

Another important measure essential to the future development of the handloom industry is the continuous supply of new designs which will enable to hold its own against the competition of mills using fresh designs for pushing sales (*Para. 207*).

Market outside unbleached and uncalendered products (which were in demand due to swadeshi movement) is much larger. In order to tap this wider market, finishing may be a necessity. Not all fabrics, however, are likely to benefit by this. Shirtings, coatings and fine fabrics above 40s do require finishing. Special type of finishing would be desirable in certain classes of high-priced fabrics for export.

Reasonable, economic and fair success can be expected of a calendering plant catering for a very large number of handlooms, say, 10,000—20,000 concentrated in a comparatively small area producing cloth which requires calendering. This can also be done if there is a strong central sales organisation. For the success of a modern finishing plant, it would be necessary that weavers take to production of standard types of goods (*Para. 208*).

Standardization of prices and quality is a particular necessity in the case of fabrics intended for inter-provincial and foreign markets. It would pay the industry if an organisation is started which would standardize the qualities of cloth in respect of reed and picks per inch in each range of counts and quality of cloth (*Para. 209*).

While all possible steps must be taken for reducing the cost of marketing, active steps must be taken for developing markets within the country and abroad by means of publicity and propaganda (*Para. 127*).

The entire system of the export trade in handloom fabrics will have to be properly organised, and in this connection it may be worthwhile to consider some of the suggestions placed before us by all witnesses and others. One suggestion is that the Government might regulate exports and licence the exporters who should be required to export goods according to approved specifications. Secondly, the services of the Indian Trade Commissioners and similar official agencies might be utilised to develop the various markets, by means of extensive propaganda, maintenance of museums of handloom products in the consuming centres, etc. Thirdly, arrangements might be made to standardise the local production so as to lend stability to the export trade (*Para. 134*).

Technical guidance may be given to the weavers with a view to educate them through (a) peripatetic demonstration parties and broaden their outlook in regard to newer structure of fabrics, colour, design, border etc., and (b) training students in all branches of the industry including buying and selling of raw materials and finished products (*Para. 210*).

Considerable quantities of cloth required by Central and Provincial Governments and for the Military Stores Departments can be supplied by the handloom industry (*Para. 211*).

An All India Handloom Industries Board should be established on the same lines as the Indian Central Cotton Committee. Functions of the Board will be (a) research, (b) supply of raw material, (c) marketing (*Paras. 212-13*).

ANNEXURE V

Expenditure incurred on Handloom Development Schemes during 1st Plan

(Lakhs Rupees)

Group	Sanction	Expenditure
'A' Organization of Handloom Industry:—		
1. Share Capital of Weavers	56.55	44.60 (4.60 per cent)
'B' Working Capital for Production and Marketing:—		
1. Working Capital of Weavers' Co-operative Societies.	452.16	410.88
2. Working Capital for sales depots	6.29	3.54
3. Working Capital for purchase of goods to be sold by mobile vans.	3.35	2.53
4. Working capital for apex societies for marketing of handloom cloth.	113.32	122.54
5. Production centres	0.51	..
TOTAL .	575.63	539.59 (55.66 per cent)
'C' Marketing of Handloom Cloth:—		
1. Sales Depots	55.97	38.99
2. Mobile sales vans	13.22	10.86
3. Purchase of samples	1.90	1.30
4. Publicity and Propaganda	7.10	5.70
5. Award of prizes	1.12	0.84
6. Inspection and Stamping	2.36	1.16
7. Standardisation	0.90	0.94
8. Reduction in cost of art textiles	0.36	0.47
9. Inter-State Sales Depots	3.25	1.32
10. Appointment of hawkers	0.25	0.02
11. Subsidy to multipurpose societies for sale of Handloom cloth.	1.54	..
12. Himroo Fabrics	0.06	..
TOTAL .	88.03	61.60 (6.35 per cent)

ANNEXURE V—*contd.*

(Lakhs Rupees)

Group	Sanction	Expenditure
<i>'D' Direct subsidy on production and sales:—</i>		
1. Rebate on sales of handloom cloth	181.89	227.17
2. Subsidy on transport of yarn	0.42	0.29
TOTAL	182.31	227.46 (23.46 per cent)
<i>'E' Technical Improvement:—</i>		
1. Conversion of looms	11.82	10.71
2. Take-up-motion attachments	20.62	13.98
3. Warping Frames	0.34	0.17
4. Slays	5.07	2.64
5. Reeds	9.28	5.36
6. Jacquards	2.12	1.48
7. Warping machines	3.11	0.75
8. Dobbies	3.42	1.35
9. Cloth Testing Machines	0.50	..
10. Varnished and Wire healds	9.15	6.76
11. Warping drums	0.75	0.67
12. Pedal looms	8.65	2.64
13. Yarn testing machines	0.01	0.01
14. Additional equipment for Government Work-shops for manufacturing weaving appliances	0.04	0.04
15. Assistance to purchase looms	0.31	..
TOTAL	74.74	46.56 (4.80 per cent)
<i>'F' Organisational Expenses:—</i>		
1. Organisational expenses	16.26	17.76
2. Appointment of Designers, Tracers etc.	0.26	0.02
3. Collection of statistics	3.24	2.04
4. Appointment of Inspectors of Co-operative Societies	2.12	1.05
TOTAL	21.88	20.87 (2.15 per cent)

ANNEXURE V—contd.

(Lakhs Rupees)

Group	Sanction	Expenditure
'G' Technical Processing :—		
1. Dye-houses, mobile dyeing units	24.66	13.99
2. Finishing and Calendering plants	21.28	5.12
3. Pattern making factories	7.67	3.36
TOTAL	53.61	22.47 (2.32 per cent)
'H' Training and Research:—		
1. Research, equipment, etc.	2.64	1.46
2. Purchase of raw material for demonstration parties	1.67	1.09
3. Opening of training centres for training of employees	0.28	0.04
4. Training of Artisans in pattern making, jacquard setting, etc.	0.20	..
TOTAL	4.79	2.59 (0.27 per cent)
'I' Co-operative Spinning Mills:—		
1. Co-operative Spinning Mills	10.59	0.59
TOTAL	10.59	0.59 (0.06 per cent)
'J' Industrial Co-operatives:—		
1. Conversion of factories into industrial co-operatives.	1.12	1.12
2. Model weaving centre	1.55	1.36
TOTAL	2.67	2.48 (0.26 per cent)
'K' Housing Colony of Weavers:—		
1. Housing colony of weavers	0.71	0.71
TOTAL	0.71	0.71 (0.07 per cent)
'L' Miscellaneous:—		
1. Old development fund	0.30	..
GRAND TOTAL	1,071.81	969.52

NOTE.—Figures in brackets indicate percentage to Grand Total.

ANNEXURE VI

Amount expended on Handloom Development Schemes During II Plan Period

S. No.	Name of State	1956-57	1957-58	1958-59	1959-60	1960-61	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Grants and Loans Together							
		Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.
1.	Andhra Pradesh	74,34,310·79	1,14,57,060·04	86,95,738·90	67,00,000·50	87,48,142·17	4,30,35,252·40
2.	Assam	9,99,369·62	7,10,403·77	6,84,834·06	7,98,458·50	12,19,867·60	44,12,933·55
3.	Bihar	32,12,845·96	38,10,527·74	47,09,344·96	26,56,022·39	41,07,238·80	1,84,95,979·85
4.	Gujarat . . . . .	..	..	..	..	5,77,319·99	5,77,319·99
5.	Jammu & Kashmir . . . . .	..	64,873·83	70,797·06	1,03,506·40	1,08,065·18	3,47,242·47
6.	Kerala	22,58,047·78	26,73,909·89	29,78,023·53	24,91,388·42	22,41,997·54	1,26,43,367·16
7.	Madhya Pradesh	18,03,179·97	16,78,782·24	12,64,447·69	8,01,534·62	8,72,481·31	64,20,425·83
8.	Madras	1,99,17,747·01	1,19,68,516·50	1,35,17,066·63	1,40,15,555·88	1,24,24,074·92	7,18,42,900·94
9.	Maharashtra	68,17,353·15	58,75,524·37	58,01,483·10	32,67,669·20	29,45,343·28	2,47,07,373·10
10.	Mysore	40,00,617·18	49,15,045·76	43,80,110·84	21,17,360·96	20,86,825·95	1,74,99,960·69
11.	Orissa	22,91,555·00	15,19,539·00	13,45,122·63	14,68,189·42	15,97,642·86	82,22,048·91
12.	Punjab	8,79,271·89	3,58,821·35	5,09,984·47	4,85,823·81	5,28,012·34	27,61,913·86
13.	Rajasthan	6,12,446·98	12,90,436·17	6,81,754·38	8,07,027·00	7,90,449·55	41,82,114·08
14.	Uttar Pradesh	68,14,723·32	30,76,799·99	62,91,385·73	23,89,433·29	40,86,194·79	2,26,58,537·12
15.	West Bengal	35,80,747·06	22,33,380·48	25,92,315·76	30,43,161·76	32,42,961·60	1,46,92,566·66
16.	Delhi*	53,720·00	1,19,161·28	72,643·03	1,14,579·64	1,02,498·27	4,62,602·22
17.	Himachal Pradesh* . . . . .	..	..	..	12,561·00	..	12,561·00
18.	Manipur*	2,07,358·31	82,910·71	91,602·69	31,210·51	77,096·40	4,90,178·62
19.	Pondicherry*	2,78,100·00	1,94,893·50	1,48,860·77	75,129·24	86,128·73	7,83,112·24
20.	Tripura*	49,849·56	81,228·46	1,24,099·10	1,29,715·22	1,39,850·32	5,24,724·66
TOTAL (LOANS)		6,12,11,243·58	5,21,11,815·08	5,39,59,555·33	4,15,08,327·70	4,59,82,191·60	25,47,73,133·35

	Grants only							
1. Andhra Pradesh	48,03,610·79	70,69,437·22	73,96,151·41	46,00,000·00	54,42,773·25	2,93,11,972·67		
2. Assam	5,56,869·62	5,70,823·77	6,37,471·56	4,67·666·79	5,85,046·63	28,17,878·37		
3. Bihar	16,52,722·96	19,40,777·74	46,09,339·96	21,10,817·39	37,25,488·80	1,40,39,146·85		
4. Gujarat . . . . .	..	..	..	..	5,38,869·24	5,38,869·24		
5 Jammu & Kashmir . . . . .	..	21,193·54	50,172·06	76,843·90	94,685·18	2,42,894·68		
6 Kerala	7,38,636·48	22,98,754·89	21,37,499·61	19,83,417·65	16,90,544·67	88,48,853·30		
7. Madhya Pradesh	11,07,126·85	10,96,166·47	10,79,560·19	6,86,389·90	7,39,731·87	47,08,975·28		
8. Madras	97,54,160·38	86,86,537·48	1,03,21,830·72	1,17,16,685·04	98,89,745·14	5,03,68,958·76		
9. Maharashtra	45,87,900·15	58,53,049·37	54,73,208·10	31,88,618·19	21,88,854·44	2,12,91,630·25		
10. Mysore	12,80,324·02	27,00,061·94	27,40,506·17	14,87,983·05	12,07,625·95	94,16,501·13		
11. Orissa	10,97,055·00	11,68,100·00	10,86,722·63	10,54,889·42	7,10,792·86	51,17,559·91		
12. Punjab	4,78,251·89	3,58,821·35	5,09,684·47	3,81,288·81	3,66,867·34	20,94,913·86		
13. Rajasthan	3,84,026·98	3,36,026·67	5,83,054·38	4,71,153·00	4,30,449·55	22,04,710·58		
14. Uttar Pradesh	26,12,748·32	29,29,299·99	45,10,124·23	17,82,305·29	25,42,743·79	1,43,77,221·62		
15. West Bengal	14,23,377·06	13,63,465·48	17,53,805·76	20,46,701·38	21,86,243·27	87,73,592·95		
16. Delhi*	18,845·00	86,536·28	72,643·03	1,14,579·64	1,02,498·27	3,95,102·22		
17. Himachal Pradesh* . . . . .	..	..	..	12,561·00	..	12,561·00		
18. Manipur*	36,228·31	15,100·71	36,602·69	20,762·76	47,096·40	1,55,790·87		
19. Pondicherry*	57,037·50	1,01,800·00	1,48,860·77	75,129·24	86,128·73	4,68,956·24		
20. Tripura*	22,755·81	34,041·46	79,730·35	85,345·22	1,09,044·32	3,30,877·16		
TOTAL (GRANTS)	3,06,11,677·12	3,66,29,994·36	4,32,26,968·09	3,23,63,137·67	3,26,85,189·70	17,55,16,966·94		

*Union Territories.

ANNEXURE VI—*contd.*

(1)	(2)	(3)		(4)		(5)		(6)		(7)		(8)	
		Rs.	nP.	Rs.	nP.	Rs.	nP.	Rs.	nP.	Rs.	nP.	Rs.	nP.
Loans only													
1.	Andhra Pradesh	26,30,700·00		43,87,622·82		12,99,587·49		21,00,000·50		33,05,368·92		1,37,23,279·73	
2.	Assam	4,42,500·00		1,39,580·00		47,362·50		3,30,791·71		6,34,820·97		15,95,055·18	
3.	Bihar	15,60,123·00		18,69,750·00		1,00,005·00		5,45,205·00		3,81,750·00		44,56,833·00	
4.	Gujarat . . . . .		..		..		..		..	38,450·75		38,450·75	
5.	Jammu & Kashmir . . . . .		..	43,680·29		20,625·00		26,662·50		13,380·00		1,04,347·79	
6.	Kerala	15,19,411·30		3,75,155·00		8,40,523·92		5,07,970·77		5,51,452·87		37,94,513·86	
7.	Madhya Pradesh	6,96,053·12		5,82,615·77		1,84,887·50		1,15,144·72		1,32,749·44		17,11,450·55	
8.	Madras	1,01,63,586·63		32,81,979·02		31,95,175·91		22,98,870·84		21,34,329·78		2,14,73,942·18	
9.	Maharashtra	22,29,453·00		22,475·00		3,28,275·00		79,051·01		7,56,488·84		34,15,742·85	
10.	Mysore	27,20,293·16		22,14,983·82		16,39,604·67		6,29,377·91		8,79,200·00		80,83,459·56	
11.	Orissa	11,94,500·00		3,51,439·00		2,58,400·00		4,13,300·00		8,86,850·00		31,04,489·00	
12.	Punjab	4,01,020·00			..	300·00		1,04,535·00		1,61,145·00		6,67,000·00	
13.	Rajasthan	2,28,420·00		9,54,409·50		98,700·00		3,35,874·00		3,60,000·00		19,77,403·50	
14.	Uttar Pradesh	42,01,975·00		1,47,500·00		17,81,261·50		6,07,128·00		15,43,451·00		82,81,315·50	
15.	West Bengal	21,57,370·00		8,69,915·00		8,38,510·00		9,96,460·38		10,56,718·33		59,18,973·71	
16.	Delhi*	34,875·00		32,625·00			..		..		..	67,500·00	
17.	Himachal Pradesh* . . . . .		..		..		..		..		..		..
18.	Manipur*	1,71,130·00		67,810·00		55,000·00		10,447·75		30,000·00		3,34,387·75	
19.	Pondicherry*	2,21,062·50		93,093·50			..		..		..	3,14,156·00	
20.	Tripura*	27,093·75		47,187·00		44,368·75		44,370·00		30,846·00		1,93,865·50	
TOTAL (LOANS) .		3,05,99,566·46		1,54,81,820·72		1,07,32,587·24		91,45,190·09		1,32,97,001·90		7,92,56,166·41	

Scheme-wise Grants All India Basis

C. Marketing of Handloom Cloth

1. Appointment of Hawkers . . .	322·02	4,450·29	12,645·19	160·49	1,725·42	19,303·41
2. Award of Prizes . . .	21,928·67	28,405·01	26,071·91	36,203·54	23,988·80	1,36,597·93
3. Central Depots	53,867·94	62,125·87	1,18,059·31	97,729·00	44,436·76	3,76,218·88
4. Employment of Scooters . .	..	—	—	12,000·00	..	12,000·00
5. Estt. of Showroom/Sales Depot ..	572,45·94	39,376·63	1,01,426·35	74,473·91	17,206·02	2,89,728·85
6. Inspection & Stamping . . .	2,51,452·94	2,78,932·66	2,18,607·03	2,10,456·31	2,03,019·58	11,62,468·52
7. Internal Depots	—	—	1,48,886·66	—	1,69,911·72	3,18·798·38
8. Inter-State Depots	44,065·06	1,27,400·97	99,018·02	87,567·40	32,998·43	3,91,049·88
9. Mobile Van	2,70,759·38	94,773·38	1,19,553·53	1,99,189·64	1,21,124·38	8,05,400·31
10. Participation in Exhibition of Wvrs. Co-ops.	3,055·00	15,007·33	16,673·44	22,505·13	15,391·84	72,632·74
11. Plying of Trollies	7,500·00	24,164·00	..	—	..	31,664·00
12. Production-cum-Sales Socs. . .	—	—	..	1,750·00	..	1,750·00
13. Publicity & Propaganda . . .	2,12,767·62	2,69,259·01	3,32,738·07	2,82,288·46	3,76,298·09	14,73,351·25
14. Purchase of samples	47,587·24	48,129·09	54,963·92	43,415·82	56,244·93	2,50,341·00
15. Push Carts	58,525·05	..	29,754·11	20,947·45	27,391·00	1,36,617·61
16. Reduction on cost of Art Textiles .	23,829·00	15,945·00	16,774·96	..	..	56,548·96
17. Sales Depots	17,87,996·25	13,66,136·61	15,69,763·36	10,51,678·25	5,85,543·10	63,61,117·57
18. Standardisation	10,154·34	10,512·94	12,585·80	7,142·70	7,442·28	47,838·06
TOTAL	28,51,056·45	23,84,618·79	28,77,521·66	21,47,508·10	16,82,722·35	1,19,43,427·35

*Union Territories.

ANNEXURE VI—contd.

(1)	(2)	(3)		(4)		(5)		(6)		(7)		(8)	
		Rs.	nP.	Rs.	nP.	Rs.	nP.	Rs.	nP.	Rs.	nP.	Rs.	nP.
Grants—Contd.													
<i>D. Direct Subsidy on Production and Sales of Handloom Cloth</i>													
1. Rebate		2,11,23,541·70		2,59,84,806·71		3,39,97,842·11		2,39,71,241·86		2,30,60,240·41		12,81,37,672·79	
2. Subsidy of interest on working capital advanced by RBI Scheme.			95,826·99		73,129·09		4,98,605·31		6,67,561·39	
3. Subsidy for multipurpose Co-operative Societies.		12,580·00		17,420·00		3,125·00		15,000·00		15,416·76		63,541·16	
4. Subsidy on transport of yarn .		17,011·44		1,642·87		11,876·14		15,754·12		18,343·31		64,627·88	
TOTAL .		2,11,53,133·14		2,60,03,869·58		3,41,08,670·24		2,40,75,125·07		2,35,92,605·79		12,89,33,403·82	
<i>E. Technical Improvements</i>													
1. Carding Machines		22,359·62		13,026·00		35,385·62	
2. Conversion of looms		2,56,383·22		14,73,187·53		86,808·22		1,70,861·25		1,96,724·56		21,83,964·78	
3. Dobbies		2,62,347·21		2,09,287·24		1,08,903·91		57,162·58		1,07,841·47		7,45,542·41	
4. Drop Boxes		4,600·00		6,752·00		6,040·00		480·00		..		17,872·00	
5. Frame Looms		6,540·00		80,415·90		35,134·00		59,450·00		10,954·50		2,01,494·40	
6. Healds		3,83,330·01		3,52,072·96		3,18,981·63		1,61,773·33		2,15,325·66		14,31,483·59	
7. Heald Staves		75,000·00		..		..		..		75,000·00	
8. Jacquards		43,247·12		36,242·50		16,955·91		27,431·30		22,964·36		1,46,841·19	
9. Looms and accessories		1,73,789·06		1,31,708·29		4,67,770·32		2,41,373·56		7,47,578·58		18,62,219·81	
10. Press Machines		13,000·00		19,120·00		17,456·50		19,483·98		37,074·34		1,06,134·82	
11. Reeds		3,41,112·88		2,60,801·79		2,39,341·71		2,13,488·82		2,04,222·20		12,58,967·40	
12. Roller Temples		31,103·56		5,040·00		16,264·55		1,265·00		1,884·38		55,557·49	
13. Semi automatic Pedal loom		3,88,013·15		2,08,656·00		65,673·50		44,002·50		71,250·00		7,77,595·15	

14. Slays with warping beams	1,76,067·28	1,68,436·77	69,735·00	78,457·13	1,58,775·40	6,51,471·67
15. Take up Motion attachment	3,64,159·50	1,91,394·50	1,50,237·96	67,425·02	31,500·00	8,04,716·98
16. Warping Drums	21,764·81	43,718·25	33,756·50	12,619·50	15,975·00	1,27,834·06
17. Warping Frames	..	..	..	..	9,375·00	9,375·00
18. Warping Machines	1,24,324·00	34,871·40	1,48,160·47	96,150·26	54,808·50	4,58,314·63
19. Yarn Testing Machine	..	7,650·00	..	..	..	7,650·00
TOTAL	25,89,781·80	33,13,355·13	17,81,220·18	13,73,783·85	18,99,280·04	1,09,57,421·00

F. Organisational Expenses

1. Additional audit and supervisory staff (RBI).	..	..	..	..	22,271·97	22,271·97
2. Appointment of Tracers etc.	11,848·69	11,896·87	23,932·24	27,990·67	38,754·05	1,14,422·52
3. Collection of Statistics	1,27,684·68	47,301·38	1,04,702·28	1,50,603·24	3,00,837·25	7,31,128·83
4. Organisational expenses	18,36,313·15	25,61,023·99	26,03,343·11	26,11,128·25	26,45,997·29	1,22,57,805·79
5. Registration of Handloom	4,315·56	22,345·57	27,189·25	27,863·33	879·77	82,593·48
6. Rent and Furniture of Silk Societies.	8,500·00	18,375·90	10,815·21	7,346·19	11,768·01	56,805·22
TOTAL	19,88,662·08	26,60,943·71	27,69,982·00	28,24,931·68	30,20,508·34	1,32,65,027·81

ANNEXURE VI—contd.

(1)	(2)	(3)		(4)		(5)		(6)		(7)		(8)	
		Rs.	nP.	Rs.	nP.	Rs.	nP.	Rs.	nP.	Rs.	nP.	Rs.	nP.
Grants—Contd.													
<i>G. Technical Processing</i>													
1.	Bleaching, Finishing & Calendering Plants.	5,23,146·47		5,74,140·55		4,02,237·95		1,10,303·01		3,16,220·49		19,26,048·47	
2.	Carding Plant . . . . .	..		86,636·00		..		..		..		86,636·00	
3.	Dye Houses	5,92,181·60		5,73,012·75		6,16,863·56		3,33,176·85		3,15,625·02		24,30,859·78	
4.	Pattern Making Factories	3,31,506·72		2,25,857·94		2,37,094·30		1,66,292·33		1,16,868·15		10,77,629·44	
5.	Raising & Milling Plant	3,097·78		11,759·86		..		..		..		14,857·64	
6.	Silk Processing Factories . . . . .	..		8,166·00		9,646·75		8,788·13		8,823·78		35,424·66	
7.	Supply of Patterns . . . . .	..		..		..		5,000·00		..		5,000·00	
8.	Winding and Warping centre . . . . .	..		17,897·81		22,510·00		5,531·00		8,416·09		54,354·90	
	TOTAL	14,49,932·57		14,97,480·91		12,88,352·56		6,29,091·32		7,65,953·53		56,30,810·89	
<i>H. Training and Research</i>													
1.	Deputation of weavers	4,991·27		400·00		..		1,800·00		13,000·00		20,191·27	
2.	Peripatetic demonstration	60,468·14		1,00,036·45		42,377·15		36,313·34		38,826·33		2,78,021·41	
3.	Production of artistic kesh . . . . .	..		..		..		..		3,780·00		3,780·00	
4.	Research & Designs	99,066·65		1,23,839·14		1,51,449·53		1,22,246·62		43,916·09		5,40,518·03	
5.	Training employees of Coop.	60,968·95		96,785·41		75,523·35		41,183·47		96,150·14		3,70,611·32	
6.	Training-cum-Production centre	27,349·31		18,599·69		35,231·74		96,685·05		1,46,552·50		3,24,618·29	
7.	Training in salesmanship of employees of co-op. Societies	1,720·00		..		..		..		..		1,720·00	
8.	Training of weavers . . . . .	..		276·67		8,100·00		8,000·00		3,186·56		19,563·23	
	TOTAL	2,54,564·32		3,40,137·36		3,12,681·77		3,06,228·48		3,45,411·62		15,59,023·55	

J. Industrial Co-operatives

1. Industrial Co-operative	..	9,500·00	7,752·41	20,044·99	15,008·59	52,305·99
2. Model Weaving Factories	26,080·00	..	5,763·98	27,620·00	7,887·62	67,351·60
TOTAL	26,080·00	9,500·00	13,516·39	47,664·99	22,896·21	1,19,657·59

K. Housing Colonies

1. Housing colony of Weavers	98,257·00	1,95,003·75	20,463·00	8,08,237·41	12,98,611·39	24,20,572·55
2. Renovation of Existing Houses	..	..	..	24,260·33	..	24,260·33
TOTAL	98,257·00	1,95,003·75	20,463·00	8,32,497·74	12,98,611·39	24,44,832·88

L. Miscellaneous

1. Adivasi Area	..	1,29,060·25	28,559·73	1,25,200·60	53,649·44	3,36,470·02
2. Cost of Bldg. for Office of the business	10,000·00	..	..	..	..	10,000·00
3. Miscellaneous (Scheme-wise details not furnished).	1,90,209·76	96,034·88	26,000·56	1,105·84	3,550·99	3,16,892·03
TOTAL	2,00,209·76	2,25,085·13	54,560·29	1,26,306·44	57,200·43	6,63,362·05
TOTAL (GRANTS)	3,06,11,677·12	3,66,29,994·36	4,32,26,968·09	3,23,63,137·67	3,26,85,189·70	17,55,16,966·94

ANNEXURE VI—*contd.*

Sl No.	Name of Scheme	1956-57	1957-58	1958-59	1959-60	1960-61	Total Expenditure
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.
		Schemewise Loans All India Basis					
<i>A. Organisation of Handloom Industry</i>							
1.	Share Cap. Apex. Soc.	25,000·00	9,47,878·00	1,46,100·00	4,78,700·00	12,07,100·00	48,04,778·00
2.	Share Cap. Wvrs. Co-ope. Socs.	18,67,553·87	17,61,152·63	9,70,593·00	14,34,294·22	18,61,363·83	78,94,957·54
	TOTAL	18,92,553·87	27,09,030·63	11,16,693·00	19,12,994·22	30,68,463·82	1,06,99,735·54
<i>B. Working Capital for Production & Marketing</i>							
1	W.C. for Apex Soc.	51,15,513·00	19,22,810·00	1,75,000·00	..	3,41,800·00	75,55,123·00
2.	W.C. for Dye Houses	1,80,000·00	1,33,044·79	40,000·00	54,700·00	29,000·00	4,36,744·79
3.	W.C. for Mobile Van	5,32,400·00	25,000·00	..	..	..	5,57,400·00
4.	W.C. for Sales Socs.	10,000·00	..	..	..	..	10,000·00
5.	W.C. for Wvrs. Co-ops.	2,06,48,499·05	51,75,599·50	15,83,475·00	12,99,000·00	14,00,448·84	3,01,07,022·39
	TOTAL	2,64,86,412·05	72,56,454·29	17,98,475·00	13,53,700·00	17,71,248·84	3,86,66,290·188

E. Technical Improvements

1. Carding Machines	..	..	..	32,613·00	13,575·00	36,188·00
2. Conversion of looms	..	..	..	33,475·00	1,21,001·88	1,54,476·88
3. Dobbies	..	..	..	10,090·06	4,999·00	15,089·06
4. Frame Looms	..	..	..	12,511·00	545·00	13,056·00
5. Healds	..	..	..	34,382·71	35,211·81	69,594·52
6. Jacquards	42,575·00	34,450·00	16,500·00	25,496·05	14,700·00	1,33,721·05
7. Looms and accessories	..	5,448·00	..	1,25,694·00	2,17,653·00	3,48,795·00
8. Press Machines	..	..	..	3,250·00	36,351·48	39,601·48
9. Reeds	..	..	..	30,683·28	26,438·91	57,122·19
10. Roller Temples	..	..	..	500·00	628·12	1,128·12
11. Semi-automatic pedal looms	..	..	..	14,667·50	22,500·00	37,167·50
12. Slays with warping beams	..	..	..	14,667·12	26,331·25	40,998·37
13. Take up motion attachments	..	..	..	25,192·50	10,500·00	35,692·50
14. Warping Drums	..	..	..	3914·00	..	3914·00
15. Warping Machines	..	..	..	6,825·00	3,125·00	9,950·00
TOTAL	42,575·00	39,898·00	16,500·00	3,63,961·22	5,33,560·45	9,96,494·67

G. Technical Processing

1. Bleaching, Finishing and Calendering Plant.	6,80,211·30	4,14,152·00	3,90,642·72	49,456·84	4,72,801·00	20,07,263·86
2. Carding Plant	..	25,000·00	..	26,000·00	..	51,000·00
3. Dye Houses	60,300·00	31,940·00	59,700·00	7,500·00	83,000·00	2,42,440·00
4. Pattern Making Factory	33,000·00	..	..	..	..	33,000·00
5. Winding & Warping Centre	..	..	..	..	11,500·00	11,500·00
TOTAL	7,73,511·30	4,71,092·00	4,50,342·72	82,956·84	5,67,301·00	23,45,203·86

ANNEXURE VI—*contd.*

(1)	(2)	(3)		(4)		(5)		(6)		(7)		(8)	
		Rs.	nP.	Rs.	nP.	Rs.	nP.	Rs.	nP.	Rs.	nP.	Rs.	nP.
<i>I. Mill</i>													
1	Co-op. Spg. Mills	..		27,99,500·00		40,79,838·20		18,41,543·93		22,07,236·87		1,09,28,119·00	
	TOTAL	..		27,99,500·00		40,79,838·20		18,41,543·93		22,07,236·87		1,09,28,119·00	
<i>F. Industrial Co-operatives</i>													
1	Industrial Co-operatives	1,71,477·50		5,42,032·50		7,16,530·00		3,32,235·00		1,96,215·00		19,58,490·00	
2	Model Weaving Factories	86,500·00		2,250·00		..		..		..		88,750·00	
	TOTAL	2,57,977·50		5,44,282·50		7,16,530·00		3,32,235·00		1,96,215·00		20,47,240·00	
<i>K. Housing Colony</i>													
1	Construction of Common Sheds	..		..		90,000·00		51,000·00		3,11,000·00		4,52,000·00	
2	Housing Colony of Weavers	8,01,483·66		15,14,063·30		24,39,948·32		30,95,525·55		45,51,975·92		1,24,02,996·75	
3	Renovation of Existing Houses	..		..		24,260·00		93,773·33		..		1,18,033·33	
	TOTAL	8,01,483·66		15,14,063·30		25,54,208·32		32,40,298·88		48,62,975·92		1,29,73,030·08	
<i>L. Miscellaneous</i>													
1	Adivasi Area	..		1,17,500·00		..		17,500·00		..		1,35,000·00	
2	Discharging indebtedness of Wvrs.	..		30,000·00		..		..		..		30,000·00	
3	Supply of fire accident equipment	..		..		..		..		90,000·00		90,000·00	
4	Miscellaneous (Scheme-wise details not furnished).	3,45,053·08		..		..		..		..		3,45,053·08	
	TOTAL	3,45,053·08		1,47,500·00		..		17,500·00		90,000·00		6,00,053·08	
	TOTAL (LOANS)	3,05,99,566·46		1,54,81,820·72		1,07,32,587·24		91,45,190·09		1,32,97,001·29		7,92,56,166·41	
	GRAND TOTAL (GRANTS & LOANS)	6,12,11,243·58		5,21,11,815·08		5,39,59,555·33		4,15,08,327·70		4,59,82,191·60		25,47,73,133·35	

ANNEXURE VII

MINISTRY OF COMMERCE AND INDUSTRY

RESOLUTION

New Delhi, the 5th May, 1961.

No. 4(15)TEX(c)/60.—The Ministry of Commerce and Industry in its Notifications No. 4(74)TEX(c)/58, dated 18th/19th December, 1958 and 4(17)TEX(c)/59, dated 12th February, 1959 set up a Working Group to assess the progress made by the Handloom Industry and to make recommendations for its further development. The Working Group was also asked to evaluate the schemes for conversion of handlooms into powerlooms as well as the handloom industry's programme in the Community Development Areas. The Working Group consisted of the following members:—

1. Shri V. Subramanian, I.A.S., Secretary, All India Handloom Board.
2. Smt. Pupul Jayakar, Honorary Industrial Adviser (Textile Designs), All India Handloom Board.
3. Shri D. S. Sali, Vice Chairman, Bombay State Handloom Board and Member, All India Handloom Board.
4. Shri A. Mariappan, M.L.A., President, Ammapet Weavers' Co-operative Production and Sales Society and Member, All India Handloom Board.
5. Shri N. Ramaswamy, Deputy Secretary, All India Handloom Board.

2. During the course of its enquiry, the Group held ten meetings in all, undertook study tours of some of the States, conducted intensive surveys at selected centres and held discussions with the Chief Ministers and Ministers incharge of the handloom industry in various States as well as with State Government officials, office-bearers of Apex Weavers' Co-operative Societies and other co-operative societies.

3. The Working Group has submitted a unanimous report. A summary of the recommendations made by the Group is attached to this Resolution (Annexure). The Group has come to the conclusion that Government's policy of encouraging co-operative form of organisation for the handloom industry is sound and has recommended that this policy should be pursued for the future also. The Government accept this recommendation fully and propose to continue this policy for purposes of financial and other assistance to the handloom industry during the Third Five Year Plan Period. At the same time, Government hope that the State Governments would carefully consider the Working Group's recommendations for rendering assistance to the weavers outside the co-operative fold through the State Finance Corporations. While noting with satisfaction the progress made in the formation of weavers co-operative societies, the Working Group has pointed out certain weaknesses and short-comings in the co-operative structure, which require rectification. Recommendations have also been made for strengthening the share capital structure of the existing co-operative societies, for reviewing dormant societies, for adequate and competent managerial staff etc. These recommendations have been accepted in principle but the details of implementation are under examination. The pattern of assistance to the co-operatives provides for financial assistance for supervisory and managerial/technical staff.

4. The Government of India agree with the Working Group that the scheme of rebate on sales of handloom cloth has contributed a good deal to the increase in the sale of handloom cloth and that it will have to be continued for some-time. However, it cannot continue as a permanent form of subsidy to the industry. It was with this objective that Government decided to effect a gradual reduction in the rate of rebate from six nP. in the rupee to five nP. in the first instance so that the funds thus saved could be diverted to other more important developmental schemes, which will, in the long run, be of far greater advantage to the industry. This policy will continue to govern Government's approach to this scheme during the Third Five Year Plan period.

5. The Working Group has made various observations regarding marketing of handloom cloth through sales depots, mobile vans and publicity. These recommendations will be kept in view while examining the schemes of State Governments.

6. The Working Group has referred to the need for Weavers' Co-operative Societies getting their credit requirements from institutional sources and has suggested that the difficulties besetting the smooth flow of credit should be removed. The scheme of extending credit through the Reserve Bank was introduced only recently. Government are convinced that by and large marketing credit should be obtained through the Reserve Bank and other institutional agencies who will be requested to investigate the difficulties and adopt measures which would result in a smooth flow of credit to the co-operatives. The Reserve Bank have already agreed in principle to extend financial assistance to Apex Societies for the purchase of yarn at concessional rates of interest under Section 17(2)(a) of the Reserve Bank of India Act. They are also conducting seminars with a view to find out the defects in the existing system.

7. The Working Group has rightly emphasised the need for implementation by all the State Governments of schemes for collection of basic statistical data. In a dispersed industry like the handloom industry, these statistical data are of vital importance and Government hope that the State Governments would set in motion the necessary machinery for this purpose.

8. The Group has recommended that constant research should be undertaken in the Institutes of Handloom Technology and in the Weavers Service Centres to design the best and cheapest models of improved appliances for the handloom industry. The Institutes and the Service Centres are already engaged in conducting research in various aspects of the handloom industry and they will no doubt keep this recommendation in view while formulating their research programme.

ORDER

ORDERED that the Resolution be published in the *Gazette of India* and that it be communicated to all concerned.

ANNEXURE

Summary of Conclusions and Recommendations

1. As a result of the schemes in operation during the First Five Year Plan, the position of the handloom industry became stabilised to some extent.
2. The total allocation to States during the Second Five Year Plan period would reach Rs. 26.48 crores as against the anticipated outlay of Rs. 34.50 crores.
3. During the first three years of the Second Plan, the overall expenditure has been commensurate with sanction.
4. The performance in the matter of enlisting weavers within the co-operative fold is satisfactory.
5. The progress in bringing looms into the co-operative fold as well as the progress made by the societies in respect of their owned resources and working results show that the decision to organise the industry on co-operative lines was sound. The same policy should, therefore, be pursued for the future.
6. There are certain weaknesses and short-comings in the weavers' co-operative movement which should be rectified if it is to progress on right lines.
7. The procedure of sanctioning loans for share capital from the Cess Fund has proved helpful. For the Third Plan, the pattern of assistance for share capital may be so revised as to enable the societies to increase the share value to Rs. 100.
8. Publicity should be given by the All India Handloom Board to the activities of the societies which are run on efficient lines.
9. Adequate and competent managerial staff is necessary if weavers' societies are to function efficiently.
10. Dormant societies and newly-established societies at least require help in meeting the cost of management during their early years.
11. Assistance for managerial staff is necessary for a total number of 4 lakhs looms. The total annual expenditure on this at the end of the Third Five Year Plan would be Rs. 54 lakhs.
12. The Secretaries of Weavers' Co-operative Societies should be grouped into a Regional or District Cadre to be administered by the Regional or District Weavers' Co-operative Union.
13. The incidental administrative expenditure in running the Regional or District Weavers' Co-operative Union can be a legitimate charge on the organisational expenses of the State Government.
14. One of the reasons for the slow progress of the weavers' co-operative movement is the absence of loyalty of members.
15. In order to enable the societies to assist their members in times of difficulties and thus preserve their loyalty, it is necessary to institute a scheme of thrift fund to which the weavers should contribute a part of their wages and the Government should make a matching contribution of an anna in the rupee.
16. The scheme of matching contribution to the thrift fund should be instituted in respect of those weavers who have an unbroken record of loyalty to the co-operative movement for, say, a period of five years.
17. During the first two years of the Third Plan, all efforts must be concentrated on consolidating the results so far achieved.
18. No more than two lakhs of looms need be brought into the co-operative fold during Third Plan. This programme may be taken up during the second half of the Plan, although, in areas where there is a considerable improvement during the first half, efforts may be made to bring more looms into the co-operative fold during that period itself.

19. Activising dormant societies should be one of the important items of the programme during the Third Plan period.

20. Government will have to give a hundred per cent guarantee for losses to the banks and make available sufficient working capital to the dormant societies. If this is not possible, the Government of India should allocate the required amount from the Cess Fund.

21. State Governments should nominate their own Board of Directors for the dormant societies and a qualified Secretary and other staff should be made available.

22. In special cases, especially where apex societies have been set up only recently and their paid up capital is low, State participation should not be limited to 51 per cent but assistance should be given on merits.

23. In the case of silk weavers' co-operative societies the share value should be increased to Rs. 200.

24. Certain areas important for the handloom industry and where the co-operative movement has already gained initial momentum should be selected and all possible assistance for the development of the industry in those areas sanctioned. Such areas, designated as "Beacon Areas", should be two or three in each major State.

25. It should be the aim to see that, in the Beacon Areas, all the existing looms as far as possible are brought within the co-operative umbrella.

26. A scheme for wiping out the indebtedness of the weavers in such areas should form an integral part of the development programme.

27. Production in the handloom industry had increased by 394.1 million yards during the first three years to the Second Plan.

28. The handloom industry is estimated to be increasing its production at an annual rate of 130 million yards.

29. At the same rate of increase, production should increase by 650 million yards during the Second Plan period.

30. This, when compared against the target of 700 million yards would leave a gap of only 50 million yards.

31. On the basis of the estimated *per capita* consumption of 17.5 yards and a population of 410 million, the internal demand for cloth at the end of the Second Plan may be estimated to be 7,175 million yards as against the original expectation of 7,400 million yards.

32. The handloom industry has fulfilled the role assigned to it in the National Plan.

33. As a result of the development envisaged during the Third Plan, the *per capita* consumption of cloth can be expected to rise to at least 19 yards by 1965-66.

34. The annual internal demand for cloth at the end of the Third Plan may be estimated to rise to 8,360 million yards, representing an increase of about 1,185 million yards or say, 1,200 million yards.

35. The realistic estimate of handloom production at the end of the Third Plan can be placed at at least 2,800 million yards. This represents an increase of 675 million yards or 56.25 per cent of the additional demand of cloth in the country.

36. For reaching a level of production of 2,800 million yards, the handloom industry would require yarn of the order of 1.56 million bales.

37. While the conversion factor of 4½ yards of cloth per pound of indigenous yarn corresponds to the pattern of production obtaining in the industry at present, the percentage of free yarn delivered to and consumed by the handloom industry would require verification.

38. It is necessary that the scheme for collection of statistics should be implemented by all the State Governments so that the figures of production obtained therefrom could be compared with the estimated figures of production.

39. A system whereby returns from powerloom units could be enforced would be helpful in assessing the percentage of yarn consumed by the powerloom industry.

40. It will be useful if the pattern of distribution of the imported yarn to the various consumers is studied.

41. For various reasons it becomes difficult to measure the character and magnitude of employment obtaining in the industry.

42. An idea of the extent to which under-employment has decreased may be obtained by expressing it in terms of the number of persons required for producing the extra production.

43. Taking the figure of 5.3 yards as the level of full-time employment it would require 2.48 lakhs persons to produce the extra quantity of 394 million yards.

44. The increased production would have given rise to employment for 3.72 lakhs persons in the preparatory processes.

45. The reduction in under-employment achieved in the industry can be regarded as equivalent to full-time employment for 6.20 lakh new workers.

46. The total full-time employment generated as a result of development schemes can be reckoned at nearly 9,700.

47. It is estimated that the short-time employment provided will be equivalent to the employment of 1,300 persons for a period of 12 months.

48. It is estimated that the reduction in under-employment in the handloom industry by the end of the Second Plan period would be equivalent to new employment for 10.33 lakhs persons.

49. There has been a uniform rise in the earnings of the weaver.

50. As compared to April 1956, there has been a decrease during December 1958 in the percentage of weavers belonging to the lower earning-groups and an increase in all the higher earning-groups.

51. The weavers represented that the increase in earnings has been set off to a large extent by the increase in the cost of living.

52. It is necessary to set up a machinery to collect data regarding employment and earnings of weavers at frequent intervals.

53. The scheme for general publicity must be continued more intensively during the Third Plan period.

54. As regards quality control, a suitable scheme giving full details may be evolved so that it may be implemented on a uniform basis.

55. The reason for weavers' societies not taking full advantage of the scheme for participation in exhibitions is that the pattern of assistance is not liberal enough.

56. A grant of up to 1.5 per cent of the State's ceiling share should be adequate as assistance for sales promotion activities.

57. Sales depots have by and large functioned satisfactorily, though some have closed down owing to uneconomic working.

58. Norms prescribed for inter-state depots have not been reached in all cases and from this stand-point, the depots cannot be said to have functioned satisfactorily.

59. Schemes for depots in big cities, push carts, hawkers and assistance to multi-purpose societies were implemented on a limited scale in one or two States, and, by and large, they have worked satisfactorily.

60. All the 37 mobile vans sanctioned have been commissioned into service but two of them have ceased to function.

61. As a commercial proposition, the scheme of mobile vans has not been successful. On the other hand, as a medium of publicity, the mobile vans have been doing valuable work for the industry in general, and the weavers' co-operative movement in particular.

62. For selling units, a new pattern of assistance should be evolved which will provide complete freedom to the implementing authorities to utilise the funds in any manner on any scheme of selling units. The basis for the new pattern should be the annual turnover within the co-operative production fold. A grant of 1.5 per cent of the turnover within the co-operative production fold may be given for selling units.

63. If the scheme of power-driven vehicles is vigorously implemented, the need for additional mobile vans may not arise.

64. If any State Government/apex society wishes to have additional vans, there should be no objection to it, and the provision of funds need not be linked with the number of looms as hitherto provided, however the pattern of assistance is altered to 50 per cent grant and 50 per cent loan to cover the cost of the van.

65. The existing vans, which are the property of the Government of India, may be handed over to the State Governments/apex societies provided they pay to the Government of India 50 per cent of their current book value.

66. It was the scheme of rebate which was primarily responsible for increasing the sale of handloom cloth.

67. There is no likelihood of the inherent handicap of the handloom industry *vis-a-vis* the mill industry being reduced or eliminated in the immediate future.

68. The repercussions of any increase in the excise duty on mill cloth will be felt by the textile industry as well as by the community.

69. Unless a protected market by total reservation of dhoties and sarees is given to the handloom industry (other than powerlooms) rebate or other alternative schemes to reduce the cost of production of handloom cloth and thereby the inherent handicap of the handloom industry will have to continue.

70. Since November, 1958, the rebate on handloom cloth is only 6 nP. per rupee. This combined with the lower level of excise duty on mill cloth from July 1958 has widened the gap between the price of mill cloth and handloom cloth.

71. There is no force in the contention that the rebate scheme has not benefited the consumer.

72. Bearing in mind the fact that the scheme is being implemented by a large number of selling units throughout the country, allegations about possible abuses of the scheme do not provide sufficient ground for abandoning it.

73. The suggestion to limit rebate to periods of large-scale accumulation of stocks may not be workable.

74. The suggestion that with mill production having been pegged the handloom industry should not need any form of financial assistance may not be acceptable.

75. Principally, the schemes alternative to rebate consist in the provision of assistance to the co-operative societies for the appointment of competent business managers and technical staff.

76. In course of time, inter-state marketing in its proper perspective can be developed by the All India Handloom Fabrics Marketing Co-operative Society by opening Handloom Houses in some of the important State capitals of the Country.

77. Steps should be taken to set up a suitable machinery in the All India Handloom Board for market research.

78. The scheme of drawing credit from the Reserve Bank of India has not made much progress.

79. While the weavers' co-operatives should look to institutional sources for their credit, the difficulties which are standing in the way of the smooth flow of credit should be removed.

80. Where weavers' co-operative societies are financed by Central Co-operative Banks from their own resources, a subsidy to cover the difference in the rates of interest and a guarantee to reimburse the losses arising out of the non-recovery of such loans should be given.

81. The Reserve Bank of India should be persuaded to make financial assistance available to apex societies for the purchase of yarn at concessional rate of interest as in the case of finance under Section 17(2)(bb) of the Reserve Bank of India Act.

82. The recommendation of the Working Group on Industrial Co-operatives regarding the formation of Industrial Co-operative Banks are endorsed and the Government are requested to take immediate steps to implement the same.

83. The Reserve Bank should be persuaded to examine the question of taking over the financing of Industrial co-operative factories and silk and wool weavers' co-operative societies.

84. State Finance Corporations should be persuaded to finance the handloom industry outside the co-operative fold with the help of the Reserve Bank of India. In areas where State Finance Corporations are not in a position to do so, the establishment of a separate finance corporation may be considered.

85. Assistance to weavers' co-operatives for holding over stocks during slack season is imperative and such assistance may be given by the Reserve Bank of India at concessional rate as in the case of finance under Section 17(2)(bb) of the Reserve Bank of India Act. The establishment of warehouses at important places where goods can be stored is also recommended.

86. There can be no objection to relaxation of the condition restricting to 33-1/3 per cent the contribution by interests other than weavers' co-operatives to the share capital of co-operative spinning mills and there need not be any rigidity about the share value of the different classes of shares.

87. If proper arrangements cannot be made with institutional financing agencies for the provision of working capital to the co-operative spinning mills, interest-bearing loans may be made available from the Cess Fund.

88. For ensuring a continuous supply of yarn to the primaries, serious consideration should be given to the appointment of apex societies as agents of mills and also to the sharing of losses incurred by apex societies supplying yarn at market rates.

89. The apex society and primary societies should be linked up in the purchase and supply of yarn. Till such time the apex society in a State builds up sufficient strength to undertake the supply of yarn, that function may be looked after by a Corporation in which the principal participants would be State Governments, spinning mills, apex societies and primaries. This Corporation should be a co-operative body.

90. The apex and other institutions supplying yarn to the primaries should be given actual users' licence for the import of dyes and chemicals.

91. Steps should be taken for appointing primary weavers' co-operative societies and other institutions as agents of indigenous manufacturers of dyes and chemicals and art silk yarn.

92. Twenty-five per cent of the total quantity of dyes and chemicals available in the country should be reserved for the handloom industry.

93. While new export markets should be tapped to the fullest extent possible, the traditional markets will continue to be our mainstay and, therefore, require to be recaptured.

94. In the light of the increasing demand for handloom cloth in the United States of America, the Handloom Export Organisation and its Business Associates will be required to play a significant part in the export field.

95. For meeting the requirement of specialised export markets fullest use should be made of the existing industrial co-operatives, production centres of apex weavers' co-operative societies and strong primary societies and well-organised units of the Business Associates of the Handloom Export Organisation.

96. Steps should be taken to enable all fabrics meant for export to be quality stamped.

97. Assistance for exploring export possibilities in the traditional markets should be extended to the Fabrics Society.

98. The present scheme of export incentives should be re-examined with a view to liberalising it.

99. The co-operative sector of the handloom industry should be enabled to obtain a good portion of the export trade.

100. A Development Fund may be created for the purpose of giving assistance to the co-operative sector in the export field.

101. The progress in the implementation of schemes for technical improvement is satisfactory.

102. There should be a small committee in each State to look after the purchase and distribution of improved appliances.

103. Competent technical staff should be employed for supervising the distribution and use of improved appliances and if State Governments require assistance for this purpose, it should be given from the Cess Fund.

104. Short-term training courses for weavers in the utilisation of improved appliances should be started in the Weavers' Service Centres and the Institutes of Handloom Technology. Stipends should be given to the weavers during the training period.

105. Possibilities of standardising the various improved appliances should be explored.

106. There should be constant research in the Weavers' Service Centres and the Institutes of Handloom Technology in order to design the best and cheapest model of each improved appliance.

107. Research and experiments should be conducted for determining the best type of handlooms which would give optimum efficiency in production and optimum comfort to the weavers.

108. Three or four regional factories should be established for the manufacture of improved types of equipment.

109. During the Third Plan period, assistance for equipments should be 50 per cent as loan and 50 per cent as grant.

110. The quantum of assistance for take-up motion attachments and for frame looms should be increased to Rs. 100 and Rs. 250- respectively.

111. State Governments should be cautious in the supply of frame looms.

112. Mechanical warping and sizing may be introduced as an experimental measure.

113. Refresher training at the Weavers' Service Centres or the Institutes of Handloom Technology would enable the hereditary dyers to function more efficiently.

114. Comparatively larger types of dye houses should be established.

115. Dye houses should be housed as focal centres through which the yarn should be supplied to primaries.

116. The apex societies which are not strong enough to undertake the distribution of yarn to primaries should be given special assistance.
117. Assistance for the large dye houses proposed may be in the form of loan for land and building and grant for machinery.
118. Mobile dye houses have not been of any great consequence and their continuance is not recommended.
119. The progress made in the installation of bleaching, finishing and calendering plants is disappointing.
120. It will be better to entrust the planning and execution of schemes for finishing, calendering and bleaching plants to qualified engineering firms.
121. Assistance in the shape of loan should be given towards the working capital of finishing plants in deserving cases.
122. The advisability of going in for small calendering plants may be explored.
123. Pattern making factories have generally not fulfilled the purpose for which they were set up. The objective for which the pattern making factories were set up can be served by the Weavers' Service Centre.
124. There should be generally one Weavers' Service Centre for each State with sub-service Centres as may be necessary.
125. With regard to the scheme for deputation of weavers to weaving centres within and outside the State, the grant admissible from the Cess Fund may be raised to Rs. 200 per weaver.
126. The recommendation of the Working Group on Industrial co-operatives regarding the training of members and employees of co-operative societies should be implemented expeditiously.
127. Training of supervisory staff in technical aspects should be undertaken by the Institutes of Handloom Technology.
128. It is necessary to provide adequate technical staff of competence at the level of the department administering the Cess Fund Scheme. If State Governments require any additional assistance for this purpose such assistance should be given from the Cess Fund.
129. The grant for organisational expenses may be increased from 4 per cent to 5 per cent of the ceiling share.
130. There should be ample delegation of powers from the Centre to the States in regard to sanction of schemes.
131. The All India Handloom Board should have on its organisation adequate machinery both at the headquarters and at the regional levels, so that a comprehensive study of the impact of the development schemes at the various regions can be made.
132. The progress in the implementation of the powerloom schemes is disappointing.
133. It will not be possible for the State Governments to instal and start working more than 5,000 powerlooms before the end of the Second Plan.
134. A realistic estimate of the number of powerlooms that can be installed by the end of the Third Plan would be only about 13,000 including those installed in the Second Plan period.
135. The number of powerlooms to be allotted per society should be increased from 10 to 25.
136. It is not necessary to impose any restriction to the introduction of the powerloom scheme to cities on account of population.
137. There is no case for exemption of powerlooms whether in the co-operative fold or otherwise from excise duty.

138. The progress in the establishment and running of industrial co-operative factories is not appreciable.

✓ 139. There should be no expansion of loomage in the handloom industry.

140. Assistance for the formation of industrial co-operative factories should be given only in exceptional cases.

141. There should be no insistence on the possession of a loom for membership to a co-operative society.

142. No society shall admit loomless weavers to an extent greater than 2 per cent of its existing membership every year.

143. Where assistance for the purchase of looms is given to loomless weavers all possible attempts should be made to rent or buy over looms from master weavers under whom the loomless weavers were working.

144. Housing schemes have made considerable headway in Madras, Andhra Pradesh and Bombay. In the other States, the scheme has generally lagged behind.

145. The rate of interest on housing loans should be reduced, say to 1 per cent.

146. A grant up to 2 per cent of the cost of the housing scheme should be sanctioned for the appointment of supervisory staff.

147. The ceiling per house should be raised to Rs. 5,000 in urban or costly areas, and in such cases the maximum grant may be limited to Rs. 1,250 or 25 per cent of the actual cost.

148. It might be a good idea for State Governments to give developed sites at reasonable cost to weavers' co-operative societies for construction of houses.

149. In housing schemes, 80 per cent of the subsidy should be payable immediately the construction reaches the roof level and the balance 20 per cent after the accounts have been completed.

150. Standards may be laid down in respect of handloom cloth to be supplied to Government.

151. The notification requiring mills to stamp the count-strength product of the yarn packed and delivered by them, which was issued and withdrawn, should be re-issued.

✓ 152. In all their purchase of textile requirements, Government should adopt a general policy the order of preference for supply should be first Khadi, second handloom and third the Mill industry.

153. The price for handloom cloth to be supplied to Government should be settled by negotiation as is done in the case of Khadi.

154. The All India Handloom Board should concern itself with the weaving of all textiles by hand, including artistic weaving of textiles, whether of cotton, millspun yarn, art silk, silk or wool.

✓ 155. The number of handlooms registered represents very nearly the total number of cotton handlooms existing.

156. Early steps should be taken to register handlooms working on silk, art silk, woollen or other yarn.

157. The programme of publicity undertaken by the All India Handloom Board has generally been effective.

158. Advertising consultants should be associated with the publicity programme.

159. Producer publicity should be encouraged.

160. The loans repaid should go to add to the funds available for the development of handloom industry or should be made available as a revolving fund for being used for special purposes.

✓ 161. The recommendations entail a total outlay of Rs. 14,019 lakhs during the Third Plan period.

162. The All India Handloom Board should undertake a special study of problems of silk and wool weavers' co-operatives with a view to framing special programmes for the development of the silk and woollen handloom industry.

ANNEXURE VIII

COPY OF LETTER NO. PC(P)/4/2/61, DATED THE 20TH OCTOBER, 1961 FROM GOVERNMENT OF INDIA, PLANNING COMMISSION, NEW DELHI, TO ALL STATE GOVERNMENTS (STATE PLANNING SECRETARIES).

SUBJECT.—*Procedure and patterns for Central assistance to States Annual Plans for 1962-63.*

In consultation with the Ministry of Finance, the Planning Commission has been engaged in considering questions relating to the procedure and patterns for Central assistance in the Third Plan. Discussions have been held with the States and with the Central Ministries. This letter sets out the conclusions which have been reached at this stage and will operate in relation to the annual plans for 1962-63 to be discussed during November-December, 1961.

2. *Assistance for State Plans.*—The total amount of Central assistance for financing the Plan of each State was agreed to in the course of discussions during August-November, 1960. This assistance forms part of the scheme of finance for State Plans. Implementation of these plans is achieved through annual plans, which involve a careful assessment of the resources as well as development programmes of each State. The procedure and patterns set out in this letter are intended to assist in Planning from year to year the use of resources available under the Plan so as to ensure adequate attention to its major objectives, targets and priorities.

3. *Release of Central assistance.*—The procedure for the release of Central assistance for Plan schemes was set out in Ministry of Finance, Department of Economic Affairs' letter No. F.2(17)P-II/58, dated May 12, 1958. Broadly, this procedure will continue during the Third Plan. As in the past, assistance for the first nine months of the year will be released in monthly instalments. For multi-purpose projects, however, as intimated in Ministry of Finance, Department of Economic Affairs' letter No. F. 2(17)P-II/61, dated May 22, 1961 and subsequent correspondence, assistance will be released by the Ministry of Irrigation and Power on a quarterly basis. For the satisfactory working of this system of release of funds, it is of the utmost importance that quarterly returns of expenditure should be made available unfailingly and at regular intervals. It is also essential that the estimates of expenditure in the last quarter of the year submitted at the end of December should be realistic, as these estimates constitute the basis for provisional payments of Central assistance which are made before the end of the financial year.

4. *Working of patterns of assistance in the Third Plan.*—A large number of patterns of assistance were introduced during the First Plan and in the early years of the Second Plan. They became much too numerous and elaborate and added greatly to administrative work both in the States and at the Centre. Before the practice of preparing annual Plans was fully established, patterns of assistance served as Principal channel for passing assistance to States, specially in the form of grants related to specific purposes. During the past four years, the total Central assistance due to each State for the year has been determined after a careful assessment of the resources of States and requirements under different heads of development in accordance with the programmes and priorities which are accepted after full consideration in working groups. During the Third Plan, the annual plans will continue to be drawn up, and it is hoped also to integrate the annual State plans more closely within the annual plan for the economy as a whole, which must include both Central programmes and development in the organised private sector. Within the assistance agreed to for the five year period, a broad indication has already been given regarding the phasing for State Plan outlays which will be adhered to, subject to changes in overall conditions and prospects and other developments which must be taken into account from year to year. The total amount of assistance which can be made available each year by the Central Government by way of grants has to be determined on the basis of the assessment of the financial position of the Central Government, the various commitments which the Centre has to fulfil, flow of external resources and other relevant considerations. During the Third Plan the aim will be to indicate to the States each year in

connection with the annual plan discussions not only the total amount of Central assistance, but also the amount which will be available in the form of grants.

5. In discussions with States and Ministries it has been agreed that in selecting schemes in the Plans of States for which patterns may be prescribed, the major priorities and objectives of the National Plan should be stressed. It has also been agreed that the patterns of assistance as between the Centre and the States should be kept as simple as possible so as to reduce the burden of administrative work. In some fields assistance from the Centre to the States has followed the patterns on which assistance is given by State Governments to third parties such as individuals, co-operatives and other institutions. This practice has been adopted for instance, under Village and Small Industries and the Corporation. The Planning Commission is of the view that while it is useful for the Central Ministries and the All India Boards to suggest the broad lines along which, under different programmes, individuals, co-operatives and other institutions might be assisted so as to secure the maximum results, the magnitude and form of assistance by the Centre to the States, and the administrative procedures connected with it need not be determined on that basis. For making Central assistance available to States, more such simpler formulae will have to be devised. Efforts will therefore continue to simplify patterns and procedures of assistance to individuals, co-operatives and other institutions, especially in these fields in which the programmes are carried out with the help and guidance of the All India Boards.

6. Under the procedure for Central assistance introduced with Planning Commission's letter No. Plan/5/2/57, dated May 12, 1958, schemes under each head of development were divided into a number of groups. It was envisaged that within a group the State Government would be free to regulate the expenditure without reference to the Central Government. After the formulation of the annual plan, adjustments of outlays as between different groups could be made in consultation with the Ministries concerned. Where adjustments as between different heads of development were contemplated, they could take place in consultation with the Planning Commission, or the Ministry concerned when the same Ministry deals with heads of development in question. It is proposed that, in future, under each head of development there should be generally only two groups, one comprising schemes for which there are specific patterns and the other including all the remaining schemes. After the annual plans have been drawn up, re-appropriation of provisions from the group comprising schemes for which patterns are prescribed to the second group would take place only after reference to the Central Ministry concerned. Similarly, within the scope of the annual plan, re-appropriation of provisions as between different heads of development could take place in consultation with the Planning Commission. However, under Village and Small Industries, it would be more appropriate to continue to regard as separate groups Small Scale Industries, Handloom, Handicrafts, Khadi and Village Industries, Sericulture and Coir. Similarly, under Co-operation, in view of the large number of schemes for which there are at present specific patterns, it is proposed that the following should be treated as separate groups, Credit, Marketing, Processing, Farming, Consumers' Co-operatives, Co-operative Personnel and Training, and Miscellaneous.

7. As stated above, the assistance each year will be subject to the total ceiling and the ceiling for grants as indicated for the annual plans. Assistance by way of grants will be determined under each head by the proportion of expenditure incurred in relation to the planned outlays on the group of schemes for which patterns are laid down. To the extent the assistance in grants on the basis of the patterns may fall short of the total amount of grant indicated for the annual plan, assistance which has not been assigned to specific schemes could be directed in consultation with the representatives of each State towards other priority schemes accepted for the States' annual plan.

8. *Patterns of Central assistance for State Plan Schemes.*—These are set out in Schedule (A). For these schemes, the State Plans the total outlay, including Central assistance, and sanctions are issued by State Governments.

9. *Patterns of assistance for Centrally sponsored schemes.*—These are set out in Schedule 'B'. For these schemes, State plans provide for the States' share of the cost wherever necessary. As at present, for Centrally sponsored schemes which entail a total cost of Rs. 25 lakhs or less over the plan period or Rs. 10 lakhs during the year, approval will be given by the Central Ministries on the basis

of a certificate from administrative departments concerned in the State to the effect that the schemes have been accepted by the Finance Department. For schemes costing more than these amounts, Central Ministries will intimate their approval after necessary scrutiny. It is of course essential that sufficient information should be made available to the Ministries to enable them to see that the schemes to be implemented follow the lines envisaged in the Plan.

10. *Assistance for State Plans for 1961-62.*—Loans and grants for State Plans for 1961-62 already intimated by the Ministry of Finance, Department of Economic Affairs are based on patterns of assistance current during the Second Plan. Provisional and final payments of assistance for 1961-62 will also be determined on the same basis.

11. *Assistance for State Plans for 1962-63.*—Assistance for State Plans for 1962-63 will be based on patterns of assistance set out in Schedules 'A' and 'B'. As stated earlier, it is hoped to continue the effort to bring about further simplification in consultation with the Ministries, the All India Boards and the States.

12. *Final payments of assistance for annual Plans.*—Hitherto final adjustments of Central assistance have been on the basis of actuals as shown in the departmental accounts. This procedure has led to certain difficulties in adjusting accounts. The Ministry of Finance will shortly issue separate instructions on this subject.

Schedule 'A'

(As amended by Planning Commission's circulars to State Planning Secretaries and all State Governments No. PC (P)/4/2/62 dated 8-8-63 and 29-8-63)

Group	Scheme	Pattern of Assistance		Contribution of third parties (institutions and individuals)
		Loan (percentage)	Grant (Percentage)	
1	2	3	4	5
Handloom	<i>1. Handloom Cooperatives</i>			
	Loans for working capital and renovation of housing colonies of weavers	100	..	..
	<i>2. Loans for share capital</i>	75	..	25
	<i>3. (a) Construction of housing colonies for weavers</i>	Rs. 2,000*	Rs. 1,250	Rs. 350
	(b) Assistance for printing factories } (c) Experimental weaving centres . } (d) Construction of weaving sheds . }	75	25	<p style="font-size: 2em;">{</p> <p>Ceiling of Rs. 3,600 for a house. Some increase in the ceiling may be considered on merits in special cases where the cost of land is high owing to proximity to large towns and comparatively high level of earnings of the members of the weavers' society.</p> <p>In such cases while grant will not exceed Rs. 1,250 the weaver should contribute 100% of the sanctioned cost in the form of cash, labour or construction materials. The balance will be given by way of loan.</p>
	<i>4. Supply of equipment</i>			
	(a) Equipment costing up to Rs. 500	25	75	<p>(For equipment over Rs. 1,000, the excess amount will be given as loan.)</p>
	(b) Equipment costing between Rs. 500 to Rs. 1,000			

5. Participation in share capital of apex societies and cooperative spinning mills	51	..	49
6. <i>Establishment of dye-houses</i> †			
(a) Working capital and building	100	..	..
(b) Equipment, furniture etc. . . . .	..	100	..
†(c) Recurring expenses for 4 years :			
First year . . . . .	..	100	..
Second year . . . . .	..	75	25
Third year . . . . .	..	50	50
Fourth year . . . . .	..	25	75
7. <i>Finishing Plants</i>			
(a) Building and equipment	50	50	..
(b) Recurring expenditure (for one year) . . . . .	..	100	..
8. <i>Mobile vans/Power driven vehicles</i> †(subject to ceiling)			
(a) Capital grant for purchase of van/vehicles . . . . .	..	100	..
(b) Recurring expenditure for 4 years			
First year† . . . . .	..	100	..
Second year . . . . .	..	75	25
Third year . . . . .	..	50	50
Fourth year . . . . .	..	25	75

†In special cases the percentage of the assistance for recurring expenditure may be varied from year to year within the 4 year period subject to the assistance not exceeding the total assistance envisaged under the pattern.

Schedule 'A'—concl'd.

1	2	3	4	5
<i>Handloom—contd.</i>				
9. Recurring expenditure of sales depots and production Societies for four years				
	First year . . . . .	..	100	..
	Second year . . . . .	..	75	25
	Third year . . . . .	..	50	50
	Fourth year . . . . .	..	25	75
10. <i>Subsidies and rebate</i>				
	(a) Sales rebate . . . . .	..	100	..
	(b) Subsidy to new multi-purpose cooperative societies (subject to ceilings) . . . . .	..	100	..
	(c) Subsidy on transport of yarn . . . . .	..	50	50
	(d) Subsidy for rent and furniture of new silk weavers Coop. Societies (subject to ceiling) . . . . .	..	100	..
11. <i>Formation of cooperative weaving factories</i>				
	(a) Loan for share capital	75	..	25
	(b) Loan for working capital (subject to ceilings)	100	..	..
	(c) Looms and accessories	100	..	..
	(d) Land and Buildings	100	..	..
	(e) Furniture and baling press	100	..	..
	(f) Rent (subject to ceiling) . . . . .	..	100	..
	(g) Construction of warehouses (subject to ceiling)	75‡	..	25

‡ In case cooperative society is not in a position to pay its contribution, the entire cost may be provided by the State Governments as loan.

ANNEXURE IX

Comparative Excise Duty Rates for 1963-64 and 1964-65

I. Cotton yarn

(Figures in nP. per kg.)

	Yarn in hanks						Yarn other than hanks					
	1963-64			1964-65			1963-64			1964-65		
	Basic	S.C.	Total	Basic	S.C.	Total	Basic	S.C.	Total	Basic	S.C.	Total
<i>Coarse</i>												
1. Less than 6 Nf . . . . .	..	..	..	..	..	..	10	2	12	10	..	10
2. Of & above 6 Nf & less than 14 Nf	..	..	..	..	..	..	10	2	12	15	..	15
<i>Lower Medium</i>												
3. Of & above 14 Nf & less than 22 Nf	..	..	..	..	..	..	13.5	2.7	16.2	25	..	25
<i>Higher Medium</i>												
4. Of & above 22 Nf & less than 29 Nf	..	..	..	..	..	..	13.5	2.7	16.2	30	..	30
<i>Fine</i>												
5. Of & above 29 Nf & less than 34 Nf	..	..	..	5	..	5	18	6	24	40	..	40
6. Of & above 34 Nf & less than 40 Nf	8*	2.67	10.67	10	..	10	18	6	24	45	..	45
<i>Superfine</i>												
7. Of & above 40 Nf & less than 51 Nf	17	5.67	22.67	25	..	25	27	9	36	60	..	60
8. Of & above 51 Nf	17	5.67	22.67	50	..	50	27	9	36	90	..	90

NOTE.—1. During 1963-64, in addition to the basic rates of duty, there was levied a special excise duty on yarn, at the rate of 33 % for yarn of counts 29 Nf (35s) and above, and 20% for yarn of counts less than 29 Nf (35s).

2. In the current year these rates have been reduced to 20% and 10% respectively, with the further proviso that this surcharge is applicable only to sized yarn. However, if yarn is sized by an independent sizer these rates will be 16% and 8% respectively.

3. In the current year, yarn which had paid a lower rate of basic duty as is applicable to "Yarn in hanks" if subsequently subjected to beaming, warping, wrapping, winding or reeling with the aid of power, will have to pay the difference in duty so as to bear the full rate of basic duty as is applicable to yarn in other than hanks.

II. Cotton fabrics

(nP. per sq. metre)

	Coarse	Med. B	Med. A	Fine	Super- fine
<i>a) Grey fabrics</i>					
1. Basic duty	1.00	3.00	5.00	16.00	22.00
2. Addl. duty in lieu of sales tax	3.60 (3.60)	4.80 (4.80)	4.80 (4.80)	9.60 (9.60)	15.50 (15.50)
3. Compounded levy in lieu of duty on yarn (including surcharge on sized yarn).	2.20 (1.44)	4.40 (2.16)	5.50 (2.16)	7.20 (2.67)	8.40 (2.67)
4. Handloom cess	1.90 (1.90)	1.90 (1.90)	1.90 (1.90)	1.90 (1.90)	1.90 (1.90)
TOTAL	8.70 (9.94)	14.10 (13.86)	17.20 (16.86)	34.70 (34.17)	47.80 (47.57)

NOTE.—Figures in brackets indicate rates for the year 1963-64.

ANNEXURE IX—contd.

(nP. per sq. metre)

	Coarse	M.d. B	Med. A	Fine	Super- fine
<i>(b) Processed fabrics (in addition to duty on grey fabrics)</i>					
1. Bleached and/or dyed and/or printed .	5.00 (5.00)	5.00 (5.00)	10.00 (5.00)	10.00 (5.00)	10.00 (5.00)
2. Mercerised and/or water proofed (including rubberised).	10.00 (10.00)	10.00 (10.00)	20.00 (15.00)	20.00 (15.00)	20.00 (15.00)
3. Processed in any other manner including shrink proofed and/or organdie processed	20.00 (25.00)	20.00 (25.00)	30.00 (25.00)	30.00 (25.00)	30.00 (25.00)

III. Cotton Powerlooms

(Rs. per loom per shift per month)

	1963-64				1964-65			
	Coarse/Medium		Fine/Superfine		Coarse/Medium		Fine/Superfine	
	Basic	Addl.	Basic	Addl.	Basic	Addl.	Basic	Addl.
(1) Units 1—4 looms.	Exempted				Exempted			
(2) Units 5—49 looms	..				..
(a) First 4 looms .	10.00	6.00	13.50	6.00	Nil	Nil	Nil	Nil
(b) Next 5 looms .	15.00	12.00	37.50	12.00	2.50	10.00	37.50	10.00
(c) Next 15 looms	25.00	16.00	75.00	16.00	2.50	10.00	37.50	10.00
(d) Next 25 looms	35.00	20.00	175.00	20.00	5.00	15.00	75.00	15.00
(3) Units 50—300 looms	75% of corresponding mill rates.				80% of corresponding mill rates.			
B. Processing rates	80% of corresponding mill rates if processed by independent processors.				80% of corresponding mill rates if processed by independent processors.			

IV. Art Silk Yarn & Fibre

(Rs. per kg.)

	Basic	Spl. excise duty	Total
<i>A. Staple fibre</i>			
(a) Cellulose origin	1.00 (1.00)	0.15 (0.33)	1.15 (1.33)
(b) Non-cellulose origin	2.00 (1.00)	0.67 (0.33)	2.67 (1.33)
<i>B. Yarn of cellulose origin</i>			
(a) Below 75 D	6.00 (4.00)	2.00 (1.33)	8.00 (5.33)
(b) 75 D to 100 D	4.50 (3.00)	1.50 (1.00)	6.00 (4.00)
(c) Above 100 D but not above 1100 D	3.00 (2.00)	1.00 (0.67)	4.00 (2.67)
(d) Above 1100 D	2.00 (2.00)	0.67 (0.67)	2.67 (2.67)

NOTE.—Figures in brackets indicate rates for the year 1963-64.

ANNEXURE IX—contd.

	Basic	Spl. Excise duty	Total
C. Yarn on non-cellulose origin			
(a) Below 75 D	9.00 (4.50)	3.00 (1.50)	12.00 (6.00)
(b) 75 D to 100 D	7.50 (4.50)	2.50 (1.50)	10.00 (6.00)
(c) Above 100 D but not above 750 D	6.00 (4.50)	2.00 (1.50)	8.00 (6.00)
(d) Above 750 D	3.00 (2.25)	1.00 (0.75)	4.00 (3.00)
D. Fabrics (only processed fabrics bear duty)			
	nP. per sq. metre		
	1963-64		1964-65
1. Basic including special excise duty		4.2	4.2
2. Additional		3.6	3.6
3. Handloom Cess		1.9	1.9
		<u>9.7</u>	<u>9.7</u>

NOTE.—1. Figures in brackets indicate rates for the year 1963—64.

NOTE.—2. There is no duty at the loom stage on grey artsilk fabrics.

V. Woollen

	Basic <i>ad. val.</i>	Spl. Excise duty <i>ad. val.</i>	Total <i>ad. val.</i>
1. Worsted Yarn			
(a) Less than 48s	15% (15%)	5% (5%)	20% (20%)
(b) 48s and above	20% (15%)	6.6% (5%)	26.67% (20%)
(c) Others	7½% (7½%)	2½% (2½%)	10% (10%)
2. Specific rates for Worsted yarn			
	Rs. per kg.		
(a) Less than 48s	2.70 (2.50)	0.90 (0.83)	3.60 (3.33)
(b) Above 48s to less than 60s	5.20 (2.50)	1.73 (0.83)	6.93 (3.33)
(c) 60s and above	5.20 (3.25)	1.73 (1.08)	6.93 (4.33)
(d) Others	0.60 (0.60)	0.20 (0.20)	0.80 (0.80)
3. Shoddy yarn	0.25 (0.25)	0.08 (0.08)	0.33 (0.33)
4. Fabrics (only processed fabrics bear duty)			
	1963-64 <i>ad. val.</i>		1964-65 <i>ad. val.</i>
(a) Fabrics produced by composite mills			
1. Basic including special Excise duty		6%	6%
2. Additional		5%	5%
3. Handloom Cess	1.9 nP./sq. metre		1.9 nP./sq. metre

ANNEXURE IX—concl'd.

	1963—64 ad.val.	1964—65 ad.val.
(b) Fabrics produced by powerlooms or handlooms		
1. Basic including special Excise duty	4%	4%
2. Additional	3-1/3%	3-1/3%
3. Handloom Cess only for powerloom fabrics	1.9 nP./sq. metre	1.9 nP./sq. metre

VI. Silk

1. Silk yarn	No excise duty	
2. <i>Fabrics (specific rates)</i>	1963-64 (nP. per sq. metre)	1964-65
(1) Basic	48.00	48.00
(2) Additional	30.00	30.00
(3) Handloom Cess	1.90	1.90

Rs. per loom per shift per month

I Shift		II Shift		III Shift	
Basic	Addl.	Basic	Addl.	Basic	Addl.

3. *Compounded Levy on Silk powerlooms*

(a) Not more than 9 looms are employed.

(i) On first 4 looms	60.00	50.00	60.00	50.00	45.00	37.50
(ii) On balance	120.00	100.00	120.00	100.00	90.00	75.00

(b) More than 9 looms employed

(i) First 9 looms	120.00	100.00	120.00	100.00	90.00	75.00
(ii) On balance	200.00	166.00	200.00	166.00	140.00	116.00

Exempted Sector (i) Units having not more than 2 looms are exempt from excise duty.

(ii) Units of not more than 4 looms and worked in not more than one shift are exempt from excise duty

NOTE.—There is no duty at the loom stage on grey woollen fabrics.

ANNEXURE X

Wholesale Market prices of Cotton Yarn (in hanks) in Coimbatore Market—Monthly Average

(Rupees per bundle of 10 lbs. up to October 1963 and per bundle of 5 kgs. from November, 1963)

Period	10s		20s		30s		40s		60s Indian carded		80s Egyptian carded		100s combed		Period
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	1
1956	14.04	14.59	17.55	18.86	21.61	22.45	26.34	27.56	45.81	48.00	*65.00	*69.80	80.83	90.50	1956
											(combed)	(combed)			
1957	14.40	15.17	17.27	18.62	21.12	22.48	23.94	26.40	38.12	40.12	57.50	62.00	89.25	92.69	1957
1958	12.71	14.00	15.39	16.61	18.70	21.00	23.03	24.78	39.87	42.17	57.37	61.75	84.25	87.25	1958
1959	13.45	14.30	15.91	17.00	19.44	20.23	23.83	25.53	40.69	45.80	63.15	68.05	88.90	91.26	1959
1960	18.01	18.76	21.26	22.62	25.22	26.13	27.72	29.38	40.24	44.19	54.21	62.64	85.77	88.50	1960
1961	17.41	18.79	21.02	22.53	25.69	26.82	29.57	31.29	46.54	48.62	60.99	66.50	83.59	87.14	1961
1962	17.94	18.57	21.93	23.44	26.49	27.68	32.41	34.23	47.77	50.59	70.16	74.50	95.62	100.92	1962
1963 Jan. to Oct. (average).	18.7	19.43	22.88	24.49	27.68	28.20	32.53	34.78	44.37	47.75	74.23	79.43	102.70	107.83	1963 Jan. to Oct. (average).
1964 Jan.	20.45	20.90	24.22	26.07	30.13	30.84	37.40	38.85	60.65	61.00	95.90	96.80	130.00	128.25	1964 Jan.
1964 April	19.09	21.65	23.60	26.11	30.70	31.59	35.76	38.50	58.42	58.81	92.88	95.69	135.70	133.33	1964 April

NOTE.—Comparison of prices prior to November, 1963 and later to November 1963 is not strictly valid as the prices for November 1963 and later periods are per bundle of 5 kgs. as against for 10 lbs. and the counts are of integral French counts close to the corresponding English counts.

ANNEXURE XI

Progress of weavers Co-operative movement

State Societies

(Amounts in thousand of Rupees)

Particulars	1957-58	1958-59	1959-60	1960-61	1961-62
1. No. of Societies	23	21	21	22	10
2. No. of Members	6,636	7,592	8,494	10,144	8,627
3. No. of Looms	1,47,510	5,146	13,153	7,827	3,228
4. No. of active looms	15,766	4,759	11,695	6,263	2,561
5. Paid up share capital	5,755	6,356	7,422	9,401	10,469
6. Reserve and other Funds	5,065	6,757	7,598	8,183	8,791
7. Borrowings	43,781	51,215	51,832	46,903	56,677
8. Working Capital	54,601	64,328	66,852	64,487	75,936
9. Cloth Production	44,790	60,934	66,716	87,934	55,508
10. Cloth Sales	59,963	77,378	80,315	1,13,730	89,376
11. Wages	2,670	2,638	2,747	4,398	4,394
12. No. of Societies that worked at profit	15	16	14	17	14
13. Amount of Profit	553	825	1,358	1,491	1,825
14. No. of Societies that worked at loss	8	4	6	5	4
15. Amount of Loss	367	1,194	977	555	326
16. No. of Societies that incurred neither profit nor loss . . . . .	..	1	1	..	1

ANNEXURE XI—*contd.*
Central Societies

Particulars	1957-58	1958-59	1959-60	1960-61	1961-62
1. No. of Societies	71	99	108	122	120
2. No. of Members	5,493	9,266	8,132	8,201	8,431
3. No. of Looms	11,023	1,058	8,553	7,852	7,720
4. No. of Active Looms	4,991	920	5,800	5,323	4,785
5. Paid up Share Capital (in thousand Rs)	16,56	15,18	56,35	17,16	21,99
6. Reserve and Other Fund	25,25	27,71	33,46	33,29	29,77
7. Borrowings	61,26	69,91	78,86	96,26	92,66
8. Working Capital	1,03,07	1,12,80	1,68,67	1,46,71	1,44,42
9. Cloth Production	1,38,29	1,29,25	1,30,74	1,13,75	97,23
10. Cloth Sales	2,34,08	1,57,27	1,78,46	1,83,20	1,38,70
11. Wages	10,28	9,06	8,67	8,35	6,49
12. No. of Societies that worked at profit	6,43	5,49	7,50	5,04	4,54
13. Amount of Profit	6,22	5,79	7,18	5,01	4,54
14. No. of Societies that worked at loss	23	43	45	53	47
15. Amount of Loss	2,57	6,78	8,01	10,91	6,13
16. No. of Societies that incurred neither profit nor loss	5	9	13	15	18

ANNEXURE XI—*contd.*

Primary Societies

Particulars	1957-58	1958-59	1959-60	1960-61	1961-62
1. No. of Societies	9,799	10,352	11,086	11,803	12,222
2. No. of Members	11,09,249	11,75,011	12,72,002	12,10,751	12,19,953
3. No. of Looms	10,00,135	9,56,593	11,81,643	12,53,150	12,45,983
4. No. of active looms	7,18,464	6,19,901	7,39,853	7,59,134	7,26,314
5. Paid up share capital	3,08,25	3,42,47	3,58,19	3,90,42	4,54,92
6. Reserve & other funds	3,52,33	3,87,86	4,05,68	4,35,99	3,07,84 1,56,20
7. Borrowings	7,53,98	9,06,00	9,33,96	11,13,12	12,86,11
8. Working Capital	14,14,36	16,36,33	16,97,83	19,39,53	22,05,07
9. Cloth Production	34,40,59	35,66,69	31,69,28	34,27,84	39,26,83
10. Cloth Sales	38,05,36	38,20,73	36,07,59	36,88,61	42,51,65
11. Wages	1,42,89	1,88,34	2,01,47	2,31,68	2,78,64
12. No. of Societies that worked at profit	4,578	4,360	5,280	5,587	4,837
13. Amount of Profit	1,38,23	1,10,03	1,19,75	1,27,13	1,38,25
14. No. of Societies that worked at loss	2,864	3,316	3,247	3,506	4,012
15. Amount of loss	63,30	79,06	43,58	52,62	68,06
16. No. of Societies that incurred neither profit nor loss	2,074	2,686	2,550	27,10	33,72

ANNEXURE XII

Note on Rectification and Reconstruction of Handloom Weavers' Co-operative Societies

As on 30-6-1960, there were 11,086 primary weavers' societies in the country, of these 5,289 primary weavers' societies worked at profit while 3,247 societies worked at loss and 2,550 societies without profit or loss.

From the statistics gathered, it is observed that 11.81 lakhs looms have so far been brought into the co-operative fold of which only 7.39 lakhs have been active and working. The Third Five Year Plan has fixed the target for the production of handloom cloth in the co-operative sector at 2,800 million yards as against 2,125 million yards in the Second Five-Year Plan. This target can be achieved only if vigorous and systematic steps are taken to activate the idle looms in the societies and to bring in more looms under production according to a planned programme for the revival of dormant societies and organisation of fresh societies in areas not so far covered. At the same time, it will be necessary to weed out societies which are insolvent and which cannot be revived under any circumstances. Unlike Agricultural Credit Societies which are classified in audit according to their quality, into A, B, C, D and F., there is no classification for primary handloom weavers' co-operative societies in most of the States. Societies which are classified as D or E in audit or societies which are found to be working unsatisfactorily or insolvent according to audit reports should be marked for enquiry. Statutory enquiries have to be conducted into their constitution, working and financial condition and they may be taken under liquidation. All Co-operative Departments are advised to devote their attention to this work from now on; for, it is necessary that the dead wood in the co-operative movement should be cleared so that it does not affect the reputation of other societies. In certain States, there are Liquidation Inspectors in the districts under the Co-operative Department who attend to liquidation work under the direction and control of the liquidator who is, usually the Assistant Registrar in charge of the district. It will be necessary that in States where there are no such Inspectors, they should be appointed to take up this work of weeding out bad and incorrigible societies.

2. As already stated, quite an appreciable number of societies were working at a loss. The financial position of these societies required careful examination and suitable steps as indicated below may be taken to rehabilitate them. Though no statistics in regard to the number of defunct weavers' co-operative societies are available, it is observed from the inspection reports of central co-operative banks that they form quite a good number and they have to be tackled effectively so that the production target envisaged under the Third Five-Year Plan could be achieved.

3. The following are some of the main defects noticed in the working of the weavers' co-operative societies, which require prompt rectification.

(i) *Reconstitution of Management.*—The working and progress of some of the societies have been considerably hampered on account of inefficient management, embezzlement of funds, shortage in raw materials and finished goods, long standing arrears under yarn advanced to the members—these have reduced the capacity of the societies to supply raw materials to their members for further production. Effective action may, therefore, be taken to realise such frozen assets, through coercive process, if necessary. If the Managing Committee is indifferent and if the members of the Committee are themselves defaulters, the Committee should be reconstituted with enthusiastic persons who will be prepared to work for the societies effectively.

(ii) *Utilization of reserves created in audit.*—An examination of the balance sheets of some of the weavers' societies, particularly in Madras and Andhra, shows that the societies have set apart large amounts as reserves for business loss, bad debts, wages, price fluctuation, etc. These reserves were created in the past years when societies were making good profits. On account of trade conditions and

other circumstances, these societies have not been able to maintain the same level of profits and some of them have even worked at loss. In cases, where the losses are heavy, it is suggested that some part or the whole of the specific reserves mentioned above may be adjusted towards the losses so that the societies can wipe off their losses and begin with a clean slate. If there are no such reserves and if the societies show a promise to work successfully with the loyalty of the members, government may subsidise them to wipe off the losses. If the accumulated losses exceed the society's owned capital (paid-up share capital plus statutory reserve fund), such societies will not be financed by the central banks out of credit limits sanctioned to them by the Reserve Bank of India under Section 17(2)(bb) of the Reserve Bank of India Act.

(iii) *Production Units*.—Several societies are still not working as production units. They do not supply yarn to their members and take back the finished goods for sale on payment of wages. They are only purchasing yarn and selling it to the members. Under Section 17(2)(bb) of the Reserve Bank of India Act, concessional finance will be available only for production and marketing activities of weavers' co-operative societies. Purchase and sale of yarn does not make the society a production unit and such societies are, therefore, not eligible for concessional finance. Steps should be taken to convert all societies into production-cum-sale units.

(iv) *Agreements to be obtained from members*.—It is observed that in most societies agreements are not obtained from members with one or two sureties, binding themselves to manufacture finished products of the specified pattern with the yarn supplied by the society and to return the finished goods within a specified time. This is necessary for ensuring prompt return of finished goods and for taking action against defaulters.

(v) *Maintenance of production charts*.—In several societies, production charts for the different types of cloth produced by them are not maintained. Yarn is purchased by the Secretary or Manager and wages are paid by him without due authorisation by the Committee or a proper fixation of wages with reference to the local rates. There should be proper resolutions of the Board of Management of the societies to govern and regulate these activities.

(vi) *Purchase of yarn and sale of finished goods*.—Raw materials like yarn, dyes and chemicals are purchased by the societies from the open market though, there are State Handloom Weavers' Co-operative Societies distributing the same. The plea put forward for such outright purchases is that the price of raw materials is higher in the apex society than in the open market. Primary societies should persuade the apex societies through their representatives on the general body or Board of Management of the apex society or through Departmental Officers to arrange to sell yarn at market rates.

(vii) *Appointment of merchants as selling agents*.—In the matter of sale of finished goods, it is observed that in some States, finished goods are entrusted by societies to private traders and merchants for sale on a *commission* basis. This takes away the legitimate profit that the society can get if the goods are sold at its own sales depot. A society having about 50 looms engaged in production will not find it difficult to open a Sales depot of its own at the market centre in its area of operations so that the finished goods produced by the members may be sold through it.

(viii) *Uneconomic Units*.—There are several small societies working with 10 to 20 looms. Though suggestions were given to amalgamate these small units into workable economic units of at least 50 looms each the progress in this direction has not been satisfactory. Efforts may be made to enlist more weavers and more looms, so that the share capital contributed by them may augment the resources of these small societies, besides enabling them to work as 'viable units'.

(ix) *Division of societies into compact units*.—In contrast to small uneconomic units referred to in the previous para, there are, in some States, primaries having jurisdiction over a district and even more. Their jurisdiction being unwieldy the societies find it difficult to supervise production, to control proper utilisation of yarn and to collect finished goods. In many cases, the activities of these societies are confined to a few centres only; such societies may be divided into smaller compact units so as to ensure personal contact and close supervision.

(x) *Diversion of working capital loans and share capital loans for shares in other Co-operative institutions.*—It is observed that in some States, the working capital and share capital loans provided out of cess fund were, to a large extent, diverted for purchasing shares in the State Handloom Unions and Spinning Mills. This has reduced the availability of working capital for the business of the society. It is necessary that a major portion of the owned funds of the society is utilised in its own business.

(xi) *Government assistance for share capital.*—The facilities given by the Government of India for strengthening the share capital structure of weavers' co-operative societies and for issuing share capital loans to weavers' to be admitted into the co-operative fold were not availed of by several societies. Their attention should be invited to General Principles L-1 and L-2 of the All India Handloom Board.

It was noticed during the inspection of central banks by the officers of the Reserve Bank of India that the share capital loans received by the societies from cess fund were not properly accounted for in some societies as loans issued to members and credited back as share capital of such members. There is no provision in the bye-laws of some societies for collection of thrift deposits from the wages paid to the members and to utilise such collections for repayment of share capital loans or for purchasing additional shares such a provision should be introduced in all societies.

(xii) *Inadequacy of working capital.*—It is observed that many weavers' societies are not yet affiliated to the central financing agency and that they have not sought financial assistance for various reasons. Some resort to outside borrowings at rates of interest ranging from 7 to 9 per cent when facilities for concessional finance are available at 3 per cent. Evidently such societies are not aware of the Reserve Bank Scheme of handloom finance. In most States, there is a special staff for supervision of weavers' co-operative societies. States which do not have the necessary staff have already been requested to appoint the same. The supervisory staff should get the societies affiliated to central banks and arrange to send to the central banks applications for loans or cash credit. Such applications should include the information required for filling up form No. 9 of the loan application of central banks to the Reserve Bank of India. Societies can furnish in the application data relating to their working and financial position during the preceding co-operative year. The central banks should be requested to consider their application and sanction before 31st December of each year cash credits to the societies for the succeeding calendar year (and not for the financial year).

(xiii) *Lack of prompt audit and supervision.*—Out of 8,291 societies pending audit at the beginning of the year 1959-60 (of which 1,230 societies were pending audit for two years and over), 5,680 societies were audited during the year. There were arrears in audit in most States, particularly in Bihar, Kerala and Mysore. Unless the accounts are audited every year as required under the Co-operative Societies Act, it will be difficult to know or assess the real financial position of the societies.

The Government of India had suggested a scale of staff to be appointed by the States for supervision and audit of handloom weavers' societies in their letter No. 26(121)Tex(C)/55 dated the 13th September, 1956. It is observed that the requisite staff has not been appointed in several States. State Governments should be requested to appoint adequate staff for audit and supervision.

ANNEXURE XIII

Progress of Reserve Bank Scheme of Handloom Finance

(Rupees in lakhs)

S. No.	State	Credit Limit		Sanctioned				
		1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64
1	2	3	4	5	6	7	8	9
1. Madras		73.24	68.16	89.47	117.59	177.73	254.28	277.35
2. Maharashtra		45.24	26.54	17.81	18.63	16.49	40.44	32.55
3. Orissa		7.45	5.47	8.41	8.19	9.13	18.27	17.36
4. Punjab		..	6.16	2.65	0.57	1.82	3.34	4.00
5. Rajasthan		..	5.38	1.18	4.79	8.39	5.75	4.73
6. Madhya Pradesh		..	9.06	2.65	4.44	7.90	11.98	13.68
7. Bihar		..	13.88	2.52	3.99	0.76	4.28	..
8. Mysore		..	8.84	7.63	9.72	10.85	..	17.11
9. Kerala		..	19.37	21.84	28.33	28.20	31.84	40.50
10. Andhra Pradesh		54.26	64.43	78.36	99.22	104.04	140.85	145.72
11. Gujarat		0.40	..	2.41	5.40	6.03
12. Pondicherry		1.14	1.90	2.00
TOTAL		180.19	227.29	232.92	295.47	368.87	518.34	561.03

(Rupees in lakhs)

S.No.	State	Amount Drawn						
		1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64
1	2	3	4	5	6	7	8	9
1. Madras		25.16	48.67	61.72	93.62	170.74	239.63	265.51
2. Maharashtra		17.17	20.25	11.19	15.78	15.31	26.46	9.25
3. Orissa		6.95	3.15	7.34	4.85	8.35	16.50	15.15
4. Punjab		..	5.17	2.65	0.55	1.66	2.79	..
5. Rajasthan		..	5.25	..	4.44	8.26	5.75	2.11
6. Madhya Pradesh		..	8.67	1.77	2.33	7.90	11.85	12.99
7. Bihar		..	4.36	1.54	2.09	0.76	4.28	..
8. Mysore		..	8.15	5.49	9.71	10.85	..	17.03
9. Kerala		..	18.02	21.84	28.33	28.20	29.78	40.12
10. Andhra Pradesh		..	52.04	59.52	78.16	98.80	112.69	123.32
11. Gujarat		0.40	..	2.41	0.10	0.19
12. Pondicherry		1.04	1.90	2.00
TOTAL		49.28	174.03	173.46	239.89	354.32	451.63	487.67

ANNEXURE XIV

Quality Control Scheme for the Handloom Industry

1. Adoption of any scheme of quality control in the handloom industry on a uniform basis all over the country is rendered, difficult not only by virtue of its vastly diversified products but also by the very varied methods of production adopted by it.

2. Handloom Products are not only woven but also dyed and printed. Not only each of these processes vary from product to product but also from region to region. As a result uniform adoption of any scheme of quality control becomes not only difficult but even limited in its objective. Hence, the schemes adopted by each of the State Governments are likely to vary from State to State. The whole programme should be viewed from this angle.

3. However, the limited objectives on which quality control could be enforced are:—

1. To ensure that correct measurements particularly length and width, conform to the accepted descriptions.
2. To ensure uniform texture throughout the fabrics.
3. To guarantee the fastness of colours used.
4. To help avoid unreasonable shrinkage in the fabrics by ensuring proper density of texture.
5. To certify the counts and quality of yarn used.

4. Of these objectives, the last three items are difficult to ensure without the help of a large field staff both for inspection and for quality marking. They need also the necessary laboratory facilities. Added to these, the most important criteria for the success of the scheme are:—

- (i) There should be an incentive to the Handloom Weavers to produce quality goods and submit them for quality marking. This may be in the form of additional wages or in some other suitable form.
- (ii) All the fabrics quality marked should be assured of a ready market and the primary or Apex Society must be prepared to take over all the cloth quality marked for marketing.

5. If the above general principles are accepted as suggested by the Working Group, the scheme to start with,—

- (a) could be tried in a few selected areas in each State such as the pilot project areas or centres selected for intensive development work by the State Governments with the co-operation of the Weavers' Service Centres;
- (b) the quality control be restricted in the initial stages to a few specified varieties like Dhoties, sarees, bed-spreads, towels.

6. If the above general policies are agreed to by each of the State Governments they may formulate specific schemes for implementing quality control on the basis of the general pattern suggested below.

7. To undertake quality control of handloom fabrics, each State Government may select in consultation with their Apex Societies a few societies located in the pilot project areas or the centres selected for intensive development with the co-operation of Weavers' Service Centres. In all about 10% of the total number of active primary societies in the State may be selected for the purpose to start with.

8. For purpose of quality control the number of varieties may be restricted in the initial stages to one or more of the following varieties where there is a sizeable demand.

- (a) Dhoties.
- (b) Sarees.

- (c) Bed spreads.
- (d) Towels, etc.

9. The number of looms to be enlisted in each society under quality control scheme may to start will be limited to about 10% of the total active looms but not less than 100 looms in each society engaged in production work.

10. The aspects of quality control to be endorsed in the initial stages shall be restricted only to the following general properties of the fabrics:—

- (a) to ensure correct measurements particularly length and width;
- (b) to ensure uniformity of texture;
- (c) to guarantee fastness of colours used;
- (d) to ensure that there will be no unreasonable shrinkage in their dimensions;
- (e) to ensure that the counts and quality of yarns are indicated on the label.

11. Each quality marked fabric shall bear a label indicating the length and width and the fastness properly of colours used. If possible the declared count also.

12. To undertake systematic inspection of fabrics for enforcing quality control both during their processes of manufacture and in the finished state for affixing quality seal on the label. One Inspector and a helper shall be appointed for each unit of 100 looms. The Inspector will be responsible for both inspection of the quality as well as for the actual affixing of quality mark on the fabrics certified for quality.

13. Each State Government may have their own distinct quality trade mark seal which may be used for quality marking indicated in para (12).

14. Each State Government should have an officer of the rank of an Assistant Director to organise and supervise the entire work connected with the quality marking scheme.

15. Before any scheme of quality control is introduced in a State, the State Government should first ensure that either the Apex Society concerned or the primary societies affiliated to them would agree to purchase the entire fabrics quality marked under the above scheme.

16. The schemes hitherto sanctioned for the different State Governments may be withdrawn or met from their own resources unless they agree to suitably modify their scheme to suit the general pattern suggested above.

ANNEXURE XV

Quality Control and Pre-shipment Inspection of Handloom Textiles

With the day-to-day advancement and rapid strides being made in the field of technology and science, Quality Control, in all its phases, has assumed vital importance and has become a 'must'. The need for producing quality goods by the enforcement of scientific quality control cannot be over-emphasised especially in the present context of export promotion of quality goods at competitive prices in international markets where quality consciousness prevails to a very high degree. The advantages and benefits arising out of quality control and pre-shipment inspection have been of a far reaching nature in the case of handloom textiles. A brief outline of the aspects of quality control, its importance and the organisational set up established for the purpose of inspection are set out in the following paragraphs.

Cotton Textiles Inspection

The Inspection Organisation of the Cotton Textiles Fund Committee operates, on behalf of the All India Handloom Board, Bombay, a scheme for quality marking and certification of handloom goods meant for export. The scheme is currently in operation from Bombay, Madras, Delhi, Kanpur, Sholapur, Ahmedabad, Calcutta and Cochin and it is anticipated that some more regional centres would shortly be established. The services of inspection under this scheme is free. Inspection and quality marking of handloom textiles can be availed of both by the manufacturer and the exporter of handloom products.

Under the Scheme, inspection is made both of standard varieties for which specification has been fixed and of non-standard varieties which may be required to be inspected at the instance of either the exporter or the overseas buyer. Inspection of the latter varieties are generally made on the basis of contractual particulars or with reference to samples approved by the overseas buyer or, on his behalf, the Indian exporter/manufacturer. A certification trade mark, which has been registered under the Trade Marks Act, 1940, is affixed on the cloth inspected. The standards of inspection in the case of handloom cotton textiles are somewhat less rigid than those of the mill-made type in view of the fact that the handloom industry is a less organised structure liable to greater variations and wider tolerances.

In addition to the inspection being done by the Cotton Textiles Fund Committee, some of the States of India also have started a quality marking scheme to cover various products, *inter alia*, handloom textiles. The quality marking scheme of the States are also on a voluntary basis and quite a number of articles covered under the scheme are being exported to foreign countries under "Q" marking certification. Under this "Q" marking scheme of the States, quality control at all levels of production, *i.e.*, from the yarn to the fabric and hence to dyeing, processing or finishing are all meticulously observed and controls effected with a view to ensure the quality of the ultimate finished product. The "Q" Marking Scheme is becoming very popular and quite a large number of manufacturers have registered themselves under this Scheme.

Pre-shipment inspection of cotton textiles has had a very salutary effect in not only improving the quality of production but also in increasing the quantum of material for exports. Since the introduction of Handloom Inspection Scheme in the year 1960, a quantity of over 255 lakh metres had been inspected and during the year 1963, the annual offtake of inspected goods had been to the tune of over 10 million metres. It is also stated that the quantum of cotton handloom materials for inspection prior to shipment could be increased further in the present context of export promotion. Apart from the above, the reputation and esteem with which certain quality goods which had been inspected and exported have gone very high. Bleeding Madras and Etawah Bedspreads could be cited as typical examples.

Art-silk/synthetic fabrics inspection scheme

Handloom textiles such as sarees had been produced and exported in very large quantities especially from South India, made out of art-silk/synthetic fibres. With a view to stimulate the exports of such items, a scheme of pre-shipment inspection and certification for minimum quality in aid of entitlement of export incentives was introduced in July 1959 and such a scheme had been working fairly satisfactory all these years. Quite recently, the inspection scheme pertaining to art-silk/synthetic fabrics meant for export has been taken over by the Cotton Textiles Fund Committee and it may be stated that the scheme is working very satisfactorily. It is proposed to expand the scope of inspection to make it more comprehensive as soon as the Textiles Committee, to be constituted under the Textiles Committee Act, 1963, comes into being, which is expected shortly.

Inspection of pure-silk fabrics

The Central Silk Board is currently carrying out inspection and certification of pure-silk fabrics meant for export. The guiding principle of the inspection scheme is to make available to the exporters raw-silk to the extent of 66 $\frac{2}{3}$ % of the computed f.o.b. value of pure unmixed mulberry silk fabrics exported. The Central Silk Board has set up inspection centres at the principal towns of Bombay, Banaras, Bangalore, Calcutta, Madras and New Delhi from where certificates indicating the quality and value of the fabrics prior to export are issued. Annually, pure silk goods valued at over 10 million rupees are being exported and it is to be hoped that the exports will further increase. In addition, the Central Silk Board intends to operate, very shortly, compulsory inspection in respect of tusser silk fabrics based on certain minimum specifications and standards.

Woollen Inspection

The inspection organisation of the Cotton Textiles Fund Committee has also recently taken over pre-shipment inspection of woollen items of fabrics and hosiery meant for export in accordance with laid down procedures and specifications. In the event of goods meant for export passing the inspection standards, certificates to that effect would be issued by the Cotton Textiles Fund Committee for the purpose of computing the export incentives which could be claimed by the exporters/manufacturers.

One of the essential factors in aid of pre-shipment inspection and quality control is the need for establishing adequate testing laboratories. Currently, the testing of cotton textile samples is carried out by the Defence Laboratories in Bombay and the art-silk samples are tested at the SASMIRA Laboratories, Bombay. The Defence Laboratories are already over-burdened with their own departmental samples for testing and, therefore, there is appreciable delay in the testing of cotton textile samples. The testing of art-silk samples being centralised in the SASMIRA laboratories also results in appreciable delays. Since speed and expedition are the essence of export trade, it is of utmost importance that the inspection and certification should also be expedited. In view of the dearth of suitable and adequate testing laboratories, the Cotton Textiles Fund Committee had put up proposals for the establishment of a Central Testing Laboratory at Bombay and small test houses at outstations which would and could adequately meet the requirements for testing and also ensure expedition. The schemes for the establishment of laboratories are awaiting Government sanction and, as soon as Government approval is received, every effort will be made to establish the laboratories with adequate equipment and suitable staff within the minimum time possible. It should also be brought out that yet another way by which expedition to some extent in the issue of inspection certificates could be effected will be for the parties offering the material for inspection at outstations to arrange airfreighting of samples to Bombay from the inspection centres to avoid delays caused by surface transit.

ANNEXURE XVI

The Handloom Export Organisation (later re-named the Handicrafts and Handlooms Exports Corporation of India, Limited), its objectives and achievements in the field of development of exports of handloom fabrics from India to non-traditional export markets

Historical Background

It is well-known that Indian Handloom Fabrics have been popular in some foreign countries for a considerably long period of time. Exports of these fabrics to overseas markets started years before the installation of power-looms. Indian handloom fabrics were popular particularly in what has come to be commonly known as "traditional markets", viz., South-East Asian and African Countries, where large number of Indians had settled down. Besides, the local population in those countries also showed a marked preference for some varieties of our handloom fabrics like lungies, kikoyees, Madras Handkerchiefs, etc.

2. In the recent past, there have been several developments in these "traditional markets" which have resulted in a great reduction in the volume of exports of Indian handloom fabrics. These countries, in order to develop and protect their indigenous industry, imposed progressively increasing restrictions on imports of Indian handloom fabrics. Foreign Exchange problems also contributed to the imposition of such restrictive measures. Besides, competition from certain other countries which began exporting textiles to these "traditional markets" resulted in a diminution in the volume of India's exports of handloom fabrics. On the side of India, factors like absence of quality standards for the fabrics, and unethical practices of exporters like speculative prices, non-adherence of bulk supply to samples and to delivery time, bad packing, etc., had a significant contribution to the loss of export trade.

Handloom Export Organisation

3. The progressive loss of the "traditional markets" was a serious problem for our country and the handloom industry. The planned development of the country needed large amounts of foreign exchange. Consequently, development of exports became a matter of great importance. Government took several steps in that direction. Realising that the scope for increasing exports of handloom fabrics to the "traditional markets" was severely limited by factors outside our control, Government decided to explore the "non-traditional markets", particularly Europe and the United States. Teams of Experts and Trade Missions from U.S.A. were invited by Government for survey of the handloom industry and for advice on the steps to be taken for developing export trade. One such Trade Mission was headed by Mr. Boris Kroll.

This Mission had been requested to advise Government on the opportunities and problems, and to recommend methods of procedure, for developing India's export trade in handloom fabrics, particularly to North America. This Mission visited India in October-November, 1956, and submitted a detailed report. The Mission recommended that there should be a Central Organisation to deal with exports of handloom fabrics to foreign countries. According to the Mission this Organisation should be one which would hold itself responsible to buyers abroad and should also be responsible for helping Indian manufacturers by procuring the required raw materials. Besides, this Organisation should arrange for display of handloom products in all International Fairs and for systematic publicity in all countries through various media like newspapers, fashion parades, brochures, etc.

4. Government accepted the recommendations of this Mission, and created an Organisation called the Handloom Export Organisation. This Organisation was created specifically for the promotion of exports of handloom fabrics to "non-traditional markets", particularly United States of America and Europe. It was set up as a Department of the State Trading Corporation of India Limited, with its Headquarters at Madras. It started functioning from 8th January, 1959.

Functions of Handloom Export Organisation

5. The functions of the Handloom Export Organisation were detailed as under:—

- (a) Organising production of fabrics on the basis of samples produced by the Weavers' Service Centres.
- (b) Procurement of fabrics from its Business Associates.
- (c) Procurement of raw materials like yarn and dyes and chemicals and supplying them to Business Associates at reasonable prices.
- (d) Undertaking publicity in Foreign Countries and arranging participation in Foreign Exhibitions.
- (e) Arranging service facilities such as supply of designs suitable for export markets, rendering technical help to manufacturers, etc.
- (f) Maintenance of sample show-rooms within the Country and abroad, and preparation and distribution of sample books to buyers in Foreign countries.
- (g) To act as Liaison between buyers abroad and exporters in India.
- (h) To advise the Government of India from time to time on the steps to be taken to retain and expand Foreign markets.

On 1st October, 1962, the Handloom Exports Organisation was merged with the Handicrafts and Handlooms Exports Corporation, which is a Subsidiary Company of the State Trading Corporation of India Limited. The functions of this new Organisation are broadly the same as those of the Handloom Export Organisation, except that its scope was extended to include handicrafts. This note, however, does not deal with the handicrafts wing of the Corporation.

6. Initially the Handloom Export Organisation (HEO) concentrated its efforts on the general promotion of export trade, but shortly thereafter started direct exports also. The Handicrafts and Handlooms Exports Corporation (HHEC) is, therefore, a direct exporter, in addition to its functions relating to promotion of exports generally.

Liaison with Weavers' Service Centres

7. The HHEC works in close liaison with the All India Handloom Board and the Weavers' Service Centres (WSC) set up by it. It has entered into arrangements by which the WSCs bring out a continuous supply of samples in new designs and colour schemes. There is also a continuous supply of these new samples from HHEC to foreign countries. This has helped a good deal in increasing the volume of exports in recent years.

Business Associates

8. The HHEC has enrolled a number of manufacturers, exporters and manufacturer-exporters of handloom fabrics as its Business Associates. The HHEC helps the Business Associates in securing orders on the basis of samples produced by them and by the HHEC. All purchases made by the HHEC for its direct exports are made from its Business Associates. The HHEC also renders several kinds of service facilities to its Business Associates.

Service Facilities to Business Associates

9. The service facilities rendered by HHEC to its Business Associates include the supply of raw materials, display of their samples in Foreign Exhibitions and Fairs and booking orders, affording credit facilities etc. In return for these services, the Business Associates pay a nominal service charge to the HHEC depending on the type of assistance availed of. Mention may be made of the special assistance given to a few of the Business Associates:—

- (a) Owing to the sudden closure of the Spun Silk Mills at Channapatna in Mysore in December, 1958, one of the Business Associates had great difficulty in procuring Noil Yarn to execute export orders received by them. The HEO obtained an import licence and arranged to import the particular quality of Noil Yarn required by the Business Associate at economical rates, thereby enabling them to execute substantial export orders. The total value of Noil Yarn imported and supplied was Rs. 3,44,595.82.

- (b) In many other cases the HEO arranged for the supply of imported silk yarn, indigenous dupion yarn and cotton yarn in scarce supply. In some cases adequate finance was also made available to facilitate the purchase of raw material required for fulfilling the export orders.

Participation in Foreign Exhibitions

10. With a view to promoting exports of handloom fabrics in new markets, the HHEC participated in the following International Fairs:—

- (1) Chicago International Fair, July 1959.
- (2) Sydney Industries Fair, (Australia), July, 1959.
- (3) Canadian National Exhibition, Toronto, 1959.
- (4) Frankfurt International Autumn Fair, Frankfurt (West Germany), August—September, 1959.
- (5) Utrecht International Trade Fair, February, 1960.
- (6) New York Trade Fair, May, 1960.
- (7) Paris International Trade Fair, May, 1960.
- (8) Frankfurt International Trade Fair, May, 1960.
- (9) Chicago International Trade Fair, 1960.
- (10) Dallas (Texas) Fair, 1960.
- (11) Sydney Industries Fair, 1961 (July, 1961).
- (12) Buyers Exhibition, New York (February, 1962).
- (13) Poznan International Fair (Poland), 1962.
- (14) Seattle—21 Century Exposition (from 21-4-1962 to 21-10-1962).
- (15) Zagreb International Fair (August-September, 1962).
- (16) Far Eastern Fortnight Exhibition organised by Mr. Stanley Mar, Dallas (Texas), September-October, 1962.
- (17) Wholly Indian Exhibition, Moscow, 1963.
- (18) Italian Red Cross Fair (December, 1963).
- (19) Indian Industries Exhibition, Kuwait, 1964.
- (20) New York World's Fair, 1964-65.

Participation in Exhibitions in India

11. The HHEC participated in the World Agricultural Fair held at Delhi from December, 1959 to March, 1960 and also in the Indian Industries Fair at Delhi from 14th November, 1961 to 1st February, 1962.

Fashion Show in West Germany

12. Prof. (Mrs.) Maria May of Hamburg organised a mobile Fashion Show for which the HEO supplied her with handloom fabrics valued at Rs. 2,280 free of cost. This step has been responsible to create some interest in our handloom fabrics in West Germany.

Exhibition of Garments

13. Messrs. C. F. Hathaway Company of New York with the co-operation of the HEO, organised an exhibition of garments made from handwoven fabrics selected by the Chairman of that Company during his visit to India in 1961. During this exhibition, Mr. Kurikoti of India Trade Centre acted as the host and a good deal of publicity was given for Indian handloom fabrics.

Loom Display

14. On the suggestion of Mr. Henry Bach of Messrs. Henry Bach Associates, New York, who visited India in October, 1959, the HEO sent one loom with all accessories for display purposes in the window of one of the Chain Stores maintained by them.

Other Promotional Measures

15. In addition to its participation in foreign as well as local exhibitions of International character, the HHEC has been undertaking measures to publicise Indian handloom fabrics in foreign countries by taking advertisements in magazines, periodicals, fashion journals and bringing out interesting brochures on special occasions. These are briefly described below:—

(a) At the time of Chicago Fair, 1959, the HEO brought out for free distribution a brochure in 5,000 copies and a leaflet in 20,000 copies. Again on the occasion of New York Fair, 1960, a brochure was brought out in 5,000 copies and distributed.

(b) The New York Times published a supplement in April, 1961, on Travel to India. Considering the importance of this Newspaper with its wide circulation in the World, and the fact that the Government of India's Tourist Department was closely connected in bringing it out, the HHEC took an advertisement in this Supplement. Following this, the HHEC received a number of enquiries for different types of handloom fabrics.

(c) The HHEC invited Mrs. Adele Simpson, one of the leading fashion designers to visit India and during her visit she has made impressive selection of goods for Fashion shows to be organised by her in collaboration with leading Department Stores in the States.

Bleeding Madras

16. The HEO was mainly responsible for the introduction of Bleeding Madras in a big way as a regular item of export to U.S.A. After a large quantity had been exported, the market for Bleeding Madras suddenly crashed towards end of the year 1959 because of unfair tactics adopted by the importers abroad.

17. In order to revive the market, HEO tried several methods, including the introduction of overprinted Bleeding Madras fabrics. The efforts led to a revival of the market and substantial quantities were exported in 1962 and 1963. In the first quarter of 1964, there was again a falling off in the demand for this fabric and some of the leading importers were of the view that there was hardly any chance of the demand reviving. The HHEC, whose Officers were then in the States in connection with the World Fair, embarked on an intensive promotional drive, as a result of which the demand revived and substantial orders were placed by importers.

Relief Scheme

18. On account of the sudden fall in demand for Bleeding Madras in 1960, weavers, master-weavers and exporters, with sizeable stocks in their hands, made representations to the Union and State Governments for some relief measure. The Government of India then sanctioned a Relief Scheme in April 1961 and the HEO was authorised to get into the market and buy the entire stocks with co-operative societies, individual weavers and master-weavers at economic prices.

Purchase made under Relief Scheme

19. A total quantity of 3,66,868 yards of Bleeding Madras was purchased by the HEO under the Relief Scheme including nearly 2,00,000 yards of sub-standard goods. A major part of these goods (excluding sub-standards goods) were subsequently exported to U.S.A. through an Associate in India.

Objective of purchases under the Relief Scheme

20. The primary object of the Relief Scheme was to afford relief to weavers, master-weavers and co-operatives who were holding large stocks of the fabrics. Apart from bringing relief to the weavers, the introduction of this Scheme had a salutary effect in infusing a sense of confidence among American buyers as they were, all the time, afraid of this huge stock of different qualities, and on that score were not willing to place orders. These promotional measures coupled with the introduction of quality marking scheme for export of Bleeding Madras fabrics have been largely responsible for reviving a good market for these fabrics in America.

Registration of the term "Madras" in U.S.A.

21. The Delegation from HEO which attended the Chicago International Fair notice that certain firms in the United States were selling mill fabrics and styling them as "India Madras". Since this practice, if unchallenged, would have adversely affected the market for Bleeding Madras, the Delegation approached Messrs. White and Case, a leading Firm for Patent and Certification, to take up the case for registration. On its return to India the Delegation took up with the All India Handloom Board (AIHB) the question of filing an application with the Patent Office in New York for registration of certification of Trade Mark "Madras" to be stamped on Bleeding Madras Fabrics produced in the States of Andhra and Madras. This term is now registered in the United States, thus protecting the genuine fabric of Indian Origin.

Quality Marking

22. The Quality Marking Scheme which the AIHB has been operating includes inspection and quality marking of handloom fabrics meant for exports. The main objective underlying the scheme is to create and to maintain confidence in importers abroad about the quality of the fabrics exported. Later, when substantial demand for Bleeding Madras in the States was created and a scheme of incentives was started by Government, quality marking was made compulsory for Bleeding Madras and Etawah Stripe bedspreads, largely owing to the efforts made by HEO.

Floor & Ceiling Prices on Bleeding Madras

23. During March-April, 1961, some of the exporters were purchasing Bleeding Madras at distress prices and exporting it at 36 cents. This was an uneconomic price. In an earlier period, prices were pushed up so high that it led to several difficulties. It then became clear that in the interest of the industry and export trade, some sort of price regulation was called for. On the advice of HEO, Government fixed a floor and ceiling price in respect of exports of Bleeding Madras.

Quota System for Bleeding Madras

24. It was again on the advice of HEO that the Government introduced the quota system to regulate the exports of Bleeding Madras.

Agency in West Germany

25. With a view to keeping close touch with consumer demand in Western Europe and bringing forth sustained business, Mr. W. H. Hese was appointed as an Agent of HHEC in June, 1960. The Agency was originally for a period of three years. On the expiry of the term on 31st July, 1963, he was re-appointed on certain revised terms. Mr. Hese has been responsible for establishing a steady market for Handloom Silks in West Germany.

Market Survey in West Germany

26. In the year 1960, at the instance of the HEO and the AIHB, the Market Research Corporation of India Limited, New Delhi, in collaboration with Emnid (Gallup) Institute, West Germany, conducted a market survey for Indian handloom products in West Germany. The Survey was designed more for a qualitative assessment of the market in West Germany along with the trade channels and an assessment of the type of fabrics saleable.

Market Survey in France, Italy & Switzerland

27. A Scheme for survey for handlooms and carpets in France, Italy & Switzerland was entrusted by the HHEC to Messrs. Trio Advertising. The survey has been completed and the report is under examination by HHEC.

Stocking Programme of H.H.E.C.

28. It has been the experience of HHEC that very often producers who take up orders are unable to deliver the goods in time, because many of them are small producers and several problems like finance, materials, etc., arise for

them. This affects export trade adversely. Also, when orders are received for delivery within a short time, it becomes difficult to arrange delivery. The Business Associates of HHEC have also had the same experience. It was, therefore, decided by HHEC that it should stock certain quantities of goods to meet urgent orders by it and by its Business Associates. This entails considerable risk because the demand for the fabrics in certain designs and colours has to be forecast and it may happen that the demand may not turn out for them. However, HHEC has taken this risk and embarked on a programme of stocking in selected designs. Another object of the stocking programme is to ensure that the looms are kept continuously engaged. It may be mentioned here that importers are very keen on getting deliveries as per agreed schedules. Failure on the part of exporters to do so spoils trade completely. Therefore, delivery schedules have to be strictly adhered to, if necessary by air-freighting the goods.

Promotional Measures result in increased Trade

29. As a result of the promotional measures adopted by it, the HEO has been able to promote overall exports from India to United States in recent years as will be evidenced from the figures furnished in the following table:—

<i>Year</i>	<i>Value of exports (in Rs.).</i>
1957	10,24,000
1958	18,06,000
1959	169,24,000
1960	47,77,000
1961	107,00,000
1962	210,30,000
1963	332,00,000

It will be observed that compared to figures in 1957, the value of exports made in 1963 was nearly 33 times. These increased exports have provided larger employment to weavers spread over a wide area with better earnings, quite apart from bringing Foreign Exchange.

Exports of Handloom Fabrics Undertaken by HEO

30. The following table shows value of exports of handloom fabrics effected directly by the HEO and by its Business Associates against contracts of HHEC since its inception in 1959:—

<i>Period</i>	<i>Direct Export</i>	<i>Exports by business Associates against HEO/HHEC contracts</i>	<i>Total</i>
(1)	(2)	(3)	(4)
8-1-1959 to 30-6-1959	1,280·00	..	1,280·00
1-7-1959 to 31-3-1960	11,20,247·00	..	11,20,247·00
1-4-1960 to 31-3-1961	4,20,917·00	..	4,20,917·00
1-4-1961 to 31-3-1962	3,89,875·02	7,86,176·00	11,76,051·02
1-4-1962 to 31-3-1963	16,27,424·00	7,73,061·00	24,00,485·00
1-4-1963 to 31-12-1963	9,70,220·77	..	9,70,220·77
	45,29,963·79	15,59,237·00	60,89,200·79

Working Results of HHEC

31. A statement showing the profits and losses incurred by the HHEC since its inception in 1959 is attached (at appendix in the end).

Financial Assistance received by HHEC from Government

32. At the time of setting up the HEO, it was agreed that Government should subsidise the losses at the rate of Rs. 2 lakhs a year for the first two years. Accordingly, Government reimbursed losses to the extent of Rs. 4 lakhs for the first two years.

33. The actual working results of HHEC from its inception in respect of each financial year are as under:—

	Rs. nP.
(a) Net loss for the period from 8-1-1959 to 30-6-1959	—74,133.18
(b) Net loss for the period from 1-7-1959 to 31-3-1960	—395,508.11
(c) Net loss for the period from 1-4-1960 to 31-3-1961 after taking into account grant-in-aid of Rs. 250,000 from the Government.	—283,444.92
(d) Net profit for the period from 1-4-1961 to 31-3-1962 after taking into account grant-in-aid of Rs. 150,000 from Government.	+137,083.64
(e) Net loss from 1-4-1962 to 31-3-1963	—145,007.00
(f) Estimated net loss for the period from 1-4-63 to 31-3-64	—200,000.00

The grants received from Government so far are :—

(a) Grant-in-aid from the Government for Organisation expenses for the period January 1959 to March 1960.	250,000.00
(b) Grant-in-aid received from the Government for Organisation expenses for the period 1-4-60 to 31-3-1960.	150,000.00
(c) <i>Chicago Fair</i>	
(i) On publicity and entertainment (\$ 6828.36)	32,298.24
(ii) For purchases of samples outright grant	25,000.00
(d) <i>New York Fair 1960</i>	
(i) On publicity & entertainment (\$ 1,524.85)	7,243.04
(ii) Towards printing of 3,000 brochures (in Indian currency).	4,404.70

New York Office

34. One of the recommendations of the Kroll Mission was that the HHEC should set up an Office in New York to develop exports of handloom and Handicraft goods. The HHEC has been considering this recommendation for some-time but difficulties like finance and fixing up of a suitable building for the Office prevented the HHEC from setting up an Office till now. In the year 1963, a decision was taken to set up an Office in New York and a suitable place has been fixed up. The functions of this Office will be as under:—

- (1) To maintain close liaison with the HHEC's importers in the States and Canada;
- (2) To arrange for a wider distribution of the new samples and to widen the contacts with importers in the States and Canada; to pass on suggestions to the HHEC for production of revised samples and book orders on the basis of approved samples;
- (3) To undertake Market Survey & Publicity for Handlooms;
- (4) To keep in close touch with the trade and send periodical reports on matters relating to development of trade;
- (5) To undertake retail trade of expensive and specialised items for which there is no regular export demand;
- (6) To render general assistance to Business Associates of HHEC on matters referred by them to the New York Office.

The New York Office started functioning in January 1964, with skeleton staff. The Office was able to acquire proper accommodation only in May 1964 and has shifted to 11 East, 53th Street, New York, with effect from the 16th May, 1964.

35. The HHEC is participating in a big way in the New York World Fair, which is to run for a period of 18 months from 22-4-1964 to 17-10-1965 with a break of six months from 19-10-1964 to 20-4-1965. Including Handicrafts and Antiques, retail sales up-to-date are of the order of dollars one lakh.

36. With the opening of an Office in New York, coupled with the display of goods in the New York's World Fair, it is expected that export trade in Handloom and Handicrafts goods between India and the States will develop further.

Summing-Up

37. It is a common known fact that the introduction of goods in new export markets bristles with several difficulties. It is more so in the case of quality and design conscious markets like the United States. Six years ago the volume of trade in handloom fabrics between India and United States was extremely limited. The small quantities which were exported then comprised mostly of a few items of Banaras Goods and Farrukhabad Prints. It was as a result of the several steps taken by the Government of India by themselves and through the HHEC that a new fabric like Bleeding Madras was introduced into the American Market. This new product was so much in demand in the States that in 1962 and 1963 as much as 87 lakhs and 126 lakhs yards, respectively, of this cloth was exported to the United States. The HHEC also developed markets in the States as well as in European Countries for Dupion Silks, light weight silks and tussar silks. A fresh attempt is being made through the New York's World Fair to popularise printed goods, both cotton and silk, and it is expected that in this new field export business will develop. By display through foreign exhibitions and other publicity measures, market surveys, appointment of Agents and opening of branch Offices in Foreign countries, considerable demand for Indian handloom fabrics has already been created in several new markets. A certain amount of stability has also been brought about by the introduction of quality standards and compulsory inspection, fixation of floor and ceiling prices for Bleeding Madras and Etawah Bedspreads and fixation of export quotas for Bleeding Madras. All this has resulted in a large rise in the volume of export trade.

38. It is true that the activities of the HHEC in regard to its handloom wing have during the last few years, resulted in a net loss, but considering the fact that the HHEC had to develop entirely new markets and that the exports to the United States alone have increased from a mere Rs. 10 lakhs in 1957 to Rs. 3.32 crores in 1963, the loss incurred is negligible. As the HHEC has dual functions, *namely*, the general development of exports to new markets and direct exports, it is only reasonable that all developmental expenditure is financed by Government by the grant of suitable subsidies. Publicity alone in these quality conscious markets is an item which will consume considerable sums of money, which it would be difficult for the HHEC to expand from its resources. Substantial assistance from the Government has necessarily to come for publicity and other developmental expenditure.

What remains to be done?

39. The HHEC has hitherto concentrated its activities on the promotional side to the markets in North America and Europe. These activities have to be expanded considerably in order to maintain and develop our trade with these markets. In addition, the markets in South America, Australia, etc., have to be surveyed and considerable promotional activity undertaken in order to develop export trade between India and these countries. It is also necessary to experiment with several new types of fabrics, *i.e.*, mixtures of man-made fibres. Complaints about the quality of fabrics, particularly Tussar and Filature silks, have been coming in and efforts will have to be concentrated on eliminating such defects by more vigorous supervision at production end and compulsory inspection of goods before export. Violent fluctuations in the price of raw materials like Tussar and filature silks also affect export trade adversely and a certain amount of regulation of the prices of these raw materials seems to be called for. There has to be a periodical review of the incentive scheme on silks. Certain unhealthy practices on the part of exporters have also come to notice, which will have to be eliminated. The appointment of top-class consultants to advise on future demands for fabrics has to be considered. In the new markets some arrangement for the introduction of "prestige" goods has to be made, preferably by setting up retail shops. These are some of the important problems to be tackled in the near future.

APPENDIX
(HHEC Note)

Period	Purchase of Handloom Fabrics	Purchase of raw materials	Sales of hand- loom fabrics	Sales of raw materials	Gross profit or loss	Business Asso- ciates Commis- sion, Quota Commission, etc.	Net profit or loss
1	2	3	4	5	6	7	8
8-1-59 to 30-6-59	134,583	29,112	1,280	9,192	17,997 (Loss)	..	74,133 (Loss)
1-7-59 to 31-3-60	2,341,966	165,218	1,177,022	776,641	45,927 (Loss)	17,543	295,508 (Loss)
1-4-60 to 31-3-61	244,597	363,543	469,627	420,004	132,782 (Loss)	57,420	283,446 (Loss)
1-4-61 to 31-3-62	910,362	87,090	1,579,946	248,514	383,172 (Gross profit)	44,046	137,804 (Profit)
1-4-62 to 30-9-62	258,557	255,358	483,737	268,959	81,397 (Gross profit)	20,706	108,778 (Loss)
1-10-62 to 31-3-63	2,578,414	743,773	1,11,319	774,209	72,131 (Gross profit)	93,781 (includes Rs 73,227 quota commission)	36,229 (Loss)
1-4-63 to 31-12-63	1,820,588	359,553	1,143,386	493,864	40,853 (Gross profit)	82,172 (includes Rs. 71,356 quota commission)	69,094 (Loss)

ANNEXURE XVII

A Report on the Working of the Dye-houses set up under the Cess Fund Scheme

Introduction

This brochure has brought out in a nutshell all the salient features regarding various aspects of the dyehouses set up under the Cess Fund Scheme. The observations are a result of the extensive survey and a critical study of the working of the dyehouses. These are made with good intentions and a genuine desire for raising the standard of work and improve the working conditions of the Cess Fund Dyehouses.

It is hoped that this booklet would be widely circulated to all concerned and the contents given due publicity.

The All India Handloom Board has been giving financial assistance under the Cess Fund Scheme to various Weavers' Co-operative Societies for setting up dye-houses, with a view to make the societies self-supporting in respect of their dyed yarn requirements and enable them to obtain dyeings of acceptable quality. The Board has already given a grant of over Rs. 25 lakhs for this purpose during the period 1956-60. A survey of a majority of dyehouses so set up was made by the Technical Staff of Weavers' Service Centres with a view to:—

- (i) study the general set-up of the dyehouses;
- (ii) examine the equipment used and advise the societies on the use of proper equipment;
- (iii) study the methods adopted for scouring, bleaching, dyeing, etc. and advise the dyers on the correct methods of processing.

A brief report on the working of the dyehouses processing the Cotton yarn is given below. The report is divided into three parts; Part I deals with the General set-up of the dyehouses; Part II deals with the equipment in use and Part III deals with the methods adopted for processing.

PART I

General set up of the Dyehouses

Shed for a dyehouse

Some of the dyehouses do not have a shed or even a roofing and could well be termed as 'open-air' dyehouses. Such open-air dyehouses are highly undesirable for the following reasons:—

- (a) It will be difficult to carry out any work in the dyehouses during rainy days; this will hamper production and will result in loss to the dyehouse.
- (b) It will be inconvenient for the workers to work in hot sun.
- (c) Equipment in the dyehouse would get rusted and worn out quickly by exposure to sun, rain and air.
- (d) Exposure of bleach liquor to sunlight would decompose the liquor rendering it ineffective; the yarn would also get tendered by exposure to sunlight during bleaching.
- (e) Open-air dyeing would give uneven results, particularly when dyeing vats and naphthols. Leuco compounds of certain vat dyestuffs such as yellow, oranges, and reds which are sensitive to light would bring about tendering of the yarn in presence of sunlight. Solutions of naphthols and bases which are sensitive to sunlight will get decomposed when exposed to it.
- (f) Rain drops falling on naphtholated yarn would wash out the naphthol which when coupled with the diazotised base would give uneven shades.

- (g) Exposure of dyed yarn in the wet state to direct sunlight would bring about fading of even the fastest shades. The drying of wet yarn by the method of 'washing day' that is by exposure to sun and air which is followed in almost all the places is undesirable.

It is, therefore, necessary to have a shed for each dyehouse. In some dyehouses the roofing is too low whereas some others have a low thatched roofing. This is undesirable. It is suggested that the minimum height of the roofing should be 12 feet.

Space and other requirements

Quite a few dyehouses do not have enough space for carrying out the day-to-day work with the result that the equipment is not properly installed, the workers are put to inconvenience and the production is affected. It is, therefore, suggested that the space to be provided for the dyehouse be as under:—

<i>Type of Dyehouse</i>	<i>Area</i>
Small Dyehouse (capacity 100-200 lbs. per day)	1,500 sq. ft.
Medium Dyehouse (capacity 250-400 lbs. per day)	2,500 sq. ft.
Big Dyehouse (capacity 500-1000 lbs. per day)	3,000 sq. ft.

In many dyehouses ventilation is not given due importance and chimneys are usually absent. It is necessary to provide proper ventilation as well as chimneys for escape of fumes.

Equally important is provision of drainage facilities, the absence of which lead to unhealthy surroundings.

A few dyehouses have the necessary equipment, space, etc., but have not installed the equipment properly. This is probably due to lack of knowledge and experience on the part of the dyers. Proper installation of equipment is necessary for economy in the use of fuel and for increasing the efficiency of the dyehouse.

All the foregoing observations need a careful study and proper implementation. The implementation could only be effected, if the dyehouses are manned by qualified dyers. It is, therefore, recommended that the societies should employ qualified dyers as far as possible or alternatively get the existing dyers trained in recognised training centres of the State Governments or in one of the Weavers' Service Centres, where facilities for training exist.

PART II—EQUIPMENT

Scouring

Almost all the dyehouses have rectangular galvanised iron vessels for boiling yarn. A few dyehouses, however, have boiling vessels of the vomiting type for facilitating circulation of the liquor; a few others, however have no equipment for boiling. In some dyehouses the boiling vessels are mounted on cement platforms whereas in many others there is no such construction.

Rectangular galvanised iron vessels are suitable for boiling yarn; however, vomiting type of boiling vessels as shown in the diagram may preferably be used as they facilitate circulation of liquor. Also only one vessel of adequate size be set aside for boiling with suitable arrangement for filling and emptying the vessel. When rectangular vessels are used for boiling, bent rods should be used to keep the material completely immersed in the liquor. The boiling vessels should be properly insulated by encasing them with brick or cement walls so as to minimise heat loss.

Bleaching

Bleaching is invariably carried out with hypochlorite solutions and cement tanks are ordinarily used for this purpose. In some places, however, galvanised iron vessels are being used for bleaching. The use of metallic vessels for bleaching is objectionable since the bleach liquor attacks the metallic container, decomposes itself rapidly and also tenders the yarn under treatment. Hence, cement tanks are eminently suited for this purpose. Every dyehouse should have at least 4 cement tanks of suitable size—one for bleaching, one for scouring and two for washing.

Cement tanks or porcelain or earthenware vessels should be used for preparing bleaching powder solution.

Dyeing

Generally, earthenware, wooden and galvanised iron vessels are used for dyeing, however, in some dyehouses galvanised iron vessels are used for dissolving fast colour bases. This is objectionable since the acid used for dissolving the bases would attack the iron vessel. Hence, earthenware, porcelain, or stainless steel vessels should be used for this purpose.

Many dyehouses do not have equipment such as thermometer, rubber gloves, counter-scale balance, capacity measures (for measuring out liquids) which are essential for day-to-day work. No equipment for analysis and testing is available in most of the dyehouses.

In some dyehouses, there are no facilities for storing water required for processing. Water storage tanks (preferably overhead tank) are necessary so that adequate supply of water could be made available to the dyehouse as and when required.

PART III—METHODS OF PROCESSING

The methods adopted for scouring bleaching, dyeing, etc., vary from dyehouse to dyehouse. The practices followed and the recommendations thereof are given below:—

Scouring

In some dyehouses the material is neither wetted out nor scoured before dyeing. In some other, the material is simply wetted out in water or water containing a small quantity of a wetting agent like Turkey Red Oil or soap, left overnight, given a beating on stone or trampled with foot and washed. In some of the dyehouses where yarn is boiled, the boiling is done for a short period *viz.*, for one to two hours using chemicals either far in excess of the required quantity or much less than the required quantity. In a few dyehouses, the yarn is not kept submerged in the scouring liquor during boiling. In some places, fine quantity yarn (80s and above) is boiled with caustic soda solution in the same manner as coarse quality yarn.

In order to obtain efficient results in bleaching and dyeing, the natural impurities present in cotton have to be completely removed by thorough scouring. Improperly scoured yarn may lead to uneven bleaching or dyeing or loss in strength of yarn. It is therefore essential to scour the yarn thoroughly before it is taken up for further processing.

The following procedure is recommended for scouring coarse yarn (upto 60s count): [For 10 lbs. (5 kg.) of yarn.]

Boil the yarn in 10 gallons (50 litres) of water containing:

8 Tolas	.....	.....	(100 gms) Caustic Soda
4 Tolas	.....	.....	(50 gms) Soap
4 Tolas	.....	.....	(50 gms) Sodium silicate

for 4 to 6 hours, taking care to see that the yarn remains completely immersed in the liquor throughout. Remove the yarn, steep it overnight in the same liquor and wash thoroughly the next day with water.

Yarn of 80s count and above should not be boiled but should be treated at 50° to 60° C for 2 to 3 hours in a liquor containing:

- 8 tolas soap
- 4 tolas soda ash

[for 10 lbs. (5kg) of yarn] in 20 gallons of water and washed.

The quantity of chemicals given above is normally sufficient to give a good scour but can be modified suitably according to the quality of yarn to be treated. However, if the quantity of chemicals used is far in excess of above, the yarn would get damaged and if it is too low, the scouring would not be thorough.

Bleaching

Bleaching powder is commonly used for bleaching the yarn; a few dyehouses make use of sodium hypochlorite solutions. In many dyehouses, the bleaching operation is carried out in presence of sunlight. This is undesirable since the bleach liquor decomposes rapidly in presence of sunlight and the yarn also gets tendered when exposed to sunlight during bleaching.

In some dyehouses the quantity of bleaching powder used is far in excess (3 to 4 times) of the required quantity. This is also an undesirable practice since excess of bleaching powder brings about rapid tendering of yarn. It is suggested that 20 to 25 tolas of a good quality bleaching powder be used for bleaching 10 lbs. of yarn.

Some dyers steep the yarn overnight in dilute solutions of bleaching powder, beat it on stones the next day and wash it before dyeing. A few others add acid to the bleaching powder solutions in order to hasten the bleaching action. This is unscientific since addition of acid decomposes the bleach liquor rapidly making it ineffective in a short time and the rapid evolution of chlorine leads to uneven bleaching. In some places the yarn is rinsed in acidulated water immediately after removing from the bleaching bath before rinsing in water. This would also lead to uneven bleaching. In many dyehouses an antichlor treatment is not at all given to the yarn after bleaching. Souring of yarn after bleaching is necessary because it removes the residual chlorine completely from the yarn.

The following procedure is recommended for bleaching.

The boiled out yarn is treated in a bleach liquor containing 2.5 to 4 gms. available chlorine per litre for one hour at room temperature. [For 10 lbs. (5 kg.) of yarn 28 tolas (700 gms) of fresh bleaching powder in 10 gallons (100 litres) of water are taken.]

It is then washed and scoured in 2 to 3 c.c./litre hydrochloric acid at room temperature for 2 to 3 minutes and washed thoroughly to make it free from acid.

The bleaching solution should be prepared afresh on the day the material is to be bleached. It is necessary to protect the material from direct sunlight during bleaching.

The strength of bleaching liquor should also be determined before bleaching.

(For estimating the strength of bleach liquor, reference may be made to the Weavers' Service Centre Shade Card for cotton.)

Dyeing

In a majority of dyehouses, vat and azoic dyestuffs are mainly used for dyeing. Direct dyes, sulphur black and indigo are also used in many dyehouses to a smaller extent. In some dyehouses, however, vat and azoic dyes are topped with direct dyes. Reactive dyes are hardly used.

The methods adopted for dyeing and the recommendations thereof are given below:—

Vat Dyes

The procedure adopted in many dyehouses for dyeing these dyestuffs is as under:—

A small quantity ($\frac{1}{2}$ to 1 lb.) of Caustic soda is added to the dyebath set at 40° to 60° C and any scum that is formed is removed. The dyestuff is separately

vatted at 40° to 50° C for 5 to 10 minutes with 2 to 3 tolas Caustic Soda and 1 to 2 tolas hydrosulphite (per tola of dyestuff), and is then added to the dyebath. In some dyehouses, no addition of Caustic Soda or Hydrosulphite is made to the dyebath before adding the dye solution, nor is the temperature of the dyebath controlled. Also the dye liquor is not tested for the presence of caustic or hydrosulphite. The dyeing is continued for one-half to one hour. The dyed yarn after oxidation, is not given any after treatment and in some dyehouses, it is not even washed. The above dyeing procedure is followed for all vat dyestuffs, irrespective of whether it is a hot or cold dyeing type. Even vat blacks which require considerably large quantities of Caustic Soda and Hydrosulphite as well as a higher dyeing temperature, are dyed by the above method.

In some dyehouses, the yarn is removed intermittantly from the dyebath, squeezed, oxidised and again immersed in the dye liquor instead of keeping it immersed in the dye-liquor throughout the period of dyeing.

Levelling agents are rarely used in dyeing.

Even though the procedure adopted by the dyehouses gives fairly good results with certain vat dyestuffs, it would create difficulties when dyeing certain other dyestuffs such as Vat Blue RSN, Vat Blue GCDN, Vat Violet RR, Vat Violet 4R, Vat Brilliant Greens, Vat Olive Greens, Vat Yellow GC, Vat Dark Blue BO, Vat Black, etc. Since vat dyestuffs have to be vatted and dyed using the correct quantities of chemicals at prescribed temperatures for specified periods, it is recommended that the methods given below be adopted.

For cold dyeing dyestuffs such as:

Vat Golden Yellow GK,
 Vat Golden Yellow RK,
 Vat Brill. Orange RK,
 Caledon Red BN 800,
 Indanthrene Brill. Scarlet RK,
 Indanthrene Red Violet RRK,
 The following procedure is adopted.

Dissolving the dyestuff

The dyestuff is pasted with Turkey Red Oil and water (50 times the weight of the dyestuff) is added to it with stirring Caustic Soda (equal to the weight of the dyestuff) is then added and the temperature is raised to 40° to 50° C. Hydrosulphite (equal to the weight of the dyestuff) is then added and the solution allowed to vat for about 15 minutes. This dye solution is added to the fold dyebath set up as follows.

For 10 lbs. of yarn in 20 gallons dyeliquor, quantities of chemicals as mentioned below should be taken:

Quantity of dye-stuff	Caustic Soda in tolas	Hydrosulphite in tolas	Glauber's Salt Calc. or Common salt in lbs.
Up to 2 tolas (light shade) . . .	12	12	3
2 to 3 tolas (medium shade) . . .	18	20	5
8 to 12 tolas (dark shade) . . .	24	32	7

NOTE.—The quantities of Caustic Soda and Hydrosulphite given above are inclusive of those used for dissolving the dyestuff.

The dyeing is carried out at room temperature for $\frac{3}{4}$ to 1 hour.

For warm dyeing dyestuffs such as:

Indanthrene Yellow 3GFN Pdr. fine
 Cibanone Orange 6R
 Solanthrene Orange 3J
 Caledon Red 4B
 Caledon Brown R
 Caledon Khaki R
 Cibanone Olive 2R
 Indanthrene Grey BG

The following procedure is adopted:

Dissolving the dyestuff

The dyestuff is pasted with Turkey Red Oil and water (50 times the weight of the dyestuff) is added to it with stirring Caustic Soda ($1\frac{1}{2}$ times the weight of the dyestuff) is then added and the temperature is raised to 50° C. Hydrosulphite (double the weight of the dyestuff) is added next and the solution allowed to vat for 10 to 15 minutes. The dye solution is added to the dyebath set at 40°-50°C as under:—

Quantities of chemicals required for 10 lbs. of yarn in 20 gallons dye-liquor, are given below:—

Quantity of dyestuff	Caustic soda in tolas	Hydrosulphite in tolas	Glauber's Salt Calc or common salt in lbs
Up to 2 tolas (light shade) . .	16	16	2
2 to 8 tolas (medium shade) . .	24	24	4
8 to 12 tolas (dark shade) . .	32	32	5

The dyeing is carried out at 40° to 50° C for $\frac{3}{4}$ to 1 hour.

For hot-dyeing dyestuffs such as:—

Cibanone Yellow GC
 Indanthrene Golden Orange G
 Sandothrene Red F-N6B
 Navinon Blue RSN and RSN Reddish special
 Navinon Dark Blue BO
 Cibanone Brill. Green FBF Micro. pdr. hly. conc.
 Caledon Olive Green B
 Cibanone Khadi 2G
 Indanthrene Grey NC

The following procedure is adopted:

Dissolving the dyestuff

The dyestuff is pasted with Turkey Red Olive and water (100 times the weight of the dyestuff) is added with stirring. Caustic Soda (double the weight of the dyestuff) is added and the temperature is gradually raised to 60° C. Hydrosulphite (double the quantity of the dyestuff) is then added and the solution allowed to

NOTE.—The quantities of Caustic Soda and Hydrosulphite given above include those used for dissolving the dyestuff.

vat for 15 minutes. This dye-solution is then added to the dye-bath set at 50° to 60° C as under:—

Quantities of chemicals required for 10 lbs. of yarn in 20 gallons dyeliquor are mentioned below:

Quantity of dye-stuff	Caustic soda in tolas	Hydrosulphite in tolas
Up to 2 tolas (light shade)	32	20
2 to 8 tolas (medium shade)	44	30
8 to 12 tolas (dark shade)	56	36

The dyeing is carried out at 50°—60°C for $\frac{1}{2}$ to 1 hour.

For dyeing Vat Black BB the following procedure is adopted:—

Dissolving the dye-stuff

The dye-stuff is pasted with Turkey Red Oil and water (50 times the weight of the dye-stuff) is added with stirring. Caustic Soda (double the quantity of dye-stuff) is added and the temperature raised to 60° C. Hydrosulphite (double the quantity of the dye-stuff) is added and vatting allowed to proceed for 15 minutes at 60° C. The dye solution is then added to the dye-bath set at 60° C, as under:

The dye-stuff and chemicals required for 10 lbs. of yarn in 20 gallons dyeliquor are:

Dye-stuff	...	...	32 tolas
Caustic Soda	...	...	2½ lbs.
Hydrosulphite	...	...	2 lbs.

NOTE.—The quantities of caustic soda and hydrosulphite given above include those used for dissolving the dye-stuff.

The temperature of the dye-bath is gradually raised to 80° C. The yarn is dyed at this temperature for a period of 1½ hours and immediately rinsed in cold water containing 1 tola sodium hydrosulphite per 10 gallons of water. It is then squeezed and exposed to air for oxidation. The dark-green coloured yarn so obtained is treated at room temperature, in a bleaching solution prepared by dissolving 30 tolas bleaching powder in 20 gallons of water for 30 minutes, washed, scoured in a solution containing 2 to 3 c.c. of hydrochloric acid per litre and washed well.

For dyeing indigoid-vat dye-stuff such as:—

Durindone Orange R 400 pdr.

Durindone Pink FF 400 pdr.

Durindone Red 2B conc. pdr.

Ciba Blue 2B.

NOTE.—The quantities of Caustic Soda and Hydrosulphite given above include those used for dissolving the dyestuff.

The following procedure is adopted:—

Dissolving the dyestuff

The indigoid vat dye-stuff must be reduced separately before adding to the dye-bath. The dye-stuff is pasted with Turkey Red Oil and little hot water. The required quantity of water (40 to 50 times the weight of the dyestuff) is added and the temperature raised to 80°-85° C. Caustic Soda and hydrosulphite as given in the tabular column below are added and the vatting allowed to proceed for 10 to 15 minutes.

Quantities of chemicals required to dissolve 10 tolas of dye-stuff:—

Dye stuff	Caustic soda in tolas	Hydrosulphite in tolas
Durindone Orange R 400 pdr.	8	10
Durindone Pink FF 400 pdr.	8	10
Durindone Red 2B Conc.	10	10
Ciba Blue 2B	10	20

The dye solution is then added to the dye-bath set at 60° C as under:

The quantities of chemicals required for 10 lbs. of yarn in 20 gallons dye liquor are:—

Quantity of dye-stuff	Caustic soda in tolas	Hydrosulphite in tolas
Up to 2 tolas (light shade)	14	12
2 to 8 tolas (medium shade)	15	16
8 to 12 tolas (dark shade)	16	26

NOTE.—The quantities of caustic soda and hydrosulphite given above include those used for dissolving the dyestuff.

The dyeing is carried out at 60° C for $\frac{3}{4}$ to 1 hour.

After treatment

Oxidation.—Certain vat dyes such as Indanthrene Yellow G, Caledon Khaki 2G and Caledon Corinth RK oxidise very slowly and hence are given an acid-bichromate treatment as follows:—

The yarn is treated for 20-30 minutes at 40° C in a bath containing 4-8 tolas Potassium Bichromate and $\frac{1}{4}$ - $\frac{1}{2}$ pint Acetic acid (glacial) per 10 gallons of water and then washed well.

The following dyes require immediate rinsing in water after dyeing and before air-oxidation:

Cibanone Violet F2RB
 Cibanone Violet F4R
 Indanthrene Dark Blue B0
 Indanthrene Blue RSN
 Indanthrene Blue GCD
 Caledon Blue RC Conc.
 Caledon Blue R 800
 Caledon Blue ICI
 Indanthrene Brill. Blue RCL
 Cibanone Brill. Greens F2B, FBF, and F2G
 Cibanone Olive FB and Olive F2G
 Navinon Black BB and
 Cibanone Black FBAN D/conc.

Soaping

The importance of this operation is not appreciated by many dyers. Vat dyes develop their true shade and exhibit their fastness properties only after a thorough soaping treatment. Hence after oxidation, rinsing, scouring and rinsing, all vat dyed yarn must be soaped at the boil for at least 20 minutes, in a bath containing 16 tolas soap and 8 tolas soda ash per 20 gallons of water.

Prevention of uneven and skittery dyeings

Certain vat dyestuffs such as Vat Violets, Vat Dark Blue, Vat Navy Blues, Light to Medium shades of Vat Blues and Vat Olive Greens tend to produce uneven dyeings owing to their high affinity for Cotton fibre and poor levelling properties. In order to overcome this, levelling agents such as Peregol O, Albatex PO, Dispersol VL, Ahuralan VR etc. are used in the dyebath. The quantity of levelling agent added varies from 0.5 to 1 gm. per litre (2 to 4 tolas per 10 gallons) depending on the shade, lighter shade requiring less than the stronger shade. The levelling agent is added to the dyebath just before entering the material, all other additions having been made earlier. Certain other precautions which should be taken for getting level dyeings are: (i) working the yarn in the blank bath containing only Caustic Soda, hydrosulphite and the levelling agent for about 10 minutes before the addition of the dyestuff solution; (ii) working in a long liquor ratio *viz.*, 1:30 or 1:40 or even 1:50 instead of 1:20; (iii) adding the dye solutions in portions instead of all at one time; and (iv) starting dyeing at a lower temperature and raising it gradually to the required temperature.

Naphthol Dyes

Naphthols are dyed in almost all dyehouses by the tub-dip method. One surprising feature is that all naphthols are dissolved by using the same amount of caustic soda. All fast colour bases are also dissolved, by using a standard recipe. This fixed procedure leads the dyer to difficulties many times. Hence, the following general methods are recommended for dissolving the naphthols and bases.

Dissolving of Naphthols

The naphthol is first pasted with Turkey Red Oil and a little hot water. Then boiling water about 20 times the weight of the naphthol is added and boiled. The amount of water should be increased to about 40 times the weight of the dyestuff in the case of Naphthol AS-TR, Naphthol AS-SW, and AS-BS. The required quantity of caustic soda dissolved in a little cold water is added with stirring. Boiling is continued till a clear solution is obtained. In the case of Naphthol AS-SW, the naphthol should first be pasted with Turkey Red Oil, the required quantity of caustic soda dissolved in a little water is added and the paste warmed up for 5 minutes. Then boiling water about 40 times the weight of the dyestuff is added while stirring and the solution is boiled till it is clear.

Quantity of chemicals required to dissolve 10 tolas of Naphthols:—

Naphthol	Turkey Red Oil tolas	Solid Caustic soda in tolas	Water in Pints
Naphthol AS • • • •	10	6	8
Naphthol AS-OL • • • •	10	6	8
Naphthol AS-D • • • •	10	6	8
Naphthol AS-G • • • •	10	5	6½
Naphthol AS-TR • • • •	10	7	16
Naphthol AS-BO • • • •	10	10	10
Naphthol AS-SW • • • •	10	16	16
Naphthol AS-BS • • • •	10	6	13
Naphthol AS-LB • • • •	10	3	4
Naphthol AS-SG • • • •	10	4	4

After preparing the naphthol solution as described above, it is added to the dyebath set with about one tola of Turkey Red Oil and one tola of Caustic soda per gallon of liquor.

NOTES.—(1) The naphtholated yarn should be protected from water spots, acid fumes, steam, chlorine, direct sunlight etc., and should be immediately developed.

(2) When dyeing Naphthol AS-G combinations, about one oz. of Acetic acid (Glacial) should be added to the developing bath in addition to the recommended quantities of acetic acid.

Dissolving of Fast Colour bases

The method commonly adopted for dissolving the bases is to first paste the base with hydrochloric acid and a little cold water followed by addition of the required quantity of cold water and sodium nitrite (predissolved). The solution is kept cool, preferably by adding ice and the reaction is allowed to proceed for about 30 minutes when the base would completely dissolve. The excess acid is neutralised by sodium acetate, an alkali bind agent as acetic acid or aluminium sulphate is then added followed by an addition of common salt. The base solution is then made up to the required volume by addition of cold water.

For certain bases the above procedure is slightly altered *viz.*, instead of first pasting with hydrochloric acid and then with sodium nitrite, the base is first pasted with sodium nitrite followed by an addition of hydrochloric acid. The following lists give the names of bases dissolved by the two methods.

Bases which require initial pasting with hydrochloric acid:

- Fast Yellow GC Base.
- Fast Orange GC Base.
- Fast Scarlet GGS Base.
- Fast Scarlet G Base.
- Fast Scarlet R Base.
- Fast Scarlet RC Base.
- Fast Red TR Base.
- Fast Red RC Base.
- Fast Red KB Base.
- Fast Garnet GBC Base.
- Fast Blue BB Base.

Bases which require initial pasting with sodium nitrite:

- Fast Orange GR Base.
- Fast Red GL Base.
- Fast Red B. Base.
- Fast Bordeaux GP Base.
- Fast Violet B. Base.

The quantities of chemicals used for dissolving the bases is given below:

Quantities of Chemicals required for dissolving 10 tolas base and for addition to the developing bath:

Base	Hydrochloric acid 32° Tw in ozs	Sodium nitrite in tolas	Water pints	Sodium acetate in tolas	Acetic acid 50% in ozs.	Aluminium sulphate in tolas	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Fast Yellow GC base	5	5	5	10	2½	10	
Fast Orange GC base	5	5	5	10	2½	10	
Fast Orange GR base	8	5½	6½	13	2½	12	
Fast Scarlet GGS base	8	3½	6½	25	..	..	Alkali binding agent not necessary. Aluminium Sulphate should not be used.
Fast Scarlet G base	8	5	6	10	2½	10	
Fast Scarlet R base	8	6	6	11	2½	10	
Fast Scarlet RC base	4	4	5	8	2	7	
Fast Red RC base	4	5	3	8	1½	10	Aluminium sulphate preferred to acetic acid as alkali binding agent.
Fast Red GL base	8	5	5	..	..	18	Excess acid should be neutralised with 5 tolas soda ash, acetic acid is not recommended as alkali binding agent.
Fast Red KB base	4	4	8	8	..	8	Aluminium sulphate is preferred to acetic acid as alkali binding agent.
Fast Red B base	7	5	4	9	2½	10	
Fast Red TR base	4	4	4½	8	..	8	Aluminium sulphate is preferred as alkali binding agent.
Fast Garnet GBC base	5	3½	4	13	1½	..	Aluminium sulphate should not be used as alkali binding agent.
Fast Bordeaux GP base	7	5	5	9	2½	10	
Fast Blue BB base	4	2½	4½	5	..	..	Add. 1 lb. sodium acetate per 10 gals. developing bath just before developing the yarn.
Fast Violet B	..	..	..	..	..	..
Fast Violet B base	5	3	3½	5½	..	..	Add 1 lb. sodium acetate per 10 gallons developing bath just before developing the yarn.
Fast Blue B base	10	6½	6½	13	..	..	Do.

General Notes

- (i) The temperature of the developing bath while dissolving the base and while developing the naphtholated yarn should not exceed 25° to 30° C.
- (ii) There should be sufficient quantity of hydrochloric acid and sodium nitrite in the diazotising bath till the base is neutralised. The presence of acid is ascertained by spotting the base solution on Congo Red Paper when a deep blue spot is obtained. The presence of nitrite is ascertained by spotting on starch-iodide paper when a deep blue to bluish violet spot is obtained. If no such colour action is observed, the deficiency is to be made up by small addition of acid or nitrite.

After treatment

If Aluminium Sulphate has been used as an alkali binding agent, the yarn after rinsing in water is scoured with 4 ozs. of hydrochloric acid per 10 gallons of water and then rinsed. The dyed yarn is treated in a boiling solution containing 8 tolas soap and 4 tolas soda ash per 10 gallons for about 15-20 minutes.

This treatment is absolutely essential, since the fastness properties of the dyed shade particularly to rubbing is considerably improved and the development of the true shade is also brought out only after the soaping treatment. Many naphthol shades are duller in the unsoaped state than in the soaped state.

Sulphur Dyestuffs

The only dyestuff most commonly used in this series is the Sulphur Black. The methods adopted, the quantity of Chemicals used and the after-treatments given in the dyehouses are all normal. It is observed that in some dyehouses the sulphur black dyebaths are used as 'standing bath' for years without replenishing. This is not advisable since the blacks so obtained are not bloomy and they tend to 'dust off'. Hence, it is suggested that the dye-baths are set afresh at least once in a month.

Other Dyestuffs

Direct dyestuffs, basic dyestuffs and reactive dyestuffs are not used to any appreciable extent.

Topping of Shades

It is a common practice to top certain naphthol shades especially the naphthol yellows with vat greens to get fast green shades which cannot be obtained economically with vat dyestuffs alone. But it is observed in some dyehouses that the vat and naphthol shades are topped with non-fast dyestuffs such as direct dyes and basic dyes. This is a very unhealthy practice which is to be discouraged.

General Observations

It is desired that all Dyers attached to the Dyehouses of the Primary societies and Apex Societies take full advantage of the intensive training scheme of the Weavers' Service Centres of the All India Handloom Board, and also refer their problems, if any, regarding dyeing, bleaching or finishing, to the Weavers' Service Centres in their region. It would be advantageous, if the inspectors who visit the societies, also possess a basic knowledge of dyeing and bleaching so that the follow-up work could be effected expeditiously. It is expected that the maximum co-operation of the State Governments, the Apex Societies and the Primary Societies would be extended to us as usual, so that we may continue to give better service to the handloom industry.

ANNEXURE XVIII
Particulars of Co-operative Spinning Mills

S. No.	Name of the Mills	Capacity		Production commen- ced	
		Licensed	Installed		
1	2	3	4	5	
<i>A. Mills Already in production</i>					
1.	South India Co-op. Spg. Mills, Tirunelveli (Madras)	16,000 12,000	16,000 ..	September ..	1961
2.	Andhra Co-op. Spg. Mills Ltd., Guntakal (Gujarat)	20,038	19,928	September	1954
3.	Saurashtra Co-op. Spg. Mills, Limbdi (Gujarat)	12,000	11,872	March	1959
4.	Karnataka Co-op. Spg. Mills Ltd., Hubli (Mysore)	42,000	30,368	June	1960
5.	Cannanore Co-op. Spg. Mills, Cannanore (Kerala)	12,000	7,000	June	1963
6.	Tiruchendur Co-op. Spg. Mills, Nazareth (Madras)	12,000	12,000	August	1962
7.	Shivaji Textile Co-op. Spg. Mills Ltd., Bhor (Maharashtra)	16,176	16,176	September	1960
8.	Netha Co-op. Spg. Mills Ltd., (Andhra Pradesh)	12,160	12,064	September	1961
9.	U.P. Co-op. Spg. Mills Ltd., Etawah (U.P.)	12,000 12,680	12,000	August	1963
10.	Ramanathapuram Co-op. Spg. Mills Ltd., Srivilliputtur, Madras	12,096	12,096	November	1961
11.	Chirala Co-op. Spg. Mills Ltd., Hyderabad (Andhra Pradesh)	12,180	12,180	March	1963
12.	Deccan Co-op. Spg. Mills, Ichalkaranji (Maharashtra)	12,000 12,074	12,000	November	1962
TOTAL		2,27,394	1,73,684		

ANNEXURE XVIII—*contd.*

1	2	3	4	5
B. Mills likely to commence production in a year				
1.	Bihar Co-op. Spg. Mills (Bihar)	12,000	7,200	
2.	Fulia Spinner's Co-op. Industrial Society (W.B.)	12,000	..	
3.	Bijapore Co-op. Spg. Mills (Mysore)	12,000	..	
4.	Registrar of Co-op. Societies, Orissa (Orissa)	12,000	..	
5.	Salem Co-op. Spg. Mills, Salem (Madras)	12,000	..	
6.	Kancheepuram Kamakshiamman Co-op. Spg. Mills, Kanchipuram (Madras)	12,000	..	
7.	Amravati Sahakari Girani (Maharashtra)	20,000	..	
8.	Nagpur Weavers' Co-operative Mills, Nagpur (Maharashtra)	20,000	..	
9.	Maharashtra Co-op. Spg. Mills, Bhusaval (Maharashtra)	12,000	..	
10.	Srirampur Sahakari Kaphas Vikri Sangh Ltd., Srirampur (Maharashtra)	12,000	..	
11.	Marathawada Co-op. Spg. Mills, Nanded (Maharashtra)	12,000	..	
12.	Visnagar Co-op. Spg. Mills Ltd. (Gujarat)	12,000	..	
13.	Madurai District Co-op. Spg. Mills Ltd., Melur (Madras)	12,000	..	
14.	Tiruchirapalli Dist. Co-op. Mills Ltd., Karur (Madras)	12,000	..	
15.	South Arcot Dist., Co-op. Spg. Mills, Tindivanam (Madras)	12,000	..	
16.	Bhagalkot Co-op. Spg. Mills Ltd., Mysore	12,000	..	
17.	North Arcot Dist. Co-op. Spg. Mills Ltd., Vellore, Madras	12,000	..	
18.	Thanjavur Dist. Co-op. Spg. Mills Ltd., Mayuram (Madras)	12,000	..	
19.	The Coimbatore Dist. Co-op. Spg. Mills Ltd., Dharapuram/ (Madras)	12,000	..	
20.	Kanyakumari Dist. Co-op. Spg. Mills Ltd., (Madras)	12,000	..	
	TOTAL	2,56,000	7,200	

C. Mills which are yet to take steps

1. Co-op. Spg. Mills Ltd., Raichur (Mysore)	12,000	..	..
2. Bihar Co-op. Weavers' Spg. Mills Ltd. Mokameh (Bihar)	12,000	..	..
3. Belgaum Co-op. Cotton Spg. Mills, Belgaum (Mysore)	12,000	..	..
4. Manipur Co-op. Spg. Mills Ltd. (Manipur)	12,000	..	..
5. Sholapur Co-op. Spg. Mills, Sholapur (Maharashtra)	12,000	..	..
6. Yeotmal Co-op. Spg. Mills, Yeotmal (Maharashtra)	12,000	..	..
7. Doddballapur Co-op. Spg. Mills Ltd. (Mysore)	12,000	..	..
8. North Bengal Co-op. Spg. & Sugar Mills & Industries Ltd. (W.B.)	12,500	..	..
9. Jawahar Co-op. Spg. Mills (Madras)	12,000	..	..
10. Malagoan Co-op. Spg. Mills Ltd. (Maharashtra)	12,000	..	..
11. Nasik Dist. Co-op. Spg. Mills Ltd. (Maharashtra)	12,000	..	..
12. Akola Sahakari Girini Ltd. Akola (Maharashtra)	20,000	..	..
13. Vishbharati Co-op. Spg. Mills Ltd. (Maharashtra)	25,000	..	..
14. M.P. Handloom Weavers' Co-op. Spg. Mills Ltd. (M.P.)	12,000	..	..
15. Likatpur Powerloom Co-op. Society Ltd. Baidapa (Bihar)	12,000	..	..
16. Berhampur Weavers Co-op. Mills, Orissa	12,000	..	..
17. U.P. Co-op. Spg. Mills Ltd., Shahganj, Dist., Jaunpur (U.P.)	12,000	..	..
18. Bhivindi Weavers Co-op. Spg. Mills Society Ltd. (Maharashtra)	25,000	..	..
19. Baroda Vibhag Co-op. Mills (Gujarat)	25,000	..	..
20. Surat Dist. Co-op. Spg. Mills (Gujarat)	25,000	..	..
21. Narmada Cotton Grower's Co-op. Spg. Mills Limited, (Gujarat)	25,000	..	..
22. Bharat Co-op. Spg. Mills Ltd., Sangli (Maharashtra)	25,000	..	..
23. Jalgaon Co-op. Spg. Mills Ltd., Jalgaon (Maharashtra)	12,000	..	..
24. Punjab Co-op. Spg. and Textile Co-op. Mills Ltd. (Punjab)	25,000	..	..
25. Rahuri Talika Sahakari Kapas Ginning Pressing Society Ltd. (Maharashtra)	25,000	..	..
26. Aurangabad Zila Sahakari Soc. Girmi Ltd., Aurangabad (Maharashtra)	12,000	..	..
27. The West Khandesh Industrial Co-op. Association Ltd., Dhulia (Maharashtra)	12,000	..	..
28. Kapur Joan Taluka Sahalari Kapur Ginning and Processing Society Ltd. (Mysore)	25,000	..	..
TOTAL	4,61,500	..	..

ANNEXURE XIX

Analysis of Balance Sheet of Co-operative Spinning Mills

Rs. in lakhs

Sr. No.	Name of the Unit	Fixed Assets							Accumulated			Remarks
		As on	Share Capital	Re-serves	Borrowings	Gross	Deprn.	Net	Investment	Profit (+)	Loss (-)	
1	2	3	4	5	6	7	8	9	10	11	12	13
1.	Saurashtra Co-op. Spg. Mills Ltd., Limbdi, Gujarat.	30-6-63	12.98	8.36	45.58	48.44	17.82	30.62	0.70	(+)0.91	..	
2.	Deccan Co-op. Spg. Mills Ltd., Ichalkaranji, Maharashtra.	30-6-63	20.00 (10.00 by Govt.)	5.75	36.38	54.45	3.74	50.71	0.10	(+) ..	(-) 6.74	
3.	Andhra Co-op. Spg. Mills Ltd., Guntakal, A.P.	30-6-62	44.05	1.28	26.24	66.20	25.58	40.62	4.50	(+) 5.18	..	
4.	South India Co-op. Spg. Mills Ltd., Tinneveli, Madras.	30-6-63	49.72	6.23	9.82	48.93	22.44	26.49	9.69	(+) 6.50	..	
5.	Netha Co-op. Spg. Mills Ltd., A.P.	30-6-61	20.01 (12.30 by Govt.)	..	13.80	30.75	0.20	30.55	..	..	(+) 0.49	
6.	Tirchendur Co-op. Spg. Mills Ltd., Madras.	30-6-62	17.05	..	16.29	32.36	..	32.36	..	..	..	Com-menced prod. from 21-8-62

7. Ramanathapuram Co-op. Spg. Mills, Madras	30-6-63	24.95	4.18	18.83	33.19	3.34	29.85	1.33	N.A.	..
8. U.P. Co-op. Spg. Mills, Etawah . . .	30-6-62	43.95	..	..	2.27	..	2.27	Mills commenced production in August 1963.		
9. Chirala Co-op. Spg. Mills, Ltd., Hyderabad A.P.	30-6-63	19.03 (9.94 by Govt.)	..	22.02	24.57	0.04	24.53	..	..	(-) 1.89 (including 1.19 deferred Revenue expendi- ture)
10. Shivaji Co-op. Spg. Mills Ltd., Bhor, Poona, Maharashtra	30-6-63	1.61	0.12	6.51	4.76	1.20	3.56	0.04	(+)	10.14 ..
11. Karnataka Co-op. Spg. Mills, Ltd. Hubli Mysore	30-6-63	40.08	0.03	70.72	N.A.	N.A.	62.27	2.20	..	(-) 5.31

ANNEXURE XX

IV. Plan Targets under Training Programmes in Handloom Industry

Long term Training Programmes under the IV Plan

It is proposed to train 100 students yearly in different branches of the Handloom Industry under the long term training course, at the two Institutes of Handloom Technology. The course of training, the duration of training and the number of students selected for training are as under :

S.No.	Name of the course	Duration of course	No. of students	Total number to be trained during IV Plan
1	Diploma in Weaving	3 years	10	50
2	Diploma in Dyeing	3 years	10	30
3	Diploma in Designing	2 years	10	40
4	Diploma in Powerloom Weaving	3 years	10	40
5	Diploma in Marketing	2 years	10	40
TOTAL			50	200

Thus in the different branches of the Handloom Industry 200 students will be trained by each of the Institute or 400 trainees by both the Institutes during the next 5 years under the IV five year plan.

The recurring and non-recurring expenditure involved in implementing the above at the two institutes are as under :—

	Non-recurring Expenditure during IV Plan at	
	Varanasi Institute	Salem Institute (Tentative)
	Rs.	Rs.
1. Cost of Additional Building :		
(a) Training & Research	1,60,800·00	7,90,625·00
(b) Residential and Hostel	1,38,562·00	..
2. Additional Equipments	2,59,594·00	2,17,298·00
3. Furniture & Fittings	66,576·00	78,400·00
4. Renovations & Roofings	1,00,000·00	..
5. Library Books	17,006·00	20,000·00
Total Non-Recurring Expenditure	7,64,718·00	11,06,323·00
	or	or
	Rs. 7·65 lakhs	Rs. 11 lakhs

	Recurring Expenditure per annum at	
	Institute Varanasi	Salem Institute (Tentative)
	Rs.	Rs.
(i) Training	15,000·00	15,000·00
(ii) Research	10,000·00	10,000·00
(iii) Salaries & Allowance	1,78,868·00	1,58,868·00
(iv) Stipends	90,000·00	90,000·00
(v) General	25,000·00	25,000·00
	<u>3,18,868·00</u>	<u>2,98,868·00</u>
	or Rs. 3·2 lakhs	or Rs. 3 lakhs
Total Recurring Expenditure during IV Plan period	Rs. 31 lakhs	
Total both Recurring and Non-recurring expenditure for long term Training and Research at the two Institutes would be	Rs. 50 lakhs	

Short Term Training Programme under IV Plan

Short term training programmes will be undertaken both by the 6 main Weavers Service Centres, 3 sub-centres and the two Institutes of Handloom Technology. The duration of the training for different trades would generally be 4 months. The details are as under :—

S. No.	Name of Institution	No. of trainees	No. trained during IV Plan
1	6 main Weavers Service Centres	4 trainees per centre per term or 8 trainees per centre per annum	240
2	3 sub-centres	2 trainees per centre per term or 4 per centre per annum	60
3	2 Institutes of Handloom Technology	8 per term per Institute or 16 per annum per Institute	160
TOTAL (Four Hundred sixty trainees)			460

Under Short term training course during the IV Plan period 470 trainees could be given specialised training in the use of improved equipments, improved techniques of weaving, designing, dyeing etc. The trainees may include supervisory staff from State Governments now working under Development Schemes or they may be artisans directly connected with the Industry such as Jala makers, Jacquard weavers, pattern makers etc.

Expenditure

(1) Stipends for 460 trainees at Rs. 150 per trainee	Rs. 69,000·00
(2) Contingent expenditure at Rs. 50 per trainee	Rs. 23,000·00
	<u>Rs. 92,000·00</u>

Observer Trainees

A very large number of expert artisans are likely to be benefitted by being given opportunity to observe for a short period the improved work undertaken at either the Weavers Service Centres or by the Research Sections of the Institutes. It is proposed to depute two per centre per batch. 4 batches per annum might be deputed and the duration of observer training may be two months.

S. No.	Name of the Institute	No. of trainees per year	Duration of course	Total number to be trained during IV Plan
1	9 Weavers Service Centres	2 per batch & 4 batches per annum.	2 months	360
2	2 Handloom Institutes	4 per batch & 3 batches per annum.	2 months	120
TOTAL				480

The total number of observer trainees that could be trained in different courses including in the use of improved equipments, methods of improved weaving, Designing, Dyeing etc. would be 480 under the IV Plan.

Expenditure

	Rs.
(1) Stipends at Rs. 100 per trainee	48,000
(2) Contingent expenditure at Rs. 10 per trainee	4,000
	52,000

Post-Diploma Practical Training in the Production-cum-Workshop

Every year it is proposed to give practical training for 20 students who pass out under long term training course. A work shed with 20 looms is proposed to be set up for this purpose where commercial scale production is proposed to be undertaken employing the passed out candidates Rs. 30 would be paid as stipend to each student or he would be paid reasonable wages on piece-rate basis for his work. He will be eligible for the Diploma only in his completion of his practical training.

- (1) No. of Post Diploma students to be trained each year at each of the two Institutes. 20
- (2) Total number that would be trained under IV Plan by both the Institutes. 200

	Rs.
(1) Non-recurring expenditure for setting up of workshed with looms etc.	51,000·00
(2) Working Capital	15,000·00
	66,000·00

Recurring (Annual)

(i) Establishment charges	5,000·00
(ii) Stipends for 20 candidates at Rs. 30 per month per candidate	7,200·00
	12,200·00
Total Recurring Expenditure under IV Plan	61,000·00

<i>Abstract</i>	Rs.
Non-Recurring expenditure	66,100·00
Recurring Expenditure	61,000·00
TOTAL (Expenditure)	<u>1,27,100·00</u>
Total outlay on Production-cum-Training under IV Plan in both the Handloom Institutes.	2,54,200·00

Post-Diploma Research Schemes

Two of the best post diploma students are proposed to be admitted every year in the Research Section for undergoing training in developing new accessories and new designs. It is proposed to give scholarship of Rs. 150 per month to each of these students.

Under the IV Plan in all 10 students in each of the institutes or 20 students in both the institutes would be trained under the research programme under IV Plan.

The Total Expenditure would be at Rs. 150 per month per student. Rs. 36,000·00

The Abstract of outlay of Expenditure during IV Plan of Training

Particulars	No. of trainees	Total Outlay
1. Long Term Training	400	50·00 lakhs
2. Short Term Training	460	0·92 „
3. Observer Trainees	480	0·52 „
4. Post-Diploma Practical Training	200	2·54 „
5. Post-Diploma Research	20	0·36 „
TOTAL	<u>1,560</u>	<u>54·34 lakhs</u>
Total outlay on Training on IV Plan		54·31 lakhs

Programme for the remaining Two Years under the III Five Year Plan

Non-Recurring

	Rs.
1 Weaving Shed Equipments :	
(a) Handloom Section	12,974·00
(b) Powerloom Section	42,956·00
2. Textile Testing Section	56,733·00
3. Visual Instruction Section	10,000·00
4. Chemistry and Textile Chemistry Laboratory	82,015·00
5. Research equipment	54,915·00
6. Cost of additional building	3,26,702·00
7. Furniture & Fittings	25,000·00
8. Renovations & Roofings	40,000·00
9. Library Books	8,000·00
	<u>6,59,296·00</u>

Recurring Expenditure

	Estimated cost per annum	Estimated cost for two years
	Rs.	Rs.
1. Training	15,000·00	30,000·00
2. Research	10,000·00	20,000·00
3. Salaries & Allowances	1,50,000·00	3,00,000·00
4. Stipends	40,000·00	80,000·00
5. General	25,000·00	50,000·00
	<hr/>	<hr/>
	2,40,000·00	4,80,000·00
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Abstract

	Rs.
1. Estimated non-recurring for the remaining two years under the III Five Year Plan.	6,59,296·00
2. Estimated recurring expenditure for the remaining two years under the III Five Year Plan	4,80,000·00
	<hr/>
	11,39,296·00
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Training at the end of the III Five Year Plan

	No. of students to be trained
1. Long term Training	75
2. <i>Short Term Training</i>	
(a) Weaving	32
(b) Observer Training	24
(c) Post-Diploma Practical Training in the production-cum-Workshop	26
(d) Post-Diploma Research Scheme	4
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TOTAL	161
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Additional Space required for the Reorganisation of the Varanasi Institute

S.No.	Particulars	Additional space required
		Sq.Ft.
1	Chemistry & Textile Chem. Laboratory	2,000
2	Store Room for Chemistry	500
3	Testing Room	600
4	Balance Room	300
5	Principal's Room	400
6	Office	1,000
7	Store Room	1,500
8	Teaching Staff Room (5)	400
9	Common Room & Auditorium	1,500
10	Show Room	600
11	Library	1,600
12	Tiffin Room	600
13	Research Laboratory	4,000
14	Drawing Room	600
15	Machine Shop	1,000
16	Research Staff Room	150
17	Draftsman & Artists room	400
18	Toilet in the Institute excluding Hostel & Residential quarters .	600
19	Hostel Supdt. Residential Qrs.	1,200
20	Garage & Servant's Quarters	1,600
21	Hostel for 80 students including requisite toilets & bath room facilities, kitchen, common room Hostel, Supdt. Or. Games Store Room out houses for sweepers and Watchmen, Gymnasium room etc.	20,000
	TOTAL	39,950
		or 40,000