

HANDLOOMS

Handlooms Industry in the Union Territory, next to agriculture, is a source of livelihood for about thousands of people. Weaver cooperatives have been organised to ameliorate the economic condition of the weavers by extricating them from the clutches of the master weavers and to bring the weavers above the poverty line. At present the Pondicherry State Weaver Cooperative Society [PONTEX], Pondicherry Cooperative Handloom Export Development Project [PONFAB], 13 primary Weaver Cooperative Societies and one Pondicherry Cooperative Textile Processing Society Ltd. are functioning in the Union Territory . Two Cooperative Spinning Mills one at Pondicherry and the other at Karaikal which are taking care of supplying the entire needs of yarn to the Handloom Weavers through the 14 Primary Weaver Cooperatives, apart from sales in the outside market. The Handloom Development Programmes aim at strengthening the structure of weaver Cooperative Societies, improving the quality of Handloom fabrics, modernisation of the handloom, upgradation of the weaving skills of the craftsmen and creation of more processing facilities. Further Market Development Assistance is given to facilitate the sale of Handloom products. Assistance to PONTEX/PONFAB for modernization of Showroom, for market study in foreign countries for the Export of fabrics, purchase of yarn at concessional rate is contemplated during the Tenth plan period. Working capital assistance is extended to the Two Cooperative Spinning Mills (i.e) one at Pondicherry and the other at Karaikal for business Expansion, New business activities and better performance. In addition to the Handloom Development Scheme, Schemes such as assistance to weaver during rainy season, pension to weavers, issue of free house-sites to the houseless weavers , issue of free dhothies and sarees, assistance to promote small family norms among handloom weavers, E.S.I. coverage and Insurance Scheme are covered under weavers welfare scheme .

During the first, second and third year of Tenth Five Year Plan expenditure to the tune Rs.501.86 lakhs, Rs.755.69 lakhs and Rs.1397.00 lakhs respectively have been incurred for implementation of these schemes. The Handloom Development Schemes are aimed to assist PONTEX and PONFAB while the welfare schemes are to assist the members directly by granting pension, rainy season subsidy, E.S.I. coverage and Bunkar Bima Yojana Insurance Scheme etc. All the three schemes, which are being implemented under the Handloom Sector will be continued during the remaining periods of the Tenth Five Year Plan. Similarly, both the Cooperative Spinning Mills are to be assisted for investment assistance for business expansion, new business activities and better performance of the Spinning Mills.

OUTLAY AT A GLANCE

Sector : HANDLOOMS

No. of Schemes : 3

Department : CO-OPERATIVE

(Rs. in lakh)

Tenth Plan 2002-07 Approved Outlay	:	1800.00
Annual Plan 2004-05 Actual Expenditure	:	1397.00
Annual Plan 2005-06 Approved Outlay	:	1290.00
Annual Plan 2005-06 Revised Outlay	:	1290.00
Annual Plan 2006-07 Proposed Outlay	:	3498.00

(Rs. in lakh)

Sl. No.	Name of the Scheme	2004-05	2005-06		2006-07
		Actual Expenditure	Approved Outlay	Revised Outlay	Proposed Outlay
(1)	(2)	(3)	(4)	(5)	(6)
1.	Handloom Development Scheme	1099.50	800.00	800.00	1912.50
2.	Handloom Weavers Welfare Scheme	147.50	140.00	140.00	185.50
3.	Investment Assistance to Cooperative Spinning Mills for Business Expansion, New Business activities and better performance	150.00	350.00	350.00	1400.00
Total		1397.00	1290.00	1290.00	3498.00

Scheme No. 1

Sector : HANDLOOM

Implementing Department : CO-OPERATIVE

1. **Name of the Scheme** : Handloom Development Scheme
2. **Objective of the Scheme** :

The scheme is to extend financial assistance to PONTEX and 14 Primary Weavers Cooperative Societies and one Pondicherry Cooperative Textile Processing Society Ltd. and Cooperative Spinning Mills as follows:

- i. Working Capital assistance
- ii. Assistance for purchase of weaving appliances
- iii. Contributory Thrift Fund
- iv. Subsidy towards staff salary, rent and furniture for New Branches/Society
- v. Construction of office-cum-godown/workshed
- vi. Assistance to write-off irrecoverable dues of members
- vii. Interest subsidy on working capital
- viii. Assistance for Opening of Retail Sales Depots
- ix. Contribution to Handloom Development Fund for Apex society
- x. Purchase of site/extension of Office Building/extension or construction of additional godowns and Construction of Complex by PONTEX/PONFAB
- xi. Purchase of van/ lorry and generator
- xii. Assistance to PONFAB/PONTEX for Market study and for Export of Fabrics
- xiii. Production Incentive to weavers
- xiv. Setting up of Processing-cum-Yarn Dyeing Unit
- xv. Market Development assistance on sale of Handloom Cloth.
- xvi. Hank Yarn Subsidy to PONTEX/PONFAB
- xvii. Publicity and Propaganda
- xviii. Participation of Weavers Cooperative Societies in Exhibitions
- xix. Purchase of Computers/Fax/Xerox machine
- xx. Assistance to PONTEX for setting up of Design Development Cell.
- xxi. Assistance to PONTEX/PONFAB for All India Handloom Fortnight Celebration.
- xxii. Assistance for extension of Office-cum-godown/additional Workshed
- xxiii. Assistance for construction/Extention/repairing of office Building, Factory Shed, additional godowns and compound wall by cooperative spinning mills.
- xxiv. Subsidy for purchase of house site by weaver members.
- xxv. Assistance for setting up of a loom by the weaver of the Primary Weavers Coop. Societies. (New scheme)

3.(a) Actual physical Achievement 2004-05 :

One Apex & 14 Primary Weavers Cooperatives and one Textile Processing Society

(b) Anticipated Physical Achievement 2005-06 :

One Apex & 14 Primary Weavers Cooperatives and one Pondicherry Cooperative Textile Processing Society Ltd.

(c) Programme envisaged for Annual Plan 2006-07 :

One Apex , 14 Primary Weavers Cooperatives, one Pondicherry Cooperative Textile Processing Society Ltd. and two spinning mills

4. **Remarks** : Continuing scheme

PATTERN OF ASSISTANCE

Pattern of assistance :

1. Working capital Assistance in the form of Share Capital to Handloom Weavers Cooperative Societies **(Change in pattern of assistance)**

2. Assistance for purchase of weaving appliances:

The scheme aims at modernization of existing looms for improving the quality of handloom cloth and for reducing the manual labour for the weavers and also purchase of new modern handlooms. The modernization includes the spares and consumables of the weaving Appliances. The assistance is in the form of 75% grant and 25% loan. The loan shall be recoverable in 4 equal instalments together with interest commencing from the 1st anniversary of the date of drawal. **(Change in pattern of assistance)**

3. Contributory Thrift Fund:

The scheme is intended for providing financial assistance at the old age of the weaver-members. The fund is constituted by means of weavers' contribution at 8 paise per rupee of his wages and Government contribution at 8 paise per rupee. The assistance will also be given proportionately to those weavers who contribute below 8% of their wages as thrift. However it will be ensured that the assistance is not given more than 8% for each weaver. The total accumulation is credited in the Pondicherry State Coop. Bank, in a separate account.

4. Subsidy towards staff salary, rent and furniture:

The scheme aims at providing assistance to the newly formed weavers cooperative societies at the initial stages to meet the cost of staff salary, rent and furniture as the society may not generally get adequate income to bear the expenditure on these items. Staff salary and rent is restricted to a subsidy of Rs.1.00 lakh per society spread over a period of 4 years on a sliding scale of 100%, 75%, 50%, 25%. The assistance for furniture is restricted to Rs.5,000/- per society.

5. Construction of office-cum-godown / work shed / purchase of site/ additional work sheds/ improvements to work sheds:

The scheme aims at enabling the Weavers Cooperative Societies to have own building for the office-cum-godown / work sheds:

For purchase of site : Maximum limit is Rs.6.00 lakhs
25% loan and 75% subsidy.

For construction of
Office-cum-godown : -do-

For construction of
work shed / additional
work shed / improvements
to work sheds : -do-

The loan is recoverable in 10 annual equal instalments with a moratorium of two year for the repayment of loan instalments. The assistance for purchase of site can also be given as reimbursement of the expenditure incurred by the society in this regard, since, the societies cannot wait for the sanction of the Government assistance before finalisation of the purchase. **(Change in pattern of assistance)**

6. Assistance to write-off irrecoverable dues of members:

To compensate the loss arising out of irrecoverable dues such as cash advance, sets outstanding, etc., owing to the circumstances like the death or when the whereabouts of the weavers is not known.

7. Interest subsidy on working capital:

The Scheme is to provide 8% Interest Subsidy on working capital loan lent by the Pondicherry State Coop. Bank to the PONTEX and 14 Primary Weavers Co-operative Societies. 8% interest shall be reimbursed directly to the PONTEX and 14 Primary Weavers Co-operative Societies from the Government.

8. Opening of Retail Sales Depots :

- i) For furniture and fixtures, subject to a maximum of Rs.150,000/- at A1, B1 and B2 cities and Rs.1,00,000/- in other cities. 25% loan and 75% subsidy. Loan will be recoverable in 7 years.
- ii) Subsidy towards rent and salaries to the staff for the initial period of 4 years on a tapering basis of 100%, 75%, 50% and 25% subject to a ceiling of Rs.150,000/- in aggregate.

9. Contribution to Handloom Development Fund for Apex Society:

The assistance will be in the form of 100% grant in order to provide consumption credit to weaver members of the primaries. The assistance will also be extended from this fund for purchase of housing plot.

10. Purchase of site/extension of office building/extension or construction of additional godowns and construction of complex for business expansion and office by Pondicherry State Weavers Cooperative Society / Pondicherry Cooperative Handloom Export Development Project/Pondicherry Cooperative Textile Processing Society Ltd. :

The scheme aims at enabling the Pondicherry State Weavers Cooperative Society / PONFAB / TEXPRO to purchase site and construction of additional godown/extension of office and construction of marketing complex. The assistance will be in the form of 25% loan and 75% grant subject to a maximum of Rs.100.00 lakhs including the site cost. Loan will be recoverable in 15 years. **(Change in pattern of assistance)**

11. Purchase of van/lorry and generator by PONTEX, PONFAB and TEXPRO:

Assistance will be given in the form of 75% grant and 25% loan subject to a maximum of Rs.5.00 lakhs for van / lorry and 100% grant subject to maximum of Rs.50,000/- for generator to PONTEX / PONFAB / TEXPRO. If the cost of generator exceeds Rs.50,000/- the assistance will be for the entire cost of the equipment on the basis of 25% loan and 75% grant. The loan is recoverable in 4 years. **(Change in pattern of assistance)**

12. Assistance to Pontex and Ponfab for Market study for Export of fabrics:

The scheme aims to assist the Pontex and Ponfab to undertake the market study in foreign countries and to obtain export orders for handloom fabrics. The assistance is in the form of 100% grant.

13. Production incentive to weavers:

In order to increase Handloom production and to encourage the Handloom weavers to be in the traditional profession of weaving, assistance in the form of incentive is

necessary. It will help to increase production of more handloom cloth. The incentive will be paid to the members of the Primary weavers cooperative societies through Pondicherry State Weavers Cooperative Society and to the members of Pondicherry Cooperative Handloom Export Development Project. An incentive of 10% on the production value of the Handloom Goods made during the previous year will be paid as Government assistance. The incentive will be paid at a certain percentage announced by the Government subject to a maximum of Rs.5,000/- per individual member of Weavers Cooperative Societies on the basis of the wages earned by them, during the previous year . **(Change in pattern of assistance)**

14. Setting up of Processing-cum-yarn dyeing unit:

The assistance for the purchase of machineries/ vessels/ accessories for modernization to the existing yarn processing-cum-yarn dyeing unit / for setting up of a new yarn processing-cum-yarn dyeing unit is on cent percent grant basis in the case of machineries cost of which does not exceed Rs.2.00 lakhs, and at 75% grant and 25% loan basis in the case of machineries cost of which exceeds Rs.2.00 lakhs. The loan is recoverable in 10 years. **(Change in pattern of assistance)**

15. Market Development assistance for Pondicherry State Weavers Cooperative Society (Apex Society), Pondicherry Cooperative Handloom Export Development Project and to Primary Weavers Cooperative Societies:

Reimbursement of the actual rebate/discount allowed on the following pattern:

- i) The Market Development Assistance sanctioned by the Government shall be utilised only for rebate/discount and other consumer incentives on the sale of handloom products only.
- ii) The sale of cloth in a bill upto gross value of Rs.3000/- or the actual gross value of one unit which ever is higher will be termed as retail sales.
- iii) The sale rate for Rs.3000/- and above in godowns will be termed as wholesale.
- iv) Special retail rebate of 25% shall be allowed on all days of the year in all show rooms of PONTEX & PONFAB and in the Primary weavers Coop. Societies and also for the sales effected in all Exhibitions/Fairs/Expos/Special Bazaars etc.
- v) Wholesale rebate/Discount @ 25% shall be allowed for wholesales throughout the year.

The Market Development Assistance may be granted as advance to the societies on the following pattern :

- i) 80% of the value of the rebate on the gross sales value of the previous year will be given as advance during the current financial year.
- ii) The advance so released will be deducted, from the actual rebate claims at the time of settlement.

16. Hankyarn Subsidy to PONTEX & PONFAB :

The assistance will be given to PONTEX & PONFAB in the form of subsidy @ 10% on the total purchase of yarn made by them from the National Handloom Development Corporation, National Textile Corporation and from any other Cooperative Spinning Mills.

17. Publicity and Propoganda:

The scheme is intended to provide financial assistance to the Pondicherry State Weavers' Cooperative Society and Pondicherry Cooperative Handloom Export Development Project to meet the expenditure incurred by them with the prior approval of the Registrar of Cooperative Societies in respect of advertisement through dailies, Banner, Poster, Calendar,

Medias, Handbills and pamphlets towards publicity of handloom goods by way of cent percent subsidy. The assistance should not exceed 2% value of the handloom goods produced by the Primaries / PONFAB during the previous year. **(Change in pattern of assistance)**

18. Participation of weavers cooperative societies in Exhibition:

100% subsidy for expenditure incurred in the participation in State level Exhibition/Fair to a maximum of Rs.50,000/- and in National and International Exhibition/Expo/Fair to a maximum of Rs.100,000/-.

19. Assistance to PONTEX, PONFAB, TEXPRO and Primary Weavers Coop. Societies for purchase and installation of Computers / Fax / Xerox machine:

In order to enable the societies to have better inventory control, better management and to have quick business correspondence it is proposed to assist the societies to purchase and install computer, FAX machine and Xerox machine.

The above assistance will be in the form of 100% grant for purchase and installation of computer upto a maximum amount of Rs.4.00 lakhs will be paid.

For purchase and installation of Fax machine / Xerox machine a maximum amount of Rs.1.00 lakh will be paid. **(Change in pattern of assistance)**

20. Assistance to set up Design Development Cell in PONTEX:

In order to introduce new and enriched designs in handlooms so as to make them more popular among the public and to attract better marketing it is proposed to assist the PONTEX being an apex society, a computer Aided Design System for setting up of Design Development Cell at a cost of Rs.10.00 lakhs on cent percent subsidy basis. The cost of engaging a consultant (Technical Designer) and incidental expenditure, development charges may be reimbursed subject to a maximum of Rs.2.00 lakhs per year.

21. All India Handloom Fortnight Celebration:

Assistance will be given in the form of 100% subsidy subject to a maximum of Rs.2.00 lakhs to the Apex society.

22. Extension of office-cum-godown of societies:

The scheme aims at enabling the Weavers' Cooperative Societies and Pondicherry Cooperative Textile Processing Society Ltd. to extend the construction of existing office-cum-godown building to accommodate the entire office staff. The assistance will be in the form of 25% loan and 75% grant subject to a maximum of Rs.6.00 lakhs. The loan will be recoverable in 15 years.

23. Assistance for construction/ extension / repairing of office Building, Factory Shed, additional godowns and compound wall by cooperative spinning mills :

The scheme aims at enabling the cooperative spinning mills to construct office building, factory shed, additional godown and compound wall. The assistance will be in the form of 25% loan and 75% grant subject to a maximum of Rs.50.00 lakhs. Loan will be recoverable in 15 years.

24. Subsidy for purchase of house site by weaver members:

This scheme envisages to improve the dwelling of weaver members of all the primary weavers cooperative societies functioning in this Union Territory by providing financial assistance as subsidy upto Rs.10,000/- per weaver who is active member for not less than 3

years in a weaver cooperative society to purchase a house site (**Change in Pattern of assistance**)

25. Assistance for setting up of a loom by the weaver of the Primary Weavers Coop. Societies:

The scheme aims at enabling the Primary Weavers Coop. Societies to bring more weavers to the traditional profession of handloom weaving and in order to increase production of handloom fabrics. The assistance will be in the form of 25% loan and 75% grant recoverable in 4 years with interest at the rate fixed by the Government from time to time subject to a maximum of Rs.8,000/- per loom per weaver. The weaver shall be a member of a Primary Weavers Coop. Society or a member of a Self Help Group affiliated to a Primary Weavers Coop. Society. The weaver should have undergone training imparted by PONTEX / Weaver Services Centre and he should not have completed 45 years of age at the time enrollment of membership. (**New Pattern of assistance**)

Scheme No. 2

Sector : HANDLOOM

Implementing Department : CO-OPERATIVE

1. **Name of the Scheme** : Handloom Weavers Welfare Scheme

2. **Objective of the Scheme** :

The Scheme is to extend

- i) Financial assistance in the form of grant to the Apex Society, which will be utilised for social welfare measures.
- ii) To provide assistance to weavers in the form of grant for taking shares in the Weavers Cooperative Societies.
- iii) To provide assistance to the weavers during rainy season
- iv) To provide assistance for training of weavers and appraisers
- v) Payment of additional stipend to the trainees at IIHT
- vi) Educational allowance to the children of weavers

3.(a) Actual physical Achievement 2004-05 :

Members of 14 Primary Weavers Cooperatives

(b) Anticipated Physical Achievement 2005-06 :

Members of 14 Primary Weavers Cooperatives

(c) Programme envisaged for Annual Plan 2006-07 :

Members of 14 Primary Weavers Cooperatives and Pondicherry Cooperative Textile Processing Society Ltd.

4. **Remarks** : Continuing scheme

PATTERN OF ASSISTANCE :

1) Handloom Weavers Welfare Fund:

Grants will be released under the scheme to the Apex Society to be deposited in a separate Account in the name of "Handloom Weavers Welfare Fund Account" from which assistance can be released to the legal heirs of such weavers who die in harness.

The assistance can also be utilised for payment of the grants / assistance / implementation of the following to the members of the Handloom Weavers Cooperatives.

- i) Premium for any Group Insurance linked scheme
- ii) Issue of free house-sites to the Handloom Weavers
- iii) Pension scheme to the Handloom Weavers
- iv) Incentive for those who underwent operation for family planning
- v) Reimbursement of expenditure incurred for issue of free dhothies / sarees to Handloom weavers
- vi) Payment of contributions to Employees State Insurance (ESI) Scheme for Handloom weavers **(Change in pattern of assistance)**

2) Share Capital grant to weavers:

The scheme aims at providing issue of share capital grant to weaver members for taking shares in the societies. This will raise the level of share holding of member and the share capital structure of the society will also be strengthened. The grant will be restricted to 75% of the value of shares taken by the members subject to a maximum of Rs.200/- per weaver.

3) Grant to weavers during Rainy Season:

The weavers are required to pay Rs.500/- from wages at Rs.50/- per month for 10 months and Govt. assistance will be made at a rate thrice the contribution of weavers. The entire accumulation of Rs.2,000/- will be paid as assistance to weavers for two months during the rainy season at Rs.1,000/- per month (i.e., October and November for Pondicherry and Karaikal Regions and July and August for Mahe Region). Eventhough the weavers have contributed less than 10 months due to their ill health, assistance will also be given to them proportionately provided that they should contribute atleast for 7 months. **(Change in pattern of assistance)**

4) Assistance for training of weavers and appraisers:

In order to bring more persons to the weaving profession, training will be given by the Pondicherry State Weavers Coop. Society for 2 months to the Weavers, Appraisers and other allied workers with the grant of financial assistance as detailed below:

No. of trainees per batch	:	20 persons
Stipend amount payable to each trainees		
Rs.75/- per day not exceeding	:	Rs. 2,250/- per month
Rent for the training period of two months	:	Rs. 20,000/-
Cost of looms and accessories		
@ Rs.8,000/- per loom for 20 looms payable at the starting of training programme as one time grant	:	Rs.1,60,000/-
Loom setting charges (as one time grant)	:	Rs. 5,000/-
Cost of yarn and other preparative work for one training course	:	Rs. 10,000/-
Emoluments to Master Trainer @ Rs.150/- per day not exceeding	:	Rs. 4,500/- per month
Documentation of samples, Administrative and Miscellaneous Expenditure	:	Rs. 10,000/-

Grant will be sanctioned to a maximum of 4 Training courses in a year. **(Change in pattern of assistance).**

5. Payment of additional stipend to the trainees at IIHT:

Payment of Additional Stipend to the trainees who are undergoing training at Indian Institute of Handloom Technology, Salem and at Venkatagiri, Nellore Dist., Andhra Pradesh and Gadag-Betgiri, Karnataka State at the rate of Rs.300/- per month per student in the form of 100% grant in addition to the stipend payable at the rate of Rs.200/- per month in the 1st year, Rs.225/- per month in the 2nd year and Rs.250/- per month in the 3rd year for 10 months period as stipulated by the Development Commissioner for Handlooms, Ministry of Textiles, New Delhi. **(Change in pattern of assistance)**

6. Educational allowance to the children of weavers:

With a view to eradicating child labour at least in cooperative handloom sector and providing the children of the weavers the facilities for education and to enjoy the happiness of childhood along with the children of families placed in better conditions, the children of the weavers will be paid financial assistance to share the expenses incurred by the weavers in providing education to their children, as detailed below:

- | | |
|---|-----------------|
| a. From 1 st to 8 th Std | : Rs.200/- p.a |
| b. From 9 th Std to 12 th Std | : Rs.400/- pa. |
| c. For college studies | : Rs.1000/- p.a |

Scheme No. 3

Sector : HANDLOOMS

Implementing Department : CO-OPERATIVE

1. **Name of the Scheme** : Investment Assistance to Co-operative Spinning Mills for Business Expansion, New Business activities and better performance

2. **Objective of the Scheme** :

The scheme aims at providing financial assistance to the Jayaprakash Narayan Cooperative Spinning Mill at Karaikal and Pondicherry Coop. Spinning Mill as Working Capital in the form of Share Capital .

Another significant object of the scheme is to create employment for the people in the rural areas of the Pondicherry Region and also to make use of the locally available cotton.

3.(a) **Actual physical Achievement 2004-05** : 2 Spinning Mills

(b) **Anticipated Physical Achievement 2005-06** : 2 Spinning Mills

(c) **Programme envisaged for Annual Plan 2006-07** : 2 Spinning Mills

4. **Remarks** : Continuing scheme

Pattern of Assistance :

- To provide financial assistance to the Pondicherry Cooperative Spinning Mills at Pondicherry, and Jayaprakash Narayan Cooperative Spinning Mill at Karaikal, so as to enable them to meet their Working Capital needs.
- To provide financial assistance for expansion and modernization programme. **(Change in pattern of assistance)**