

**“Revised guidelines dtd.7.5.2004 on Group Worksheds Scheme for the Decentralised Powerloom Weaving Industry” as an enclosure to Txc’s Letter No1/5/2003/PDC/III dated 7<sup>th</sup> May 2004**

## **1.0. Background**

The decentralized powerloom sector plays an important role in Indian Textile and Clothing Industry. The industry will have to prepare itself to face the challenges on account of globalization of trade and consequent competition, in order to survive and expand its market share. Modernization by way of installing modern looms is the need of the hour. However, the existing premises of powerloom weavers are not adequate to accommodate modern automatic/ shuttleless looms and such lack of appropriate space has been one of the reasons for slow pace of modernization. Therefore, the Govt. of India have approved a Group Workshed Scheme for powerloom workers during X Five Year Plan which aims to provide improved working conditions in the decentralized powerloom sector in terms of more space, facilitate installation of larger and improved looms of bench mark technology, better work environment and improved work efficiency.

## **2.0.Objectives**

The Scheme aims at setting up of powerloom clusters with modern weaving machines to enhance their competitiveness in the global market.

## **3.0. Financial Assistance and funding pattern**

3.1. Under this Scheme, subsidy for construction of Workshed would be limited to 25% of the unit cost of construction subject to a maximum of Rs.80/- per. sq. ft. The following norms will be the guiding factors in arriving at the minimum number of looms to be installed in a Workshed:

- Semi-automatic loom : 150 sq.ft.
- Automatic loom : 200 sq.ft.
- Shuttleless loom : 400 sq.ft.
- Wider width Shuttleless loom: 600 sq.ft.

- 3.2. The maximum permissible subsidy per beneficiary shall be restricted to Rs. 11.52 lakhs to cover an area of 14400 sq.ft. @Rs.80/- per sq.ft., for both powerloom sheds and preparatory units.
- 3.3. The remaining equity requirement for the project would be raised by the beneficiary by way of promoters' contribution (10%). Balance amount may be raised as loan from financial institutions like banks, SFCs or HUDCO, or may be contributed by the beneficiaries from own sources. Any escalation due to delays or inflation would have to be borne by the beneficiary.

#### **4.0. Eligibility:**

The following general guidelines are prescribed for selection of beneficiaries under the Scheme:

1. "Weavers" as eligible beneficiaries would include weavers and entrepreneurs associated with powerloom units, including master weavers.
2. Looms to be installed under this should have a technology level above the plain powerlooms.
3. "Powerloom unit" would include weaving preparatory such as winding, warping sizing etc.

#### **5.0. Operational Modalities/Guidelines:**

- 5.1. There would be an Executing Agency (referred hereinafter as EA) for setting up the Project under this Scheme which may include the State Government or its agency, a registered Co-operative Society or a Company set up by a group of powerloom owners or by the local powerloom association under the Companies Act, 1956.
- 5.2. The responsibilities of EA would include identification of user/member beneficiaries, identification of land, project preparation and submission to the

Government for approval, arranging the required sources of finance, execution of the project and its management.

5.3. The EA would prepare a detailed project report, for the purpose of availing of subsidy under the Scheme, indicating the following salient features:

- Executive summary of the project.
- Nature of the EA: whether the Govt. agency or co-operative society or a company
- Details of the land – location, nature of ownership (owned/leased) and the cost.
- Details of beneficiaries, along with the worksheds and looms proposed to be installed by each (ref. **Annexure - 1** for guidance)
- Component-wise cost of Project (ref. **Annexure - 2** for guidance)
- Project funding pattern, indicating the shares of the EA, Central Govt and others; and loans (ref. **Annexure – 2** guidance)
- Details of maintenance of the project including levy of user charges and repayment of loans (ref. **Annexure – 3** for guidance)
- Schedule of construction indicating month-wise plan
- Layout of the Project Area indicating location of sheds, infrastructure such as road/water supply/ electricity/ drainage and other common facilities.

5.4. The schedule of rates of CPWD or the State PWD be used, as the basis, for arriving at the cost estimates of construction of worksheds and the infrastructure like roads etc.,

5.5. Since the objective of the Scheme is to facilitate the establishment of worksheds in a cluster which would provide required scale of economics for common business operations such as common raw-material sourcing, sharing of common facilities etc., it is, therefore, expected that the worksheds that would come up under the Scheme shall be a significant number so as to emerge as a cluster.

- 5.6. Since this is a Group Workshed Scheme, where a number of worksheds are expected to be located, development of required common infrastructure like roads, water supply, electricity, drainage etc., will have to be ensured by the EA. The assistance available under the Textile Centre Infrastructure Development Scheme (TCIDS) of the Govt. of India, for development of such common infrastructure in a textile cluster, may be availed of by the EA. Similarly, the individual beneficiaries can also avail of the financial benefit under the TUFs for acquisition of modern looms. Such an integrated approach would help in development of a modern weaving cluster with required linkages. Therefore, the project report should accordingly indicate the details of not only the worksheds but also the infrastructure.
- 5.7. It is expected that the beneficiaries will make new investments for purchase of looms and preparatory machinery for installing in the worksheds. However, a beneficiary can also choose to shift the existing looms (technology level of semi-automatic and above) and preparatory machinery, from the present locations to the proposed worksheds.
- 5.8. There might be cases where a beneficiary may not need an entire Workshed. In such cases, more than one beneficiary can share a shed.
- 5.9. In case of availability of unutilised sheds in the local cluster, which were hitherto developed under Integrated Infrastructure Development Scheme of Dept. of Small Scale Industries, GOI, such sheds, if suitable, may be acquired by the EA instead of constructing the new sheds. However such sheds should meet the overall objective of development of a modern weaving cluster with all necessary linkages/infrastructure.
- 5.10. Commitment of the EA and the user beneficiaries in participation, implementation and management of the Project is a pre-requisite for obtaining assistance under this scheme from the Govt. of India. In order to satisfy the Govt., about such commitment, the following requirements may be met by the EA/user beneficiaries:

- The EA is expected to be in possession of required land before submission of Project report to the Govt. In case the EA is not actually in possession, a letter of allotment from the State Govt. or a document indicating “in principle” agreement for purchase/sale of required land, would suffice.
- The EA has to satisfy government to the effect that all participating beneficiaries to the effect that they are all aware of the project details including the user charges and the loan repayment schedule, if any and to the role and responsibilities of the EA on their collective behalf.
- Each of participating beneficiaries should give a written undertaking to the EA that the proposed worksheds, for which assistance is being availed under the scheme, shall be used only for the purpose of installing looms and the preparatory machinery of technology above looms and shall not be utilized for any other purpose. Based on such undertakings, the EA would be responsible to ensure that the worksheds constructed under the Scheme are utilized only for the purposes for which they are sanctioned.

5.11. The EA would allocate the sheds to the participating beneficiaries, either on outright sale, lease or rental basis. The project proposal shall indicate the modalities proposed to be adopted by the EA for such allocation and the amount of outright purchase price, or, monthly rental per sq.ft. required to be paid by the beneficiary unit.

5.12. After completion of the above-mentioned preparatory work, the project report shall be submitted by the EA to the Textile Commissioner, GOI with a

copy to concerned Regional Office. If the project has component under TCIDS and if the land for the project is to be made available by the State Govt. or a State Govt. agency, the entire project proposal shall be submitted to the TxC through the respective State Govt. The TxC would carry out a detailed scrutiny of the project with respect to its conformity with the guidelines of the Scheme and if there are any shortcomings, the EA would be asked to revise the proposal accordingly. The revised proposal, if any, will be placed by the Textile Commissioner, after further scrutiny, before the

Project Appraisal and Approvals Committee, chaired by the Secretary (Textiles), Govt. of India and have the Textile Commissioner, as Secretary. Membership would include JS (Powerloom) and have commonality with the TCIDS Approvals Committee.

- 5.13. If the Project is approved by this Committee, such approval will be communicated to the EA by the TxC. After receipt of this communication, the EA would take up the construction.
- 5.14. Release of subsidy will be back-ended. Apart from completion of the construction of Workshed, the associated looms/preparatory machinery should also be in position in the respective Workshed, before the claim is submitted by the EA for release of subsidy to the Textile Commissioner.
- 5.15. It is expected that a powerloom unit availing of subsidy should atleast function for a minimum lock-in period of three years from the date of disbursement of subsidy.
- 5.16. In case it is found that subsidy from the Government has been availed of on the basis of any false information, the Powerloom unit or EA shall be liable to refund the Government Subsidy availed of, along with interest to be charged as per the Govt. rules from the date of disbursal to the date of refund.
- 5.17. It is expected that the project would be executed as per the approved framework. However, in case of any changes, subsequent to the approval, necessitated by the factors at the time of execution of the project, such changes can be carried out only with the prior approval of the Project Appraisal and Approval Committee (PA & AC).
- 5.18. In case the construction of Workshed is substandard and the looms/machinery have not been installed, the subsidy amount can be held back or reduced with approval of the Committee.
- 5.19. The physical verification of completion of the construction of worksheds; infrastructure and installation of looms; and functioning of the unit till lock-in period would be carried out by a Local Committee (LC), consisting of the RO of the TxC, concerned State Govt. Agencies, Industry Associations and

other technical organizations such as TRAs/Textiles Committee. The TxC would constitute such Local Committees separately for each Group Workshed Scheme. The Officer In-charge of the concerned RO of the TxC would act as Convenor of this Local Committee. The responsibilities of this Committee would include; periodical monitoring of the construction, physical verification and certification for the purpose of release of subsidy on verification of use of workspace for weaving purpose and other necessary guidance/support.

- 5.20. The ROs of TxC would assist EAs/proposed EAs in conceptualisation, preparation and submission of the projects to the TxC. They would also take proactive measures to sensitise the decentralised powerloom industry to make use of the benefits available under the Scheme.
- 5.21. A quarterly report would be submitted by the EA to the Office of the TxC indicating the progress of work of each of the components of the Project. Based on such reports and also inputs from the Local Committees, a consolidated quarterly report would be submitted by the TxC to the Ministry of Textiles, Government of India.

## Annexure 1

### Details of Beneficiaries

Sr. No	Name of Beneficiary	Category of beneficiary *	No. of looms proposed to be shifted from other location				No. of Looms proposed to be purchased				Approx. cost of looms to be purchased (Rs.lakh)	Sheds			Product Profile	Nature of Business (Export/ domestic)
			Semi auto	Auto	Shuttle less	Total	Semi auto	Auto	Shuttle less	Total		Size in Sq.ft. (each)	Nos **	Total Area in Sq.ft.		
1.																
2.																
3.																
4.																
5.																
6.																
7.																
Total:																

**Note:**

1. Please indicate the details of the beneficiary who will be setting up preparatory machinery, if any, at the bottom of the above table.
2. \* Please indicate whether the beneficiary is a powerloom weaver or master weaver or weaving entrepreneur
3. \*\* If more than one beneficiary are sharing one shed, write their names consecutively and indicate one shed jointly against them.



Details of Project costs & Financing

Sr No	Items	Component/ Cost	* Financing (Rs. lakh)			
			Own contribution	Govt's. Subsidy	Loan from Financial Institutions	Total
1	2	3	4	5	6	7
1.	<b>Land</b>					
	a) Total area in acres		N.A.	N.A.	N.A.	
	b) Cost per acre		N.A.	N.A.	N.A.	
	c) Total Cost:			N.A.		
2.	<b>Worksheds</b>					
	a) Total No. of sheds		N.A.	N.A.	N.A.	
	b) Total area (sq.ft.)		N.A.	N.A.	N.A.	
	c) Cost of construction per sq.ft.		N.A.	N.A.	N.A.	
	d) Total cost:					
3.	<b>Infrastructure</b>					
	a) Internal roads		N.A.	N.A.	N.A.	
	➤ Road area in sq.mtrs.		N.A.	N.A.	N.A.	
	➤ Cost per sq. mtr.		N.A.	N.A.	N.A.	
	➤ Total Cost					
	b) Electricity supply					
	➤ Load in M.W		N.A.	N.A.	N.A.	
	➤ Capital Cost. ***					
	c) Water supply					
	➤ Quantity in K.L.		N.A.	N.A.	N.A.	
	➤ # Total Cost					
	d) Drainage					
	➤ Length in mtrs.		N.A.	N.A.	N.A.	

1	2	3	4	5	6	7
	➤ Cost per running mtr		N.A.	N.A.	N.A.	
	➤ Total Cost:					
	e) Others (specify)					
	➤					
	➤					
	➤					
	f) Total infrastructure cost (a+b+c+d+e):					
4.	Looms & Preparatory machinery					
	a) Number of looms proposed to be shifted from existing location		N.A.	N.A.	N.A.	
	b) Number of looms proposed to be purchased		N.A.	N.A.	N.A.	
	c) Total No. of looms		N.A.	N.A.	N.A.	
	d) Total cost of looms at (b) above:					
	e) ** Preparatory machinery		N.A.	N.A.	N.A.	
	f) Number of machinery		N.A.	N.A.	N.A.	
	g) Total Cost:					
	h) Total Cost of machinery (d + g)					
5.	Grand Total (1+2+3+4):					

**Note:**

1. The details of subsidy from the Govt. to be indicated wherever applicable i.e. workshops, machinery and infrastructure.
2. \* Please indicate against the total of each component.
3. \*\* Please indicate the nature of preparatory machinery.
4. \*\*\* Only capital cost be included: transformer, distribution lines, generation cost (if applicable). Refundable deposit to Electricity Board should not be included
5. # Only capital cost such as bore well, over head tank and distribution lines shall be taken.
6. N.A – Not Applicable.

**Annexure - 3****Details of expected annual contribution by the beneficiaries towards maintenance & repayment of loans**

<b>Sr. No.</b>	<b>Component</b>	<b>Amount ( in Rs.)</b>				
1.	Details of costs of maintenance/year					
	a) Worksheds					
	b) <u>Infrastructure</u>					
	➤ Supply of power					
	➤ Supply of water					
	➤ Maintenance of roads & drainages					
	c) Watch & ward					
	d) Total Costs					
	e) Total area of worksheds					
	f) Maintenance Cost/Sq.ft. of workshed area per year					
2.	<u>Loan Repayment</u>					
	* a) Total loan borrowed					
	Annual Repayment with interest	Year 1	Year 2	Year 3	Year 4	Year 5
	c) Annual payment to be done by beneficiary per sq.ft. of workshed area year-wise					

\* This is the loan amount borrowed by the EA for construction of worksheds and development of common infrastructure, if any.