CHAPTER - IX

GOVERNMENT POLICY
AND ASSISTANCE
CHAPTER - IX
GOVERNMENT POLICY AND ASSISTANCE

This chapter discusses the policy and measures that have been adopted by the government to help the handloom industry. The highlights of 'Textile Policy 1985 and the Textile Policy 2000' have been shown in this chapter.

The problems of Handloom Industry are more or less the same in all the states. No doubt, the primary responsibility for carrying out programmes for the industry rests with the state governments, but the framework within which they can execute programmes is set by the policies followed by the Central Government.¹

Any programme aimed at the development of the Handloom Industry has to be supported both by specific measures of assistance as well as by appropriate state policy.²

The present chapter makes an attempt to examine the government policy towards the Handloom Industry and some of the important measures of assistance rendered to it.

9.1 Government Policy and Assistance in Pre-Independence Period:

Government policy towards the Handloom Industry in India, prior to independence amounted to purposeful negligence and incidental protection. A British government could not be expected to care for the misery of the millions of Handloom weavers scattered all over the country. No serious thought was given by the government to the resuscitation of the old handloom industries.

It may be recalled that the industry had reached the decaying stage of the beginning of the 19th Century. A glaring example of indifference shown by the authorities in the days prior to the war is provided by the fact

---

² Ibid. P. 317.
that even such an innocuous suggestions by the government of Madras as the starting of a department of industries, mainly with a view to helping the handicrafts, was not accepted by then secretary of state for India in 1907.3

But even here, the recommendations of three Famine Commission (1880, 1898, 1901) to provide help to the artisans in their own trade was never seriously adhered to.4

The East India Company initially encouraged the development of the Handloom Industry to meet its export needs. But the policy was later reversed for the benefit of textile mill industry in Great Britain. The Government under the crown followed the policy of "Laissez Faire" as it suited the British interest.5

9.2 Tariff Policy and The Handloom Industry:

The tariff policy during 1896-1914 favoured the Handloom Industry. But after 1914, the tariff policy was of doubtful value to the handlooms. There was an import duty of 3 ½% 'ad valorem' on imports of mill cloth coupled with a counter vailing excise duty, first imposed in 1896, of the same quantum on Indian Mill made cloth.6 Further there was no import duty on yarns. The import duties on the cotton piece-goods were raised substantially in a subsequent years in frequent doses. Thus, by 1934 that is, within short time, the Government of India raised a rather high Tariff wall to protect the cotton textile industry.7 However, the excise duty on the Indian mill-made cloth was removed in 1926 and at the same time an import duty on yarn was also imposed.8

---

8. Idem.
The effect of Tariff Policy on the Handloom Industry can be studied with this background. The Mill Owners Association, Bombay claimed that the protective measures adopted by the Central Government benefited hand-weaving industry equally with the mill Industry. However, the fact finding committee was of the view that the removal of the excise duty on Indian Mill made cloth in 1926 created immediate handicap to the Handloom weavers. Not that the hand-weaving industry had any moral claim to the continuance of the excise duty; for it was not conceived as a measure of protection to the handlooms, and whatever the benefit the handloom received was incidental, nevertheless the handloom industry received set-back by the removal of this duty.

9.3 FACT FINDING COMMITTEE REPORT -

The Bible of the Handloom Industry:

The Fact Finding Committee produced a document which has ever-since remained the Bible of Handloom Industry. The Fact Finding Committee was appointed in 1941 to investigate the problems of Handloom Industry and to examine the various aspects of the Handloom Industry, e.g. its extent and size, its historical growth or decay, its economic and technical drawbacks, its competitive weakness against the Mills, the types of production, the difficulties of getting yarn, marketing finished products, the state of handloom technique etc. This committee made important observation. "This mills have received generous aid from the country in their time of need, it is now their turn to give the helping hand to the elder and weaker sister industry."

The Fact Finding Committee was of the opinion that both the Mills and Handlooms have their place in the Indian economy. The committee asked for "Careful Planning" for both the sections and believed that "Both the Mills and Handlooms are necessary to economic prosperity of country."

9. Written Memorandum and Answers to the Questionnaire Issued by the Fact Finding Committee (Handloom and Mills) Bombay: The Mill Owners Association, Bombav, P. 10
The committee commented "The Handloom has survived and will survive."\textsuperscript{11}

Further the committee recommended for establishment of an "Indian Handloom Industry Board" for the development of the Handloom Industry. The All India Handloom Board has set up in 1945 by Government of India in response to recommendation of the committee.

\textbf{9.4 Government Policy and Assistance After Independence:}

The Government of India had taken necessary steps immediate after independence to ameliorate the critical condition of the Handloom weavers. However, the First Five Year Plan was the starting point of economic resurgence of village and small industries. The Industrial policy during this plan period was mainly based on the industrial policy of 1948 which recognized the importance of cottage and small industries in the national economy.

The Government of India resolution of 6th April, 1948 may be quoted at the length to show the importance that the national government in free India attached to the Handloom and other village, cottage and small-scale industries.

"Cottage and small-scale industries have a very important role in national economy, offering as they do scope for individual or co-operative enterprise, and means for the rehabilitation of the displaced persons. These industries are particularly suited for the better utilisation of local resources and for the achievement of the local self-sufficiency in respect of certain types of essential consumer goods like food, cloth and agricultural implements. The resolution of Industrial Conference has requested the Central Government to investigate how far and in what manner these industries can be co-ordinated and integrated with the large scale industries. The Government of India accepted the recommendation. It will be

\textsuperscript{11} Ibid, P. 25.
examined for example how the textile mill industry can be made complimentary to rather than competitive with the Handloom Industry which is country's largest and the best organised cottage industry.\textsuperscript{12}

However, it was made clear by the planners that, "The development of small scale industries should be as much a matter of state action as the increase in agricultural production." The policy in First Five Year Plan was based on the premises that there should be a common production programme for the cotton textile industry as a whole. The recommendations of the planners were accepted by the government. A new phase began in the history of small scale industries.\textsuperscript{13} The common production programme would necessarily imply a major of control by the government, especially over the organized large scale industry.\textsuperscript{14} Accordingly the policy of reservation of certain varieties of cloth production for Handloom sector initiated in April, 1950 was continued.\textsuperscript{15}

Under the Khadi and other Industries Development Act, 1953 assistance was provided to khadi and Handloom Industries out of a special cess levied on mill cloth.\textsuperscript{16}

During the First Five Year Plan, the Government was aware of the importance of introduction of improved techniques of production and need for Research and Training.

However, due emphasis could be given to this aspect of the problem only during the second Five Year Plan. The First Five Year Plan also highlighted the need for strengthening of co-operatives in the Handloom sectors.

\textsuperscript{12} The Government of India Resolution - 6th April, 1948.
\textsuperscript{13} The First Five Year Plan, Op Cit, P. 331.
\textsuperscript{14} Ibid, P. 318.
\textsuperscript{15} Ibid, P. 330.
\textsuperscript{16} The All India Handloom Board : A Brief Survey, Bombay; Ministry of Commerce and Industry, Government of India, 1953, PP. 33-34.
9.4.1 **Formation of Textile Enquiry Committee**:

The government of India felt during the First Five Year Plan period that a detailed inquiry into the Handloom Industry was necessary, so that the difficulties to which this sector of textile industry was particularly exposed, could be investigated and a plan worked out, whereby the distress caused to large number of Handloom weavers all over the country could be eased, if not avoided. The government further decided that the comprehensive inquiry was necessary with a view to securing orderly development of mill sector, Power-loom sector and Handloom sector in the general interest of community as a whole. With the above objectives in a view in 1952, the Government of India constituted the Textile Inquiry Committee under the Chairmanship of N.Kanungo.\(^\text{17}\)

This committee suggested that "The Handloom Industry has to be made technically more efficient by converting the Handloom either into semi-automatic loom and/or as into powerlooms."\(^\text{18}\)

The industrial policy of Second Five Year Plan was mainly based on the "Industrial Policy Resolution 1956." The new resolution reiterated that the cottage and small scale industries offer some distinct advantages. The Industrial Policy Resolution of 1956 provided for the continued assistance to village and small scale industries by restricting the volume of production in certain selected large scale industries such as cotton textile, different taxation and direct subsidies.\(^\text{19}\)

9.4.2 **The Village and Small Scale Industries Committee**:

This committee was appointed by the planning commission in June 1955. The committee envisaged that in the traditional village industries like Handloom Industry to the extent immediately possible, technical improvement should be adopted for the future. There should be a regular programme of gradual transition to better techniques. The Government of


\(^{18}\) Ibid, P. 28.

\(^{19}\) Mahapatro P.C., Economics of Cotton Handloom Industry in India, Ashish
India decided to have 35,000 powerlooms installed under the scheme of conversion of Handloom into Powerlooms during the second Five Year Plan Period.20

9.4.3 Weavers Service Centres:

The weavers service centers were started in the principle handloom centers of the country, to promote research, improved designs, better technique of production and to train personnel.21 At the outset, these centers were intended to extend technical advice and assistance in the Pre-loom and post-loom production process. With the experience gained these centers which were only design centers so far have become the weavers service centers since 1956.

During the Third Five Year Plan period there was no change in the basic policy towards the Handloom Industry. However, the principle aim of the Handloom programmes during the Third Plan period was to bring about the further expansion of Handloom production through fuller employment of handloom weavers and the introduction of improved techniques.22

A higher priority was accorded to supply of improved appliances, provision of facilities for processing and training, introduction of improved designs and purchase of yarn requirements increasingly from co-operative spinning mills. Emphasis was laid on revitalising the weak co-operative societies. The policy and pattern of assistance towards the Handloom Industry followed so far as continued during the three annual plan (1966-67 to 1968-69) and the Fourth Five Year Plan (1969-74). The total expenditure during Fourth Five Year Plan period for the Handloom Industry amounted to Rs. 29.21 crores.23

9.4.4 **High Powered Study Team:**

The High Power Study team on the problems of Handloom Industry was constituted in December 1973, under the chairmanship of Shivaraman to make indepth study of the problems of Handloom Industry in order to suggest a programme for its development in Fifth Five Year Plan. The Government accepted the major recommendations which provide the basis for the present programmes of Handloom Development made in the report submitted in July 1974.

The Shivraman study Team recommended the setting up of Handloom corporations to look into the needs and problems of weavers outside the co-operative fold as the coverage of co-operatives is still inadequate and expansion of co-operative coverage will take time.\(^{24}\) With the acceptance and implementation of this recommendations by 1980-81 a network of 18 state "Handloom Development Corporations" had come up.\(^{25}\)

One of the important schemes in the Handloom sector introduced during the Fifth Plan period was production and distribution of Handloom Janata cloth which was counter part of controlled cloth of the mill sector. The scheme was started in Oct. 1976 and there has been no major change in the approach towards the handloom industry in the Sixth Five Year Plan (1980-85) from that of the earlier ones. In the light of Industrial Policy statement of July 1980 a strategy based on industry-cum area development approach leading to vertical and horizontal integration of programmes can alone sustain the industries in rural areas.\(^{26}\)

---

It has been envisaged that during Sixth Five Year Plan period the major thrust of the programme would be on augmenting the supply of Hank-yarn to weavers through the setting of additional spinning capacity, setting-up of a National Handloom Development Corporation to facilitate inter-alia, the supply of Hank-yarn other inputs at reasonable prices throughout the year and to bring 60% of handlooms under effective cooperative coverage, increasing productivity through modernisation and renewal of looms, strengthening the technical extension system for improving the quality and designs of Handloom products.27

Accordingly the National Handloom Development corporation was set-up in 1982. The NABARD was set-up in July 1982 in order to achieve effective implementation of the concept of integrated rural development as envisaged in Sixth Five Year Plan.

The seventh Fire Year Plan document admits that, the targets set for the Sixth Five Year Plan in terms of production, employment and export could not be achieved. The expected production in Handloom sector might have gone up from 2900 million meters in 1979-80 to 3600 million meters in 1984-85. The export of Handloom products in value term went up from Rs. 290.41 crores in 1979-80 to Rs. 348.86 crores in 1984-85.28

The strategy for the Tenth Five Year Plan for the development of Handloom sector would draw its strength from the Textile Policy announced in June, 2000.

In this way, soon after independence the role of small scale industries and cottage industries in the development of economy was fully recognized. The Industrial Policy of 1948, 1956, 1977 and even 1980 have assigned a significant role.

27. Idem.
<table>
<thead>
<tr>
<th>Plan</th>
<th>Plan Period</th>
<th>Total Outlays (Rs.in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Plan</td>
<td>1951-56</td>
<td>005.20</td>
</tr>
<tr>
<td>Second Plan</td>
<td>1956-61</td>
<td>056.00</td>
</tr>
<tr>
<td>Third Plan</td>
<td>1961-66</td>
<td>113.06</td>
</tr>
<tr>
<td>Annual Plan</td>
<td>1966-69</td>
<td>053.48</td>
</tr>
<tr>
<td>Fourth Plan</td>
<td>1969-74</td>
<td>096.19</td>
</tr>
<tr>
<td>Fifth Plan</td>
<td>1974-79</td>
<td>221.74</td>
</tr>
<tr>
<td>Annual Plan</td>
<td>1979-80</td>
<td>104.81</td>
</tr>
<tr>
<td>Sixth Plan</td>
<td>1980-85</td>
<td>616.10</td>
</tr>
<tr>
<td>Seventh Plan</td>
<td>1985-90</td>
<td>1120.51</td>
</tr>
<tr>
<td>Eighth Plan</td>
<td>1990-95</td>
<td>1353.10</td>
</tr>
</tbody>
</table>

**SOURCE**: A Study of Labour in some selected Industries in India, Shivaji University, Kolhapur.

The above table No. 9.1 clearly reveals that, the total outlay in the First Five Year Plan is very low i.e. only Rs. 5.20 crores; the total outlay in the Fifth Five Year Plan (1974-79) is comparatively more i.e. Rs. 221.74 crores and in Nineth Five Year plan the total outlay is highest i.e. Rs. 1719.13 crores.
The Fact Finding Committee recommended the establishment of Indian Handloom Industry Board for the development of Handloom Industry.

It was the fact finding committee that suggested the formation of an "All India Weavers Board" which would throw light on the problems of the Handloom Industry and suggest ways by which government help could be properly extended to the industry.

The government of India constituted the 'All India Handloom Board' (AIHB) in 1945 in response to the recommendation of the committee. The government of India had set-up the All India Handloom Board with the function of advising the government on the problems of raw material i.e. supply of yarn, marketing of Handloom cloth, Research and administration of grants-in-aid.

However, the All India Handloom Board was again constituted in October 1952. The Board advises the government on the problems of Handloom Industry. Its main function is to examine the schemes of development submitted by the state governments and make recommendations for assistance from Handloom Fund.  

The Handloom Board, with the concurrence of the Government, lays down the general medium of assisting the Handloom Industry and fixes the quantum of financial assistance to the various states.

The Board consists of Textile Commissioner and the deputy Textile Commissioner as the chairman and vice chairman respectively and other members representing various interests in the Handloom Industry. The Board has three regional offices in Mumbai, Chennai and Kanpur.

29. Idem.
The All India Handloom Board till 1958 was directly responsible for formulating the state plan schemes for the development of handloom industry after discussions with the concerned state governments. The position has, however undergone a radical change since 1958. The state governments had to obtain the technical approval of All India Handloom Board in respect of new schemes.\(^3^1\)

The All India handloom Board was reconstituted in 1978. But in 1982 the All India Handloom and Handicrafts Board (AIHHB) was formed by merging both the All India Handloom Board and the All India Handicrafts Board.\(^3^2\)

At the state level the government have been entrusted with the work of organizing the industry on the lines indicated by the Handloom Board. They are allotted funds for execution of schemes approved by the Handloom Board.

Efforts of the state governments are directed mainly towards building up of co-operative structure at all levels.

9.5.1 **After All India Handloom Board (AIHB)**:

In fact, the small scale industry sector has been expected to play crucial role in the Industrial Development of the country. It is estimated that this sector accounts for about 40% of the total industrial output and contributes about 35% of the total direct export. So far as employment is concerned it comes next only to agriculture. The small scale industries comprises, powerloom, khadi and village industries, Handloom and Handicrafts, coir and sericulture. The following table shows the employment in small scale industries in India in 1992-93. The latest information is yet to be republished.

---

Table No. 9.2

Employment in Sub-Sectors of Manufacturing Sector in India 1992-94

<table>
<thead>
<tr>
<th>Sub Sector</th>
<th>Employment (in Million)</th>
<th>Annual Growth Rate (Per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Manufacturing</td>
<td>33.11</td>
<td>33.73</td>
</tr>
<tr>
<td>Large &amp; Medium</td>
<td>5.82</td>
<td>5.81</td>
</tr>
<tr>
<td>Decentralised</td>
<td>27.29</td>
<td>27.29</td>
</tr>
<tr>
<td>Modern</td>
<td>18.48</td>
<td>18.91</td>
</tr>
<tr>
<td>Small Scale</td>
<td>12.98</td>
<td>13.41</td>
</tr>
<tr>
<td>Powerloom</td>
<td>5.50</td>
<td>5.50</td>
</tr>
<tr>
<td>Traditional</td>
<td>8.81</td>
<td>9.01</td>
</tr>
<tr>
<td>Handloom</td>
<td>3.53</td>
<td>3.53</td>
</tr>
<tr>
<td>Khadi</td>
<td>0.47</td>
<td>0.48</td>
</tr>
<tr>
<td>Village Industry</td>
<td>1.20</td>
<td>1.22</td>
</tr>
<tr>
<td>Coir Industry</td>
<td>0.18</td>
<td>0.18</td>
</tr>
<tr>
<td>Sericulture</td>
<td>1.82</td>
<td>1.83</td>
</tr>
<tr>
<td>Handicrafts</td>
<td>1.61</td>
<td>1.77</td>
</tr>
</tbody>
</table>

Table No. 9.3
Performance of SSI in India as on March, 2000

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Units (Lakhs)</th>
<th>Employment (Lakhs)</th>
<th>At current prices</th>
<th>Exports (Rs. Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-91</td>
<td>19 (-)</td>
<td>125.3 (-)</td>
<td>15334 (-)</td>
<td>9664</td>
</tr>
<tr>
<td>1993-94</td>
<td>20.8 (6.9)</td>
<td>129.8 (3.6)</td>
<td>178699 (5.0)</td>
<td>13883 (43.7)</td>
</tr>
<tr>
<td>1995-96</td>
<td>22.5 (8.2)</td>
<td>134.1 (3.3)</td>
<td>209399 (17.1)</td>
<td>13883 (28.1)</td>
</tr>
<tr>
<td>1996-97</td>
<td>23.8 (5.8)</td>
<td>139.4 (4.0)</td>
<td>241648 (5.1)</td>
<td>25307 (42.3)</td>
</tr>
<tr>
<td>1997-98</td>
<td>25.7 (8.0)</td>
<td>146.6 (5.2)</td>
<td>293900 (21.7)</td>
<td>29008 (14.9)</td>
</tr>
<tr>
<td>1998-99</td>
<td>27.2 (5.8)</td>
<td>152.6 (4.1)</td>
<td>356213 (21.2)</td>
<td>36470 (25.5)</td>
</tr>
<tr>
<td>1999-2000</td>
<td>28.6 (5.2)</td>
<td>160.0 (4.8)</td>
<td>412636 (5.8)</td>
<td>39249 (7.6)</td>
</tr>
</tbody>
</table>

Note: Figures in the bracket indicate percentage change over the previous period.
Source: Various issues of Economic Survey, Govt. of India.

The above table No. 9.3 indicates that the Exports by Small Scale Industries is increasing. In the year 1990-91, there was Export only of Rs. 9664 crores, whereas in the year 1996-97 the Export amount was Rs. 25307 crores. The Export has increased to Rs. 39249 crores in 1999-2000.

9.6 Government Policy and Perceptions:

Government Policy on Handlooms is dominated by the basic belief that economic efficiency and growth are achieved in the modern sector and that the traditional sector is mainly for employment generation. The government continually reaffirms its commitment to support and encourage Handloom weaving in India. Thus, a series of policy measures were introduced to strengthen the Handloom sector in organisational terms, through modernization and package of protection and subsidies.

Handloom Policy, thus, its aimed at strengthening the Handloom sector by focusing on five major thrust areas.33

---

1) Co-operativisation:
All the state governments are directed to co-operativeise the handlooms and buildup co-operative structure. A great deal of emphasis is placed on forming and strengthening weavers cooperatives, with Apex bodies at the state and central level. This organizational structure would provide inputs, credit and marketing channels and protect the weavers from exploitation.

2) Modernization:
The emphasis is on improving productivity and quality through improved looms (Frame looms and Jacquard looms). Institutions like weaver's service centres and Indian Institute of Handloom Technology would impart new skills, designs and technology to the weavers.

3) Subsidies:
To boost the handloom sector, yarn and credit are made available to the Handloom sector at the low rates. Marketing assistance is provided through subsidies under MDA (Marketing Development Assistance) by the state government.

4) Protection:
Certain textile items are reserved exclusively for the Handloom sector.

5) Welfare Schemes:
To improve the standard of living and working conditions of the weavers various welfare schemes are initiated.

All above plans, policies and schemes are chalked out by the central government and they are implemented through the state governments. The Directorate of Handlooms and its District level offices are the agencies through which the programmes reach at the root level i.e. the weavers.
9.7 National Textile Policy 1985 - In connection with the Handlooms

The new textile policy was announced by the Government of India on June 6, 1985. The following are the highlights of the National Textile Policy 1985 in connection with the Handlooms.

The textile policy 1985, reiterates that the Handloom sector would be fully protected from competition from powerlooms, which have been put on par with the mills. The reservation order for handlooms would be strictly enforced to achieve the desired objective. In order to improve the competitiveness of handlooms, steps would be taken to remove, as far as possible, the cost of handicap of the handlooms vis-a-vis powerlooms through suitable fiscal measures. At the same time, greater emphasis would be laid on technological upgradation of handlooms. Under the new policy, it is envisaged that, the responsibility for the entire production of controlled cloth would be transferred to the handloom sector by the end of the Seventh Five Year Plan.34

Further, the subsidy on controlled cloth and Janata cloth would go up in view of higher output. This implies that the drainage of public exchequer would continue to support production of controlled cloth by giving subsidies rather making the productive apparatus of handloom weaver more efficient. The policy never advocates the protective measures for handloom for all time to come, it considers protective measures only to give time so that, handloom industry can stand on its own feet with increase in productivity, and protective measures should be withdrawn gradually.

In National Textile Policy 1985, greater emphasis has been laid on modernisation of looms. Special efforts has been taken to ensure adequate availability of raw material at reasonable prices to the handloom weavers through the operations of "National Handloom Development Corporation (NHDC)".35

---

For the protection of handloom sector a separate legislation entitled "Handloom (reservation of articles for production) Act 1985" has already been enacted.

Thus, Government of India directed the reservation of certain areas of production for handlooms and prohibited their manufacture by the mill. The reservations related with the production of several varieties such as Dhoties, Sarcees, Lungies, Bedsheets, Bed covers, table cloth, Napkins and Towels.

Besides, welfare measures for the handloom weavers like Thrift-Fund and Workshed-cum-Housing scheme have been announced.

In 1985, Government again imposed levy on mill cloth and powerloom cloth financing the handloom sector. In the past the registration of powerloom was not effectively enforced and they were regularized by the government periodically. Now it has been made compulsory to register each and every powerloom and charged levy on it to protect handloom.36

Under the textile policy 1985, arrangement for marketing would further be strengthened. The NHDC would open marketing complexes in metropolitan cities. The textile policy 1985, envisages development of handloom through co-operatives.

9.8 **Text of National Textile Policy 2000**:

**Permeable**:

The Indian Textile Industry, undoubtedly one of the most significant and dynamic segments of the Indian Economy. It has occupied a unique place in the economy of the country by virtue of its contributions to the industrial output, employment generations and foreign exchange earnings.

Realising its vast potential for creation of employment opportunities in the agricultural, industrial organized and decentralized sectors and rural and urban areas, particularly for women and the disadvantaged.

---

36. Ibid.
Acknowledging the tremendous impetus provided by the textile policy of 1985 to the economy resulting over these years in compounded annual growth rates of 7.13% in cloth production, 3.6% in the per capita availability of fabrics and 13.32% in the export of textiles, raising the share of textiles to 13% of value added domestic manufacturing of the country; and to 1/3rd of export earnings of the country.37

Taking note of new challenges and opportunities presented by the changing global environment, particularly the institution of the process of gradual phasing out of quantitative restrictions on imports and the lowering of the tariff levels for an integration of the World Textile and clothing markets by end 2004.

Having studied the issues and problems taking the sector, the views of a wide range of stake holders and the recommendations of the Export Committee set up for this purpose; deciding to redefine the goals and objectives focus on thrust areas and sharpen strategy in tune with the times; the National Textile Policy 2000 is enunciated as follows:38

9.8.a Vision:

Endowed as the Indian Textile Industry is with multifaceted advantages, it shall be the policy of the government to develop a strong and vibrant industry that can -

a) Produce cloth of good quality at acceptable prices to meet the growing needs of the people.

b) Increasing contribute to the provision of sustainable employment and the economic growth of the nations.

c) Compete with the confidence for an increasing share of the global market.39

38. Ibid.
39. Ibid. 133.
9.8.6 **OBJECTIVES**

Objectives of the policy are:

1) Facilitate the textile industry to attain and sustain a pre-eminent global standing in manufacture and export of clothing.

2) Equip the industry to withstand pressures of import penetration and maintain a dominant pressure in the domestic market.

3) Liberalised controls and regulations so that, the different segments of the textile industry are enabled to perform in a greater competitive environment.

4) Enable the industry to built world-class state of the art manufacturing and encourage Foreign Direct Investment as well as Research and Development in the Sector.

5) Sustain and strengthen the traditional knowledge, skills and capabilities of our weavers and crafts people.

6) Enrich human resource skill and capabilities with special emphasis on those working in the decentralized sector of the industries.

7) Make Information Technology (IT) on integral part of entire value chain of textile production and thereby facilitate the industry to achieve international standards in terms of quality design and marketing.\(^\text{40}\)

9.8.c **Important Targets and Outputs of New Textile Policy - 2000 In connection with Handloom Industry:**

* The handloom sector is known for its heritage and the tradition of excellent craftsmanship. It provides livelihood to millions of weavers and crafts persons. The industry not only survived but also grown over the decades due to its dovetailed with activities of centers of designs excellence like NIFT and NID.

\(^{40}\) Ibid, P. 134.
* As merchandising and marketing will be central to the success of the handloom sector, the present package of schemes for production of value added fabrics will be streamlined, innovative market, oriented schemes, will be introduced and joint ventures encouraged both at the domestic and international levels.

* Brand equity of handlooms will be commercially exploited to the extent possible.

* Strengthen and encourage the handloom industry to produce value added items and assist the industry to forge joint ventures to secure global markets.

* Re-design and revamp during the Tenth Five Year Plan, the schemes and programmes initiated in the handlooms to ensure better returns for those belonging to the disadvantaged categories and the North-East and other backward regions of the country.  

9.9 TECHNOLOGY UPGRADEATION FUND SCHEMES

The textile industry occupies a unique position in the Indian economy in terms of its contribution to industrial production, employment, and exports. However, it has not been able to exploit its fundamental strength in terms of strong indigenous raw material base, skilled technical man power low labour cost because of its inability to invest in timely and adequate, Technology Upgradation, primarily on account of high cost of capital. The significant liberalisation of our industrial and trade policy and globalisation of trade have accentuated the need to facilitate Technology Upgradation in this important segment of the Indian economy.

To implement vigorously in a time bound manner, the Technology Upgradation Fund Scheme (TUFS) covering all manufacturing segments of the industry in one of the important targets of new textile policy 2000 in connection with the handloom industry.  

41. Ibid, P. 135.
42. Ibid, P. 137
9.9.1 **FISCAL AND FINANCING ARRANGEMENTS**:

Funding requirements of the different segments of the textile industry will be periodically reviewed and short term and long term requirements spelled out, particularly of the handloom, powerloom, handicrafts and sericulture sectors. Innovative measures for the tapping public and private sector funding will be worked out. The endeavour will be to -

* Encourage the private sector to take the initiative in participating in financing of specific needs of the textile industry.

* Set up a venture capital fund in consultation with and involvement of financial institutions for the promotion of talented Indian designers, technologists, innovative market leaders and e-commerce ventures.

9.10 **DEEN DAYAL SCHEME - 2000 FOR THE REVIVAL OF HANDLOOM INDUSTRY**:

**INTRODUCTION**:

This is the comprehensive scheme for the handloom sector, to take care of a wide gamut of activities such as product development, infrastructure support, institutional support, training to weavers, supply of equipments and marketing support etc. both at macro and micro level in an integrated and co-ordinated manner for over all development of the sector and benefit to handloom weavers. The scheme attempts to support to quality fabric production through appropriate design intervention. This scheme is beneficial to the weavers both within the co-operative fold as well as those outside, to produce quality fabric which are acceptable in the market.\(^{43}\)

---

\(^{43}\) **Guidelines for Preparation of Projects Under Deen Dayal hathkargha Protsahan Yojana, P. 1.**
9.10.1 **OBJECTIVES OF THE SCHEME**

The objectives of the scheme are as follows:

1) To provide necessary support in an integrated and comprehensive manner to upgrade skills and knowledge of weavers.

2) To strengthen the handloom organisation so as to enable them to effectively provide inputs to the weavers and provide necessary support to find suitable market for their products.

3) To ensure availability of infrastructure and common facilities which would enable development of better products and its diversification.

4) To make the weaver aware of the demand of the market and to provide assistance for publicity for marketing of handloom goods.

5) To provide suitable marketing incentives to attract buyers towards handloom goods.\(^4^4\)

9.10.2 **FINANCIAL ASSISTANCE**

**A) GRANT OF MARGIN MONEY**

Financial assistance in the form of margin money to avail credit facilities from financial institutions shall be provided to the weavers through implementing agencies at Rs. 4000/- per weaver. The Central Government will provide Rs. 2000/-, the State Government will provide Rs. 1000/- and balance of Rs. 1000/-, will be given by the concern weaver himself. Thus each and every weaver will get Rs. 4000/-. The margin money so provided will be deposited in the bank account and shall be used as 'Seed Money' to enhance their cash-credit limits\(^4^5\).

**B) BASIC INPUTS**

Financial assistance would be provided to the weavers for basic inputs like looms, accessories etc. For procurement of new looms, dobby, jacquard and accessories, whereever required assistance would be provided, as grant which will be a maximum of 50% of the cost of the item. However

---

\(^4^4\) Ibid, P. 2.
\(^4^5\) Ibid, P. 3
such assistance shall be restricted to a ceiling of Rs. 2000/- for new looms, Rs. 1500/- for dobby, Rs. 2000/- for jacquard and Rs. 1000/- for other accessories as grant. 46

C) TRAINING FOR SKILL UPGRADATION:

According to this scheme, the training would be imparted for skill upgradation. The assistance would be available in the form of compensation of wages to weavers at Rs. 750/- per month for each weaver and Rs. 2500/- per month to Master Trainer. The training would be conducted for a maximum of three months and for the training, financial assistance shall be routed through state government. It requires at least 25 weavers for each training center and maximum 100 weavers. The cost of raw material during the training will have to be borne by the beneficiary organisation. The financial assistance will be limited to Rs. 3 lakh for 100 beneficiaries.

D) INFRASTRUCTURE SUPPORT:

Financial assistance for infrastructure support to primary co­operative societies having a turnover more than Rs. 25 lakhs and national level organisations/state handloom corporations/federations etc. having sales turnover of Rs. 5 crores or more, would be available for setting up of water for process houses having facilities, like bleaching, dyeing and finishing etc.

In case of primary co-operative societies having turnover of less than Rs. 25 lakhs and corporations/Apex organisations having turnover of less than Rs. 5 crores, assistance shall be available upto 50%. This would be shared 50:50 by the Central Government and State Governments. The grant portion for this would be a maximum of Rs. 3 lakhs/per center. This grant would be for setting up of a Common Facility Center to carryout warping, dyeing pre and post loom operations. Assistance will be also be available.

46. Ibid, P. 3
for purchasing dyeing equipments subject to a maximum grant of Rs. 1 lakh. 47

E) **DESIGN INPUT**

One of the weakness of the handloom sector is lack of appropriate designs. There is a need to develop market appropriate designs. In order to do so information technology would be required. Assistance would be given for installation of Computer Aided Design, system to improve the design quality of the handloom products.

National/State handloom organisations / Apex societies having turnover more than Rs. 5 crore and primary societies having turnover more than Rs. 25 lakhs; can get the assistance in the form of grant of Rs. 5 lakh per agency for purchase of CAD system (Computer Aided Designs) to strengthen their design capabilities. 48

Statelevel organisations with turnover less than Rs. 5 crore - primary societies having turnover below Rs. 25 lakhs, such organisation will be given a grant upto Rs. 1 lakh for availing services of NID weavers service centers, Design consultant.

F) **PUBLICITY**

Financial assistance would be given to handloom organisation towards national and international advertisement, printing catalogue, production of films for promotion of sales of handlooms, market research and market surveys etc. Assistance in the form of grant for such purpose would be limited to a maximum of Rs. 5 lakh per agency.

G) **MARKETING INCENTIVES**

In order to boost the sales of handloom products, handloom agencies can avail assistance under Marketing Incentive components of the scheme. This assistance may be used for giving rebate-discount on sales of handloom cloth and attracting maximum customers.

---

47. Ibid, P. 4
48. Ibid
II) STRENGTHING OF HANDLOOM ORGANISATIONS

The national level handloom organisations, state handloom corporations, and Apex weavers co-operative societies, federations will be given assistance under the scheme. The assistance would towards financial restructuring of the above organisations, with a view to making them viable by enhancing their credit limit/working capital. 49

To conclude, it can be said that, there is a bright future for the handloom industry. Government should adopt the important specific measures to develop the industry, specially superior technology should be given due coverage.

49. Ibid. P. 7