

ESTIMATES COMMITTEE **(1977-78)**

(SIXTH LOK SABHA)

FOURTEENTH REPORT

MINISTRY OF INDUSTRY

Handloom and Powerloom Industries
Part II—Powerloom Industry

Presented in Lok Sabha on.....



LOK SABHA SECRETARIAT
NEW DELHI

March, 1978/Phalguna, 1899 (Saka)

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CORRIGENDA

To

Fourteenth Report of Estimates Committee on the Ministry of Industry - Powerloom Industry.

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(1977-78)

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*Elected w.e.f. 30-11-1977 vide Shri Samar Guha resigned and Shri-mati Renuka Devi Barkataki, Sarvashri S. Kundu, Janeswar Mishra, Fazlpur Rehman and Sher Singh ceased to be members on their appointment as Ministers of State.

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7. Shri S. B. Patil
8. Shri K. Gopal
9. Shrimati V. Jeyalakshmi.

INTRODUCTION

I, the Chairman of Estimates Committee, having been authorised by the Committee to submit the report on their behalf, present this Fourteenth Report on the Ministry of Industry—Handloom and Powerloom Industries—Part II—Powerloom Industry.

2. This subject was taken up for examination by the Estimates Committee (1976-77). Necessary information was obtained and evidence of non-officials and representatives of the Ministry of Commerce (Department of Textiles), Department of Banking etc. was taken by them. The Committee, however, could not finalise their report due to the dissolution of the Lok Sabha on 18th January, 1977.

3. The Estimates Committee (1977-78) appointed a Sub-Committee to finalise the report on the subject. On the basis of the evidence tendered before the previous Committee (1976-77) and the information furnished to them as well as the evidence tendered by the Development Commissioner for Handlooms and the Textile Commissioner before the Committee (1977-78) and also the additional information obtained, the Sub-Committee finalised the report at their sitting held on 20 February, 1978. The report of the Sub-Committee was considered and adopted by the Estimates Committee (1977-78) at their sitting held on 3 March, 1978.

4. The Committee place on record their appreciation of commendable work done by the Chairman and Members of the Estimates Committee (1976-77) in taking evidence and obtaining information for this report.

5. The Committee wish to express their thanks to the officers of the erstwhile Ministry of Commerce (Department of Textiles), Department of Banking and Ministry of Industry for placing before them the material and information which they desired in connection with the examination of the subject and for giving evidence before the Committee.

6. The Committee also wish to express their thanks to representatives of the All India Handloom and Powerloom Weavers Federation, Bombay, Federation of All India Cotton Powerlooms Associations, Bombay and Shri S. V. Dhamankar ex-M.P. for furnishing memoranda to the Committee and also for giving evidence and making valuable suggestions.

(vii)

7. The Committee also wish to express their thanks to all the other associations and individuals who furnished memoranda on the subject to the Committee.

8. For facility of reference, the conclusions/recommendations of the Committee have been printed in ~~thick type~~ in the body of the Report. A summary of the conclusions/recommendations is appended to the Report (Appendix III).

NEW DELHI;

SATYENDRA NARAYAN SINHA,

March 18, 1978

Chairman,

Pnalguna 27, 1889(S).

Estimates Committee.

CHAPTER I

INTRODUCTORY

A Role of Powerloom Industry

The powerloom industry, along with handlooms and khadi constitutes the decentralised sector of the textile industry. It has had as long a history as the organised mill industry. It is estimated that at present the number of authorised powerlooms in the country is 3,47,587 consisting of 2,11,099 cotton powerlooms and 1,36,488 Art Silk Powerlooms. The maximum number of powerlooms is 1,24,459 in the State of Maharashtra, followed by 59,039 in Gujarat and 32,781 in Tamil Nadu. Thus more than half of the powerlooms are located in two States of Maharashtra and Gujarat. A statement giving the estimated number of powerlooms in different States is enclosed (Appendix I). In addition there are a large number of unauthorised powerlooms in the country. Out of a total production of 8,200 million metres in the country, the production of powerloom sector is estimated to be about 1800 million metres.

1.2. Diverse views have been expressed by different organisations regarding the role of powerloom sector in meeting the clothing needs of the country. While a number of non-official organisations representing the handloom industry have, in their memorandum submitted to the Committee stated that the powerloom sector is nothing but a surreptitious projection of the Mill sector with a view to escape fiscal duties etc. and has been harming the interests of handloom industry because of its advantages of scale of production etc., the representatives of the powerloom industry have claimed that the powerlooms are competing only with the organised mill sector and not with the handlooms and Government should encourage the powerloom industry *vis-a-vis* organised mill industry as it provides an intermediate technology and offers a better and less dreary life to attract the sons of the weavers.

1.3. The representative of an organisation of handloom weavers has stated in his memorandum submitted to the Committee:—

"The Powerloom sector is nothing but a surreptitious projection of the Mill sector with a view to escape (a) fiscal levies like excise duties and to evade obligations under different Labour Laws and Factory regulations intended to protect workers' interests etc. (b) to claim fiscal concession and financial facili-

ties including loans and subsidies being granted by Government from time to time to powerlooms in the form of export incentives, import entitlements etc..... If the Government of India are really interested in protecting millions of handloom weavers against unemployment or under-employment all over the country, they must stop further expansion of powerlooms and encourage in their place a rapid further expansion of handlooms giving them necessary aids of providing credit, supply yarn, dyes, chemicals etc., at fair prices in adequate quantities and of required quality etc.”

1.4. The High Powered Study Team on the Problems of Handloom Industry (Sivarman Study Team) in their report submitted in July 1974 had also stated that:—

“The initial argument that handloom weavers will gradually change-over to powerloom technology, in our view, is no longer valid. In fact, it has been stated in the Fifth Plan formulations, in line with this thinking, that powerlooms shall be restrained to the level of production they had reached during the last Plan i.e. 1800 million metres. As such it is not necessary to give any special incentives to powerlooms and encourage their growth. In our view, the problem is rather one of meeting the challenge which the handlooms face from the powerloom sector in the form of illegal unlicensed powerloom poaching upon the yarn supply that should legitimately go to the handloom sector and poaching in the market of handlooms by superior powerloom goods. Our view is that it is essential to offset the advantage that the powerlooms have over the handlooms with their better technology and almost the same level of excise *vis-a-vis* the handloom sector.”

1.5. A Federation of the Associations of Cotton Powerlooms has stated in the memorandum submitted to the Committee:—

“In absence of adequate organisational support from within and outside Government and due to lack of a consistent policy towards the growth of this sector, there has been haphazard growth of the powerloom industry. It has also created many prejudices against this important sector. For instance, the assumption that powerlooms compete with handlooms is wrong. Powerlooms compete with the mill sector. This competition has always a salutary effect on checking upward rise in prices of mill-made cloth. Therefore, it is not in the consumers’ interest to weaken the capacity of the powerlooms to compete with the mill sector, especially when more than 1/3rd of the

country's cotton cloth is produced by the small powerloom weavers."

1.6. An individual connected with the development of small scale industries in the country has stated in his memorandum submitted to the Committee:—

"The Cotton powerloom industry has an important place in the economy of the country. While it is an instrument which could be effectively used to decentralise economic power and location like the handloom industry, being powerloom operated, it yields better remuneration to weavers, whether workers or proprietors. Its employment potential is, however, small as compared to handloom industry which as its name connotes, is manually operated. But the objective of the economic policy should be employment with reasonable remuneration. All small scale industries operated with power yield better wages. I have found that the younger generation of the handloom weavers was drifting away from it. That is only natural."

1.7. The Powerloom Enquiry Committee under the Chairmanship of Shri Asoka Mehta which submitted its report in May, 1964 had observed that:—

"During the course of our visits to Powerloom Centres, we studied the various facets of the powerloom industry but one profound impression left on us by our on-the-spot observations and discussions is that powerlooms is much more than an instrument of production, it is a symbol of a vast country-side process of economic transition and techno-social change. Behind it lie deep economic urges of millions of people to break through the coil of poverty, to improve ever so little, their levels of living and to escalate themselves to a slightly higher social layer. It seemed that a sweating, toiling human mass, menaced by a grim struggle for existence, was in search of an anchor, a stand-by which would help in escaping the drift of hunger and distress. In this search thousands of persons had abandoned their ancestral homes and their traditional occupation of hand-weaving and migrated to places hundreds of miles away. Savings accumulated by considerable self-denial and supplemented by borrowings at high rates were invested in purchasing or putting together a powerloom. Ownership of a powerloom was to many the key which opened the door

to a somewhat less burden-some and dreary life. Employment on a powerloom, even without ownership, yielded in most cases higher earnings than on handlooms."

1.8. Asked about the views of the Government regarding the role of the powerloom industry *vis-a-vis* the handloom industry and organised mill industry, the representative of the Department of Textiles stated in his evidence before the Committee:—

"The position on this is that Government has still to come out with a well-considered properly articulated policy. We are in fact working on it and very soon it should be possible to announce Government's views on this. But by implication it is there in their comprehensive resolutions on the Siyaraman Committee's report. One of the paragraphs of this report specifically dealt with the role of the powerloom sector and by implication stated why powerloom should not receive encouragement.... Powerloom encouragement started on the basis of a certain basic assumption that they would be raising the technology of the handloom weaver to a higher level. This has not materialised..... The point to stress here is that while there is some merit in this point that to some extent the pattern of production of powerloom is somewhat nearer the mill sector, there is also this factor..... In fact we were discussing it in connection with the reservation part that there are certain sectors where the pattern of production of powerlooms very much coincides with the pattern of handloom. Therefore, it is very difficult to take a categorical view and say that powerloom is really hurting the mill sector and helping the handloom or the reverse that it is only hurting the mill sector and not helping the handloom. In some ways, its repercussions can be felt in both sectors. This is the kind of *prima facie* evidence one finds with the material available."

1.9. The Committee note that the powerloom industry has come to occupy an important place in the economy of the country. The number of authorised powerlooms is understood to be 3,47,587 consisting of 2,11,091 authorised cotton powerlooms and 1,36,488 art silk powerlooms. The powerloom sector produces about 1800 million metres of cloth out of a total cloth production of 8,200 million metres. The history of the powerloom industry in the country is as old as the organised mill industry and the growth of the industry has been quite rapid and phenomenal in recent years. Government have, however, not yet taken a final decision regarding the role of the powerloom industry in meeting the clothing needs of the country.

1.10. The Committee further note that diverse views have been expressed about the role of powerloom industry in the country. While the representatives of the handloom industry have stated that the powerloom sector is only a surreptitious projection of the mill sector with a view to escape fiscal duties etc., and is harming the interests of handloom sector by producing items otherwise reserved for handloom industry, the representatives of the powerloom industry have claimed that they are competing with the organised mill sector only and not with the handloom sector and are serving the common people of the country by providing them cheaper cloth as compared to the products of the mill industry.

1.11. The Committee would like to point out that the powerloom sector has come to occupy an important place in the economy of the country and its importance in meeting the clothing needs of the masses cannot be minimised. Moreover, in view of the fact that power supply is fast spreading to the countryside and the sons of the weavers are being increasingly attracted to the powerloom sector as it provides an intermediate technology with prospects of less burdensome and deary life and a better living wage, it is evident that the powerloom industry is likely to grow in the years to come. It has, however, to be ensured that this growth of the powerloom industry should not be at the cost of the handloom industry otherwise it will lead to greater rural unemployment and problem of large scale migration of rural population to the industrial areas in search of employment. The Committee, therefore, feel that the growth of the powerloom industry should be regulated in such a way that it does not harm the interests of the handloom industry. It should be ensured that powerloom industry does not become a "benami" of the mill sector but is really developed by the conversion of handlooms into powerloom by the handloom weavers themselves. The Committee, therefore, recommend that stringent measures may be taken to ensure that powerloom sector observe the reservations made by the handloom sector and deterrent action should be taken for any violation of these orders. Simultaneously, the powerloom sector should be encouraged to produce those varieties of cloth which are not being produced by the handloom sector. Moreover, some varieties of cloth which are not being produced by the handloom sector, may be considered for reservation exclusively for the powerloom sector. The Committee have already in Part I of their report, recommended the formulation of an integrated textile policy assigning role to the various sectors. The Committee hope that while defining the role of the powerloom sector, the above factors will be kept in view by the Government.

CENSUS OF POWERLOOMS

1.12. According to law, every powerloom owner is required to obtain a permit from the Textile Commission for acquisition and installation of

powerlooms. As already stated, the number of powerlooms in the country is 3,47,587.

1.13. Asked to furnish a statement giving the break-up of powerlooms situated in urban areas, semi-urban areas and rural areas statewide, the Department of Textiles have stated in a written note furnished to the Committee:—

“However, break-up into urban, semi-urban and rural areas is not available.”

1.14. Asked to intimate the number of persons owning only one powerloom, more than one but upto 4 powerlooms and more than 4 powerlooms, it has been stated in the note furnished by the Department of Textiles that:—

“The break-up in these categories is not readily available.”

1.15. Asked if Government have made any assessment of the total installed capacity of the powerlooms in the country, the Department of Textiles have stated in the note that:—

“Apart from the information regarding the number of powerlooms in each State, no further information regarding installed capacity of powerlooms in the country is available.”

1.16. The Task Force on Powerlooms in their Report submitted in 1972 had recommended that:—

“Basic records should be constructed in each state and each district showing the location of the powerlooms, the source from where the powerloom was purchased, ownership, counts of yarn consumed etc. The data thus collected should be consolidated at the State level. Cancellations or transfer of permits must be entered in the basic records, and conveyed to the Textile Commissioner who would have the basic records random checked and verified. This exercise is imperative, if at any point of time, this sector is to be harnessed for a particular purpose, or, in difficult times, yarn has to be rationed.”

1.17. Asked if Government were in possession of information regarding the number of powerlooms working in the country, the Textile Commissioner stated in his evidence before the Committee:—

“The basic figures relate to authorised powerlooms. The estimate in regard to unauthorised ones is a general one The number of authorised powerlooms in our records is 2,11,099. They are

the cotton powerlooms. Art silk powerlooms number 1,36,488; silk looms 4,000 and woollen ones 2,698."

1.18. Asked why in view of the fact that different rates of compounded duty are being charged from persons owning upto 2 powerlooms, upto 4 powerlooms and more than 4 powerlooms, figures relating to ownership of powerlooms are not available with them, the Textile Commissioner stated in his evidence before the Committee:—

"The position is that the Excise Department gives L-4 licenses; on the basis of the licenses, they charge compounded duty and rate of excise. This is only about the cotton powerlooms. There is no difficulty about art-silk powerlooms. In the case of the former, only a compounded duty is charged and collected by the Excise Department. In view of this, even the Excise Department is finding it difficult to say anything about unauthorised powerlooms."

1.19. The Committee note that Government do not have requisite statistics regarding the powerloom industry in the country. Even such basic information as the break-up of powerlooms located in urban, semi-urban and rural areas, ownership of powerlooms, installed capacity etc., is not available with them. The Committee are unable to appreciate why it should not be possible for Government to collect and maintain all the relevant information regarding location, ownership, installed capacity etc. in respect of the powerloom industry, when every powerloom owner is statutorily required to obtain permit from the Textile Commissioner for acquisition and installation of powerlooms and electric connections. This, in the view of the Committee, is a sad commentary on the functioning of the office of the Textile Commissioner. The Committee are unable to appreciate how Government can maintain any control or plan for the regulated growth of the powerloom industry in the absence of these basic statistics.

1.20. The Committee further note that although the Task Force on Powerlooms in their Report submitted in 1972 had recommended that basic records in respect of powerlooms in each State and district should be prepared, no concrete action seems to have been taken on this recommendation of the Task Force. The Committee recommend that Government may immediately conduct a census of all the powerlooms in the country, whether authorised or unauthorised in which all the relevant information regarding location, ownership, installed capacity, capacity actually being utilised, count and quality of yarn utilised etc., type, quality and quantity of cloth being manufactured should be collected. Institutional arrangement should be made to keep these statistics up-to-date so as to provide firm and reliable data for decision making.

B. Growth of Powerlooms during Five Year Plans

1.21. The following statement gives the outlays and expenditure in the Centre and the States on powerloom industry during the Five Year Plans:—

	Rs. (Crores)	
	Outlay	Expenditure
First Five Year Plan	Not indicated separately	
Second Five Year Plan	3.70	2.00
Third Five Year Plan	4.00	1.52
Three Annual Plans (1966-69)	1.66	0.47
Fourth Five-Year Plan	7.67	3.27
Annual Plan 1974-75	0.73	0.28
Annual Plan 1975-76	0.86	0.70
	<hr/> 18.62	<hr/> 8.24

The revised Fifth Plan outlay for the Powerloom Industry is Rs. 0.16 crores in the Central sector and Rs. 3.09 in the State Sector making a total of Rs. 3.25 crores.

1.22. The Task Force on Powerlooms for the Fifth Plan in their report had commented as follows:—

“During the first two plan periods, no schemes of financial assistance was devised specifically for the development of powerlooms by the Central or State Governments. Government assistance made an appearance during Second Plan period under the conversion scheme. A limited number of handlooms were allowed to be converted into powerlooms. Around the period when Powerloom Enquiry Committee was set up, complaints poured into, to the effect that the scheme was misused and the benami ownership of powerlooms was gathering fearful momentum. The Conversion Scheme was thereupon given up in the Third Plan Period. In formulating the Fourth Plan, the recommendations of the Powerlooms Enquiry Committee were taken into account. 1,10,000 powerlooms were allotted to different States. This was a significant departure from the previous policy and development of the powerlooms came to be a part of the State Plan Schemes under the Village and Small Industries. While funds were specifically allotted for the development of the powerloom industry by the State Governments under the Fourth Plan of the States, it has now emerged that even the meagre provisions earmarked for this industry were not utilised and diverted to other areas. Also, the objective that Plan funds should be

used for development of powerloom in the cooperative Sector was not kept seriously in view. Against the Fourth Plan outlay of Rs. 7 crores, only Rs. 1.6 crores were spent in first three years. Further it is observed that the amounts spent on installing processing facilities or effecting technical improvements were negligible. The Task Force has the feeling that had the Plan allocations been fully used for the purpose for which they had been made, and rigid attitudes adopted against the development of unauthorised sector, the powerloom industry today would have been in a happier and healthier situation from all angles. . . The problems did not, however, engage serious attention of the State Governments, nor were efforts made to evolve alternative solutions."

1.23. Asked what were the reasons that inspite of the above observations of the Task Force on Powerlooms, hardly 50 per cent of the outlay for powerloom industry was utilised during the Fourth Plan, the representative of the Department of Textiles, stated in his evidence before the Committee:—

"It is purely a State plan scheme. This is part of the overall thing. In the Fourth Plan, it was open to the States, where powerlooms did not command the requisite priority, the States did not utilise it."

1.24. Asked about the amount utilised in the Fifth Plan period so far against the outlay of Rs. 3.25 crores, the representatives of the Department of Textiles stated:—

"The utilisation so far has been roughly Rs. 1 crore."

1.25. The Committee note that a sum of Rs. 17.03 crores was provided upto the end of the Fourth Five Year Plan for the development of Powerloom Industry, out of which only a sum of Rs. 7.26 crores was actually spent. The Committee regret that only a meagre amount was provided in all the Four Five Year Plans and Three Annual Plans for the development of powerloom industry and not even 50 per cent of that amount was actually spent. The Committee further note that this trend still continues as in the Fifth Plan period also; out of a sum of Rs. 3.5 crores provided, only a sum of Rs. 1 crore has been utilised so far. The Committee regret that while there is great need for the development of the powerloom industry on sound lines by providing adequate processing facilities and technical assistance etc., the meagre amounts provided were not even utilised for the purpose for which these were meant but were diverted to other items. The Committee cannot but reach the conclusion that the need for putting the powerloom industry on a sound footing by providing it adequate processing and other

facilities and technical assistance etc. was not realised with the result that the growth of the industry has been lopsided. The Committee hope that at least now the Government will ensure that the provisions made for the powerloom industry will be fully utilised and necessary facilities for the working of the industry provided. The Committee recommend that Government should in the first instance identify the facilities to be provided in order of importance and requirements and then formulate a time-bound programme for providing these facilities.

C—Report of the Powerloom Enquiry Committee

1.26. In January, 1963, Government appointed a Committee under the Chairmanship of Shri Asoka Mehta to enquire into the problems of Powerloom Industry. The terms of reference of the Committee were as follows:—

- (i) To examine the structure and growth of the powerloom industry with special reference to the types, holdings, ownership, appliances, supply of raw materials, sorts of fabrics produced, processing of fabrics, marketing, financing and other factors relating thereto.
- (ii) To examine the remunerativeness of the powerloom industry, taking into account the costs of production and efficiency of working and the conditions of workers.
- (iii) To consider the relative role to be played by the powerloom industry *vis-a-vis* that of the handloom and mill industry and to recommend targets of production.
- (iv) To account for the phenomenal growth of unauthorised powerlooms in the past and devise means to prevent future unauthorised expansion.
- (v) To examine the desirability for the conversion of handloom cooperatives into powerloom cooperatives.
- (vi) Making suggestions for the establishment of the powerloom industry on a stable footing within the field of operation which should be allotted to it.

1.27. The Committee submitted their report in May, 1964. The Committee made a number of recommendations for the development of the powerloom industry. Some of the important recommendations of the Committee were as follows:—

1. The growth of powerlooms in the recent years has been very rapid and phenomenal. Induced by certain extraneous features of which excise duty formed the most attractive even outsiders

stepped into the field solely to derive the benefits of excise exemption. A large number of powerlooms were thus set up in an unauthorised manner. A number of intermediaries and even textile mills induced the handloom weavers as also others not in the weaving profession to set up powerlooms in large numbers. They provided all the required financial and other measures of assistance as a purely business proposition..... There is no doubt, however, that the owners of the looms who acquired and installed them by straight or surreptitious means were prompted to do so in the hope of using them for a living. The social, economic, employment and other factors are very relevant in the consideration of the problem of unauthorised growth of powerlooms.

2. We consider that both these sectors (Handlooms and Powerlooms) should draw their yarn supplies from a common pool. A compartmentalisation would unduly restrict flexibility in supplies and manufacture. In the future set up, as envisaged by us, replacement of handlooms by powerlooms will assume considerable importance and it would not be proper, therefore, to earmark spinning mills exclusively either for the handlooms or the powerlooms.
3. It is desirable that powerloom owners should be enabled to market their cloth direct so as to derive the full benefit arising from the sale of processed cloth. Processing factories should, therefore, be established in the different centres of the country. These processing establishments may preferably be on the cooperative lines, but we do not rule out such facilities being provided by private entrepreneurs.
4. We consider that the spread of electricity to wider areas would inevitably lead to the substitution of manual processes by mechanised processes and this evolution has got to be recognised. We have, therefore, provided for mechanised pre-weaving facilities being organised and integrated with the set up of the powerlooms in different centres.
5. We recommend that the common service facilities should be capable of being utilised by handlooms and powerlooms both within and outside the cooperative fold. Wherever possible, such facilities should also be utilised by the art silk weaving sector.
6. We would lay considerable emphasis on the importance of adequate working finance for the proper functioning of the powerloom industry in the country. In the light of the important role which the decentralised sector will have to assume in

supplying the clothing needs of the country in future, all efforts should be made to ensure that the powerlooms obtain necessary finance at fair rates of interest. The State Finance Corporations, Government loans under the State Aid to Industries Act and Commercial banks, particularly the State Bank of India, may have to step in a big way to fill the gap. The resources of these financing institutions may have to be adequately augmented in order to make them take up these responsibilities.

7. We recommend the formation of cooperative marketing institutions for the powerlooms in the different centres.
8. The scheme sanctioned during the Second Plan period for the installation of powerlooms in the cooperative fold did not meet with full success not because the weavers did not take to the scheme with enthusiasm but mainly because of insufficient financial assistance provided for working capital, imposition of condition for allowing the powerloom in the handloom cooperatives in rural areas with population less than 30,000, absence of simultaneous arrangements for providing pre-weaving facilities and post-weaving facilities and post-weaving finishing arrangements. It is clear that the efficient working of the powerlooms does not depend merely on the powerlooms as such but on the ready availability of facilities for preparatory and finishing processes etc. which cannot be made available in all cases in rural areas. The gravitation of the looms to places near about the cities obviously followed the natural course in the prevailing circumstances.
9. As the apprehensions of weavers and State Governments were being overcome and the initial process of implementation of the scheme was gathering momentum in some of the States, the scheme was discontinued. Thus, even in those States where the potentiality for the conversion of handlooms into powerlooms was strong, the conversion schemes was abruptly terminated and as a result, a very useful measure of helping the lot of handloom weavers was denied to them. We recommend the revival of the scheme to benefit the handloom weavers in those societies which are located in the vicinity of main cities and towns where the required facilities are available.
10. It has been brought to our notice that several mills having modernised processing equipment, take over powerloom cloth and, after processing and stamping their own brand names, are able to market the same fabrics at prices more or less in comparison with the prices at which their own products are sold. This points to the need for the powerloom establishments to

organise modernised processing facilities and also modernised methods of publicity and sales so that the advantages which are now being derived by the mills could also be obtained by the powerlooms.

11. We consider that in order to provide technical guidance to the small scale factories in the matter of designing and fabrication of looms, suitable technical service guidance or assistance unit will be necessary. In this respect, the Textile Research Associations as also the Small Scale Service Institutes in the different parts of the country could play a very useful part. We have proposed that the entire responsibility for the development of decentralised sector of handlooms and powerlooms should be vested in the All India Handloom Board as reconstituted into a statutory body. This organisation should act as a coordinating authority, in the matter of ensuring that the necessary facilities are brought into existence in the different parts of the country for the supply of looms and loom parts to the decentralised sector.
12. We also recommend that the production of coloured sarees should be reserved exclusively for handlooms... We recommend that Government may take all the steps necessary to ensure that adequate facilities to obtain sized beams are provided within a period of three years for the weavers in Burhanpur, Malegaon and Jabalpur so that the powerlooms in these centres, whether in the cooperative field or outside, simultaneously could change over to the weaving of fabrics other than coloured sarees.

1.28. The Powerlooms Enquiry Committee had in all made 125 recommendations. Out of these 53 recommendations were in the nature of assessments/observations which were noted by Government. In respect of the remaining recommendations, Government announced their decision in the form of a Resolution published on 2nd June, 1966. The Resolution giving the decisions on the Report of the Powerlooms Enquiry Committee is given in Appendix II.

1.29. Asked if any comprehensive study has been made of the powerloom industry and its problems etc. after the submission of the report of the Powerloom Enquiry Committee, the Committee have been informed in a written note furnished by the Department of Textiles that:—

“A Working Group for handlooms and powerlooms set up by the Government of India in 1972 studied the problems of handlooms and powerlooms and submitted its report to Government in 1978.”

1.30. The Committee note that Government had appointed a Powerloom Enquiry Committee under the Chairmanship of Shri Asoka Mehta in January, 1963 to examine the various aspects and problems of powerloom industry and that Committee had submitted its report in May, 1964. The Committee further note that in its Report, that Committee had made a number of useful recommendations like supply of yarn, provision of pre-weaving and processing facilities, provision of working finance, marketing facilities, scheme for the conversion of handlooms into powerlooms etc. The Committee, however, regret to note that after more than twelve years of the submission of the report by the Powerloom Enquiry Committee, the powerloom industry is still facing the same problems like absence of provision of adequate finance, processing facilities, marketing arrangements etc. The Committee have no doubt that if the various recommendations made by the Powerloom Enquiry Committee had been implemented by the Government in letter and spirit, the powerloom industry in the country would have been in a much happier position and would have been functioning on sound lines.

1.31. The Committee note that after the submission of the report by the Powerloom Enquiry Committee in 1964, no comprehensive study of the role and functions of the Powerloom Industry has been made and only a Working Group on Handlooms and Powerlooms was appointed in 1972 which submitted its report in the same year. The Committee feel that in view of the important role that the powerloom industry has to play in meeting the clothing needs of the country and also the various problems being faced by the industry, it is necessary that a comprehensive study of the powerloom industry may be made at an early date.

D. Organisational set up to look after the Powerloom Industry

1.32. Powerloom Industry is being looked after, along with other sectors of the textile industry in the Ministry of Industry. Under the provisions of Cotton Textiles (Control) Order, 1948 and the Textiles (Production of Powerlooms) Control Order, 1956, installation of powerlooms, sale of powerlooms and essential spare parts, shifting of powerlooms etc. require written permission from the Textile Commissioner. The functions of the Textile Commissioner in relation to the Powerloom Industry cover general policy relating to the Powerloom Industry, dealing with cases of regularisation of unauthorised powerlooms and general problems faced by the industry with regard to its developments etc.

1.33. At the State level, where there are sizeable number of powerlooms, the State Governments have Powerloom Development Corporations. There are also Powerloom Cooperative Societies in certain States.

1.34. A number of non-official organisation connected with powerloom industry have in their memorandum submitted to the Committee, stressed

the need for setting up an all India body to look after the problems and development of powerloom industry.

1.35. A leading authority connected with the Small Scale Industry in the country has stated in his memorandum to the Committee:

“The present organisational set up at the Centre is thoroughly inadequate. As recommended by the Task Force on Powerlooms, in the office of the Textile Commissioner, there should be a separate Cell under a Director which should look after all the problems of the decentralised cotton powerloom industry. Further again, as recommended by the Task Force, there should be an All India Board for the powerloom industry, its members being drawn from the Central and State Governments, the Reserve Bank of India and some important nationalised banks, powerloom interests and the mill industry which supplies yarn to the sector. The Textile Commissioner should be the *ex-officio* Chairman of this Board.

1.36. A Federation of Cotton Powerlooms Associations has stated in a memorandum submitted to the Committee:—

“At the national level, Powerloom Development Board or the Corporation may be set up for the purpose of promotional activities for development of powerloom industry and its financing. The role of such an organisation should be similar to the role of National Cooperative Development Corporation which looks after cooperative marketing, supplies, storage and processing in the agricultural sector. Correspondingly, the state level organisations will have to be oriented with similar role wherever such organisations are already existing. Those States which have not set up such state-owned organisations, they will have to be prompted to do so. The efficacy of the national organisation will largely depend upon the nature and functioning of its counterparts at the state level.”

1.37. The Estimates Committee (1961-62) in their 163rd Report on Handloom and Powerloom Industries had recommended that “Considering the size of the industry, its production and its problems, the Committee feel that there is need for an All India Organisation for development of the powerloom industry. It could deal with the supply of suitable and adequate yarn to the powerloom weavers, training of personnel and procurement of improved equipment and above all could effectively encourage cooperative effort among them. The Committee suggest that the question of setting up a Powerloom Board on All-India basis may be examined.”

1.38. In their action taken reply submitted in December, 1962 Government had stated that “Government would like to wait for the report of

the Committee (Powerloom Enquiry Committee) referred to in above paras before considering the Estimate Committee's recommendation for the setting up of an All-India Powerloom Board."

1.39. The Powerloom Enquiry Committee (Asoka Mehta Committee) in their report submitted in May, 1964 had recommended that:—

"We consider that in order to make this transformation of handlooms to powerlooms take place effectively and in a meaningful and satisfying manner, this Central body (All India Handloom Board) should be made responsible for the implementation of the scheme of replacing the handlooms by powerlooms as recommended by us as also the task of ensuring that the handlooms and the existing powerloom maintain and improve their production. As bulk of the production would have to come out of the handlooms and powerlooms outside the cooperative fold, the functions of the Board will have to be suitably enlarged to ensure that the problems are properly ascertained and attended to. . . . Adequate number of accredited representatives of the powerloom industry should, therefore, be included in the Board and the Board itself should have separate standing Committee to deal with the day to day problems of powerlooms and handlooms."

1.40. The Working Group on Handlooms and Powerlooms in their Report submitted in December, 1972 had stated that:—

"We feel that the Textile Commissioner, as the Central Government's chief executive agency for implementing textile policies, should continue to look after the development, the growth and problems of the powerloom industry. A separate Cell may be created in this organisation for the purpose. Besides, an All India Board may be constituted for the Powerloom Industry with members drawn from Government, from the powerloom interests, from the states and also from the spinning mill interests, which supply yarn for the powerlooms."

1.41. The Task Force on Powerloom in their report submitted in 1972 had recommended that:—

"A suggestion has been made that, as the powerloom sector has now come to stay and been assigned a role in the cloth production, there is a strong need to have an all India body to coordinate the activities of the various agencies concerned with the development of the powerloom industry in the States, to organise research and training and to formulate, in consultation with the State Government etc., guidelines for schemes

for the development of powerloom industry....The recommendation of the Powerloom Enquiry Committee to have a joint Board for Handlooms and Powerlooms did not find favour with either sector. Considering all the aspects of the problems, we recommend that an All India Body may be constituted for the Powerloom Industry, its members being drawn from the Central and State Governments, the Reserve Bank of India and some important nationalised banks, powerloom interests and the mill industry which supply yarn to the sector, The Textile Commissioner should be *ex-officio* Chairman of the Board."

1.42. Asked if any decision regarding the setting up of an All India Powerloom Board to look after the powerloom industry has since been taken, the representative of the Department of Textiles stated in his evidence before the Committee:—

"Obviously no all India Board is needed to curb the growth of Powerlooms. Pure bureaucratic machinery should be good enough for it. If you want to promote and develop something you require an All India Board."

1.43. The Committee note that at present the powerloom industry is being looked after by the office of the Textile Commissioner and there is no separate All-India body to look after the interests of the powerloom industry. The Committee further note that as early as 1961-62 the Estimates Committee (Second Lok Sabha) had suggested that the question of setting up a Powerloom Board on all India basis might be examined. The Powerloom Enquiry Committee in their report submitted in 1964 had recommended that the All India Handloom Board should be made responsible for the implementation of the scheme of converting the handloom into powerlooms and also for ensuring that the handlooms and the existing powerlooms maintain and improve their production. Although the recommendation was accepted by Government, the proposal for a Joint Board, according to the report of the Task Force on Powerlooms, "did not find favour with either sector". Subsequently the Working Group on Handlooms and Powerlooms and the Task Force on Powerlooms recommended the setting up of a separate organisation for the powerloom industry. The representatives of the powerloom industry have also suggested the setting up of an all India body to look after the powerloom industry.

1.44. The Committee note that Government have not yet taken a decision about the setting up of an All-India body to look after the powerloom industry and they have yet to take a decision regarding the role of powerloom industry. Nevertheless, it appears, that powerloom industry

has come to stay in the country and is playing an important role in meeting the clothing needs of the masses. The Committee felt that there is a need to have an organisation to ensure the supply of requisite inputs like yarn, finance, processing facilities etc. to powerloom industry and also regulate its working on healthy lines. The Committee, therefore, recommend that Government should examine the desirability of setting up an All-India Powerloom Board consisting of, among others, representatives of powerloom industry, different Ministries/Departments concerned with the industry, Reserve Bank of India etc. This Board may perform the same functions in respect of the powerloom industry as are being performed by the All-India Handloom Board in respect of the handloom industry. In order to maintain coordination between the handloom and the powerloom industries and to avoid conflict of interests, the Committee suggest that the Chairman and Deputy Chairman of the All India Handloom Board may be nominated as member of the proposed All India Powerloom Board and vice-versa.

CHAPTER II

PRODUCTION OF POWERLOOM INDUSTRY

A. Provision of Credit Facilities

A number of non-official organisations connected with the powerloom industry have expressed difficulties regarding the availability of credit facilities to the powerlooms in the country.

2.2. An association of powerlooms in the country has stated in the memorandum submitted to the Committee:—

“The loan facilities given by Government to this industry is not sufficient. It is very meagre. Loans must be sanctioned to the powerlooms on the basis of production. Only if a minimum amount of Rs. 5000/- per powerloom is granted, it will be possible to run this industry efficiently, and it will enable this industry to produce more. This will in turn help the many lakhs of workers depending on this industry to lead a contented life. Further an additional loan of Rs. 5000/- must be given per loom for purchase of the machineries. This will help the industry to grow more rapidly.”

2.3. Another organisation of powerlooms has stated in the memorandum submitted to the Committee:—

“So far the financial assistance to powerloom industry is concerned, the nationalised banks and the cooperative banks are providing finances on hypothecation of the looms. The amount thus advanced is not sufficient to run the business. The procedure for borrowing should also be simplified. The loan granted by the bank is for a short period of one year. The repayment of amount should be spread over a period of 5 years in instalments of 20 per cent each year. The rate of interest should be 50 per cent less than that of normal lending rates.

The major hurdle in the smooth running of the industry is the lack of finance and this gives wide scope for the Master Weavers to step in.”

2.4. A Federation of Associations of Cotton Powerlooms has stated in the memorandum submitted to the Committee:—

“There are no Government schemes to assist powerlooms either for capital investment or for working capital etc. To reorganise

this sector, there is immediate need to formulate schemes of financial assistance by the Central and the State Governments."

2.5. Asked to state the steps taken to provide requisite finance and credit facilities to the Powerloom Industry and the amount actually provided during Fourth Plan and during 1974-75 and 1975-76, the Department of Textiles stated in a written note furnished to the Committee:—

"The Reserve Bank of India Scheme of Handloom Finance is already extended to the Powerloom Cooperatives. But the working capital is made available to them at $1\frac{1}{2}$ per cent above the bank rates as the powerloom cooperatives do not get 3 per cent subsidy on account of service charges of the cooperative Bank, which on the other hand is available to the handloom cooperatives. As regards credit limits available and the credit availed of, the information in respect of powerloom sector is not available. . . . For looms outside the cooperative sector, the requirements of finance are met through the agencies at State level such as Powerloom Development Corporations. The State Governments are also taking action to strengthen the share capital base of such organisations."

2.6. Asked about the credit facilities available to the powerloom units and steps taken to provide further credit facilities to these units, the Textile Commissioner stated in his evidence before the Committee:—

"At present there are two types of credit available. One is cooperative. If they form a cooperative, they can get credit under the Reserve Bank of India Scheme. They get Rs. 5,000/- and the rates are there. The other is that if an individual wants credit from the commercial bank, he can go to the commercial banks which will evaluate his requirements on the basis of any other small scale industry and find out what type of production he has, what is his requirement and sanction him the loan if he satisfies their criteria. In addition some of the States have now established Corporations like TEXCOM."

2.7. Asked about the rate of interest charged on the loans, the representative of the Deptt. of Textiles stated:—

"As far as Reserve Bank is concerned, the rate is same. As far as the borrowing cooperatives are concerned, in the case of handloom cooperatives there is an interest subsidy which some State Governments provide while it is not available to powerlooms."

2.8. Asked if Government have taken any steps to simplify the procedure for grant of loans by nationalised banks and the usual time-lag

between the receipt of applications and grant of loans and steps taken to reduce the time-lag, the Department of Textiles have stated in a written note submitted to the Committee:—

“According to information received from the Department of Banking, Ministry of Finance, banks have already introduced simplified application forms in regional languages in respect of advances to the weaker sections of the community. They also provide assistance to borrowers for filling in application forms. Adequate powers have been delegated to Branch Managers so that the major portion of the loan applications is sanctioned at the Branch level itself. Government have also issued instructions to Public Sector Banks to make a critical review of the existing delegation of powers so as to improve the scope of accelerating the present pace of disposal of loan applications.

No information is available as to the time-lag between the receipt of applications and grant of loans by nationalised banks. However, banks have recently been advised that applications for loans for amounts not exceeding Rs. 10,000/- should be disposed of within 3/4 weeks from the receipt of such applications.”

2.9. The Committee note that the powerloom weavers have been experiencing considerable difficulties in obtaining credit and loan facilities. The Committee note that while the handlooms cooperatives are able to get loans at a lower bank rate as the service charges of the cooperative banks are subsidised to the extent of 3 per cent, there is no such subsidy available for the powerloom cooperatives. In fact the powerloom cooperatives get the loans at a rate of 1½ per cent above the bank rate. The Committee are of the view that it is but appropriate that adequate loans for the powerloom cooperatives should be made available at rates which should be considerably lower than the normal bank rate.

2.10. Regarding the loans from nationalised banks, it has been represented that the amount of loans granted is too little, the period of payment is too short, the rate of interest charged is very high and the procedure for the grant of loans is very cumbersome. The Committee would like to point out that the purchase and operation of a powerloom require considerable amount of capital and if it is desired that the handloom weavers should take to powerlooms and operate them in increasing numbers, it is very necessary that they are provided sufficient finance at reasonable rates to carry on their business. The Committee feel that the absence of adequate credit at reasonable rates is one of the main reasons which has resulted in the operation of benami powerlooms and disposal of looms by

the actual powerloom weavers to rich investors and financiers and economic exploitation for master weavers. The Committee in a subsequent Chapter have emphasised the need for increase in the cooperative coverage of powerlooms. The Committee further recommend that as powerlooms are a small scale industry providing employment to lakhs of weavers and ensure them a minimum living wage, Government may impress upon nationalised banks the desirability of granting loans to powerloom sector at reasonable terms and also to simplify the procedure for grant of such loans.

2.11. The Committee further note that a number of State Governments have set up powerloom Corporations to help the growth of powerloom industry in these States. The Committee recommend that these Powerloom Corporations may either on their own or through the agency of other financial institutions, nationalised banks, regional rural banks etc., arrange to give loans of requisite amounts to genuine powerloom owners on reasonable terms.

B. Technical Assistance to the Powerloom Industry

2.12. Although 4 Weavers Service Centres and 2 Institutes of Handloom Technology have been set up for the handloom industry, no such Centres have been set up for the powerloom sector under the Central Schemes.

2.13. A number of organisations connected with the powerloom industry have emphasised the necessity for providing technical assistance and setting up of Design Centres etc. for the powerloom industry.

2.14. An association of manufacturers of cotton textiles have stated in a memorandum submitted to the Committee:—

“There is no technical assistance available for these cotton powerlooms. Particularly this industry has been adopting some unique pattern of hand-dyeing, hand bleaching, sizing, bobbling etc. Thanks to SITRA (the South India Textile Research Association) for their initiative in starting Powerloom Service Centres in Komarapalayam and Somanur, they are now giving a little service for these looms. Quality varieties could be supplied to the consumers if proper technical assistance in the maintenance and production is given.”

2.15. A Federation of Powerlooms has stated in a memorandum submitted to the Committee:—

“So far there is no arrangement for the Government to provide technical assistance etc. to the powerloom industry in the matter of material used, quality of finished goods and designs and

in the process of manufacture. Our Federation humbly suggests that this important work should be entrusted to the proposed All India Powerloom Board. This Board should open its branches in all the Weaving Centres having at least 5,000 powerlooms. The branches should consist of highly qualified technical persons for necessary guidance in maintaining quality etc."

2.16. A Federation of Associations of Cotton Powerlooms in India has stated in the memorandum submitted to the Committee:—

"Powerloom weavers are in need of institutionalised extension services for advice on the raw material they use, maintenance of quality of finished goods, designing, processing, marketing etc. So far, no beginning has been made in this direction. The process will have to be started for this purpose by establishing cooperative institutions."

2.17. Asked if any training programmes etc. have been taken up for the powerloom industry, the Department of Textiles have stated in a written note furnished to the Committee:—

"No training programme for powerloom weavers has been taken up. However, Government have decided to establish 4 technical service centres for the powerlooms with a view to provide powerloom weavers with improved technology in order to improve their productivity and earning capacity. 2 Centres are being established at Malegaon in Maharashtra and 24 Parganas in West Bengal while the remaining 2 centres will be established next year."

2.18. The Working Group on Handlooms and Powerlooms in their report submitted in December, 1972 had recommended that:—

"In so far as the powerlooms are concerned, the Powerloom Corporations should create Cells for Research and Development. The functions of this Cell should cover liaison with the technical and research institutions like BTRA, ATIRA, SITRA, SABMTRA, etc., and continuously study the changes brought about in the mill industry with a view to modifying and adopting them to the powerloom sector. Persistence with the traditional pattern of production comprising of gada, mulls etc. would lead to stagnation and accumulations. In this respect, we are gratified to note that the recently set up Maharashtra Powerloom Corporation has initiated product diversification.

It has taken to production of new sorts and also blended fabrics and has succeeded in making an impact on the market. We also understand that it has already elicited enquiries for export. These steps are in the right direction and we recommend that other State Powerloom Corporations should also follow the lead given by the Maharashtra Powerloom Corporation."

2.19. The Working Group on Handlooms and Powerlooms had also recommended that:—

"We also consider it proper to recommend to Government to widen the scope of the training available at the Institutes. Government should examine the feasibility of starting post diplomas courses in weaving, printing, dying etc. Research and development activities should be stepped up. We also suggest that powerloom weaving and its ancillary schemes may also be introduced."

2.20. Asked about the number of Powerloom Corporations who have set up Research and Development Cells, the Textile Commissioner stated in his evidence before the Committee:—

"Some States have combined Corporations. Not much work is done for research and development. We only know the experiment in Ichalkaranji where they are doing some work in this regard."

2.21. About the provision of technical facilities provided to the powerloom sector, the Textile Commissioner stated:—

"For the first time it was decided by Government to offer this special service centre facility for powerlooms also. Two such units, one in Maharashtra and the other in West Bengal are being set up. They are likely to start next year. These are run by Centre. These are evolved as part of Science and Technology Plan."

2.22. The Committee note that one of the handicaps suffered by the Powerloom Industry is the absence of any technical assistance or guidance by the Government, with the result that the Powerloom Industry is still engaged in the production of traditional items like mulls, gada, etc. The Committee regret to note that although the need for providing technical assistance to the powerloom industry had been emphasised by the Working Group on Handloom Industry and Powerloom Industry as early as in 1972, no steps have so far been taken in providing this technical assistance and even the Powerloom Corporations set up in the States have by and large not undertaken any research and development work for helping the

powerloom industry. The Committee fail to understand this apathy on the part of the Government to assist an industry which is meeting the clothing needs of a considerable section of people in the country. The Committee feel that in the present stage when fashions and designs are changing fast, no industry can survive long until and unless it adjusts itself to the changing fashions and designs and keep its production in line with the consumers' preference.

2.23. The Committee note that Government have at long last decided to set up four technical service centres for the powerloom industry and that two technical service centres are being set up for the industry at Malegaon in Maharashtra and in 24 Parganas in West Bengal; decision has yet to be taken about the location of the remaining two service centres. The Committee feel that these research centres should have close links with other technical and research institutions so as to provide the latest in textile technology which is relevant to the powerloom sector. There should be an in-built arrangement in the centre for extension work so that their performance will be adjudged by the extent and value of the service that they render to the powerloom industry. In particular, the centres may devote themselves to providing attractive designs including blends of additional and man-made yarns so as to increase the unit value and marketability of the products. The Centres may also take a lead in evolving and establishing on the ground any facilities for dying, processing, finishing etc. which would help the powerloom sector to improve the quality and marketability of their products.

C. Working of Marathwada Development Corporation Ltd.

2.24. The main object of the Marathwada Development Corporation Limited, Aurangabad is to promote, encourage and assist orderly establishment, growth and development of industries and industrialisation in Marathwada region. In order to implement the Integrated Powerloom Project, the Marathwada Development Corporation has promoted an Associate Company viz., Textile Corporation of Marathwada Limited (TEXCOM). The salient features of the Integrated Powerloom Project as conceived and promoted by the Marathwada Development Corporation are as follows:—

“The Integrated Powerloom Project consists of two parts viz., the large scale sector and the small scale sector. In the large scale sector, there is a pre-weaving unit and processing unit which is owned and managed wholly by TEXCOM. The small scale sector comprises of 48 powerloom industrial co-operative societies spread over 9 different locations in the Marathwada region consisting of 48 powerlooms in each society. The total number of powerlooms amounting to

2304 are installed in 24 sheds, each shed consisting of 2 societies, Texcom is providing raw material in the shape of sized yarn beams to these societies and, in turn, is taking grey cloth from these societies and markets it after processing. Texcom is paying the weaving charges for the woven cloth to these societies.

The next specialisation of this project is that the residential quarters are specially constructed first by the side of the powerloom sheds and these quarters are provided to the weaver members of these societies for the sake of convenience. To implement this project, these societies have raised loans for their capital investment from various financial institutions and nationalised banks for which Marathwada Development Corporation has stood as a guaranter. The total capital investment of these societies is estimated to be to the extent of Rs. 297 lakhs.

The set up of and the progress achieved by these societies is shown in brief as under:—

Sl. No.	Name of the location	No. of Societies	No. of Members	No. of looms	Production during financial year 1975-76:	Progressive total production till 31-8-76.
					(in Lakhs of metres)	
1.	Nanded .	8	192	384	46.16	182.66
2.	Basmath	8	192	384	34.91	142.36
3.	Jalna .	8	192	384	32.48	127.18
4.	Latur	8	192	384	31.39	85.66
5.	Manwat . . .	4	96	192	18.82	64.17
6.	Aurangabad .	4	96	192	16.84	44.07
7.	Bhir . . .	4	96	192	13.72	38.26
8.	Badwani . . .	2	48	96	4.80	14.16
9.	Parli . . .	2	48	96	9.91	22.14
TOTAL . . .		48	1,152	2,304	209.03	720.60

Out of the above 48 powerloom societies, 20 powerloom societies at Nanded, Basmath and Manwat have recently during the calendar year 1976 secured working capital loan @ Rs. 2.40 lakhs each from their respective District Central Cooperative Banks Limited and have already

started working with Texcom on purchase-sale basis. The 4 societies at Aurangabad have also secured working capital loan from Bombay Mercantile Co-op. Bank Limited, Aurangabad and at present are similarly working with Texcom on purchase-sale basis. In the meantime, due to certain difficulties of Texcom, mostly in respect of their sizing capacity, these 4 societies at Aurangabad had to work with Maharashtra State Powerlooms Corporation Ltd., Bombay on purchase-sale basis for about 6 months. Owing to similar difficulties of Texcom, the 8 societies at Jalna location are at present working with M/s. Supreme Textiles Pvt. Ltd. Bombay. The remaining 16 societies at Latur, Bhir, Wadwani and Parli locations have continued to work with Texcom right from inception on job-work basis. Efforts are in progress to obtain working capital loan for these societies from various banks to enable them to work with Texcom on purchase-sale basis like-wise the societies at Nanded, Pasmal, Manwat and Aurangabad location.

The average take-home earning of a weaver member of this project during the period from July 75 to July 76 is given as under:—

1. Nanded .	Rs. 208/-	Per month per shift for 2 looms.
2. Basmath	Rs. 150/-	Do.
3. Jalna	Rs. 136/-	Do.
4. Latur	Rs. 138/-	Do.
5. Manwat	Rs. 161/-	Do.
6. Aurangabad	Rs. 107/-	Do.
7. Bhir	Rs. 123/-	Do.
8. Wadwani	Rs. 84/-	Do.
9. Parli	Rs. 148/-	Do.

2.25. Asked if Government have made any study of the working of the Textile Corporation of Marathwada Ltd., the Textile Commissioner stated in his evidence before the Committee:—

“They have organised themselves in a very nice way, which is the correct way. They first started with 3 spinning mills. The powerlooms are in sheds. Each shed has got 96 powerlooms. They have put up a combined processing house with the result they have tied down everything, right from raw material to the finishing. They provide them the yarn, beams etc.”

2.26. Asked if the Corporation is able to meet the entire requirements of yarn out of their own spinning mills, the Textile Commissioner replied:—

“When there are seasonal requirements, they go on supplementing it. If a particular variety of yarn which they require is not produced by them, they get it from the open market.”

2.27. The Textile Commissioner further stated:—

“I had discussion with TEXCOM a number of times. . . . It is also in the Cooperative sector. Each individual owns less number of looms. They have put up processing house. They process 2.5 lakh metres every day. There was the Russian delegation with us and we prevailed upon them to buy good quality cloth from TEXCOM. They entered into a contract of Rs. 2.5 crores with TEXCOM. This sort of experiment is going on there.”

2.28. Asked if this experiment has been tried in any other State also either in the Handloom or Powerloom Sectors and if efforts have been made to extend the commendable features of the scheme in other States, the Department of Textiles have stated in a written note submitted to the Committee:—

“This is purely a State project and different States have different schemes depending upon local conditions. The Government of India have not so far made any special efforts to extend any particular State scheme in other States in the powerloom sector. In the handloom sector, however, a positive attempt has been made to revitalise the industry. The general question of a policy approach for powerlooms in the perspective of evolving a set of coordinated policies for the cotton mill, handloom and powerloom sectors is under consideration of the Government.”

2.29. The Committee note that the Marathwada Development Corporation has taken up the implementation of integrated powerloom project and for the implementation of the project, the Corporation has promoted an associated company namely, Textile Corporation of Marathwada Ltd. The Committee are glad to note that this Corporation has managed the functioning of the powerlooms in such a way that all facilities right from the production of yarn to the processing, finishing and marketing have been provided by the Corporation, with the result that not only powerlooms under the Corporation have been able to operate in an economical way and market all of its products but have even been able to export considerable quantity of its products. The Committee are impressed by the integrated approach which takes care not only of inputs by running its own

spinning mills, but also of arranging the necessary capital for the powerloom cooperative societies and taking care of the marketing problems.

2.30. The Committee note that though the average take-home earning of a weaver has been varying from society to society, in the case of Nanded it has reached an impressive figure of Rs. 209 per month per shift for two looms. The Committee feel that these are some of the important features which merit closer study by the Central Government not only with a view to extend a helping hand, but also to evolve a model set-up which can be commended to other State authorities for emulation and implementation. The Committee would like to be informed in some detail of the action taken in pursuance of this recommendation.

D. Use of synthetic yarn and production of ready made garments.

2.31. It has been represented to the Committee that the productivity of the powerloom industry in the country can be considerably increased by the use of synthetic yarn and the production of ready-made garments.

2.32. A Federation of Associations of Powerlooms in the country has started in the memorandum submitted to the Committee:—

“The decentralised sector consisting of handloom and powerloom industries have tremendous scope to use synthetic yarn. Anticipating this potential, the Government of India have already taken steps to instal in the cooperative sector a complex at Baroda to produce polyester filament yarn to be distributed exclusively in the community of small and scattered weavers operating in the decentralised textile sector. . . . There is good scope for production of ready-made garments that could be acceptable to the common people in the powerloom industry. If systematic efforts are made in this direction, it would go a long way in stabilising production of cloth in the powerloom sector.”

2.33. A witness connected with the powerloom industry stated in his evidence before the Committee:—

“The powerlooms can efficiently use synthetic yarn. For all the fine varieties that are being manufactured at Bhiwandi and other places they have a very good market; it is Rs. 40/- per yard. So, these fine varieties are being manufactured by powerlooms with synthetic yarn and there is, therefore a very good scope for consumption of synthetic yarn by the powerloom sector. . . . So the powerlooms can also use synthetic yarn and cotton yarn for production of cloth from which

garments can be made and marketed without any increase in the price because there are some additional responsibilities which have to be borne by the composite mills whereas the powerloom sector has some facilities; as the powerlooms are located in small suburban areas where the rates of wages are not so high, they have some slight advantages."

2.34. The Working Group on Handlooms and Powerlooms in their report submitted in December, 1972 had recommended that:—

"We would also suggest that the powerlooms which are technically more advanced should gradually switch over to the production of blended fabrics and leave the field of cotton more and more to the handlooms. Blended yarn require higher technological developments and therefore, the powerlooms are better fitted comparatively to take to these blends. Also the production of blended fabrics would give higher returns to the powerlooms and this should be another attraction for them to switch on to these lines. The severe strains that are at present placed on the limited supply of cotton yarn would also be eased to a certain extent. We understand that the Maharashtra State Powerloom Corporation has already made arrangements with a producer of polyster yarn in the country to supply the needs of the powerlooms in the State for such blended yarn of cotton and polyster. We feel that this is a step in the right direction and needs encouragement from all concerned and powerlooms in other areas too, need to be induced to take similar course of action."

2.35. Asked about the production of blended fabrics by the powerlooms, the representative of the Department of Textiles stated in his evidence before the Committee:—

"There are 1036 looms in the art silk side which are producing synthetic fabrics and even cotton looms produce them. So this is already done.....they keep on shifting according to local requirements. Powerlooms have got flexibility and they produce whatever they think will give greater benefits."

2.36. Regarding the production of ready-made garments by the powerloom sector both for domestic consumption as well as exports, the Textile Commissioner stated in his evidence before the Committee:—

"The powerlooms cloth is used for ready-made garments..... As far as exports are concerned, the foreign country regards it as one. They do not distinguish between powerloom and

mill-made cloth. It is one technology. Once the cloth is manufactured it is mostly converted into garments for use."

2.37. The Committee note that at present the Powerloom Industry is producing very little quantity of cloth with synthetic yarn. The Committee feel that as the modern trend in the market is towards the use of cloth with synthetic yarn and mixed blends, there is a great potential for the production of cloth with synthetic yarn and mixed blends in the powerloom sector.

2.38. The Committee have elsewhere in this report recommended that the service centres should in particular help the powerloom industry in taking to manufacture of cloth based on blended yarn that is, traditional yarn with man-made yarn. The Committee have no doubt that Government would ensure that the requisite yarns are made available to the powerlooms in the requisite quantity on an assured basis particularly when the Indian Petro-Chemical Ltd. plant for production of synthetic material is going on stream.

CHAPTER II

PROBLEMS OF POWERLOOM INDUSTRY

A. Growth of unauthorised powerlooms

According to the Textile Control Order, every powerloom owner is required to obtain a permit from the Textile Commissioner for acquisition or installation of powerlooms. However it has been admitted by Government that inspite of the above regulatory measures, and Government having regularised the unauthorised powerlooms in 1955 and 1966, it has been reported that unauthorised powerlooms are still coming up without permit from the Textile Commissioner.

3.2. A number of non-officials as well as a number of Committees and Working Groups appointed by Government have emphasised the need for preventing the growth of unauthorised powerlooms in the country.

3.3. A witness connected with the powerloom industry stated in his evidence before the Committee:—

“I think the Government should be very strict and prosecute the person who instals a loom unauthorisedly. Now they have regularised more than 20,000 looms in Bhiwandi by charging Rs. 400/- as fine. But within a month or so, new looms will come up. The powerloom manufacturers do not sell the looms, because for that a licence is required. People purchase parts and put up the looms....Government must be very strict about this.”

3.4. A witness connected with the handloom industry stated in his evidence before the Committee:—

“If the Government wanted to legalise these powerlooms, they could have done it long ago. Previously, also there was a strong view—when Ashoka Mehta Committee Report was published—about legalisation. There were about 60,000 powerlooms which were illegally functioning. When the Government wanted to legalise them, then the number had gone upto one lakh. Therefore, if you start legalising them, its number will multiply. If there are about one lakh powerlooms now, then it might rise to 3 or 4 lakhs overnight in case they are to be legalised.”

3.5. In their 163rd Report, the Estimates Committee (1961-62) had observed that:—

"The Committee are not satisfied with the way in which the matter of growth of unauthorised powerlooms has been handled all these years. They draw attention to the fact that under the Cotton Textile Control Order (1948) acquisition and installation of powerlooms was not permissible except with the written permission of the Textile Commissioner and that under the Textile (Production of Powerlooms) Control Orders, 1956, sale or disposal of any powerloom for providing cloth from woollen or art silk yarn required the written permission of the Textile Commissioner. It is obvious that the authorities have been lax in enforcing the control orders with the result that unauthorised powerlooms grew unchecked in numbers till they came to pose a serious problem to the industry."

3.6. In their action taken reply furnished to the Committee in December, 1962, the then Ministry of Commerce and Industry stated:—

"Suitable measures are now being taken to check any further growth of unauthorised powerlooms in the country. The excise rules have recently been amended to the effect that no excise licences would be issued unless the owners of the powerlooms have obtained written installation permission from the Textile Commissioner. The State Governments have also been requested not to grant electrical connections to unauthorised powerlooms. It is expected that these measures would prevent any further substantial growth of the unauthorised powerlooms. Whenever cases of contravention are noted, suitable action in accordance with the law will be taken."

3.7. The Powerloom Enquiry Committee in their report submitted in 1964 had observed that:—

"We recognise that in relation to particular local markets and individual items of production, too fast or haphazard growth of powerlooms may upset the position of balance achieved between the two sections of the industry. In such cases the process of transition has to be eased by judicious regulation of the pace and pattern of growth of powerlooms. For another important reason also viz., the availability of yarn, watch will have to be kept over the rate of growth of powerloom industry. We recommend that the installation of looms on cotton or art silk without any registration by the Textile

Commissioner should be entirely at the risk of the parties who instal the looms and Government should publicise that in the event of looms being installed, no Government assistance by way of ensuring supply of yarn etc. should be expected."

3.8. The Working Group on Handlooms and Powerlooms in their report submitted in December, 1972 had stated:—

"Even though a permit is required to be obtained from the Textile Commissioner before starting a powerloom, large number of powerlooms have come up in unauthorised fashion. It is whispered in certain quarters that sometimes such unauthorised growth is with the connivance of the State Government also. On more than one occasion in the past, the unauthorised powerlooms have been regularised and yet after sometime it is discovered that more unauthorised looms have come up. The impression seems to have gone round that once unauthorised looms are put up, Government are bound to regularise them at one time or the other, as has been done in the past. We feel that this impression ought to be mercilessly eradicated. Growth of powerlooms sector henceforth must be allowed only to the extent that a role is assigned to it in the country's plans. Targets for production of cloth in the powerloom sector have been separately suggested. The number of powerlooms in the country should be limited strictly to these targets so that the spectacle of too many looms chasing limited supplies of yarn may be ended. We would suggest the following measures for ending this menace:—

- (a) The law should provide for the prosecution of the person running unauthorised powerloom. In addition, the law should also authorise the prescribed authorities to force the closure of such unauthorised looms and to sell them and ultimately to confiscate them.
- (b) Unauthorised powerlooms should not be regularised.
- (c) Power connections should not be sanctioned to unauthorised powerlooms.
- (d) Wherever unauthorised powerlooms are known to be functioning, State Governments should consider cutting off power supply to them.
- (e) Finance and money supply to unauthorised powerlooms should not be available from banks and financial institutions.

- (f) These unauthorised powerlooms should not be registered for the purpose of Central Excise.
- (g) Manufacturers of looms should be prohibited from selling looms to persons who do not hold permits for working powerlooms. Similarly mills should not be permitted to sell discarded looms to such persons.
- (h) No facility or encouragement of any kind, supply of concessional yarn or of other facilities should be made available to unauthorised powerlooms by the State authorities.
- (i) All authorised powerlooms may be stamped with a number and lists of such looms may be kept in registers. This would help in identifying unauthorised looms."

3.9. The Task Force on Powerlooms in their report submitted in 1972 had stated that:—

"The problem of unauthorised powerlooms has to be faced squarely. Once a decision has been taken in the matter, strict measures would be taken to prevent the installation of unauthorised looms. The steps necessary to achieve this objective might be on the following lines:—

- (a) Grant of L-4 Licenses should be confined to units holding permits issued by the Textile Commissioner.
- (b) Power connections should be given only to units authorised by the Textile Commissioner.
- (c) Strict enforcement of the provision that mills should sell the old looms or machinery manufacturers should sell looms, loom parts only to authorised and registered dealers, who should maintain full records of their further disposal.
- (d) Prosecution of the offenders and confiscation of the unauthorised powerlooms.

"We were told that there are technical and legal difficulties in enforcing some of the suggestions made above, in view of the fact that installation of unauthorised looms was a contravention of the Cotton Textile Control Order only, and might not infringe Central Excise or Electricity regulations. We recommend that Government should get the position examined from all angles, and if necessary, take recourse to fresh legislation

to overcome the difficulties in strictly enforcing the recommendations made above."

3.10. Asked to state the number of unauthorised powerlooms working in each State, the Department of Textiles have stated in a written note furnished to the Committee in November, 1976:—

"No reliable information is available."

3.11. In his evidence before the Committee in November, 1977, the Textile Commissioner stated:—

"No survey has been carried out to check up unauthorised powerlooms. But we have been able to gather some information by talking to the various powerlooms associations that exist in different States. Secondly, on the basis of licence called L-4 which is issued by the Central Excise authorities, the figure is unauthorised 60,000 and authorised 2.11 lakhs. We have 1.36 lakhs Art Silk powerlooms. There again our estimate is about 40,000 powerlooms are unauthorised."

3.12. Asked about the policy of Government towards these unauthorised powerlooms and action taken or proposed to be taken to ensure that there is no further growth of such unauthorised powerlooms, the Department of Textiles stated in a note furnished to the Committee in November, 1976:—

"Government policy is to prevent the unauthorised growth of the powerloom sector. Towards this objective, certain measures have been taken in the recent past. Government are considering what further measures are required to prevent the growth of unauthorised powerlooms in future."

3.13. The representative of the Department of Textiles stated before the Committee in December, 1976: —

"Government is seized of the problem and very soon we hope to come out with an overall policy with regard to the whole question of powerloom development. But we understand the situation. Since we have taken a certain position with regard to the handloom sector, Government would certainly not be willing to have an unrestricted growth of powerlooms. It will have to be a well regulated development coupled with some pre-loom and post-loom facilities."

3.14. Asked about the effectiveness of the measures taken to prevent the growth of unauthorised powerlooms and further action necessary in

this regard, the Ministry of Industry have stated in a written reply furnished to the Committee in December, 1977 that:—

“Provision exist in clauses 12(6), 12(7)A, 12(7)AA and clause 12C of the Cotton Textiles (Control) Order, 1948 and in clause 6 of the Textiles (Production by Powerlooms) Control Order, 1956 to prevent growth of unauthorised powerlooms. Acquisition/installation of powerlooms without obtaining the permission from the Textile Commissioner contravenes the relevant provisions of the Control Orders mentioned above, and such contravention attracts punishment under Section 7 of the Essential Commodities Act, 1955. Necessary powers have been delegated to the State Governments who have been requested to take action where violations of the Control Orders are noticed.”

It has been further stated in the written note that:—

“Experience has shown that it is not so much the lacunae in the law which have failed to check the growth of unauthorised powerlooms. It is mainly the difficulties experienced in strict enforcement. For effective prevention of the growth of unauthorised powerlooms involvement of State Governments and Central Excise authorities to a greater extent in the implementation of the Control Order is necessary as these authorities have the field officers to detect unauthorised powerlooms. To some extent, the co-operation of the authorities sanctioning electric power could also be sought to ensure that in the case of powerlooms power connection is given up for setting up authorised looms, that the power connection given for any other purpose is not utilised for running unauthorised looms. This purpose could be achieved by periodic inspection of the consumers' premises and by taking preventive action by withdrawing power and/or other measures under the Electricity Act where misuse is noticed.”

3.15. Asked to state the total production and licenced capacity of the authorised powerlooms in the country and the estimated production of the unauthorised powerlooms, the Ministry have stated in their written reply:—

“Based on the free yarn delivered by cotton mills, the production of cotton and blended fabrics in the cotton powerloom sector is estimated at 1800 million metres per annum. It is not possible to estimate how much out of the above 1800 million metres is being produced by the unauthorised powerlooms.

The total number of authorised Cotton looms is 2.11 lakhs and the total number of authorised non-cotton looms is 1.36 lakhs. The production capacity in the cotton sector is of the order of 2850 million metres per annum at the rate of 45 metres per loom per day for 300 days working in a year."

3.16. The Committee note that every powerloom owner is required to obtain a permit from the Textile Commissioner for acquisition or installation of a powerloom. It is, however, surprising that in spite of these regulatory measures, a large number of unauthorised powerlooms have come up in the country. Although the Government had regularised unauthorised powerlooms twice i.e. in 1955 and 1966, the unauthorised powerlooms still continue to come up and their number is estimated to be 60,000 in cotton powerloom sector against 2.11 lakhs authorised looms and 40,000 in non-cotton sector against 1.36 lakh authorised looms.

3.17. The Committee regret to note that although the Estimates Committee had as early as in 1962, expressed their concern at the unchecked growth of unauthorised powerlooms in the country and commented upon the laxity in enforcing Central Orders and Government in their action taken reply had stated that suitable action was being taken to check any further growth of the unauthorised powerlooms, the problem has not yet been solved and the malady of unauthorised powerlooms continues to exist. Subsequently in 1964, the Powerlooms Enquiry Committee (Ashoka Mehta Committee) had again stressed the need for checking these unauthorised powerlooms and cautioned against the haphazard growth of powerlooms. Again, although in 1972, both the Working Group on Handlooms and Powerlooms as well as the Task Force on Powerlooms had recommended strong measures against these unauthorised powerlooms including the prosecution of the owner and the confiscation of such powerlooms, these unauthorised looms still continue to operate in the country. It seems that an impression has gone round that once the powerlooms are set up, Government will ultimately regularise them. The regularisation on two occasions in the past, have further confirmed this impression. Although Government policy is stated to be to prevent the unauthorised growth of powerloom sector, no effective measures in this regard seem to have been taken so far. The Committee are convinced that if the authorities are strict and keen in preventing the evil of unauthorised powerlooms in the country, they can do so effectively because operation of the powerlooms require electricity connections from the local authorities, finance from banks and permits for the purchase of these powerlooms etc.

3.18. The Committee express their serious concern at this state of affairs where on the one hand no fresh permits are being granted for the installation of powerlooms even to the existing handloom weavers on the ground

that the present capacity of the powerloom industry is considered adequate to meet the plan targets and on the other hand, growth of powerlooms in an unauthorised manner is going on unchecked. As the products of these unauthorised powerlooms cannot evidently carry any permit number, it is comparatively easier for these powerlooms to violate the reservation orders for handloom industry thereby affecting adversely the interest of handloom weavers. The Committee are unhappy at the regularisation of unauthorised powerlooms in the past as instead of preventing the growth of this evil, it has given inducement to breakers of law and provided encouragement to the perpetuation of this malpractice. The Committee would like Government to deal with this problem effectively.

3.19. The Committee feel that it is not so much the lacunae in the law but laxity in enforcement that is responsible for the growth of unauthorised powerlooms. They note that at present the powers to check the growth of unauthorised powerlooms have been delegated to the State Governments. They would like the Central Government to impress upon the State Governments and other State agencies the need to activate their enforcement machineries to keep a constant vigil on the powerlooms and take all measures recommended by the Working Group on Handlooms and Powerlooms (1972), like prosecution, cutting of power connections etc., to check the growth of unauthorised powerlooms. The Committee feel that by more active involvement of State agencies, excise authorities and the staff of the State Electricity Boards, it should be possible to check the spread of unauthorised powerlooms.

3.20. The Committee further recommend that the staff of the Office of the Textile Commissioner should also pay surprise visits to the powerloom clusters in the country and conduct surprise checks to detect unauthorised powerlooms and bring these cases to the notice of appropriate authorities for necessary action. Moreover, Government should widely publicise their policy regarding unauthorised powerlooms so that unscrupulous elements in the country may not be encouraged to instal powerlooms in an unauthorised manner in the hope that these would be regularised subsequently.

B. Reservations for Powerloom Industry

3.21. It has been represented to the Committee by a number of organisations representing the powerloom industry that certain items of production might be reserved for production by the powerloom industry.

3.22. An individual connected with the powerloom industry has suggested in his memorandum submitted to the Committee:—

“I beg to suggest that on lines with the Handloom Industry, there should be some reservations of field for powerloom industry.

This reservation will protect the powerloom industry from the competition of the organised composite textile industry."

3.23. A federation of Associations of Cotton Powerlooms in the country has stated in the memorandum:—

"Majority of the powerloom weavers are small in size and scattered in their operations. From this Point, any efforts to reduce their competition with the composite mills would be a welcome development. Therefore, reservations for production of certain categories of cloth for powerloom industry should be an acceptable move to the powerloom weavers."

3.24. An organisation of powerlooms has stated in the memorandum submitted to the Committee:—

"We appreciate the idea of reservation of certain varieties for a particular sector. It is definitely very helpful in the development of the industry. . . . It is also necessary to make some reservations for the powerloom sector. The Western Uttar Pradesh powerloom industry is engaged in the manufacture of cheap and lighter varieties of shirting cloth, khadi, dosuti, dedseti, canvas and duck. All the varieties are woven with the coarser varieties of cotton yarn. It is suggested that upto the count 17NF Khadi, dedsuti, dosuti and upto the 16OZ per sq. yard shirting cloth, canvas and duck should be reserved only for the powerloom sector."

3.25. Asked if Government have considered the desirability of reserving the production of certain items of production for the powerloom sector, the representative of the Department of Textiles stated in evidence before the Committee:—

"Government has considered this and no such reservation has been made."

3.26. The Textile Commissioner stated:—

"As has been mentioned, there is no reservation contemplated because basically cloth produced is grey."

3.27. The Committee note that at present there are no reservations for the powerloom industry. It has been represented to the Committee by a number of organisations representing the powerloom industry that some items of production should be reserved for the powerloom sector so that this industry may be saved from the competition of the organised mill sector. There are a number of items which are being produced by the powerloom industry and are not being produced by the handloom industry and hence the reservation of these items will in no way harm the interest of the hand-

loom industry. Moreover, as reservation of these items for the powerloom industry will offer sufficient scope to the powerloom industry to concentrate on the production of these items they may not be tempted to produce the items reserved for the handloom industry in an unauthorised manner. The Committee, therefore, recommend that the Government may examine the desirability of reserving certain items of production like Khaki drill, Dasuti, Mulls etc. for the powerloom industry.

C. Processing Facilities

3.28. It has been represented by the powerloom industry that the powerloom weavers are experiencing a lot of difficulties because of absence of adequate processing facilities.

3.29. It has been stated by a federation of Associations of Cotton Powerlooms in a memorandum submitted to the Committee:—

“There are no institutional arrangements to take up processing facilities at different powerloom centres. At the same time majority of the State Government have not taken up any policy decision to positively help the powerloom industry for taking up installation of such facilities either in the cooperative sector or in the public sector. Since majority of the powerloom weavers are economically weak, they would need concessional finance and other expertise to develop processing facilities and such other services they need to improve their economic lot.”

3.30. It has been suggested by an Organisation of Handloom and Powerloom Weavers in their memorandum submitted to the Committee:—

“The weavers cooperative societies with the help of nationalised banks and cooperative banks should instal processing plants (calendering, printing, bleaching, folding, etc.,) to promote sales and ensure fair profits to the weavers.”

3.31. The Powerloom Enquiry Committee (Ashoka Mehta Committee) in their report submitted in May, 1964 had recommended as follows:—

“It has been brought to our notice that several mills having modernised processing equipment take over powerloom cloth and after processing and stamping their own brand names, are able to market the same fabrics at prices more or less in comparison with the prices at which their own products are sold. This points to the need for the powerloom establishments to organise modernised processing facilities and also organised methods of publicity and sales so that the advantages that are now being derived by the mills could also be obtained by the powerlooms.”

3.32. The Task Force on Powerlooms in their report submitted in 1972 had stated that:—

“It is often stressed that the non-availability of upto date processing areas had adversely affected a healthy growth of the powerloom sector. It has been affirmed that the disposal of powerloom cloth by the weavers in grey state has effectively prevented them from obtaining a proper price for the cloth turned up by them for sale. It was brought to our notice that in Bhiwandi, Malegaon and other places where clusters of powerlooms exist, the financiers and middlemen were able to beat down the owner-weavers on grey cloth prices. They command control in the processing houses, and the grey cloth brought by the master weaver obtained priority in processing. . . . The State Governments should be asked to set up a few multipurpose processing houses in areas where powerlooms are clustered. Technicians and specialists of the highest calibre should be involved and the technical officers of the Textile Commissioners’ Organisation should be associated with the projects while determining their feasibility, economic viability, location and machinery to be purchased etc. A constant watch should be kept on the functioning of such processing houses and the functions entrusted and discharged by them. When difficulties arise, corrective measures must be taken in time.”

3.33. The Working Group on Handlooms and Powerlooms in their report submitted in December, 1972 had recommended that:—

“During our visits and discussions, it was brought to our notice that absence of processing facilities is a great handicap for the handlooms and powerlooms. Master weavers being business people, do not provide any facility. They get the cloth at grey stage at distress prices and send the cloth to Bombay and other cities for processing and marketing. The benefit of higher realisation for processed cloth is thus not passed on even partially, to the primary producers.”

3.34. After examining the working of powerloom sector, the Ashoka Mehta Committee had made the following suggestions for the setting up of the processing facilities:—

“A pattern for the growth for the powerloom industry which seems to be feasible would be based on cluster of about 300 looms each fed by yarn from a mill, sizing facilities provided by a cooperatively owned sizing unit, finance being provided by either existing banking institutions or special Powerloom Corporations;

processing establishments again preferably cooperatively owned; and marketing arrangements which do not operate to the detriment of the powerloom weavers. We fully subscribe to the above view.... These facilities should be available to all weavers inside and outside the cooperative fold at a nominal fee to be charged the fee being lower for weavers in the co-operative fold."

3.35. Asked about the steps taken by Government on the recommendations of the Task Force on Powerlooms regarding the setting up of multi-purpose processing houses, the Textile Commissioner stated in his evidence before the Committee:—

"This was headed by the Textile Commissioner. Recommendations were made to the Government. These were not submitted to the State Governments in the sense that the Task Force's recommendations as such have not been accepted. But in our discussion we persuade State Governments how to go about it."

3.36. Asked if Government have made any assessment of the working of the cooperative processing houses established at Ichalkaranji and what assistance is being provided to the powerloom weavers to set up similar cooperative processing houses, the Textile Commissioner stated:—

"Marathwada experience is Government sponsored scheme. Texcom takes care of the basic work which is in the cooperative sector, that is, spinning mills and the looms are in the cooperative sector. But as soon as processing comes in, it comes in the corporate sector, public sector. Ichalkaranji is a cooperative effort. There are spinning mills. Weavers have got cooperative societies. There are processing houses. This is a cooperative effort."

3.37. The Committee note that one of the handicaps suffered by the powerloom weavers is lack of processing facilities, with the result that most of the weavers are compelled to sell their cloth in grey form to the mills or master weavers, who after processing, sell the cloth at high prices. Powerloom weavers are thus not able to get economic prices for their products. The Committee feel that until and unless measures are taken to provide adequate and modern processing facilities to the powerloom weavers, it would not be possible to improve the lot of the powerloom weavers to any appreciable extent. The Committee note that although the Powerloom Enquiry Committee (Asoka Mehta Committee) in their report

submitted in 1964 had stressed the need for organising modernised processing facilities for powerloom weavers and Task Force on Powerlooms in their report submitted in 1972 had also stressed the need for the State Governments to set up multi-purpose processing houses in areas where powerlooms were clustered, no concrete measures have so far been taken by Government in this regard. The Committee recommend that early steps should be taken to set up processing houses in all the areas where powerlooms are concentrated so that the weavers may be able to avail of the facilities and get economic prices for their products. Efforts should be made to set up these facilities in the cooperative sector as far as possible but these facilities should be available to all weavers, lower fees being charged from weavers in the cooperative fold.

3.38. The Committee note that the Textile Corporation of Marathwada (TEXCOM) has provided processing facilities to weavers, under their charge by setting up a separate processing houses. Two such processing houses have also been set up in the cooperative sector at Ichalkaranji for the benefit of powerloom weavers there and these processing houses are working satisfactorily. The Committee recommend that the working of these processing houses should be evaluated and improvements made where necessary. The results of the evaluation together with other details may be circulated to the powerloom Corporations and cooperatives in other States for their guidance. The Committee further recommend that loans at concessional rates and liberalised terms should also be given by nationalised banks and State Powerlooms Corporations etc. to the cooperatives for setting up similar processing houses in their areas.

D. Cooperative Coverage

3.39. A number of non-official organisations connected with the powerloom industry have stressed the need for increasing the cooperative coverage of powerlooms in the country and also for providing more facilities to these cooperatives.

3.40. A federation of associations of Cotton Powerloom has stated in their memorandum submitted to the Committee:—

“At present hardly five per cent of the powerlooms are covered by the cooperatives. Since the Government have not formulated any schemes of incentives/assistance to set up cooperatives of the powerloom weavers, there is no progress in development of institutional infra-structure to look after the legitimate interest of this sector. That is a major gap and needs to be made good at the earliest. For this purpose, it is desirable that the Central and State Governments initiate schemes of incentives/assistance to the powerloom weavers on the same lines as is being done

for the handloom weavers. It may be noted that as far as socio-economic handicaps are concerned, the handloom and powerloom weavers are confronted with the same set of problems."

3.41. Another organisation of powerlooms in the country has stated in the memorandum submitted to the Committee:—

"The help and cooperation given by Government to these societies must be increased. The loan of 25 per cent. given to these societies on the basis of stocks must be increased to 50 per cent. At present 11 per cent. interest is charged but this rate of interest must be reduced to 4 per cent. Previously the co-operative societies were supplied with machinery articles and reels but this has been stopped now. These must be supplied regularly. The entire cloth purchased by these societies must be purchased by the Government and Government must arrange for the sale of this cloth."

3.42. The Task Force on Powerlooms in their report submitted in 1972 had recommended that:—

"The powerlooms are mostly outside the cooperative fold. Efforts must be made to bring as many powerlooms as possible within the cooperative structure."

3.43. The Working Group on Handlooms and Powerlooms in their report submitted in December, 1972 had recommended that:—

"Unlike the handlooms, the powerlooms have not made any progress towards forming cooperatives with the result that not much financial assistance is available to the powerloom in terms of the Reserve Bank credit scheme. The cooperative movement did not make any worthwhile progress in the powerloom sector mainly because the entire growth of the sector has been due to individual initiative and small scale entrepreneurship. For many years powerlooms even in the cooperative fold were not made eligible for financial assistance from the Reserve Bank of India. This was another factor why cooperative movement did not make much headway in this sector. . . . It is important that office bearers of such societies may be adequately trained at the Vaikuntalal Mehta National Institute of Cooperative Training or at other suitable cooperative training institutions. Trained office bearers would be in a better position to guide these societies alongwith the right lines. It is also important that all facilities to societies both in the handlooms as well as powerlooms sectors should be given only through their

cooperative societies. The attempt should be to wean away weavers from the hold of master weavers and for this purpose membership of the cooperative bodies should be made really attractive. There should be visible difference in the matter of availability of facilities to weavers in the cooperative fold, so that those outside may be induced to join the cooperative societies."

3.44. Asked about the total number of cooperative societies in powerloom sector in each State, the number of members of these societies, the extent of cooperative coverage etc., the Department of Textiles have stated in a written note furnished to the Committee:—

"Uptodate information as to the number of powerloom cooperative societies etc. state-wise is not readily available. However, the Reserve Bank of India in their statistical statements relating to the cooperative movement in India have published certain information with regard to the above."

3.45. The Committee note that only a negligible percentage of powerloom weavers in the country are covered by the cooperatives. Most of the powerloom weavers are either working as wage earners for outsider owners or are dependent upon the master weavers for their supply of inputs like yarn, finance and for the marketing of their products. The Committee feel that in order to effect any perceptible improvement in the economic lot of the powerloom weavers, it is imperative that these weavers are encouraged to form their own cooperatives so that they can be saved from exploitation by outside owners etc.

3.46. The Committee feel that the main reason for the reluctance on the part of powerloom weavers to become members of these cooperatives is that sufficient incentives/concessions are not available to them after becoming the members of the cooperatives. However, the rules and regulations for cooperatives are cumbersome. Even the finance available to the members of powerloom cooperatives from the Reserve Bank of India is not given at concessional rates as in the case of handloom cooperatives. The Committee, therefore recommend that Government should grant concessions/incentives like provision of assured supply of yarn, grant of finances at concessional rates and assured marketing facilities to these cooperatives and also arrange processing facilities etc., so as to encourage the powerloom weavers to become members of these cooperatives. The rules of their working should also be simplified. The Committee further recommend that Government should prepare a time-bound programme fixing yearly targets for increasing cooperative coverage of the powerloom weavers. The achievements against these targets should be regularly watched and corrective measures taken in time wherever the progress is not found to be satisfactory.

3.47. The Committee further note that another reason for the weavers not becoming the members of these cooperatives is that most of these cooperatives do not have qualified staff with the result that the work of these cooperatives is not properly managed. The Committee recommend that training facilities to the office-bearers etc., of the powerloom weavers societies should be arranged in Vaikunthalal Mehta Institute and similar other training institutes so as to make them fully acquainted with the functioning of these cooperative societies.

3.48. It has been brought to the notice of the Committee that the co-operative movement at Ichalkaranji in Maharashtra has been organised in such a manner that weavers are able to get all the facilities from the supply of yarn to the processing and marketing facilities etc., and the cooperative societies there have their own spinning mills, processing houses etc. The Committee feel that this experience should be closely studied and the results of study circulated to other areas so that the weavers there may benefit from this experience.

E. Marketing Facilities

3.49. It has been noted that at present no organised arrangements exist for the marketing of powerloom cloth.

3.50. A number of non-officials organisations etc. connected with the powerloom industry have, in their memorandum submitted to the Committee stressed the need for making suitable and organised arrangements for marketing of powerloom cloth.

3.51. A federation of Associations of Cotton Powerlooms in India has stated in the memorandum submitted to the Committee:—

“One of the handicaps from which unorganised powerloom weavers suffers is his capacity to sell his cloth in the competitive market. Therefore, state owned umbrella organisations could go a long way in improving his bargaining power through collective effort. At the primary and intermediate level, a cooperative network could be established to help such an umbrella organisation in the field of distribution of yarn, collection of cloth, its processing and procurement on behalf of umbrella organisation.”

3.52. Another organisation of powerlooms in the country has submitted in a memorandum submitted to the Committee:—

“There is no arrangement for the marketing of powerloom goods. No arrangements have been made by either the State Govern-

ment or the Central Government for the marketing of powerloom products.... Very often than not there is severe depression and bleakness in the supply side of the powerloom goods compared to the inadequate demand thereof. In case there is some arrangement for the purchase of powerloom products then the depression which are very frequent in the marketing can be controlled and checked and powerloom industry can be safeguarded from the severe blows and setbacks which it receives from the depression of the market.... We further feel that suitable arrangements through Government must be made for improving the market of powerloom goods in the matter of designs, patterns and standard of the products."

3.53. An organisation of powerloom owners of U.P. has stated in the memorandum submitted to the Committee:—

"At present there are no facilities for marketing our products and no such steps have so far been taken by the Government at the Centre or at the State level, though we have requested the Government at the State level so many times. We have also suggested the steps taken by Government for marketing our products. In view of the present market position and the difficulties being experienced by the powerloom industry in the decentralised sector there is no other way except to set up a Marketing Corporation at the State level which may take full initiative and responsibility to market the goods of the powerloom weavers in the State. They should also take our goods for marketing and give us their requirements so that the same material may be manufactured by us."

3.54. An individual connected with the powerloom has stated in his memorandum submitted to the Committee:—

"As far as marketing of powerloom cloth is concerned, there is no organised effort worth mentioning. The weavers sell their cloth through agents and brokers. In doing so, they do not get fair price of their products and are often subjected to the hazards of wide fluctuations in the rates. There should be a state agency which will initially take up the programme of organising at least 5 per cent (say 10 to 12 thousand powerlooms) of the powerloom weavers and provide them with marketing facilities. The nationalised Textile Industry has a nation-wide network of marketing their cloth. These mills can also extend marketing facilities to the powerloom weavers on payment of some reasonable charge."

3.55. The Task Force on Powerlooms in their Report submitted in 1972 has observed/recommended that:—

“Marketing processes for the powerloom cloth, as for the mill cloth and handloom cloth are devious and tedious. The master weavers undertake marketing of such powerloom cloth as has been produced at their instance. Considerable marketing is, however, done by the individual weavers at distress levels. They have neither the technical expertise nor the holding power to market their goods in a way which would lead to higher realisations.... What is particularly to be prevented is distress sales during the slack season and what is to be achieved is maximum realisation, when the sales revive. The Task Force feel that these objectives can only be achieved if a chain of cooperative stores run by the NCCF are opened in these areas. If they could offer even slightly higher prices than the master weaver or other individual purchasers, their realisation of powerloom cloth would immediately improve.”

3.56. The Working Group on Handlooms and Powerlooms, in the Report submitted in 1972 had recommended that:—

- “(1) Master Weavers, financiers and other middlemen exploit the weavers’ helplessness and lack of holding power to the maximum extent and thus deny him fair returns on his labour. These weavers who are outside the cooperative fold are perhaps the worst hit in this regard.
- (2) To achieve satisfactory results, marketing should be organised in a systematic way on modern lines of product diversification, quality standards, cost reduction, publicity, opening of sales depots, rebates and discount etc.
- (3) The Handlooms and Powerlooms Corporations suggested by us will have a big role to play in the marketing of the decentralised sectors’ cloth. As these are development-cum-commercial undertakings, there should be no dearth of funds for undertaking publicity and opening of shops at various consuming centres.”

3.57. Asked about the assistance being provided by Government to the powerloom industry for marketing their products, the Textile Commissioner stated in his evidence before the Committee:—

“This is being done through cooperatives and corporations—wherever they have been set up—some States have got very powerful cooperatives while some others have got weak ones.”

3.58. Asked if there are separate powerloom Corporation in all the states, he replied:—

“Somewhere they are separate and somewhere they are combined.”

3.59. The Committee note that there are no organised marketing arrangements for the powerloom sector and most of the powerloom weavers are left to themselves to arrange marketing of their products. The result is that most of these weavers are compelled to sell their cloth to master weavers or to organised mill industry and are not able to get economic prices for their products. The Committee feel that unless and until suitable marketing arrangements are made for the powerloom sector, the economic conditions of the powerloom weavers will not improve substantially. The Committee, therefore, recommend that appropriate steps should be taken to encourage the sale of powerloom products and necessary incentives and assistance for the purpose given to them.

3.60. The Committee note that the powerloom weavers in the country are still producing the same traditional items and in most cases, the products are not oriented to the consumers demands. As fashions are changing fast, it is necessary that products of the powerloom industry keep pace with the changing demands of the consumers. The Committee, therefore, recommend that the State Powerloom Corporations should evolve mechanism for conducting regular market research and intelligence to study the latest changes in the consumers demands and designs and keep the powerloom weavers informed of the same so that production may in keeping with the consumers demands.

3.61. The Committee note that Government have already decided to set up four Weavers Service Centres for the powerloom industry. The Committee recommend that these Weavers Service Centres should take concerted measures to evolve new and attractive designs and latest varieties of fabrics particularly of blended yarn and make arrangements to pass on the same to powerloom weavers so that these weavers may be able to keep pace with the latest changes in designs etc.

SATYENDRA NARAYAN SINHA,

Chairman,

Estimates Committee.

NEW DELHI;

March 18, 1978.

Phalguna 27, 1899 (Saka).

APPENDIX I

(Vide para 1.1 of the Report)

Estimated number of powerlooms in States.

S.No.	State	No. of powerlooms
1.	Andhra Pradesh	9,627
2.	Kerala	2,882
3.	Karnataka	22,826
4.	Tamil Nadu	25,266
5.	Pondicherry	1,114
6.	Gujarat	58,532
7.	Rajasthan	4,598
8.	West Bengal	10,165
9.	Bihar	5,097
10.	Assam	752
11.	Orissa	1,273
12.	Uttar Pradesh	15,571
13.	Maharashtra	1,18,834
14.	Madhya Pradesh	10,638
15.	Delhi	1,893
16.	Punjab	18,613
17.	Himachal Pradesh	54
18.	Jammu and Kashmir	291
19.	Tripura	23
20.	Manipur	32
21.	Dadra & Nagarhaveli	154
22.	Goa Daman and Diu	96
23.	Haryana	1,497
24.	Kandla Free Trade Zone	68
25.	Chandigarh	
26.	Nagaland	
TOTAL		3,09,903

APPENDIX II

(Vide Para 1.28 of the Report)

MINISTRY OF COMMERCE

RESOLUTION

New Delhi, the 2nd June, 1966

No. 9(42)-TEX(C)/64.—The Government of India in the former Ministry of Commerce & Industry set up on the 8th January, 1963, by its Resolution No. 10(2)-TAX (C)/62, a Committee under the Chairmanship of Shri Asoka Mehta to enquire into the problems of the Powerloom industry. The composition of the Committee was as follows:—

Chairman

1. Shri Asoka Mehta, 5 Dadyseth Road, Babulnath, Bombay-7.

Members

2. Shri A. R. Bhat, M. Com., M.L.C., President of the Federation of Association of Small Industries of India and the Chairman of the Small Scale & Cottage Industries Sub-Committee of the State Advisory Council of Industries, Maharashtra, 256, Sadashiv Peth, Poona-2.
3. Shri G. K. Devarajulu Naidu, Southern India Mill Owners Association, Coimbatore.
4. Nawab Aizzaz Rasool, Vice President, Uttar Pradesh Industrial Co-operative Association, 2, Mall, Aevenue, Lucknow.
5. Dr. D. K. Malhotra, Jt. Secy., Planning Commission, New Delhi.
6. Shri M. Somappa, President, All India Handloom Fabrics Marketing Co-operative Society, Bombay.

Member Secretary

7. Shri K. R. Aravamuthan, Director (Economics & Statistics), Office of the Textile Commissioner, Bombay.

The terms of reference of the Committee were:—

- (i) to examine the structure and growth of the powerloom industry with special reference to the types, holdings, ownership, appliances, supply of raw material, sorts of fabrics marketing financing and other factors relating thereto;
- (ii) to examine the remunerativeness of the powerloom industry taking into account of the costs of production and efficiency of working and the conditions of working and the conditions of workers;
- (iii) to consider the relative role to be played by the powerloom industry *vis-a-vis* that of the handloom and mill industry and to recommend targets of production;
- (iv) to account for the phenomenal growth of unauthorised powerlooms in the past and devise means to prevent future unauthorised expansion;
- (v) to examine the desirability and scope for the conversion of handloom co-operative into powerloom co-operatives;

and

- (vi) to make suggestions for the establishment of the powerloom industry on a stable footing within the field of operation which should be allotted to it.

2. In July, 1963, the Government asked the Committee to formulate proposals for the Fourth Plan about the requirements of textiles and further to indicate the production capacities of handlooms, powerlooms and mill sectors to be provided for in the Fourth Plan.

3. The Committee has arrived at unanimous conclusions on matters of importance and submitted its report to Government on the 5th June, 1964. A summary of conclusions and the recommendations of the Committee is given in the Annexure I to this Resolution. The Committee has made in all 125 recommendations. It has made certain general assessments and observation in its recommendations No. 1 to 14, 16 to 17, 19, 20 to 24, 27, 30, 34 to 37, 39, 40, 42 to 44, 46, 49 to 57, 62, 70 to 72, 76, 79, 82, 89, 101 and 112. Government have noted the assessments and observations made by the Committee in these recommendations.

4. The Committee has estimated that at the end of the current Plan period, the mill sector would be able to produce about 5,000 to 5,100 mn. yards. The decentralised sector is expected to produce about 3,700 mn. yards of cloth thereby leaving a gap of 250 to 350

mn. yards with respect to the Third Plan target of 9,5150 mn. yards. The Committee has recommended that this gap should be bridged by increased production in the decentralised sector by the introduction of 10,000 additional powerlooms into the handloom sector on priority basis. A scheme of this nature for the installation of 35,000 powerlooms in the handloom sector in the cooperative fold had been introduced in 1956. Although financial assistance had been extended for this scheme, the progress was rather unsatisfactory and the scheme had to be given up in the middle of 1961, by which date only about 12,000 powerlooms had been installed. Government accept the recommendations of the Committee for the revival of this scheme and for enhancing the quantum of financial assistance. As the original scheme, which was a 100 per cent centrally sponsored Scheme, did not work satisfactorily, Government consider that it would be advantageous to have it, implemented on its revival as a State Plan Scheme, like any other small industries scheme or the handloom scheme, within the share allotted to each State. Additional provision in the Plan outlay for each State will be made exclusively for this scheme so that States are not inconvenienced for want of funds, or for want of financial assistance. This should ensure its expeditious progress. As the scheme is intended essentially to assist the handloom industry only the powerlooms in the cooperative sector should be assisted and the pattern of assistance will be revised on the lines suggested by the Committee in its recommendation No. 24, viz., the cost of a powerloom and accessories will be taken as Rs. 6,000/- and the working capital to be provided will be fixed at Rs. 2,700/- per powerloom, inclusive of processing. This would involve an outlay of about Rs. 8.7 crores.

5. The Committee has suggested that with a view to taking care of the increased production of cloth, expected of the decentralised sector in the Fourth Plan period, an additional 60,000 powerlooms should be installed in the cotton sector and 40,000 powerlooms in the man-made fibre sector making a total of 1,00,000. Government accept this recommendation. The installation of these looms will be on a phased programme which will keep pace with the availability of cotton yarn and man-made fibre yarn. The Committee has also suggested that these looms should be eligible for assistance under the State Aid to Industries Act, and from the State Financing Corporations, the State Bank and the Commercial Banks, or any other financial institution that may be set up by State Governments. Government agree with these recommendations and would suggest it to the State Governments that they should treat the powerloom industry on the same basis as any other small scale industry for the purposes of financial assistance.

6. The Committee has recommended that a State-wise allocation of the additional 1,00,000 powerlooms should be made on the basis of the number of handlooms registered in the different States. It has also suggested that the spinning capacity for feeding these looms should as far as possible be located round the clusters of powerlooms in the different parts of the country. Government consider that while it may be advantageous, it may not always be practicable to insist on powerlooms being located round about spinning units. The Committee recommended that 50 per cent of the allocation should be in the Co-operative Sector as Centrally sponsored scheme and the balance in the private sector. Subject to the overall policy for giving preference and assistance to Co-operatives and subject to availability of funds in the Plan, Government do not consider that there need be any limit to the number of powerlooms which may be installed in the Co-operative Sector. The Government agree that powerlooms installed preferably in the handloom cooperatives should qualify for assistance under the State-schemes like small industries. In allotting powerlooms preference will no doubt be given to handloom weavers. State Governments may be left free to make suitable variation in allotment adjustments between co-operative sector and others according to local conditions and orders.

Government consider that there should be a minimum basic allotment for each State which would be uniform, the balance of the available capacity being allotted to the different States with due regard to such considerations as:—

- (a) the number of registered handlooms;
- (b) the population;
- (c) the number of existing powerlooms in the State;
- (d) the industrial backwardness of the area; and
- (e) proximity to the spinning mills.

On the basis of the above criteria and in consultation with the Licensing Committee and the State Governments, Government of India have allotted powerlooms to each State as given in the Annexure II attached to this Resolution. Each of the State Governments will evolve suitable procedures in consultation with the Textile Commissioner so as to allot powerlooms to different parties, organizations and cooperative societies in their States as per such procedures approved by the State Government concerned.

7. The Committee has observed that the ribbon manufacturing powerloom industry in the country is compact and organised and has:

a good scope for expansion. The Committee has suggested that the ribbon, tapes, braiding, labels and other similar powerlooms should be segregated and allowed free expansion, because this sector is entirely distinct from the cloth powerlooms. The Committee has recommended that conversion of these ribbon looms into cloth looms should not be allowed. The Committee has also suggested that in order to nurse this sector properly, ribbon, lace, newar and other similar powerlooms should be registered freely. Government accept these recommendations.

The Committee has also observed that representations were made to the effect that Powerloom sector may also be allowed to install automatic powerlooms. The Government accept this recommendation.

8. The Committee has recommended that powerloom owners should be enabled to market their cloth direct so as to derive the full benefit arising from the sale of processed cloth and that processing establishments may be set up preferably on co-operative lines, in different centres in the country. The Committee has also recommended that common service facilities should be provided for handlooms and powerlooms both within and outside the cooperative fold. The Committee has further suggested the formation of cooperative marketing institutions for powerlooms in different centres. The Committee has further recommended that powerloom establishments should be encouraged to organise modern methods of publicity and sales so that the advantages which are now being derived by mills may also be obtained by the powerlooms. Government agree with these recommendations and would commend them to the State Governments and the industry for implementation.

9. The Committee has recommended that the processing capacity in the textile mills should, in future, be allowed to be expanded purely on the basis of the textile mill sector's own requirements. In addition, in a period of three years, on a phased programme, the present permission to mills to process outside cloth should be discontinued. Government have noted the recommendation of the Committee. Government do not, however, consider it practicable at present to restrict the permission already given to textile mills to process outside cloth, as this would create problem of idle capacity and unemployment. Until such time as adequate processing capacity is established outside the mill sector, Government consider that permission should not be refused even to new mills to undertake processing work on commission basis.

10. The Committee has observed that the Export incentive scheme has served to give increasing stimulus to the production of art silk fabrics and to their exports.

11. The Committee has suggested that co-operative marketing organisations might be set up for marketing the production of art silk weavers in the powerloom sector. Government agree with this suggestion and would commend it to the State Governments and the industry for acceptance and would extend necessary help to the State Governments and the industry for this purpose.

12. The Committee is of the view that there is no advantage in developing the art silk industry on a vertical basis by allowing the rayon spinners to set up their own looms. While Government agree with this view in principle, they feel that it has to be recognised that some units in the man-made fibre industry have been licensed under specified export obligations to cover their requirements of imported raw materials. In these cases, Government consider that the units should not be precluded from installing looms to enable them to fulfil their export obligations. Their number however is very small.

13. The Committee is of the view that a unit of four powerlooms may be considered as a fairly average sized unit to be worked by a weavers' family. Government agree with this view. In the case of the art silk weaving industry the Committee consider that a cluster of art silk powerlooms with technical and other services, finances, marketing, preparatory and post-weaving processes, preferably established on cooperative lines will be advantageous. Government agree that this would be suitable pattern for the future.

14. The Committee has also recommended that the working capital requirements for cotton and art silk powerlooms should be provided by the State Finance Corporations and that loans should also be admissible under the State Aid to Industries Act. Government accept this recommendation and would commend it, to the State Governments for implementation. In the case of cooperatives, if necessary, direct assistance may be given.

15. The Committee has suggested that as many varieties as possible of art silk cloth should be brought under a scheme of standardisation so that, both in the matter of exports and in internal consumption the standards could serve to create confidence in the consumers about quality and durability. Government agree with this suggestion. The Indian Standards Institution will be requested to specify a suitable standardisation scheme.

16. The Committee has expressed the view that cotton textile mills should not be debarred from using staple fibre and other man-made fibre yarn. Cotton textile mills are free at present to spin staple fibre yarn or synthetic fibre yarn or use synthetic and rayon yarn without any restriction.

17. The Committee has recommended that research in the matter of improving weaving techniques should be such as to fit in with the small-scale nature of operation of the powerlooms and should not be focussed only on the application of modern automatic techniques which are conducive to centralised and mass production. Government agree with this view.

18. The Committee has recommended that in the future expansion of the worsted spinning sector in the woollen industry, due consideration should be given to the needs of the small woollen powerloom establishments by allowing them to set up their own spinning mills, preferably on cooperative lines. Government agree with this suggestion.

19. The Committee is of the view that the woollen composite or spinning mills should not be allowed to take over the capacity in the small powerloom sector. While Government agree with this, it may not be possible to stop this practice altogether.

20. The Committee has also recommended that it will be to the advantage of the woollen powerloom industry if efforts are made to set up co-operative processing factories. Government accept this recommendation and commend it to the industry and would extend all assistance to this direction.

21. The Committee has estimated the total requirements of looms every year till the end of the Fourth Plan at an average of about 32,000 and has suggested that a phased programme for increasing the indigenous production of looms should be drawn up. Government accept this estimate. The Machinery manufacturers will no doubt take into account this estimate and also the extent of actual orders placed on them for the supply of powerlooms.

22. The Committee is of the view that the entry of the decentralised sector in a big way in the supply of cloth during the Fourth Plan should serve to exert a healthy influence to the advantage of the consumers. This is in addition to the many gains, special and economic, like diffusion of entrepreneurship and mobilisation of capital in the dispersed areas flowing from decentralisation of industrial activity. Government agree with this view.

23. The Committee is of the considered view that the scope for setting up powerlooms in the rural areas with a view to providing rural employment and improving the economic conditions of the rural population is at present rather limited. While Government generally agree with this view, they feel that positive encouragement should be provided for installation of looms in rural areas according to an acceptable pattern of growth and as part of the rural industrialisation programme.

24. The Committee is of the view that construction of industrial estates of the type being established in the country is likely to be an expensive proposition and the rents payable for the sheds may be found burdensome by the powerloom weavers; instead, common weaving sheds should be established. Government agree with this view and would commend it to the State Government. These common sheds also should qualify for financial assistance.

25. The Committee is of the view that the pattern of growth for the powerloom industry, which seems to be feasible, should be based on clusters of about 300 powerlooms each, not under one roof, but in small units, within convenient distances of one-another, established in and around small towns. Government consider that while this pattern of growth would no doubt be desirable it may not be easy of implementation in all places.

26. The Committee has recommended that the existing controls and other regulations for the installation and working of woollen powerlooms may be continued and their administration made more effective. Government accept this recommendation.

27. The Committee has observed that it will be necessary to introduce a biennial census of powerlooms and handlooms to enable collection of relevant data. Government consider that a quinquennial census of handlooms and biennial census for powerlooms would be adequate. This recommendation is commended to the State Governments for implementation.

28. The Committee has recommended that in order to facilitate the introduction of powerlooms in the handloom sector, the All India Handloom Board should be made responsible for the implementation of the scheme of replacing the handlooms by powerlooms and also for the task of ensuring that the handlooms and the existing powerlooms maintain and improve their production. The Committee has also recommended that the All India Handloom Board should be converted into a statutory body and charged with the various functions indicated in the report and provided with the required funds so as to be able to work with a budget of its own. In consultation with

this Body, the State Governments should work out the organisational set up at the States level for the purpose of successful implementation of the scheme relating to each State. Government accept this recommendation but would like to re-designate the Board as "All India Handloom and Powerloom Board" and the necessary legislative and other measure will be taken up.

29. The observation of the Committee that the various measures undertaken by the Government of India for developing the handloom industry have had the effect of stabilising the industry and installing in the minds of the weavers a sense of confidence is noted.

30. The Committee has observed that on the existing conditions, the pattern of cotton yarn consumption may be revised to 68 per cent by handlooms, 22 per cent by powerlooms and 10 per cent by hosiery, rope making etc. Government have taken note of this assessment.

31. With a view to afford protection to the handloom industry, the Committee has recommended that:

- (a) Production of dhoties and sarees by textile mills should be pegged at the 1963 level; and
- (b) that the production of coloured sarees should be reserved exclusively for handlooms and that even small powerloom establishments with four looms and below should not be allowed to produce coloured sarees. In certain centres where there is large scale production of coloured sarees by powerlooms at present the restriction on production of coloured sarees and change over to other varieties should be brought about gradually within a period of three years and the existing units should be assisted in obtaining their requirements of sized beams.

Government accept these recommendations. Coloured sarees both piece-dyed and yarn-dyed will be reserved exclusively for the handlooms sector. The observation of the Committee in regard to particular centres will be borne in mind.

32. The Committee has recommended that both powerlooms and handlooms should draw their requirements of yarn from a common pool, and a strict control should be exercised on the quality of yarn made available by the mill industry for handlooms and powerlooms and suitable quality standards fixed for warp and weft yarn with appropriate price for each, and that common service facilities should be utilised by them within and outside the co-operative fold.

Government generally agree with these recommendations. As regards the fixation of appropriate prices for yarn, however the matter requires further examination.

33. The Committee has recommended that the powerloom and the handloom sector should be asked to adjust their pattern of production with a greater emphasis on the manufacture of coarse and medium varieties of cloth. Government agree with this but as the present trend is towards finer counts because the finer count products yield better wages for the weavers and earn larger foreign exchange for exports, it may not be possible to restrict this very much.

34. The Committee has expressed a view that while it may not be difficult to step up production to some extent, by the handloom industry as it exists today, any large scale augmentation of production can be achieved only by a regulated transition from handlooms to powerlooms. Government feel that this view may not be wholly correct. Even without a changeover to powerlooms the handloom sector's potentialities for increased production are considerable.

35. The Committee has recommended as an immediate measure that policy announcement should be made that while every assistance would be given to set up the additional looms that have been agreed to both in the composite mills and in the spinning mills, no further expansion in the loomage in the mill sector is contemplated till the end of the 4th Plan period. Government feel that the mill sector should not be denied a share in the projected expansion. It has, however, been proposed that mill production should be restricted to 6,000 mn. yards out of a total target of 11,000 mn. yds. at the end of the Fourth Plan period and that the balance of 5,000 mn. yds. should be earmarked for the decentralised sector. This will mean a big scope of increase in the decentralised sector from 3,500 mn. yards in the Third Plan to 5,000 mn. yards in the 4th Plan.

36. The Committee has recommended the removal of control in regard to acquisition, installation, etc. of powerlooms in the decentralised sector on the ground that it has proved ineffective and resulted in malpractices. The Committee has recommended instead certain other measures for guiding development, namely,

- (i) rationalisation of exercise duty in order to take away the adventitious advantage attaching to the installation of powerlooms;
- (ii) installation of one-half of the total number of one lakh powerlooms recommended for the Fourth Plan in the handloom co-operative sector for which financial assistance

from the Government would be made available both for equipment and working capital;

- (iii) registration scheme under which cotton powerlooms would be registered on payment of a fee of Rs. 100 per loom and which would provide not only a statistical check but also a basis for supply of scarce raw materials etc.;
- (v) inspection of the premises before registration to ensure that new or reconditioned looms technically certified as fit are installed;
- (v) firm action to ensure that old looms discarded by mills are scrapped effectively and do not get into the hands of persons keen to set up powerlooms; and
- (vi) positive assistance, institutional or governmental only to registered powerlooms in such matters as finance for rehabilitation of installation, supply of scarce raw materials etc.

The suggestions made by the Committee for rationalisation of the excise levy and rectification of the structural distortions and the unhealthy growth of the industry are contained in recommendations Nos. 61 to 66 of the Report.

Under the Scheme of registration proposed by the Committee, the applications for registration of cotton looms, when made will be admitted freely and registration will only be a formal measure, subject only to the inspection of the premises to ensure that only new or reconditioned looms technically certified fit are installed. In the case of art silk powerlooms, however, the Textile Commissioner will be given discretion to refuse registration depending upon the supply position of art silk yarn etc. Similarly, conversion of cotton looms into art silk looms will be registered only at the discretion of the Textile Commissioner. Installation of cotton powerlooms or art silk powerlooms without any registration by the Textile Commissioner will be entirely at the risk of the parties installing them and it should be made clear that no Government assistance should be expected at any time. The registration scheme proposed by the Committee is, however, a purely voluntary scheme. Even though the unregistered powerlooms will be ineligible for any positive assistance, institutional or Governmental, in such matters as finance for rehabilitation or installation, supply of scarce raw materials, etc. non-registration by itself will not be a bar to the installation of new powerlooms or their installation in any area. It is relevant to point out here that a very

substantial number of powerlooms have come into being without assistance in any form from the Government. The Government have given careful consideration to the recommendations made by the Committee. The Government agree that the various measures suggested by the Committee will, no doubt, help the growth of the industry along more healthy lines as a part of overall planned development. However, they feel those steps will not be adequate for implementing the Committee's recommendations that the growth of the powerlooms during the Fourth Plan period should be planned as a part of the overall strategy of development. Having regard to the various objectives recommended by the Committee, such as:

- (1) a phased programme for the setting up of the additional one lakh powerlooms;
- (2) the need to have a close watch over the regulated rate of growth of powerloom industry with regard to the availability of both cotton and art silk yarn and to restrict the total number of powerlooms to one lakh during the Fourth Plan;
- (3) a State-wise allocation for the installation of powerlooms in the co-operative sector and outside on the basis of certain guiding principles; and
- (4) the need to evolve a pattern of growth in the powerloom industry and to check its haphazard growth.

The Government consider that some form of regulation over the installation of powerlooms is inescapable. The removal of control over installation of powerlooms will inevitably lead to the kind of haphazard growth of the powerlooms sector which has been deprecated by the Committee itself. Some measure of regulation over the acquisition and installation of powerlooms is inescapable also for safeguarding the interests of the handloom industry and the co-operative sector. In these circumstances, Government are of the view that some measure of regulation in regard to the installation of powerlooms should be continued in addition to the various other measures suggested by the Committee.

37. The Committee has recommended that there should be no restrictions on the manufacture of powerlooms on the ground that a number of small loom parts manufacturers who have sprung up in the different parts of the country are playing a useful part in the servicing, maintenance and replacement of powerlooms in the decentralised sector. The Committee had occasion to see quite a considerable amount of enthusiasm, energy and enterprise in the small fac-

tory establishments for the manufacture of loom parts and accessories and assembling of looms and felt that these small establishments should be assisted and encouraged. The Committee has at the same time recognised that emphasis should be placed on quality. Government consider that, in view of the imperative need for quality standards, it would not be desirable to remove all restrictions on new entrants in the field of manufacture of powerlooms. That may result in the indiscriminate production of non-standard, and inferior quality looms and hence production of bad quality cloth. In order to keep pace with the improved technology in the production of cloth obtaining in other parts of the world and in order to take advantage of such developments, it is essential that some measure of control on the production of looms should be maintained as in the case of all other machinery manufacturing industries. This will be of help in encouraging the production of the latest type of powerloom which will reduce the cost of production of cloth in our country and make our cloth competitive in the overseas market both in regard to quality and price.

38. Government wish to place on record their great appreciation of the very valuable work done by the Committee in preparing a comprehensive report touching on all aspects of the Textile Industry with special reference to the powerloom and handloom sectors.

Order

Ordered that this Resolution be published in the Gazette of India.

Ordered also that a copy of this Resolution be communicated to all State Governments, all Chief Commissioners, all Ministries of the Government of India, the Prime Minister's Secretariat, the Private and Military Secretaries to the President, the Planning Commission, the Central Board of Direct Taxes, Central Board of Excise and Customs and the Comptroller and Auditor General.

APPENDIX III

Summary of recommendations/observations contained in the Report

(Vide introduction to the report)

S. No.	Reference to Para No. of the Report	Recomendations/Observations
(1)	(2)	(3)
1.	1.9	The Committee note that the powerloom industry has come to occupy an important place in the economy of the country. The number of authorised powerlooms is understood to be 3,47,587 consisting of 2,11,091 authorised cotton powerlooms and 1,36,488 art silk powerlooms. The powerloom sector produces about 1800 million metres of cloth out of a total cloth production of 8,200 million metres. The history of the powerloom industry in the country is as old as the organised mill industry and the growth of the industry has been quite rapid and phenomenal in recent years. Government have, however, not yet taken a final decision regarding the role of the powerloom industry in meeting the clothing needs of the country.
	1.10	The Committee further note that diverse views have been expressed about the role of powerloom industry in the country. While the representatives of the handloom industry have stated that the powerloom sector is only a surreptitious projection of the mill sector with a view to escape fiscal duties etc., and is harming the interests of handloom sector by producing items otherwise reserved for handloom industry,

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the representatives of the powerloom industry have claimed that they are competing with the organised mill sector only and not with the handlooms sector and are serving the common people of the country by providing them cheaper cloth as compared to the products of the mill industry.

1.11

The Committee would like to point out that the powerloom sector has come to occupy an important place in the economy of the country and its importance in meeting the clothing needs of the masses cannot be minimised. Moreover, in view of the fact that power supply is fast spreading to the countryside and the sons of the weavers are being increasingly attracted to the powerloom sector as it provides an intermediate technology with prospects of less burdensome and dreary life and a better living wage, it is evident that the powerloom industry is likely to grow in the years to come. It has, however, to be ensured that this growth of the powerloom industry should not be at the cost of the handloom industry otherwise it will lead to greater rural unemployment and problem of large scale migration of rural population to the industrial areas in search of employment. The Committee, therefore, feel that the growth of the powerloom industry should be regulated in such a way that it does not harm the interests of the handloom industry. It should be ensured that powerloom industry does not become a "benami" of the mill sector but is really developed by the conversion of handlooms into powerloom by the handloom weavers themselves. The Committee, therefore, recommend that stringent measures may be taken to ensure that powerloom sector observe the reservations made by the handloom sector and deterrent action should be taken for any violation of these orders. Simultaneously, the powerloom sector should be encouraged to

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produce those varieties of cloth which are not being produced by the handloom sector. Moreover, some varieties of cloth which are not being produced by the handloom sector, may be considered for reservation exclusively for the powerloom sector. The Committee have separately recommended the formulation of an integrated textile policy assigning role to the various sectors. The Committee hope that while defining the role of the powerloom sector, the above factors will be kept in view by the Government.

2.

1.19

The Committee note that Government do not have requisite statistics regarding the powerloom industry in the country. Even such basic information as the break-up of powerlooms located in urban, semi-urban and rural areas, ownership of powerlooms, installed capacity etc., is not available with them. The Committee are unable to appreciate why it should not be possible for Government to collect and maintain all the relevant information regarding location, ownership installed capacity etc. in respect of the powerloom industry, when every powerloom-owner is statutorily required to obtain permit from the Textile Commissioner for acquisition and installation of powerlooms and electric connections. This, in the view of the Committee, is a sad commentary on the functioning of the office of the Textile Commissioner. The Committee are unable to appreciate how Government can maintain any control or plan for the regulated growth of the powerloom industry in the absence of these basic statistics.

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The Committee further note that although the Task Force on Powerlooms in their Report submitted in 1972 had recommended that basic records in respect of powerlooms in each State

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and district should be prepared, no concrete action seems to have been taken on this recommendation of the Task Force. The Committee recommend that Government may immediately conduct a census of all the powerlooms in the country, whether authorised or unauthorised in which all the relevant information regarding location, ownership, installed capacity, capacity actually being utilised, count and quality of yarn utilised etc., type, quality and quantity of cloth being manufactured should be collected. Institutional arrangement should be made to keep these statistics up-to-date so as to provide firm and reliable data for decision making.

3. 1.25

The Committee note that a sum of Rs. 17.03 crores was provided upto the end of the Fourth Five Year Plan for the development of Powerloom Industry, out of which only a sum of Rs. 7.26 crores was actually spent. The Committee regret that only a meagre amount was provided in all the four Five Year Plans and three Annual Plans for the development of powerloom industry and not even 50 per cent of that amount was actually spent. The Committee further note that this trend still continues as in the Fifth Plan period also; out of a sum of Rs. 3.5 crores provided, only a sum of Rs. 1 crore has been utilised so far. The Committee regret that while there is great need for the development of the powerloom industry on sound lines by providing adequate processing facilities and technical assistance etc., the meagre amounts provided were not even utilised for the purpose for which these were meant but were diverted to other items. The Committee cannot but reach the conclusion that the need for putting the powerloom industry on a sound footing by providing it adequate processing and other facilities and technical assistance etc. was not realised

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with the result that the growth of the industry has been lopsided. The Committee hope that at least now the Government will ensure that the provisions made for the powerloom industry will be fully utilised and necessary facilities for the working of the industry provided. The Committee recommend that Government should in the first instance identify the facilities to be provided in order of importance and requirements and then formulate a time-bound programme for providing these facilities.

4.

1.30

The Committee note that Government had appointed a Powerloom Enquiry Committee under the Chairmanship of Shri Asoka Mehta in January, 1963 to examine the various aspects and problems of powerloom industry and that Committee had submitted its report in May, 1964. The Committee further note that in its Report, that Committee had made a number of useful recommendations like supply of yarn, provision of pre-weaving and processing facilities, provision of working finance, marketing facilities, scheme for the conversion of handlooms into powerlooms etc. The Committee, however, regret to note that after more than twelve years of the submission of the report by the Powerloom Enquiry Committee, the powerloom industry is still facing the same problems like absence of provision of adequate finance, processing facilities, marketing arrangements etc. The Committee have no doubt that if the various recommendations made by the Powerloom Enquiry Committee had been implemented by the Government in letter and spirit, the powerloom industry in the country would have been in a much happier position and would have been functioning on sound lines.

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The Committee note that after the submission of the report by the Powerloom Enquiry Committee in 1964, no comprehensive study of the role and functions of the Powerloom Industry has been made and only a Working Group on Handlooms and Powerlooms was appointed in 1972 which submitted its report in the same year. The Committee feel that in view of the important role that the powerloom industry has to play in meeting the clothing needs of the country and also the various problems being faced by the industry, it is necessary that a comprehensive study of the powerloom industry may be made at an early date.

5.

1.43.

The Committee note that at present the powerloom industry is being looked after by the office of the Textile Commissioner and there is no separate All-India body to look after the interests of the powerloom industry. The Committee further note that as early as 1961-62 the Estimates Committee (Second Lok Sabha) had suggested that the question of setting up a Powerloom Board on all India basis might be examined. The Powerloom Enquiry Committee in their report submitted in 1964 had recommended that the All India Handloom Board should be made responsible for the implementation of the scheme of converting the handlooms into powerlooms and also for ensuring that the handlooms and the existing powerlooms maintain and improve their production. Although the recommendation was accepted by Government, the proposal for a Joint Board, according to the report of the Task Force on Powerlooms, "did not find favour with either sector". Subsequently the Working Group on Handlooms and Powerlooms and the Task Force on Powerlooms

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recommended the setting up of a separate organisation for the powerloom industry. The representatives of the powerloom industry have also suggested the setting up of an all India body to look after the powerloom industry.

1.44

The Committee note that Government have not yet taken a decision about the setting up of an All-India body to look after the powerloom industry and they have yet to take a decision regarding the role of powerloom industry. Nevertheless, it appears, that powerloom industry has come to stay in the country and is playing an important role in meeting the clothing needs of the masses. The Committee feel that there is a need to have an organisation to ensure the supply of requisite inputs like yarn, finance, processing facilities etc. to powerloom industry and also to regulate its working on healthy lines. The Committee, therefore, recommend that Government should examine the desirability of setting up an All-India Powerloom Board consisting of among others, representatives of powerloom industry, different Ministries/Departments concerned with the industry, Reserve Bank of India etc. This Board may perform the same functions in respect of the powerloom industry as are being performed by the All-India Handloom Board in respect of the handloom industry. In order to maintain coordination between the handloom and the powerloom industries and to avoid conflict of interests, the Committee suggest that the Chairman and Deputy Chairman of the All India Handloom Board may be nominated as members of the proposed All India Powerloom Board and vice-versa.

6.

2.9

The Committee note that the powerloom weavers have been experiencing considerable

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difficulties in obtaining credit and loan facilities. The Committee note that while the handlooms cooperatives are able to get loans at a lower bank rate as the service charges of the cooperative banks are subsidised to the extent of 3 per cent, there is no such subsidy available for the powerloom cooperatives. In fact the powerloom cooperatives get the loans at a rate of 1-1½ per cent above the bank rate. The Committee are of the view that it is but appropriate that adequate loans for the powerloom cooperatives should be made available at rates which should be considerably lower than the normal bank rate.

7.

2.10

Regarding the loans from nationalised banks, it has been represented that the amount of loans granted is too little, the period of payment is too short, the rate of interest charged is very high and the procedure for the grant of loans is very cumbersome. The Committee would like to point out that the purchase and operation of a powerloom require considerable amount of capital and if it is desired that the handloom weavers should take to powerlooms and operate them in increasing numbers, it is very necessary that they are provided sufficient finance at reasonable rates to carry on their business. The Committee feel that the absence of adequate credit at reasonable rates is one of the main reasons which has resulted in the operation of benami powerlooms and disposal of looms by the actual powerloom weavers to rich investors and financiers and economic exploitation by master weavers. The Committee have separately emphasised the need for increase in the cooperative coverage of powerlooms. The Committee further recommend that as powerlooms are a small scale industry providing employment to lakhs of weavers and ensure them a minimum living wage, Government may

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		impress upon nationalised banks the desirability of granting loans to powerloom sector at reasonable terms and also to simplify the procedure for grant of such loans.
8.	2.11	The Committee further note that a number of State Governments have set up Powerloom Corporations to help the growth of powerloom industry in these States. The Committee recommend that these Powerloom Corporations may either on their own or through the agency of other financial institutions, nationalised banks, regional rural banks etc. arrange to give loans of requisite amounts to genuine powerloom owners on reasonable terms.
9.	2.22	The Committee note that one of the handicaps suffered by the Powerloom Industry is the absence of any technical assistance or guidance by the Government, with the result that the Powerloom Industry is still engaged in the production of traditional items like mulls, gada, etc. The Committee regret to note that although the need for providing technical assistance to the powerloom industry had been emphasised by the Working Group on Handloom and Powerloom Industry as early as in 1972, no steps have so far been taken in providing this technical assistance and even the Powerloom Corporations set up in the States have by and large not undertaken any research and development work for helping the powerloom industry. The Committee fail to understand this apathy on the part of the Government to assist an industry which is meeting the clothing needs of a considerable section of people in the country. The Committee feel that in the present stage when fashions and designs are changing fast, no industry can survive long until and unless it adjusts itself to the changing fashions and designs and keep its production in line with the consumers' preferences

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6.23

The Committee note that Government have at long last decided to set up four technical service centres for the powerloom industry and that the technical service centres are being set up for the industry at Malegaon in Maharashtra and in 24 Parganas decision has yet to be taken about the location of the remaining two service centres. The Committee feel that these research centres should have close links, with other technical and research institutions so as to provide the latest in textile technology which is relevant to the powerloom sector. There should be an in-built arrangement in the centre for extension work so that their performance will be adjudged by the extent and value of the service that they render to the powerloom industry. In particular, the centres may devote themselves to providing attractive designs including blends of additional and man-made yarns so as to increase the unit value and marketability of the products. The centres may also take a lead in evolving and establishing on the ground any facilities for dyeing, processing, finishing etc. which would help the powerloom sector to improve the quality and marketability of their products.

2.31

The Committee note that the Marathwada Development Corporation has taken up the implementation of integrated powerloom project and for the implementation of the project, the Corporation has promoted an associated company namely, Textile Corporation of Marathwada Ltd. The Committee are glad to note that this Corporation has managed the functioning of the powerlooms in such a way that all facilities right from the production of yarn to the processing, finishing and marketing have been provided by the Corporation, with the result that not only powerlooms under the Corporation have been able to operate in an economical way and market

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all of its products but have even been able to export considerable quantity of its products. The Committee are impressed by the integrated approach which takes care not only of inputs by running its own spinning mills, but also of arranging the necessary capital for the powerloom cooperative societies and taking care of the marketing problems.

2.32

The Committee note that though the average take-home earning of a weaver has been varying from society to society, in the case of Nanded it has reached an impressive figure of Rs. 208 per month per shift for two looms. The Committee feel that these are some of the important features which merit closer study by the Central Government not only with a view to lay a helping hand, but also to evolve a model set-up which can be commended to other State authorities for emulation and implementation. The Committee would like to be informed in some detail of the action taken in pursuance of this recommendation.

11.

2.39

The Committee note that at present the Powerloom Industry is producing very little quantity of cloth with synthetic yarn. The Committee feel that as the modern trend in the market is towards the use of cloth with synthetic yarn and of mixed blends, there is a great potential for the production of cloth with synthetic yarn and mixed blends in the powerloom sector.

2.40

The Committee have recommended that the service centres should in particular help the powerloom industry in taking to manufacture of cloth based on blended yarn that is, traditional yarn with man-made yarn. The Committee have no doubt that Government would ensure that the requisite yarns are made available to the powerlooms in the requisite quantity on an assured

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basis particularly when the Indian Petro-Chemicals Ltd. plant for production of synthetic material is going on stream.

12. 3.16 The Committee note that every powerloom owner is required to obtain a permit from the Textile Commissioner for acquisition or installation of a powerloom. It is, however, surprising that in spite of these regulatory measures, a large number of unauthorised powerlooms have come up in the country. Although the Government had regularised unauthorised powerlooms twice i.e. in 1955 and 1966, the unauthorised powerlooms still continue to come up and their number is estimated to be 60,000 in cotton powerloom sector against 2.11 lakhs authorised looms and 40,000 in non-cotton sector against 1.36 lakh authorised looms.

3.17 The Committee regret to note that although the Estimates Committee had as early as in 1962, expressed their concern at the unchecked growth of unauthorised powerlooms in the country and commented upon the laxity in enforcing Central Orders and Government in their action taken reply had stated that suitable action was being taken to check any further growth of the unauthorised powerlooms, the problem has not yet been solved and the malady of unauthorised powerlooms continues to exist. Subsequently in 1964, the Powerlooms Enquiry Committee (Ashoka Mehta Committee) had again stressed the need for checking these unauthorised powerlooms and cautioned against the haphazard growth of powerlooms. Again, although in 1972, both the Working Group on Handlooms and Powerlooms as well as the Task Force on Powerlooms had recommended strong measures against these unauthorised powerlooms including the prosecution of the owner and the confiscation of such powerlooms, these

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unauthorised looms still continue to operate in the country. It seems that an impression has gone round that once the powerlooms are set up, Government will ultimately regularise them. The regularisation in the past two occasions, have further confirmed this impression. Although Government policy is stated to be prevent the unauthorised growth of powerloom sector, no effective measures in this regard seem to have been taken so far. The Committee are convinced that if the authorities are strict and keen in preventing the evil of unauthorised powerlooms in the country, they can do so effectively because operation of the powerlooms require electricity connections from the local authorities, finance from banks and permits for the purchase of these powerlooms etc.

3.18

The Committee express their serious concern at this state of affairs where on the one hand no fresh permits are being granted for the installation of powerlooms even to the existing handloom weavers on the ground that the present capacity of the powerloom industry is considered adequate to meet the plan targets and on the other hand, growth of powerlooms in an unauthorised manner is going on unchecked. As the products of these unauthorised powerlooms cannot evidently carry any permit number, it is comparatively easier for these powerlooms to violate the reservation orders for handloom industry thereby affecting adversely the interest of handloom weavers. The Committee are unhappy at the regularisation of unauthorised powerlooms in the past as instead of preventing the growth of this evil, it has given inducement to breakers of law and provided encouragement to the perpetuation of this malpractice. The Committee would like Government to deal with this problem effectively.

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13.	3.19	<p>The Committee feel that it is not so much the lacunae in the law but laxity in enforcement that is responsible for the growth of unauthorised powerlooms. They note that at present the powers to check the growth of unauthorised powerlooms have been delegated to the State Governments. They would like the Central Government to impress upon the State Governments and other State agencies the need to activate their enforcement machineries to keep a constant vigil on the powerlooms and take all measures recommended by the Working Group on Handlooms and Powerlooms (1972), like prosecution, cutting of power connections etc., to check the growth of unauthorised powerlooms. The Committee feel that by more active involvement of State agencies, excise authorities and the staff of the State Electricity Boards, it should be possible to check the spread of unauthorised powerlooms.</p>
14.	3.20	<p>The Committee further recommend that the staff of the Office of the Textile Commissioner should also pay surprise visits to the powerloom clusters in the country and conduct surprise checks to detect unauthorised powerlooms and bring these cases to the notice of appropriate authorities for necessary action. Moreover, Government should widely publicise their policy regarding unauthorised powerlooms so that unscrupulous elements in the country may not be encouraged to instal powerlooms in an unauthorised manner in the hope that these would be regularised subsequently.</p>
15.	3.27	<p>The Committee note that at present there are no reservations for the powerloom industry. It has been represented to the Committee by a number of organisations representing the powerloom industry that some items of production should be reserved for the powerloom sector so</p>

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that this industry may be saved from the competition of the organised mill sector. There are a number of items which are being produced by the powerloom industry and are not being produced by the handloom industry and hence the reservation of these items will in no way harm the interest of the handloom industry. Moreover as reservation of these items for the powerloom industry will offer sufficient scope to the powerloom industry to concentrate on the production of these items, they may not be tempted to produce the items reserved for the handloom industry in an unauthorised manner. The Committee, therefore, recommend that the Government may examine the desirability of reserving certain items of production like Khaki drill, Dasuti, Mulls etc. for the powerloom industry.

16.

3.37.

The Committee note that one of the handicaps suffered by the powerloom weavers as lack of processing facilities, with the result that most of the weavers are compelled to sell their cloth in grey form to the mills or master weavers who after processing, sell the cloth at high prices. Powerloom weavers are thus not able to get economic prices for their products. The Committee feel that until and unless measures are taken to provide adequate and modern processing facilities to the powerloom weavers, it would not be possible to improve the lot of the powerloom weavers to any appreciable extent. The Committee note that although the Powerloom Enquiry Committee (Asoka Mehta Committee) in their report submitted in 1964 had stressed the need for organising modernised processing facilities for powerloom weavers and Task Force on Powerloom in their report submitted in 1972 had also stressed the need for the State Government to set up multi-purpose processing houses in areas where power-

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looms were clustered, no concrete measures have so far been taken by Government in this regard. The Committee recommend that early steps should be taken to set up processing houses in all the areas where powerlooms are concentrated so that the weavers may be able to avail of the facilities and get economic prices for their products. Efforts should be made to set up the facilities in the cooperative sector as far as possible but these facilities should be available to all weavers, lower fees being charged from weavers in the cooperative fold.

17.

3.38

The Committee note that the Textile Corporation of Marathwada (TEXCOM) has provided processing facilities to weavers, under their charge by setting up a separate processing houses. Two such processing houses have also been set up in the cooperative sector at Ichalkaranji for the benefit of powerloom weavers there and these processing houses are working satisfactorily. The Committee recommend that the working of these processing houses should be evaluated and improvements made when necessary. The results of the evaluation together with other details may be circulated to the Powerloom Corporations and cooperatives in other States for their guidance. The Committee further recommend that loans at concessional rates and liberalised terms should also be given by nationalised banks and State Powerlooms Corporations etc. to the cooperatives for setting up similar processing houses in their areas.

18.

3.45

The Committee note that only a negligible percentage of powerloom in the country are covered by the cooperatives. Most of the powerloom weavers are either working as wage earners for outsider owners or are dependent upon the master weavers for their supply of

(1)

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inputs like yarn, finance and for the marketing of their products. The Committee feel that in order to effect any perceptible improvement in the economic lot of the powerloom weavers, it is imperative that these weavers are encouraged to form their own cooperatives so that they can be saved from exploitation by outside owners etc.

3.46.

The Committee feel that the main reason for the reluctance on the part of powerloom weavers to become members of these cooperatives is that sufficient incentives/concessions are not available to them after becoming the members of the cooperatives. However, the rules and regulations for cooperatives are cumbersome. Even the finance available to the members of powerloom cooperatives from the Reserve Bank of India is not given at the concessional rates as in the case of handloom cooperatives. The Committee, therefore, recommend that Government should grant concessions incentives like provision of assured supply of yarn, grant of finances at concessional rates and assured marketing facilities to these cooperatives and also arrange processing facilities etc., so as to encourage the powerloom weavers to become members of these cooperatives. The rules of their working should also be simplified. The Committee further recommend that Government should prepare a time-bound programme fixing yearly targets for increasing cooperative coverage of the powerloom weavers. The achievements against these targets should be regularly watched and cooperative measures taken in time wherever the progress is not found to be satisfactory.

19.

3.47

The Committee further note that another reason for the weavers not becoming the members of these cooperatives is that most of these cooperatives do not have qualified staff with the result that the work of these cooperatives is not

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20.	3.48	<p>properly managed. The Committee recommend that training facilities to the office-bearers etc., of the powerloom weavers societies should be arranged in Vaikunthalal Mehta Institute and similar other training institute so as to make them fully acquainted with the functioning of these cooperative societies.</p>
21.	3.59	<p>It has been brought to the notice of the Committee that the cooperative movement at Ichalkaranji in Maharashtra has been organised in such a manner that weavers are able to get all the facilities from the supply of yarn to the processing and marketing facilities etc., and the cooperative societies there have their own spinning mills, processing houses etc. The Committee feel that this experience should be closely studied and the results of study circulated to other areas so that the weavers there may be able to learn from this experience.</p> <p>The Committee note that there are no organised marketing arrangements for the powerloom sector and most of the powerloom weavers are left to themselves to arrange marketing of their products. The result is that most of these weavers are compelled to sell their cloth to master weavers or to organised mill industry and are not able to get economic prices for their products. The Committee feel that unless and until suitable marketing arrangements are made for the powerloom sector, the economic conditions of the powerloom weavers will not improve substantially. The Committee, therefore, recommend that appropriate steps should be taken to encourage the sale of powerloom products and necessary incentives and assistance for the purpose given to them.</p>

(1)	(2)	(3)
22	3.60	<p>The Committee note that the powerloom weavers in the country are still producing the same traditional items and in most cases, the products are not oriented to the consumers demands. As fashions are changing fast, it is necessary that products of the powerloom industry keep pace with the changing demands of the consumers. The Committee, therefore, recommend that the State Powerloom Corporations should evolve mechanism for conducting regular market research and intelligence to study the latest changes in the consumers demands and designs and keep the powerloom weavers informed of the same so that production may in keeping with the consumers demands.</p>
23.	3.61	<p>The Committee note that Government have already decided to set up four Weavers Service Centres for the powerloom industry. The Committee recommend that these Weavers Service Centres should take concerted measures to evolve new and attractive designs and latest varieties of fabrics particularly of blended yarn and make arrangements to pass on the same to powerloom weavers so that these weavers may be able to keep pace with the latest changes in designs etc.</p>