

# **ESTIMATES COMMITTEE (1978 - 79)**

**(SIXTH LOK SABHA)**

## **TWENTY-FOURTH REPORT**

### **MINISTRY OF INDUSTRY**

**Action taken by Government on the recommendations contained in the Fourteenth Report of the Estimates Committee (Sixth Lok Sabha) on the Ministry of Industry—Powerloom Industry.**



*Presented to Lok Sabha on*

**1 MAR 1979**

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TO

TWENTY FOURTH REPORT OF ESTIMATES COMMITTEE  
ON THE MINISTRY OF INDUSTRY-POWERLOOM INDUSTRY

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# CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE . . . . .	(iii)
COMPOSITION OF THE STUDY GROUP 'J' . . . . .	(v)
INTRODUCTION . . . . .	(vii)
CHAPTER—I—Report . . . . .	1
CHAPTER—II—Recommendations that have been accepted by Government .	5
CHAPTER—III—Recommendations which the Committee do not desire to pursue in view of Government's replies . . . . .	16
CHAPTER—IV—Recommendations in respect of which replies of Government have not been accepted by the Committee . . . . .	22
CHAPTER—V—Recommendations in respect of which final replies of Government are still awaited . . . . .	23

## APPENDICES

I Copy of Textile Policy Resolution . . . . .	25
II Analysis of the action taken by Government on the recommendations contained in the 14th Report of the Estimates Committee . . . . .	30



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## INTRODUCTION

I, the Chairman of the Estimates Committee having been authorised by the Committee to submit the Report on their behalf, present this Twenty-Fourth Report on action taken by Government on the recommendations contained in the Fourteenth Report of the Estimates Committee (Sixth Lok Sabha) on the Ministry of Industry—Handloom and Powerloom Industries—Part II—Powerloom Industry.

2. The Fourteenth Report was presented to Lok Sabha on 28 March, 1978. Government furnished their replies indicating action taken on the recommendations contained in that Report on 28 October, 1978. The replies were examined by the Study Group 'J' of Estimates Committee (1978-79) at their sitting held on 15 December, 1978. The draft Report was adopted by the Estimates Committee (1978-79) on 18 December, 1978.

3. The Report has been divided into the following Chapters:—

I. Report.

II. Recommendations which have been accepted by Government.

III. Recommendations which the Committee do not desire to pursue in view of Government's replies.

IV. Recommendations in respect of which replies of Government have not been accepted by the Committee.

V. Recommendations in respect of which final replies of Government are still awaited.

4. An analysis of action taken by Government on the recommendations contained in the 14th Report of the Estimates Committee is given in Appendix II. It would be observed therefrom that out of 23 recommendations made in the Report, 16 recommendations *i.e.* 69.6 per cent have been accepted by Government and the Committee do not desire to pursue 5 recommendations *i.e.* 21.7 per cent in view of Government's replies. Final reply of Government in respect of 2 recommendations *i.e.* 8.7 per cent is still awaited.

NEW DELHI;

December 20, 1978.

Agrahayana 29, 1900 (Saka)

SATYENDRA NARAYAN SINHA,

*Chairman,*

*Estimates Committee.*

## **CHAPTER I**

### **REPORT**

1.1. This Report of the Committee deals with the action taken by Government on the recommendations contained in the 14th Report (Sixth Lok Sabha) on the Ministry of Industry—Handlooms and Powerloom Industries—Part II—Powerloom Industry—which was presented to Lok Sabha on the 28 March, 1978.

1.2. Action taken notes have been received in respect of all the 23 recommendations contained in the Report.

1.3. The action taken notes on the recommendations/observations contained in the Report have been categorised as follows:—

I. Recommendations/Observations that have been accepted by Government :

Sl. Nos. 3, 4, 7, 8, 9, 10, 11, 13, 14, 16, 17; 18; 19; 20; 22 and 23 (Chapter II).

II. Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:

Sl. Nos. 1, 2, 6, 12 and 21 (Chapter III).

III. Recommendations/Observations in respect of which replies have not been accepted by the Committee (Chapter IV).

**Nil.**

IV. Recommendations/Observations in respect of which final replies of Government are still awaited.

Sl. Nos. 5 and 15 (Chapter V).

1.4. The Committee will now deal with the action taken by the Government on some of these recommendations/observations.

#### **Census of Powerlooms.**

##### **Recommendation No. 2 (Paras 1.19 and 1.20)**

1.5 The Committee were unable to appreciate the reasons why it was not 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 was 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 was a sad commentary on the functioning of the office of the Textile Commissioner. The Committee had recommended that

Government might immediately conduct a census of all the powerlooms in the country, whether authorised or unauthorised in which all the relevant information should be collected. ~~Institutional~~ arrangements should be made to keep these statistics up-to-date so as to provide firm and reliable data for decision making.

1.6 The Ministry of Industry (Department of Industrial Development) have in their reply (October, 1978) stated that "The basic data in respect of authorised powerlooms is available with the Textile Commissioner. However, information in respect of unauthorised Powerlooms is not available for obvious reasons. Since under the new policy existing unauthorised powerlooms are being regularised it is hoped that upto date information would be available with the Textile Commissioner after the process of regularisation is completed. The recommendations that an immediate census of powerlooms in the country should be conducted will be taken up for consideration by the Government after the process of regularisation of existing unauthorised powerlooms is completed as envisaged under the new Textile Policy."

1.7 The Committee note that Government would consider the question of conducting a census of powerlooms in the country after the process of regularisation of existing unauthorised powerlooms is completed as envisaged under the new Textile Policy. They hope that the census of powerlooms would be undertaken without avoidable delay.

### **Growth of Powerlooms during Five Year Plans Recommendation No. 3 (Para 1.25).**

1.8 The Committee had noted that only a meagre amount was provided in all the 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. While there was a 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 utilised for the purpose for which these were meant but were diverted to other items. The Committee expressed the hope that at least now, Government would ensure that the provisions made for the powerloom industry would be fully utilised and necessary facilities for the working of the industry provided. The Committee recommended that Government should in the first instance identify the facilities to be provided in the order of importance and requirements and then formulate a time-bound programme for providing these facilities.

1.9 In their reply (October 1978) the Ministry of Industry (Department of Industrial Development) have stated that "The new textile policy of Government lays down that Government would encourage the powerlooms in the decentralised sector to compete effectively with mills. For this

purpose, reasonable facilities would be made available as would be required to make them run on sound and efficient lines. In the light of this, Government would be initiating necessary follow-up action very soon."

**1.10. The Committee note that according to the new textile policy Government would encourage the powerlooms in the decentralised sector to complete effectively with mills and Government propose to initiate necessary follow-up action very soon to make available reasonable facilities to the powerlooms so as to enable these powerlooms to run on sound and efficient lines. The Committee recommend that Government should draw up the programme of follow-up action expeditiously and inform them of the details of the programmes.**

**Comprehensive study of Powerloom Industry—Recommendation No. 4 (Para 1.31), No. 5 (Para 1.44) and No. 15 (Para 3.27)**

1.11 The Committee had noted that after the submission of the report by the Powerlooms Enquiry Committee in 1964, no comprehensive study of the role and functions of the Powerloom Industry had been made. The Committee felt that in view of the important role that the powerloom industry had to play in meeting the clothing needs of the country and also the various problems being faced by the Industry, it was necessary that a comprehensive study of the powerloom industry might be made at an early date.

1.12 The Committee had also recommended (Para 1.44) the setting up of an All India Powerloom Board to regulate the working of powerloom industry on health lines and the desirability of examining the question of reserving items of production for powerloom industry (Para 3.27).

1.13. In their reply (October, 1978), the Ministry of Industry (Department of Industrial Development) have stated that "the recommendation of the Estimates Committee for a comprehensive study of the powerloom industry is accepted, in principle." Regarding the All India Powerloom Board and the reservation of items for powerloom sector, it has been stated that these issues will be examined during the comprehensive study of the powerloom industry.

**1.14. Since important issues like the setting up of an All India Powerloom Board and the reservation of certain items of production for powerloom sector are linked with the comprehensive study of the powerloom industry, as recommended by the Committee and accepted in principle by the Government, the Committee would like that the study of the role and functions of the powerloom industry should be completed expeditiously and follow-up action taken without loss of time.**

**Growth of Unauthorised powerlooms—Recommendation No. 13  
(Para 3.19)**

1.15 The Committee desired 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 powerlooms and to take all measures to check the growth of unauthorised powerlooms. The Committee felt 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 the unauthorised powerlooms.

1.16 In their reply (October, 1978) the Ministry of Industry (Department of Industrial Development) have stated that "Necessary action in this regard will be initiated and state Governments will be addressed to enforce these regulations strictly." . . . . .

1.17. The Committee note that Government propose to address State Governments to impress upon them the need to activate their enforcement machineries to keep a constant vigil on the powerlooms and take all measures to check the growth of unauthorised powerlooms. The Committee would like to be apprised of the instructions that will be issued to the State Governments in this regard.

**Implementation of Recommendations**

1.18 The Committee would like to emphasise that they attach the greatest importance to the implementation of the recommendations accepted by Government. They would, therefore, urge that Government should keep a close watch so as to ensure expeditious implementation of the recommendations accepted by them. In cases where it is not possible to implement the recommendation in letter and spirit for any reason, the matter should be reported to the Committee in time with reasons for non-implementation.

1.19. The Committee would also like to draw attention to their comments made in respect of the replies of Government to recommendations at Serial Nos. 3, 4 and 13 (Chapter II). They desire that Government should take action in pursuance thereof and furnish the requisite information to the Committee, where specifically called for.

1.20. The Committee also desire that final replies in respect of the recommendations contained in Chapter V of this Report may be furnished to the Committee expeditiously.

## **CHAPTER II**

### **RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT**

#### **Recommendation (Serial No. 3, Para No. 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 Govt. should in the first instance identify the facilities to be provided in the order of importance and requirements and then formulate a time bound programme for providing these facilities.

#### **Reply of Government**

Development of powerlooms sector forms part of the village and small scale sectors industries plan of the State Govts., for which block grants and loans are provided by the Govt. Since these funds are not related to any specific sector, the State Govts., have the flexibility in fixing their own priority. Because of this, the financial allocation for the development of powerloom sector in many States was meagre. The new Textile Policy of the Govt., also lays down that Government would encourage the powerlooms in the decentralised sector to compete effectively with mills. For this purpose reasonable facilities would be made available as would be required for making them run on sound and efficient lines. In the light



of this, Government, would be initiating necessary follow up action very soon.

[Ministry of I.D's., O.M. No. 10/1/78-CP, dated the 28-10-78.]

### **Comments of the Committee**

**Please see comments under para 1.8 to (1.10 (Chapter I)**

#### **Recommendation (Serial No. 4, Para Nos. 1.30 & 1.31)**

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, provisions of pre-weaving and processing facilities, provision of working finance, marketing facilities, scheme for the conversion of Handloom 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 Govt. 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. 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.

### **Reply of Government**

State Governments draw their own priorities for development of village and small scale industries which include powerlooms also. However, powerlooms have not been receiving sufficient attention from them so far. Now that the role of powerloom industry has been defined and fixed in the new Textile Policy, the follow up action in providing facilities and credit to the powerloom sector would be initiated and the State Governments would be impressed upon to do the same. The recommendation of the Estimates Committee for a comprehensive study of the powerloom industry is accepted in principle.

[Ministry of I.D's., O.M. No. 10/1/78-CP, dated the 28-10-1978.]

## Comments of the Committee

**Please see comments under para No. 1.11 to 1.14 (Chapter I)**

### Recommendation (Serial No. 7, Para No. 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 powerloom and disposal of looms by the actual powerlooms 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 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.

### Reply of Government

In view of the new Textile Policy, the question of providing loans for installation and establishment of new powerlooms does not arise. However, for operation of the existing authorised powerlooms the requirement of working capital will have to be met by financial institutions. The nationalised banks will be impressed upon to grant working capital loans to the powerloom sector on reasonable terms and also to simplify the process for grant of such loans.

[Ministry of I.D's, O.M. No. 10/1/78-CP, dated the 28-10-1978.]

### Recommendation (Serial No. 8, Para No. 2.11)

The Committee further note that a number of State Govts., have set-up powerloom Corporations to help up 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 powerlooms owners on reasonable terms.

### Reply of Government

The question of growth of powerloom industry by organising powerloom corporations does not arise in the light of the new Textile Policy which does not envisage any growth in powerloom sector. However, for

efficient and profitable operation of existing authorised powerlooms it would be suggested to the State Government that existing powerloom Corporations should provide working capital resources on reasonable terms as well as technical guidance to these authorised powerlooms.

[Ministry of I.D's, O.M. No. 10/1/78-CP, dated the 28-10-1978.]

### **Recommendation (Serial No. 9, Para Nos. 2.22 and 2.23)**

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 Govt. 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.

The Committee note that Govt. 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 as 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 may render to the powerloom industry. In particular the centre 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 facility for dyeing, processing, finishing etc. which would help the powerloom sector to improve the quality and marketability of their products.

### **Reply of Government**

It is agreed that in the context of change in fashion and design, powerloom industry cannot survive unless it keeps in line with the consumer preferences. Two service centres, one each at Malegaon and Calcutta have

already been set up. Four additional centres are planned for in the current year. In the light of the new textile policy which also emphasises the need for providing such service to powerloom industry it is expected that a more substantial programme will be approved in the subsequent years. The suggestion regarding development, design, blend etc. will be noted for guidance of the Service Centres. Recently four additional powerloom service centres have been sanctioned for the States of Madhya Pradesh, Uttar Pradesh, Rajasthan & Bihar.

[Ministry of I.D's, O.M. No. 10/1/78-CP, dated the 28-10-1978.]

### **Recommendation (Serial No. 10, Para Nos. 2.31 & 2.32)**

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 product. 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 co-operative societies and taking care of the marketing problems.

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 Govt., 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.

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### **Reply of Government**

A techno-economic study of the working of Marathwada Development Corporation in respect of powerlooms will be made by the Textile Commissioner. As mentioned earlier in our reply to item 1.31, the points mentioned in these two paragraphs will be taken into consideration while conducting comprehensive study of powerloom industry. This study will

also suggest further plan of action for efficient and better utilisation of powerlooms with a view to increase net earnings of powerloom operators.

[Ministry of I.D's, O.M. No. 10/1/78-CP, dated the 28-10-1978.]

**Recommendation (Serial No. 11, Para Nos. 2.39 & 2.40)**

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.

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

**Reply of Government**

Decentralised powerloom sector is progressively using blended and synthetic yarns. This sector is now producing over 1,000 million metres of fabrics produced from staple yarn/man-made fibre yarns. In order to ensure adequate availability of synthetic yarn to powerloom, Government has liberalised its import policy for these yarns.

[Ministry of I.D's, O.M. No. 10/1/78-CP, dated the 28-10-1978.]

**Recommendation (Serial No. 13, Para 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.

### **Reply of Government**

Necessary action in this regard will be initiated and State Governments will be addressed to enforce these regulations strictly.

[Ministry of I.D's O.M. No. 10/1/78-CP dated the 28-10-1978]

### **Comments of the Committee**

Please see comments under para Nos. 1.15 to 1.17 (Chapter I)

### **Recommendation (Serial No. 14, Para No. 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 install powerlooms in an unauthorised manner in the hope that these would be regularised subsequently.

### **Reply of Government**

The Government decision regarding prevention of growth of the unauthorised powerlooms has been announced and further necessary action is being taken. Further surprise checks will be conducted and all steps taken to implement the decision of the Government.

[Ministry of I.D's O.M. No. 10/1/78-CP dated the 28-10-1978]

### **Recommendation (Serial No. 16, Para No. 3.37)**

The Committee note that one of the handicap 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 gray 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 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 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.

### **Reply of Government**

The recommendation for setting up processing houses for powerlooms in areas where powerlooms are concentrated, is accepted by Government in principle. This recommendation is in line with recommendations of the Working Group on Handlooms and Powerlooms which has suggested setting up of two such processing houses between 1978—80. They have recommended three more units to be established between the years 1981—83. Since the primary responsibility for development of powerlooms sector is with the States, the Central Government will bring the recommendation to their notice as well and impress upon them to draw up schemes for setting up of processing houses.

[Ministry of I.D's O.M. No. 10/1/78-CP dated the 28-10-1978]

### **Recommendation (Serial No. 17, Para No. 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 Powerloom Corporations etc. to the cooperatives for setting up similar processing houses in their areas.

### **Reply of Government**

A techno-economy study of the working of the (TEXCOM) and the processing houses in operation in Ichalkaranji will be undertaken. The suggestion relating to concessional rates of interest and liberalised finance will be further gone into when the comprehensive study of the powerloom industry, as indicated earlier in our reply to item 1.13 is undertaken. Meanwhile financial institutions will be impressed upon to provide working capital finance to powerlooms at reasonable terms.

[Ministry of I.D's, O.M. No. 10/1/78-CP, dated the 28-10-1978.]

### **Recommendation (Serial No. 18, Para Nos. 3.45 and 3.46)**

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 outside 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.

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 corrective measures taken in time, wherever the progress is not found to be satisfactory.

### **Reply of Government**

The recommendation regarding the cooperativisation of the powerloom sector is accepted in principle by the Government. Since the major role in this context has to be played by the State Governments, States will be duly impressed upon for evolving a time bound programme. As a result of the study of the powerloom industry as indicated in reply to item 1.31, the programme of covering the entire powerlooms sector by cooperatives as well as making them more effective will be gone into detail.

[Ministry of I.D's, O.M. No. 10/1/78-CP, dated the 28-10-1978.]

### **Recommendation (Serial No. 19, Para No. 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 institute so as to make them fully acquainted with the functioning of these cooperatives societies.

### **Reply of Government**

This suggestion will be forwarded to the State Governments and the various powerloom Associations with a request that they may initiate steps to avail of the facilities with Vaikunthalal Mehta Institute Poona for training of their office bearers.

[Ministry of I.D's., O.M. No. 10/1/76-CP, dated the 28-10-1978.]

### **Recommendation (Serial No. 20, Para No. 3.48)**

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 own spinning mills, processing houses etc. The Committee feel that this experience should be closely studied and the result of study circulated to other areas so that weavers there may benefit from this experience.

### **Reply of Government**

The study in this regard will be undertaken and the results of the study will be brought to the notice of the Powerloom industry at large.

[Ministry of I.D's., O.M. No. 10/1/76-CP, dated the 28-10-1978.]

### **Recommendation (Serial No. 22, Para No. 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 powerlooms 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 consumers demands and designs and keep the powerloom weavers informed of the same so that production may be in keeping with the consumers demands.

### **Reply of Government**

This will be recommended to the State Governments, so that necessary instructions may be issued to the Powerloom Corporations and Powerloom

Associations to undertake market research and collect market intelligence with a view to realign production programmes to suit changing trends of consumption.

[Ministry of I.D's., O.M. No. 10/1/78-CP, dated the 28-10-1978.]

### **Recommendation (Serial No. 23, Para No. 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.

### **Reply of Government**

These suggestions have been noted for guidance by the Textile Commissioner.

[Ministry of I.D's., O.M. No. 10/1/78-CP, dated the 28-10-1978.]

### CHAPTER III

#### RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLY

##### **Recommendation (Serial No. 1, Para Nos. 1.9 to 1.11)**

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 artsilk 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.

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 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.

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 for 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 separately recommended the formulation of any 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.

### **Reply of Government**

Government have since taken a view on the role of powerloom in the new Textile Policy, a statement of which was laid on the Table of Parliament of 7th August 78 (Appendix I). The major thrust in meeting the textile needs of the people has to be met by the handloom sector. As per the Draft Sixth Plan the target for powerloom production is 2,300 million metres. The policy does not envisage any expansion in the powerloom sector.

In view of the Textile Policy announced by the Government the role of the various sectors of textiles i.e. Handloom, Powerloom, organised mill sector has been defined. The primary responsibility of clothing the people of this country has been assigned to the handloom sector and no expansion is being allowed in powerloom and organised mill sectors.

The present policy does not envisage any growth in the powerloom sector. Therefore, the question of allowing a regulated growth of this sector does not arise. This has been done primarily with a view to protect and encourage the development of handloom sector which has a huge employment potential. To prevent growth of unauthorised powerlooms, the Government will introduce legislation, if necessary.

In respect of preventing infringement on handloom sector adequate powers have been delegated to State Governments. State Governments will once again be impressed upon the imperative need to enforce the powers with a view to protect handloom sector.

[Ministry of I.D's. O.M. No. 10/1/78-CP, dated the 28-10-78]

### **Recommendation (Serial No. 2, Para Nos. 1.19 and 1.20)**

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.

The Committee further note that although the Task Force on Powerloom 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 upto date so as to provide firm and reliable data for decision making.

### **Reply of Government**

The basic data in respect of authorised powerlooms is available with the Textile Commissioner. However, information in respect of unauthorised powerlooms is not available for obvious reasons. Since under the new policy existing unauthorised powerlooms are being regularised it is hoped that upto date information would be available with the Textile Commissioner after the process of regularisation is completed. The recommendation that an immediate census of powerlooms in the country should be conducted will be taken up for consideration by the Government after the process of regularisation of existing unauthorised powerlooms is completed as envisaged under the new Textile Policy.

### **Comments of the Committee**

**Please see comments under paras 1.5 to 1.7 (Chapter I)**

#### **Recommendation (Serial No. 6, Para No. 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 handloom 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.

#### **Reply of Government**

Cooperatives of powerlooms are also eligible to get finance under the R.B.I. scheme at 1½ per cent below bank rate. But interest subsidy is not admissible for the powerloom cooperative.

#### **Recommendation (Serial No. 12, Para Nos. 3.16, 3.17 and 3.18)**

The Committee note that every powerloom owner is required to obtain a permit from the Textile Commissioner for acquisition or installation of 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.

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

loom 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 to prevent the unauthorised growth of powerlooms 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.

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 powerloom 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.

### **Reply of Government**

Prevention of the growth of the unauthorised powerloom sector has not been so far effective because of the primary reason that the enforcement and regulation of this sector has been delegated to the State Governments. Due to the varying attitudes of the different State Governments, no uniformity in enforcement has been possible.

In the light of the new Textile Policy no growth in powerloom sector is visualised at all. However, the same policy provides for regularisation of all the existing unauthorised powerlooms.

After this process of regularisation is completed no further growth in this sector has to be allowed. If necessary, the policy envisages legislation so that any growth in the powerloom sector is curbed. Government is actively considering the possibility of investing Textile Commissioner with adequate powers in this context. Further, State Govts., would be impressed upon to see that suitable preventive action is taken so as to achieve the objectives of the new Textile Policy in respect of powerloom industry.

[Ministry of I.D's O.M. No. 10/1/78, CP dated the 28-10-1978]

**Recommendation (Serial No. 21, Para No. 3.59)**

The Committee note that there are no organised marketing arrangements for the powerloom sector and most of 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.

**Reply of Government**

The comprehensive study of powerloom industry, as referred to in our reply to item 1.31, will be expected to suggest positive measures in respect of the marketing facilities that the powerloom sector may need.

[Ministry of I.D's., O.M. No. 10/1/78-CP, dated the 28-10-1978.]



## **CHAPTER IV**

### **RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE**

## CHAPTER V

### RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

#### **Recommendation (Serial No. 5, Para No. 1.43 and 1.44)**

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 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.

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 Govt. 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 and the Reserve Bank of India. 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*.

### **Reply of Government**

This issue of setting up of a separate All India organisation to look after the powerloom industry will be examined in depth after the comprehensive study of the powerloom industry is undertaken, as indicated in our reply to recommendation No. 1.31.

[Ministry of I.D's., O.M. No. 10/1/78-CP, dated the 28-10-1978.]

### **Recommendation (Serial No. 15, Para No. 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 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 Khadi drill, Dasuti, mills etc., for the powerloom industry.

### **Reply of Government**

The question of reserving certain items exclusively for the powerloom sector will be examined during the comprehensive study to be made on the powerloom industry, as indicated in our reply to item 1.31 earlier.

[Ministry of I.D's., O.M. No. 10/1/78-CP, dated the 28-10-1978.]

**SATYENDRA NARAYAN SINHA,**

*Chairman,*

*Estimates Committee.*

December 20, 1978.

Agrahayana 29, 1900 (Saka).

## APPENDIX I

### COPY OF TEXTILE POLICY RESOLUTION

(Vide reply to recommendation at Serial No. 1)

#### STATEMENT BY THE MINISTER OF INDUSTRY IN THE LOK SABHA/RAJYA SABHA ON 7TH AUGUST, 1978 ON TEXTILE POLICY

The textile industry is the oldest and single most important industry in India, both in terms of employment, and for meeting one of the essential consumption needs of the people. Unfortunately, over the years, the performance of this industry has not been satisfactory. In the organised sector, productivity has fallen in a large number of units. The incidence of sickness has been growing, and the progress of modernising obsolete equipment has been tardy. The cost of textiles has been rising steadily, while the *per capita* consumption of cloth has been falling.

2. In the less organised and decentralised section of handlooms, khadi and sericulture, difficulties regarding the supply of yarn, suitable marketing arrangements and similar factors have resulted in a less than adequate growth rate. Difficulties regarding availability of yarn of reasonable prices, marketing problems and competition from the powerlooms have been some of the reasons for this. Production of woollen fabrics has not kept up with the demand, and prices have prevailed at a very high level. The sericulture industry has been stagnating, despite its enormous potential for providing gainful employment.

3. The absence of clearcut and unambiguous policies relating to the various facets of this diverse industry, and the failure to set definite time bound objectives, have been largely responsible for this unhappy situation. Thus:—

- (i) the roles and tasks to be performed by the organised sector, and the decentralised sector, have not been clearly defined;
- (ii) large amounts of public resources have been spent on subsidising the textile industry, but the subsidies have largely favoured the organised sector, despite the greater need to help development of the handloom and unorganised sector. In addition, the competition from powerlooms was not regulated;

- (iii) There has been a lack of a consistent policy, and the absence of a long-term perspective, relating to the use of cotton and synthetic fibres. This has resulted in advantage not being derived from the use of low priced synthetic fibres;
- (iv) the wide fluctuations in the price of cotton, the principal raw material for this industry, has had a serious detrimental effect on the textile industry, and caused uncertainties to the growers. Organisational and policy frameworks for effectively dealing with this problem have not been devised;
- (v) the public sector has had to assume a large role in textile production, without any clear-out policy aims and objectives.

4. The achievement of Government's economic and industrial policy requires that this situation of uncertainty, and inconsistent policies, should end, and conditions should be created for steady and stable growth for the future. The main objectives which are sought to be achieved by the new textile policy are :

- (i) Production and availability of adequate supplies of cloth, of acceptable quality and at low prices, for the masses;
- (ii) Improved arrangements for the distribution of this cloth to the weaker sections of the population;
- (iii) Rapid development of the decentralised sector, including handlooms, Khadi and sericulture and maximisation of employment thereby;
- (iv) Harmonious balance between the use of cotton and synthetic fibres, ensuring that the incomes, and employment, of cotton growers is maximised, and optimum use is made of the potential for the production of synthetic fibres from the high aromatic gas, and naphtha, feed stock available in the country.

5. The controlled cloth scheme has not proved successful in achieving the objective of providing cheap cloth to the weaker sections of the population. Although the cloth produced under this scheme is being heavily subsidized, the distribution system has not been able to ensure that the benefits reached the weaker sections, particularly, in the rural areas. At the same time, the availability of highly subsidised mill-made cloth has provided unfair competition to handlooms, and thereby retarded growth in that sector. The system of determining quotas for the production of controlled cloth, on the basis of loom-shifts, has thrown a heavier burden on the weaker mills, and on the lower value cloth. The losses suffered by the weaker mills on account of the production of controlled cloth has been one of the important contributory causes for their sickness. Exemptions from the obligation to produce controlled cloth has had to be given to a large

number of textile mills because of sickness, and consequently the availability of controlled cloth has been falling, and is totally inadequate to meet the requirements of the weaker sections of the population.

6. Government consider it necessary that the supply of cheap cloth for the weaker sections and the rapid development of the handlooms sector, should be simultaneously accomplished. It is, therefore, intended that the handloom sector should, to the maximum extent possible, and in the shortest period of time, meet the requirements of cloth for the weaker sections of the population. The sale price of such handloom cloth would be subsidised to the extent decided upon from time to time, so that the social obligation of providing cheap cloth to the weaker sections can be adequately fulfilled. The manufacture of controlled cloth in the organised sector would be phased out over a period of time, consistent with the growth of production of the required varieties of cloth in the handloom sector. It is proposed to discontinue the present pattern of imposing obligation to produce controlled cloth with effect from 1-10-1978. The financial burden now would be borne by the entire textile industry in a manner suitably devised to ensure that the burden is distributed equitably. This form of burden sharing would be used to subsidise the sale of controlled cloth from the mill and handloom sector initially, and from the handloom sector eventually. There would thus be no burden on the public exchequer, consequent to the removal of the obligation to produce controlled cloth. The weaker sections of society would also continue to get subsidised cloth. Mill made controlled cloth would be limited to 400 million square metres, and would be produced both by the N.T.C. and private sector mills. After earmarking the NTC share of production of controlled cloth, contracts for the production of the remaining quantity would be given to private sector mills, on the basis of competitive bids, and subject to the price not exceeding the cost at which similar cloth would be manufactured by the N.T.C. mills. NTC will be required to take on the responsibility of meeting any shortfall in production by the private sector mills.

7. The National Textile Corporation, besides participating in the production of controlled cloth would also be assisted in substantially stepping up their production, particularly in low-price varieties with the accent on the needs of the common man. Those mills would endeavour to reduce the cost of production and improve the quality of fabrics both by modernizing their equipment and through increased use of cheaper synthetic fibre. The distribution system would also be improved so that weaker sections of the population, particularly in the rural areas, would be benefited.

8. A number of important steps would be taken to enable the decentralised and handloom sectors to fulfil the role assigned to them in the industrial and employment policies of Government. These measures would be :—

- (i) No increase in weaving capacity would in future be allowed in the organised sector. The bulk of additional textile requirements would be met from the decentralised sector, increases in production of the organised sector being limited to that arising from the modernisation of out-dated equipment. Powerloom capacity would also not be allowed to increase. Legislation would be introduced to prevent the growth of powerlooms.
- (ii) The existing unauthorised powerlooms would be registered and regularised, on payment of a deterrent penalty.
- (iii) After the phasing out of the mill made controlled cloth, subsidies would be allowed only for handloom and khadi cloth.
- (iv) Steps would be taken to bring into operation adequate new spindleage, so as to meet the full demand of the handloom sector for yarn. The National Textile Corporation would, in particular, give this aspect priority attention, and increased availability of yarn from the public sector would help to maintain reasonable prices. The Handloom units would also be registered, and such registered units would be given preference in the supply of yarn.
- (v) The policy of reserving certain items of cotton textile for the handloom sector would be effectively implemented. Subject to this, Government would encourage the powerlooms in the decentralised sector to compete effectively with mills. For this purpose, reasonable facilities would be made available as would be required for making them run on sound and efficient lines.

9. The textile industry requires that cotton should be available at reasonable prices, and without wide fluctuations, throughout the year. It is equally necessary to protect the interests of the farmers growing cotton, and to save them from exploitation by middle men. It is, therefore, intended that :—

- (i) the production of cotton would be enhanced through improvements in yields by the provision of irrigation facilities and other essential inputs. The objective would be to achieve self-sufficiency in cotton production;
- (ii) the cotton growers would be assured of a reasonable minimum price for their produce. The role of the Cotton Corporation of India would be expanded, and it would be allowed to make commercial purchases in the market, so that cotton prices do not drop below the prescribed minimum. At the same time the Cotton Corporation would be required to prevent cotton prices going above a prescribed limit, and for this purpose would be enabled to operate a buffer stock and make sales in the market.

The buffer stock would be created mainly out of domestic surpluses in comfortable years, and also through imports if necessary. The buffer stock would not be operated either to substitute for indigenous cotton production, or to depress the return to the growers. The Cotton Corporation would also be permitted to take such other steps including exports as to maintain cotton prices within the prescribed range;

- (iii) The use of synthetic fibres would at all times be without detriment to the interests of cotton growers.

10. The adequate availability of woollens, and blankets, at reasonable prices, is a matter of considerable importance, particularly for the economically weaker sections living in the hilly parts of the country. The past difficulties of raw materials would be met by more liberal imports of wool as well as shoddy and increased use of acrylic. Programmes would be undertaken to increase, more rapidly, the domestic wool supply, especially of the quality required for garments. The ban on weaving capacity expansion in organised and powerloom sector will not apply to the woollen sector. While expansion of machine-made carpets would not, in general, be allowed, such expansion would be permitted in the export zones.

11. The modernisation programme in the organised sector, which is being implemented with the help of soft-loans, has made limited progress so far. Steps would now be taken to accelerate the pace of modernisation, and a definite time limit would be prescribed for the utilisation of the loans by the mills. Particular emphasis would be laid on selective modernisation for promoting exports.

12. The development of sericulture is important from the point of view of providing gainful employment, and additional incomes, to the rural population particularly in some of the less economically developed States. Necessary facilities and assistance would be provided for the promotion of sericulture in States which have a potential for this activity.

13. Research and development work should be strengthened to solve the problems facing the textile industry, and particularly those relating to handloom and khadi.

14. Government believe that now the nation will, for the first time, have an integrated policy frame work for this vital industry and that this is an important step in the fulfilment of its pledge to meet the essential needs of the people of our country.



## APPENDIX II

(Vide Introduction to the Report)

### Analysis of Action Taken by Government on the 14th Report of the Estimates Committee (Sixth Lok Sabha)

I. Total number of recommendations . . . . . 23

II. Recommendations which have been accepted by Government (Nos. 3, 4, 7, 8, 9, 10, 11, 13, 14, 16, 17, 18, 19, 20, 22 and 23)

Number . . . . . 16

Percentage to total . . . . . 69.6%

III. Recommendations which the Committee do not desire to pursue in view of Government's replies (Nos. 1, 2, 6, 12 and 21)

Number . . . . . 5

Percentage to total . . . . . 21.7%

IV. Recommendation in respect of which replies of Government have not been accepted by the Committee . . . . . Nil

V. Recommendations in respect of which final replies of Government are still awaited (Nos. 5 and 15)

Number . . . . . 2

Percentage of total . . . . . 8.7%