



TECHNOLOGY UP-GRADATION FUND SCHEME FOR HANDLOOM SECTOR

1. Introduction

The Handloom Sector occupies an eminent place in preserving the country's heritage and culture and plays a vital role in the economy of the country. This Sector is one of the largest employers in the country, estimated to be the second only after agriculture, with about 65 Lakh people directly or in-directly employed as weavers and allied workers. The Handloom Sector, being highly decentralized and dispersed, suffers from cost disadvantages, technological obsolescence and marketing handicaps in comparison to Power loom and Mill Sector.

The Govt. of India, Ministry of Textiles, Office of the Development Commissioner for Handlooms has been supporting the Handloom Sector through State Governments by implementation of various programmes relating to input supplies, production, marketing etc. This has helped the Sector in development of new/diversified products for domestic and foreign markets. However, there is need to up-grade the technology in the areas of pre-loom, weaving, post-loom etc. with a focus on the overall improvement in the quality of the products for niche market, productivity and level of earnings of the Handloom Weavers.

2. Objectives of the Scheme

The objectives of the Technology up gradation Fund Scheme are as follows:

- To encourage the beneficiaries to set up all the facilities at one place, which would ease inter-linking of all the production activities.
- To establish a production base with up-graded technology in pre-loom/on-loom/post-loom/quality control etc. as the case may be, under one roof, thus, strengthening the capacity to undertake bulk production for domestic and export markets, with improved productivity & quality.
- To reduce production cycle time, thus ensuring delivery of goods in time;
- To achieve product and quality standards and ensure price and quality competitiveness in the domestic and export market.

3. Financial Assistance available under the TUF Scheme for Handloom Sector

- (a) (i) 5% interest reimbursement of the normal interest charged by the lending agency on Rupee Term Loan (RTL);

Or

(ii) 25% capital subsidy on the basic value of the new machineries and equipments;

Note: The projects in r/o (a) (i) above shall be submitted by the beneficiary organization to the bank concerned directly and the bank will submit the relevant documents to the Office of the Development Commissioner (Handlooms) for interest reimbursement. Whereas the proposals in respect of (a) (ii) above will be submitted to the Office of the Development Commissioner (Handlooms) through the Weavers' Service Centre concerned.

(b) The following investments are also eligible to the handloom units to the extent necessary for the plant and equipment to be installed for Technology Up-gradation and the total of such investments will not normally exceed 50% of the total investment in such plant and machinery:

(i) Land and factory building including renovation of factory building and electrical installations;

(ii) Preliminary and pre-operative expenses;

(iii) Margin money required for working capital, specifically required for the technology up-gradation;

(c) Investments in the installation of the following facilities, including necessary equipments will be eligible only upto 25% of the basic cost of machinery:-

(i) Energy saving devices;

(ii) Effluent Treatment Plant (ETP);

(iii) Water treatment plant for captive industrial use;

(iv) In-house R & D including design studio;

(v) Information technology including Enterprise Resource Planning (ERP);

(vi) Total quality management (TQM) including adoption of appropriate ISO/BIS standards. (Lab versions of machinery approved for commercial production purposes under TUFS are eligible).

(vii) Captive power plant (including non-conventional sources) of the units availing of TUFS loan

(viii) Husk Fired Boiler accompanying textile modernization/expansion are eligible.

4. Coverage of Handlooms and other machinery & equipments under the TUF Scheme

HANDLOOM WEAVING

- i. Handloom Sector is eligible for taking the benefits of TUFs for all machinery already listed in the Government Resolution of TUFs as amended from time to time and permitted for other Sectors, including Powerloom and Mill Sector. In the Handloom Sector, only weaving activity is different from power loom and mill sectors while other activities, particularly processing, are same.
- ii. Handloom with specified benchmark features operated without the use of power has been covered. A suggestive list of eligible machinery & equipments for the Handloom Sector is at Annexure 'I'. Other eligible machinery and equipments are listed under Annexure-A to Annexure-M of the 'Technology Up-gradation Fund Scheme' (TUFs) published vide notification No. 6/4/2007/CTI dated 1st November, 2007 of the Ministry of Textiles which is also available on the website of the Ministry of Textiles www.texmin.nic.in. Requirement, if any, out of these machines may be included in the proposal. Further, any other machinery considered appropriate can be considered with the specific approval of development Commissioner (Handlooms).

5. Quantum of Assistance

25% capital subsidy for the Handloom Sector will be provided on purchase (basic value of the machine excluding taxes, installations, transportations etc.) of new machinery and equipments for the Pre-loom & post-loom operations, handlooms/up-gradation of handlooms and testing & Quality Control equipments, for exclusive use by the handloom production units.

The above provision for Handloom Sector is a part of the on-going TUF Scheme of the Ministry of Textiles. This will be applicable upto 31st March 2010.

6. Release of funds

For the projects, which are credit linked, the release of interest reimbursement may be made directly by the Office of the Development Commissioner (Handlooms) to the Financial Institution/Bank after installation of Machinery & Equipments and their verification in coordination with the concerned Weavers' Service Centre and submission of the report by the concerned financial institution/banks.

In cases where, the project is not credit linked, the capital subsidy may be released by Office of the Development Commissioner (Handlooms) to the beneficiary after installation of Machinery & Equipments and their verification and submission of report by Officer in charge, Weavers' Service Centre concerned.

7. Duration of the Project

The maximum duration for installation of machines and commencement of the production is 2 years. The individual activity schedule may vary from project to project based

on kind of technological up-gradation and the location of the project, subject to a ceiling of 2 years from the date of approval of the project.

8. Eligible Organisations

- (a) Existing unit with or without expansion, having at least 10 handlooms under a common workshed.
- (b) New units with at least 10 handlooms under a common workshed must set up their entire facilities only with appropriate eligible technology.
- (c) Existing unit can modernize/expand with appropriate eligible technology at one place under a common workshed.

The benefits under the Scheme can be availed by Pvt. Handloom Entrepreneurs, Primary Handloom Weavers Co-operative Societies, Apex Handloom Cooperative Societies, State Handloom Corporations, NGOs/ SHGs (with handloom background), National Level Handloom Organizations.

9. Project Appraisal Committee (PAC)

The Project Appraisal Committee, headed by the Zonal Director, Weavers Service Centre concerned shall assess the physical & financial viability of the Project and appraise the project with reference to the projected outcome in terms of employment generation, weaver income, product development/diversification, exports, cost-benefit ratio etc. The committee shall consist of the following:

- | | | |
|----|---|----------|
| a) | Zonal Director, WSC concerned | Chairman |
| b) | Representative of the Director
In-charge of Handlooms of the State concerned | Member |
| c) | Representative of any of the local Textile
Institute/IIT/NIFT/NID/Textile Research
Organisation/State Handloom Corporation/
Apex Handloom Co-operative Society | Member |
| d) | Any other official nominated from the
Office of the DC (Handlooms) | Member |
| e) | Officer In-charge of WSC concerned | Convener |

The Committee, thereafter, shall submit its recommendations to the Project Approval Committee for taking a final view. The Committee will also make recommendations, from time to time on the technical matters, including revision in the list of machineries and equipments to the Office of the Development Commissioner for Handlooms.

10. Project Approval Committee (PAC)

The Project duly recommended by the Project Appraisal Committee (PAC) shall be placed before the project Approval Committee for approval of the Project. The Committee

shall be headed by the Development Commissioner for Handlooms and shall comprise of the following:

- a) Representative of IFW (Textiles),
- b) Zonal Director of WSC concerned,
- c) JDC (HL)/ADC (HL) concerned
- d) Any other official/non-official nominated by the Development Commissioner (Handlooms)

11. Monitoring of Scheme

Individual Projects will be monitored by the Weavers' Service Centre having jurisdiction of the area.

The Office of the Development Commissioner for Handlooms will monitor the progress through visits to the States from time to time physical inspection, to review the progress of implementation of the Project etc.

Annexure-I

A suggestive list of machinery and equipments for Handloom Sector under the TUF Scheme

1 Pre-loom

- 1) Winding machine for conversion of hank yarn into pirns/ bobbins;
- 2) Doubling machine
- 3) Sectional Warping Machine, Drum Type;
- 4) Cone dyeing machine
- 5) Cabinet dyeing machine for hank yarn dyeing, in different size and capacity.
- 6) Arm type Silk hank dyeing machine
- 7) Yarn sizing machine

2 Handloom and accessories

- 1) Semi-automatic/ordinary fly shuttle frame handlooms with minimum width of 52", with or without dobby/jacquard and benchmarked technology features viz; take-up motion, negative let-off motion, smooth sley movement, use of bigger shuttle and bobbin. It may include

attachments such as multiple weft butta mechanism, pick & pick sliding shuttle box, solid border weaving catch-cord attachment. The frame loom should be made out of $1/2$ "x $1/2$ " x 3" steel U channel or Steel pipe of 2 $1/2$ " Diameter in 8 gauge or sturdy wood with minimum 4" width x 4" thick x 6" height. The looms may have additional warp and cloth rollers made out of wood or steel to ensure long length fabric.

- 2) Handlooms of fly shuttle frame fitted with Dobby like Lattice/barrel/tappet/draw bar/iron frame vertical upto 36 hooks/wooden frame vertical/centre closed shed/double cylinder iron border and Jacquards like single lift single cylinder wooden frame/single lift single cylinder iron frame/Janata /lino; combination of jala and doobby or jacquard; Fly shuttle sley fitted with drop box on one side/drop box on both sides/circular shuttle box/pick-and-pick sley.
- 3) Fly shuttle frame looms fitted with let-off motion like lever and weight let off motion/special spring motion/rope let off motion/weight system/spring system.
- 4) Fly shuttle frame looms fitted with take-up motion like ratchet & pawl motion /3 wheel Ichalkaranji type motion/ 5 wheel take up motion without emery roller/7 wheel take up motion.
- 5) Handloom fitted with special attachments like catch-cord system/swivel type loom/ lappet motion/terry motion/lino motion/ chenille weaving i.e automatic cutting of chenille while weaving, metal frame handloom/wider width wooden frame handloom/long length cloth weaving mechanism etc.
- 6) Pit loom with doobby/jacquard.

Note: In addition, handloom units may also be provided with piano card punching, Electronic card punching machine and Electronic Jacquard.

3 Post-loom process

1. Semi automatic dyeing jiggers for cloth dyeing.
2. Drying range (12 cylinders)
3. Curing/ageing/steaming unit for fixation of print on printed fabrics.
4. Multi-chamber Stenter machine
5. Calendaring Machine
6. Open width/rope type washing machine
7. Hydro-extractor
8. Milling machine for woolen
9. Raising,

10. Blowing
11. Rotary press for wool
12. Trolleys for cloth movement in the processing unit (Each)
13. Effluent treatment plant
14. Folding machine single & double fold
15. Packing machine and baling press.
16. Boiler-diesel fired or husk fired with 5 metric ton per hour steam generation capacity subject to the condition that specific approval and NOC may be obtained from respective State Pollution Control Board/Agency.
17. Winch Dyeing Machine
18. Open Kier
19. Padding Mangle without Drying Chamber
20. Bore-well, storage tank & water softening unit for boiler feed water.
21. Fabric inspection tables with glass top and backlit (each)
22. Screen-printing and block printing tables with blocks and screens.
23. Cemented and glazed tiled washing, scouring and bleaching pits
24. Generator 15 KVA

4 Textile Laboratory equipments

- a) Single yarn strength Tester
- b) Warp reel
- c) Lea strength tester
- d) Fabric strength/tear tester
- e) Twist tester manual type
- f) Yarn count testing instruments (Beasley's balance, Knowles' balance)
- g) Yarn evenness tester (Black board),
- h) Physical, chemical and electronic balance
- i) Counting Glass with illumination

- j) Pilling tester,
- k) Abrasion tester,
- l) Crock meter for fastness to rubbing/crocking,
- m) Laundro-meter for Washing fastness,
- n) Light fastness tester,
- o) Perspiration fastness tester,
- p) Drape meter,
- q) Grey scale,
- r) PH meter
- s) Thermostat oven
- t) Laboratory glass instruments and chemicals,
- u) Computer Colour matching unit
- v) Computer aided textile design system

Note: The above list of Machines & Equipments is tentative and subject to revision.

Annexure-II

Procedure for Submission of the project Proposal

The guidelines for submission of the project proposal under TUF Scheme by the beneficiary organization are as follows:

- a) The beneficiary organization shall submit the project proposal along with the profile of the Organization in Annexure-III and Project Profile in Annexure-IV with relevant documents to the Weavers' Service Centre concerned (Office of the Development Commissioner for Handlooms, M/o Textiles) having the jurisdiction of the area.
- b) The project proposal shall be duly scrutinized/ examined by the Weavers' Service Centre (WSC) concerned and also, an inspection of the proposed project site shall be made by WSC. After due verification & satisfaction, the project will be submitted to the Zonal Director concerned along with the Annexure-II & III, relevant documents and the inspection report.

- c) The project proposal duly forwarded by the officer in-charge of the WSC concerned shall be appraised by the Project Appraisal Committee, headed by Zonal Director of the WSC concerned. The committee, after duly appraising the project shall recommend the project proposal to the Office of the Development Commissioner for Handlooms along with all documents and specific recommendations for approval or otherwise.
- d) The duly recommended project proposals shall be placed before the Project Approval Committee, headed by Development Commissioner (Handlooms) for in-principle approval of each project and the same will be conveyed accordingly.

Annexure-III
Technology Up-gradation Scheme for Handloom Sector

Profile of the Beneficiary Organisation

1.	Name of the Organization and complete postal Address					
2.	Status of the Organization		<ul style="list-style-type: none"> - Handloom Corporation - Apex Society - Primary Weavers Co-operative Society - NGO - SHG - Private Entrepreneur etc. - Any other (Please specify) 			
3.	Year of Registration/ Establishment with Registration number (Enclose, wherever applicable copy of the registration certificate)					
4.	Type of Unit	<ul style="list-style-type: none"> a) New Unit b) Up-gradation of existing Unit 				
5.	Name of the contact person with designation					
6.	Activities in brief (including items of production on Handlooms)					
7.	Number of weavers with the Organization			Men	Women	Total
			Gen.			
			SC			
			ST			
			OBC			
			Min- ority			
			Others			
	Total					
8.	Number of looms installed and active looms with the organization (in case of existing unit)					
9.	Annual Turnover (Rs. In lakhs) of the					

	Organization for the last three years (Year-wise)	
10.	Exports, if any, in value terms for the last three years (Year-wise)	
11.	Profit/Loss for the last three year (Year-wise)	
12.	Audited Accounts for the last three years (Enclose, wherever applicable)	
13.	Details of projects/ schemes implemented in the past out of funds provided by O/o. DC (Handlooms) under various Schemes. (Furnish details- Scheme-wise)	

**(Signature of the Head of the Organization
With Name & Complete Address,
Phone No., FAX, e-mail,
Mobile phone number)**

Annexure-IV

PROJECT PROFILE

1.	Objective and thrust of the project	
2.	Existing infrastructure /work shed/ building available with the organization	
3.	Details of existing machinery and equipments available with the organization (wherever applicable)	
4.	Whether the existing site is owned/leased (If leased, lease agreement should be for at least 10 years as on the date of submitting proposal) by the organization (Enclose relevant documents)	
5.	Details of site plan with total land and covered area for setting up of the proposed project (Provide location, photographs and site plan).	
6.	Detailed machinery requirement under the project proposal <ul style="list-style-type: none"> • Pre-loom • On-loom • Post-loom • Quality Control 	
7.	Installed production capacity- <ul style="list-style-type: none"> • Existing (Machines/ material) • Proposed (Machines / material) 	
8.	Cost estimates and suppliers of the proposed Machinery & Equipments (Machine-wise & supplier-wise) (attach sheet with details)	
9.	Total cost of the proposed machinery & equipments	
10.	Sources of funding by the organization; own or from bank (break-up) (Enclose copy of the pass book of the bank a/c)	
11.	Name of the Bank & bank documents for tie-up of loan,	

	if any, for the proposed project.	
12.	Amount of subsidy required (Rs. In lakh)	
13.	Other Investments	
(a)	- Land and factory building including renovation of factory building and electrical installations;	
	-Preliminary and pre-operative expenses;	
	-Margin money required for working capital, specifically required for the technology up-gradation;	
	Total Amount	
(b)	-Energy saving devices;	
	- Effluent Treatment Plant (ETP);	
	- Water treatment plant for captive industrial use;	
	-In-house R & D including design studio;	
	-Information technology including Enterprise Resource Planning (ERP);	
	-Total quality management (TQM) including adoption of appropriate ISO/BIS standards. (Lab versions of Machinery approved for commercial production purposes under TUFS are eligible)	
	- Captive power plant (Including non-conventional sources) of the units availing of TUFS loan	
	- Husk Fired Boiler accompanying textile modernization/ expansion are eligible	
	Total Amount	
14.	No. of beneficiaries under the proposed project	
15.	Anticipated returns from the project in physical and financial terms. Also, indicate the benefits to the weavers under the project (in terms of employment, wages, basic amenities, social security etc.)	
16.	Enclose activity chart with time schedule for each activity	

**(Signature of the Head of the Organization
with Name and Complete Address,
Phone No., FAX, e-mail,
Mobile Phone number)**