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ABSTRACT

Handloom Industry - Enhancement of Interest Subsidy to Primary Handloom Weavers Co-operative Societies from the present level of 4% to 6% so as to reduce the interest burden of the Weavers as announced in the Tamilnadu New Integrated Textile Policy, 2019 - Orders - Issued.

Handlooms, Handicrafts, Textiles and Khadi (D1) Department

G.O.(D).No.94

Dated 04.09.2019
விகாரி, ஆவணி 18,
Thiruvalluvar Aandu 2050

Read:

1. G.O.(Ms)No.41, Handlooms, Handicrafts, Textiles and Khadi (C2) Department, dated 04.03.2019.
2. From the Director of Handlooms and Textiles letter in Rc.No.8673/2019/J2, dated 12.04.2019.

ORDER:

In the Government order first read above, orders were issued for implementation "Tamilnadu New Integrated Textile Policy, 2019", among various policy initiatives, it has been mentioned in para 8.2.(15) that "Interest Subsidy for Primary Handloom Weavers Co-operative Societies will be enhanced from the present 4% to 6% to reduce the interest burden of the Handloom Weavers Co-operative Societies".

2) The Hon'ble Chief Minister among others has made the following announcement under Rule 110 on the floor of the Assembly on 16.07.2019:-

"தொடக்க கைத்தறி நெசவாளர் கூட்டுறவு சங்கங்கள், மாவட்ட மத்திய கூட்டுறவு வங்கியின் மூலம் நபார்டு வங்கியின் மறு நிதியுதவி திட்டத்தின் கீழ் நடைமுறை மூலதனத்தை காசுக்கடனாக பெற்று வருகின்றன. அத்தகைய கடனுக்கு, தற்போது தமிழ்நாடு அரசு 4% மானியமாக வழங்கி வருகிறது. தமிழ்நாடு ஒருங்கிணைந்த புதிய ஜவுளி கொள்கை 2019-இல் அறிவிக்கப்பட்டவாறு, வட்டிச் சுமையினைக் குறைக்கும் விதமாக, தொடக்க நெசவாளர் கூட்டுறவு சங்கங்களுக்கு வழங்கப்பட்டு வரும் வட்டி மானியம் 4 விழுக்காட்டிலிருந்து 6 விழுக்காடாக உயர்த்தப்படும். இதன் மூலம் ஆண்டொன்றுக்கு ஏற்படும் செலவினம், 14 கோடியே 40 லட்சம் ரூபாயிலிருந்து 21 கோடியே 60 லட்சம் ரூபாயாக உயர்த்தி வழங்கப்படும்."

3) In the letter second read above, the Director of Handlooms and Textiles has submitted the proposal to enhance the interest subsidy from the present 4% to 6% as detailed below:-

- a) Handloom Industry is the most important ancient, traditional cottage industry in Tamilnadu and plays an important role in improving the economic conditions by providing employment to about 3.19 lakh weavers. In Tamilnadu, there are 2.44 lakh handlooms are functioning in 1139 Handloom Weavers Co-operative Societies. During the year 2018-19, Handloom Weavers Co-operative Societies have produced handloom cloth to the value of Rs.750 crore and sold handloom goods worth Rs.925 crore.
- b) The Primary Handloom Weavers Co-operative Societies are availing working capital assistance through District Central Co-operative Banks under NABARD Refinance Scheme. The State Government is implementing "Interest Subsidy Scheme" from the year 1956 to reduce the interest burden of the Primary Handloom Weavers Cooperative Societies, so as to provide continuous employment to handloom weavers.
- c) The Interest Subsidy Scheme of 3% was implemented upto 30.09.2002 and discontinued with effect from 01.10.2002. Consequent of the discontinuance of Interest Subsidy Scheme, the handloom Co-operatives were put into great financial difficulties and also to provide continuous employment to handloom weavers.
- d) In view of the above, then Hon'ble Minister of Finance while presenting the Budget for the year 2008-2009 on the Floor of the Legislative Assembly on 20.03.2008, had announced, among other things, that Interest Subsidy Scheme will be revived with 4% thereby reducing the Interest on the Working capital loans availed by Handloom Weavers Co-operative Societies from 12 percent to 8 percent from the financial year 2008-2009. Accordingly, the Government have re-introduced the "Interest Subsidy Scheme" to Handlooms Weavers Co-operative Societies with 4% subsidy from the year 2008-2009 (i.e., with effect from 01.04.2008) as per G.O.(Ms) No.127, Handlooms, Handicrafts, Textiles and Khadi Department, Dated 12.8.2008 and the same is being implemented till date. Under this scheme, 4% interest subsidy is reimbursed on the interest charged by the District Central Co-operative Banks to the Primary Handloom Weavers Co-operative Societies.

e) In G.O.(Ms.)No.236, Handlooms, Handicrafts, Textiles and Khadi (D1) Department, Dated 14.11.2012, powers have been delegated to the Director of Handlooms and Textiles to release the interest subsidy on monthly basis to the Primary Handloom Weavers Co-operative Societies subject to the following conditions:-

- (i) The Director of Handlooms and Textiles should ensure that the quantum of Interest Subsidy sanctioned does not exceed, on any account, the Budget Provision and that the quarterly budgetary control appropriation is scrupulously followed.
- (ii) The Director of Handlooms and Textiles is responsible for scrutiny, audit, test-check and disbursement every month by following all formalities and procedures laid down under the scheme and forward the audited annual statement of accounts to Government at the end of the each financial year.
- f) During 2018-19, Primary Handloom Weavers Co-operative Societies have been sanctioned Cash Credit to the tune of Rs.450.46 crore by the District Central Co-operative Banks, under NABARD re-finance scheme and the details are as furnished below:-

Sl. No.	Year	Sanctioned Amount (in crore)
1	2008-2009	4.70
2	2009-2010	12.66
3	2010-2011	5.49
4	2011-2012	13.00
5	2012-2013	17.50
6	2013-2014	10.50
7	2014-2015	10.50
8	2015-2016	10.50
9	2016-2017	10.50
10	2017-2018	17.02
11	2018-2019	21.25

Under 4% Interest Subsidy Scheme claims to the tune of Rs.1.20 Crore per month was received from 850 Handloom Weavers Co-operative Societies in 20 Circles and hence annual commitment under this scheme is around Rs.14.40 crore.

g) The concessional rate of working capital assistance to the Handloom Weavers Co-operative Societies is an essential input to provide continuous employment by way of supply of yarn to weavers uninterrupted. The reduced rate of interest for cash credit will improve the financial capabilities of the Primary Handloom Weavers Co-operative Societies which will improve the weavers standard of living through substantial employment throughout the year. Because of this concessional rate of interest, about 2.44 lakh weavers belonging to 850 Primary Handloom Weavers Co-operative Societies will be benefited.

4) The Director of Handlooms and Textiles has therefore requested the Government to issue necessary order enhancing the Interest Subsidy to Primary Handloom Weavers Co-operative Societies from the present level of 4% to 6% so as to reduce the interest burden of the Handloom Weavers Co-operative Societies as announced in the Tamilnadu New Integrated Textile Policy, 2019.

5) Due to enhancement of Interest Subsidy from 4% to 6%, the additional Commitment per annum will be Rs.7.20 crore as per the working sheet given below:-

(A) Commitment for existing 4% Interest Subsidy

Rs.1.20 crore per month x 12 months: Rs.14.40 crore

(B) Additional Commitment for additional 2% Interest Subsidy

Rs.60 lakh per month x 12 months: Rs.7.20 crore

(C) Total Commitment per annum: Rs.21.60 crore
(For 6% Interest Subsidy)

6) The Director of Handlooms and Textiles has also stated that a budget provision of Rs.14.40 crore has been made in the budget Estimate for the year 2019-2020 towards implementation of "Interest Subsidy Scheme" to Primary Handloom Weavers Co-operative Societies under the Head of Account "(D.P.Code 2851 00 103 KL 31102)" and also requested the Government that the Budget allocation for the year 2019-2020 for a sum of Rs.14.40 crore may be enhanced to Rs.21.60 crore and necessary additional Budget Provision may be made in Revised Estimate for the year 2019-2020.

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7) Based on the announcement made by the Hon'ble Chief Minister, under Rule 110 on the Floor of Tamil Nadu Legislative Assembly on 16.07.2019, the Government after careful examination has accepted the proposal of the Director of Handlooms and Textiles for enhancing the Interest Subsidy to Primary Handloom Weavers Co-operative Societies from the present level of 4% to 6% so as to reduce the interest burden of the Handloom Weavers Co-operative Societies as announced in the Tamil Nadu New Integrated Textile Policy, 2019.

8) This order issues with the concurrence of Finance (Industries) Department vide its U.O.No.42489 / Finance (Industries) / 2019, dated 27.08.2019.

(BY ORDER OF THE GOVERNOR)

KUMAR JAYANT
PRINCIPAL SECRETARY TO GOVERNMENT

To

The Director of Handlooms and Textiles, Chennai-108
The Managing Director, Co-optex, Chennai-8.
The Accountant General (A&E) / (Civil Audit) / (CAS), Chennai-18/9.
The Pay and Accounts Officer (North) Chennai-600 001.
The Development Commissioner for Handlooms, Ministry of Textiles,
Government of India, Udyog Bhavan, New Delhi-11.

Copy to:

Office of the Hon'ble Chief Minister, Secretariat, Chennai-9.
Office of the Hon'ble Deputy Chief Minister, Secretariat, Chennai-9.
The Special Personal Assistant to Hon'ble Minister
(Handlooms and Textiles), Chennai-9.
The Finance (Ind/BG.II) Department, Chennai-9.
The Private Secretary to Principal Secretary to Government,
Handlooms, Handicrafts, Textiles and Khadi Department, Chennai-9.
The Handlooms, Handicrafts, Textiles and Khadi (A/B) Department, Chennai-9.
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// Forwarded / By Order //


SECTION OFFICER


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