



**Ministry Of Textiles
(Government of India)**

Final Report on

Trends in Production,
Distribution & Demand for
Hank Yarn & Issues related
thereto

Submitted by:

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EXECUTIVE SUMMARY

1. Introduction

The Hank Yarn Packing Notification (HYPN) was institutionalized in 1974 by Government of India to ensure adequate availability of hank yarn under the provisions of Essential Commodities Act. As per the HYPN prior to 2003, it was mandatory for all the cotton and viscose yarn manufacturing units to pack at least 50% of their domestic deliveries of yarn in the hank form which was reduced to 40% in 2003. A count requirement required not less than 80% of the hank yarn packed to be below 40s. The count requirement was subsequently changed to counts 80s and below.

With this background, Ministry of Textiles is of the opinion that the mechanism of Hank Yarn Packaging Notification needs to be studied in greater details and the adequacy of present provisions of HYPN be examined. Accordingly, Ministry of Textiles decided to entrust a study to Technopak Advisors to conduct a study to analyse the detailed mechanism of the notification and suggest the modifications required in the notification.

2. Objective

The main objective of the assignment was to evaluate the working mechanism of obligations under Hank Yarn Packaging Notification and suggest whether the system needs modifications/ changes.

The key sub objective was to conduct a detailed study across the value chain of hank yarn to understand current and future requirement of hank yarn and the existing gaps in the market that needs to be addressed. The study covered stakeholders of hank yarn from both supply side and demand side.

3. Methodology

The methodology adopted for the study included both secondary research and primary research.

Initial desk research was carried out to gather relevant information related to following:

- Current Hank Yarn Packaging Notification (HYPN)
- Key suppliers and buyers for hank yarn
- Manufacturing scenario – consumption of hank yarn, usage etc.
- Linkage with yarn bank and the role of yarn banking
- Regulatory environment – government policies / restrictions etc. on hank yarn

After studying the relevant information and literature available on the Hank Yarn Packaging Notification (HYPN) and interaction with a few stakeholders, key contacts for the primary research (spinning mills, dyers, traders, yarn banks, trade bodies / associations, master weavers/ handloom weavers) were identified. For primary research Handloom Census, 2009-10 was used as a base to identify the regions and states for data collection.

Five regions were selected in order to cover the entire population of handloom sector:

- North-East
- North
- East
- South and
- Central

Once the regions were identified, each region was divided into separate states. Concentration of handloom weavers household was used as a criterion to finalize the state that represents the entire region. In total, feedback of the key stakeholders were collected across 5 regions, 7 states, 26 clusters which would represent a holistic understanding of the trends in production, distribution and demand for hank yarn and issues related to thereto.

In-depth face-to-face interviews were conducted with the key stakeholders across all the clusters. In addition to this, questionnaires were sent to the entire major handloom weavers associations, handloom weaver societies, State Handloom Corporations, Directorates of Textiles- Handloom divisions.

The states and regions / clusters covered in the study are provided in the table below:

Table 1: Region wise clusters covered

Region	State	Clusters to be covered
North East	Assam	Sivasagar, Kamrup, Nagaon
	Manipur	Imphal
East	West Bengal	Burdwan, Howrah, Hoogli, Murshidabad
South	Andhra Pradesh	Hyderabad, Karimnagar , Warangal, Mehboobnagar
	Tamil Nadu	Madurai, Kanchipuram, Coimbatore, Periyar, Salem
Central	Madhya Pradesh	Indore, Chanderi, Maheshwar
North	Uttar Pradesh	Barabanki, Sitapur, Hardoi, Unnao, Kanpur, Varanasi, Moradabad

4. Major Findings

4.1 Demand, Distribution and Consumption patterns of various counts by the Handloom sector

The handloom production per day varies from 1m to 20m depending on the type of product and the count used in the warp and weft. The factors for the variation in the productivity per handloom are as

- Type of the product
- Count used
- Skills of the weavers
- Involvement of weavers in the production for self or domestic use or with societies
- Design of the product
- Width of the product
- Working environment
- Working hours per day etc.

The questions were asked to the stakeholders regarding the average per day handloom production in meter. The average per day production is different across the states surveyed depending on the type of product, count used and other factors mentioned above. The average production per handloom for each state is calculated from the survey results. The details are compiled in the below table.

Table 2: Loom distribution across the surveyed regions

Region	State	Productivity (meter)	Looms distribution per region	Looms/ region (lakhs)	Production per loom (lakhs meters)
North East	Assam, Manipur	3.6	65.2%	15.50	55.79
East	West Bengal	4.3	12.9%	3.07	13.19
South	Andhra Pradesh	7.1	5.2%	1.24	8.78
South	Tamil Nadu	6.1	6.1%	1.45	8.84
North	Uttar Pradesh	13.4	3.4%	0.81	10.83
Other	Orissa , Karnataka and other states	6.9	7.2%	1.71	11.81
				23.77	109.24

In addition to that, questions were asked to the weavers across all the regions regarding the quantity of yarn required for production of per meter of the fabric produced on the

handloom. It emerged that on an average for all the counts, around 8m to 9 m of the fabric is produced per kilogram of the yarn.

To further estimate the demand of hank yarn, third handloom census report is used as a base.

As per the third handloom census, 2010 the total count of looms across household and non-household is 23.77 lakh. Out of the total looms, the total no of idle looms (households and non-household) is 2.31 lakh, which is almost one in every 10 looms. (Reference –chapter 5 of third handloom census, 2010)

The production per handloom as per the data collected from the surveyed stakeholders is estimated at 5.09 m for average of count range. This is calculated based on the total production per loom and ratio of the same to the number of active handlooms.

It is assumed that out of the total active handlooms, approximately 85% of the handlooms are involved in production of 100% cotton or cotton blended products. To calculate the per day production per loom the productivity is calculated with standard working hours of 8 hours per day. It is also assumed that on an average a weaver's works for 25 days in a month.

Table 3: Estimation of yarn required for handloom fabric

S.No.	Particulars	Figures	Units
1	Total nation-wide number of handlooms	23.77	lakh
2	Total number of active handlooms	21.46	lakh
3	Estimated number of active cotton handlooms	18.24	lakh
4	Average production per handloom for all count range	5.09	meter
5	Average monthly production per loom for all count range (25 days)	127.26	meter
6	Average yearly production per loom for all count range	1527.08	meter
7	Total production on all cotton handlooms	27855.54	lakh meter
8	Average meter of fabric produced per kilogram of yarn	8.5	meter
9	Quantity of yarn required for total production of handloom fabric	3277.12	lakh kgs
10	Quantity of yarn required for total production of handloom fabric	327.71	million kgs

It emerged that on an average a total of 327.71 million kilograms of cotton yarn across all counts is required by the handloom sector for yearly production.

4.2 Adequacy of Hank Yarn

Most of the stakeholders surveyed were of the view that the hank yarn is available with adequate quantity for their requirement. The stakeholders are getting the yarn from various channel such as open market traders, societies, yarn depots, NHDC and also directly from the mills.

However, the surveyed stakeholders highlighted that the monthly quantity quota of hank yarn, a weaver can avail the 10% subsidy on hank yarn through NHDC, is not sufficient for their monthly requirement.

Current Quantity Limit:

Count below 40s = 30 kg / handloom / month

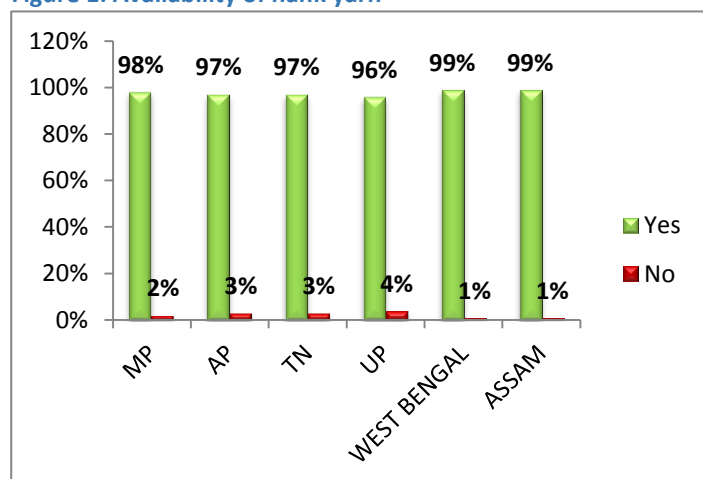
Count 40s and above = 10 kg / handloom / month

The stakeholders during our survey requested to further rationalize and increase the quantity limit for the coarser counts specifically below 20s as the consumption of coarser counts is higher than finer counts.

4.3 Availability of Hank Yarn to Handloom weavers

The stakeholders including traders, yarn bank, societies, master weavers and weavers were surveyed for the availability of Hank yarn to them. It emerged from the analysis that almost all surveyed stakeholders (~98% of total surveyed stakeholders) had no problem regarding the availability of Hank yarn as it was readily available to them with adequate supply.

Figure 1: Availability of hank yarn



The non-availability highlighted by the stakeholders (2-3%) is related to the particular requirement of a specific count which is not a regular supply with the intermediaries. The master weavers / societies were also very specific about the quality of hank yarn and demand the yarn from a particular brand i.e. mill known for the assured yarn quality.

4.4 Linkage and Role of Yarn Bank / National Handloom Development Corporation Limited (NHDC)

The supply chain consists of different stakeholders starting from weavers, master weavers, society, yarn bank / NHDC, traders in the open market. The stakeholders surveyed were weavers, master weavers and the societies about the source of raw material procurement. It emerged that most of the surveyed stakeholders are procuring yarn from traders / agents rather than NHDC. The penetration of the NHDC is very limited to individual weavers, master weavers and majorly caters to the registered handloom societies.

In addition to above, the weavers are more comfortable with the local yarn traders for their purchase of hank yarn. The major issues highlighted by the stakeholders on the working of NHDC are as under:

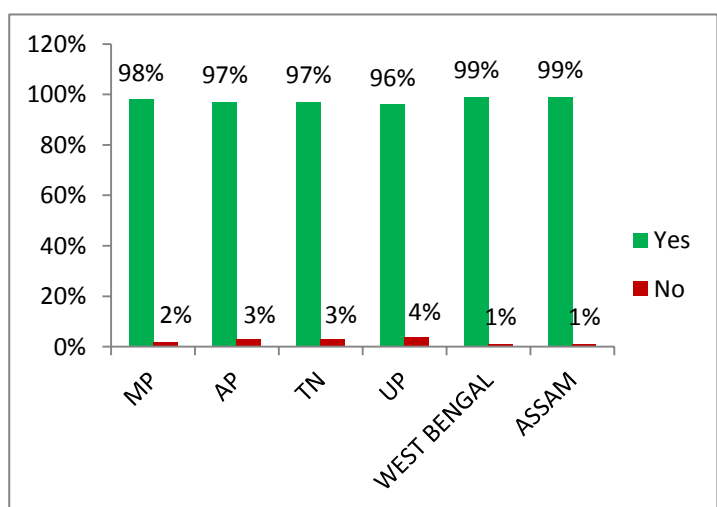
- High lead time for the delivery of hank yarn
- Complicated procedure of indent filling / order booking and the requirement of 10% advance payment
- Non availability of ready stock
- No return policy

The local traders develop on the demerits of the NHDC and offer facility such as credit for 1 to 3 month, ready available stock of the regular counts.

4.5 Awareness of Hank Yarn Packing Notification

The questions were asked to various stakeholders about the obligations under Hank Yarn Packing Notification (HYPN), which was primarily established to ensure the awareness of HYPN to the end consumers. It was observed that the awareness on the Hank Yarn Obligation is very limited as most of the end users (~95% of surveyed end users) even did not know about existence of such obligation.

Figure 2: Comparative study of surveyed stakeholders about HYPN awareness



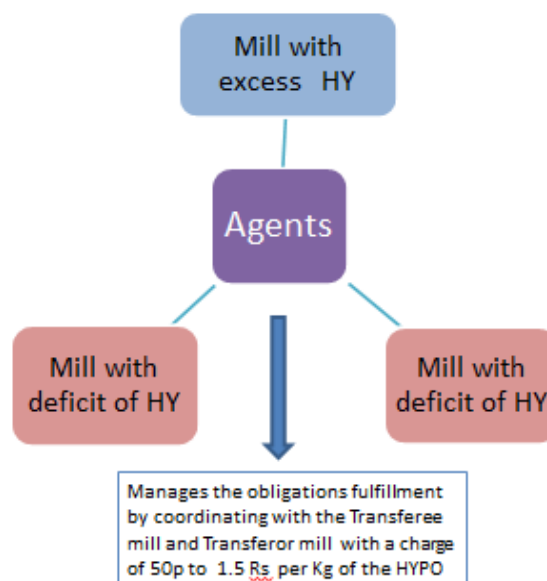
The stakeholders, who were aware of the HYPN, had very limited knowledge on the details and provision of the HYPN.

4.6 Compliance with HYPN

All of the spinners surveyed admitted to the fact they are meeting the Hank Yarn Obligation and regularly submitting the quarterly return to the O/o textile Commissioner.

The spinners are meeting the obligations by either internal production or outsourcing the reeling to independent reelers. However, a large numbers of mills surveyed are transferring the obligations to the surplus hank yarn producers.

Most of the big spinners surveyed in the Punjab state does not have internal reeling unit. They are complying with the HYPN by transferring the obligations to the surplus players situated in the south India. There are agents involved who helped them to identify the surplus player and managed the entire paper work for transferring the obligations in accordance with the guidelines of O/o Textile Commissioner and charge a brokerage fee of 50 paise to 1 rupee per kg of quantity transferred. The brokerage fee is given to the surplus mill producer through the agents involved.



5. Recommendations

5.1 Improving Delivery Time

It emerged from the survey that there is no major issue of non-availability of the hank yarn to the end consumers. The major concern of the stakeholders is lead time for the delivery of hank yarn. The issue is more prominent with the NHDC, where the lead time varies from 10-45 days depending on the region and type of yarn variety ordered. The lead time issues are more in case of east and north-eastern states.

The stakeholders suggested that NHDC should operate with a minimum inventory model to facilitate immediate supply of hank yarn for the regular variety of count demanded in the cluster area. It is recommended that NHDC can categorise its depot in two level and operate warehouse facility with minimum one month inventory model.

5.1.1 Simplification of Indent Filling procedure

During our survey, it was highlighted that the entire procedure of indent filling for placing the order of hank yarn with the NHDC is quite complicated and not weaver's friendly. The weavers also have to deposit 10% advance of the order amount along with the indent to the NHDC. It is required to deposit the amount as cash in the bank nominated by the NHDC or provide a demand draft (DD) of the amount to the NHDC. The time spent in making the DD and indent filling is a direct loss to the weaver's productivity.

To simplify the procedure of indent filling, it is recommended that NHDC can start receiving the 10% advance amount at the NHDC depot.

Also, once an indent is placed, there should be easy tracking system for individual weaver to check the status of the delivery. NHDC can partner with IT Service Company to develop software/program to track the delivery on their mobile phone with reference to the indent number.

5.2 Increased Quantity Limit under 10% Subsidy Component

The quantity limit for the 10% subsidy component available to the individual weaver with the passbook should be further rationalized. The limit should be increased for the counts below 20s and it should be more than 30 kg.

Current Quantity Limit:

Count below 40s = 30 kg / handloom / month

Count 40s and above = 10 kg/ handloom / month

During our survey, the weavers/ societies suggested that this need to be further increased specially for the count below 20s. It is recommended to increase the quantity quota for counts below 20s from the existing provision of 30 kg / handloom/ month.

5.3 Compliance of HYPN

5.3.1 HYO Filling on Biannual Basis

The implementation of the HYO should be in accordance to the objective of this policy. During our survey, it was highlighted that there should be clear mechanism for ensuring the hank yarn is consumed by the handloom sector. **Further, the filling of Hank Yarn Obligations to the O/o Textile Commissioner should be on annually or biannually basis instead of quarterly basis.** This will help in reducing the time spent in scrutinizing the forms

by the O/o Textile Commissioner and on the other hand, it will give spinners more time to accommodate the production of hank yarn on account of fluctuations of the demand of the hank yarn. The office of the Textile Commissioner will also get more time to conduct the physical verification of the hank yarn production such that in case of any mill failing to submit the HYO, the O/o Textile Commissioner can take stringent action on same.

5.3.2 Physical Verification of the Hank Yarn Production / Linkages with the Sales

There is no defined mechanism to verify the Hank Yarn Production as submitted to the O/o Textile Commissioner on quarterly basis. There could be mis-declaration of the hank yarn packing by the mills to comply with Hank Yarn Obligations.

Also, the mills transferring the obligations to the excess hank yarn producing mills manages the hank yarn filling with the help of agents. There is no physical checking or verification of the hank yarn production either by the agents or the mills transferring the obligations.

It is suggested that O/o textile commissioner should depute officers to do a regular visit to the mills submitting the Hank Yarn Obligations and verify the production and vet the production quantity with the sales record. In addition to that O/o of the Textile Commissioner can ask for the sales record of the hank yarn on quarterly or biannually basis.

5.4 Undertaking with Hank Yarn Producing Mills

The spinners surveyed were of the view that the mills producing the hank yarn is on the account of the demand with established customer base and economic viability of the hank yarn production.

The representatives of the mills during our survey mentioned that the hank yarn producing mills will continue their production even in case the obligations is reduced or removed.

To cross verify the reasoning mentioned by the few stakeholders, it is suggested that O/o Textile Commissioner can notify the mills producing excess hank yarn continuously for last 2-3 years for a meeting to understand the reasons of production. Textile Commissioner can take the help of mills associations for formally arranging the meeting with the notified mills. An agreement can be undertaken with the mills for assurance on the production of hank yarn even if there is any amendment in the hank yarn packing notification.

It is difficult to justify the changes in the HYPN on account of the increased mill production and relative decrease in the handloom over the last three decades. One option is to rationalize the obligations percentage to a lower level i.e. 35% on temporary basis for a

period of 2 years. The trend of the hank yarn production of the mills signing the undertaking should be reviewed for the same period before taking the final call.

Textile commissioner office should submit the report for the trend in the production to the Ministry of Textile and based on the outcome of the report, the amendment in the HYPN can be finalized for future or rolled back to the earlier level.

5.5 Handloom Cess

The spinners surveyed were of the view that they are willing to pay a direct cess of reasonable percentage or value if the HYPN can be withdrawn completely. The representatives of the mill association like SIMA, TSMA suggested that in lieu of the HYO, a weaver welfare fund of reasonable value can be directly given to the Ministry of Textile.

The mills who are not producing the hank yarn are meeting the obligations by transferring the obligations to the surplus players. The process of transfer is managed by the brokers/agents and mill with the deficit of hank yarn pay around 1 to 1.5 Rs. /kg for the quantity transferred to the surplus producers through the agents.

The mills suggested the money paid to the surplus players does not impact on the availability of the hank yarn to the weavers. Also, the mills producing the hank yarn in excess does not produce the hank yarn because of the additional premium or charge received from the mills transferring the obligations.

Based on the survey of various mills representatives, it is recommended that a Handloom Cess of reasonable value can be implied to the mills not producing hank yarn according to their obligation and fund can be given to the Handloom office for starting intervention under various schemes for setting up of reeling unit in the major handloom clusters.

The mills producing hank yarn can be wavered from the Handloom Cess accordingly.

5.6 Hank Yarn Production to NHDC and NTC

It was also suggested that the National Handloom Development Corporation (NHDC) and state-level apex handloom co-operative societies can undertake conversion of cone yarn to hank yarn as and when a shortage for hank yarn is noticed, by hiring registered reeling units.

Private spinning mills, which see the hank yarn obligation as major deterrent to their growth, would pay the reeling charges at a specified rate to the NHDC. The mills falling under the obligations but do not having internal reeling unit can be charged in accordance

to their obligations quantity. The fund collected will be used by NHDC or NTC to take up the reeling by establishing reeling units or engaging the private reelers for the conversion.

Besides, the National Textile Corporation (NTC) mills, which have idle capacities, can be asked to produce hank yarn. Regional offices of the NHDC can provide an estimate of demand of the hank yarn to the local NTC mills in the region for the assured sales of the hank yarn manufactured.

CHAPTER 1 - INTRODUCTION

1.1 HANK YARN

Hanks / skeins are the outcome of reeling, a procedure which converts yarn into commercially portable form. It is normally done after twisting / winding to wrap yarn carefully for processing in hank form and unwinding it later. The reeled yarn is carefully tie-banded to control fibres during handling, scouring, dyeing and unwinding. Yarn mills adopt this method of putting up yarn to a large extent for transportation to their customers, as



the skeins / hanks can be packed in bags or bales and transported without damage; often, also, customers require the yarn to be put up in this manner, since it is the most convenient form in which filling yarn for certain kinds of goods can be subjected to such processes as bleaching, dyeing, mercerizing, polishing, printing and so on.

The word hank is more frequently given to a skein, when it contains exactly 840 yards of cotton or 560 yards of worsted, or multiples of these lengths, such as double hanks, containing 1680 yards of cotton or 1120 yards of worsted. Hank yarn is used typically in handloom production as opposed to cone yarn which is used in mill production.

Hank Yarn is being used in various traditional Indian handloom products ranging from sarees, kurtas, dress materials, dhotis, sherwanis, lungies, bedsheets and many more. The diversity in the handloom products itself projects the cultural importance of Indian skills and the feasibility of this success entirely depends on the productivity and availability of hank yarn along with the required skillset of weavers. Although, the traditional profession of weavers in regard of hank yarn is dyeing these yarns as it is still providing employment to a significant portion of weaver population, but now-a-days, due to technological advancements other dyeing techniques, like package dyeing, is also introduced. Package dyeing is much simple and easy to follow for dyeing of different yarns, but still dyeing yarn in hank form is popular route. This can be attributed to the following reasons:

- i. The quality and nature of the product does not allow to follow package route
- ii. The package route is non-practical and non-economical

Therefore, despite the modernisation / mechanisation in the textile sector which is an inevitable proposition, it is mandatory to safeguard the interests of the weavers and promote multi fold development of handloom weavers / products.

1.2 HANK YARN PACKING NOTIFICATION (HYPN)

The Hank Yarn Packing Notification was institutionalized in 1974 by Government of India under the provisions of Essential Commodities Act to facilitate the raw material access of handloom weavers at reasonable price. The HYPN 1974 stipulated that every cotton and viscose yarn manufacturing unit should pack 50 per cent of yarn produced for domestic deliveries in hank form, with a minimum of 80 per cent of required hank yarn to be packed should be of count 40s & below. Later it was amended in 2003. The current Hank Yarn Packing Notification is in force from 01.01.2003, which prescribes that every producer of yarn who packs yarn for civil consumption shall pack yarn in hank form in each quarterly period commencing from Jan/March, 2003 and in every subsequent quarterly period in proportion of not less than 40 per cent of total yarn packed by him during each quarterly period for civil consumption.

- Provided that not less than 80 per cent of the yarn required to be packed in hank form shall be of counts 80s and below in regard to yarn made/spun wholly out of cotton and/or its waste
- A producer of yarn who does not have reeling capacity to fulfil the obligation by own packing may fulfil in either of the below mentioned ways:
 - A producer of yarn may get his yarn reeled out by another producer having surplus reeling capacity, including independent outside reelers
 - The shortfall in respect of one producer of yarn for particular quarter may be met by another producer after fulfilling his own hank yarn obligation to the satisfaction of concerned Regional Office of the Textile Commissioner

Table 4: Hank Yarn Obligation

Obligation	1974-2003	After 2003
Percentage of hank yarn to be packed	50%	40%
Count range of hank yarn & percentage to be packed	Minimum 80 per cent of required hank yarn to be packed should be of count 40s & below	Minimum 80 per cent of required hank yarn to be packed should be of count 80s & below

- Yarn meant for exports, hosiery yarn, industrial yarn, mixed yarn, yarn for captive

consumption, sewing thread and yarn spun from other than wholly cotton are exempted from the Hank Yarn Packing Notification.

- Every producer of yarn has to submit the statutory quarterly return, duly certified by a Chartered Accountant (C.A.) for the yarn packed by him during the quarter within 40 days after the expiry of each quarterly period and in case of fulfilment of obligation by transfer, the same has to be submitted within 60 days after the expiry of the quarter

After all these modifications, the mill representatives are requesting rationalisation and reduction of Hank yarn obligation, from 40% to a reasonable level. But the handloom workers have expressed inadequate availability of hank yarn.

With this background, Ministry of Textiles was of the opinion that the mechanism of Hank Yarn Packaging Notification needs to be studied in greater details and the adequacy of present provisions of HYPN be examined. Accordingly, Ministry of Textiles decided to entrust a study to Technopak Advisors to conduct a study to analyse the detailed mechanism of the notification and suggest the modifications required in the notification.

1.3 PROJECT OBJECTIVE

The main objective of the assignment was to evaluate the working mechanism of obligations under Hank Yarn Packaging Notification and suggest whether the system needs modifications/ changes.

The key sub objective was to conduct a detailed study across the value chain of hank yarn to understand current and future requirement of hank yarn and the existing gaps in the market that needs to be addressed. The study should cover stakeholders of hank yarn from both supply side and demand side.

1.4 SCOPE OF THE WORK

The following are the key aspects that were studied/evaluated in the project:

- Demand, distribution and consumption patterns of various counts by the handloom sector
- Adequacy of Hank yarn for the handloom sector

- Availability of Hank Yarn to the handloom weavers
- Linkage with Yarn Bank and the role of Yarn Banking
- Compliance of the Hank Yarn obligation by the yarn manufacturing units and current methods to meet it including identification of cost, efficiencies etc. in the process of transfer of obligations from spinning mills to mills that finally fulfil the obligations
- Recommendations shall be formulated to ascertain whether the current provisions of HYPN are adequate or need to be changed in regard to total availability of Hank Yarn and in regard to provisions in respect of production, distribution and consumption of Hank Yarn

1.5 METHODOLOGY

The methodology adopted for the study included both secondary research and primary research.

1.5.1 SECONDARY RESEARCH

Initial desk research was carried out to gather relevant information related to following:

- Current Hank Yarn Packaging Notification (HYPN)
- Key suppliers and buyers for hank yarn
- Manufacturing scenario – consumption of hank yarn, usage etc.
- Linkage with yarn bank and the role of yarn banking
- Regulatory environment – government policies / restrictions etc. on hank yarn

1.5.2 PRIMARY RESEARCH

Key contacts for the primary research (spinning mills, dyers, traders, yarn banks, trade bodies / associations, master weavers/ handloom weavers) were identified after studying the relevant information and literature available on the Hank Yarn Packaging Notification (HYPN) and interaction with a few stakeholders. The research attempted to ensure that the entire value chain of hank yarn is covered uniformly with appropriate representation across the country.

SURVEY QUESTIONNAIRES

The target respondents of the study were divided into three broad groups:

- Spinning mills/manufacturers of hank yarn
- Traders/yarn banks
- Weavers/master weavers and weavers associations

Separate questionnaires had been prepared for each of the above mentioned groups.

Following are the key elements covered in respective questionnaires:

Supplier questionnaire (key Players)

- Market outlook: current and expected Demand of Hank Yarn, popular categories of Yarn etc.
- Product related info : Product portfolio, Price, Raw materials required
- Compliance of the Hank Yarn obligation
- Key customers
- Need gaps , issues

Refer to the Annexure – I for details

Buyer / Traders questionnaire

- Market outlook: current & expected consumption growth, popular categories etc.
- Product related info : Product mix, annual consumption of Hank Yarn, key quality parameters required
- Sourcing requirements: Key yarn product purchase prices, order sizes, availability, quality etc.
- Need gaps, issues etc.

Refer to the Annexure – II for details

End user Questionnaire (Handloom master weavers, weavers and weavers associations)

- Market outlook: Current and expected consumption of hank yarn vis-a-vis other yarn.
- Key product characteristics, prices, availability etc.

Refer to the Annexure – III for details

1.5.3 SAMPLING

For primary research Handloom Census, 2009-10 was used as a base to identify the regions and states for data collection.

- In order to cover the entire population of handloom sector five regions were selected namely:
 - North-East
 - North
 - East
 - South
 - Central
- Once the regions were identified, each region was divided into separate states. Concentration of handloom weaver households of the state in respective region was used as a criterion to finalize the state that represents the entire region.

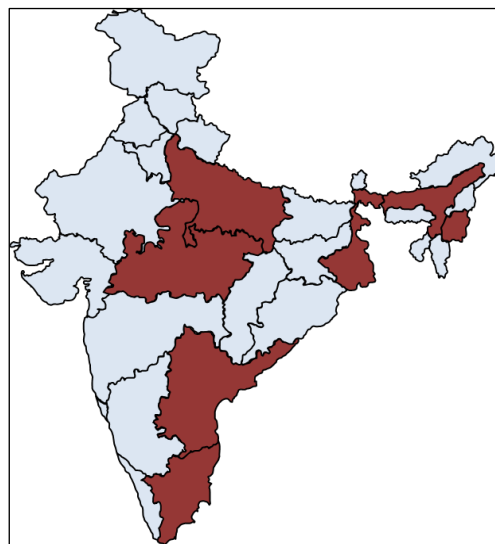
The states covered in the study and the rationale for the selection of the states are provided in the table below:

Table 5: States to be surveyed with fractional weaver household Percentage

Region	State	% Weaver household population of the region
North-East	Assam	73%
	Manipur	12%
North	Uttar Pradesh	72%
East	West Bengal	82%
South	Andhra Pradesh	39%
	Tamil Nadu	49%
Central	Madhya Pradesh	47%

Source: Handloom Census of India 2009-10

Regionwise states to be surveyed



Source: Technopak Analysis

- The fractional number of handloom weaver households of each of the region and states are provided in Annexure-IV.

- Since the Hank Yarn Packing Notification is applicable only for cotton and viscose fibre, in each of the states the clusters or pockets where cotton and viscose yarn consumptions are relatively higher were selected. In total 27 handloom clusters were covered across India. Details are provided in Annexure – V.
- In the above identified clusters, in-depth interviews were conducted with all the stakeholders including spinning mills / yarn manufacturers, traders, yarn bank, channel intermediaries, trade bodies, handloom associations, weavers / master weavers etc. The study also covered government bodies like Weavers Service Centres (WSC) and regional offices of National Handloom Development Corporation (NHDC) as they are working at the ground level and would be able to provide pertinent feedback, representing the views of a larger number of weaver households.
- In-depth face-to-face interviews were conducted with the key stakeholders across all the clusters. In addition to this, questionnaires were sent to the entire major handloom weavers associations, handloom weaver societies, State Handloom Corporations; Directorates of Textiles- Handloom divisions.
- In total, feedback of the key stakeholders were collected across 5 regions, 7 states, 27 clusters that would represent a holistic understanding of the trends in production, distribution and demand for hank yarn and issues related to thereto.

CHAPTER 2 – HANDLOOMS

2.1 BACKGROUND

Clothing is a basic human need along with food and shelter. Till the 19th century, when there were no machines for the production of cloth, the handloom industry was the sole supplier to suffice the clothing needs of the world. The word 'handloom' derives its meaning from the process of manual operation of a country wooden structure called 'loom.'

India has the largest handloom industry in the world.

Figure 3: A traditional handloom



Handloom weaving is India's biggest cottage and labour intensive sector, which has been playing a vital role in the country's economy by forming part of its rich heritage, and exemplifying the artistry of the weavers. Indian artisans are famous for hand-spinning, hand-printing and hand-dyeing. They are accustomed to the art of weaving as a hereditary occupation. There are historical records to show that handloom fabrics

of India established their reputation in the international market long before the historic Industrial Revolution in the West. Indian handloom fabrics received popular patronage and adorned regal personages, besides receiving acclaim abroad in the olden days.

Started as a means for arousing passion of nationalism with the help of *Khadi* and an escape from the government's controlled policy of textile production, the handloom sector now has proven to be the indispensable and vital part for the country's economic growth reserving the cultural heritage of varied and diversified skilled weavers/workers. Post-independence, the government followed a policy of restricting the output of mill sector to encourage handlooms. In a world increasingly inclined to mechanization and standardization, the handloom provides a refreshing change of unique richness of manual skill. The sector represents the country's traditional art form that has been patronized and promoted since time immemorial. The sector reflects not only the traditions of the weaving communities all over India but also the socio-cultural heritage of the entire nation.

Handloom weaving has undertaken both at home as well as outside the homes of weavers. The qualifying criterion for a weaver household to be included in household sector is the operation on a loom even for one day during the past one year, by any member of the household, whether within the premises of the house (with loom household) or outside it (without loom household) as per Handloom Census Of India 2009-10.

2.2 HANDLOOMS AND INDIAN ECONOMY

Handloom industry in India is an ancient cottage industry. References to the use of handloom are abundant in the recorded details of epics like the Ramayana and the Mahabharata. This industry seems to have flourished between 5000 and 3000 BC. The civilizations of Harappa and Mohanjodaro reveal the use of woollen and decorative embroidery in handloom. The industry as we understand it today is constantly associated with Indian rural economic scenario ever since.

The importance of the handloom sector in the national economy is well recognized. On account of having the advantage of flexibility of production in small batches, uniqueness, constant scope for innovation, eco friendliness, adaptability and, above all, the element of rich artistry, this sector has the potential to contribute towards export earnings in a big way. Therefore, export of handloom products has been identified as a “Thrust Area” for the overall development of the sector. As an economic activity, the handloom sector occupies a place second only to agriculture in terms of employment. Handloom sector is decentralized, unorganized and rural based, which plays an important role in the country’s economy. It is one of the largest economic activities, after agriculture.

As per the Handloom Census of 2009-10, there are 23.77 lakh handlooms, employing 43.31 lakh handloom weavers and allied workers; around 53 per cent of the handloom worker households are into commercial production and nearly 16 per cent households undertake a mix of domestic and commercial production. Thus, a total of 69 per cent of the handloom households undertake commercial production, which is a significant portion of the contribution of weavers towards the Indian economy. As per the Handloom Export Promotion Council statistics, the overall export of handloom products to continents during April 2012- March 2013 has shown a positive growth of 7.16% over the corresponding period of April 2011-March 2012. Export of handloom products to African countries has registered a positive growth of 73.45%, followed by other American countries with 44.78%, Asian countries 28.59%, Oceania countries with 21.32%, American countries with 9.64% and Europe others countries with 8.39% growth.

In other words, handloom sector plays a vital role in the uplift of the standard GDP of the country by contributing its fashionable yet traditional products with diversified product designs. The Government is trying to promote this sector by implementing various schemes to endeavour a prosperous growth in the living standard of handloom weavers, thereby strengthening the country’s economic balance.

2.3 GOVERNMENT SCHEMES

The decentralized handloom weavers are totally dependent on handloom agencies and private traders for marketing of their products. The Government interventions in the form of support schemes have helped the handloom organizations to market the products of handloom weavers and sustenance of their employment as the Government of India is aware that handloom weavers are facing stiff competition from powerlooms and mill sector due to technological constraints and lower productivity of handlooms in comparison to powerlooms. For overall development of handloom sector and welfare of handloom weavers, the Government of India has been implementing various schemes, e.g.

- **Handloom Reservation Act 1985**

This act enables the Central government to reserve certain articles for exclusive production by handloom sector in order to safeguard the interests of handloom weavers of the country and take legal action against the powerloom / mill owners who manufacture such reserved items.

Items reserved for exclusive production by Handloom sector are:

- Saree
- Dhoti
- Towel, Gamcha and angavastram
- Lungi
- Khes, Bedsheet, Bedcover, Counterpane, Floor Chaddar, Mekhala / Phanek
- Jamakkalam Durry / Durret
- Dress Material
- Barrack Blankets, Kambal / Kamblies
- Shawl, Loi Muffler, Pankhi etc.
- Woollen tweed

Source: http://handlooms.nic.in/hl_rti_ceo.pdf

- **Integrated Handlooms Development Scheme**

It provides need based inputs to clusters of 300 – 500 handlooms or Groups of 10 – 100 weavers for making them self-sustainable by providing them financial assistance for margin money, new looms and accessories, skill upgradation, marketing opportunities and for construction of worksheds etc.

- **Marketing and Export Promotion Scheme**

It provides platform to the weavers and their organizations to participate in the domestic as well as international trade events and sell their products directly to the buyers.

- **Handloom Weavers Comprehensive Welfare Scheme**

This comprises of two separate schemes viz. the Health Insurance Scheme (HIS) for providing Health Insurance to the Handloom weavers and Mahatma Gandhi Bunkar Bima Yojana (MGBBY) for providing Life insurance cover in case of natural/ accidental death, total/partial disability due to accident.

- **Mill Gate Price Scheme**

This scheme makes available all types of yarn at mill gate price to the eligible handloom agencies to facilitate regular supply of basic raw material to the handloom weavers and to optimize their employment potential. Under the scheme, the Government of India reimburses the transportation expenses involved in the supply of yarn from mill to godown of the user agencies. In addition, a new component of 10% price subsidy on hank yarn has been added to the scheme since January 2012 for supply of cotton and silk yarn to handloom weavers and their cooperative societies.

- **Diversified Handlooms Development Scheme**

This scheme provides assistance for technological and skill-upgradation of weavers for design and product development through 25 Weavers' Service Centres and 05 Indian Institutes of Handloom Technology all over the country to improve the productivity and earnings of the handloom weavers.

- **Revival Reform and Restructuring Package (RRR)**

In order to open the choked credit lines to enable access to fresh credit for handloom sector, GOI has approved RRR package for waiver of overdue loan as on 31/03/2010 for eligible apex and primary weaver cooperative societies and individual weavers. The Government has also approved weaver credit card under institutional credit component,

providing margin money assistance@ Rs. 4200/- per weaver, 3% interest subvention for three years and credit guarantee for 3 years by Credit Guarantee Trust Fund for Micro, Small and Medium Enterprises.

CHAPTER 3 – HANK YARN SUPPLY CHAIN

3.1 STAKEHOLDERS OVERVIEW

Figure 4: Stakeholders involved in supply chain of Hank Yarn



Source: Technopak Analysis

3.1.1 MANUFACTURERS

SPINNERS

Spinning is a major part in the textile industry. India spinning industry has gone from strength to strength since a very long time now as it was the hub of cotton manufacturing right from the start. The main raw material used by Handloom sector is yarn, which is being produced by spinning mills. Henceforth, spinners play a vital and indispensable role in the operational efficiency and value addition in yarn manufacturing.

Spinners produce various yarns and hank yarn (against Hank Yarn Obligation) which is then supplied to several intermediaries, i.e. wholesale traders, National Handloom Development Corporation Ltd. (NHDC) / yarn banks, yarn dyers and to end users, i.e. societies / Apex organizations.



REELERS

Reelers majorly show their strength in converting cone / cop yarn into hank yarn. They are basically independent *outside* reelers who work independently in hank yarn manufacturing. Reelers supply hank yarn to wholesale traders, yarn dyers and spinners as well.

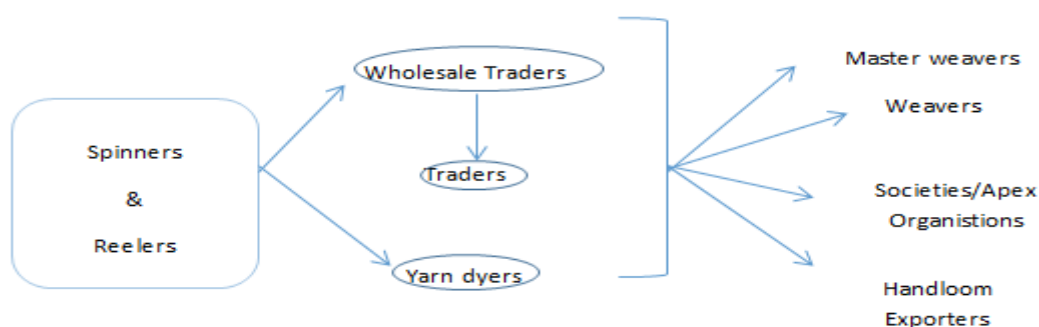


3.1.2 INTERMEDIARIES

WHOLESALE TRADERS, TRADERS AND YARN DYERS

The wholesale traders have been the mainstay of marketing of different handloom products. The wholesale traders are presently an affluent class with other means of income as well. The big ones also own a large number of looms themselves. This is an 'upwardly mobile class'. They have good marketing contacts, a fairly good sense of design innovation and a self-built capital base. The wholesale traders are located in the major cities across state and deals in both cone and hank yarn. On the other hand, the local traders are located in Tier II & III cities and purchase yarn from the wholesale traders. Yarn dyers are involved in the processing of yarn like dyeing and mercerisation. The handloom sector basically uses hank yarn because of the ease with which grey yarn in hank form can be dyed.

All these traders, wholesale traders and yarn dyers supply hank yarn to weavers, master weavers, societies and private handloom exporters.



NATIONAL HANDLOOM DEVELOPMENT CORPORATION (NHDC) LIMITED / YARN BANK

The NHDC Limited was set up in 1983 as a National level agency to assist the speedy development of the handloom sector by coordinating all actions covering procurement and supply of inputs at reasonable prices, augmenting the marketing efforts of State handloom agencies. The main objective of NHDC is to make available to weavers throughout the country, yarn of the appropriate and required quality, through a well-ordered system. NHDC has been supplying yarn, dyes and chemicals through State handloom agencies, Apex bodies, Regional Unions, weavers' cooperatives, Handloom Development Centres and many such bodies to weavers, master weavers and societies.

There is a gap between yarn production and consumption patterns within an area based on the availability of required raw materials and quantity of yarn consumed by weavers respectively. Therefore, in most of the cases, weavers have to depend on the yarn produced in other areas. The transportation of yarn from one place to another, which in turn increases the cost of yarn considerably, creates an uneconomical scenario for the weavers. Keeping this in mind, Government of India introduced a scheme called Mill Gate Price Scheme (MGPS) in 1992. Under this scheme all types of yarn would be made available at Mill Gate Price to the eligible handloom weavers so as to facilitate regular supply of basic raw materials to the handloom sector and help utilize the full employment potential of the sector. The nodal agency for the implementation of this scheme is NHDC. Government of India has also been providing equity to the NHDC for strengthening its activities. So, it has been considered appropriate to merge the component of Investment in NHDC with the Mill Gate Price Scheme. Under the Mill Gate Price Scheme, following assistance shall be provided by the Government of India:

- (i) Freight reimbursement for transportation of yarn
- (ii) Expenses of operating the yarn depots @ 2.5%, based on actuals
- (iii) Service Charges to NHDC for its role as nodal agency for the implementation of the MGPS

NHDC is also an implementing agency for 10% Price Subsidy on Hank Yarn introduced by Government of India to provide price advantage in the crucial raw materials for handloom sector. Under the 10% price subsidy component:

1. Yarn will be supplied either to the individual weaver or to his agency of which he is a member (i.e. self-help group, joint liability group, cooperative society, producer company), but not to both
2. The subsidy will be provided upfront to the Beneficiary

- **Types of Yarn and Eligible Quantity**

(i) Cotton and Domestic Silk Yarn required for production of handloom items will be covered under the 10% Price Subsidy scheme

(ii) For the purposes of yarn subsidy, the quantity of hank yarn supplied to a weaver or to an eligible agency will be restricted in terms of number of handlooms as below:

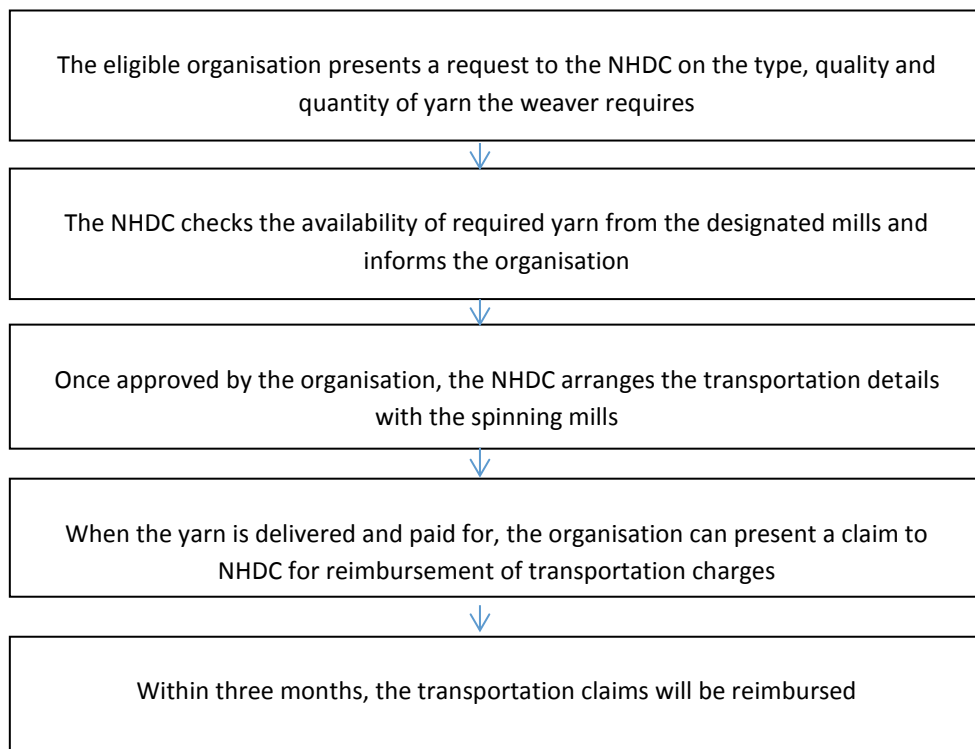
Table 6: Yarn eligibility criteria under subsidy scheme

Cotton (below 40s counts)	30 Kgs./loom/month
Cotton (40s counts and above)	10 Kgs./loom/month
Silk Yarn	4 Kgs./loom/month

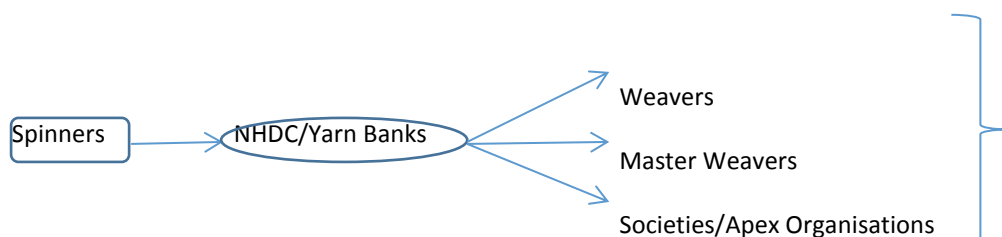
(iii) In case of double/ply yarn, the resultant count will be considered for deciding the eligible quantity

Yarn procurement through NHDC:

Figure 5: Flow chart of yarn procurement through NHDC



Supply chain of hank yarn through NHDC:



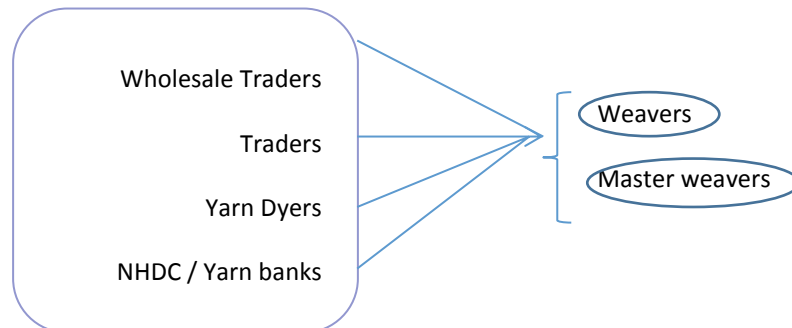
3.1.3 CONSUMERS / END USERS

WEAVERS AND MASTER WEAVERS

A weaver is either a job worker – receiving yarn or design, handing over a woven product and receiving wages – or a businessman in his own right, but weavers are mainly involved in the production of cloth on handlooms. There are also a class of weavers who purchase yarn by own and convert it according to their own design and sell the products by own risk, but they are few in numbers.

While on other hand, the category belonging to master weavers was itself engaged in the weaving occupation but today they own 20-30 looms and are mainly traders who undertake the overall responsibility of taking orders and getting them executed. They own looms and get weaving done on contractual basis. They also supply the weavers with raw material, which is dyed under their supervision and design briefs.

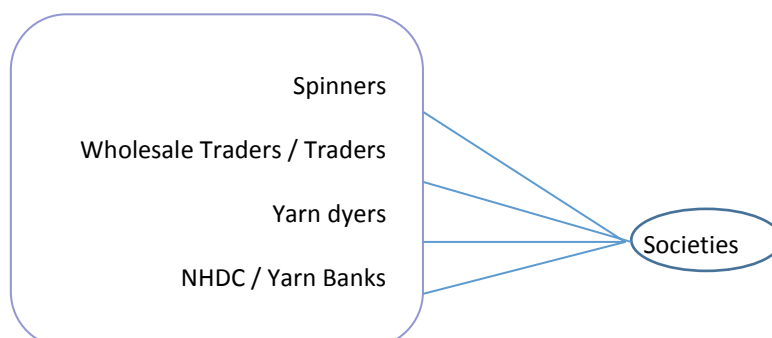
The *Mahajans* (Master Weavers) generally supply yarn to the weavers and some basic inputs occasionally about the colour, design and pattern based on the market trends and information that they receive from their customers.



Supply Chain

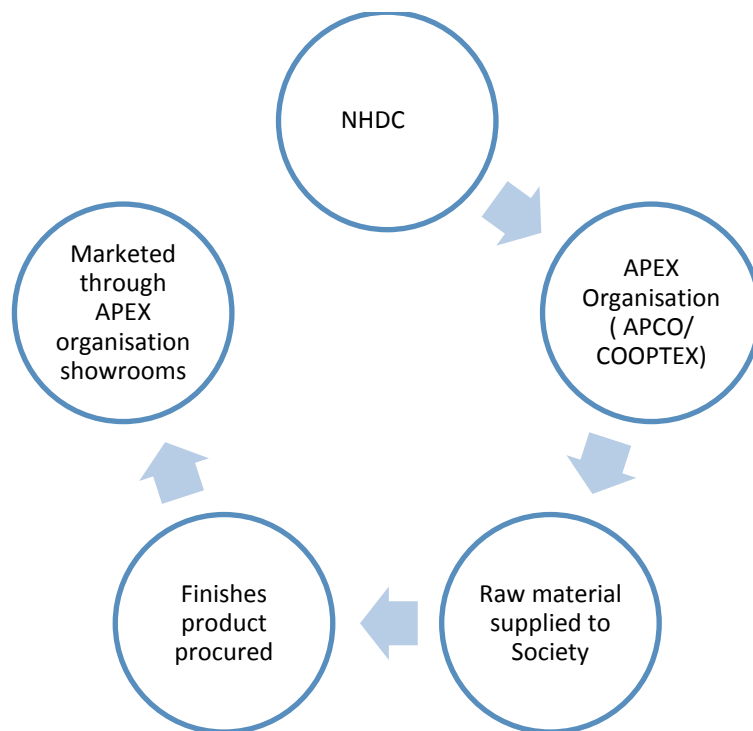
SOCIETIES

Societies are basically an organization of 60-100 weavers, producing products for the commercial purpose.



APEX ORGANIZATIONS

The handloom weavers were facing problems for getting inputs as well as for marketing their finished products. The creation of an APEX Society was thought of to address timely availability of inputs and providing effective marketing strategy. Apex organizations are State level Handloom weaver cooperative societies, i.e. APCO, Co-optex etc., involved in facilitating the input supply and market development.

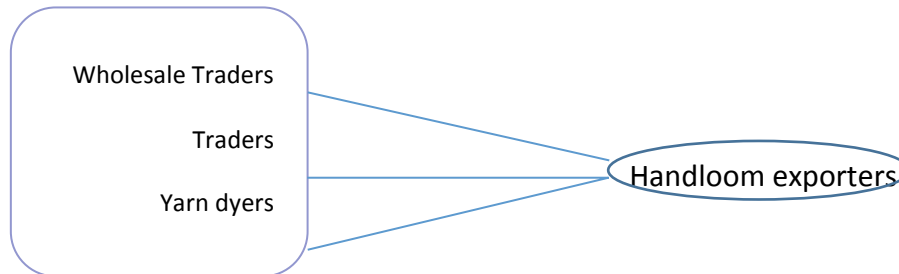


As per the above figure, raw material i.e. yarn is procured by Apex organisations from NHDC. Same raw material is supplied to the state societies and the final product made by the societies is procured back by the Apex organisation. Apex organisation then markets the product through the showrooms across India. This provides handloom societies the regular market support.

For instance, the Andhra Pradesh State Handloom Weavers Cooperative Society Ltd., (APCO) is the APEX Handloom Weavers Cooperative Society of Andhra Pradesh. Similarly, The Tamil Nadu Handloom Weavers' Cooperative Society, popularly known as Co-optex, is a cooperative of traditional handloom weavers of the Indian state of Tamil Nadu.

HANDLOOM EXPOTERS

Private entrepreneurs involved in the production (through contractors) and selling of Handloom products.



3.1.4 GOVERNMENT AGENCIES

DIRECTORATE OF HANDLOOMS

The Handlooms & Textiles Directorate is evolving policies and schemes aimed at developing the harmonious growth of Handlooms, Power looms and Textile Sector. Various schemes are evolved for the welfare of weavers and workers involved in the above industries. The Director of Handlooms and Textiles is the functional Registrar for the weavers cooperative societies (Handlooms and Powerlooms) in the State.

OFFICE OF THE TEXTILE COMMISSIONER

The Office of the Textile Commissioner was established in 1943 during the Second World War period for arranging the supply of cloth to the defence forces as well as civilian population. After the end of World War II, the Textile Commissioner was given the regulatory function of administering the prices, distribution and control of certain varieties of cloth meant for civilian consumption in the post-war conditions of scarcity.

However, over a period of time this office has assumed a developmental role and has contributed towards modernization and holistic all round growth of diversified and broad based textile industry . This office formulates and implements various schemes of the Govt. in an industry friendly manner. The major strength of this office lies in very strong, technical and economic wing manned by professionally qualified and experienced officers. In addition, this office has wide reach through its 8 regional offices and 14 power loom service

centers located in major textile clusters. The regional offices in co-ordination with head office are providing requisite technical support to the industry particularly decentralised sector of the industry in their endeavour to meet successfully the challenges of the globalised economy.

WEAVERS SERVICE CENTRES

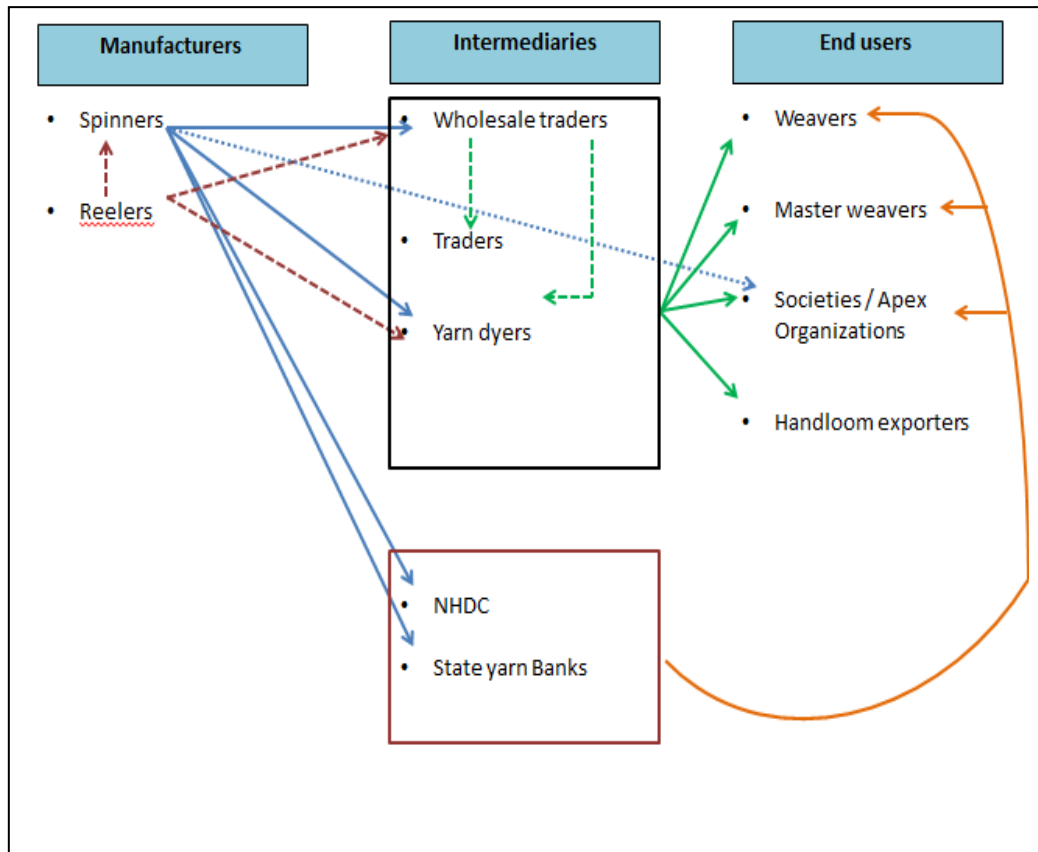
Weavers Service Centres serve and strengthen the second largest sector of Indian Economy in terms of employment generation with dedication, devotion and vision. These centres strive for value addition and higher productivity and cater to the poor multitude as well as to get it weaved for the niche market.

Their main objectives are:

- To evolve more marketable products by interaction between expertise available in the fields of weaving, designing and processing
- In improving weaving techniques and accessories and appliances used in weaving
- In improving techniques of processing
- In training weavers by disseminating improved techniques and new designs by undertaking training programmes within the precincts of the Centre and in the field
- In providing market support by arranging interface between designers, producers and buyers which include execution of sample orders
- In solving problems arising in pre-loom, loom and post-loom processes and technologies
- In arranging exhibitions, seminars, workshops focusing on new and improved designs, equipments and processing techniques
- In preserving and documenting traditional skills and revival of traditional skills and revival of traditional designs for production and marketing
- In implementing various schemes in handloom sector of the Government of India and providing assistance and interaction with State Governments, handloom agencies such as Apex and primary co-operatives, State and private undertakings dealing in handlooms
- Monitoring projects sanctioned under various central schemes

3.2 LINKAGES AMONG VARIOUS STAKEHOLDERS

Figure 6: Linkages among various stakeholders involved in Hank Yarn supply chain



Source: Technopak analysis

**CHAPTER 4A – PRIMARY RESEARCH
(DATA ANALYSIS & FINDINGS - I)**

4.1 METHODOLOGY

Among identified states for survey in different regions, in-depth interviews were conducted with all the stakeholders including spinner mills / yarn manufacturers, traders, yarn bank, channel intermediaries, trade bodies, handloom associations, weavers/master weavers. The study also covered government bodies like Weavers Service Centres (WSC) and regional offices of National Handloom Development Corporations (NHDC) as they are working at the ground level and will be able to provide pertinent feedback, representing the views of a larger number of weaver households. As a part of the survey, questions regarding the average per day handloom production in meter, details of various counts used etc. had also been asked.

4.2 ANALYSIS – NORTH EAST REGION

ASSAM

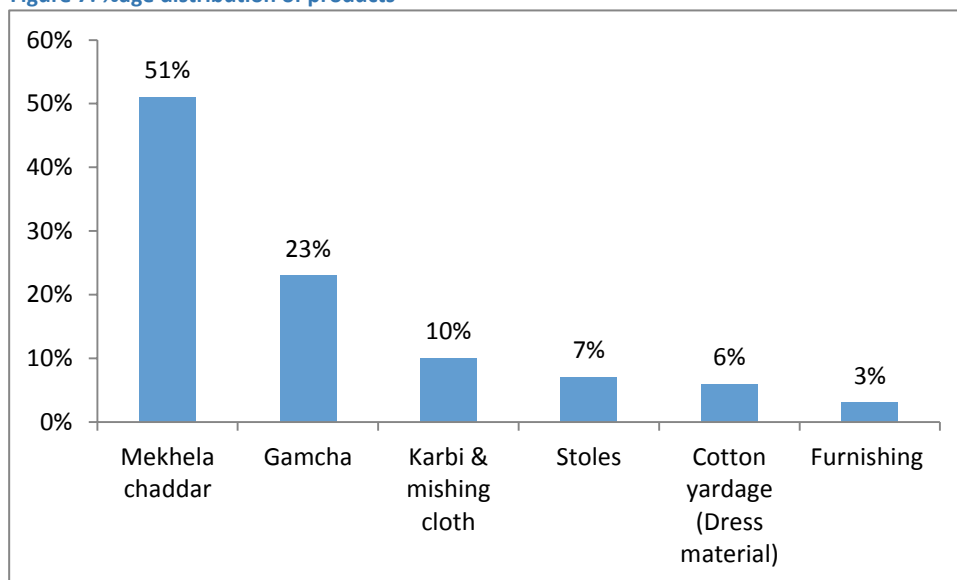
Background

Assam, a state in the northeast of India, with Dispur as its capital, is located just below the eastern Himalayan foothills. Handlooms are the center of the domestic economy of Assam. Traditionally, every family has looms to meet the requirements of the household. Hand-woven cotton products of daily use such as *mekhelas*, *churias*, *chaddors*, *barkapors*, *khania kapor* and *gamchas* are entirely made by women of all classes, although women of respectability and position usually weave only the finest fabrics. In tribal communities, just as bamboo craft was once a male bastion in Assam, handloom textile manufacture is exclusively a female occupation. According to tradition, the skill at weaving is the primary qualification for a young girl's eligibility for marriage. The techniques of weaving are handed down across generations. The girls, at an early age, start weaving with their mothers and grandmothers assisting and guiding them throughout till they reach a considerable level of expertise in weaving. Though essentially a female craft, both men and women practice weaving. Indeed, in villages such as Sualkuchi, weaving as an activity has become very commercial over the past decade.

Product Distribution

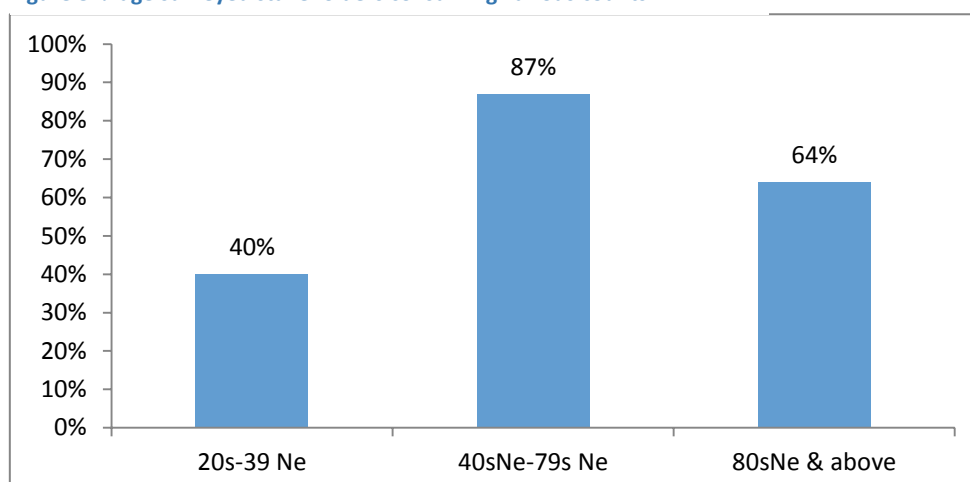
All the stakeholders involved in the supply chain were surveyed to know the product distribution across the region, and it was found that the basic raw materials used are acrylic, cotton and sometimes silk. It has been 8 to 9 years since the weavers have gradually shifted from cotton to acrylic yarns. This shift is due to several factors such as non-availability of good quality cotton on the one hand, and durability, easier usage for the weaver and 100% wash fastness of the acrylic yarns on the other, that has made acrylic the preferable yarn type. The product range of the artistic textiles of Assam includes the traditional costumes viz. mekhela chaddar, dohkona and risha, sarees, shawls, kurtas, dress material yardage fabrics etc. The graph below shows the distribution of different products in the region as per the survey:

Figure 7: %age distribution of products



It has been found during the survey that 40s and 60s count yarn are used mainly for production of Mekhela Chaddar and Gamcha. 2/80s and 2/60s mercerized cotton are also used by weavers in Assam. The top five count used are 2/60s, 40s, 32s, 36s and 2/80s. The consumption of various counts of hank yarn by surveyed stakeholders is shown in the graph below:

Figure 8: %age surveyed stakeholders consuming various counts



Source of Hank Yarn

The stakeholders from intermediaries to end users were questioned in order to understand the supply chain of hank yarn among them. As per the surveyed feedback, it emerged that maximum supply of yarn is done through traders mainly in Guwahati. These traders get the yarn from agents and traders in South India and sometimes directly from Mills. The traders wholesalers and semi wholesalers supply the yarn to retailers and also to weavers and other end users and sometimes to Government agencies as well.

Feedback on NHDC

It emerged from the survey that most of the stakeholders try to procure yarn from NHDC because of the below mentioned major reasons:

1. Yarn price is lower than market rate
2. Quality of yarn is good

Despite these benefits, surveyed stakeholders gave their feedback on the shortcomings of procurement of yarn through NHDC. Time taken for actual delivery of yarn to weavers is very high. The indent for yarn has to be placed at least 20 days in advance and it takes about 30 days for delivery of yarn to the weavers. This period is very high specially in case of commercial production and during peak season. Also, only weaver credit card holders can access the service of the yarn bank and there is a limited quota at the quantity of yarn sold also. So, NHDC yarn supply quantity limit should be reconsidered along with the aforesaid issues as per the feedback from the surveyed stakeholders.

Availability of Hank Yarn

The stakeholders including traders, yarn bank, societies, master weavers and weavers were surveyed for the availability of the hank yarn. It was found that availability of yarn is not a concern across the stakeholders of hank yarn supply chain. Most of the stakeholders (99%) surveyed were of the view of there is adequate availability of the hank yarn. However, the availability issue is only when there is a specific requirement of count which is not a regular supply with the intermediaries supplying the hank yarn to the end consumers.

Awareness about HYPN

The questions were asked to the various stakeholders (intermediaries and end users) about the Hank Yarn Obligations, which was primarily established to ensure the availability of hank yarn to the end consumers. But it was observed that awareness about the HYO is very limited as only 4% of the surveyed stakeholders have little understanding of the policy. Only NHDC and few traders were aware about the HYO. The remaining 96 % does not know about the existence of such policy which is implied to safeguard the handloom sector.

It was suggested by the surveyed stakeholders that government should focus on creating awareness about the policies meant for handloom sector.

Demand Trend

According to the surveyed traders, demand for cotton hank is decreasing. Weavers also have started using polyester yarn because of various reasons like colour fastness, ease of storage and weaving. But master weavers and private traders opine that the demand for fine quality hank yarn is increasing. Around 20 % increase in consumption of higher count hank yarn, 80s and above, is expected in the next 5 years.

MANIPUR

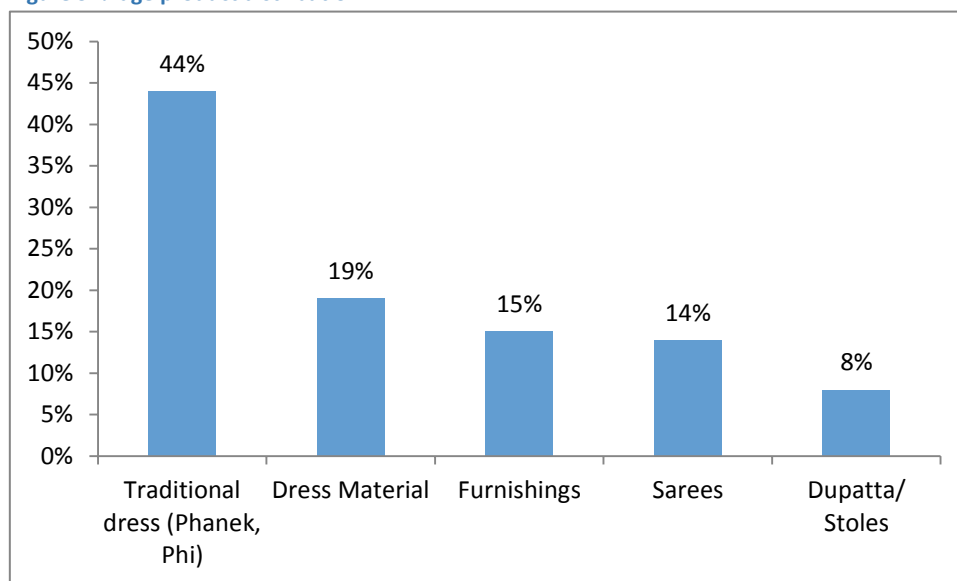
Background

From time immemorial handloom industry has been playing a vital role in the state economy. The traditional skill of handloom weaving was not only a status symbol for the women-folk but it was also an indispensable aspect of the socio-economic life. Manipur women are active and they know the craft of spinning and weaving of the silk fabrics. They are also experts in marketing of their products. Handloom weaving is by far the largest and the most important cottage industry in the state.

Product Distribution

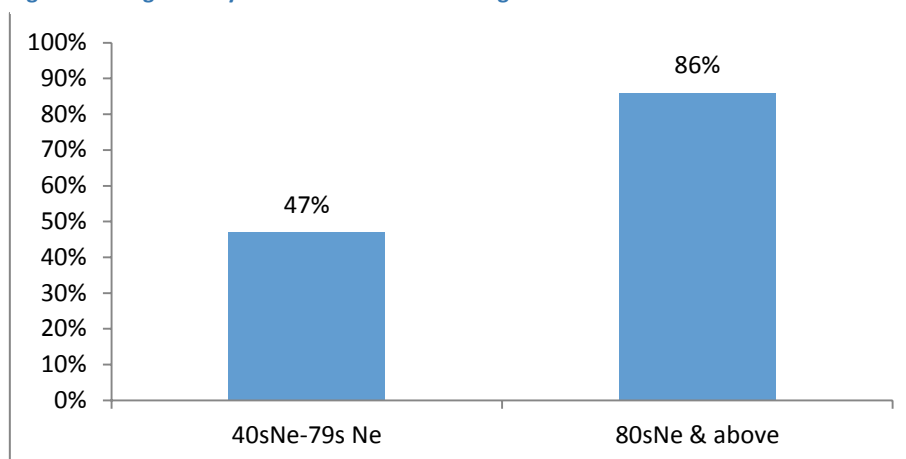
The product range in Manipur is mainly traditional dress comprising of phanek(sarong) and Phi (Dupatta). Manipuri furnishings are also famous across the country. The graph below shows the distribution of different products in Manipur as a result of the survey:

Figure 9: %age product distribution



In Manipur weavers use cotton of the finest quality. Higher count cotton is preferred. It emerged from the survey that major counts being used by surveyed stakeholders are in Manipur are 2/80s, 2/60s, 80s, 60s and 2/100s.

Figure 10: %age surveyed stakeholders consuming various counts



Source:

Maximum supply of yarn is done through traders mainly in Guwahati. These traders get the yarn from agents and traders in South India and sometimes directly from Mills. The price of yarn in Manipur is higher than Guwahati retail price by at least two to three hundred rupees per bundle. Recently due to the development of the handloom sector several yarn depots have come up in Manipur and the weavers are able to procure yarn at Mill Gate price from these depots.

Comments on NHDC:

The surveyed stakeholders gave feedback on the role of NHDC by stating some common merits and demerits in the working model of NHDC. Some of the merits and demerits as per the surveyed stakeholders are mentioned below:

Merits

- Due to MGPS, NHDC provides 10% price subsidy on yarn price ensuring the availability of yarn at lower price as compared to the market rate
- Quality of yarn supplied by NHDC is better than the yarn available in the market

Demerits

- Lead time for the supply of yarn through NHDC is high
- Stock of hank yarn is not readily available

Demand trend

According to traders and weavers demand for cotton hank is increasing but gradually the use of cone is also taking place. Polyester yarn is also being blended with cotton due to ease of weaving and colour fastness. As per the feedback from surveyed stakeholders, higher count yarns are in demand in the export market as Manipur has a number of master weavers who cater to the export market.

4.3 ANALYSIS – EAST REGION

WEST BENGAL

Background

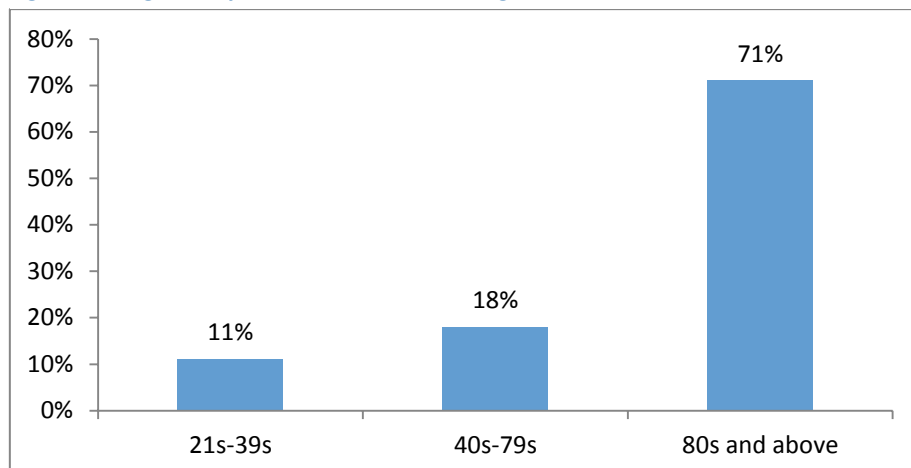
Handloom products of Bengal have a rich tradition. It is a part of its cultural heritage. The heritage of the master weavers and artisans are now blended with new technological designs and threads to produce wide variety of products. As an economic trade & industrial activity, the handlooms occupy a place second only to agriculture in providing livelihood to the people. The textile products of Bengal have not only attracted national but also worldwide attention and bear the timeless legacy of its cultural heritage.

Product Distribution

The stakeholders surveyed for the question were societies, master weavers and weavers. Most of the weavers are involved in making of sarees with fine count starting from 60s to very fine count of 120s. The Baluchari, Matha and Tant Sarees are some of the famous product of the region.

The other products are gamcha (usually woven with coarse variety of 17s, 20s and 40s) and stoles. The product composition has evolved over the years and now a day's very fine varieties of counts are used in making of dhotis and scarves. Fine counts upto 100s is used for export varieties of scarves, stoles and dhotis. Major counts used by the surveyed stakeholders are 100s, 110s, 120s, 80s, 60s, 32s. A broad consumption pattern by surveyed stakeholders of various yarn counts is shown in the graph below:

Figure 11: %age surveyed stakeholders consuming different counts



Source of Hank Yarn

There is a supply chain involved in the purchase of raw material by the end consumers surveyed. Most of the weavers (98%) get the hank yarn required from the Master Weavers or Mahajans and the remaining 2% get the Hank Yarn from the societies. Master Weaver provides raw material to the weavers and pays to weavers on the fabric meterage woven on the handloom or on per day basis. Master Weavers who generally have 40-50 members working with them buy the hank yarn required from the local / wholesale traders (95%) depending on the quantity required. The remaining 5% get the yarn from government depot i.e Yarn Bank or NHDC Depot available in the nearby area.

In terms of societies, NHDC has slightly better penetration and around 28% of the surveyed societies are associated with the NHDC for the hank yarn purchase. However, those societies associated with NHDC purchase around 30-40% of their requirement from NHDC and rest 60-70% is purchased through local or wholesale traders in the closeby area.

The local traders in turn get the raw material from the wholesale traders in the major cities of the state. Most of the local traders surveyed in Nadia , Burdwan and Murshidabad district purchase the yarn from the wholesale traders of Kolkata.

The traders / wholesale traders have direct contact with the mills or the other traders and the purchase decision depends on the price and availability of the yarn. In general, approx. 31% of the traders buy yarn directly from the mills and the remaining 69% is through other traders/wholesale traders.

Feedback on NHDC

The stakeholders surveyed were weavers, master weavers and the societies. The awareness of NHDC / Yarn Bank is very limited in case of surveyed weavers and master weavers category. Only 23% of the surveyed weavers and master weavers know about the working of NHDC and the rest 77% have no idea about the role of NHDC or Yarn Bank in the handloom sector. However, in case of societies the penetration of NHDC is better and around 61% of the societies surveyed know about the NHDC. The other 28% does not know about NHDC or yarn bank. While 11 % of the societies know about NHDC but it is not available in their cluster area.

Table 7: Feedback on NHDC

Category	Aware about NHDC	Unaware about NHDC	Not Available
Society	61%	28%	11%
Master Weaver/ Weaver	23%	77%	

The societies / master weavers working with NHDC admitted that the yarn supplied through NHDC or Yarn Bank is of lower price as compared to the local traders. It is on the account of 10% subsidy on the hank yarn purchased through NHDC. However, few of the societies surveyed mentioned that the effective price difference from the local trader is only 5%. This is on account as Traders usually have long term relationship with the mills or agents for purchasing the yarn and get a good discount because of the bulk quantity purchase. Traders have their own cartel at the major hubs and play on the price to stay competitive in comparison to the NHDC or Yarn Banks.

The main issues highlighted by the societies, weavers, master weavers on the working model of NHDC or Yarn Bank are as follows:

Table 8: NHDC - Issues

Main issue	% age
Lead time / Delayed Supply	28%
Advance payment	23%
Communication/ Complicated procedure	12%
No Ready Stock	12%
Poor Quality	9%
No Return	7%
High Price than the normal market	5%
Quantity of purchase	5%

The above table summarizes the main issues highlighted by the stakeholders for purchasing the hank yarn through the NHDC.

Lead Time

The average lead time for delivery of the raw material once the indent is placed with the NHDC is around 20-30 days. The delayed supply owing to the high lead time is main issue with NHDC and approx. 28% of the stakeholders surveyed highlighted as the main disadvantage of NHDC.

Advance Payment

Another issue highlighted by around 23% of the surveyed stakeholders is the 10% advance requirement while placing the indent for the order quantity with the NHDC.

It is required to deposit 10% advance of the order value at the time of placing the indent with the NHDC. The same is required to provide a demand draft (DD) of the same amount or deposit the amount in the account of NHDC with the nominated bank in the area.

Weavers/ Master Weavers generally work on the credit and don't have money to comply with the 10% advance requirement by the NHDC. In contrary, the local traders offer a credit period of three months.

Communication and Complicated Procedure

In addition to above, the entire activity of DD making or depositing the amount with the bank is time consuming for a weaver or a master weaver who is not accustomed and aware of the banking procedure. It is also a direct loss to the weaver productivity. In most of the cases, it takes around 1-2 days for a weaver to place order and deposit the 10% advance as required by the NHDC.

The other issues highlighted were communication with NHDC office and their complicated procedure for placing the indent and the non-availability of ready stock.

NHDC doesn't operate any warehouse and have no available stock with their depots. In case of any immediate requirement, the weaver has to approach the local trader only. Also, NHDC works with no return policy and in case if there is any issue with the quality of the yarn delivered, the yarn is not taken back or replaced. Poor Quality and the higher price than the market were also highlighted by approx. 14% of the stakeholders surveyed.

The above reasons mentioned are major factors for low penetration of NHDC in the hank yarn supply chain. The local traders build on the demerits of the NHDC working model and provide the facilities required by the weavers. The local traders offer credit period and deliver the yarn on day to day basis. The local traders generally keep stock of the yarn required by the weavers and deliver the yarn whenever it is required by the weavers. Few of the weavers mentioned that the sometime local trader delivers the yarn to their doorstep even on a phone call. The preference of the local trader is obvious on account of easy of convenience and other facilities offered the local trader in comparison to the NHDC.

Also, the quantity available through NHDC with 10% subsidy component is limited on monthly basis and it is not sufficient for the requirement of the yarn by the weavers/ master weavers for monthly production.

Availability of Hank Yarn

The stakeholders including traders, yarn bank, societies, master weavers and weavers were asked about the availability of the hank yarn. It was found that availability of yarn is not a concern across the stakeholders of hank yarn supply chain. Most of the stakeholders (99%) surveyed were of the view of there is adequate availability of the hank yarn. Only 1% of the surveyed stakeholders admitted that there is issue on the availability. However, the availability issue is only when there is a specific requirement of count which is not a regular supply with the intermediaries supplying the hank yarn to the end consumers.

Some of the reasons cited for the non-availability of the hank yarn is as follows:

i) *Particular count requirement*

Sometime the consumers (weavers/societies) asked about a particular count which is not a common purchase and kept as stock with the trader. For example, there was issue on the availability of 84s, 94s count which are not common count and only available on placing the order as per the requirement to the mills.

ii) *Particular Brand / Mill yarn*

The societies/ Master weavers are very specific on using the yarn from particular mills because of the assured quality of the yarn supplied by the specific mill. The stakeholders are very specific and concern about the quality of their product and insist on raw material (yarn) input from a particular brand / mill. For example, the fine count from Amravati mills in Andhra Pradesh is demanded by the weavers in West Bengal.

iii) *Price fluctuation*

There is frequent price fluctuation of yarn prices in the market. Sometime there is non-availability of yarn due to these price fluctuations. The wholesale traders/ traders who generally purchases yarn in bulk quantity might refuses to supply the yarn if the current price in the market is significantly lower than his purchase price.

Awareness about HYPN

The questions were asked to the various stakeholders including intermediaries and consumers about the Hank Yarn Obligations. And it was observed that awareness about the HYO is very limited as only 3.8% of the surveyed stakeholders have little understanding of

the policy. Only NHDC and few traders were only aware about the HYO. The remaining 96.2 % does not know about the existence of such policy which is implied to safeguard the handloom sector. It was also suggested by the stakeholders that government should focus on creating awareness about the policies meant for handloom sector.

Demand Trend

Most of the surveyed stakeholders including societies / master weavers were of the view that the demand will increase from 5-10% on yearly basis. The stakeholders were positive about the increase in demand of the handloom products but the focus is on better quality products. Handloom sector is not a cottage industry but it has moved to the premium ethnic segment of the market. The demand of fine and good quality of handloom products is increasing and showing a growth of 10-20 %. Societies are focusing on the export quality product for better margins and profits in the business. Most of the surveyed stakeholders were of view that the demand of finer count range of hank yarn is expected to increase at rate of 10-20 % owing to expected increase in export varieties of the handloom products.

However, societies are concerned about the decreasing numbers of weavers. Most of the surveyed stakeholders admitted that switching profession owing to better earnings prospects in other sector. On average, weavers are able to make 100-150 Rs / day which is very less for his livelihood. Also, there is no second generation of weavers as most of the master weavers / weavers are not encouraging their family members to continue the family profession.

4.4 ANALYSIS – SOUTH REGION

ANDHRA PRADESH

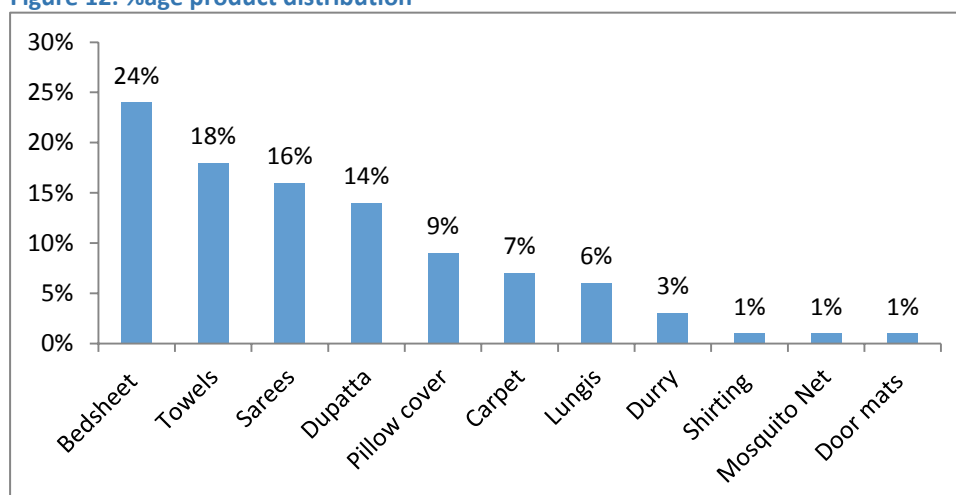
Background

Andhra Pradesh is one of the important states in the handloom industry. The Handloom societies in Andhra Pradesh are organised as a two tier structure with the primary societies in the village level called Primary Handloom Weavers' Cooperative Societies (PHWCS) and the APEX Society at the State Level called A.P. State Handloom Weavers' Cooperative Society Ltd., (APSHWCS), popularly called APCO. Since the handloom weavers were facing problems for getting inputs as well as for marketing their finished products, the creation of an APEX Society was thought of to address these twin problems by making timely availability of inputs and by providing effective marketing strategy. Further, the Government is aware that protection to the sector is required to be continued because of the pious obligation to protect the heritage of the State and support is required to be continued to offset the built-in cost handicap of the handlooms, the focus of all its policy has been to provide a level playing field so as to enable the weaver to stand up on his own and face the market in a level playing field.

Product Distribution

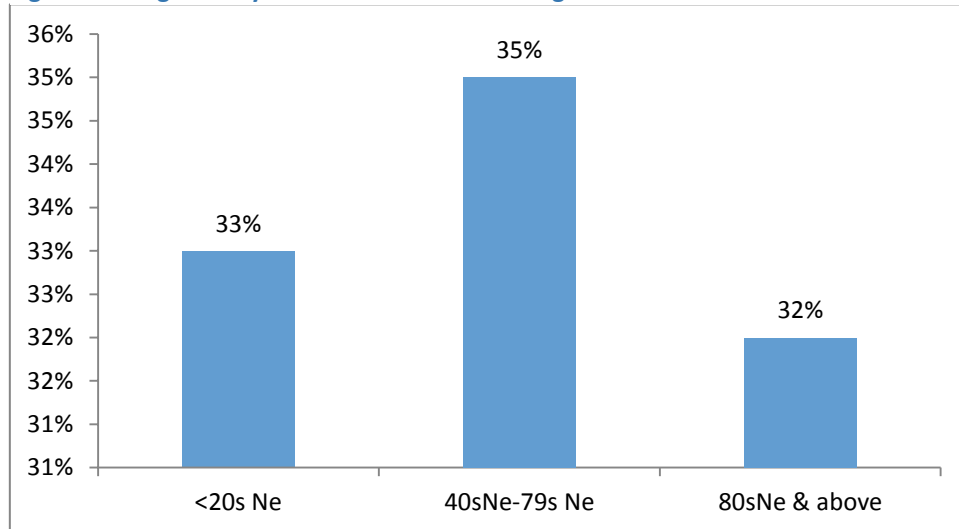
In Andhra Pradesh, the surveyed stakeholders were societies, master weaver and weaver to get an idea of the product distribution across various regions. It emerged from the survey that the major products are bed sheets, lungi, sarees and dupatta. In bedsheets, lungis and durries the major counts used are 2/4s, 2/10s, 2/17s, 2/16s, 2/40s, 10s & 26s. While in sarees the finer quality of yarn i.e. 80s and 100s are used. The final products produced by societies are procured by APCO. Societies are also selling the product in the open market at Hyderabad as well as exporting them in other parts around the world. The graph below shows the overall distribution of products across the region:

Figure 12: %age product distribution



The graph below shows that around 35% of the surveyed stakeholders (weaver, master weaver and society) use count between 40sNe -79 Ne in making bed sheet and duppatta as a product, 33% use count less than 20Ne is used in producing darries, hall carpets and 32% use count 80s Ne & above to produce sarees. The counts use < 20s Ne are 2s, 6s and 10s which is used to produce durry. For count between 40s Ne – 79s Ne is 40s and 60s is used for producing bedsheet and dupatta. Counts above 80s such as 80s, 100s and 120s are majorly used in making sarees and dress material.

Figure 13: %age surveyed stakeholders consuming various counts



Source of Hank Yarn

The supply chain consists of different stakeholders starting from weavers, master weavers, societies, yarn bank, NHDC, traders in an open market. In Andhra Pradesh, most of the societies are linked with APCO. APCO on the monthly basis take requirements from societies and order that same to the NHDC. NHDC supplies the material to APCO and then APCO supplies the material to societies. As per the survey 55% of the beneficiaries procure yarn from NHDC, 16% procure from yarn bank (yarn depot), and around 6 % procure from traders and agents in Hyderabad.

Feedback on NHDC

According to the surveyed stakeholders (weavers, master weavers and the societies), the major problem for the region is the long lead time. Societies empannelled with APCO needs

to procure yarn from NHDC to get 10% subsidy. In case societies apply directly without keeping APCO in the process, they are not eligible for getting the subsidy.

Due to long channel, weavers are failing to get the yarn on time, and the lead time varies from 30 days to 45 days. Most of the time societies need to compromise on the quality and brand of the yarn due to its unavailability. During the survey, around 65% societies have shown long lead time as the major threat for the sector. They have to order the yarn in advance by paying the advance cheque which also affects the economic stability of the societies.

Availability of Hank Yarn

The stakeholders including traders, yarn bank, societies, master weavers and weavers were asked about the availability of the Hank yarn. It was found that around 98 % stakeholders surveyed were of the view that Hank yarn is adequately available on the market.

However, the availability issue was for a specific brand of hank yarn. The surveyed societies / master weavers were very specific on using the yarn from particular mills because of the known quality of yarn supplied by the mill.

Awareness about HYPN

The questions were asked to the various stakeholders about the Hank Yarn Obligations, which was to primarily establish the availability of hank yarn to the end consumers and it is observed that awareness about the notification was not there in the region. People working within the area did not know about the Hank Yarn Packing Notification.

Demand Trend

The question was asked about the trend in the demand of Hank yarn in the next five years. Most of the surveyed stakeholders including societies / master weavers said that the demand for finer count will increase more as compared to the demand for coarser count yarn.

The surveyed stakeholders were positive about the increase in demand among the handloom products, but the focus of concern was on the better quality of hank yarn.

TAMIL NADU

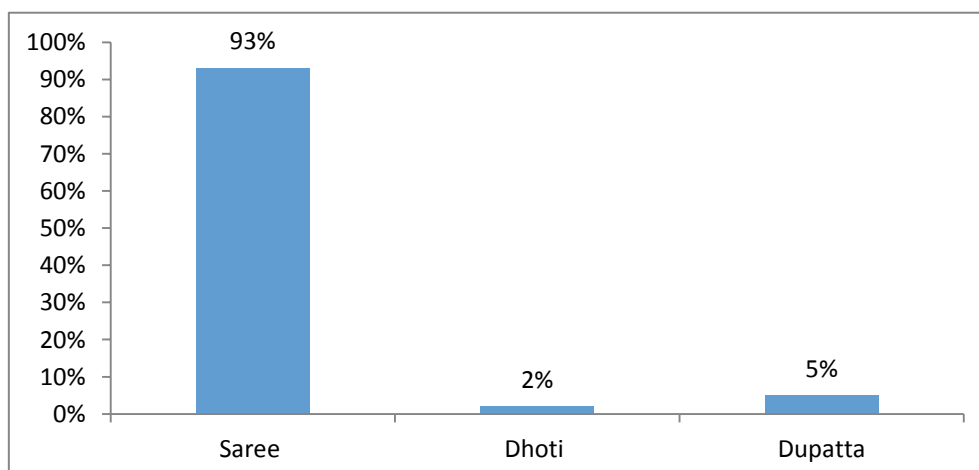
Background

Handloom industry in Tamil Nadu plays an important role in improving the economic conditions of the rural poor by providing employment to lakhs of people directly or indirectly in the handloom sector as weavers and allied workers. Most of the Handloom Weavers Cooperative Societies in the State are affiliated to the Apex Level (Tamil Nadu) Handloom Weavers' Cooperative Society Ltd. popularly known as CO-OPTEX. Very recently "LOOM WORLD" came into existence to strengthen the marketing of handloom products in the State by establishing a few showrooms at Chennai, Erode and Coimbatore. The sale performance of the Loom World showrooms is encouraging. It is certain that the Handloom industry has created ample opportunities for the weavers in the rural areas next only to Agriculture. The various varieties of handloom products exhibited in the loom world' showroom includes silk and cotton sarees, chudithar, silk and cotton dhoties, angavastrams, shirtings, lungies, home textiles such as bed spreads, furnishings, napkins, handkerchiefs, towels and footmats.

Product Distribution

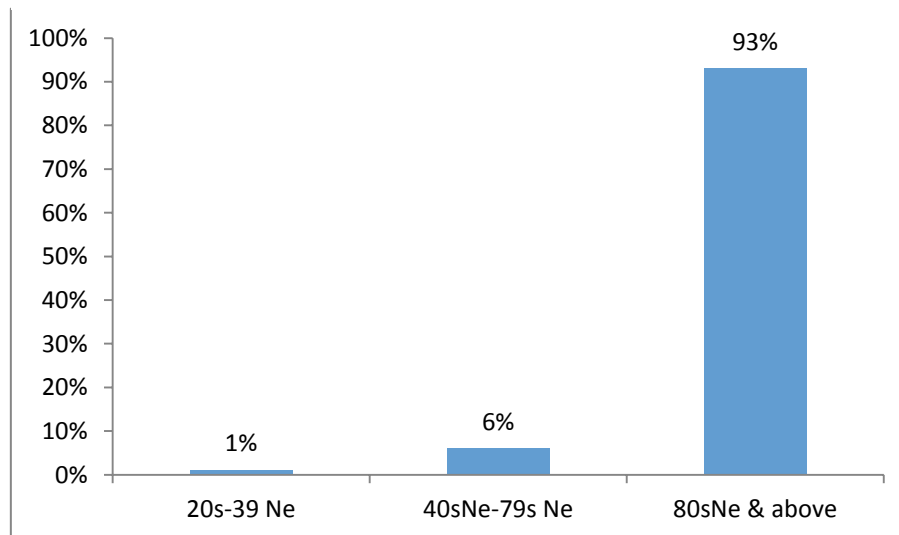
Societies, master weaver and weaver were surveyed in the state and it emerged from the survey that most of the weavers were involved in making of sarees with fine count starting from 80s to 100s. The Tamil Nadu Handloom Weavers' Cooperative Society, popularly known as Co-optex, is a cooperative of traditional handloom weavers of the Indian state of Tamil Nadu. This is under the control of Department of Handlooms, Handicrafts, Textiles and Khadi (Tamil Nadu) of Government of Tamil Nadu. Tamil Nadu is primarily saree producing state as per the survey conducted it was found that 93% of the surveyed stakeholders were producing kora silk sarees , cotton sarees and Tamil Nadu sarees. Along with sarees major products include dhoti and dupatta. As per the surveyed analysis, the distribution of products in Tamil Nadu is shown in the graph below:

Figure 14: %age product distribution



During the survey, it was found that, major counts used were 2/100s, 80s and 60s for the production of aforesaid major products. However, the broad consumption of various counts can be divided into major count ranges which are shown in the graph below:

Figure 15: %age surveyed stakeholders consuming various counts



Source of Hank Yarn

There is a supply chain in the purchase of raw material by the end consumers surveyed. The apex organization which is working in the area is Cooptex. Cooptex procure hank yarn from NHDC and supply to the societies. Societies (95%) procure hank yarn from Cooptex and NHDC and remaining 5% of the societies procure yarn from spinning mills or open traders.

Most of the weavers surveyed (82%) get the hank yarn required from societies. Remaining (18%) procure hank yarn from open yarn bank and traders. Master weavers who generally have 50-80 members working with them procure hank yarn from local / wholesaler traders (30%) depending upon the quantity requirement. The remaining 70% get the yarn from government depot i.e. yarn bank or NHDC depot available in the nearby area.

The local trader procures raw material from wholesale trader in the major cities or directly order the hank yarn from spinning mills.

Feedback on NHDC

The stakeholders surveyed were weavers, master weavers and the societies to get the outlook of the awareness and role of NHDC. Societies covered under the survey were well aware of the role of NHDC, but around 10% surveyed stakeholders (weavers / master

weavers) were not aware of the role of NHDC. These weavers are still dependent on societies and master weaver for yarn. NHDC has strong penetration in the region and mostly weavers, master weavers and society buy yarn from NHDC.

Availability of Hank Yarn

The stakeholders including traders, yarn bank, societies, master weavers and weavers were surveyed for the availability of the hank yarn. It was found that around 97 % stakeholders surveyed were of the view that hank yarn is adequately available in the market. Only 3% of the surveyed stakeholders admitted that there is an issue on the availability. However, the availability was an issue for a particular brand or mill. The societies / master weaver were very specific on the quality of yarn to be procured and subsequently they demand yarns from a particular mill because of the required quality of the yarn as it is being supplied by the mill.

Awareness about HYPN

The questions were asked to the various stakeholders about the Hank Yarn Obligations, which was primarily constituted in year 1974 to ensure the availability of hank yarn to the end users. It was observed that awareness about the HYO is very limited as only 24% of the surveyed stakeholder has little understanding about the policy. Only NHDC and few traders were only aware about the HYO. Remaining 76% did not know about the existence of such policy.

It was suggested by the surveyed stakeholder that government should focus on creating awareness about the policies meant for the handloom sector.

Demand Trend

In Tamil Nadu, stakeholders were asked questions regarding the trend in the demand of Hank Yarn in the next five years. Most of the stakeholders including societies / master weavers gave their opinion that the demand will increase by 20% for the count 80s & above.

4.5 ANALYSIS – CENTRAL REGION

MADHYA PRADESH

Background

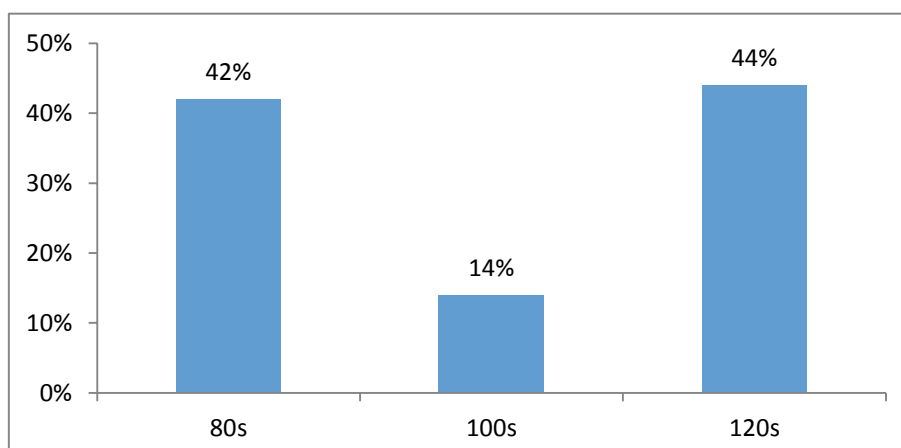
Madhya Pradesh has been central to the destiny of India. Located at the heart of India, the state has been a veritable melting pot of cultures and traditions for innumerable centuries. Madhya Pradesh has been the teeming repository of inspired and mystical craftsmanship. The craftsmen of Madhya Pradesh produce a rich variety of skilfully worked products. The weaves range from fine cottons and silks (both mulberry and tussar) to coarse and basic weaves. The crafts range from stone engraving, jewellery, terracotta and woodwork to bell-metal and textile printing.

Product Distribution

Products from simple bamboo items to teak and bamboo furniture, tribal motifs in metal to highly artistic brass statues, hand block-printed cotton materials to the elegant weaves of the Chanderi and Maheshwar silk sarees extol the skill of its artisans. Chanderi is also identified with the "piping kinar", a zari border woven upto the selvedge using mostly silk based zari of the 24 gms Surat variety. With the opening up of a wider market and consequent variety of fabric, the Chanderi weave has become well known and remains the favorite of the discerning customer all over the country. On the other hand, Maheshwari saree is known for its use of mercerized cotton which give the fabric a lustrous quality apart from the use of Zari and its distinctive patterning.

Most of the weavers are involved in making of sarees and dressing materials with fine count starting from 120s, 100 & 80s. Societies procure yarn majorly from open traders. The final product produced is sold to the designer in Mumbai and New Delhi.

Figure 16: %age surveyed stakeholders consuming various counts



As per the survey conducted in two regions i.e. Chanderi and Maheshwar rural, above graph it was found that major products produced are sarees, dressing materials and dupatta in which major counts used are 120s, 80s and 100s

Source of Hank Yarn

The supply chain consists of different stakeholders starting from weaver, master weaver, society, Yarn Bank, NHDC, traders in open market. Most of weavers, master weavers and society procure raw material from trader and agents. About 78% of the stakeholder interviewed procure raw material from trader/agent and 17% procure from NHDC. Around 4% of the weavers and master weavers procure from society as they work on per piece basis in synchronization with societies.

Feedback on NHDC

In Madhya Pradesh, the surveyed stakeholders, i.e. weavers, master weavers and the societies, gave feedback on procurement of raw material through NHDC. Societies covered under the survey were well aware about the role of NHDC but around 20% weavers were not aware of the role of NHDC. These weavers are still dependent societies and master weaver for yarn.

During the survey, it was found that NHDC has weak penetration in the region as there is only one office in Bhopal. In case of Chanderi handloom cluster, it does not have any regional office of NHDC or Yarn Bank / Yarn Depot. Most of societies procure material from traders in local area else have tied up with agents in Mumbai or Coimbatore. Weavers and master weavers work on per piece basis in which yarn is given by societies. While in case of Maheshwar rural, Assistant Director (Handloom) has been assigned a duty to make indent and collect the advance payment and send the same to the NHDC Bhopal office. This process is time consuming which takes several days in order to reach beneficiaries.

Availability of Hank Yarn

The stakeholders including traders, yarn bank, societies, master weavers and weavers were asked questions about the availability of the hank yarn. It was found that in the clusters covered for the study, around 98% stakeholders surveyed were of the view that hank yarn is adequately available in the market. Only 2% of the surveyed stakeholder admitted that there is an issue on the availability.

However, the availability issue for a particular brand or mill is an issue but most important issue is the non-availability of yarn bank or NHDC in the region due to which price fluctuation varies as the demand of the yarn varies.

Awareness about HYPN

It emerged from the views of surveyed intermediaries and end users that awareness about the HYO is very limited as only 2% of the surveyed stakeholder had little understanding about the policy. The NHDC and few traders were aware about the HYO. Remaining 98% surveyed stakeholders did not know about the Hank Yarn Packing Notification.

The common concern for most of the surveyed stakeholders is the awareness camps for different policies implemented for the multi-fold development of Handloom sector.

Demand trend

Stakeholders were questioned about the trend in the demand of hank yarn in the next five years. Most of the stakeholders including societies / master weavers were of the view that the demand will increase by 25% for the count 80s & above.

The stakeholders were positive about the increase in demand of the handloom products but they emphasised that in order to compete with the powerloom / mill sector products, the quality of handloom products needs to be improved.

4.6 ANALYSIS – NORTH REGION

UTTAR PRADESH

Background

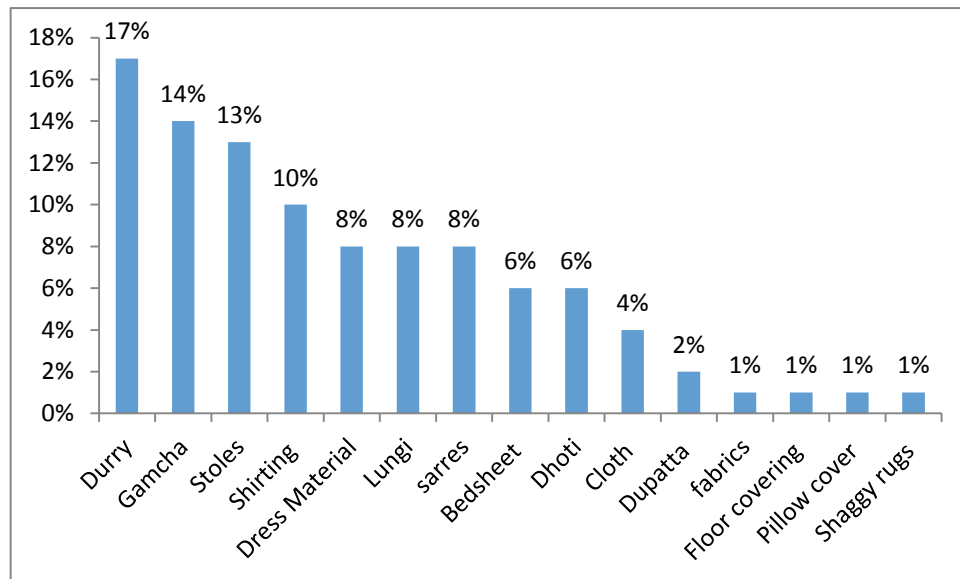
The textile of India dates back five millenia, with Varanasi in the north Indian State of Uttar Pradesh being amongst the oldest centres. Offering the world some of the finest hand – crafted fabrics, using intricate textile techniques like Zardozi brocades and Jamdani, over the years, other centres in Uttar Pradesh have grown and thrived on this heritage. Handloom sector in Uttar Pradesh has near about 5.6 % share of total weaving units in India, which employees 6.4 % of the total number of workers and 6.6 % of the total numbers of weavers in this country as per the UP State Directorate (Handlooms), whereas each state in India is popular for one or two products, Uttar Pradesh is the only state which has a distinction of being able to offer the complete range of handloom products, viz – home furnishing, floor coverings, bed covers, bed sheets, dress material, towels, table linen and a vast range of woven and printed saris made of cotton and silk and many more items. The element of art and craft present in Uttar Pradesh makes it a potential sector for upper segments of the market both in India as well as globally.

Product Distribution

Uttar Pradesh has a large proportion of people residing in rural and semi - urban areas and offers vast pool of human resources for setting up handloom and khadi and village industries. Uttar Pradesh has a great potential in exports of handloom and textile goods which is a key source of earning foreign exchange. About 20% of total production is being supplied by the Bijnore district handloom cluster to Delhi based exporters like Fabindia, All India Handloom board & other prominent exporter through middle man and the remaining are sold in the domestic market at Naogaon, Sadat, Nahtore, Sheohara and Kath. On the other hand, if we talk about Varanasi, the main product of Banaras Handloom Cluster is saree and its dominance continues. The products made in Uttar Pradesh are sarees, dress material, furnishing fabric, fashion accessories, e.g., stole, scarves etc.

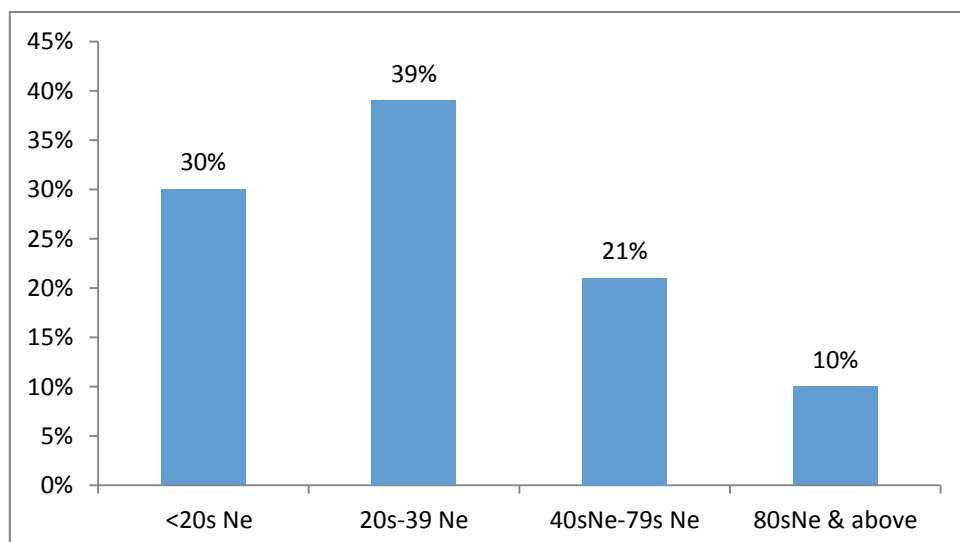
The major products which are produced in Uttar Pradesh mainly consists of durry, gamcha, stoles and shirtings.

Figure 17: %age product distribution



It emerged from the survey that the major count changes as the region changes but majorly the counts being used are 24s, 30s and 20s for the production of lungi, gamcha, bedsheet, stoles and shirtings. In case of durry, bed sheets in some cases, coarser counts such as 2s, 4s, 6s are used . In case sarees and stoles, fine counts such as 80s, 100s are mostly used.

Figure 18: %age surveyed stakeholders consuming various counts



Source of Hank Yarn

There is a supply chain in the purchase of raw material by the end consumers surveyed.

Societies (77%) procure hank yarn from NHDC or yarn bank and remaining 23% of societies procure from spinning mills or traders. Societies procuring from government depot sometimes also procure from traders due to non-availability of yarn at NHDC or yarn bank. Most of the weavers surveyed (84%) get the hank yarn from societies. Remaining (16%) procure hank yarn from open yarn bank, traders.

Master weavers surveyed generally have 30-50 members working with them procure hank yarn from local / wholesaler traders (30%) depending upon the quantity requirement. The remaining 70% get the yarn from government depot i.e. yarn bank or NHDC depot available in the nearby area and spinning mills located in south India.

The local trader procures raw material from wholesale trader in the major cities or directly order the hank yarn from spinning mills.

Feedback on NHDC

The stakeholders surveyed were weavers, master weavers and the societies. Societies covered under the survey are well aware about the role of NHDC but around 10% weavers were not aware of the role of NHDC. These weavers are still dependent on societies and master weaver for yarn. NHDC has weak penetration in the region and mostly weavers, master weavers and society buy yarn from NHDC according to the survey.

The major problem highlighted by the surveyed stakeholders is high lead time, which is an important reason for the delay in the delivery of yarn to the beneficiaries. Around 80% for the people surveyed has mentioned about the long lead time and also requested for more extension counters for NHDC in form of yarn bank or yarn depot. Another important issue which the surveyed stakeholders brought up is the slow process and a lot of documentation involved for the addition / involvement of more weavers and societies.

Availability of Hank Yarn

The stakeholders surveyed include traders, yarn bank, societies, master weavers and weavers for the availability of the hank yarn. It emerged from the survey that around 96% stakeholders were of the view that hank yarn is adequately available in the market. Only 4% of the surveyed stakeholder admitted that there is issue on the availability. However, the availability issue is specifically for a particular brand or mill. The societies / master weaver

are very specific on using the yarn from particular mills because of the assured quality of the yarn supplied by the mill.

Awareness about HYPN

Various stakeholders (intermediaries and end users) were surveyed about the awareness of Hark Yarn Obligation, which was primarily established to ensure the availability of hank yarn to the consumers. It came out from the survey that awareness about the HYO is very limited as only 6% of the surveyed stakeholders had little understanding about the policy. Only NHDC and few traders were only aware about the HYO. Remaining 94% surveyed stakeholders did not know about the existence of such policy which is implied to safeguard the handloom sector.

Suggestions made by the surveyed stakeholders include creating awareness about the policies meant for the handloom sector by the government.

Demand Trend

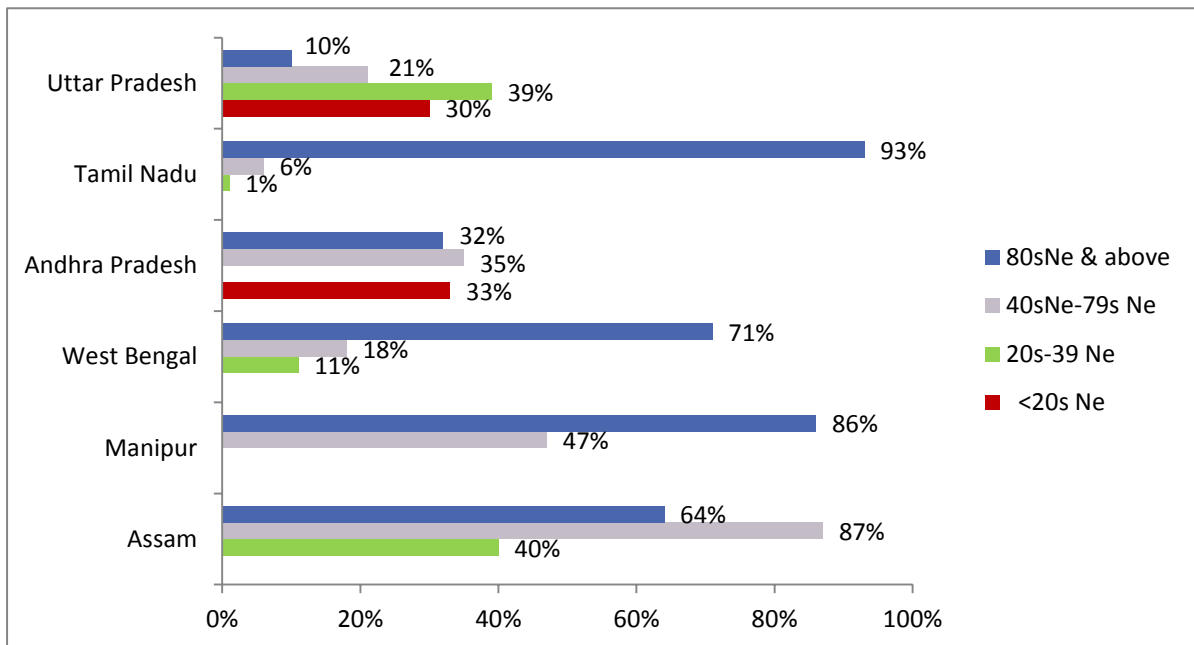
The question was asked about the trend in the demand of hank yarn in the next five years. Most of the stakeholders including societies / master weavers were of the view that the demand for finer counts is supposed to increase more than the increase in demand for coarser counts.

4.7 CONCLUSION

4.7.1 DEMAND, DISTRIBUTION & CONSUMPTION PATTERNS OF VARIOUS COUNTS BY HANDLOOM WEAVERS

It emerged from the analysis that usage of finer counts of hank yarn is more as compared to coarser count yarn. It means that the demand scenario for products made from finer count yarns has increased over the years. Subsequently, it can be derived that there is a positive shift in the consumption of products made from finer counts as it is being market driven.

Figure 19: Comparative trend of %age surveyed stakeholders consuming various counts

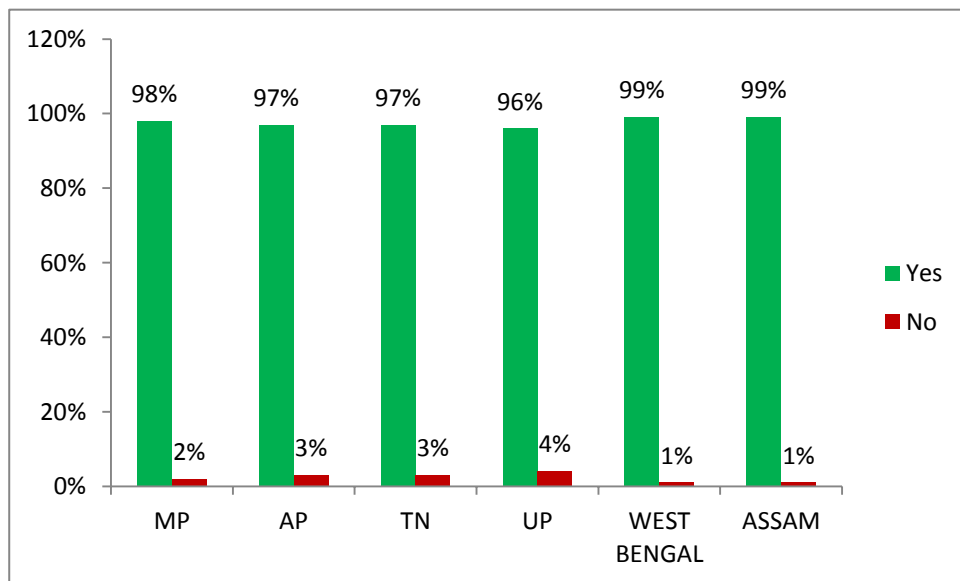


As it can be seen from the above chart also that in North-East region, the consumption of finer counts, i.e. above 40s, is predominant than the coarser counts. Similarly, in South region, especially Tamil Nadu, and in East region (West Bengal), there is a significant difference between the consumption of finer counts and coarser counts as finer count consumption is higher.

4.7.2 AVAILABILITY OF HANK YARN TO HANDLOOM WEAVERS

It emerged from the survey that almost all surveyed stakeholders comprising of intermediaries and end users have no problem regarding the availability of Hank Yarn as it is readily available whenever required. However, the availability issue is specifically for a particular brand or mill. The societies / master weaver are very specific on using the yarn from particular mills because of the assured quality of the yarn supplied by the mill.

Figure 20: %age surveyed stakeholders' feedback for the availability of Hank Yarn

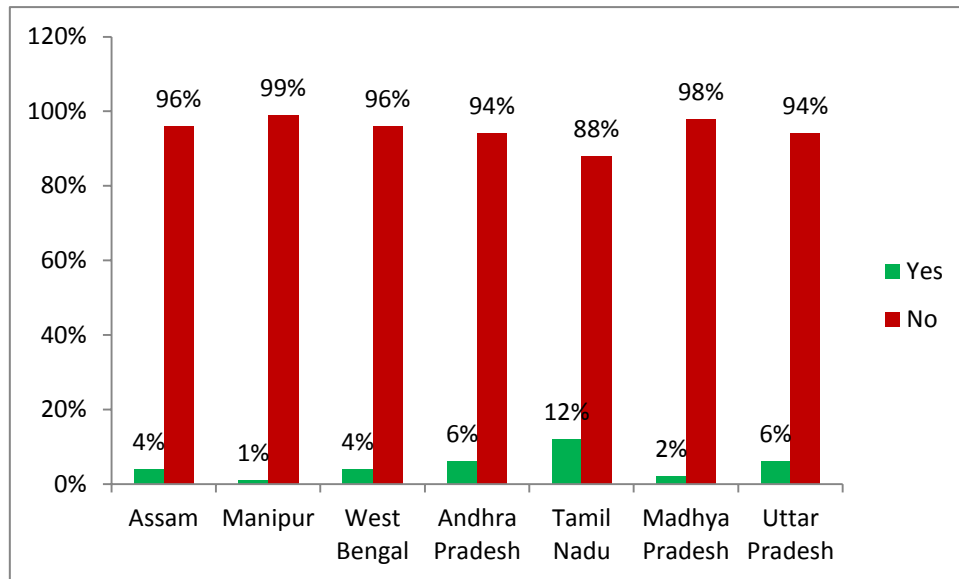


The above chart shows the response towards the availability of hank yarn in different regions by surveyed stakeholders. It is very clear from the above chart that overall around 2%-3% surveyed stakeholders have shown the concern for the non-availability of hank yarn. Otherwise, the hank yarn is available in surplus amount as per feedback from surveyed stakeholders.

4.7.3 AWARENESS OF HANK YARN PACKING NOTIFICATION

According to the survey results, most of the stakeholders (intermediaries and end users) are not even aware of the Hank Yarn Packing Notification, although some of them had heard of it but did not understand the significance of this obligation.

Figure 21: %age surveyed stakeholders' feedback on awareness about HYPN



It is very clear from the above graph that most of the surveyed stakeholders in North-Eastern region and Central region are not aware of the Hank Yarn Packing Notification. Although, in South, surveyed stakeholders in Tamil Nadu have shown comparatively more awareness about the HYPN but it is only mere 12%. So, it can be concluded that necessary steps should be taken by the Government to ensure the awareness of HYPN among unaware stakeholders involved in Hank Yarn supply chain.

4.7.4 LINKAGE AND ROLE OF YARN BANK / NHDC

The supply chain consists of different stakeholders starting from weavers, master weavers, society, yarn bank / NHDC, traders in the open market. The stakeholders surveyed were weavers, master weavers and the societies about the source of raw material procurement. It emerged that most of the surveyed stakeholders are procuring yarn from traders / agents rather than NHDC. The penetration of the NHDC is very limited to individual weavers, master weavers and majorly caters to the registered handloom societies.

In addition to above, the weavers are more comfortable with the local yarn traders for their purchase of hank yarn. The major issues highlighted by the stakeholders on the working of NHDC are as under:

- High lead time for the delivery of hank yarn
- Complicated procedure of indent filling / order booking and the requirement of 10% advance payment
- Non availability of ready stock
- No return policy

The local traders develop on the demerits of the NHDC and offer facility such as credit for 1 to 3 month, ready available stock of the regular counts.

4.7.5 COMPLIANCE WITH HYPN

All of the spinners surveyed admitted to the fact they are meeting the Hank Yarn Obligation and regularly submitting the quarterly return to the O/o textile Commissioner.

The spinners are meeting the obligations by either internal production or outsourcing the reeling to independent reelers. However, a large numbers of mills surveyed are transferring the obligations to the surplus hank yarn producers.

Most of the big spinners surveyed in the Punjab state does not have internal reeling unit. They are complying with the HYPN by transferring the obligations to the surplus players situated in the south India. There are agents involved who helped them to identify the surplus player and managed the entire paper work for transferring the obligations in accordance with the guidelines of O/o Textile Commissioner and charge a brokerage fee of 50 paise to 1 rupee per kg of quantity transferred. The brokerage fee is given to the surplus mill producer through the agents involved.

4.8 SPINNERS' FEEDBACK – KEY FINDINGS

Spinning Sector



With 47 million spindles and 0.75 million open-end rotors, India has the world's second largest spinning capacity, commanding a share of the global cotton yarn market – currently producing over 4700 million kgs of spun yarn of which over 3,400 million kgs is cotton yarn.

Cotton Yarn accounts for nearly 73% of total spun yarn production. Indian Spinning Industry is the most modern and efficient in the world.

India produces a comprehensive range of yarns for every conveyable end use – non-spun or open-end; combed or carded, basic, compact, mélange or fancy. The spinning mills produce them all for requirements ranging from a fine 200 count to a coarse 2 count.

The world's most renowned Indian cotton yarns are available as greige, bleached, mercerized, gassed, twisted, dyed or an endless range of fashion yarns like mélange, stretch, blends, high twist and so on to meet the different applications in fashion, clothing, home textiles, hosiery and industrial fabrics.

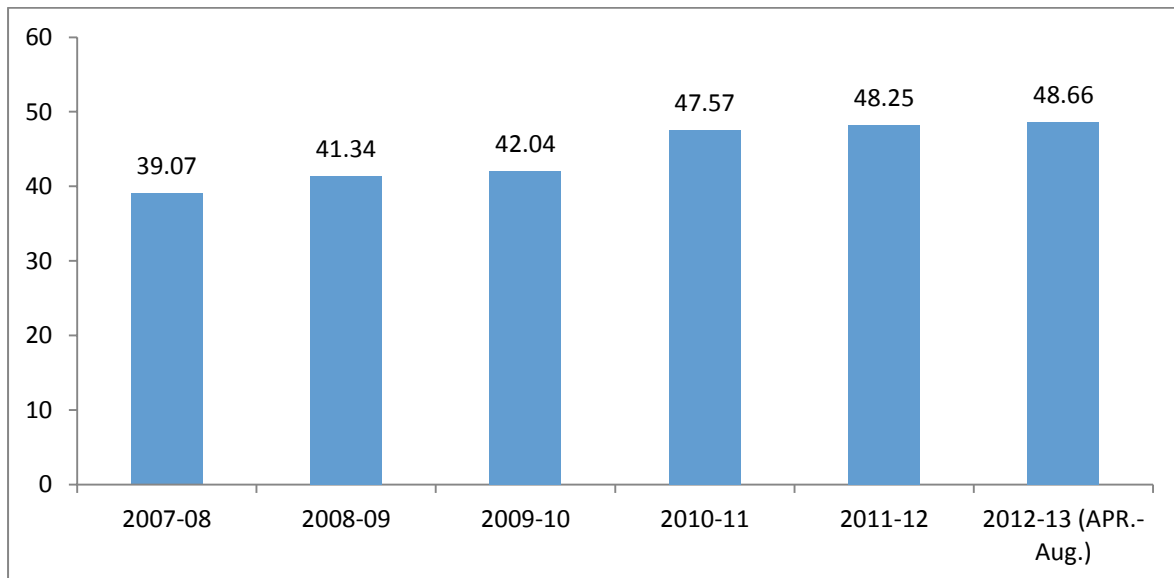
Constant induction of state-of-the-art technologies like compact spinning, using the most advanced yarn – processing technology and high-precision process controls tools like electronic cleaners, auto slavers, splicers, two-for-one twisters and auto-coners give Indian mills a competitive advantage.

The textile mills are concentrated in the southern part of India. In the state of Tamil Nadu, there are more than 2000 mills. In western region, the mills are concentrated in the Maharashtra and Gujarat state. In the north region, some of the large capacity mills are located in the Punjab state.

India spinning industry has gone from strength to strength since a very long time now as it was the hub of cotton manufacturing. The total number of spindles installed has also

increased over the last 5 years. In 2007-08, there are 39.07 million spindles installed, which is increased to 48.66 million spindles by 2012-2013 at a CAGR of 4.5%.

Figure 22: Total no. of spindles installed (SSI + Non-SSI) in millions



Source: O/o Textile Commissioner

The spinners across different regions were covered for their feedback on the Hank Yarn Obligation. The key representative from the mills association including SIMA and TASMA were also covered and detailed one to one interview were conducted.

The key finding from the spinners survey are briefed as under:

4.8.1 SELLING CHANNEL

Most of the spinners surveyed are selling the hank yarn to the agents, wholesale traders and NHDC regional offices. A few of the spinners are also supplying the hank yarn directly to the Societies or Apex organizations in the handloom. The selling of the hank yarn depends on the credit terms and quantity of the order placed. The mills generally prefer selling to the wholesale traders as they get orders for both cone and hank yarn and quantity of the order placed is also high as compared to the NHDC counterpart.

KEY CHALLENGES IN SELLING OF HANK YARN:

It was highlighted that the mills producing the hank yarn faces issues in selling of the hank yarn. The representatives of government owned NTC mills also admitted that there are holding stocks in the hank yarn for more than six months.

Some of the spinners mentioned that they do not have any queries on the hank yarn in the last 10 year and so. It was also highlighted that demand of the fine quality of hank yarn has increased and there are queries of fine count of range 120s.

From the reports of O/o Textile commissioner, the report submitted by the mills under the Regional Office of Coimbatore, it is evident that on an average 15-20 million kgs of hank yarn is left as an unsold stock.

Refer to Annexure – VI for details

4.8.2 COMPLIANCE WITH HYPN

All of the spinners surveyed admitted that they are meeting the Hank Yarn Obligations and submitting the quarterly return to the O/o of textile commissioner.

The spinners are meeting the obligations by either internal production or outsourcing the reeling to independent reelers. However, a large numbers of mills surveyed are transferring the obligations to the surplus hank yarn producers.

Most of the big spinners surveyed in the Punjab state does not have internal reeling unit. They are complying with the HYPN by transferring the obligations to the surplus players situated in the south India. There are agents involved who helped them to identify the surplus player and managed the entire paper work for transferring the obligations in accordance with the guidelines of O/o Textile Commissioner and charge a brokerage fee of 50 paise to 1 rupee per kg of quantity transferred. The brokerage fee is given to the surplus mill producer through the agents involved.

Even, one of NTC mills surveyed are not having internal hank yarn production and transferring their obligations to the surplus hank yarn producing mills. The reasons are high labour requirement and economic viability of the hank yarn production.

It was observed that most of the spinners transferring the obligations to the surplus producers don't know if the quantity transferred are actually produced or not. The Transferor mills rely on the agents involved for compliance of the HYO and no physical confirmation or checking of the hank yarn production is done either by the Transferor mill or the agents managing the transfer of the obligations.

4.8.3 RIGHT PERCENTAGE OF THE OBLIGATIONS

Most of the mills surveyed were of the view that the hank yarn obligations is not required in the current scenario of liberalization , globalizations and market led economics for the demand and supply of hank yarn. Spinners were of the view that the Hank Yarn Obligation which mandates 40% of the cotton yarn production of obligatory varieties, packed for domestic deliveries should be in the hank form, is very high. There is a significant increase in the number of mills in the last three decades and on the other hand the weaver's population has shown a decreasing trend. The HYO based on above rationale should be decreased from 40%. Most of the spinners surveyed recommended that right percentage of the Hank Yarn should be a level of 10% or less.

REASONS

The reasons cited were that after liberalization process there is no need for HYPN and the current production is on demand basis. The mills producing the hank yarn are on the account of demand of the hank yarn and not because of the obligations. The mills involved in the production of hank yarn are doing so because of the economic viability, established customers base and regular demand.

The hank yarn producing mills will continue their production even in case the obligations is reduced or removed. The production is governed by the demand of the hank yarn and not on the account of obligations of the individual mill. This is also evident from the report shared by O/o Textile Commissioner for the Jan-March (2013) quarter. The list published by the O/o Textile Commissioner on their website indicates that there are 586 mills under the regional office (R O), Coimbatore having excess hank yarn production from their own mill obligations. *Refer to Annexure-VII for details.*

Another list shows a list of 34 mills comes under the R O, Bangalore having 2,123,690 kgs. of hank yarn in excess of their own obligatory quantity. *Refer to Annexure – VIII for details.*

It is also highlighted that the real hank yarn requirement is very less for handloom sector. The hank yarn is also consumed by the unorganized power loom sector. Though, it is difficult to identify the hank yarn consumed by the decentralized powerloom sector having more than 15 lakh powerloom nation-wide. As per the report from Textile Commissioner, it is estimated that nearly 39% of the hank yarn produced goes to the powerloom sector. In this scenario, the whole objective of the HYPN has no meaning since there is no mechanism in place to verify whether that the hank yarn produced by the mills is only consumed by the handloom sector.

One of the strong reasons for further reducing the obligations percentage is that mill production increased over a period of time and the weaver's population has shown a decreasing trend.

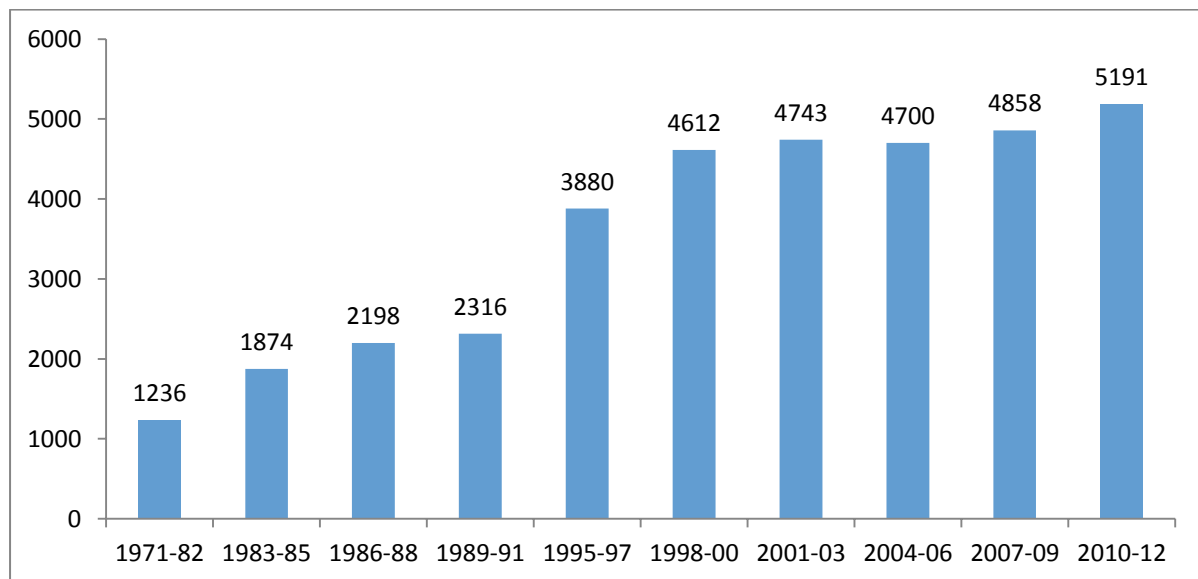


Figure 23: No of spinning mills

Source: O/o Textile Commissioner

From the above table, it is evident that the number of spinning mills has increased over the last three decades. After the de-regulation in the mid-1980s, there is a significant growth of the mill sector. The growth is recorded at a CAGR of 4% for last 40 years.

On the other side, the handlooms are decreasing and weavers are shifting to other profession for better earnings prospects. The numbers of handlooms reported in the third handloom census (2009-2010) is 23.77 lakhs wherein there were 38.91 handlooms as per the second handloom census of 1995-1996. It is evident that there is significant decrease in the handlooms in the last decade.

4.8.4 COUNT LIMIT / RANGE OF THE HYO

The spinners suggested the count range for packing 80% of the hank yarn obligations can be increased upto 100s count and below. This is because of the increased demand of the fine counts especially for the sarees and shirting dress material product woven in the handloom.

The count range extension to the 100s and below was also suggested by the weavers / master weavers surveyed in the states of Assam, Manipur, Andhra Pradesh and Tamil Nadu.

4.8.5 KEY CHALLENGES IN THE PRODUCTION OF HANK YARN

It was observed that most of the mills who in past were involved in the production of hank yarn have closed their reeling units due to the shortage of the labour. There are number of production constrains in hank yarn production and it has become economically unviable to continue the hank yarn production.

On the other hand, new techniques and modern machineries in the cone yarn production have helped the mills sector to achieve higher output with better quality. The Autoconer technology has evolved from its inception in 1959 and the new Autoconer 5 machines has revolutionized the cone yarn production. The latest technology have features for automatic knotter for each winding unit , new system for bobbin transfer from the spinning to winding machine , the transfer of the bobbins and empty tubes within the winding machines performed by the conveyor belt. These features have reduced the dependability on the manual labour for the cone yarn production. Most of the mills have invested on the modernized machinery for higher production and better quality. With the implications of HYPN, the spinners find the obligation as a major hindrance to their growth and impacting adversely on the economically viability of the spinning units. The spinners were of the view that due to the HYO mandate, the payback period has prolonged for their investment on the modern machineries for cone yarn production.

The key constrains in the hank yarn production is as follows:

- a) High Labor Requirement:
- b) Low Productivity
- c) High Manufacturing cost
- d) Material Handling

The conversion of bobbins cops or cone to hank is highly labour intensive. Though, the latest reeling units available are powered by motor and with facility of photo sensor technique for automatic stoppage on the breakage of yarn, the knotting is still done manually by the operator. The average production for one reel is approximately 15 kg for count of 80, 100s and above. The production varies depending on the type of count and for coarser variety of 30s, 40s it is in the range of 25-30 kg / day / reel.

For every reel, one labor is required to do the knotting in case of yarn breakage, tying of each lea (1 lea = 120 yards) separately and then bundling the 7 lea (1 hank = 840 yards = 7 lea) into one with the help of a colored thread.

The low productivity and high labour requirement adds to the higher manufacturing cost thus lowering the margins of the manufacturers.

The hank yarn is then packed into bundles and then further compressed to bales for the deliveries. Most of the mills surveyed admitted that due to the shortage of labor and it has become difficult to sustain the hank yarn production and eventually they were forced to close their reeling units in the past.

4.8.6 ISSUES AND GAPS IN THE HYPN

The Hank Yarn Obligations is based on the Quantity (weight) of the cotton yarn production.

As per HYPN, a mill has to pack at least 40% of the cotton yarn production for civil consumption in Hank Yarn and 80% should be packed in count 80s and below.

For example, if a mill is producing cotton yarn of 100 kg as the obligatory varieties, then it is required to pack 40 kg i.e. 40% in the hank form. Out of this 40 kg, 80% i.e. 32 kg is required to be pack in count 80s and below. This means that a mill can produce this 32 kg of hank yarn in the count range from 0-80s.

The Hank Yarn Obligation is on the weight basis not on the length basis. For approx. ½ kg obligation, below is required count wise production in yards

- 10s – 8400 yards
- 40s – 33600 yards
- 80s – 67200 yards

So , it is very clear that for hank yarn production in 10s count , the raw material input (quantity) will be very less as compared to the production of 40s or 80s count. In additional to that the raw material cost of 10s and further coarser count is very low as compared to the finer count varieties. The HYPN does not mandate the production of hank yarn for a particular count. If the spinner has to comply with the HYO, it is faster and cheaper to produce the coarser variety of the hank yarn as compared to the finer counts. However, the production of the hank yarn is not driven by the HYO but it is on the market demand and the production is done as per the market demand.

Missing Sales Linkages

One of the major gaps of the HYPN is that it is only a production obligation to the mills and there are no sales linkages. There are no linkages for the demand/sales of the Hank Yarn produced by the mills under the compliance for the HYPN.

Spinners also suggested that today the hank yarn production by the mills is not on the account of obligations but it is because of the demand. If the hank yarn production is only on the account of HYO then most of the mills will produce only the coarser count as the raw material for the coarser count is cheaper and the quantity of the obligations is easy to meet with coarser count production in comparison to the production of fine counts.

One of the mills surveyed cited an example few years back some of the manufacturers starting producing hank yarn of count 2s and 10s o.e. (open end) as the raw material cost is very cheap and higher production in the coarser count will help in meeting the obligations with lower input of raw material.

The spinners also suggested providing a demand in advance from the NHDC and government agencies of the hank yarn.

Vigilance/ Strict implementation of the HYO

The implementation of the HYO should be in accordance to the objective of the policy. There should be clear mechanism for ensuring the hank yarn is consumed by the handloom sector.

There are more than 2500 mills across India filling the HYO with O/o Textile Commissioner on quarterly basis. The compliance of the HYO is assessed by checking of the return filled to the O/o Textile Commissioner on quarterly basis. However, there is no clear mechanism to verify whether the hank yarn production as submitted is an actual production. It was also observed that mills are actually forfeiting the obligations by mis-declaration of the cone yarn as the hosiery yarn to avoid the HYO. The O/o of Textile Commissioner is also aware of this and published circulars in the same subject to the mills concern.

The physical checking of the hank yarn production and subsequent sales record verification by the regional offices of the Textile Commissioner is limited and practically not feasible to do so for more than 2000 mills falling under the HYO.

Further, most of the mills not having internal reeling are transferring the obligations to the mills producing excess hank yarn. The entire paper work for the transferring the obligations is managed by middle man (agents) with a charge of 50 paise to 1.5 rupees per kilograms.

One of the mills with leading sales of cotton yarn in domestic market submitted that their annual quantity of the HYO is around 3 million kgs. They are meeting the obligations by transferring the obligations to the surplus producers and paying around 15 to 20 lakh rupees annually to the agents involved who manages the transferring of the obligations on their behalf.

The representative suggested that this policy has added another middle man in the supply chain for the convenience of managing the HYO filling for the mills not producing the hank yarn. The money spent by the mills for the agent is a waste and in order to avoid any strict punishment for not meeting the compliance of HYPN, they are bound to take the help of the agents.

**CHAPTER 4B – DATA
ANALYSIS & FINDINGS (II)**

DEMAND ESTIMATION OF THE HANK YARN

It is difficult to estimate the hank yarn required for the handloom products. It is because the production per day per handloom varies across different regions depending on the type of product and other factors.

The handloom production per day varies from 1m to 20m depending on the type of product and the count used in the warp and weft. The factors for the variation in the productivity per handloom are as follows:

1. Type of the product
2. Count used
3. Skills of the weaver
4. Design of the product
5. Width of the product
6. Working environment
7. Other support from the allied worker or household members
8. Working hours per day

The productivity difference is also on the account whether the weaver is involved in the weaving of product for his own or domestic requirement or involved with societies for making product for further sales and subsequently paid for his work on per meter of the fabric produced.

As a part of the survey, questions were asked regarding the average per day handloom production in meter.

North East Region: Assam and Manipur

In North-east region, the handloom weaving is more for the domestic usage. The major products are mekhla chaddar and gamchas with fine count of 2/80s, 2/60s.

The average per day production per handloom for approx. 8 working hours was 2.36 meters. In gamcha the production was from range 3m to 7m and in case of mekhla cheddar, the range was from 1m to 3.6m.

South:

Andhra Pradesh

In Andhra Pradesh, most of the weavers are involved in the making of sarees, lungies, dhotis and bed sheet. The count used for sarees is 100s , 80s , 60s and the average per day production for sarees product varies from 3m to 5 m depending on the count used and

design of the product. For lungies and Dhotis, the average per day handloom production is from 3m to 10m. The counts used are 60s, 40s, 2/60s, and 2/40s.

The average per day production per handloom for approx. 8 working hours was 7.19 meters.

Tamil Nadu

In Tamil Nadu, the major products are sarees, lungies, dhotis and bed-sheet. The count used varies from 100s, 80s, 60s for sarees, lungies. Coarser count such as 2/17, 2/10, 10s, 6s is used for bed-sheet, towel, cushion covers and other home furnishing products. It was observed that average production per day per handloom for the sarees, lungies and dhotis were in the range of 3m to 5m, while for the bed-sheet, towels it was in the range of 8m to 15m.

In total, the average per day production per handloom for approx. 8 working hours was 6.10 meters.

West Bengal

In West Bengal, the major products are sarees, shirting material, gamcha and scarves. The count used are of fine varieties such as 100s, 80s, 60s for sarees, shirting material and scarves. Coarser count such as 32s, 26s, and 24s are used for gamcha. It was observed that the average production of sarees and shirting material were in the range of 2m to 5 m and for gamcha were in the range of 6m to 8m.

In total, the average per day production per handloom for approx. 8 working hours was 4.32 meters.

Uttar Pradesh

In Uttar Pradesh, the counts used are of the coarser variety such as 2/4s, 2/6s, 2/8s , 3/6s for durries and floor coverings and 2/20s, 2/40s, 2/60s, 20s, 24s, 30s for bed-sheet, lungies and dhotis. Most of the products ranges are with simpler design and color pattern and productivity per day is very high.

For durries and floor coverings, a weaver is able to make an average of 2m to 5m per day per handloom. In case of bed-sheet, lungies, shirting material and dhotis product, the average production per day per handloom is in the range of 15m to 20m.

In total, the average per day production per handloom for approx. 8 working hours was 13.4 meters.

Table 9: Loom distribution across the surveyed regions

Region	State	Productivity (meter)	Looms distribution per region	Looms/region (lakhs)	Production per loom (lakhs meters)
North East	Assam, Manipur	3.6	65.2%	15.50	55.79
East	West Bengal	4.3	12.9%	3.07	13.19
South	Andhra Pradesh	7.1	5.2%	1.24	8.78
South	Tamil Nadu	6.1	6.1%	1.45	8.84
North	Uttar Pradesh	13.4	3.4%	0.81	10.83
Other	Orissa , Karnataka and other states	6.9	7.2%	1.71	11.81
				23.77	109.24

**Refer to Annexure IX for details.*

In addition to that, questions were asked to the weavers across all the regions regarding the quantity of yarn required for production of per meter of the fabric produced on the handloom. It emerged that on an average for all the counts, around 8 m - 9 m of the fabric is produced per kilogram of the yarn.

To further estimate the demand of hank yarn, third handloom census report is used as a base. As per the third handloom census, 2010 the total count of looms across household and non-household is 23.77 lakh. Out of the total looms, the total no of idle looms (households and non-household) is 2.31 lakh, which is almost one in every 10 looms. (Reference –chapter 5 of third handloom census, 2010)

The production per handloom as per the data collected from the surveyed stakeholders is estimated at 5.09 m for average of count range. This is calculated based on the total production per loom and ratio of the same to the number of active handlooms.

It is assumed that out of the total active handlooms, approximately 85% of the handlooms are involved in production of 100% cotton or cotton blended products. To calculate the per day production per loom the productivity is calculated with standard working hours of 8 hours per day. It is also assumed that on an average a weaver's works for 25 days in a month.

Table 10: Estimation of yarn required for handloom fabric

S.No.	Particulars	Figures	Units
1	Total nation-wide number of handlooms	23.77	Lakh
2	Total number of active handlooms	21.46	Lakh
3	Estimated number of active cotton handlooms	18.24	Lakh
4	Average production per handloom for all count range	5.09	Meter
5	Average monthly production per loom for all count range (25 days)	127.26	Meter
6	Average yearly production per loom for all count range	1527.08	Meter
7	Total production on all cotton handlooms	27855.54	lakh meter
8	Average meter of fabric produced per kilogram of yarn	8.5	Meter
9	Quantity of yarn required for total production of handloom fabric	3277.12	lakh Kgs
10	Quantity of yarn required for total production of handloom fabric	327.71	million kgs

It emerged that on an average a total of 327.71 million kilograms of cotton yarn across all counts is required by the handloom sector for yearly production.

CHAPTER 5

RECOMMENDATIONS

5.1 IMPROVING THE DELIVERY TIME OF HANK YARN

It emerged from the survey that there is no major issue of non-availability of the hank yarn to the end consumers. The major concern of the stakeholders is lead time for the delivery of hank yarn. The issue is more prominent with the NHDC, where the lead time varies from 10-45 days depending on the region and type of yarn variety ordered. The lead time issues are more in case of east and north-eastern states of the country.

The stakeholders suggested that NHDC should operate with a minimum inventory model to facilitate immediate supply of hank yarn for the regular variety of count demanded in the cluster area.

5.1.1 WAREHOUSE FACILITY

NHDC operates through its 788 depots located across different states. NHDC can categorise these depots based on sales through these depots. NHDC can first evaluate these depots based on the average sales achieved for last 2- 3 years and then categorize these depots into two levels:

- Tier -I
- Tier -II

Tier I:

The depots with average sales of 40,000 kg per month and above can be categorized in Tier 1. Tier 1 depot should be provided the facility of operating a warehouse and keep a minimum of one month inventory level based on the analysis from the past sales record. The quantity for particular count can be procured in advance based on the trend analysis of past sales record. The quantity supplied to an individual weaver is of limit 40 kg for all count range under the 10% subsidy component. Thus, NHDC depot with linkages to 10,000 weavers may fall in the category for Tier 1 status.

Tier II:

The depots with average sales of less than 40,000 kg per month will fall in the Tier II status. These depots will operate without the warehouse facility. However, the focus for the Tier II level depot will be creating awareness in the cluster area to add more weavers for getting the benefits from the government schemes of MGPS and avail 10% subsidy component on the cotton hank yarn.

In order to support the NHDC, the Ministry of Textile can provide additional funds to the NHDC for creating the warehouse facility at the identified Tier I depots. Another issue raised by the NHDC in operating the warehouse is price fluctuations of the cotton yarn purchased and sold after a month time. Ministry of Textile can audit the records and reimburse the amount to the NHDC on quarterly basis on account of the price fluctuations.

5.1.2 SIMPLIFICATION OF INDENT FILLING PROCEDURE

It was highlighted that the entire procedure of indent filling for placing the order of hank yarn with the NHDC is quite complicated and not weaver's friendly. The weavers also have to deposit 10% advance of the order amount along with the indent to the NHDC. It is required to deposit the amount as cash in the bank nominated by the NHDC or provide a demand draft (DD) of the amount to the NHDC. Most of the weavers are not familiar with the banking procedure and find it difficult to complete all the formalities. In addition to that most of the time weavers need to travel from his location to the nearby bank available and sometimes it takes more than one day for the DD or depositing the requisite money. The time spent is a direct loss to the weaver's productivity and this is one of the prime reasons where most of the weavers are not linked with NHDC for availing the scheme meant for weavers benefits.

To simplify the procedure of indent filling, NHDC can start receiving the 10% advance amount at the NHDC depot. Initially, NHDC can allow the deposit twice in a week and then further extends accordingly.

Also, once an indent is placed, there should be easy tracking system for individual weaver to check the status of the delivery. NHDC can partner with IT Service Company to develop software/program to track the delivery on their (weavers) mobile phone with reference to the indent number.

A pilot project can be taken with the Apex Societies like APCO and NHDC Hyderabad. The APCO has more than 1200 societies and serves more than 2 lakh weavers. The APCO and NHDC can provide feedback on the tracking system to implement the same to other NHDC regional offices.

5.2 INCREASED QUANTITY LIMIT UNDER 10% SUBSIDY COMPONENT

The quantity limit for the 10% subsidy component available to the individual weaver with the passbook should be further rationalized. The limit should be increased for the counts below 20s and it should be more than 30 kg.

Current Quantity Limit:

Count below 40s = 30 kg / handloom / month

Count 40s and above = 10 kg/ handloom / month

During our survey, the weavers/ societies suggested that this need to be further increased specially for the count below 20s. The consumption of the hank yarn for coarser variety of the hank yarn particularly below 20s count is high and the current provision under the 10% subsidy component is not sufficient for their monthly requirement. It is recommended to increase the quantity quota for counts below 20s from the existing provision of 30 kg / handloom/ month.

5.3 COMPLIANCE OF HYPN

5.3.1 HYO FILLING ON BIENNIAL BASIS

The implementation of the HYO should be in accordance to the objective of this policy. During our survey, it was highlighted that there should be clear mechanism for ensuring the hank yarn is consumed by the handloom sector. **Further, the filling of Hank Yarn Obligations to the O/o Textile Commissioner should be on annually or biannually basis instead of quarterly basis.** This will help in reducing the time spent in scrutinizing the forms by the O/o Textile Commissioner and on the other hand, it will give spinners more time to accommodate the production of hank yarn on account of fluctuations of the demand of the hank yarn. The office of the Textile Commissioner will also get more time to conduct the physical verification of the hank yarn production such that in case of any mill failing to submit the HYO, the O/o Textile Commissioner can take stringent action on same.

5.3.2 PHYSICAL VERIFICATION OF THE HANK YARN PRODUCTION / LINKAGES WITH THE SALES

There is no defined mechanism to verify the Hank Yarn Production as submitted to the O/o Textile Commissioner on quarterly basis. There could be mis-declaration of the hank yarn packing by the mills to comply with Hank Yarn Obligations.

Also, the mills transferring the obligations to the excess hank yarn producing mills manages the hank yarn filling with the help of agents. There is no physical checking or verification of the hank yarn production either by the agents or the mills transferring the obligations.

It is suggested that O/o textile commissioner should depute officers to do a regular visit to the mills submitting the Hank Yarn Obligations and verify the production and vet the production quantity with the sales record. In addition to that O/o of the Textile Commissioner can ask for the sales record of the hank yarn on quarterly or biannually basis.

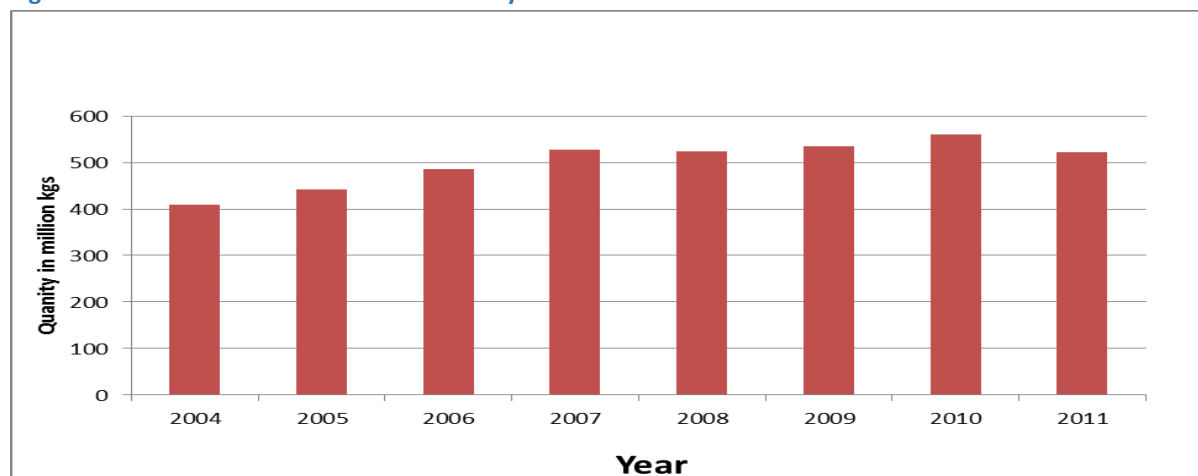
During our research few points that came up during course of discussion with various stakeholders and secondary research that the physical verification of the hank yarn should be taken on priority as the it has been brought to the O/o Textile Commissioner notice* that

- Many mills which don't pack hank yarn, submit the return as if they had packed hank yarn which is a gross mis-declaration.
- Many mills show huge quantities of exempted varieties of yarn like hosiery, deemed exports etc. in their return and thereby evade fulfilling their own quantum of hank yarn obligation.
- Many mills show the coarse counts of yarn packed in cheese form (open end yarn) as hank yarn in huge quantity and thereby undertake the obligation of other mills and earn premium for same.

**Reference to the letter published by O/o Textile Commissioner dated March, 2010. Attached as Annexure – X.*

5.4 UNDERTAKING WITH HANK YARN PRODUCING MILLS

Figure 24: Actual Hank Yarn Production over years



Source: O/o Textile Commissioner

From the reports of the O/o Textile Commissioner, we can see that the hank yarn actual production as submitted to the O/o Textile commissioner has increased in the last 8 years. The Hank Yarn production which was 408.89 million kgs in 2004 has increased to 559.85 million kgs in 2010.

The spinners surveyed were of the view that the mills producing the hank yarn is on the account of the demand with established customer base and economic viability of the hank yarn production.

The representatives of the mills during our survey mentioned that the hank yarn producing mills will continue their production even in case the obligations is reduced or removed. The production is governed by the demand of the hank yarn and not on the account of obligations of the individual mill. During our secondary research, it was noticed that in the report from O/o Textile Commissioner for the Jan-March (2013) quarter that there are 586 mills under the regional office (R O), Coimbatore* having excess hank yarn production from their own mill obligations. Another list shows a list of 34 mills comes under the R O, Bangalore* having 2.1 million kilograms of hank yarn in excess of their own obligatory quantity. *Refer to Annexure – VII and VIII for details.*

To cross verify the reasoning mentioned by the few stakeholders, it is suggested that O/o Textile Commissioner can notify the mills producing excess hank yarn continuously for last 2-3 years for a meeting to understand the reasons of production.

Textile Commissioner can take the help of mills associations for formally arranging the meeting with the notified mills. An agreement can be undertaken with the mills for

assurance on the production of hank yarn even if there is any amendment in the hank yarn packing notification.

It is difficult to justify the changes in the HYPN on account of the increased mill production and relative decrease in the handloom over the last three decades. One option is to rationalize the obligations percentage to a lower level i.e. 35% on temporary basis for a period of 2 years. The trend of the hank yarn production of the mills signing the undertaking should be reviewed for the same period before taking the final call.

Textile commissioner office should submit the report for the trend in the production to the Ministry of Textile and based on the outcome of the report, the amendment in the HYPN can be finalized for future or rolled back to the earlier level.

5.5 HANDLOOM CESS

The spinners surveyed were of the view that they are willing to pay a direct cess of reasonable percentage or value if the HYPN can be withdrawn completely. The representatives of the mill association like SIMA, TSMA suggested that in lieu of the HYO, a weaver welfare fund of reasonable value can be directly given to the Ministry of Textile.

The mills who are not producing the hank yarn are meeting the obligations by transferring the obligations to the surplus players. The process of transfer is managed by the brokers/agents and mill with the deficit of hank yarn pay around 1 to 1.5 Rs. /kg for the quantity transferred to the surplus producers through the agents.

The mills highlighted that the amount paid to the brokers or mill with surplus hank yarn for the transfer of the HYO is a waste. One of the mill surveyed admitted that their quarterly hank yarn obligations is around 20-25 lakh kgs and approximately same amount i.e. 20-25 lakh is paid to the brokers/mills with surplus quantity on quarterly basis.

The form D submitted to the regional office of Coimbatore is analyzed to estimate the quantity of Hank Yarn Obligation transferred. From the report of O/o Textile Commissioner Coimbatore for the quarter April – June, 2013, it is concluded that there are 1753 mills with hank yarn obligations of 14.45 million kgs without internal hank yarn production. It is assumed that to comply with the HYPN, these mills mostly transfer the obligations to the surplus players. In addition to above, there are another 159 mills having deficit of 13.2 million kgs of hank yarn for the same quarter. This implies that a total of 25.8 million kgs of hank yarn is required to be transferred to the mills with excess hank yarn to comply with the HYPN. If we assume a brokerage charge of 1 rupee per kilogram of the quantity transferred, it is estimated that approx. 25.8 million rupees is paid by the mills having deficit of hank

yarn as per their obligation. Annually, we can estimate that more than 100 million rupees is paid as the transfer charges to the excess hank yarn producing mills. Similarly, the analysis of the mills other than the regional office of Coimbatore can be estimated for the overall amount transferred / paid by the non-hank yarn producing mills to the surplus players.

The mills suggested the money paid to the surplus players does not impact on the availability of the hank yarn to the weavers. Also, the mills producing the hank yarn in excess does not produce the hank yarn because of the additional premium or charge received from the mills transferring the obligations.

Based on that mills representatives suggested that a Handloom Cess of reasonable value can be implied to the mills not producing hank yarn according to their obligation and fund can be given to the Handloom office for starting intervention under various scheme for setting up of reeling unit in the major handloom clusters.

The mills producing hank yarn can be wavered from the Handloom Cess accordingly.

5.6 HANK YARN PRODUCTION TO NHDC AND NTC

It was also suggested that the National Handloom Development Corporation (NHDC) and state-level apex handloom co-operative societies can undertake conversion of cone yarn to hank yarn as and when a shortage for hank yarn is noticed, by hiring registered reeling units.

Private spinning mills, which see the hank yarn obligation as major deterrent to their growth, would pay the reeling charges at a specified rate to the NHDC. The mills falling under the obligations but do not having internal reeling unit can be charged in accordance to their obligations quantity. The fund collected will be used by NHDC or NTC to take up the reeling by establishing reeling units or engaging the private reelers for the conversion.

Besides, the National Textile Corporation (NTC) mills, which have idle capacities, can be asked to produce hank yarn. Regional offices of the NHDC can provide an estimate of demand of the hank yarn to the local NTC mills in the region for the assured sales of the hank yarn manufactured.

**CHAPTER – 6 REVIEW OF THE COMMENTS
RECEIVED FROM O/O TEXTILE COMMISSIONER
AND FINAL RECOMMENDATION BY M/S
TECHNOPAK**

S. No. 1

Recommendations from Technopak in the Draft Report	Most of the stakeholders (99%) surveyed were of the view that the hank yarn is available with adequate quantity for their requirement (para 4.2,4.3&5.1)
Comments on the Draft Report from O/o Textile Commissioner , Mumbai	The objective behind keeping the cotton hank yarn under EC Act and compelling the yarn manufacturers to pack part of their yarn production in hank form by way of issuance of Hank Yarn Packing Notification was to ensure adequate availability of cotton hank yarn to the handloom industry. From m/s Technopak's comments it is established that the objective of issue of HYPN is achieved.
Review of the comments received from O/o Textile Commissioner and final recommendation by M/s Technopak	<p>The objective of the HYPN was to ensure the availability of hank yarn to the handloom weavers. During the survey, it was established that hank yarn availability is not a major concern and it is readily available through open market traders, NHDC counters etc. in the local area.</p> <p>However, it was also noticed that the hank yarn production by the mills is because of the market dynamics i.e. the production of the hank yarn is demand driven and mills who produce hank yarn continue to do so on account of economic viability and demand of the hank yarn.</p>

S. No. 2

Recommendations from Technopak in the Draft Report	Based on the figures of working handlooms of 21.46 lakhs as per the latest handloom census 2010, the Technopak has estimated requirement of hank yarn as 327.71 Mn. Kg (para 4.1)
Comments on the Draft Report from O/o Textile Commissioner , Mumbai	The total availability of hank yarn per annum was in the range of 567 to 593 Mn. Kgs as per the figures given in the quarterly statutory hank yarn returns by the mills and compiled by the Regional Office of the Textile Commissioner (ROTXC) for the last three years from 2011-2013. Considering the average Hank Yarn Packing of 550 Mn. Kgs/annum, (Average of preceding three year's actual Hank Yarn Packing), based on the existing 40% obligation, to fulfil the requirement of 327.71 Mn. Kgs of Hank Yarn for the Handloom Sectors as estimated by M/s Technopak, 23.7%, i.e. 24% Hank Yarn Obligation will be sufficient.
Review of the comments	The demand of the hank yarn requirement is also based on the

received from O/o Textile Commissioner and final recommendation by M/s Technopak

market dynamics. The estimates derived in the report are based on the working handlooms as per the last Handloom census done in 2010. The average production per handloom per day is surveyed for different products, designs and average production per day is used for calculating the cumulative production. However, the requirement is estimated only for the handlooms. It is also required to establish that consumption of hank yarn is only limited to handlooms. There is no mechanism or system in place, where the linkages of the sales of the hank yarn produced by the mills complying with the HYO can be traced. It will not be right to conclude at some percentage for HYPN based on the total production of hank yarn and estimated consumption of the hank yarn. The Supply chain linkages of hank yarn production and the sales of the hank yarn is required for recommending any strong and radical change in the HYPN percentage. One of the suggestions made in the Draft Report is to mandate the mills falling under HYO to provide the sales of the Hank Yarn produced. The sales data of the hank yarn will help to establish the demand of the hank yarn for specific region or states. The State government can help to identify the working handloom of their respective states. The verification of the hank yarn production with the sales data will also be helpful in controlling the mis-declaration of the hank yarn production by the mills in order to comply with HYPN. That is the reason why M/s Technopak has not recommended any permanent change in the HYPN. However, it is suggested to reduce the HYPN by 5% or 10% from the current obligation for a period of 2 years. During the period (2 years), the impact on the production of the hank yarn and the availability will be studied along with the O/o Textile Commissioner for finalising the policy change permanently.

S. No. 3

Recommendations from Technopak in the Draft Report	The awareness on the Hank Yarn Packing Notification is very low as most of the end users did not know about the existence of such obligation (para 4.5)
Comments on the Draft Report from O/o Textile Commissioner , Mumbai	The obligation for packing of hank yarn is vested on the manufacturer of cotton yarn, who is well aware about the provisions of the notification and submit the returns. In case awareness about the notification to the handloom industry is required, the Office of the DC(H) may do the needful
Review of the comments	The end consumers were asked question about the HYPN. The

received from O/o Textile Commissioner and final recommendation by M/s Technopak	understanding about the policy was low among the consumers. It is not required to create awareness about the policy but O/o DC(H) can look on the possibility for understanding the availability of hank yarn to the weavers and also look for alternate arrangement for providing hank yarn in the desired form to these weavers.
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S. No. 4

Recommendations from Technopak in the Draft Report	Filing of quarterly hank yarn return towards fulfilment of hank yarn packing obligation to the Office of the Textile Commissioner should be on annually or biannually basis instead of quarterly basis. This will help in reducing the time spent in scrutinizing the forms by the Office of the Textile Commissioner and on the other hand, it will give spinners more time to accommodate the production of hank yarn on account of fluctuations of the demand of the hank yarn. The Office of the Textile Commissioner will also get more time to conduct physical verification of the hank yarn production such that in case of any mill failing to submit the hank yarn return the Office of the TXC can take stringent action of the same (para 5.3.1)
Comments on the Draft Report from O/o Textile Commissioner , Mumbai	The suggestion to submit the statutory hank yarn return showing production of yarn and packing of hank yarn from existing system of quarterly basis to biannual or annual basis as suggested by M/s Technopak is not a viable proposal because in between 6 months if any adverse situation arises about the non-packing and shortage of hank yarn and subsequently closure of handlooms, Government will not be in a position to take any corrective action in the absence of authentic data regarding packing of hank yarn, before the closure of 6 monthly periods and hence the existing system of reporting once in a quarter should not be diluted, in the interest of Handloom industry.
Review of the comments received from O/o Textile Commissioner and final recommendation by M/s Technopak	<p>M/s Technopak accept the concern raised by the O/o Textile Commissioner for filling the Hank Yarn returns on biannually or annually basis. The filling of the Hank Yarn Obligations on quarterly basis is fine.</p> <p>However, M/s Technopak would like to highlight the fact that hank yarn obligations is not linked to demand of the hank yarn from the consumers but on the other hand the hank yarn obligation is based on the 40 % of a mill packing / production</p>

	<p>of the mills for the obligatory varieties. For an example, where a mill selling/ packing the yarn for domestic sales decide to pursue the export opportunity and instead of selling the yarn in the domestic market moves to selling of the hank yarn for the export market. Then, the mill production will not fall under the HYO and thus can stop producing the hank yarn or transferring the hank yarn from mill having excess packing. Thus, it is suggested to look for alternate arrangement as suggested in the draft report such as providing subsidy for setting up of reeling unit in the identified handloom cluster so that in case of any adverse situation created because of any unknown consequence can be tackled with the support of alternate arrangements. The NTC mill close to the identified handloom cluster can also propose to setup reeling units and take the responsibility for producing hank yarn by conversion of cone yarn to hank yarn whenever there is shortage of hank yarn.</p>
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S. No. 5

<p>Recommendations from Technopak in the Draft Report</p>	<p>There is no defined mechanism to verify the Hank Yarn Production as submitted to the O/o Textile Commissioner on the quarterly basis. There could be mis-declaration of the hank yarn packing by the mills to comply with the Hank Yarn Obligations.</p> <p>Also, the mills transferring the obligations to the excess hank yarn producing mills manages the hank yarn filing with the help of agents. There is no physical checking or verification of the hank yarn production either by the agents or the mills transferring the obligations.</p> <p>It is suggested that O/o Textile Commissioner should depute officers to do a regular visit to the mills submitting the Hank Yarn Obligations and verify the production and vet the production quantity with the sales record. In addition to that O/o the Textile Commissioner can ask for the sales record of the hank yarn on quarterly or biannually basis (para 5.3.2)</p>
<p>Comments on the Draft Report from O/o Textile</p>	<p>The units showing the packing of hank yarn in their quarterly</p>

<p>Commissioner , Mumbai</p>	<p>returns are regularly visited by the field officials of the respective R.Os. of the Textile Commissioner after issuance of directives from Ministry vide letter dated 31-3-2010 (Annexure-I). During their visit the field officials do cross check the production of hank yarn both from the machine as well as from records including other varieties of the yarn produced by the unit. The field officials also verify whether such yarns are shown correctly in the return obligatory variety or non-obligatory variety. In several cases the field staff come across with cases where obligatory variety are shown under non-obligatory and consequently the units do not undertake the Hank Yarn Obligation because the Hank Yarn Obligation do not apply on the non-obligatory variety of yarn. The field staff also cross check whether also cross check whether such mis-declared cases of Non-obligatory varieties are used on powerloom or in areas like hosiery, industrial yarn etc., for which it was claimed. In all such cases of misdeclaration, the R.Os. Initiate action and ask the mills to correctly show such yarn under obligatory variety and such mills are asked to submit the revised returns with correct details and fulfil the obligations. After issuance of said letter dated 31-3-2010, by MoT, 2651 visits have been done in respect of yarn manufacturing units by the R.Os of TXC through their field staff. In 677 cases mis-declaration was observed and action was initiated by R.Os. In 329 cases of mis-declaration, the FIRs have been filed. Statements showing the summary of visits undertaken till date are being sent to Ministry on a regular basis and the copy of the last statement sent on 27-12-2013 is placed at Annexure-II.</p>
<p>Review of the comments received from O/o Textile Commissioner and final recommendation by M/s Technopak</p>	<p>M/s Technopak objective behind the suggestion for stringent checking procedure is to minimise the cases of misdeclaration. As mentioned, out of 2561 visit, there were 667 mis-declared cases identified which is more than 25%. The officers can plan more frequent visits and at the same time the hank yarn production and relevant sales data should be checked. It was also suggested that any mill producing hank yarn under the HYO should submit the data of sales of the hank yarn produced in each quarter providing the details of quantity, buyers, region etc.</p>

S. No. 6

Recommendations from Technopak in the Draft Report	<p>From the reports of the Textile Commissioner, we can see that the hank yarn actual production as submitted to the Office of the Textile Commissioner has increased in the last 8 years. The Hank Yarn production which was 408.89 million kgs in 2004 has increased to 559.85 million kgs in 2010.</p> <p>The spinners surveyed were of the view that the mills producing the hank yarn is on the account of the demand with established customer base and economic viability of the hank yarn production.</p> <p>The representatives of the mills during our survey mentioned that the hank yarn producing mills will continue their production even in case the obligations is reduced or removed. The production is governed by the demand of the hank yarn and not on the account of obligations of the individual mill.</p> <p>It is difficult to justify the changes in the HYPN on account of the increased mill production and relative decrease in the handloom over the last three decades. One option is to rationalize the obligations percentage to a lower level i.e. 35% on temporary basis for a period of 2 years. The trend of the hank yarn production of the mills signing the undertaking should be reviewed for the same period before taking the final call.</p> <p>Textile commissioner office should submit the report for the trend in the production to the Ministry of Textile and based on the outcome of the report, the amendment in the HYPN can be finalized for future or rolled back to the earlier level (para 5.4)</p>
Comments on the Draft Report from O/o Textile Commissioner , Mumbai	<p>It is a fact that hank yarn producing mills will continue to produce if there is demand for hank yarn irrespective of whether there is obligation or otherwise. In case obligation is removed/reduced, perhaps it will have an impact on outside independent reeling units.</p> <p>M/s Technopak has not given any justification/logic for proposing the reduction in the Hank Yarn Obligation from existing 40% to the proposed 35% on temporary basis for a period of two years. Based on the observation made on para (2) above, it is estimated that to pack the Hank Yarn requirement of 327.7 Mn. Kgs/annum, to be required by the Handloom Sectors as estimated by M/s Technopak, 24% Hank Yarn Obligation will suffice. However, instead of reducing 16%, i.e. from 40% to 24% at one go, it may be justified to reduce</p>

	<p>the Hank Yarn Obligation in stages, initially from 40% to 30% and observe the impact and thereafter again to reduce it further after two years. The Office of the Textile Commissioner through Hank Yarn Price Monitoring Committee (HYPMC) will monitor the situation on quarterly basis and submit the report to Ministry indicating whether there was any impact with regard to availability of Hank yarn</p>
<p>Review of the comments received from O/o Textile Commissioner and final recommendation by M/s Technopak</p>	<p>M/s Technopak has recommended the change of HYPN to a level of 35% or 30%. The reduction in the obligations is suggested based on the calculation as commented by the O/o Textile Commissioner but instead of 24%, rationalising the HYPN to 30% or 35% is suggested in order to account for the assumption factors used in calculating the demand and also the mis-declaration cases of the Hank Yarn Production. M/s Technopak agrees to the suggestion of O/o Textile Commissioner for reducing the obligations to 30%. M/s Technopak also suggest O/o Textile Commissioner to sign an undertaking with the mills that the reduction in the current hank yarn production will not be impacted due to the changes in the HYPN as the production is driven by demand and not on the HYPN as admitted by the mills during the survey. Mill association such as SIMA, TASMA may be enrolled to facilitate the procedure. The Office of the Textile Commissioner through Hank Yarn Price Monitoring Committee (HYPMC) will monitor the situation on quarterly basis for 2 years and submit the report to Ministry indicating whether there was any impact with regard to availability of Hank yarn and accordingly the amendment in the policy can be finalised permanently.</p>

S. No. 7

<p>Recommendations from Technopak in the Draft Report</p>	<p>The spinners surveyed were of the view that they are willing to pay a direct cess of reasonable percentage or value if the HYPN can be withdrawn completely. The representatives of the mill association like SIMA, TSMA suggested that in lieu of the HYO, a weaver welfare fund of reasonable value can be directly given to the Ministry of Textile.</p> <p>Based on the survey of various mills representatives, it is recommended that a Handloom Cess of reasonable value can be implied to the mills not producing hank yarn according to their obligation and fund can be given to the Handloom office for starting intervention under various schemes for setting up of reeling unit in the major handloom clusters.</p>
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	<p>It was also suggested that the National Handloom Development Corporation (NHDC) and state-level apex handloom co-operative societies can undertake conversion of cone yarn to hank yarn as and when a shortage for hank yarn is noticed, by hiring registered reeling units.</p> <p>Private spinning mills, which see the hank yarn obligation as major deterrent to their growth, would pay the reeling charges at a specified rate to the NHDC. The mills falling under the obligations but do not having internal reeling unit can be charged in accordance to their obligations quantity. The fund collected will be used by NHDC or NTC to take up the reeling by establishing reeling units or engaging the private reelers for the conversion (para 5.5 & 5.6)</p>
<p>Comments on the Draft Report from O/o Textile Commissioner , Mumbai</p>	<p>Office of the Textile Commissioner supports the suggestion that Office of the DC(H) should take initiative to set up reeling units in the major handloom clusters with the Handloom Cess to be charged on mills not producing hank yarn independently of through NHDC and NTC</p>
<p>Review of the comments received from O/o Textile Commissioner and final recommendation by M/s Technopak</p>	<p>In the same line, Technopak suggest NTC/NHDC to submit proposal for setting up of reeling units in the handloom cluster to the Ministry of Textiles and seek funding from the government of India under various scheme for handloom sector.</p>

ANNEXURES

Annexure I : Supplier questionnaire

Hank Yarn Obligation Questionnaire -Spinning Mills

(This study is part of Technopak's research work carried on behalf of Ministry of Textiles to assess trends, in production, distribution and demand for hank yarn and related issues)

Company Name:

Name:

Designation:

1. Please share the following information in the below table(.Qty. in Kgs or MT)

	Year	<20 ^s Ne	20 ^s Ne-39 ^s Ne	40 ^s Ne-79 ^s Ne	80 ^s Ne & above
Annual production-Cone Yarn	2012				
	2011				
	2010				
Annual production-Hank Yarn	2012				
	2011				
	2010				
Fibre composition					

1. Please share the following sales related information of yarns produced by you. (Qty. in MT)

	Year	<20 ^s Ne	20 ^s Ne-39 ^s Ne	40 ^s Ne-79 ^s Ne	80 ^s Ne & above
Total Sales-Cone Yarn	2012				
	2011				
	2010				
Total Sales-Hank Yarn	2012				
	2011				
	2010				
Domestic sales-Cone Yarn	2012				
	2011				
	2010				
Domestic sales-Hank Yarn	2012				
	2011				
	2010				
Domestic Sales price- Cone Yarn					
Domestic Sales price- Hank Yarn					
Avg. order size- Cone Yarn					
Avg. order size - Hank Yarn					

2. Which Hank Yarn counts are sold the most? (pls mention the top 5 counts and respective qty. sold)

- 1.
- 2.
- 3.
- 4.
- 5.

3. Please provide an idea about the quantity of hank yarn purchased by your customers.(qty in MT or Kgs)

Customer type	Year	<20 ^s Ne	20 ^s Ne-39 ^s Ne	40 ^s Ne-79 ^s Ne	80 ^s Ne & above
Fabric Mills/Exporters	2012				
	2011				
	2010				
Yarn Banks/NHDC	2012				
	2011				
	2010				
Traders/agents in the open market	2012				
	2011				
	2010				
Weavers/Master weavers	2012				
	2011				
	2010				
Others (pls mention)	2012				
	2011				
	2010				

4. What are the key challenges you face in manufacturing of hank yarn?

High production cycles time	Yes	No	Higher/Lower by -
Production efficiency	Yes	No	Higher/Lower by -
Manufacturing cost	Yes	No	Higher/Lower by -
Labour requirement	Yes	No	Higher/Lower by -
Material handling	Yes	No	Specify-
Quality	Yes	No	Specify-

Other if any _____

5. What is your selling channel for hank yarns (pls tick)

- directly to mills
- directly to handloom weavers/master weavers
- to yarn banks
- to agents/traders
- NHDC
- Others _____

6. What are the key challenges you face in selling of hank yarn?

- 1.
- 2.
- 3.

7. How do you see the role of yarn banks or NHDC in the Hank Yarn Supply chain? What are their merits and demerits?

8. How much do you think will be % increase/decrease in the demand for hank yarn for the following counts in next 5 years?

Count	Expected % increase or decrease
<20s Ne	
20s Ne – 39s Ne	
40s Ne – 79s Ne	
80s Ne & above	

9. As per Hank Yarn Packaging Notification (HYPN) at least 40% of the yarn packed for domestic deliveries should be in hank form. Do you follow HYPN?

Yes

No

10. How do you meet hank yarn obligation? (pls tick)

- a. 100% internal production
- b. Outsourcing reeling to other players
- c. Transferring obligation to surplus players

11b. Do you suggest any modifications in meeting the HYPN, if so

11. What should be the right quantity limit of hank yarn obligation? (pls tick)

- a. 10%
- b. 20%
- c. 30%
- d. 40% (No change)
- e. 50%
- f. 60%

Why ..Reasons for your answer _____

12. What should be the right count limit of hank yarn obligation? (pls tick)

- a. Upto 40s
- b. Upto 60s
- c. Upto 80s (No Change)
- d. Upto 100s
- e. Upto 120s
- f. Not required

Why ..Reasons for your answer _____

13. How do you perceive the hank yarn obligation? Mention True / False or Not Applicable against each statement.

- i. It's useful for handloom weavers as it ensures availability of yarns for them
- ii. It's difficult to comply with such obligation as there is not much demand
- iii. This affects profitability of hank yarns due to oversupply
- iv. There is sufficient market demand to consume 40% of our hank yarn
- v. Others (Pls mention)-----

14. Do you face any difficulty in complying with the HYPN obligations? What are these difficulties?

- i. _____
- ii. _____
- iii. _____
- iv. _____
- v. _____

15. What do you think are the key gaps in HYPN that regulators need to address?

Disclaimer: Information shared by individual / companies would be kept confidential by Technopak Advisors Pvt. Ltd. and would not be divulged for identity of source.

Annexure II: Buyers / Traders questionnaire

Hank Yarn Obligation Questionnaire –Intermediaries

(This study is part of Technopak's research work carried on behalf of Ministry of Textiles to assess trends, in production, distribution and demand for hank yarn and related issues)

Name:

Type (Pls tick):

Trader

Yarn bank

Association/Society

Pls specify-----

Pls specify-----

Pls specify-----

1. Please share the following information on yarns you deal in

	Year	<20 ^s Ne	20 ^s Ne-39 ^s Ne	40 ^s Ne-79 ^s Ne	80 ^s Ne & above
Cone Yarn Sales/Purchase	2012				
	2011				
	2010				
Hank Yarn Sales/Purchase	2012				
	2011				
	2010				
Sales price- Cone Yarn					
Sales price- Hank Yarn					
Avg. order size- Cone Yarn					
Avg. order size - Hank Yarn					

2. Which yarn counts are purchased / consumed the most in hank form? (Pls. mention the top 5 counts with respective qty.(Monthly/Yearly))

- a.
- b.
- c.
- d.
- e.

3. What are the sources from which you purchase hank yarn? Please tick in the relevant boxes.

Customer type	<20 ^s Ne	20 ^s Ne-39 ^s Ne	40 ^s Ne-79 ^s Ne	80 ^s Ne & above
Spinning mills				
Yarn bank/NHDC				
Traders/agents				
Wholesale trader				
Others (Pls mention)				

4. Please provide an idea about the quantity of hank yarn you supply annually to different customers.

Customer type		<20 ^s Ne	20 ^s Ne-39 ^s Ne	40 ^s Ne-79 ^s Ne	80 ^s Ne & above
Traders/agents	2012				
	2011				
	2010				
Weavers/Master weavers	2012				
	2011				
	2010				
Yarn bank/NHDC	2012				
	2011				
	2010				
Others (pls mention)	2012				
	2011				
	2010				

5. Please provide the details of the products manufactured by weavers who purchase hank yarn from you?

Product Type	Count Used	% Cotton Content

6. What are the key challenges you face in selling of hank yarn?

- a.
- b.
- c.

7. How do you see the role of yarn banks or NHDC in the Hank Yarn Supply chain? What are their merits and demerits?

8. Whether the cotton hank yarn is adequately available in the market. Please Tick

- i. Yes, it is available readily
- ii. No, (pls mention details)

.....

Specify if you face issues for any particular count

.....

9. How much do you think will be % increase/decrease in the demand for hank yarn for the following counts in next 5 years?

Count	Expected % increase or decrease
<20s Ne	
20s Ne – 39s Ne	
40s Ne – 79s Ne	
80s Ne & above	

10. As per Hank Yarn Packaging Notification (HYPN) at least 40% of the yarn packed for domestic deliveries should be in hank form.

	a. Are you aware of the HYPN	b. Do you think all the spinners are following HYPN?
Yes		
No		

Note : if the Answer to above question is No , then proceed to Q. 13 directly.

11. What should be the right quantity limit of hank yarn obligation? (pls tick)
- Not required
 - 10%
 - 20%
 - 30%
 - 40% (No change)
 - 50%
 - 60%
12. What is the right count range of yarn should be under hank yarn obligation? (pls tick)
- upto 40s
 - upto 60s
 - upto 80s (No Change)
 - upto 100s
 - upto 120s
 - Not required
13. How do you perceive the hank yarn obligation
- It's useful for handloom weavers as it ensures availability of yarns for them
 - It's difficult to comply with such obligation as there is not much demand
 - This affects profitability of hank yarns due to oversupply
 - There is sufficient market demand to consume 40% of our hank yarn
 - Others (Pls mention)-----
14. What do you think are the key gaps in HYPN that regulators need to address?

Disclaimer: Information shared by individual / companies would be kept confidential by Technopak Advisors Pvt. Ltd. and would not be divulged for identity of source.

Annexure III: End user questionnaire

Hank Yarn Obligation Questionnaire –End Users

(This study is part of Technopak's research work carried on behalf of Ministry of Textiles to assess trends, in production, distribution and demand for hank yarn and related issues)

Name:

Type (Pls tick):

Weavers Master Weaver Trader Association/Society

Pls specify-----

Pls specify-----

1. Please share the following information on annual consumption volume of cotton/viscose yarns of various count

	Year	<20 ^s Ne	20 ^s Ne-39 ^s Ne	40 ^s Ne-79 ^s Ne	80 ^s Ne & above
Cone Yarn	2012				
	2011				
	2010				
Hank Yarn	2012				
	2011				
	2010				
Purchase price- Cone Yarn					
Purchase price- Hank Yarn					
Avg. order size- Cone Yarn					
Avg. order size - Hank Yarn					

2. Which all yarn counts are you consumed most in hank form? (pls mention the top 5 counts and respective qty – Monthly or Yearly)

- a.
- b.
- c.
- d.
- e.

3. Please provide an idea about the quantity of yarn purchased by you from various sources. Please tick in the relevant boxes.

Source Type	<20 ^s Ne	20 ^s Ne-39 ^s Ne	40 ^s Ne-79 ^s Ne	80 ^s Ne & above	End-Uses
Yarn Banks					
Traders/agents					
Master Weavers					
Others (pls mention)					

4. Please provide the details of the products manufactured by you?

Product Type	Count Used	% Cotton Content

5. Is the required hank yarn is adequately available in the market (Pls tick)

- a. Yes, it is available readily
- b. No, (pls mention details)

Specify if you face issues for any particular count

6. How do you see the role of yarn banks or NHDC in the Hank Yarn Supply chain? What are their merits and demerits?

7. How much do you think will be % increase/decrease in the demand for hank yarn for the following counts in next 5 years?

Count	Expected % increase or decrease
<20s Ne	
20s Ne – 39s Ne	
40s Ne – 79s Ne	
80s Ne & above	

8. As per Hank Yarn Packaging Notification (HYPN) at least 40% of the yarn packed for domestic deliveries should be in hank form.

	a. Are you aware of the HYPN	b. Do you think all the spinners are following HYPN?
Yes		
No		

Note : if the Answer to above question is No , then proceed to Q. 11 directly.

9. What should be the right quantity limit of hank yarn obligation? (pls tick)

- a. Not required
- b. 10%
- c. 20%
- d. 30%
- e. 40% (No change)
- f. 50%
- g. 60%

10. What is the right count range of yarn should be under hank yarn obligation? (pls tick)

- a. upto 40s
- b. upto 60s
- c. upto 80s (No Change)
- d. upto 100s
- e. upto 120s
- f. Not required

11. How do you perceive the hank yarn obligation

- i. It's useful for handloom weavers as it ensures availability of yarns for them
- ii. It's difficult to comply with such obligation as there is not much demand
- iii. This affects profitability of hank yarns due to oversupply
- iv. There is sufficient market demand to consume 40% of our hank yarn
- v. Others (Pls mention)-----

12. What do you think are the key gaps in HYPN that regulators need to address?

Disclaimer: Information shared by individual / companies would be kept confidential by Technopak Advisors Pvt. Ltd. and would not be divulged for identity of source.

Annexure IV: Fractional number of handloom weaver households

State	Region	Weaver Household Population	Fractional Weaver Household Population (%)
Assam	North East	1096279	73%
Mizoram	North East	38931	3%
Nagaland	North East	42579	3%
Manipur	North East	175977	12%
Meghalaya	North East	10800	1%
Sikkim	North East	534	0%
Arunachal Pradesh	North East	23144	2%
Tripura	North East	118708	8%
TOTAL		1506952	100%

Jammu and Kashmir	North	6703	6%
Himachal Pradesh	North	6020	5%
Uttarakhand	North	5333	5%
Haryana	North	5420	5%
Punjab	North	821	1%
Delhi	North	1293	1%
Uttar Pradesh	North	84455	72%
Madhya Pradesh	North	5715	5%
Chattisgarh	North	2219	2%
TOTAL		117979	100%

Andhra Pradesh	South	132860	39%
Karnataka	South	29429	9%
Kerala	South	9562	3%
Tamil Nadu	South	163290	49%
Puducherry	South	1442	0%
TOTAL		336583	100%

West Bengal	East	243811	82%
Odisha	East	33440	11%
Bihar	East	10172	3%
Jharkhand	East	8636	3%
TOTAL		296059	100%

Maharashtra	West	1541	15%
Rajasthan	West	5818	56%
Gujarat	West	3076	29%
TOTAL		10435	100%

Source: Handloom Census of India 2009-10

Annexure V: List of surveyed handloom clusters

Region	State	Clusters to be covered
North East	Assam	Sivasagar, Kamrup, Nagaon
	Manipur	Imphal
East	West Bengal	Burdwan, Howrah, Hoogli, Murshidabad
South	Andhra Pradesh	Hyderabad, Karimnagar , Warangal, Mehboobnagar
	Tamil Nadu	Madurai, Kanchipuram, Coimbatore, Periyar, Salem
Central	Madhya Pradesh	Indore, Chanderi, Maheshwar
North	Uttar Pradesh	Barabanki, Sitapur, Hardoi, Unnao, Kanpur, Varanasi, Moradabad

Annexure VI: Unsold stock of hank yarn from Regional Office, Coimbatore

Month End Unsold Stock Position of Hank Yarn for the last three years i.e. from Jan-2010 to March 2013
(in min kgs)

RO 1	Unsold stock			Stock sold but not lifted			Total stock		
	Count 80s & below	Count above 80s	Total	Count 80s & below	Count above 80s	Total	Count 80s & below	Count above 80s	Total
Jan , 2010	13.80	1.67	15.47	0.64	0.03	0.67	14.44	1.70	16.14
Feb ,2010	12.49	1.65	14.14	0.47	0.02	0.49	12.96	1.67	14.64
March, 2010	10.43	1.56	11.99	0.45	0.02	0.47	10.89	1.58	12.47
April ,2010	13.00	0.23	13.23	0.33	0	0.33	13.33	0.23	13.56
May, 2010	13.06	0.26	13.32	0.36	0.01	0.37	13.43	0.27	13.70
June, 2010	11.55	0.26	11.81	0.38	0	0.38	11.93	0.26	12.19
July, 2010	12.83	0.24	13.07	0.51	0.02	0.53	13.34	0.26	13.60
Aug , 2010	13.96	0.29	14.25	0.59	0.01	0.60	14.55	0.30	14.85
Sept, 2010	18.18	0.43	18.61	0.72	0	0.72	18.90	0.43	19.33
Oct, 2010	16.90	0.25	17.15	0.82	0.02	0.84	17.72	0.27	17.99
Nov ,2010	19.26	0.26	19.52	0.55	0.01	0.56	19.81	0.27	20.08
Dec , 2010	19.82	0.29	20.11	1.94	0.01	1.95	21.76	0.30	22.06
Jan , 2011	18.88	0.61	19.49	0.74	0.02	0.76	19.62	0.63	20.25
Feb , ,2011	23.79	0.68	24.47	0.60	0.02	0.62	24.39	0.70	25.09
March ..2011	22.34	0.87	23.21	0.65	0.00	0.65	22.99	0.87	23.86
April , 2011	23.38	0.97	24.35	0.53	0.00	0.53	23.91	0.97	24.88
May , 2011	26.64	0.93	27.57	0.71	0.00	0.71	27.35	0.93	28.28
June , 2011	26.07	1.06	27.13	0.67	0.00	0.67	26.74	1.06	27.86
July ,2011	27.36	1.03	28.39	0.66	0.01	0.67	27.96	1.04	29.00
Aug , 2011	25.39	1.02	26.41	0.68	0.01	0.69	26.07	1.03	27.10
Sept, 2011	24.39	1.92	25.31	0.54	0.01	0.55	24.93	0.93	25.86
Oct ,2011	22.06	0.86	22.92	1.56	0.00	1.56	23.72	0.76	24.48
Nov ,2011	20.52	0.72	21.24	0.70	0.00	0.70	21.32	0.62	21.94
Dec , 2011	17.40	0.65	18.05	0.88	0.00	0.88	18.28	0.65	18.93
Jan , 2012	18.74	0.64	19.38	0.52	0.01	0.53	19.26	0.65	19.91
Feb , 2012	18.18	0.58	18.76	0.49	0.01	0.50	18.67	0.59	19.26
March, 2012	15.49	0.50	15.99	0.55	0.01	0.56	16.04	0.51	16.55
April , 2012	15.55	0.48	16.03	0.41	0.01	0.42	15.95	0.49	16.45
May , 2012	17.26	0.47	17.73	0.32	0.01	0.33	17.58	0.49	18.06
June , 2012	15.65	0.41	16.06	0.26	0.01	0.27	16.09	0.42	16.51
July , 2012	17.32	0.35	17.64	0.39	0.01	0.40	17.71	0.38	18.09
Aug,2012	18.52	0.35	18.87	0.43	0.00	0.43	18.95	0.35	19.30
Sept,2012	18.32	0.37	18.69	1.00	0.00	1.00	19.32	0.37	19.69
Oct,2012	20.17	0.33	20.50	0.74	0.00	0.74	20.91	0.33	21.24
Nov,2012	22.33	0.30	22.63	0.58	0.00	0.58	22.91	0.30	23.21
Dec,2012	19.84	0.27	20.11	0.56	0.00	0.56	20.40	0.27	20.67
Jan ,2013	21.81	0.21	22.02	0.98	0.01	0.99	22.79	0.22	23.01
Feb, 2013	19.67	0.26	19.93	0.85	0	0.85	20.52	0.26	20.78
March,2013	20.17	0.28	20.45	5.21	0.01	5.22	25.38	0.29	25.67

Annexure VII: Excess packing of hank yarn by mills in Coimbatore

List of Mills having Excess hank yarn Packing during Jan-Mar 2013, R.O.Coimbatore							
S. No.	Name of the Unit	Tel No.	Total HY Packed(80s& Below)	Above 80s	Total	Excess HY Packed 80s & Below	Above 80s
1	Alamelu Balaji Spinning Miils (P) Ltd. Unit-I		64246	0	64246	33447	0
2	Shree Adhi Parasakthi Spinners(P) Ltd.		9114	0	9114	4268	0
3	Annur Annamalaiar Spinning Mills P.Ltd.		66829	0	66829	40097	0
4	Aadhi Vinayaga Spinners Unit-I		44092	0	44092	14047	0
5	Shri Balaji Textiles, Sivanandapuram		18034	0	18034	10820	0
6	Sri Balaji Spinners, SS Kulam		33307	0	33307	19984	0
7	Annur Cauvery Spintex (P) Ltd.		33600	0	33600	20160	0
8	Durairaj Mills Ltd Unit-II		76161	0	76161	37361	0
9	Sri Karpagam Mills India P.Ltd		553654	0	553654	224018	0
10	K.S.V. Textiles		15436	0	15436	9262	0
11	G.J. Spinners (Lessee of M/s.Nithyalakshmi Mills)		10352	0	10352	6211	0
12	Naveenraj Textiles (P) Ltd.		37665	0	37665	19999	0
13	Pazhamudir Spinners		70525	0	70525	42315	0
14	Shri Prithivi Textiles		36400	0	36400	21440	0
15	Raj Shanthi Spinners		39270	0	39270	15098	0
16	Selvi Spg.Mills		75436	0	75436	45262	0
17	S.V.Spinners		7068	0	7068	521	0
18	Shiva Bharathi Syntex India (P) Ltd.		91304	0	91304	14728	0
19	Sridhana Tex. P.Ltd		14193	0	14193	1436	0
20	Sree Thalavasal Textiles		9016	0	9016	4790	0
21	Shumathy Spg.Mills P.Ltd		23460	0	23460	4836	0
22	Vallalar Tex P.Ltd		51821	0	51821	31093	0
23	Winndsor Cotton Mills P.Ltd		298201	0	298201	178921	0
24	Manneswar Spg.Mills		48759	0	48759	18197	0
25	Niviya Textiles		26270	0	26270	15762	0

Annexure VIII: Excess packing of hank yarn by mills in Bangalore

R.O.Bangalore

S.No	Mills Name & Mill S.No	By Own			By Excess		
		80s & Below	Above 80s	Overall	80s & Below	Above 80s	overall
Private Mills							
1	AMARAVATHI TEXTILES (0113697)	519307	35340	554647	43049	0	43049
2	CHOWDARY SPINNERS LTD (0113112)	638415	0	638415	234075	0	234075
3	IDUPULAPADU COTTON MILLS, Ganapavaram (0113115)	671438	0	671438	1704	0	1704
4	IDUPULAPADU COTTON MILLS, Martur (Applied)	7439	0	7439	835	0	835
5	JAGADGURU TEXTILES (0153012)	7264	0	7264	302	0	302
6	KAKATIYA TEXTILES (0113669)	161824	0	161824	92179	0	92179
7	KALLAM BROTHERS COTTON PVT. LTD (0113076)	147112	0	147112	37723	0	37723
8	KUMAR TEXTILES (01S3028)	113572	0	113572	49955	0	49955
9	LAKSHMI PRIYAA SPINNING MILLS (0113001)	36655	0	36655	21993	0	21993
10	MADANAPALLE SPINNING MILLS (0113023)	80912	0	80912	48547	0	48547
11	PAVAN COTTON MILLS (01S3021)	8354	0	8354	5012	0	5012
12	PAVANSAI SPINNING MILLS (Formerly LAKSHMI MARUTHI SPINNING MILLS) (01S3031)	38556	0	38556	22134	0	22134
13	PRIYARANJANI FIBERS LIMITED (0113014)	92800	0	92800	55680	0	55680
14	RAMA SPINNERS (01S3007)	371000	0	371000	110500	0	110500
15	SAI MANASA SPINTEX (INDIA) LTD. (0113125)	65453	0	65453	39272	0	39272
16	SHRI AP TEXTILES (01S3030)	100276	0	100276	60166	0	60166
17	SREE GAMINI TEXTILES ((0113043)	62834	0	62834	26400	0	26400
18	SREE VENKATESHWARA COT-TEX MILLS PRIVATE LIMITED (0113571)	16707	0	16707	10024	0	10024
19	SRI AATHMA SAI TEX (01S3032)	29615	0	29615	17769	0	17769
20	SRI ANJANI SPG MILLS (01S3016)	45672	0	45672	27403	0	27403
21	SRI SAHITHI SPINNING MILLS (Applied)	32462	0	32462	8575	0	8575
22	SUPER SPG MILLS - A UNIT (0113015)	559532	0	559532	450	0	450
23	VIJAY SPINNING MILLS LTD (0113024)	30327	0	30327	17596	0	17596
24	COLOUR YARRNS - Guntur (Applied)	538630	0	538630	323178	0	323178
25	ANANDA TEXTILES(P) LTD (08S3001)	28115	0	28115	15609	0	15609
26	GOURI SPINNING MILLS PVT. LTD (0813013)	77820	0	77820	42564	0	42564
27	SOHAM COTSPIN PVT.LTD.,(08S 3009)	47897	0	47897	14175	0	14175
28	SREE JAYALAKSHMI AUTO SPIN LTD (0813003)	10337	0	10337	2642	0	2642
30	SRI GANESAR TEXTILES MILLS LTD (0813065)	457492	0	457492	273725	0	273725
31	SRI KOTTURESHWARA SPINNING MILLS (08S3008)	9927	0	9927	4736	0	4736
NTC MILLS							
32	TIRUPATHI COTTON MILLS NTC (0111401)	22541	0	22541	13525	0	13525
Co-Operative Mills							
33	RAITARA SAHAKARI NOOLINA GIRANI (N) (0812001)	84697	0	84697	38578	0	38578
34	THE BANHATTI CO OP SPG MILLS (0812599)	106244	184	106428	33308	0	33308
	Total	5984502	35524	6020026	2123690	0	2123690

Annexure X: Letter published by O/o Textile Commissioner

**GOVERNMENT OF INDIA
MINISTRY OF TEXTILES
OFFICE OF THE TEXTILE COMMISSIONER
NEW CGO BUILDING, NISHTHA BHAVAN,
48, NEW MARINE LINES, MUMBAI-400 020
www.txcindia.gov.in & www.texmin.nic.in**

No.1/1/Enf/2010/63

Dated 31st March,2010

CIRCULAR

Sub: Hank Yarn Packing returns submitted by textile mills- Test checks- reg.

You are aware that in order to ensure adequate availability of hank yarn to the handloom weavers on assured basis at all times, the Government of India, through the Textile Commissioner had been issuing Hank Yarn Packing / Obligation notifications since 1970s and the same were being amended from time to time on review. The present such notification in force is the Hank Yarn Packing Notification No.2/TDRO/8/2003 dated 17.04.2003 issued by the Textile Commissioner in exercise of his powers conferred under clauses 3,8 & 11 of the Textile (Development & Regulation) Order,2001, which is an order issued by the Ministry of Textiles under section 3 of Essential Commodities Act, 1955. The Hank Yarn Packing Notification dated 17.04.2003 is being implemented by the Office of the Textile Commissioner through its Regional offices.

- In terms of the said notification dated 17.04.2003, every producer of yarn shall pack at least 40% of yarn packed for civil consumption in hank form, on a quarterly basis, and not less than 80% of the hank yarn packed should be below 40s because the coarse yarn are mostly used in Handlooms.
- In case a producer of yarn is unable to pack yarn in hank form for any reason, he can get his obligation transferred to another producer of yarn

who is having excess packing of yarn in hank form after fulfilling his own obligation.

- Yarn meant for exports, hosiery yarn, industrial yarn, mixed yarn, yarn for captive consumption, sewing thread and yarn spun from other than wholly cotton are exempted from the Hank yarn packing notification.
- Every producer of yarn has to submit the statutory quarterly return, duly certified by a Chartered Accountant for the yarn packed by him during the quarter within 40 days after the expiry of each quarterly period and in case of fulfillment of obligation by transfer, the same has to be submitted within 60 days after the expiry of the quarter.
- The hank yarn monitoring price monitoring committee, constituted by the Textile Commissioner is convened on a quarterly basis, to monitor the availability of hank yarn at reasonable prices in the country.

It has been brought to the notice of this office that

- Many mills who do not pack hank yarn, submit the return as if they had packed hank yarn which is a gross misdeclaration.
- Many mills show huge quantities of exempted varieties of yarn like hosiery, deemed exports etc in their return and thereby evade fulfilling their own quantum of hank yarn obligation.
- Many mills show the coarse counts of yarn packed in cheese form (open end yarn) as hank yarn in huge quantities and thereby undertake the obligation of other mills and earn premium for the same.

The above kinds of mis-declarations/violations by the mills contribute to the shortage in the availability of hank yarn to handlooms.

In order to curb the menace of misdeclaration by the mills in respect of their hank yarn packing returns, it is proposed to depute the field officers of this organisation to the mills at random to carry out cross checking of hank yarn packing returns submitted by the mills in respect of quantity

& type of yarn packed by them , exempted varieties shown by them and extent of fulfillment shown by them etc..

All concerned Managing Directors/Directors/Partners/General Managers of individual textile mills and Office bearers of associations of textile mills all over the country are hereby informed of above and requested to extend co operation to the field officers in carrying out the test checks.



(A. B. Joshi)
Textile Commissioner

To

1. All associations of textile mills
2. All textile mills through respective Regional Offices of the Textile Commissioner

