



झारखण्ड JHARKHAND

B 504205

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING made on the 17<sup>th</sup> day of July 2012.

AMONG

The President of India (hereinafter referred to as the "the Central Government ") as represented by Dr. Md. Nazimuddin OF THE FIRST PART

AND

The Governor of the State of Jharkhand (hereinafter referred to as the "the State Government") as represented by Shivendra Kumar OF THE SECOND PART

AND

NATIONAL BANK for Agriculture and Rural Development, a body corporate established under Nation Bank for Agriculture and Rural Development Act, 1981 and having its Head Office at C-24, G-Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400051 hereinafter referred to as "NABARD" (which expression shall, unless repugnant to the context or meaning thereof, include its successors and assigns) as represented by Dr. S. Saravanavel OF THE THIRD PART

Dr. S. Saravanavel

Dr. Md. Nazimuddin

17/7/12

## WHEREAS

1. It is considered necessary as a national priority to take necessary steps and implement the package for revival of the Handloom Sector comprising of:
  - (a) Apex/Regional Handloom Weavers Co-operative Societies
  - (b) Primary Handloom Weavers Co-operative Societies at ground level, in the cooperative fold.
  
2. The complementary roles of State Governments and NABARD are recognized with the Central Govt. for implementation of the package, particularly focusing on policy matters, fund support for implementation of the development packages, directing, advising and guiding on strategies of implementation, monitoring and supervising the progress etc.
  
3. To achieve the objective outlined herein above, it is considered expedient for the Central Govt., State Govts. And NABARD to enter into this memorandum of Understanding (MOU) for implementation of the Revival Package for the Handloom Sector (herein after referred as the "**Package**") as per consensus arrived at by the Central Govt. with State Govts. On the Revival and Reform of Handloom Sector.

**NOW, IT IS THEREFORE AGREED BY AND AMONG THE PARTIES AS FOLLOWS:**

**1) BASIC TERMS:**

The basic terms of the scheme of the package shall be as follows:



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- a) The Central Government and the State Governments shall release adequate resources as indicated in the Package for due implementation of the scheme. The Package appended to this Memorandum as Annexure A shall be read as part and parcel of this memorandum.
- b) The State specific on-going programmes, if any, for development of weaver shall be accommodated with necessary flexibility without diluting the objectives.
- c) State Government shall commit for legal and institutional reforms as a precondition for implementation of the package.
- d) Issue on interpretation and implementation of the Package shall be referred to the implementation, Monitoring and Review Committee constituted at National Level and its decision shall be binding.
- e) NABARD shall be implementing agency for the Package.

2) **Scope and Coverage :**

- a) To promote and develop handloom weavers outside the cooperative fold including agencies involved in pre- loom and post – loom activities in handloom sector on a sustainable basis , with a view to generate employment in Handloom Sector and provide welfare measures to handloom weavers families by way of:

- i) Facilitate formation of Handloom Weavers Groups (HWGs) with emphasis on handloom Clusters, consisting of members drawn from one or more of the agencies such as Master Weavers, private entrepreneurs, individual weaver families, members of non viable primary Handloom weavers' cooperative societies, etc. in manner as set out in the Handloom Weavers Group Schemes.

- ii) Facilitate formation of Rural Producers companies registered under Companies Act, 1956 Comprising of traders, entrepreneurs, Private and Public Companies, members of viable Primary Handloom Weavers Cooperative Societies, etc.

- iii) Extend financial assistance through banks for Master Weavers who extend production input,

Wages, marketing support, design up gradation support etc. to weavers/members of weavers in HWGs.

- b) The Central Govt. Has authorized NABARD to implement the Package on its behalf.

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- c) In addition to the assistance under the Package, NABARD may provide eligible refinance assistance subject to fulfilment of obligation by the State Govt. and the entities seeking refinance from NABARD, as outlined in the Package.

3) **ROLE OF NABARD :**

NABARD as an implementing agency shall:

- (a) Assess the extent of subvention required to enable Central Govt to provide fund support under the package.
- (b) Prepare a scheme for providing appropriate relief measures to Primary and Apex Handloom Weaver Cooperative Societies, Individual weavers financed by banks by waivers of overdue loans and overdue interest as on 31 March 2010. Fund requirements for the weaver will be provided by Central Government, State Govt and financial intuitions with the required provision of the package.
- (c) Provide refinance assistance against loans extended by banks to weaver cooperatives.
- (d) Provide refinance to banks against loans provided for handloom up gradation.
- (e) Plan its future developmental and promotional programmers related to weavers sector taking into account the provisions of this Package.
- (f) Initiate steps for Training Need Analysis for stakeholders in handloom sector (Banks, Apex Weaver Societies and PWCS) with a view to formulate training modules in the area of management, operational and financial matters.
- (g) Issue guidelines to train personnel as under:
- i) Officials of PWCS and Apex Hand Weavers Societies on financial and production management as well as marketing skills.
  - ii) Handloom Weavers Group promoting agencies such as NGOs, implementing banks, Officials of State Handloom Directorate and NABARD officials.
  - iii) Entrepreneurs/Master Weavers, member of PWCS and HWGs for skill up gradation, design development and marketing skills.
- (h) Develop Common Accounting System (CAS) & MIS for the entire country in Respect of PWCS and Apex Weaver Societies.

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- (i) Facilitate organisation of Handloom Weavers Groups by NGOs/Banks/other agencies and link them with banks for credit support with refinance assistance from NABARD.
- (j) Provide need-based support for undertaking research to Universities/IITs/IIMs or similar recognised organisation organisations in improving technology up gradation of looms, process improvement on post-loom and pre-loom activities.
- (k) Evolving guidelines of computerisation of Apex and Primary Weavers Societies.

#### 4) ROLE OF THE CENTRAL GOVERNMENT

The Central Government as a main stake holder in development of Handloom sector shall:

- (a) Allocate funds for cleansing the balance sheets of the primary and Apex handloom weavers Cooperative Societies as well as provide relief to individual weavers financed through banks as envisaged in the package.
- (b) Central Government will formulate a scheme/package with due contribution from State Govts. and Financial Institution for waiver of overdue loans and overdue interest.
- (c) Place funds upfront with NABARD for providing subvention support in respect of loans to Societies/Weavers.
- (d) Provide support to weavers for necessary infrastructure creation such as yarn banks and up gradation of existing pit looms into Jacquard looms and Frame looms.
- (e) Initiate steps to recognise Rural Producers Companies/public Private Partnership as new models to organise weavers, craftsmen, traders, etc. For providing integrated credit and marketing support.
- (f) Link the subsidy oriented bankable schemes of State/Central Govts. With bank credit.
- (g) Confer the Nodal Agency responsibility to NABARD in administering the credit Guarantee Scheme and Interest subvention schemes for handloom weavers.
- (h) Provide funds and budgetary support for other components of Package mainly (i) HRD interventions (ii) Implementation cost (iii) Computerisation of PWCS / Apex WCS (iv) Designing Common Accounting and Management Infrastructure Systems.
- (i) Prepare a comprehensive plan for marketing handloom products such as branding , pricing targeting, media publicity, web site development, tie -ups , collaboration with private sector, exploring export potential , etc.

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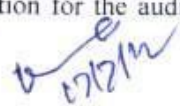
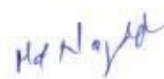
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- (j) Put in place appropriate norms and legislation to smoothen the registration & operation of Rural Producers Companies.
- (k) Constitute a National Policy and Review Forum for innovation and initiatives to revive the rural handloom industry.

**5) ROLE OF THE STATE GOVERNMENT:**

- (I) The State Government as a major stake holder in handloom weavers development shall:
- (a) Arrange for Conducting of a special audit of Apex & Primary Weavers Society if requested by Gol and NABARD and for submitting of report within the stipulated time.
  - (b) Undertake to actively involved in conduct of the training /intervention programmers for the benefit of handloom weavers and its logical follow up.
  - (c) Allocate sufficient resources, human and financial, for meeting its commitments as the Central Govt. may like.
  - (d) Agree to adopt the Common Accounting System for weaver cooperative to be developed.
  - (e) Develop and maintain a data bank and website on Hand Weavers in co- ordination with Regional Offices of NABARD.
  - (f) Assist bank/NGOs etc. in formation of Handloom Weavers Groups (HWGs) in the State as per the provisions of the package.
  - (g) Involve in identification of Handloom clusters in the State.
  - (h) Develop a robust system to update the audit of PWCS and Apex Societies. Using the services of Chartered Accountants for Apex societies may be considered in this respect.
- III) The state Government shall make necessary amendments in the state Co- operative Societies Act, Rules and the bye- laws to facilitate implementation of the reform measures as given in the Package more specifically on the aspects given herein below:
- i) Providing autonomy to weavers cooperative societies in financial and administrative matters, especially in the following areas:
    - (a) Borrowings and investments,
    - (b) Personnel policy, staffing, recruitment, posting and compensation to staff subject to norms worked out by Gol,
    - (c) Internal control system, appointment of auditors and compensation for the audit and



- (d) Purchase of inputs and sale of finished products.
- ii) Allowing freedom of entry and exit to Weavers Societies with no mandated restrictions of geographical boundaries for its operations in respect of business. Membership of the Societies may however be restricted to District/State boundaries;
  - iii) Withdrawing any restrictive orders on business/financial matters.
  - iv) Laying down sound policy guidelines for the purpose of payment of dividend by Apex Societies/PWCS.
  - v) State Government should facilitate democratic functioning of the weavers societies, and the Board of PWCS may be superseded by the RCS amongst others, under the following conditions:
    - (i) If serious financial irregularities or frauds have been identified, or taken place.
    - (ii) If there are judicial directives to this effect or there is perpetual lack of quorum.
  - vi) Ensuring timely elections.
  - vii) Enabling Cooperative Institutions financing weavers to finance HWGs, Master Weavers and Producer Companies.
  - viii) Enable PWCS/Apex Societies to access credit support from any financial institutions set up under any statute.
- 6) The State shall immediately issue necessary Administrative Orders for the Participations of all the connected entities in the implementation of the Package.
  - 7) Weak Apex Handloom Weaver Societies should be restructured as per the Guidelines of Development Commissioner (Handloom), Government of India.
  - 8) **Constitution of State Level Implementation, Monitoring & Review Committees (SIMRC)** to monitor progress in implementation in each state, with officials from the state Govt., NABARD, SLBC Convenor, MD(SCB), CEO(Apex Weavers' Societies) etc. Nodal department of the state will convene the meeting monthly.
  - 9) The National Level Implementation, Monitoring & Review Committees (NIRMC) to be constituted by Ministry of Textiles, GoI. The Committee will be the policy making body and clearing house on any policy issues as well as oversee the overall implementation of the Package. Issues not sorted out by the SIMRC will be referred to the NIRMC.

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*17/7/20*

In witness thereof, the parties have signed the Memorandum of Understanding on the day, month and year first above mentioned.

Signed, sealed and delivered for and on behalf of the Ministry of Textiles, Govt. represented by Dr.Md.Nazmuddin, Additional Development Commissioner (Handloom)

In the Presence of

1.  17.7.12

MD Nazim

2.  17/07/12

Signed, sealed and delivered for and on behalf of Director of Handlooms, Sericulture & Handicraft, Jharkhand State Govt. represented by Sri Dharendra Kumar.

 17/7/12

In the presence of

1.

2.

Signed, sealed and delivered for and on behalf of NABARD represented by-----

~~Dr. S. Saravananavel~~

In the Presence of

1.

  
17/07/12

2.