**Wavering Weavers moving on strong mat**

SIRICILLA TEXTILE PARK

Several weavers, designers, master weavers belonging to Andhra Pradesh but working in places like Maharashtra and Gujrat have been invited by the erstwhile Government of AP to set up units in Siricilla Textile Park with a promise of all infrastructure facilities. But due to various reasons, there was a failure in providing the much-needed infrastructure, and assured assistance like providing marketing and promotional support, for the power looms.

All the units were financed by the banks and each unit had taken a loan of Rs.32 lakhs on an average. Although Term Loan was sanctioned for acquiring looms by the Bank, there was more than 14months delay in the delivery of looms by the suppliers. The interest burden on the non-functioning units made the units incipient sick. There was also inordinate delay in the release of the sanctioned subsidies which resulted in a cash crunch for the units. After the units started functioning, there was lags in supply of raw material and failure in marketing. Eventually all these units turned sick. Two weavers unable to bear the burden of debt committed suicide. They beelined to the Office of the Commissioner of Industries to get them relief from the Bank and prolonged discussions at the then State Level Inter-institutional Committee of the RBI did not result in any solution between 2014 and 2107. The accounts continued to be NPAs with some weavers occasionally crediting small amounts from out the job works’ earnings.

At this stage, all the entrepreneurs have turned up to TIHCL for reviving their units. After a detailed study of the units and the Handloom and Power Loom Industry in the State, TIHCL concluded unless the Bank can take a significant haircut and offer OTS, the units cannot be revived. Even if OTS was given, the entrepreneurs have no chance of meeting their commitment. They represented to the Government for loan waiver of the outstanding amount with the Bank arguing that their distress was more because of the failure of the government to meet its promises in time. At the instance of RBI, the bank did a viability study which revealed that unless each unit had a minimum of 16 looms it would not be viable. Even the study of TIHCL revealed the same bench mark for viability while most of the existing units are having only 8 looms.

TIHCL convened a meeting of all the weavers and explained to them the need to set up viable units and this can be done by converting the existing proprietary units into partnership units, to which they agreed. It was left to them to reconstitute themselves as new business entities. The units were also asked how much amount they can mobilize for meeting the margin requirements of OTS within their existing means. All of them agreed to meet only 10 percent of the outstanding. This would be unacceptable to the lending institution Hence, TIHCL proposed that the Government would agree for grant of matching 10% and 20% as loan for re-lending to the stressed weavers by TIHCL that is repayable to the Government by recovering from the borrowers.

With the mandate of weavers and the approval of the Government, TIHCL approached the Bank for OTS cum revival.

Banks normally do not lend again to such entrepreneurs for one year after the OTS. But, TIHCL is not for OTS settlement but for revival. It has been able to convince the Bank that the new units would be viable partnership firms formed by mutual consent and granting them working capital should not be difficult.

The Terms and Conditions of the restructuring Package are as under:

I. 25% of the OTS amount will be paid by the entrepreneur. (10% of the outstanding amount)

II. 25% of the OTS amount will be sanctioned by the State Government as a waiver. (10% of the outstanding amount)

III. 50% of the OTS amount will be sanctioned by the State Government as a loan through TIHCL. (20% of the outstanding amount)

The rest 60% is waived by the bank concerned. After the OTS has been implemented successfully, the revival package will begin. All the individual firms are required to form into partnership firms with a minimum of 16 looms in each. Then each partnership firm will be given soft loan from TIHCL at a very marginal rate of interest.

When the chips were down, and the weavers were to pay their 10% share, 5 of them could not meet the deadline of the Bank and TIHCL for executing the OTS. Now 18 weavers are under the revival package that is set for projectisation.