

Scrap or restrict hank yarn obligation to 10%: Texpreneurs

Press Trust of India | Coimbatore March 10, 2015 Last Updated at 15:28 IST

Texpreneurs Forum today said the Centre should either scrap the age-old hank yarn obligation or restrict it to 10 per cent instead of the mandated 40 per cent currently as there is hardly any demand for hank yarns.

Texpreneurs Forum is an association of spinning mills in the region.

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Spinning sector seeks review of HYO scheme

L N REVATHY

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Production details	Tamil Nadu	All India
Cotton spinning spindles	1,70,00,000	3,80,00,000
Production/ month (kg)	9,44,77,500	21,11,85,000
Domestic sales	8,03,05,875	17,95,07,250
HYO (40%) only on domestic sales	3,21,22,350	7,18,02,900
Handlooms installed (as per Textile Committee)	1,54,509	23,77,331
HY Required/month (kg)	16,22,345	2,49,61,976
Excess production of HY/month	3,05,00,006	4,68,40,925
Excess produced (%)	1880	188

COIMBATORE, MAR 10: To mandate the textile spinning sector to produce 40 per cent of their total output as Hank Yarn is absurd and not in sync with the present. There is a need to either scrap this Hank Yarn Obligation or reduce it to 10 per cent, say spinning industry sources.

Suggesting the removal of the Hank Yarn Obligation (HYO) Scheme to Secretary – Textiles Sanjay Kumar Panda, Texpreneurs' Forum, a knowledge forum formed by like-minded textile

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"... Now-a-days there is hardly any demand for hank yarns, thanks to Textile Upgradation Scheme and other initiatives," D Prabhu, Secretary of the Forum, told reporters here.

Prabhu said [Tamil Nadu](#) produces 3.05 crore kg of hank yarn per month as against the requirement of 16 lakh kg, resulting in excess production of 1,880 per cent that is 18 times more than the requirement.

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Welcoming the steps taken by Textiles Ministry to entrust the assignment to review hank yarn policy to an external consulting agency, he said the forum is confident that an independent and unbiased review will necessarily arrive at a conclusion, similar to what the forum was trying to convey to the government.

Moreover, the Forum also wants the government to shift the office of Textile Commissioner from Mumbai to some of the major textile producing states like Tamil Nadu, particularly Coimbatore, or Gujarat, Prabhu said.

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Suggesting the removal of the Hank Yarn Obligation (HYO) Scheme to Secretary – Textiles Sanjay Kumar Panda, Texpreneurs' Forum, a knowledge forum formed by like-minded textile entrepreneurs in this region, said "it (HYO) has outlived its utility and creating harassment and hardship to the textile industry in the country."

"Though imposed with a good intention of providing handloom weavers with the necessary raw material in the early days, it has over the years, with introduction of the Technology Upgradation Fund Scheme and other initiatives of the textile ministry become redundant as handloom weavers have either moved to power looms or auto looms. There is hardly any demand for hank yarns," said D Prabhu, Secretary, Texpreneurs' Forum.

"However, if there is ample demand for HY, the spinning industry would be only too willing to produce and sell such goods. But there is 1880 per cent excess production of HY in the State. Imposing artificial restriction on production in such a situation is causing huge hardship and the procedure for ensuring compliance is complex and cumbersome," he added, sharing spindleage capacity and production figures as detailed below:

Industry sources said that this impossible situation pushed the sector to cook up production records, creating a window for the enforcing officials to indulge in corruption.

"Some estimates say that around ₹ 50 cr to ₹ 60 cr of black money is being generated in the process," an industry source said, preferring anonymity.

The Forum has meanwhile appealed for removal of such restrictive policies.

Hailing the Textile Ministry's initiative of appointing an external agency to review the HY policy review, Prabhu said "we await the findings of this agency; we are confident that it will reflect our suggestion on HYO."

(This article was published on March 10, 2015)

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Abolish Hank Yarn Obligation, Forum Tells Centre

Express News Service

Coimbatore: The Texpreneurs Forum has demanded that the Centre should abolish the 'hank yarn obligation' under which spinning mills should produce 40 per cent of their total output as hank yarn, which is used by the handloom sector.

The policy has become

outdated due to the shrinking of the handloom sector, Texpreneurs Forum secretary D Prabhu told reporters here on Tuesday.

"Hank yarn obligation has not only lost its relevance, it has also led to corruption. This is a very old rule, which was introduced with the intention of providing handloom weavers the necessary

raw material. However, most of them have moved to powerloom or autoloom. There is hardly any demand for hank yarn now," he said.

Prabhu said hank yarn production by TN mills is 1880 percent in excess of the demand as against the 188 percent in the country as a whole. "Retaining such artificial quotas is causing the

mills hardship. The market should be allowed to determine supply as per the demand," he said.

"Mandatory requirements also provide officials opportunities for massive corruption. Some spinning mills create false records on hank yarn production and the officials accept the records after taking a bribe," he said.

'Hank yarn obligation a deterrent to growth'

Textile entrepreneurs demand changes to suit today's need

R. Vimal Kumar

TIRUPUR: Textile entrepreneurs from Tirupur and its hinterland are seeing the 'hank yarn obligation', an age old stipulation obligating the mills to produce a minimum of 40 per cent of the yarn as hank yarn, as a deterrent to growth and threat to their economic viability.

Though there are certain exceptions provided on the clause when it comes to production of blended and hosiery yarn, this old rule, according to the entrepreneurs, holds no significance at all in the present textile scenario existing in a liberalised economical condition.

They wanted the obligation rule either be scrapped or reduce the obligation limit to 10 per cent.

"Of course, the hank yarn obligation has been drafted

Hank yarn obligation is an age old stipulation obligating the mills to produce a minimum of 40 per cent of the yarn as hank yarn

long back to ensure that handloom weavers in the country get assured quantity of hank yarn which is their major raw material.

"But with the introduction of schemes like Technology Upgradation Fund Scheme, many handloom weavers have been moving to either power looms or auto looms. Hence, the demand for hank yarn too has been coming down," pointed out D. Prabhu, secretary of Texpreneurs Forum formed of different stakeholders in the industry.

However, with the obligation clause still in place, the textile units were forced to produce 40 per cent of the yarn as hank yarn without having the adequate demand for the same quantity in the market.

"We have pointed out in our representation to the Union Textiles Ministry that due to the hank yarn obligation rule, about 3.21 crore kilograms of hank yarn is produced in the State in a month against the actual requirement of 16.22 lakh kg. Scenario across the country is also been almost the same," Mr. Prabhu said.

Textile mills owners in the area were of the opinion that the report of the external agency appointed by the Government to study the repercussions of the hank yarn obligation on textile sector should be released soon.