

# **PUBLIC ACCOUNTS COMMITTEE (1974-75)**

(FIFTH LOK SABHA)

## **HUNDRED AND SIXTY-FIRST REPORT**

[Action taken by Government on the recommendations of the Public Accounts Committee contained in their Hundred and Twenty-Third Report (Fifth Lok Sabha) on paragraphs 44 and 45 of the Report of the Comptroller and Auditor General of India for the year 1971-72—Union Government (Civil), relating to Khadi and Village Industries Commission].



**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 1975/Vaisakha, 1897 (Saka)*

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CORRIGENDA TO THE 161ST REPORT OF THE PUBLIC ACCOUNTS  
COMMITTEE (FIFTH LOK SABHA) PRESENTED TO LOK SABHA ON  
19TH APRIL, 1975.

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**PUBLIC ACCOUNTS COMMITTEE**  
**(1974-75)**

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Shri B. K. Mukherjee—*Chief Legislative Committee Officer.*

Shri N. Sunder Rajan—*Senior Financial Committee Officer.*

## INTRODUCTION

1, the Chairman of the Public Accounts Committee, having been authorised by the Committee, do present on their behalf this Hundred and Sixty-first Report of the Public Accounts Committee on Action Taken by Government on the recommendations contained in 123rd Report (Fifth Lok Sabha) on paragraphs 44 and 45 of the Report of the Comptroller and Auditor General of India for the year 1971-72 (Civil), relating to the Khadi and Village Industries Commission.

2. On the 31st May, 1974 an Action Taken Sub-Committee was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports. The Sub-Committee was constituted with the following Members:—

Shri H. M. Patel—Convener

2. Shri Sasankasekhar Sanyal
3. Shri Jagannathrao Joshi
4. Shri S. C. Besra
5. Shri V. B. Raju
6. Shri Mohammed Usman Arif
7. Shri P. Antony Reddi
8. Shri Narain Chand Parashar
9. Shri T. N. Singh

3. The Action Taken Sub-Committee of the Public Accounts Committee (1974-75) considered and adopted this Report at their sitting held on the 23rd April, 1975. The report was finally adopted by the Public Accounts Committee on the 28th April, 1975.

4. For facility of reference the main conclusions/recommendations of the Committee have been printed in thick type in the body of the Report. A statement showing the summary of the main recommendations/observations of the Committee is appended to the Report.

(vi)

5. The Committee place on record their appreciation of the assistance rendered to them in this matter by the Comptroller and Auditor General of India.

NEW DELHI;  
April 28, 1975

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Vaisakha 8, 1897 (S).

JYOTIRMOY BOSU,  
Chairman,  
Public Accounts Committee.

## CHAPTER I

1.1. This Report deals with action taken by Government on the recommendations contained in the Hundred and Twenty-third Report of the Public Accounts Committee (Fifth Lok Sabha) on paragraphs 44 and 45 of the Report of the Comptroller and Auditor General of India for the year 1971-72—Union Government (Civil), relating to Khadi and Village Industries Commission.

1.2 Action Taken Notes in respect of all the 29 recommendations contained in the Report have been furnished by Government. These notes have been categorised as under:—

(i) *Recommendations/observations that have been accepted by Government:*

S. Nos. 1—4, 6—11 and 13—29.

(ii) *Recommendations/observations which the Committee do not desire to pursue in view of the replies of Government:*  
Nil.

(iii) *Recommendations/observations replies to which have not been accepted by the Committee and which require re-iteration:*

S. No. 12.

(iv) *Recommendations/observations in respect of which Government have furnished interim replies:*

S. No. 5.

1.3. The Committee hope that final replies in regard to recommendations to which only interim replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit.

1.4. The Committee will now deal with the action taken on some of the recommendations.

*Utilisation certificates—Paragraphs 1.13 (S. No. 2).*

1.5. Dealing with the question of utilisation certificates in respect of the loans and grants disbursed by the Khadi and Village



Industries Commission upto 1970-71, the Committee had observed as follows in paragraph 1.13 of the Report:

"The Committee find that as on 31st July, 1973 utilisation certificates were outstanding in respect of loans amounting to Rs. 98 lakhs and grants amounting to Rs. 60 lakhs disbursed by the Commission upto 1970-71. The Committee desire that necessary steps should be taken to obtain utilisation certificates expeditiously."

1.6 The Ministry of Industrial Development and Civil Supplies (Department of Industrial Development), in their reply dated 4th December, 1974 have stated:

"Necessary steps have been taken to obtain utilisation certificates for the balance. Utilisation certificates to the extent of Rs. 72 lakhs have since been procured (Loan Rs. 12 lakhs plus Grant Rs. 60 lakhs). This indicates considerable improvements in the procurement of utilisation certificates. The balance amount for which utilisation certificates have to be obtained is Rs. 86 lakhs as on 31st March, 1974."

1.7. The Committee note that against the sum of Rs. 158 lakhs of loans and grants disbursed by the Commission upto 1970-71 for which utilisation certificates were outstanding as on 31st July 1973, utilisation certificates in respect of as much as Rs. 86 lakhs are still to be obtained by the Khadi and Village Industries Commission. The Committee would like vigorous effects to be made to obtain the outstanding utilisation certificates without further delay.

*Rate of growth of production of the village leather industry—  
Paragraph 1.27—(S. No. 4).*

1.8. In paragraph 1.27, the Committee had the following comments to make about the rate of growth of production of the village leather industry:

"The Committee note that the production of the village leather industry assisted by the Commission increased from Rs. 91.17 lakhs in 1961-62 to Rs. 637.28 lakhs during 1972-73. According to Audit, making allowances for increase of about 80 per cent in the wholesale price level during

the decade (1961-62) to (1970-71), the annual compound rate of growth has been 14.1 per cent during the period. The Committee are not satisfied with this rate of growth as they find that while there has been more than a five-fold increase in the number of persons employed, the production in real terms had gone up only by 370 per cent during the decade 1961-62 to 1970-71. That this was so inspite of the fact that the main emphasis of the Commission was to introduce improved equipments in the village leather industry is inexplicable. The Commission should, therefore, investigate the reasons for so marked a decline in productivity."

1.9. The Ministry stated in reply as under:

"The Committee has based its conclusion by computing the increase in production in real terms as 370 per cent taking the general price index as the base. If we specifically look into the price increase in leather industry and compute the increase in production, the figure works out to 485 per cent. (Figures taken from Board of Trade, New Delhi). The decline in the trend in productivity is appreciably less than what has been stated. The Commission, however, notes that a close watch has to be kept on the functioning of the industry to ensure proper productivity. But the following difficulties to establish positive correlation between employment and production have also to be kept in mind:

- (1) Availability of raw materials;
- (2) Fluctuation in prices of both raw materials and finished products.

All the causes are also not within the control of the Commission."

1.10. Even if the rate of growth of production of the village leather industry is reckoned at 485 per cent as contended by the Ministry, it still does not compare favourably with the rate of increase in the number of persons employed. The Committee suggest that efforts should be made to see that the production of the industry bears a reasonable relation to the increase in the number of persons employed in the Industry.

***Abolition and purchase of hereditary rights in regard to dead cattles and reporting of dead animals—paragraph 1.31 (S. No. 8).***

1.11. Regarding abolition and purchase of hereditary rights in regard to dead cattle and their carcasses by Panchayat Samities and Zila Parishads and reporting of dead animals being made compulsory, the Committee, in paragraph 1.31, had recommended:

“The Working Group of Khadi and Village Industries in their report submitted in September, 1964 had recommended that abolition or buying over on a compensation basis the hereditary rights in regard to dead cattle and their carcasses by Panchayat Samities and Zila Parishads should be vigorously pursued. The Commission had requested the State Governments before 1964 to enact legislation declaring dead animals a State property or, alternatively, to demarcate in all villages a piece of land for the purpose of flaying and carcasses utilisation and to make it obligatory on all concerned to flay dead animals at the prescribed place. At the request of the Commission some State Governments have issued instructions to the local authorities to issue instructions to advise Panchayats to set apart places for flaying of dead animals. The Committee regret to observe that the Commission has not taken steps to pursue vigorously the specific recommendations of the Working Group made in September, 1964 regarding abolition and purchase of the hereditary rights in regard to dead cattle and make reporting of dead animals compulsory. The Committee desire that this should be done forthwith and any legal difficulties invilved should be resolved. It should also be found out in how many villages, separate flaying places have not been demarcated, so as to take further steps in this direction.”

1.12. In their action taken note, the Ministry have stated as under:

“The recommendation of the Committee has been noted. It may, however, be pointed out that since the subject falls within the purview of the State Governments, the Central Government/the Commission can only persuade them for enacting legislation, wherever necessary, for abolition and purchase of the hereditary rights in regard to dead cattle and making reporting of dead animals compulsory. The Government has since taken-up the matter with the respective State Governments. They are also being requested to intimate as to in how many villages separate flaying places have not been demarcated.”

**1.13. The Committee desire that the question of abolition and purchase of hereditary rights in regard to dead cattle and their carcasses by Panchayat Samities and Zila Parishads, as also the question of the reporting of dead animals to the nearest Panchayat or Panchayat Samiti being made compulsory should be vigorously pursued with State Governments and the results reported to the Committee.**

*Training of workers—Paragraph 1.46 (S. No. 12).*

1.14. In paragraph 1.46, the Committee had made the following recommendation:

“The Committee regret that the Commission has not paid the desired attention to training workers. During the period 1968-69 to 1972-73, a total number of 621 persons were trained in various trades of leather industry. The Committee regard this figure as too low considering that about 33,000 workers are employed in the units assisted by the Commission. The Committee have been informed that during the Fifth Plan period, it is proposed to take up extensive training programme to cover a large number of supervisors and artisans in flaying and carcass utilisation. The Committee cannot over emphasise the importance of proper methods of flaying and carcass utilisation. The Committee desire that particular attention should be paid to training of artisans in the States where the Village Industry has lagged behind.”

1.15. The Ministry, in their note dated 4th December, 1974, have stated as follows:

“In view of what has been explained in reply to recommendation No. 1 Commission regret that they are not in a position to accept the recommendation. It will assume that the Commission should give up priority in the development plans to work in areas where natural and human resources are available and where poverty exists and concentrate only on those areas where none of these resources are available. To do so it will require massive application of resources. The Commission will, however, prefer to continue the present judicious policy on factors advantageous to assign to different areas their rightful place depending and create skilled labour force better equipped to meet the changing situations.”

**1.16. The Committee would reiterate that special attention should be paid to the training of artisans in the States where the Industry lags behind and where there is scope for development.**

*Performance of the Palm Gur and other Palm Products industry—  
Paragraphs 2.33—2.35 (S. Nos. 17—19).*

**1.17. Commenting on the performance of the Palm Gur and other Palm Products industry, the committee had observed:—**

“The Committee feel concerned over the serious setback in recent years suffered by the Palm Gur and other Palm products Industry assisted by the Khadi and Village Industries Commission. The production which had risen from 6.31 lakh quintals in 1961-62 to 9.41 lakh quintals in 1965-66 progressively declined to 4.75 lakh quintals in 1970-71. The main reasons for the setback were organisational weakness and mis-management in the co-operative structure of the industry and the scrapping of prohibition in some States. These two factors led to reduction in the financial assistance to industry given by the Commission in the form of loans and grants. The financial assistance to the Industry which had progressively increased from Rs. 20.30 lakhs in 1960-61 to Rs. 127.71 lakhs in 1966-67 dwindled to Rs. 14.85 lakhs in 1970-71.”

“The All India Federation (Akhil Bhartiya Tad Gur Mahasang) which was vested with the responsibility of implementing promotional schemes as an apex body of State Federations became defunct in 1965-66, after the Commission stopped establishment grants. The commercial operations under taken by the All India Federation did not prove profitable. The All India Federation and 11 State level federations were expected to render yeoman service to the primary co-operatives by providing timely and adequate assistance in the form of finance and improved implements besides undertaking marketing operations for the disposal of their products. Regrettably these State federations concentrated on expanding their departmental activities by incurring heavy expenditure and they did not adequately serve the interests of the primaries. The federations in some States invested heavy amounts in capital expenditure for undertaking productive activities for which they were ill-equipped both technically and managerially. Some of the federations concentrated only on promotional activities and

subsisted on grants received from the Commission for maintaining their staff. The elected representatives of these institutions failed to manage the affairs of the federation properly resulting in mismanagement in certain cases. The trading operations conducted by some federation sustained losses. The All India Federation which was an apex body of the various State federations could not get the required service facilities and support from the State units which were themselves not at all sound in working. After the Commission's Directorate undertook detailed inspection of the working of the industry in various States disclosing deficiencies, the release of further funds to them was stopped. The federations of Rajasthan, Mysore, Kerala, Maharashtra and Bihar were wound up. The federations in Andhra Pradesh, Uttar Pradesh, Madhya Pradesh, Tamil Nadu and West Bengal were superseded."

"The Committee take a serious note of the fact that the co-operative structure of the industry greatly suffered due to organisational weakness and mismanagement of funds. The Committee feel that the Commission did not keep the watch over the affairs of the federations that it should have. The Committee desire that necessary follow up action should be taken by the Commission to see that those who were responsible for the mismanagement of finances and the losses that were incurred are adequately dealt with. The Committee would like to be informed fully about the action taken to recover outstanding loans due from the defunct All India Federation and State Federations."

1.18. In reply, the Ministry stated as follows:—

"The Commission has already moved the Commissioner of Co-operation and Registrar of Cooperative Societies, Maharashtra, under whom the All India Federations registered to take necessary action against the authorities of the Federation who were reported to have mismanaged its affairs and also to recover the funds due to Commission from the Federation; and the Commissioner of Cooperative Societies has instituted an enquiry. In respect of State Federations the Vice-Chairman of the Commission has taken up the issue with the State Boards of Bihar, Uttar Pradesh, Madhya Pradesh, Orissa, West Bengal, Andhra and Tamil Nadu, for the recovery of the Commission's dues from the respective State Federations. The Co-operative Act is

administered by the State Government. A deficiency in the working of the co-operatives has necessarily to be remedied by the State Co-operative Departments and the State Khadi and Village Industries Boards wherever the offices of the Board have been vested with powers under the co-operative Act. The Commission can only persuade them to take action."

**1.19. The Committee desire that the question of recovery of dues from State Federations should be vigorously pursued with the concerned State Boards. Deficiencies, if any, noticed by the Commission in the working of cooperative should be brought to the notice of the appropriate authorities with a view to getting them rectified.**

## CHAPTER II

### RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

#### Recommendation

The Committee note that the Khadi and Village Industries Commission disbursed loans amounting to Rs. 4.31 crores and grants amounting to Rs. 2.51 crores to the Village Leather Industry during the period 1957-58 to 1972-73. At the end of 1971, 1032 units were working under carcass utilisation, tanning, footwear and leather goods and market depot schemes assisted by the Commission. (These do not include the individuals assisted by the Commission under schemes for self employment). These units include 768 Cooperative Societies and 264 Registered Institutions. From the Statewise break-up of the tanning and footwear units, the Committee find wide disparity in the number of units assisted in different States. For instance, out of total number of 325 tanning units, 156 are located in Uttar Pradesh. The Committee would like the Commission to examine why the coverage of the Commission's assistance in other States is poor.

[S. No. 1 (Para 1.12) of Appendix III to 123rd Report of P.A.C. (Fifth Lok Sabha)].

#### Action taken

The Public Accounts Committee have apparently based their conclusion on the fact that the number of tanning units in U.P. is roughly 50 per cent of the total number of such units in the country. If, however, we examine the issue with reference to the financial assistance as well as the strength of the work-force the figures available with us indicate that the share of U.P. for assistance is about a seventh of the total assistance provided to all States which tallies with the fact that a seventh of the total work force in this village industry in so far as Commission is concerned, is employed in U.P. As regards the question why the number of tanning units should be large *vis-a-vis* the number of footwear units viz., 39 units against U.P., the position in respect of setting up of tanneries depend on the following factors:—

- (i) availability of hides and skins;
- (ii) possession of traditional skills;



- (iii) factors like over population which make it difficult for a skilled work-force to find its own level of employment;
- (iv) organisational support given by the U.P. Government which has incidentally been the consequence of (i) & (ii) above.

While the Commission would like to diversify its activities it will also be appreciated if some important factors like availability of raw materials, possession of traditional skill are not altogether ignored or even compensated.

[Ministry of Industrial Development and Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II), dated 4-12-1975].

#### **Recommendation**

The Committee find that as on 31-7-1973 utilisation certificates were outstanding in respect of loans amounting to Rs. 98 lakhs and grants amounting to Rs. 60 lakhs disbursed by the Commission upto 1970-71. The Committee desire that necessary steps should be taken to obtain utilisation certificates expeditiously.

[S. No. 2 (Para 1.13) of Appendix III to 123rd Report of P.A.C. (Fifth Lok Sabha)].

#### **Action taken**

Necessary steps have been taken to obtain utilisation certificates for the balance. Utilisation certificates to the extent of Rs. 72 lakhs have since been procured (Loan Rs. 12 lakhs plus Grant Rs. 60 lakhs). This indicates considerable improvements in the procurement of utilisation certificates. The balance amount for which utilisation certificates have to be obtained is Rs. 86 lakhs as on 31-3-74.

[Ministry of Industrial Development and Civil Supplies (Department of Industrial Development O.M. No. 5 (7)/74-KVI (II), dated 4-12-1974].

#### **Recommendation**

The outstanding loans from the leather industry units increased from Rs. 1.73 crores at the end of March, 1970 to Rs. 2.45 crores at the end of March, 1973. The Committee were not furnished information about the overdue loans remaining un-recovered at the end of the year 1967-68 to 1972-73, as their compilation is said to involve considerable volume of work. The Committee stress that the Commission should periodically review the position of overdue loans and

ensure that the recoveries are pursued regularly and systematically. The Committee would like to know the action taken in this regard.

[S. No. 3 (Para 1.14) of Appendix III to 123rd Report of P.A.C. (Fifth Lok Sabha)].

#### **Action taken**

The recommendation is noted for compliance. As on 1st April, 1971 the overdue was Rs. 92.47 lakhs. As on 1st April, 1973 the overdue position is Rs. 62.76 lakhs. The Commission has already taken vigorous steps to collect the overdue.

[Ministry of Industrial Development and Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II), dated 4-12-1974]

#### **Recommendation**

The Committee note that the production of the village leather industry assisted by the Commission increased from Rs. 91.17 lakhs in 1961-62 to Rs. 637.28 lakhs during 1972-73. According to Audit, making allowance for increase of about 80 per cent in the wholesale price level during the decade (1961-62 to 1970-71), the annual compound rate of growth has been 14.1 per cent during the period. The Committee are not satisfied with this rate of growth as they find that while there has been more than a five-fold increase in the number of persons employed, the production in real terms had gone up only by 370 per cent during the decade 1961-62 to 1970-71. That this was so in spite of the fact that the main emphasis of the Commission was to introduce improved equipments in the village leather industry is inexplicable. The Commission should, therefore, investigate the reasons for so marked a decline in productivity.

[S. No. 4 (Para 1.27) of Appendix III to 123rd Report of P.A.C. (Fifth Lok Sabha)]

#### **Action taken**

The Committee has based its conclusion by computing the increase in production in real terms as 370 per cent taking the general price index as the base. If we specifically look into the price increase in leather industry and compute the increase in production, the figure works out to 485 per cent. (Figures taken from Board of Trade, New Delhi). The decline in the trend in productivity is appreciably less than what has been stated. The Commission, however, notes that a close watch has to be kept on the functioning of the industry to ensure proper productivity. But the following difficulties to estab-

lish positive correlation between employment and production have also to be kept in mind:

- (1) Availability of raw materials;
- (2) Fluctuation in prices of both raw materials and finished products.

All the causes are also not within the control of the Commission.

[Ministry of Industrial Development and Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II), dated 8-1-1974]

### **Recommendation**

The Committee find that out of the total production of Rs. 637.28 lakhs in 19-2-73, Uttar Pradesh alone accounted for Rs. 233.55 lakhs. The Committee would like the Commission to examine what measures including technological and organisational improvement are necessary to step up the production in other States.

[S. No. 6 (Para 1.29) of Appendix III to 123rd Report of P.A.C. (Fifth Lok Sabha)]

This has already been answered in reply to recommendation at S. No. 1 (Para 1.12) of Appendix III of 123rd Report (Fifth Lok Sabha).

[Ministry of Industrial Development and Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II), dated 8-1-1975].

### **Recommendation**

The Committee's attention was drawn to the difficulties faced by the tanners to get sufficient quantity of hides and skins, as the market was dominated by the private trade. The Commission was considering linking of flaying centres with the processing centres. The Committee were informed by the Secretary, Ministry of Industrial Development that the establishment of National Leather Development Corporation was under consideration of Government. The Corporation's main task would be to organise proper slaughtering facilities and availability of raw materials to the weaker section in the industry. While noting the proposal, the Committee cannot help regretting that no concrete measures have been taken by the Commission and Government for the past many years in this direction. The Committee hope the setting up of the National Leather Development Corporation will be expedited. Pending the establishment

of the Corporation, necessary steps should be taken to remove the difficulties of village artisan in getting raw materials.

[S. No. 7 (Para 1.30) of Appendix III to 123rd Report of P.A.C.  
(Fifth Lok Sabha)]

#### **Action taken**

The question of establishment of Leather Export Development Corporation (proposed by the Ministry of Commerce) and Leather Development Corporation (proposed by the Ministry of Industry and Civil Supplies) is at present under consideration.

2. The Commission on its part is taking all the steps to get enough raw material to the Village Sector. But it has to contend with the powerful market forces and its own limitation of authority to deal with such a situation.

[Ministry of Industrial Development and Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II), dated 22-1-1975].

#### **Recommendation**

The Working Group of Khadi and Village Industries in their report submitted in September, 1964 had recommended that abolition or buying over on a compensation basis the hereditary rights in regard to dead cattle and their carcasses by Panchayat Samities and Zila Parishads should be vigorously pursued. The Commission had requested the State Governments before 1964 to enact legislation declaring dead animals a State property or, alternatively, to demarcate in all villages a piece of land for the purpose of flaying and carcass utilisation and to make it obligatory on all concerned to flay dead animals at the prescribed place. At the request of the Commission some State Governments have issued instructions to the local authorities to issue instructions to advise Panchayats to set apart places for flaying of dead animals. The Committee regret to observe that the Commission has not taken steps to pursue vigorously the specific recommendations of the Working Group made in September, 1964 regarding abolition and purchase of the hereditary rights in regard to dead cattle and make reporting of dead animals compulsory. The Committee desire that this should be done forthwith and any legal difficulties involved should be resolved. It should also be found out in how many villages, separate flaying places have not been demarcated, so as to take further steps in this direction.

[S. No. 8 (Para 1.31) of Appendix III to 123rd Report of P.A.C.  
(Fifth Lok Sabha)].

The recommendation of the Committee has been noted. It may, however, be pointed out that since the subject falls within the purview of the State Governments, the Central Government/the Commission can only persuade them for enacting legislation, wherever necessary, for abolition and purchase of the hereditary rights in regard to dead cattle and making reporting of dead animals compulsory. The Government has since taken-up the matter with the respective State Governments. They are also being requested to intimate as to in how many villages, separate flaying places have not been demarcated.

[Ministry of Industrial Development and Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II), dated 4-12-1974].

#### **Recommendation**

The Committee note that jeeps with trailers have been provided to only 20 intensive flaying centres which are stated to have been working till 1972-73. The Committee, however, find from the figures furnished by the Commission that during 1970-71, there were 29 intensive flaying units. The Committee would like it to be examined whether the other 9 centres are still existing and if so why necessary facilities have not been provided to them. The Committee would like the Commission to examine whether in areas where there is no intensive flaying centre, groups of flaying and tanning units could be provided with facilities for transport of raw material.

[S. No. 9 (Para 1.32) of Appendix III to 123rd Report of P.A.C. (Fifth Lok Sabha)]

#### **Action taken**

On reverification it has been seen that jeeps have been provided to all the working units consistent with the limitation with regard to funds, availability of jeeps and also restrictions placed by Government from time to time on the purchase of such equipment, this requirement will be adhered to.

[Ministry of Industrial Development and Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II), dated 4-12-1974]

#### **Recommendation**

The Committee note that during the year 1971-72, the total number of workers employed in the village leather industry assisted by the Commission was 33,676 (17,961 full-time and 15,715 part-time) as against about 6,000 (3,000 full-time and 3,000 part-time) in

1961-62. The number of workers employed by the units assisted by the Commission was 6 per cent of the total number of workers engaged in the house-hold sector of the industry. In 1970-71 full-time employment in the village leather industry was about 15 per cent of the full-time employment in all the village industries taken together; part-time employment was much smaller relatively, being 1-1/2 per cent of the total part-time employment provided by all the village industries taken together. Considering that the objective of the Commission is to create more employment in villages, the Committee feel concerned to find that during the year 1971-72 the number of part-time workers in the village leather industry decreased to 15,715 from 16,873 in 1970-71. The Committee would like the Commission to look into the reasons for this decline and take appropriate action.

[S. No. 10 (Para 1.41) of Appendix III to 123rd Report of P.A.C. (Fifth Lok Sabha)].

#### **Action taken**

The above conclusion has been arrived at by assigning the same unit value to both part-time and full-time workers, which will not present a correct picture as movement from part-time to full-time will be a welcome development and cannot also be done on the basis of 1.1 formula. On the basis that, two part-time workers are taken as equivalent to one full-time worker, the equated figure of employment works out to 24,677 in 1970-71 and 25,819 in 1971-72. It will be evident that there has been no fall in employment.

[Ministry of Industrial Development and Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI (II), dated 4-12-1974].

#### **Recommendation**

The Committee are disappointed to find that in spite of the assistance provided by the Commission to the units and introduction of technological improvements, the productivity has declined and the average wage of the worker has not indicated satisfactory increase during the last few years. The all trade average monthly wage per worker increased from Rs. 61.50 in 1967-68 to Rs. 73.50 in 1971-72. If the rise in cost of living during the period is taken into account, there would seem to have been actually decrease in terms of real wages. It was admitted that the wage of a worker in the other sectors of the industry was much higher. The Committee consider that it is the duty of Commission not only to disburse money but also to ensure this money produces the desired results. In view of the fact the wage of workers in the village leather industry (who form 15

per cent of full-time workers of all village industries) continues to be very low, the Commission should pay serious attention to the problem.

[S. No. 11 (Para 1.42) of Appendix III to 123rd Report of P.A.C. (Fifth Lok Sabha)]

#### **Action taken**

As an enunciation of principle there can be no difference of opinion on this. But it may also be appreciated that the Commission continues to work in an area where low wages are inescapable. More so because the primary objective is to enlarge employment to cover large persons who otherwise would be unemployed. This constant difficulty of choice between number and wages get reflected from time to time in the working figures. The Commission, however, is also considering the question of including in their targets of programmes specific issue of improvement of wages.

[Ministry of Industrial Development & Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II) dated 4-12-1974]

#### **Recommendation**

The Committee note that upto 1972-73, 144 marketing depots were set up under the aegis of the Commission for facilitating supply of required raw materials at reasonable prices to artisans and for sale of the goods produced by them. The Committee however find that although the number of marketing depots increased from 137 in 1970-71 to 144 in 1972-73, their sales turn-over decreased from Rs. 85.62 lakhs to Rs. 63.56 lakhs in 1972-73. Particularly in Uttar Pradesh the sales turn-over of 27 marketing depots in 1972-73 had declined to Rs. 9.27 lakhs from Rs. 22.57 lakhs in 1970-71 in respect of 23 depots. The Committee suggest that the factors leading to decrease in sales should be analysed with a view to taking necessary corrective steps. Further the average monthly sale per depot is only about Rs. 3,700 which is indeed very low. The Committee desire that the Commission should see that the depots become viable by suitably diversifying their sales.

[S. No. 13 (Para 1.63) of Appendix III to 123rd Report of PAC (Fifth Lok Sabha)]

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### **Action taken**

Evidently the Committee had proceeded on the assumption that the marketing of different products of leather can be undertaken in the same area. Unfortunately there are traditional markets for raw hides, skins for tanned leather, for footwear etc. More often than not these do not have markets in the same place. Hence it may be very difficult to reorganise the marketing depots to undertake sales of all products of leather as recommended by the Committee. The Commission however is anxious that the working of the depots should be improved and the Directorate of Leather will always keep this prominently in view.

[Ministry of Industry Development & Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II) dated 4-12-1974]

### **Recommendation**

The Committee have been informed that in order to maintain the tempo of production, the Commission propose to open a chain of shops in urban areas to market the products produced by the units of the leather industry. But the Committee regret to point out that, as admitted by the Vice-Chairman, the Commission have not so far made any study of the potentiality of the industry and its correlation with the demand in the market. The Committee consider that it is high time that the Commission undertook a proper research or study of this aspect, and devise a proper marketing policy taking into consideration the consumer's requirements. The Committee suggest that it would be useful to study the working of some private manufacturer like Bata in this regard.

[S. No. 14 (Para 1.64) of Appendix III to 123rd Report of PAC (Fifth Lok Sabha)].

### **Action taken**

The over-all survey of marketing potentialities and prospects during the Fifth Five Year Plan period has already been entrusted to the Administrative Staff College, Hyderabad.

[Ministry of Industrial Development & Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II) dated 8-1-1975]

### **Recommendation**

The Committee regret to observe that no serious attempts have been made at all to export footwear and leather goods produced



under the aegis of the Commission, although large quantities of such goods produced in the other sectors are being exported by the State Trading Corporation. A few sample sent by the Commission to the State Trading Corporation in 1965 were certified by the latter as exportable and again in 1969 a sample of Russet leather was accepted as exportable. But no order was placed. The Committee were informed by the representative of S.T.C. that these samples could not be sold. The Commission was verbally informed about this, but no intimation was given in writing. The Committee very much deprecate the apparent unwillingness on the part of the S.T.C. to deal with a Government organised body. The Committee consider that it was the duty of S.T.C to advise the Commission about any improvement needed in their goods to make them acceptable to the foreign buyer. The Committee are surprised at the explanation of the S.T.C. "We admit our failure to pursue Khadi & Village Industries Commission as a separate entity as distinct from National Federation of Industrial Cooperatives. (S.T.C. place orders on certain cooperatives through National Federation of Industrial Cooperatives which is an apex body)".

[S. No. 15 (Para 1.65) of appendix III to 123rd Report of P.A.C. (Fifth Lok Sabha)]

#### **Action taken**

The points raised in the Report have been noted for guidance.

2. Immediately after the discussion by the Public Accounts Committee, a Joint Survey Committee comprising Technical Officers of the State Trading Corporation, Development Commissioner, Small Scale Industries and Khadi & Village Industries Commission was constituted on 1st October, 1973, and a survey conducted by the Committee at Karnal on 6th November, 1973 and at Agra on 6th, 7th and 8th November, 1973 as per list sent by the Khadi & Village Industries Commission to identify technical competency for the placement of footwear orders against the State Trading Corporation export contracts. The survey reveals the following position:

#### *KVIC Units at Karnal*

The KVIC sent to the State Trading Corporation a list of 3 units in Karnal on 30th October, 1973. These units were surveyed by the Joint Committee who found that the units are already working with M/s. Haryana Small Scale Industries & Export Corporation, for supply of shoes to the U.S.S.R. against the State Trading Corporation's contracts.

The Khadi & Village Industries Commission allowed to continue these units to work with M/s. Haryana Small Scale Industries & Export Corporation and they gave the State Trading Corporation an understanding that they would develop more units and intimate to them for survey.

#### *KVIC Units at AGRA*

The Khadi & Village Industries Commission of Agra forwarded to the State Trading Corporation a list of 11 units for survey on 11-10-73. The position after survey conducted on 6-11-73 is indicated against each as under:

- |   |   |
|---|---|
| 1. M/s. Daya Shanker Shoe Factory . . . . .                   | } Closed as reported by the KVIC  |
| 2. M/s. Raza Ali Shoe Factory . . . . .                       |   |
| 3. M/s. Genda Lal Shoe Factory . . . . .                      |   |
| 4. M/s. Jagdish Shoe Factory . . . . .                        | } Showed dis-interest in export orders.   |
| 5. M/s. Ram Saran Shoe Factory . . . . .                      |   |
| 6. M/s. New Raj Shoe Factory . . . . .                        | } Alread working with the National Federation of Industria Cooperatives Ltd., Agra. |
| 7. M/s. Ziaul Haq Shoe Factory . . . . .                      |   |
| 8. M/s. Agra Footwear Udyogic Utpadan Sahkari Samiti. . . . . | Manufacturing only chappals.  |
| 9. M/s. True Form . . . . .                                   | Manufacturers of children Shoes.  |
| 10. M/s. A. R. Shoe Factory . . . . .                         |   |
| 11. M/s. State Shoe Factory . . . . .                         |   |

Out of the list mentioned above only the last two units viz. M/s. A. R. Shoe Factory and M/s. State Shoe Factory, were found technically competent to manufacture shoes. The Joint Committee recommended that orders could be placed with these 2 units. Later on the Khadi & Village Industries Commission requested the State Trading Corporation to place their orders with their constituent M/s. Bharatiya Charam Udyogic Samiti for Khadi & Village Industries Commission units instead of on individual units.

#### *(ii) Placement of trial order with KVIC*

As desired by the Khadi & Village Industries Commission an export order for 5,000 pairs of leather shoes for export to USSR was placed with M/s. Bharatiya Charam Udyogic Samiti on 29th January, 1974 and the delivery was to be completed by end of April, 1974. The Khadi & Village Industries Commission executed this order in full in June, 1974.

After a survey of the different units of the Khadi & Village Industries Commission, Shri Majumdar, Deputy Director of the Khadi & Village Industries Commission and Shri C. P. Hajela, Chief Marketing Manager (LW) State Trading Corporation, discuss the position between themselves and it was agreed that the Khadi & Village Industries Commission may develop more units and send a list which could be considered for placing additional orders after inspection. The progress was reviewed by Dr. Ghosh Director, Khadi & Village Industries Commission recently with Shri Hajela, and it has been agreed to place an additional order of 5,000 pairs.

(iii) *Submission of samples by KVIC for exploring market.*

The State Trading Corporation have received samples of Peshawari, Chamba, Wondha and Kohlapuri Chappals as well as Boni sandals from Khadi & Village Industries Commission and the same have been forwarded by the Corporation to various Trade Fairs in London, New York, Australia, Hong Kong etc. for exploring their export prospects. So far State Trading Corporation have not received any positive response from the above mentioned countries. State Trading Corporation is pursuing the matter.

3. From the facts given above, it will thus be observed that the State Trading Corporation is now actively associating the Khadi & Village Industries Commission to export footwear and leather goods of the latter. The Joint Committee comprising technical officers of the State Trading Corporation, the Development Commissioner (Small Scale Industries) and the Khadi & Village Industries Commission had been established to survey the leather footwear and leather goods manufacturing units of the Khadi & Village Industries Commission and to place orders on such units who can manufacture these products according to the specifications laid down by the foreign buyers. This Technical Committee meets from time to time and guides the Khadi & Village Industries Commission in their export efforts.

4. Recently, the Khadi & Village Industries Commission have shown to the State Trading Corporation some leather jackets, coats, trousers and shopping bags and cushion covers manufactured by their units in Kashmir. Some modifications have been suggested in order to get export orders.

[Ministry of Commerce O.M. No. 13/51/74-EP(LSC) dated  
14-12-1974]

### Recommendation

The Committee are surprised to learn that the Khadi and Village Industries Commission in the past never consulted the Small Scale Services Institute or Central Leather Research Institute about any problem. The Committee are anxious that the Commission should take advantage of the services of these institutes in tackling the problems of the village leather industry and bring about the requisite improvements to improve sales potential.

[S. No. 16 (Para 1.66) of Appendix III to 123rd Report of PAC (Fifth Lok Sabha)].

### Action taken

Noted for compliance.

[Ministry of Industrial Development and Civil Supplies (Department of Civil Supplies) O.M. No. 5(7)/74-KVI(II), dated 4-12-1974].

### Recommendation

The Committee feel concerned over the serious setback in recent years suffered by the Palm Gur and other Palm products Industry assisted by the Khadi and Village Industries Commission. The production which had risen from 6.31 lakh quintals in 1961-62 to 9.41 lakh quintals in 1965-66 progressively declined to 4.75 lakh quintals in 1970-71. The main reasons for the setback were organisational weakness and mismanagement in the cooperative structure of the Industry and the scrapping of prohibition in some States. These two factors led to reduction in the financial assistance to industry given by the Commission in the form of loans and grants. The financial assistance to the Industry which had progressively increased from Rs. 20.30 lakhs in 1960-61 to Rs. 127.71 lakhs in 1966-67 dwindled to Rs. 14.85 lakhs in 1970-71.

The All India Federation (Akhil Bhartiya Tad Gur Mahasang) which was vested with the responsibility of implementing promotional schemes as an apex body of State Federations became defunct in 1965-66, after the Commission stopped establishment grants. The commercial operations undertaken by the All India Federation did not prove profitable. The All India Federation and 11 State level federations were expected to render yeoman service to the primary cooperatives by providing timely and adequate assistance in the

form of finance and improved implements besides undertaking marketing operations for the disposal of their products. Regrettably these State Federations concentrated on expanding their departmental activities by incurring heavy expenditure and they did not adequately serve the interests of the primaries. The federations in some States invested heavy amounts in capital expenditure for undertaking productive activities for which they were ill-equipped both technically and managerially. Some of the federations concentrated only on promotional activities and subsisted on grants received from the Commission for maintaining their staff. The elected representatives of these institutions failed to manage the affairs of the federation properly resulting in mismanagement in certain cases. The trading operations conducted by some federations sustained losses. The All India Federation which was an apex body of the various State federations could not get the required service facilities and support from the State units which were themselves not at all sound in working. After the Commissions Directorate undertook detailed inspection of the working of the industry in various States disclosing deficiencies, the release of further funds to them was stopped. The federations of Rajasthan, Mysore, Kerala, Maharashtra and Bihar were wound up. The federations in Andhra Pradesh, Uttar Pradesh, Madhya Pradesh, Tamil Nadu and West Bengal were superseded.

The Committee take a serious note of the fact that the cooperative structure of the industry greatly suffered due to organisational weakness and mismanagement of funds. The Committee feel that the Commission did not keep the watch over the affairs of the federations that it should have. The Committee desire that necessary follow up action should be taken by the Commission to see that those who were responsible for the mismanagement of finances and the losses that were incurred are adequately dealt with. The Committee would like to be informed fully about the action taken to recover outstanding loans due from the defunct All India Federation and State Federations.

[S. Nos. 17, 18 & 19 (Paras 2.33, 2.34 and 2.35) of Appendix III to 123rd Report of PAC (Fifth Lok Sabha)].

#### **Action taken**

The Commission has already moved the Commissioner of Co-operation and Registrar of Cooperative Societies, Maharashtra, under whom the All India Federation is registered to take necessary action against the authorities of the Federation who were reported to have

mismanaged its affairs and also to recover the funds due to the Commission from the Federation and the Commissioner of Co-operative Societies has instituted an enquiry. In respect of State Federations the Vice-Chairman of the Commission has taken up the issue with the State Boards of Bihar, Uttar Pradesh, Madhya Pradesh, Orissa, West Bengal, Andhra and Tamil Nadu, for the recovery of the Commission's dues from the respective State Federations. The Co-operative Act is administered by the State Government. A deficiency in the working of the co-operatives has necessarily to be remedied by the State Co-operative Departments and the State Khadi and Village Industries Boards wherever the offices of the Board have been vested with powers under the co-operative Act. The Commission can only persuade them to take action.

[Ministry of Industrial Development & Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II) dated 8-1-1975]

#### **Recommendation**

The Committee hope that in the States where the State Federations have been revived, necessary steps will be taken to keep a constant check over their functioning.

[S. No. 20 (Para 2.36) of Appendix III to 123rd Report of P.A.C. (Fifth Lok Sabha)]

#### **Action taken**

In the States where State Federations are functioning/revived a constant watch on their performance is maintained through the respective State Boards and also by periodical visits/inspection by the Commission's staff to the Federations. The Federation's periodical reports are also being scrutinised for advice wherever required. Nevertheless, the State Federations are essentially state agencies working under the State Boards and are directly under the control of the State Boards. The Vice-Chairman of the Commission has already addressed the State Boards urging them to keep close watch over the working of the Federations.

[Ministry of Industrial Development & Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II) dated 8-1-1975]

#### **Recommendation**

The Committee are anxious that in the States where Federations have been wound up, the Commission and the State Boards would

pay due attention to the interests of the primaries. The Committee understand that in some States, the Commission propose to extend financial assistance only if State Governments agree to bear a portion of expenditure on the basis of concrete proposals. The Committee hope that the Commission will not give up its efforts towards the development of the industry in these States.

[S. No. 21 (Para 2.37) of Appendix III to 123rd Report of P.A.C. (Fifth Lok Sabha)]

#### **Action taken**

In the States where Federations are defunct, the interest of the primary societies are looked after directly by the State Boards e.g. Kerala, Maharashtra, Uttar Pradesh and Bihar.

The Committee's recommendation will be kept in view while considering proposals from States where the State Governments do not agree to bear a portion of the developmental expenditure.

[Ministry of Industrial Development & Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II) dated 8-1-1975]

#### **Recommendation**

The developmental activities of the palm gur Industry were built up mainly as an alternative to prohibition which was expected to be implemented seriously throughout the country by the various State Boards. With the sudden relaxation of prohibition and the advent of toddy Industry, there resulted a flow of artisans who could not establish themselves well under the palm gur programme so far. The Committee understand that with the scrapping of prohibition, the rent for the tree increase by more than 100 per cent and the wages of the tappers by 50 per cent to 75 per cent. However, in Tamil Nadu where prohibition was scrapped in 1971-72 not all workers could go over to toddy tapping and hence palm gur production went on, though on a diminished scale compared to the year before prohibition was suspended. The Committee desire that the Commission should address themselves to the new situation and take necessary measures in consultation with State Government to sustain the palm gur industry. Efforts already made for the diversification of the industry in some States should be intensified and extended to other States.

[S. No. 22 (Para 2.38) of Appendix III to 123rd Report of P.A.C. (Fifth Lok Sabha)]

### **Action taken**

The Commission has already taken up the matter with the different State Boards where restrictions against Palm Gur Industry still exist e.g. Kerala, Maharashtra, Andhra, Bihar, Karnataka and Uttar Pradesh. The Vice-Chairman of the Commission has also addressed letters to the Chief Ministers of these States in the matter stressing the need for diversification of the Industry wherever scope exists.

[Ministry of Industrial Development & Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II) dated 8-1-1975]

### **Recommendation**

The Committee find that there is no uniformity in the excise rules prevalent in the various States which results in hardships to palm gur artisans. The Commission appointed an Expert Committee in 1962 to study the problems connected with the issue and renewal of licences for tapping palms for neera and gur, conditions governing the transport and sale of neera and also rates of tree tax levied in the different States and different regions. The Committee regret that although the expert committee submitted their report in 1964, the uniform rules suggested by them have not been adopted by the various State Governments. The Committee desire that this matter should be vigorously pursued with the State Governments.

[S. No. 23 (Para 2.39) of Appendix III of 123rd Report of P.A.C. (Fifth Lok Sabha)]

### **Action taken**

The expert committee recommendations were made when prohibition remained as the policy of the States. With the change in the policy of prohibition implementation of all the recommendations of the expert Committee cannot be considered feasible.

However keeping in mind the changed conditions obtaining at present, the Commission has been taking up such of the issues as are found to cause hindrance to the development of the Industry. In Andhra Pradesh the permission to tap palms for Palm Gur Industry is restricted only to West Godavari district. The Chairman of the Commission has taken up the issue with the Chief Minister of the State for relaxing the restrictions. Similarly in Kerala there are certain restrictions regarding the number of trees allotted to the artisans in Palghat district. This issue has also been taken up with



the State Government. In Mysore even though permission to tap palms for palm gur Industry has been accorded the imposition of tree tax remains a hurdle and the same has been taken up with the State Governments.

[Ministry of Industrial Development & Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II) dated 8-1-1975]

### **Recommendation**

The Committee note that the ban on tapping of Palms for Neera and Palm Gur was lifted in Mysore in early 1972 as a result of the constant pursuit of the matter by the Commission with the State Government. The Committee desire that vigorous steps should be taken to help the revival of the industry in the other States.

[S. No. 24 (Para 2.40) of Appendix III to 123rd Report of P.A.C. (Fifth Lok Sabha)]

### **Action taken**

In view of the past experience the Commission has decided that the Industry will be revived in States which are non-traditional only if necessary local facilities are available. Without the active support and initiative of the State Government, it may be futile to make further investments in such cases. This is true of Punjab, Haryana, Himachal Pradesh, Bihar and Manipur where there exists hardly any scope for the Industry. In other States the Commission will revive the activities only if local agencies are found competent and has the backing of the State Governments.

[Ministry of Industrial Development & Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II) dated 8-1-1975]

### **Recommendation**

The Committee understand that the palm fibre has a good export potential. During 1972-73, the value of export was Rs. 22.74 lakhs. A survey was undertaken by the Indian Institute of Foreign Trade to explore the potentiality of exporting palm fibre and its products to countries like U.K., U.S.A. and Japan. The Committee desire that necessary follow up action on the report of the survey should be taken expeditiously and the Commission should pay serious attention to the export of palm fibre and its products.

[S. No. 25 (Para 2.41) of Appendix III to 123rd Report of PAC (Fifth Lok Sabha)].

### Action taken

The report of the Indian Institute of Foreign Trade on Palm Fibre was considered in a conference held in Madras in October, 1973. The conference passed resolutions endorsing the important recommendations of the Indian Institute of Foreign Trade for implementation. The proposal concerning the preservation of Palms for the utilisation of Palm Fibre and extending patronage for palm fibre products by Government and local agencies have been taken up with the State Governments. The proposal, regarding concessions in freight rates, removal of import duties on palm fibre imposed by some of the importing countries, levy of purchase tax by Andhra Pradesh Government etc., have been taken up with the appropriate authority of the Government of India for necessary action. The question of removal of or concession in freight rates and import duties is at present under the consideration of the Ministry of Commerce, while the levy purchase tax is with the State Government of Andhra Pradesh. The Agricultural Marketing Adviser has already been moved for introducing pre-shipment quality control of palm fibre. Necessary details about automatic brush making machine have been obtained from Foreign countries and the Commission has sanctioned funds for setting up one unit in Tamilnadu. A Coordination Committee also has been set up by the Commission for follow up action in respect of the various recommendations.

[Ministry of Industrial Development and Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II), dated 8-1-1975].

### Recommendation

An important factor which affects the industry is that the price of palm gur is dependent on the price of cane sugar and cane gur. The Committee understand that in non-traditional States palm gur generally used to cost about 20 per cent to 25 per cent less than that of the prevailing cane gur prices while the difference in the price remained narrow in the traditional States like Tamil Nadu, West Bengal and Kerala and often the palm gur used to cost slightly more in those States. The cost analysis of palm gur was made in 1957 and again in 1963. The Committee regret that no steps were taken during the last more than 10 years to have a cost analysis. The Committee desire that cost analysis of palm gur should be made at frequent intervals with a view to taking corrective measures.

[S. No. 26 (Para 2.42) of Appendix III to 123rd Report of PAC (Fifth Lok Sabha)].

### **Action taken**

The cost analysis as recommended by the Committee will henceforth be done every year as part of the progress evaluation of the Industry.

[Ministry of Industrial Development and Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II), dated 8-1-1975].

### **Recommendation**

Although the palm gur industry has a good employment potentiality in as much as there are about 6 crores tappable palm trees in the country, which can be exploited, the exploration of trees in non-traditional States is very poor. It is distressing that the total number of persons employed by the units assisted by the Commission declined from 3.25 lakhs in 1960-61 to 2.28 lakhs in 1971-72. The Committee were informed that artisans lack enthusiasm to take up this sort of climbing. The Committee understand that introduction of aerial ropeway, bamboo ways etc. and improved tapping have increased the earnings of the worker and the output. The Committee were informed that there is shortage of tappers in non-traditional State in spite of viability of the industry. The Committee desire that the Commission should intensify their efforts to develop new devices which will attract new tappers and also increase the production.

[S. No. 27 (Para 2.43) of Appendix III to 123rd Report of PAC (Fifth Lok Sabha)].

### **Action taken**

The Commission has already taken active steps. Climbing being the most important operation determining the economics of the programme it was decided to give importance for the designing of an effective climbing device. In order to attract talents from all over the country, the Commission has offered a prize upto Rs. 1 lakh for the invention of a proper climbing device. Many offers and enquiries are being received and the same is under consideration. Efforts are also in progress to work out and standardise equipment and machinery for a small scale sugar processing plant based on Khandsary technique using palm juice. The Commission is endeavouring to develop new techniques and equipment for various other products also.

[Ministry of Industrial Development and Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II) dated 8-1-1975].

### Recommendation

There are at present 3 regional Training Centres at Cuddalore (Tamil Nadu) for the Southern region, Bhaugram (Orissa) for South-eastern region and Devavasan (Gujarat) for North-western region. Besides, various State Boards are being assisted by the Commission to conduct field training courses through Cooperative Societies in regions where scope for developing the industry exists. The State level training institutes have been wound up. The total number of persons trained during the period 1955-56 to 1959-60 was 21,763; as against this the number of persons trained during 1960-61 to 1971-72 was only 15,369. In recent years, the number of persons trained has fallen sharply. During the years 1969-70, 1970-71 and 1971-72, the number of persons trained was only 334, 226 and 223 respectively. The Committee understand that there is a shortage of tappers in non-traditional States, and hope that sufficient number of persons from these States will be trained.

[S. No. 28 (Para 2.44) of Appendix III to 123rd Report of PAC (Fifth Lok Sabha)].

### Action taken

The recommendations of the Committee is kept in view in formulating policy regarding training of artisans particularly in non-traditional areas during the Fifth Five Year period consistent with the scope for the development of the Industry in the respective regions.

[Ministry of Industrial Development and Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II) dated 8-1-1975].

### Recommendation

The Commission has been taking steps in popularising the various products of the palm gur Industry through departmental centres and also by assisting the implementing agencies in promoting their sales. The Committee, however, are disturbed that the expenditure on publicity has decreased from Rs. 1.34 lakhs in 1960-61 to Rs. 0.49 lakh in 1971-72. In view of the fact that palm gur industry has received a setback due to relaxation of prohibition, the Committee feel that there is need for greater publicity for the products of palm industry like Neera. Also the export potentiality of palm fibre necessitates suitable external publicity. The Committee would like the Commission to examine whether such organisation as it has is equal to this challenging task.

[S. No. 29 (Para 2.45) of Appendix III to 123rd Report of PAC (Fifth Lok Sabha)].

**Action taken**

Publicity for Neera has already been intensified by bringing out suitable pamphlets giving nutritional and medicinal values of Neera. The Commission's field units under the Industry have also been entrusted with sale promotion work as part of publicity and propaganda.

As regards the external publicity in respect of Palm Fibre and its products, the help of the Indian Institute of Foreign Trade has been sought. The Commission is also taking steps to reorganise its administrative set-up to give a new dimension to the programme.

[Ministry of Industrial Development and Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II) dated 8-1-1975].

### **CHAPTER III**

**RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMIT-  
TEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES  
OF GOVERNMENT**

**NIL**

## **CHAPTER IV**

### **RECOMMENDATIONS/OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION**

#### **Recommendation**

The Committee regret that the Commission has not paid the desired attention to training workers. During the period 1968-69 to 1972-73, a total number of 621 persons were trained in various trades of leather industry. The Committee regard this figure as too low considering that about 33,000 workers are employed in the units assisted by the Commission. The Committee have been informed that during the Fifth Plan period it is proposed to take up extensive training programme to cover a large number of supervisors and artisans in flaying and carcass utilisation. The Committee cannot over-emphasise the importance of proper methods of flaying and carcass utilisation. The Committee desire that particular attention should be paid to training of artisans in the States where the Village Industry has lagged behind.

[S. No. 12 (Para 1.46) of Appendix III to 123rd Report of PAC  
(Fifth Lok Sabha)].

#### **Action taken**

In view of what has been explained in reply to recommendation No. 1 Commission regret that they are not in a position to accept the recommendation. It will assume that the Commission should give up priority in the development plans to work in areas where natural and human resources are available and where poverty exists and concentrate only on those areas where none of these resources are available. To do so it will require massive application of resources. The Commission will, however, prefer to continue the present judicious policy on factors advantageous to assign to different areas their rightful place depending and creates skilled labour force better equipped to meet the changing situations.

[Ministry of Industrial Development and Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II)  
dated 4-12-1974].

## CHAPTER V

### RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

#### Recommendation

The Commission have paid loans and grants amounting to Rs. 682 lakhs to the industry upto 1972-73. As against this, the production of Rs. 637 lakhs reached in 1972-73 on the face of it appears to be unsatisfactory. But the Commission feels that the production is satisfactory taking into consideration the outstanding working capital loan (Rs. 1.53 crores). The Committee suggest that some scientific norm should be devised by Government/Commission to judge the satisfactory production of the industries assisted by them having regard to total investment both in the form of grants and loans paid by them.

[S. No. 5 (Para 1.28) of Appendix III to 123rd Report of PAC  
(Fifth Lok Sabha)].

#### Action taken

This issue is now under review, although the Commission would again like to urge that for the purpose of adjusting performance, money in pipeline and not disbursement made either from year to year or in block of years should be taken as a basis. The Commission would also like to emphasise that adjusting causes and effects on deviation in norms will also be a difficult operation on account of various difficulties and constraints inherent in the work undertaken by the Commission.

[Ministry of Industrial Development and Civil Supplies (Department of Industrial Development) O.M. No. 5(7)/74-KVI(II)  
dated 4-12-1974].

NEW DELHI:  
April 28, 1975  

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Vaisakha 8, 1897 (Saka).

JYOTIRMOY BOSU,  
Chairman,  
Public Accounts Committee.



## APPENDIX

### Summary of main Conclusions|Recommendations (vide para 4 of introduction)

S. No.	Para No. of Report	Ministry/Department concerned	Conclusions/Recommendations
1	2	3	4
1	1.3	Ministry of Industry and Civil Supplies (Department of Industrial Development)	The Committee hope that final replies in regard to recommendations to which only interim replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit.
2	1.7	do	The Committee note that against the sum of Rs. 158 lakhs of loans and grants disbursed by the commission upto 1970-71 for which utilisation certificates were outstanding as on 31st July, 1973, utilisation certificates in respect of as much as Rs. 86 lakhs are still to be obtained by the Khadi and Village Industries Commission. The Committee would like vigorous efforts to be made to obtain the outstanding utilisation certificates without further delay.
3	1.10	do	Even if the rate of growth of production of the village leather industry is reckoned at 485 per cent as contended by the Ministry, it still does not compare favourably with the rate of increase in the number of persons employed. The Committee suggest that efforts

should be made to see that the production of the industry bears a reasonable relation to the increase in the number of persons employed in the Industry.

4      1.13      Ministry of Industry and  
Civil Supplies (Department  
of Industrial Development)

The Committee desire that the question of abolition and purchase of hereditary rights in regard to dead cattle and their carcasses by Panchayat Samitis and Zila Parishads, as also the question of the reporting of dead animals to the nearest Panchayat or Panchyat Samiti being made compulsory should be vigorously pursued with State Governments and the results reported to the Committee.

5      1.16      do

The Committee would reiterate that special attention should be paid to the training of artisans in the States where the Industry lags behind and where there is scope for development.

6      1.19      do

The Committee desire that the question of recovery of dues from State Federations should be vigorously pursued with the concerned State Boards. Deficiencies, if any, noticed by the Commission in the working of cooperative should be brought to the notice of the appropriates with a view to getting them rectified.

