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**STANDING COMMITTEE ON LABOUR
(2005-06)**

(FOURTEENTH LOK SABHA)

MINISTRY OF TEXTILES

The Central Silk Board (Amendment) Bill, 2005

ELEVENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

February 2006/Phalguna 1927 (Saka)

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Presented to Lok Sabha on 27 February 2006

Laid in Rajya Sabha on 27 February 2006



**LOK SABHA SECRETARIAT
NEW DELHI**

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**COMPOSITION OF THE STANDING COMMITTEE ON LABOUR
(2005-2006)**

Shri Suravaram Sudhakar Reddy – CHAIRMAN

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LOK SABHA**

2. Shri Furkan Ansari
3. Shri Joachim Baxla
4. Shri Santasri Chatterjee
5. Shri Munawwar Hassan Chaudhary
6. Shri Sukhdev Singh Dhindsa
7. Shri Thawar Chand Gehlot
8. Dr. Satyanarayan Jatiya
9. Shri Virendra Kumar
10. Smt. Sushila Kerketta
11. Shri Rajesh Kumar Manjhi
12. Shri Ananta Nayak
13. Shri Bassangouda Patil (Yatnal)
14. Shri Lal Mani Prasad
15. Shri Chandradev Prasad Rajbhar
16. Shri Mohan Rawale
17. Dr. Dhan Singh Rawat
18. Smt. C.S. Sujatha
19. Shri Parasnath Yadav
20. Vacant
21. **Vacant**

RAJYA SABHA

22. Shri Gandhi Azad
23. Shri Lekhraj Bachani
24. Shri Jayanta Bhattacharya
25. Shri Debabrata Biswas
26. Ms. Pramila Bohidar
27. Shri Rudra Narayan Pany
28. Shri K. Chandran Pillai
29. Shri Dilip Ray
30. Vacant
31. Vacant

SECRETARIAT

1. Shri John Joseph - Secretary
2. Shri N.K. Sapra - Joint Secretary
3. Shri R.S. Misra - Deputy Secretary
4. Shri N.K. Pandey - Under Secretary
5. Shri C. Kalyanasundaram- Committee Officer

INTRODUCTION

I, the Chairman of the Standing Committee on Labour having been authorised by the Committee to submit the report on their behalf present this Eleventh Report on “The Central Silk Board (Amendment) Bill, 2005” of the Ministry of Textiles.

2. The Bill was introduced in Rajya Sabha on 30 August 2005 and was referred to the Committee by the Hon’ble Speaker, Lok Sabha under Rule 331E (b) of the Rules of Procedure and Conduct of Business in Lok Sabha for examination and report within three months from the date of publication of the reference of the Bill in Bulletin Part-II of Lok Sabha dated 13 September 2005. Since the Committee sought more time to complete their examination of the Bill, Hon’ble Speaker granted extension of time for a period of three months till the end of February 2006 to present the Report.

3. The Committee in their meeting held on 6 October 2005 heard the views of the representatives of the Ministry of Textiles, Central Silk Board and the Ministry of Law and Justice on the Bill. The Committee also held discussions on the Bill at their sittings held on 18 October 2005, 28 November 2005 and 16 January 2006. The Committee considered and adopted the draft Report on the Bill at their sitting held on 24 February 2006.

4. The Committee also undertook on-the-spot study visits to Bangalore on 9.11.2005, Pochampally on 12.11.2005 and Varanasi on 11.2.2006 and heard the views of farmers, reelers and weavers on the Bill.

5. The Committee wish to express their thanks to the farmers, reelers and weavers for placing before the Committee their views on the Bill.

6. The Committee also wish to express their thanks to the officers of the Ministry of Textiles and Central Silk Board for placing before them detailed written notes on the Bill and for furnishing the desired information in connection with the examination of the Bill.

NEW DELHI;
24 February 2006
5 Phalguna, 1927 (Saka)

Suravaram Sudhakar Reddy
Chairman,
Standing Committee on Labour

REPORT

INTRODUCTORY

1. India has a natural advantage in sericulture. It enjoys a distinction of being the only country producing all the 4 commercially exploited varieties of silk, viz., Mulberry, Tasar, Muga and Eri. The Golden Muga Silk and Tropical Tasar Silk are unique to India. It has a labour intensive agricultural pattern with traditional strengths since the times of Tipu Sultan. It has capabilities along the entire value chain from cultivation of the raw material till the production of the finished products, which has obtained for the country 5% share of world silk trade, and export earnings of about 641 million US dollars. Promotion of the Indian Silk Industry is an important sphere of development planning. Silk products have a significantly high unit value realization and find a large market around developed countries of the world.

2. India ranked second in the world in the year 2003 as a producer of silk accounting for about 13% of the total world raw silk production. China's share of the world production of 1,17,042 MT of raw silk is 81%. India is the only other significant producer of raw silk in the world as the rest of the world accounts for 6% of the production of raw silk. It is also to be noted that India is the largest consumer of silk in the world with a demand estimated at 26,000 MT annually, it is important for the country to emphasize an increase in silk production, not only in order to meet its own domestic demand, but also to take an advantage of its position as one of the two world players in silk production and to aim at increasing its share of world silk trade.

Silk Production in the country

3. Raw Silk Production in the country since 1999-2000 is as follows:-

YEAR	PRODUCTION OF RAW SILK (TONS)		
	MULBERRY	NON-MULBERRY	TOTAL
1999-2000	13,944	1,270	15,214
2000-2001	14,432	1,425	15,857
2001-2002	15,842	1,509	17,351
2002-2003	14,617	1,702	16,319
2003-2004	13,970	1,772	15,742
2004-2005	14,620	1,880	16,500

Demand - Supply Gap

4. Demand for raw silk in the country is estimated at 26,000 MT per annum. There is a shortfall of approximately 8000 tones as our production is 16,500 MT per annum. The gap between demand and supply is fulfilled by imports mainly from China.

Imports

5. The quantity of raw silk imported since 1998-99 is indicated as under:-

YEAR	QUANTITY (IN TON)
1998-1999	2,824
1999-2000	5,018
2000-2001	4,713
2001-2002	6,808
2002-2003	9,054
2003-2004	9,258
2004-2005	7,948

To fulfill the demand supply gap of the quantity as well as quality of raw silk, imports of raw silk have been put under OGL since 1.4.2001.

Exports

6. Exports of Indian Silk products comprise mainly, natural silk yarn, fabrics, made-ups, ready-made garments, silk carpets and silk waste. The export of silk goods since 1998-99 is indicated as under:-

YEAR	EXPORT EARNINGS	
	CRORE (RS.)	MN. US \$
1998-1999	1250.55	297.04
1999-2000	1755.55	404.97
2000-2001	2421.98	530.21
2001-2002	2359.56	495.29
2002-2003	2294.05	474.08
2003-2004	2779.19	694.70
2004-2005	2879.56	640.90

Employment

7. Sericulture is a labour intensive industry providing employment to about 58 lakh persons, most of whom are tribal, small and marginal farmers and other economically weaker sections of the society. It is estimated that every acre under sericulture creates work for 12 persons down the value addition chain.

The table below indicates the estimated employment generation under this sector:-

YEAR	EMPLOYMENT (LAKH PERSONS)
2001-2002	55.00
2002-2003	56.00
2003-2004	56.50
2004-2005	58.00

Stages of Processing of Silk

8. Processing of Silk involves food plant cultivation, rearing of cocoons, reeling, spinning, twisting, dyeing and weaving etc.,

- Farm activities and rearing activities are done by and large by small and marginal farmers. Vanya silk is traditionally cultured by the tribal and economically disadvantaged groups.
- Reeling: Reeling is mainly done on Charkha and Filature/Cottage Basin. Multi-end reeling machines devised by CSB are also being made available to reelers, which have increased productivity.
- Weaving: The silk weaving sector is dominated by the handloom as Indian multivoltine raw silk is not strong enough for powerlooms, and is suitable for the lower speed handlooms. However, weaving on powerloom in the country is increasing with use of bivoltine silk, which is presently imported, mainly from China. There are an estimated 2,58,000 numbers of handlooms and 29,340 numbers of powerlooms in the country weaving silk fabric.

Central Silk Board

9. The Central Silk Board is a statutory body under the administrative control of the Ministry of Textiles, Government of India, constituted by an Act of Parliament (Act No.LXI of 1948), the Board has a composition of 36 members including the Chairman, Vice-Chairman, Member-Secretary, representatives from the Lok Sabha and the Rajya Sabha, nominees of the Central and State Governments and representatives from Industry. The Board has a work force of 4,370 employees (including scientists) and about 2,436 farm workers all over the country.

The main functions assigned to the Board under the Act are:

1. Promoting the development of silk industry by such measures as it thinks fit.
2. Undertaking, assisting and encouraging, scientific, technological and economic research.
3. Devising means for improved methods of mulberry cultivation, silkworm rearing, developing and distributing healthy silkworm seeds, improved methods of silk reeling and spinning of the cocoons and silk waste, improving the quality and production of raw silk, if necessary, by making it compulsory, for all raw silk to be marketed, only after the same has been tested and graded in properly equipped raw silk Testing and Conditioning Houses.
4. Improving the marketing of raw silk.
5. The collection of statistics.
6. To advise the Central Government on all matters relating to the development of silk industry including import and export of raw silk.
7. To prepare and furnish such other reports relating to the silk industry as may be required by the Central Government from time to time.
8. Undertaking voluntary quality inspection of silk goods meant for exports.

Central Silk Board (Amendment) Bill, 2005

10. The Ministry of Textiles has stated in a written note furnished to the Committee that Sericulture is mostly practiced by small and marginal farmers who belong mainly to the under privileged and marginalized SC/ST/OBC categories. The silk reeling; twisting and weaving industry is also mainly in the small, tiny cottage or household sector. Moreover, the production of seed, cocoons and silk yarn has traditionally been carried out under a regulated trade regime with restrictions on imports, exports, movement of goods between States, and in highly controlled markets. Globalisation has exposed the industry to several risk factors and has necessitated the following changed responses:-

- With all import barriers having been dismantled and Tariff levels having dropped, the country is open to imports of all kinds of sericulture products, including silkworm seed, with no standardized system or regulation in place to screen, select or authorize races and varieties. This is fraught with the danger of importing unpredictable varieties and also debilitating diseases which will lead to unreliable performance in the field, putting the farmers and sericulturists to additional risk.

- With recent R&D success in developing new Silkworm races, the productivity levels have increased and non-traditional States are also taking up sericulture in a big way raising the demand for seed, which may in turn give room for malpractices in seed production like unauthorized crossing (between silkworm races), sales of unauthorized hybrids, slackness in quality control and disease checks.
- Silkworm seed is supplied to the farmers through the Central Silk Board and the state run Silkworm Seed Production Centres or by private Seed Producers licensed by the States as Licensed Seed Producers (LSP). Private Licensed Seed Producers comprise the main source, and supply about 75% of the seed. By the end of the Xth Five Year Plan, the country's total requirement of silkworm seed is estimated to be 45 crore disease free layings (from 30 crores in the III year of Xth Plan) to achieve the Raw Silk Production target. The rising demand is being met by the private producers by compromising on quality, and new producers and suppliers are being licensed without sufficient regard to standards of quality. This exposes the farmers to risks of crop disease and crop loss.
- The strength of the sericulture industry in any country can be measured by the quality of silkworm seed produced and the efficacy of its distribution system. Sericulturists look up to the grainages for supply of disease free silkworm layings which is critical to the quality and the success of the cocoon crop. Since silkworm seed is biological material and a highly perishable product, its production, storage, incubation and distribution needs to be based on strict technical parameters.
- The quality of seed to a large extent is the basic determinant of the quality and productivity of rearing, reeling (or spinning) and the quality and grade of the raw silk. Thus, to achieve the targets of production and quality of raw silk, besides increasing seed production, quality maintenance of the silkworm seed is essential. With an ambitious project for producing about 25,000 MT of silk by 2010, the single biggest constraint would be maintenance of the quality of the silkworm seed being produced.

11. Further in regard to the changes to be brought about, a representative of the Ministry of Textiles explained to the Committee as follows during the briefing :-

“We have a very glorious history of sericulture and silk industry. In the Independent India we have spent nearly 56 to 57 years in promoting the silk industry. But we have come to a very critical stage today. The criticality is in terms of the beneficiaries like farmers, reelers, weavers – covering all the sectors. The further sustenance depends on two factors. One is he has to improve the productivity not the general increase in production.....The second is, there has to be lot of value addition which

should take place to the product. This value addition cannot happen unless we improve the quality---we have been doing sericulture in a very casual way, in a very traditional way. But if we compare with the other countries, the improvement which they have achieved in the past just ten years, for example China, is something unimaginable. This they have achieved by bringing in certain concrete reforms, improvements in the whole system, in the whole approaches-----In the seed sector our requirement is around 26 crore. But it will be a surprise to know that to produce these 26 crore we have more than 1,300 units involved in production. This is in the small sector. Every lead farmer in West Bengal, for example, himself produces seeds. There is no organized activity as such when the whole activity, such a critical activity itself is met by the farmer himself, you can very well understand where the quality stands. The majority of the producers do it traditionally without understanding much about the mechanisms involved. The whole concentration today of defining quality of the seed is it has to be free from the seed bound disease called Pebrin. If it is Pebrin free they assume that everything else is okay. But in practicality it is not so. For the seed production if we go through the linkages we have to first identify the authorized, approved productive races, the breeds. We have to maintain systematically lacking diluting its original characteristic. We have to get it generated by the best farmers possible, not that all farmers can do this type of a seed cocoon generation. Then, this has to be purchased on a quality-linked system, not through an open market where everything is dumped. Since there is a shortage, whatever is dumped in the market is purchased and produced and seed is made. Then the processing is there. On the processing side, you can very well understand that if a farmer is producing seed, what about the optimum conditions of light, temperature, humidity etc. Nothing is cared at present. The examination system is age-old crushing and seeing through the microscope whereas the modern system is involving the technique of centrifuge and then seeing through the high power microscope. So, magnification and all those things are involved, and setting up that sort of laboratory has become costly. It is in this respect when the infrastructure requirement is high, the cost involved is high, the technical know-how and the skill required has become high that the relevance of the small producers existing today has become irrelevant. They cannot do that sort of a job. So a stage has come that from the small producers, it has to go into a sort of private company set up where they can really invest what is required for the seed production and the required quality assurance system. For seed certification, what is existing today is the unit's or the producer's declaration. He says that 'whatever seed I have produced is disease free', but there is no mechanism to ensure whether he has gone through all the stages required. It is not that one step will contribute to the quality; every step involved in seed production contributes a little by little to the quality and it is the wholesome quality, what we say the best quality seed. We are focusing on the high quality

international grade raw seed production, that is bi-voltine variety. In the bi-voltine process, the skill involved is entirely different from the traditional skill. This has to be given to a trained lot of producers. A system has to be set up and it has to be monitored continuously, and it is only at the end product level that we can assure about the quality. So, this sort of changes may be difficult in the present system. That is why, we have to go for a little bit of flexibility in identifying those factors which are ultimately going to contribute to the best quality seed, and support legislatively this particular mechanism. Unless we force it, the nature of seed production as it exists today will continue. Its relevance is slowly getting away and we will land into much more difficult situations in future. So, we have a concept of modernization, we have a concept of improving the quality and we have a concept of improving the productivity. Everything is linked to small, small changes, and to start with, the seed. The whole concentration is on this Act so that we can do the expected job in a very scientific way, in a well thought and well studied way”.

12. The Ministry of Textiles has further stated that the Central Silk Board Act which was enacted in 1948 made provisions for those aspects which were visualized at the time of its enactment. In the present context of globalisation as indicated above, the said Act requires a re-look into the provisions to give legal backing in those aspects which were left unattended. Therefore, the Ministry has proposed to amend the existing Central Silk Board Act, 1948 by insertion of provisions for the creation of a regulatory mechanism with respect to silkworm seed. The Central Silk Board (Amendment) Bill, 2005 has been introduced in Rajya Sabha on 30 August 2005. The Salient features of the Bill are :-

1. The Bill empowers the Central Government to issue notification to notify the Authorised kind or variety of Silkworm Seed on the recommendations of Central Silkworm Seed Committee.
2. The Bill provides for constitution of a 10-Member Central Silkworm Seed Committee with responsibility of:-
 - (i) laying down of quality standards for kind or variety of Silkworm Seed;
 - (ii) authorization of silkworm races and hybrids for commercial exploitation;
 - (iii) laying down of quality standards for production of Silkworm Seeds;
 - (iv) undertaking registration of notified kind of varieties of Silkworm Seed and Silkworm Seed producers and dealers;
 - (v) laying down the conditions and standards for export and import of Silkworm Seed;
 - (vi) advising the Central Government and the State Governments on the matters aforesaid.

3. Constitution of Hybrid Authorisation Committee to advise the Committee and to assist the Committee in the matter of authorization of kind or variety of Silkworm Seed and races.
 4. Constitution of Registration Committee empowering it to register the notified kind or variety of Silkworm Seed: Silkworm Seed producers and dealers.
 5. Constitution of one or more Seed Certifying Agencies (or accredit the existing one) to conduct inspection for registration of producers and dealers.
 6. establishment of (accredit the existing one) Central Seed Testing Laboratory to carry out the functions as may be entrusted to it by the Committee.
 7. appointment of Seed Inspectors and Seed analysts in connection with testing of Silkworm Seed as to its conformity to the specified standards.
 8. empower the Committee to make regulations to implement the provisions of the Amendment Bill.
 9. The provisions of the Act or any rule or regulation shall have effect notwithstanding any inconsistency therewith contained in any enactment other than this Act, Rules and Regulations.
13. On 9.11.2005, the Committee first visited grainage and cocoon market at Ramnagaram. Then they held informal discussions with the silk farmers, reelers, weavers and the officials of Central Silk Board and the Ministry of Textiles at Bangalore and also with farmers at Pochampalli in Andhra Pradesh on 12.11.2005.

Views of farmers, weavers and reelers on the Bill

(a) Silk farmers

14. Silk farmers informed the Committee that there are two different races of silk seed. One is traditional pure Mysore which is cross bred into Multivoltine. Second one is bivoltine which is an import substitute. Traditional variety is time tested and proved successful since Tipu Sultan's time. This has its own seed areas. They further informed the Committee that Karnataka seed Act is quite in order. This Act helped all the sectors and they have a very effective system going on in the State. They want that the present system may continue. National policy in place of the present system may totally dilute the requirements of local farmers. They further stated that the local Acts (Acts of the State Government), as far as seed legislations are concerned have contributed for the

development of the industry. They also informed the Committee that Karnataka Seed Act has been a success and is being copied by other States.

15. They also brought to the attention of the Committee that the proposed amendment would benefit Multi National Companies/Capitalists and they may exploit the people of the State. They further desired that Research and Development in Sericulture Sector should not be given to the private sector. They also stated that only two members representing farmers have been proposed in the Bill and suggested that this may be increased to five members. The farmers thus opposed the Central Silk Board (Amendment) Bill. However, they were of the opinion that the national legislation may be enacted for bi-voltine variety, which is an import substitute and the traditional local cross-breed variety of Karnataka may be left untouched.

16. The Committee also visited Pochampally (Andhra Pradesh) to find out the problems of weavers. The farmers of Andhra Pradesh are also opposing the amendments proposed in the Bill.

(b) Reelers

17. Reelers informed the Committee that there are 13,000 reelers in the State of Karnataka. In India, there is a requirement of 25,000 tons of raw silk. Only 15,000 tons of raw silk is produced in the country. Rest is imported. They further stated that about 1,80,000 metric tons of cocoons are necessary for the industry. Only 50% of this is being produced in the country. Out of this 50% per cent cocoons produced in the country, only 20% are quality cocoons and 80% are of poor quality. Indian silk industry's failure is due to production of poor quality Cocoons. To produce quality cocoons, good quality eggs are needed. They also informed that there is a failure in quality egg production.

Reelers welcomed the Central Silk Board (Amendment) Bill, 2005. They stated that many aspects of the amendment are good. Amendment is very essential not only for bivoltaine but for the crossbreed variety because quality of cocoons are very poor.

(c) Weavers

18. Weavers stated that China silk is permitted upto Bangalore and there is no regularised market for China Silk. When weavers buy China Silk heavy penalty is imposed on them. They also stated that anti-dumping duty has been imposed on the raw Chinese silk. Recently price of 1 kg. of ration of silk has increased from 10 dollars to 30 dollars. They demanded that anti-dumping duty should also be imposed on Chinese silk cloth. They also brought to the notice of the Committee that price of one metre of Chinese cloth sold in India is less than their domestic price. Weavers are also in favour of amendments proposed in the Bill. However, the reelers and weavers are more worried about the aggressive silk market tactics of China and requested the Government of India to arrange safeguards to Indian Silk.

Outcome of the Interactions held by Central Silk Board with the Silkworm Seed Farmers and other stakeholders of the Industry on the Bill

19. In a note submitted to the Committee, the Ministry of Textiles has stated that in furtherance to the discussions held by the Standing Committee on Labour during their visit to Bangalore on 9.11.2005 and to Ponchampalli, Andhra Pradesh on 11.11.2005 and the meeting of Secretary (Textiles) with Hon'ble Chairman of the Committee on 15.12.2005 on the Bill, the Central Silk Board has held a series of meetings with silkworm seed farmers and other stakeholders of sericulture industry on the proposed Central Silk Board (Amendment) Bill, 2005. The meetings were convened by the end of December 2005 in three Southern states namely, Andhra Pradesh, Karnataka, and Tamil Nadu and the five North Eastern States viz., Assam, Meghalaya, Manipur, Mizoram and Tripura to elicit the views of seed/commercial farmers, reelers, weavers and seed producers on the utility and necessity of the proposed legislation were explained to the participants and a write up to that effect was also given in concerned vernacular languages. Details of participation in the meetings are as under:-

State	Districts	No. of Clusters/locations covered	No. of participants
Karnataka	Bangalore	104	215
	Mysore	27	54
	Mandya	40	88
	Kolar	51	148
	Chamrajanagar	46	189
Andhra Pradesh	Chittor	25	207
	Anantpur	18	155
Tamil Nadu	Dharmapuri	34	65
	North Arcot	32	53
	Krishnagiri	7	50
	Salem	35	103

State	Districts	No. of Clusters/locations covered	No. of participants
Assam	Lakhimpur	-	165
	Sonithpur	-	133
	Darrang	-	37
	Dibrugarh	-	51
	Sivasagar	-	34
	Jorhat	-	71
	Golaghat	-	30
	Kamrup	-	64
	Goalpara	-	12

Meghalaya	Jayantia Hills	-	40
Manipur	Imphal	-	27
Mizoram	Aizawl	-	12
Tripura	Agartala	-	10
8	24	419	2,248

20. The Ministry of Textiles has stated in the note that there was a comprehensive coverage of stakeholders in 24 districts in 8 States and 419 villages/reeling and weaving clusters were covered. Out of a total number of 2,248 stakeholders involved, 686 were from the five North Eastern States while the remaining 1,562 were from Tamil Nadu, Karnataka and Andhra Pradesh. A copy of the format used by the Ministry for collection of opinion from farmers, seed producers, reelers and weavers on the proposed Central Silk Board (Amendment) Bill, 2005 is enclosed (**Annexure-I**). On the basis of information received from the stakeholders, an abstract was prepared by the Ministry of Textiles and is placed at **Annexure-II**. It can be seen from the abstract that-

- a. Out of 195 seed farmers, a total of 184 (94.87%) responded in favour of the amendments.
- b. In all, 1,803 commercial farmers had participated in the interactions, out of which a whopping majority of 1,751 (97.12%) and all the 59 weavers responded in favour of the amendments, and
- c. Out of 176 reelers covered, almost all (99.43%) and all the 59 weavers responded in favour of the amendments, and
- d. Out of 15 seed producers, 12 were in favour of the amendments and this constitutes 80% of the participants.
- e. In Karnataka State, 120 seed farmers, 568 commercial farmers, 6 licensed seed producers (LSP), 87 reelers and 15 weavers gave their opinions with respect to the proposed amendments. Out of total 796 participants in the State, 758 have responded in favour of the amendments (95.22%).

21. Central Silk Board has issued a Public Notice in different vernacular newspapers in Kannada, Tamil, Telugu, Assamese, Bengali, Hindi and English to explain the objectives of the proposed amendments in simple language (local). The Ministry of Textiles has stated that the public notice (**Annexure-III**) also seeks to dispel the apprehension, if any, that the existing 'Mysore Seed Area' Pure Mysore Race or any race specific to a particular geographical area/State or traditional multi-voltine silk breeds would be affected/wiped out/replaced if the Amendment Bill, 2005 is given effect to, is not true.

Impact of the proposed amendments on small scale seed farmers/producers

22. A grainage is the silkworm seed production centre and the activity is done by the silkworm seed sector. It was stated during the evidence that cost of setting up of a multi-voltine grainage, as per the specifications of the Bill, may be around Rs.10 lakh. The cost of bivoltine grainage alongwith cold storage, which is an essential requirement for bivoltine silkworm seed production, may be around Rs.1 crore. There is a danger of the private sector monopolized by a few people take over the production of silkworm seeds in the country. This may be the end of 1,300 small scale seed producers and their dependents.

23. When asked, what would the impact of the proposed amendments on small scale seed farmers/producers, the Ministry of Textiles in a written reply stated that the seed farmer will be benefited because they will be adopted under the provisions of the proposed amendments for generation of quality seed cocoons and quality linked stable pricing policy. Currently, it is arrived at by open auction and subjected to high fluctuation depending upon the demand. However, if the question is with respect to the seed producers, probably, small scale sub-optimal seed producers will find it difficult to flourish, in due course of time due to lack of competence to match the independent certification system, required linkage with seed farmers, quality linked pricing method and excellence expected in crop performance. Therefore, small scale, ill equipped, sub-optimal seed producers will necessarily have to transform to the changing requirements or come together to form an economically viably company/cooperative.

24. In written reply to a question, whether any financial assistance, including subsidies, would be provided to the seed farmers to enable them set up grainages after the enactment of this law, the Ministry of Textiles has stated as follows:-

“Silkworm Seed Sector, it is proposed that for production of quality silkworm seed, all possible requirements will be met either by way of financial assistance/subsidy for creating infrastructure and also meeting the expenses on independent certification of silkworm seed system through Central and State sponsored joint schemes”.

Comments of the State Governments on the Bill

25. During the Standing Committee on Labour’s visit to Bangalore on 9.11.2005, they were informed by the officials of the Ministry of Textiles that the Bill has been circulated to the State Governments for their comments. The Ministry was requested to furnish the copies of the comments for the perusal of the Committee. Accordingly, comments of the State Governments of Karnataka, Tamil Nadu, Jammu & Kashmir, Himachal Pradesh, Kerala, Goa and Union Territories of Chandigarh and Andaman & Nicobar Islands have been sent to the Committee. State Governments of Kerala, Goa and the Union Territories of Chandigarh and Andaman & Nicobar Islands had no comments to offer. Comments of the other States are as follows:-

26. (i) **Karnataka** - Karnataka is the premier silk producing state, contributing more than 50% of the country's and, 5.62% of world's mulberry raw silk production, nearly 85,000 hectares is under mulberry cultivation, giving employment to 12 lakh persons in both downstream and upstream sericultural activities. Nearly 12,670 reeling units employing 82,500 reeling workers are functioning in the State. 79 Government Grainages and 533 private licensed seed prepares are engaged in production of quality seeds in addition to 6 grainages of Central Silk Board. The Silkworm Cocoons produced by the farmers are traded on a day-to-day basis in 66 Government Cocoon markets and the system has been well accepted by the farmers and the reelers mainly because of the transparency involved in the transactions, accurate weighment and cash payment to farmers on the same day of transaction. The Government has set up 10 Silk Exchanges Industry for the sale and purchase of Raw Silk Yarn. Karnataka has also set up a Silk marketing Board with a view to Stabilise the Silk prizes. The state has also a well established silk weaving facility under the aegis of Karnataka Silk Industries Corporation producing the world famous Mysore Crepe Silk Sarees.

27. The Karnataka State is having a reasonably foolproof Legislation since 1959, enforced the entire state. The Karnataka Silkworm Seed Cocoon and Silk Yarn (Regulation of production, supply, distribution and sale) Act, 1959, regulates the production of quality Silkworm seeds, rearing of Silkworms, possession, disposal, sale and purchase of silkworm, silkworm cocoons, licensing of reeling establishments and establishing maintenance of cocoons and silk markets. The existing laws are adequate to ensure production and supply quality silkworm seeds. The provision in the Karnataka Silkworm seed, cocoon and silk yarn (Regulation and production, supply, distribution and sale) Act, 1959 are stringent enough to ensure quality and liberal enough to encourage large scale production of silkworm seed. The dreaded pebrine diseases has been controlled during 1991-92 effectively by the State Machinery facilitated by constant vigil and frequent instruction at all stages commencing from the maintenance of basic seed.

28. Under the circumstance, some of the provisions proposed in the Central Silk Board (Amendment) Bill, 2005 run parallel to the provisions in the Karnataka Silkworm Seed, Cocoon and Silk Yarn (Regulation of production, supply, distribution and sale) Act, 1959 and therefore, would amount to duplication, overlapping and probably confusion as well.

29. The provisions relating to constitution of Central Silkworm Seed Committee to specify quality parameters for silkworm seed, regulation of export and import of silkworm seed, construction of Hybrid Authorisation Committee, etc, are welcome.

30. However, provision relating to registration of seed production and imposition of conditions and requirements to be met by such producers may not be necessary. Adequate provisions to this effect are already in place and being practiced in Karnataka as per the Karnataka legislation.

31. The programming and planning of silkworm and production should be left to the sole discretion of the State as it relates to the very basic functioning of the Directorate of Sericulture in the State. The Directorate, having 246 grassroots level Technical Service Centres with trained manpower, is in a better position to assess the requirement of silkworm seed and plan for its timely production and distribution. The Directorate in Karnataka ensures production and distribution of an average of one crore disease free layings per months. The basic seed cocoons required for this magnitude of production is also assessed in advance, planned and produced in the State considering seasonality.

32. In the Karnataka Silkworm Seed, Cocoon and Silk Yarn (Regulation of production, supply, distribution and sale) Act, Sericulture Demonstrators and above level staff in the field have been notified. They inspect the grainages and certify the silkworm eggs before release to the farmers about its disease freeness. The quality and the disease freeness of the silkworm eggs are ensured by means of microscopic examination of pupae and mother moths before release to the farmers. These staff is provided with advanced instruments and technical know-how to record the quality certification. Moreover, the quality of seed cocoons produced in the seed areas, marketed and used for production of eggs is also monitored stringently and certified before sale in the markets. Under the circumstances, constitution of Silkworm Seed Certification Agencies would only add to delay and make the entire process more cumbersome and difficult from the viewpoint of farmers. Inclusion of this provision in the proposed amendment would amount to duplication of the existing provisions and practice.

33. Under the existing Karnataka Silkworm Seed Cocoon and Silk Yarn (Regulation of production, supply, distribution and sale) Act, seed testing is conducted in the seed production centers by the staff on day-to-day basis. The working of the officials is specified and seed testing is to be conducted before selection for seed. The production of eggs is frequently tested for disease-freeness. Only after certification they are permitted to be supplied to the farmers. Therefore, the proposed amendments relating to setting up of Central Seed Testing Laboratory, testing and inspection may be limited to the Silkworm seed intended for export or import.

34. The Central Silk Board is the principal agency in the country to advise Government of India and State Governments as well on the various aspects concerning the different activities involved in the sericulture industry. Its role in the areas of evolution of new races, research, developments and promotion of advanced technologies is paramount and should naturally become the focus of its activities.

35. The subject of brining in a Central Legislation for regulating production and distribution of silkworm seed is being discussed since 1986. Even the Parliamentary Standing Committee on Commerce (1995-96) in its 14th Report on Sericulture presented to the Rajya Sabha on 31st May 1995 has elaborated on these aspects and has observed that the Central Silk Board should gradually relieve itself from the unassigned role such as extension centers for propagation of mulberry cultivation, production of dfls., seed

distribution etc. which are in the domain of the State Government, and leave such functions to the State Government to act what is really in their domain.

36. The respective roles of Central Silk Board and State Departments of Sericulture need to be clearly defined to make the whole system user-friendly and efficient which definitely helps in increasing qualitative and quantitative silk production in the country, in general and Karnataka in particular.

37. The Central Silk Board should integrate vertically the various practices and bring in harmonization with the objective of production of superior quality silk which is the need of the hour.

38. Therefore, it is the considered view of the Government of Karnataka that any amendment proposed to enhance the role of Central Silk Board within the ambit of the objectives contained in its mandate is welcome, whereas, such of the amendments which lead to duplication and overlapping may be dropped in the best interest of the industry.

39. Karnataka has further quoted 8B (Powers and functions of the Central Silkworm Seed Committee), 8E(1) to (4) (Registration Committee), 8F (Constitution of Seed certification Agency) 8G(1)(2)(3) (Constitution of Central Seed Testing Laboratories) 8H(1)(2)(3) (Appointment of seed inspectors), 8J (Statement by Silkworm Seed Producers) etc. of the proposed amendments as having parallel provisions in the Karnataka Silkworm seed, cocoon and silk yarn (Regulation of Production, Supply, Distribution and Sale) Act, 1959 and Rules 1960.

40. (ii) **Tamil Nadu** – As per rule 8 A (1) it is proposed to constitute a Central Silk Worm Seed Committee consisting of Vice Chairperson of the Board as Chairperson. As per 8 A (1) (b) (i) it is proposed to nominate three Directors of Sericulture from States as members with others. Hence, it may be pointed out that since Karnataka, Andhra Pradesh, Tamil Nadu and West Bengal are major silk producing States, it is suggested that the number of members may be increased from 3 to 4 and all the above 4 State Directors of Sericulture may be notified as permanent members. All the other members may be retained as decided.

41. At present the licensing power to establish a commercial egg production center is vested with concerned State Governments and the Director of Sericulture of the concerned State is issuing license to establish new commercial seed centers. The State Governments are also running their own commercial grainages. Therefore, the proposed rule 8 E (1) may be modified to the effect that the powers of the registration committee may be limited up to basic seed production only without disturbing the existing powers of the State Governments.

42. The Registration Committee proposed under 8 E (2) shall be constituted in such a manner that respective State Sericulture Departments Seed Organisation Head be nominated alongwith other members.

43. It is proposed that the amendments proposed are aiming at competing with the Global Silk market by India in the future. While it is true, that the State Government can be no longer confine itself within the State Market which is shrinking gradually due to competition and changing demand scenario, care also should be taken to safeguard the present industrial set up bearing in mind the role of Government and its commitment to the people. At present the Tamil Nadu Handlooms and Textiles is having a well knitted market tie-up right from Silkworm cocoon to silk fabric which is not in existence any where in India. All the category of people involved in the industry are benefited by this market arrangements. So, it is necessary to assure that the amendments proposed will not disturb the existing system in Tamil Nadu.

44. Tamil Nadu requested to consider the above facts and also to convene a meeting with all Sericulture Heads of the State and other officers concerned to take final view on the proposed amendments to Central Silk Board Act, 1948.

(iii) Jammu & Kashmir

45. The proposed Central Silk Board (Amendment) Bill was examined by the Sericulture department in the State and it has no specific comments to add to the amendments. Although in the State of Jammu & Kashmir the responsibility of producing silkworm seed is vested with the Department of Sericulture and various units of Central Silk Board, it is expected that the proposed legislation will help the State in further improving the quality standards in the Silkworm seed production sector.

(iv) Himachal Pradesh

46. State Government agrees with the proposed Amendment of Sections 3,4,6,8,13,14,15 and 16 of the Central Silk Board Act, 1948 which primarily regulate the production of silk seed by private silk producers in the country.

Clarifications of Central Silk Board on the comments of Karnataka

47. The proposed amendments to the Central Silk Board Act are felt necessary as the provisions under the State Legislations are not adequate to take the interest of farmers (sericulturists) and the Silk Industry in totality, more particularly, when the industry is facing the challenges consequent to the liberalization of the world economy under the provisions of the WTO. Only recently, the Central Silk Board and all those who matter like the Department of Sericulture of various States, farmers, reelers, and other interested groups joined hands to combat the onslaught of dumping of silk yarn by the People's Republic of China (PRC) which has caused immense threat to the very existence of the industry and together, we have succeeded in salvaging the situation by getting the Anti-Dumping Duty imposed on the silk yarn, based on merits of the case. Again, an application has been filed by Central Silk Board along with Karnataka Weavers'

Federation, Mysore Powerloom Association and the Bangalore Rural District Powerloom Association before the Competent (Designate) Authority for imposition of Anti-Dumping Duty on silk fabrics being dumped from PRC and the case is under investigation. Even if we get a favourable order, these measures are only for a specific period and they by themselves cannot offer permanent solution to the problems of the Indian Silk Industry in the long run.

48. The cost of production of raw silk in India vis-à-vis PRC is relatively high, and if the industry has to sustain ensuring better returns to the farmers, it is only through improving productivity and value addition by quality improvement. This will also facilitate our farmers, reelers and weavers (of silk) to get relatively higher income.

49. This increase in productivity/production of silk resulting in higher income mainly to the farmers, reelers and weavers has been possible by the concerted efforts of the Central Silk Board and the major silk producing States of the country namely Karnataka, Tamil Nadu, Andhra Pradesh, West Bengal, J&K etc. and by the implementation of the Catalytic Development Programme, JICA Programme and the R&D innovations of Central Silk Board. Karnataka's claim that the increase has been possible by its own efforts is preposterous.

50. First and foremost, these amendments to the Central Silk Board Act has been proposed after detailed discussions at the Meeting of the State Sericulture Ministers held at New Delhi on 16th December, 2003, in which the Sericulture Ministers of Karnataka, Andhra Pradesh, West Bengal, Arunachal Pradesh, Assam, Manipur, Meghalaya, Orissa, Uttar Pradesh and Haryana and Secretaries and Directors of Sericulture from 21 States attended the Conference. As regards the Silkworm Seed sector, it was unanimously resolved that "Ministry of Textiles to draft a National Silkworm Seed Regulatory Authority (NSSRA) Bill taking into account the existing State Acts in seed regulation of Mulberry cocoons in order to reconcile them with the proposed NSSRA Bill so as to provide for an All India Quality Certification and Testing Body for all local and imported seeds of Mulberry and Non-Mulberry silkworm races". Accordingly, since the last two years, the process of drafting the proposed Amendments has been on, and they have been circulated to the State Governments. The proposed amendments are not meant to give enormous powers to the Central Silk Board, but, on the contrary, the Amendments proposed will facilitate setting up of a National level Central Silkworm Seed Committee, Hybrid Authorization Committee and the Registration Committee. These Committees will have representatives of the State as members (including Karnataka since it is still the largest producer of mulberry silk). Moreover, these Committees will have experts in the field of silkworm seed production and representatives from the sericulture sector.

51. The contention that the Karnataka Seed Act, 1959 is time – tested and is very effective and does not need amendments is far from the truth. The Karnataka State Government itself had felt the need for amending their said Act, to meet the changed global regime and had constituted a Committee under the Chairmanship of the then Principal Secretary to Government, Commerce and Industries Department in 2001, to

suggest amendments to the Karnataka Silkworm Seed, cocoon and Silk Yarn Act, 1959. The said Committee had deliberated in detail with various stakeholders and suggested the following changes to the Karnataka Act:

1. For silkworm rearing and reeling, no license is required (registration for Statistical purpose can be incorporated).
2. Restrictions on movement of silkworm seed and cocoons shall be removed.
3. The Reelers be allowed to sell their silk either in Silk Exchange or in the open market, and
4. The Corporate Sector be allowed to take up sericulture activity on contract farming without going to cocoon markets.

52. Though the recommendations of the said Committee are yet to be implemented by the Government of Karnataka, the very intention of the Government of Karnataka to set up this Committee to bring far reaching amendments to their Act is clearly indicative of the fact that this Act has certain restrictive provisions which impede the development of sericulture in Karnataka and since Karnataka is a lead player, its policies will affect the entire sector in the country.

53. The Revenue Reforms Commission set up by Government of Karnataka in its Final Report submitted in February 2004 has also said – “The Karnataka Silkworm Seed, Cocoon and Yarn (Regulation of production, supply, distribution and sale) Act 1959 had a useful role to play at the time of enactment when the sericulture industry needed to be nurtured carefully and the interests of small farmers and reelers had to be protected. However, the Act is now outdated. The restrictive clauses need to be removed and the role of government in sericulture reviewed, if silk industry in the State is not be relegated to a backwater”.

54. Again, when the Parliamentary Standing Committee on Labour visited Karnataka on 9 November 2005, and heard the farmers, reelers and weavers. The main apprehension of the farmers on proposed amendments to the Central Silk Board Act was that the existing “Mysore Seed Area” and the “Pure Mysore Race” would be affected and wiped out. Central Silk Board made it very clear to the Committee that these proposed Amendments do not tamper with the existing “Mysore Seed Area” system and also the “Pure Mysore Race”. In fact, it was also clarified that the Pure Mysore race (Multivoltine Silkworm race) is being used extensively by the Karnataka State and the Central Silk Board to produce cross breed layings, (which means the female of the “Mysore Race: is mated with the Bivoltine (Race) Male). As the “Pure Mysore Race” is crucial to the production of cross-breed layings, Central Silk Board would never suggest obliteration of this race and hence, the fear that the “Mysore Seed Area” will be wiped out (once the amendments come into force) is totally misplaced.

55. The intention of these amendments are not only to increase the productivity, but also to improve the quality of the silk produced, which will directly benefit the farmers, as they would be able to produce good quality of cocoons, which will in turn fetch higher rates in the open market. The amendments are All-India in character and will be applicable to all over the country and not only to the state of Karnataka. The proposed amendments is also not for transferring the power from the States to the Central Silk Board. In various meetings with the DOS, it has been expressed very explicitly that the present Karnataka Silkworm Seed, Cocoon and Silk Yarn (Regulation of production, supply, distribution and sale) Act, 1959 has provisions restricting the development of sericulture in the changed scenario. No doubt, this legislation has been helpful in the past in regulating quality of silkworm seed production in the State and was guiding factor for other States to follow suit. However, various provisions which are unfavourable to the free movement of various inputs for the industry such as silkworm seed, cocoons, yarns, are to be freed from the limitations posed by the said Act as it does not take care of the quality aspects of silkworm seed production.

56. It is reiterated that Central Silk Board does not have the desire to bring in legislation to duplicate the work carried out by the States. The objective of the proposed amendments is also not to cause any hardship to the farmers, but, on the contrary, the entire legislation is directed to ensure that the farmers get the most out of critical inputs such as silkworm seed which will determine the quality of cocoons, yarns and ensure increased economic returns to the farmers.

57. It may be seen from the constitution of the Seed Committee under the proposed Bill, that the Commissioners of Sericulture themselves are the Members of the Committee and it is broad-based and empowered to lay down quality standards for various kinds of silkworm seed. It will bear the responsibility of authorization of new breeds at national level and also at the regional level. This has been thought of to rein in unscrupulous utilization of silkworm races by various seed production agencies and short-cut methods adopted by a few States to release breeds at premature stage, without proper validation. In the past, various Organizations started producing silkworm seed without proper evaluation and authorization of race. Their unscientific methods are always fraught with danger and could wipe out Indian sericulture.

58. The State of Karnataka in their rejoinder have said that the export and import regulation can be left to the Central Silk Board. However, this is only one issue of the entire gamut of silkworm seed production, quality control, independent certification and marketing, and the quality of the seed has wide ramifications across the silk sector. The Central Silk Board (Amendment) Bill, 2005, therefore, deals with not only regulation of exports and imports of silkworm seed, but also encompasses all the quality norms in a holistic manner, with a clear emphasis on third party certification of seed production system. Today, the Production Agencies are also the Certifiers of their own seed and the situation cannot be allowed to go on as it tends to compromise on quality. The strength of silkworm seed produced in a State depends on the potential niche and environmental conditions which need to be harnessed to fully meet the demand of silkworm seed for the entire country, and the proposed legislation should be seen as an enabling condition for

the silkworm seed production for the whole nation rather than be governed by a particular State, in isolation.

59. The contention by the State of Karnataka that races authorized by the Race Authorisation Committee of Central Silk Board are only being reared for which, Breeder Stock is maintained and released by the Central Silk Board, is not true in entirety. There are instances where the races were released before it could be authorized (based on the fitment norms) by the Race Authorisation Committee and these races were put on to the production channel down the line (starting from Nuclear seed of F1 seed) in the State. Many States have ventured to set up their own Regional or State Level Committees to evaluate and recommend silkworm races/hybrids, as short cut methods to support funded programmes. State owned R&D Institution funding. Therefore, the proposed amendment is considered necessary to regulate all such unhealthy practices which could be detrimental to the interests of the industry. Under an Exchange Programme during 1999, the Oak Tasar Cocoons were imported from China and grainage operations were started by the then Government of U.P (Now Uttaranchal). After the second year of rearing, an unknown disease was observed from RTRS, Bimtal, that has considerably affected the Oak Tasar industry in Uttaranchal. This disease is yet to be controlled and threatens to totally wipe out Oak Tasar Silk which is unique to an Indian Himalayan region.

60. In the draft Amendments under point Nos. 8E(1) and (2), 8H (1) and (2) in respect of Licenses to be issued for farmers, reelers, seed prepareres, Central Silk Board had itself suggested that instead of Licensing/Inspection, Registration/Certification is would be enough. Third – party certification and random checks will also adequately meet the requirements of quality silkworm seed production.

61. Under the proposed amendments, there is a provision to set up a Central Seed Testing Laboratory and accredit the laboratories both of the Central Silk Board and the State Governments as also Private Labs for carrying out quality testing. There is also a provision to appoint Seed Certifiers and Analysts from among the Central Silk Board staff and trained personnel from the State Governments (Sericulture Departments). These provisions would enable the sericulture farmers to get assured quality – seed and all these will be done in regular consultation and with the involvement of the State Sericulture Departments and Central Silk Board will not function in isolation or try to “impose” its views on the State Sericulture Departments.

62. The proposed amendments also provide for the terms and conditions on the Exports – Imports of silkworm seed. The amendments have the application to the entire country silkworm seeds of all the varieties produced in the country. Checks will be prescribed against the illegal entry of pathogen – carrying seed material and this is possible only by a Central Government Authority viz. Central Silk Board.

63. The Revenue Reforms Commission set up by the Government of Karnataka (which was headed by the former Chief Minister of Karnataka, Sri M. Veerappa Moily), in its final report has also observed that :

“The concept of silkworm seed area should be given up. While P4, P3 and P2 seeds should continue to be produced in government seed farms, the responsibility of commercial seed production should move towards the private sector. A Silkworm Seed Regulatory Authority should be set up by the Government to certify the quality of the seed. The Central Silk Board has already proposed to the Government of India the creation of a National Silkworms Seed Regulatory Authority”.

64. If the amendments proposed are not passed, then the restrictive provisions of the State laws and the unhealthy practices including unchecked quality seed production, which are detrimental to the interest of the industry will continue to operate, stagnating the future growth of silk industry in the country, particularly in view of the huge imports of silk yarn and fabrics from PRC and our dependency on PRC. These amendments are of All-India nature, and it is in the interest of the overall development of the sericulture industry in the country and will facilitate and energize the sector towards self sufficiency in silk yarn and fabrics. Hence, the Ministry may kindly recommend for the promulgation of the proposed amendments to the Central Silk Board Act.

Composition of the Central Silkworm Seed Committee

65. The Central Silkworm Seed Committee is proposed to be comprise 9 members. The Committee will be headed by the Vice Chairperson of the Central Silk Board who shall be the ex-officio Chairperson of the Committee. Three Directors of Sericulture from States as Members, the Director of the Sericulture Research and Training Institutes as Member, two experts from the field of silkworm seed development as Members and two representatives from the Sericulture sector as Members. All these Members are to be nominated by the Central Government from amongst the Members of the Central Silk Board. The Secretary of the Central Silk Board shall be the ex-officio Secretary of the Committee. When asked, whether a seed farmer would be given exclusive representation in the Committee, the Ministry of Textiles in a written reply has stated that the Central Government is empowered to nominate to the Central Silkworm Seed Committee; two representatives from the Sericulture sector from among the Board Members. Of the two Members, one is to be identified to represent the interests of the seed farmers/seed producers. When the Committee asked the reasons for proposed nomination of the Members of the Central Seedworm Committee only from amongst the members of the Central Silk Board, the Ministry in a written reply had stated that the Central Silkworm Seed Committee has the membership of ten Members with a provision to take an additional member by way of co-option. The Central Silk Board has membership of 36 members representing the different sectors of silk industry. Therefore, it has been found appropriate to nominate 7 members of the Central Silk Board as members of the Central Silkworm Seed Committee.

66. No provision has been made in the Bill for the inclusion of a representative of National Silkworm Seed Organization in the Central Silkworm Seed Committee.

67. During the briefing of the Committee by the representatives of the Ministry of Textiles, the Secretary (Textiles) submitted in this regard as follows:-

“Actually, I would like to say that in Section 8(a) of the Act, we have put Director, Central Sericulture Research and Training Institute. I would like to make an amendment. We have made a mistake in this. Actually, it should be Director, National Silkworm Seed Organisation”.

Seed Inspectors

68. As per Clause 8H of the Bill, it is proposed to appoint such persons as the Central Silkworm Seed Committee thinks fit or notify an employee of the Central Silk Board to be the Seed Inspectors. In this regard, the Secretary (Textiles) stated during the briefing as under:-

“Sir, I would like to make one more submission to the hon. Committee. We have used the words ‘seed inspectors’ in the Act. Now, we feel that ‘inspector’ would be a bad word. Therefore, we want to change it to ‘seed certifiers’. If the Committee agrees, then ‘seed inspectors’ can be replaced with ‘seed certifiers’”.

Government of Karnataka has stated in its comments that its department of Sericulture is having 246 Technical Service Centers in the State. 789 Sericulture Inspectors are working in the State with special qualifications in graduation having capability of doing the work of seed Inspectors for moth examinations in their area of operation.

Monitoring Mechanism

69. An entire set of agencies such as Registration Committee, Hybrid Authorisation Committee, Seed Certification Agency, Test Laboratories, Seed Certifiers etc. have been proposed in the Bill. In reply to a question, what is the monitoring mechanism proposed in the Bill to monitor and to take corrective steps in case of non-function/misuse of powers by various Committees/agencies/inspectors proposed in the Bill, the Ministry of Textiles had stated as follows:-

“The Members of the Committees/Agencies/Inspectors proposed in the Bill are either from the Central Silk Board or from the State Governments are subject to the rules of discipline formulated by the respective departments under whom they work. Through such disciplinary rules, their work could be monitored and corrective steps could be taken in case of non-function/misuse of powers. For those members other than Government Officials, appropriate rules will be framed”.

70. The Committee note that the Bill seeks to amend further the Central Silk Board Act, 1948. As per the proposed amendments, a Central Silkworm Seed Committee is to be constituted from amongst the Members of the Central Silk Board. Since the Central Silkworm Seed Committee has been envisaged to work on All India Basis to lay down the quality standards for silkworm seed, to authorize silkworm races and hybrids for commercial exploitation, etc., the Committee are of the view that its composition should be of national character representing the interests of the entire Silkworm industry. As per Clause 8A(1)(b)(iv) of the proposed amendments, two representatives of the Sericulture sector are proposed to be nominated as Members in the Central Silkworm Seed Committee. Of the two Members, only one is to represent the interests of seed farmers/seed producers. The Committee consider this representation as hardly sufficient to meet the interests of seed farmers/seed producers of the entire country. The Committee, therefore, recommend that adequate representation should be given to seed farmers/seed producers, in the Central Silkworm Seed Committee from prominent silk producing areas of the country.

71. The Committee were informed that the cost of setting up of a multivoltine grainage, as per the specifications of the Bill, may be around Rs.10 lakh. The cost of bivoltine grainage alongwith cold storage, which is an essential requirement for bivoltine silkworm seed production may be around Rs.1 crore. As such, there is a danger of the private sector monopolized by a few people to take over the

production of silkworm seeds in the country and this may adversely affect the interests of 1,300 small scale seed producers. The Committee, therefore, recommend that suitable provisions should be made in the Bill to provide financial assistance including subsidies to small-scale seed farmers/producers to enable them to transform to the changing requirements or come together to form an economically viable company/cooperative for setting up bi-voltine grainages. To obviate the lurking danger of monopoly on bi-voltine grainages by private sector, certain pre-conditions may also be laid down in this regard for the private sector.

72. The Committee have also noted that as per Clause 8A(1)(b)(i) of the proposed amendments, three Directors of Sericulture from the silk producing States are to be nominated as Members in the Central Silkworm Seed Committee. As Karnataka, Tamil Nadu, Andhra Pradesh and West Bengal are the major silk producing States, the Committee are of the view that their regular and continuous presence in the Committee is essential for the smooth and effective functioning of the Committee. Therefore, the Committee recommend that the Directors of Sericulture from all the above States i.e. Karnataka, Tamil Nadu, Andhra Pradesh and West Bengal should be nominated as Permanent members of the Committee. Three more Directors of Sericulture of other silk producing States may also be nominated on rotational basis.

73. The Committee have also noted that no provision has been made in the Bill for the inclusion of a representative of National Silkworm Seed Organisation (NSSO) in the Central Silkworm Seed Committee. NSSO is engaged in production of basic silkworm seed. The Committee, therefore, recommend that the Director of NSSO should be a member in the Central Silkworm Seed Committee to allay the apprehension of the State Governments.

74. The Committee have further noted that as per Clause 8E(1), a Registration Committee is proposed to be set up to register the Silkworm Seed of the notified kind or variety, to register silkworm seed producer, and to register the silkworm dealer. At present, these functions are performed by the State Governments. The Committee, therefore, recommend that the appropriate number of nominees of State Governments should be included in the proposed Registration Committee.

75. As per Clause 8H of the Bill, it is proposed to appoint Seed Inspectors. Since the very term “Inspector” causes apprehension in the minds of the industry that it might prove another pillar of “Inspector Raj”, the Committee recommend that nomenclature of “Seed Inspectors” may be changed as “Seed Certifiers” so as to make them people-friendly. Further it is noted that there is no monitoring mechanism proposed in the Bill to monitor and to take corrective steps in case of non-function/misuse of powers by various Committees/Agencies/Inspectors proposed in the Bill. The Committee, therefore, recommend that a suitable monitoring mechanism should also be proposed in the Bill.

76. Keeping in view that small scale seed farmers/producers may lose their jobs as a result of the proposed amendments, the Committee further recommend that provisions should also be incorporated in the Bill to impart training to small scale seed farmers/producers in other fields/areas of the Sericulture to enable them carry on their livelihood.

NEW DELHI;

24 February, 2006
5 Phalguna, 1927 (Saka)

SURAVARAM SUDHAKAR REDDY
CHAIRMAN,
STANDING COMMITTEE ON LABOUR

**MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON
LABOUR (2005-2006) HELD ON THURSDAY, 6 OCTOBER 2005.**

The Committee met from 1100 hours to 1300 hours in Committee Room 'E',
Parliament House Annexe, New Delhi.

PRESENT

Shri Suravaram Sudhakar Reddy – CHAIRMAN

**MEMBERS
LOK SABHA**

2. Shri Joachim Baxla
3. Shri Santasri Chatterjee
4. Shri Sukhdev Singh Dhindsa
5. Dr. Satyanarayan Jatiya
6. Shri Virendra Kumar
7. Shri Chnadradev Prasad Rajbhar
8. Dr. Dhan Singh Rawat
9. Shri Chandra Pratap Singh

RAJYA SABHA

10. Shri Jayanta Bhattacharya
11. Shri Debabrata Biswas
12. Ms. Pramila Bohidar

SECRETARIAT

- | | | | |
|----|------------------|---|------------------|
| 1. | Shri John Joseph | - | Secretary |
| 2. | Shri N.K. Sapra | - | Joint Secretary |
| 2. | Shri R.S. Misra | - | Deputy Secretary |
| 3. | Shri N.K. Pandey | - | Under Secretary |

**MINUTES OF THE SIXTH SITTING OF THE STANDING COMMITTEE ON
LABOUR (2005-2006) HELD ON TUESDAY, 18 OCTOBER 2005.**

The Committee met from 1100 to 1400 hours in Committee Room 'B',
Parliament House Annexe, New Delhi.

PRESENT

Shri Suravaram Sudhakar Reddy – CHAIRMAN

MEMBERS

LOK SABHA

2. Shri Furkan Ansari
3. Shri Joachim Baxla
4. Shri Santasri Chatterjee
5. Shri Thawar Chand Gehlot
6. Dr. Satyanarayan Jatiya
7. Shri Virendra Kumar
8. Shri Ananta Nayak
9. Shri Chandradev Prasad Rajbhar
10. Shri Chandra Pratap Singh
11. Smt. C.S. Sujatha

RAJYA SABHA

12. Shri Jayanta Bhattacharya
13. Ms. Pramila Bohidar
14. Shri Rudra Narayan Pany

SECRETARIAT

- | | | |
|---------------------|---|--------------------|
| 1. Shri N.K. Sapra | - | Joint Secretary |
| 2. Shri R.S. Misra | - | Deputy Secretary |
| 3. Shri N.K. Pandey | - | Under Secretary |
| 4. Shri S.K. Saxena | - | Assistant Director |

2. At the outset, the Hon'ble Chairman welcomed the Members to the sitting of the Committee and apprised them that (i) "The Labour Laws (Exemption for Furnishing Returns and Maintaining Registers by Certain Establishments) Amendment and Miscellaneous Provisions Bill, 2005" and (ii) "The Central Silk Board (Amendment) Bill, 2005" have been referred to the Standing Committee on Labour by Hon'ble Speaker for examination and report within three months from the date of reference i.e. 30 August and 12 September 2005 respectively of rule 331E of the Rule of Procedure and Conduct of Business in Lok Sabha.

3. XX XX XX

4. Thereafter, the Committee took up the Central Silk Board (Amendment) Bill, 2005 for discussion. The discussion over the proposed amendment Bill mainly centered around the protection to farmers, technical training and subsidized financial assistance to small and marginal farmers engaged in sericulture, nature and composition of the Silkworm Seed Committee and provision of grainages by the States for use of small and marginal farmers.

The Committee were of the opinion that the report would be finalised on "The Central Silk Board (Amendment) Bill, 2005" after hearing the views of the farmers, reelers and weavers during the ensuing visit of the Committee to Bangalore and Hyderabad.

5. XX XX XX

The Committee then adjourned.

**MINUTES OF THE EIGHTH SITTING OF THE STANDING COMMITTEE ON
LABOUR (2005-2006) HELD ON MONDAY, 28 NOVEMBER 2005.**

The Committee met from 1500 to 1600 hours in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Suravaram Sudhakar Reddy – CHAIRMAN

MEMBERS

LOK SABHA

2. Shri Furkan Ansari
3. Shri Joachim Baxla
4. Shri Santasri Chatterjee
5. Shri Munawwar Hassan Chaudhary
6. Smt. Sushila Kerketta
9. Dr. Dhan Singh Rawat
10. Smt. C.S. Sujatha

RAJYA SABHA

11. Shri Gandhi Azad
12. Ms. Pramila Bohidar
11. Shri Rudra Narayan Pany

SECRETARIAT

- | | | |
|---------------------|---|--------------------|
| 1. Shri N.K. Sapra | - | Joint Secretary |
| 2. Shri R.S. Misra | - | Deputy Secretary |
| 3. Shri N.K. Pandey | - | Under Secretary |
| 4. Shri S.K. Saxena | - | Assistant Director |

2. At the outset, the Hon'ble Chairman welcomed the Members to the sitting of the Committee and apprised them that (i) "The Labour Laws (Exemption for Furnishing Returns and Maintaining Registers by Certain Establishments) Amendment and Miscellaneous Provisions Bill, 2005" and (ii) "The Central Silk Board (Amendment) Bill, 2005" had been referred to the Standing Committee on Labour by Hon'ble Speaker for examination and report within three months from the date of reference i.e. 30 August and 12 September 2005 respectively under rule 331E of the Rule of Procedure and Conduct of Business in Lok Sabha.

3. XX XX XX

4. XX XX XX

5. XX XX XX

6. XX XX XX

7. The Committee then took up the Central Silk Board (Amendment) Bill, 2005. Hon'ble Chairman informed the Committee that they held informal discussion with the farmers, reelers, weavers and Central Silk Board during their recent study tour to Bangalore and Pochampalli in Andhra Pradesh. Seed farmers have opposed this Bill. They were of the view that this Bill is detrimental to the interests of the farmers and were of the opinion that the Karnataka Seed Act is quite in order. Response of the State Government of Karnataka also seems to be negative to the proposed amendment. It was informed during tour that the Bill had been circulated to the State Governments and their responses were awaited. In this regard the Committee decided that they might have further discussion with the representatives of the Ministry of Textiles and the Central Silk Board after they receive responses from the State Governments. As such, the Committee decided to request the Hon'ble Speaker to grant extension for a period of 3 months upto 12 march 2006 for the presentation of the Report on the Bill to both the Houses of Parliament.

8. XX XX XX

The Committee then adjourned.

**MINUTES OF THE ELEVENTH SITTING OF THE STANDING COMMITTEE
ON LABOUR (2005-2006) HELD ON MONDAY, 16 JANUARY 2006.**

The Committee met from 1130 hours to 1430 hours in Committee Room 'B',
Parliament House Annexe, New Delhi.

PRESENT

Shri Suravaram Sudhakar Reddy – CHAIRMAN

**MEMBERS
LOK SABHA**

2. Shri Joachim Baxla
3. Shri Santasri Chatterjee
4. Shri Sukhdev Singh Dhindsa
5. Shri Thawar Chand Gehlot
6. Shri Virendra Kumar
7. Smt. Sushila Kerketta
8. Shri Rajesh Kumar Manjhi
9. Shri Lal Mani Prasad
10. Shri Chandradev Prasad Rajbhar
11. Shri Mohan Rawale
12. Smt. C.S. Sujatha

RAJYA SABHA

13. Shri Lekhraj Bachani
14. Shri Jayanta Bhattacharya
15. Shri Debabrata Biswas
16. Ms. Pramila Bohidar
17. Shri Rudra Narayan Pany
18. Shri K. Chandran Pillai

SECRETARIAT

- | | | |
|---------------------|---|--------------------|
| 1. Shri N.K. Sapra | - | Joint Secretary |
| 2. Shri R.S. Misra | - | Deputy Secretary |
| 3. Shri S.K. Saxena | - | Assistant Director |

(I) List of representatives of the Ministry of Labour & Employment

Sl.No.	Name of the Officer	Designation
1.	Shri J.P. Singh	Additional Secretary
2.	Shri J.P. Pati	Joint Secretary
3.	Shri K.C. Jain	Director

II List of representatives from the office of the Central Provident Fund Commissioner

1.	Shri A. Viswanathan	CPFC
2.	Shri S.K. Khanna	ACC (C)
3.	Shri M.L. Meena	ACC (P)
4.	Shri Ranbir Singh	ACC (NZ)
5.	Shri S.R. Joshi	RPFC (Delhi North)
6.	Shri P.M. Mathew	RPFC (Delhi South)
7.	Shri M. Vijay Raj	RPFC (Uttar Pradesh)
8.	Shri U.C. Tiwari	RPFC (Haryana)
9.	Shri Satish Chandra	RPFC (PQ)
10.	Shri P.K. Udgata	RPFC (PQ)
11.	Shri Subhash Sharma	APFC (PQ)

2. XX XX XX

3. XX XX XX

4. XX XX XX

5. The Committee then took up the Central Silk Board (Amendment) Bill, 2005 for discussion. Hon'ble Chairman informed the Committee that the Ministry of Textiles had furnished the comments of Karnataka, Tamil Nadu, Jammu & Kashmir, Himachal Pradesh, Kerala, Goa and Union Territories of Chandigarh and Andaman and Nicobar Islands. Karnataka has stated that the amendments proposed to enhance the role of Central Silk Board within the ambit of the objectives contained in its mandate is welcome, whereas, such of the amendments which lead to duplication and overlapping of the State Law may be dropped in the best interest of the industry. Tamil Nadu has also stated that it is necessary to assure that the proposed amendments will not disturb the existing system in the State. Jammu & Kashmir and Himachal Pradesh have agreed to the amendments. Kerala, Goa, Chandigarh and Andaman & Nicobar Islands have no comments to offer on the Bill.

6. The Chairman also informed the Committee that the new Secretary in the Ministry of Textiles had called on him 15 December 2005 and that he was advised to hold interactions with silkworm seed farmers and other stakeholders of the sericulture industry on the proposed amendments in the Central Silk Board (Amendment) Bill, 2005. As per note sent by the Ministry of Textiles on the outcome of such interactions, out of a total of 2,248 seed farmers, commercial farmers, seed producers, reelers and weavers, from the States of Karnataka, Tamil Nadu, Andhra Pradesh, Assam, Meghalaya, Manipur, Mizoram and Tripura who have submitted their feed back on the proposed amendments, a total of 2,182 have agreed with the proposed amendments, i.e. 97% of them are in favour of the amendments.

7. The Central Silk Board has also stated that the amendments are All-India in Character and will be applicable all over the country and not the State of Karnataka only. The Committee then decided to suggest that the representation of farmers in the Central Silk Board Seed Committee may be increased and the Directors of Sericulture of the States of Karnataka, Andhra Pradesh, Tamil Nadu, West Bengal may become Members of the Committee.

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A verbatim record of the evidence was kept.

The Committee then adjourned.

**MINUTES OF THE THIRTEENTH SITTING OF THE STANDING
COMMITTEE ON LABOUR HELD ON 24 FEBRUARY 2006.**

The Committee met from 1000 hrs. to 1100hrs. in Committee Room 'D'
Parliament House Annexe, New Delhi.

PRESENT

Shri Suravaram Sudhakar Reddy – CHAIRMAN

**MEMBERS
LOK SABHA**

2. Shri Furkan Ansari
3. Shri Joachim Baxla
4. Shri Santasri Chatterjee
5. Shri Sukhdev Singh Dhindsa
6. Shri Virendra Kumar
7. Shri Chandradev Prasad Rajbhar
8. Smt. C.S. Sujatha

RAJYA SABHA

9. Shri Lekhraj Bachani
10. Shri K. Chandran Pillai

SECRETARIAT

- | | | |
|---------------------|---|--------------------|
| 1. Shri N.K. Sapra | - | Joint Secretary |
| 2. Shri R.S. Misra | - | Deputy Secretary |
| 3. Shri N.K. Pandey | - | Under Secretary |
| 4. Shri S.K. Saxena | - | Assistant Director |

2. At the outset, the Hon'ble Chairman welcomed the Members and apprised them about the two Draft Reports on "The Central Silk Board (Amendment) Bill, 2005" and "The National Institute of Fashion Technology Bill, 2005".

3. The Committee first took up the draft Eleventh Report on "The Central Silk Board (Amendment) Bill, 2005" and adopted the same with the following modification:

Para 72, Line No. 5: Insert the words " and continuous" after the word "regular"

4. The Committee then considered the draft Twelfth Report on "The National Institute of Fashion Technology Bill, 2005" and adopted the same with the following modifications:

Para 23, Line 5 of definition: Insert the words "Interior Decoration", before "innovations"

Para 24 amended as follows:

"To ensure that the functioning of the Institute is carried out in consonance with the customs and ethos of our society and to also ensure protection of/innovation in traditional arts, handicrafts, etc., the Committee feel that it should be overseen by people's representatives. They, therefore, recommend that three representatives from the Parliament, i.e. two Members of Lok Sabha and one Member of Rajya Sabha should be nominated on the Board of Governors of the Institute".

5. The Committee authorized the Chairman to finalise the Reports and present the same to Parliament on their behalf.

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The Committee then adjourned.

