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STANDING COMMITTEE ON LABOUR
(2006-07)

FOURTEENTH LOK SABHA

MINISTRY OF TEXTILES

DEMANDS FOR GRANTS
(2007-2008)

TWENTY FIRST REPORT

LOK SABHA SECRETARIAT
NEW DELHI

April 2007/Chaitra 1929 (Saka)

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MINISTRY OF TEXTILES

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Presented to Lok Sabha on 26 April 2007
Laid in Rajya Sabha on 26 April 2007

LOK SABHA SECRETARIAT
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COMPOSITION OF THE STANDING COMMITTEE ON LABOUR (2006-2007)

Shri Suravaram Sudhakar Reddy – *Chairman*

MEMBERS

Lok Sabha

2. Shri Furkan Ansari
3. Shri Subrata Bose
4. Shri Santasri Chatterjee
5. Shri Thawar Chand Gehlot
6. Shri Munawar Hassan

****7. Dr. Satyanarayan Jatiya

8. Smt. Sushila Kerketta
9. Shri Mohammad Tahir Khan
10. Shri Virendra Kumar
11. Shri Rajesh Kumar Manjhi
12. Shri Basangouda R. Patil
13. Shri Devidas Pingle
14. Shri Chandradev Prasad Rajbhar
15. Shri Dhan Singh Rawat
16. Shri Kamla Prasad Rawat
17. Smt. C.S. Sujatha

* 18. Shri Parasnath Yadav

*** 19. Shri Mohan Rawale

20. Vacant
21. Vacant

Rajya Sabha

22. Chowdhary Mohammad Aslam
23. Shri Rudra Narayan Pany
24. Shri Narayan Singh Kesari
25. Shri K. Chandran Pillai
26. Shri Gandhi Azad
27. Ms. Pramila Bohidar
28. Shri Dilip Ray

** 29. Shri Rahul Bajaj @

30. Vacant
31. Vacant

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* Nominated w.e.f. 31 August 2006

** Nominated w.e.f. 1 September 2006

*** Nominated w.e.f. 22 February 2007

@ Nomination changed from Committee on Labour to Committee on Industry w.e.f. 8 March 2007.

**** Resigned from the Membership of the Committee on Labour vide Bulletin Part-II dated 5.4.2007.

SECRETARIAT

1.	Shri S.K. Sharma	-	Additional Secretary
2.	Shri N.K. Sapra	-	Joint Secretary
3.	Shri R.K. Bajaj	-	Director
4.	Shri N.K. Pandey	-	Deputy Secretary
5.	Shri. Suresh Kumar	-	Senior Executive Assistant

INTRODUCTION

I, the Chairman of the Standing Committee on Labour 2006-07 having been authorized by the Committee to submit the Report on their behalf, present this Twenty-First Report of the Ministry of Textiles on Demands for Grants for the year 2007-2008.

2. The Committee considered the Demands for Grants pertaining to the Ministry of Textiles for the year 2007-2008 which were laid on the Table of the House on 19 March 2007. Thereafter, the Committee took evidence of the representatives of the Ministry of Textiles on 2 April 2007. The Committee considered and adopted the Report at their sitting held on 19 April 2007.

3. The Committee wish to express their thanks to the officers of the Ministry of Textiles for placing before them the detailed written notes on the subject and furnishing the information as desired by the Committee in connection with the examination of the Demands for Grants and tendering evidence before the Committee.

4. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix of the Report.

SURAVARAM SUDHAKAR REDDY,
CHAIRMAN,
STANDING COMMITTEE ON LABOUR

NEW DELHI;
19 April 2007
29 Chaitra, 1929 (Saka)

CHAPTER-I

REVIEW OF STATUS OF IMPLEMENTATION OF RECOMMENDATIONS CONTAINED IN THE FOURTEENTH REPORT OF THE STANDING COMMITTEE ON LABOUR ON DEMANDS FOR GRANTS (2006-07) OF MINISTRY OF TEXTILES.

1.1 The Standing Committee on Labour presented their Fourteenth Report on Demands for Grants (2006-07) pertaining to the Ministry of Textiles to Parliament on 17.5.2006. An Action Taken Report (Nineteenth Report, Fourteenth Lok Sabha) on the recommendations contained in the Fourteenth Report was presented to Parliament on 13.12.2006.

1.2 The Fourteenth Report contained 15 recommendations. Five recommendations (Sl.No.1,3,9,10 and 14) were accepted by the Government. The Committee did not desire to pursue three recommendations (Sl.No. 2,6 and 11) in view of the replies given by the Government. In respect of 5 recommendations (Sl.No 4,5,7,12 and 15), the replies of the Government were not accepted and hence were reiterated by the Committee in their Nineteenth Report. Replies of the Government were interim in nature in respect of 2 recommendations (Sl.No 8 and 13).

1.3 The Minister of Textiles made a statement in Lok Sabha on the implementation of the recommendations contained in the Fourteenth Report of the Committee on 6.12.2006 under Direction 73 A of the Directions by the Speaker, Lok Sabha.

1.4 The gist of operational portion of recommendations and the final status of implementation of recommendations is brought out in succeeding paragraphs.

I. Recommendations which were accepted by the Government

Rec. No. 1.

Launching of new Schemes without proper study:-The Committee recommended that instead of loading the textiles sector with a plethora of half baked schemes, a few effective and well planned schemes should be devised to assist the textile industry, to achieve the desired growth of the sector and to make it globally competitive.

Ministry of Textiles has stated that many evaluation studies have been sponsored to assess the effectiveness of the on-going schemes for future planning. The schemes will be thoroughly monitored before their launch in future.

Rec. No. 3. **Integrated Textile Park Scheme:-The Committee recommended that a thorough study should be conducted on the causes of failure of the earlier schemes (Apparel Park for Export Schemes, Textile Centre Infrastructure Development Scheme) and accordingly effective steps should be taken to ensure the success of this new scheme, i.e. Integrated Textile Park Scheme.**

The Ministry has stated that the past experiences and shortcomings are being taken care of while implementing the new scheme **i.e**. 'Integrated Textile Park Scheme'. A High Level Committee under the Chairmanship of Minister of Textiles has been constituted to monitor and review the implementation of the Scheme periodically

Rec. No. 9. **Annual Target for modernization of Powerlooms:-The Committee recommended that an annual target fixed for the modernization of looms in the country should take into account the global competition and provide necessary assistance accordingly, to the powerlooms sector in this regard.**

The Ministry has asked the regional offices of Textiles Commissioner to ensure the achievement of the given targets for the installation of around 25,000 shuttleless looms during the current year.

Rec. No. 10. **Technology Upgradation Fund Scheme (TUFS):-The Committee recommended that Technology Upgradation Fund Scheme should either be extended to the Eleventh Five Year Plan or a similar and better formulated Scheme be initiated for the next Five Year Plan to attract further investment in the textile sector.**

The Ministry has stated that the Scheme is scheduled to continue upto 31st March 2007 and thereafter will be continued after proper examination.

Rec. No. 14. **Opening of more showrooms of CCIC:-The Committee recommended that CCIC should open more showrooms in major cities, tourist/pilgrimage centres, major airports, railway stations and bus terminals in the country.**

The Ministry has stated that more showrooms are planned to be opened in major cities/tourist centres on franchise basis.

II. Recommendations which were not pursued by the Committee in view of Government's reply.

Rec. No. 2. **Total Utilization of Funds:-The Committee recommended that**

a monthly review meeting should be conducted by the Ministry at the highest level to discuss the progress being made in the implementation of the Schemes and in spending the amount allocated for them. State Governments and the Implementing agencies should also be involved in this process.

The Ministry has stated that the total utilization of funds is being increased by the Ministry every year and review meetings are also held to discuss the progress being made in implementation of the schemes and in spending the amount allocated for them.

Rec. No. 6. **Formation of Joint Venture of NTC with Private Sector:-The Committee recommended that floating joint venture with private sector should be the last option before the Government as NTC itself had emerged from the graveyard of failed private mills.**

The Ministry has stated that the funds are not enough to modernize all the NTC mills at their own and therefore formation of Joint Sector is needed.

Rec. No. 11. **Equal Development in all States under Technology Upgradation Fund Scheme (TUFS) Benefits:-The Committee recommended that the Ministry should take suitable steps so as to ensure proper and equal development to the possible extent by spreading the benefits available under TUFS, among all the States**.

The Ministry has stated that the TUFS beneficiaries are in proportion to the presence of textile industry in respective States and thus there is no effective interstate disparity.

III. Recommendations which were reiterated by the Committee in their Nineteenth Report

Rec. No. 4. **Non receipt of relief by workers under Textile Workers Rehabilitation Fund Scheme (TWRFS):-The Committee**

recommended that relief to workers should be provided immediately after the closure of the Mills to enable them to run their families without difficulty while switching over to a new job or for making alternate arrangement for livelihood.

In the final action taken reply, it has been mentioned that further stipulations are not possible in the scheme. If workers do not get relief in time, the Scheme is not responsible but the unwillingness of the State Governments to approve closure of mills is responsible. **Not implemented. This issue has again been examined by the Committee in this report .**

Rec. No 5. **Modernization of NTC Mills:- The Committee recommended that a realistic time bound schedule, but not more than a year, should be chalked out to modernize all the 52 viable NTC mills by taking definite steps in that direction including the implementation of the modified revival scheme of NTC by Board of Industrial and financial Reconstruction (BIFR).**

In the final action taken reply, it has been mentioned that for the 22 mills to be modernized by NTC itself, a phased, mill-wise negotiated schedule of implementation has been prepared and the work is anticipated to be completed by December, 2007 for all 22 mills. As regards modernization of 30 (29+1) mills, it has been mentioned that 12 non-functional mills out of these 30 mills will be closed down and employees of these mills will be offered Modified Voluntary Retirement Scheme (MVRS). Remaining 18 mills will be revived by offering them to joint venture partnerships within the stipulated time-frame.

Rec. No. 7. **Development of Powerloom Sector:- The Committee recommended that the Powerloom Sector is lacking proper attention despite having 68% share of total cloth production and therefore the Ministry should chalk out an integrated scheme for the development of Powerloom Sector**.

In the final action taken reply, it has been mentioned that the Government has decided to prepare an integrated scheme in respect of the powerloom sector for the next five year plan to make the existing powerlooms schemes more effective and beneficial to powerloom weavers. The scheme has been finalized and it would be implemented during the year 2007-2008.

Rec. No. 12. **Launching of Jute Technology Mission:-The Committee recommended that the Ministry should take immediate steps to launch 'Jute Technology Mission' at the earliest so that competitiveness of the Indian Industry can be enhanced at**

international level.

In the final action taken reply, it has been mentioned that, Mini Mission I of the Jute Technology Mission (JTM) was launched by Department of Agricultural Research & Education, Ministry of Agriculture on 9.11.2006. Mini Mission II of JTM was launched by Department of Agriculture & Cooperation, Ministry of Agriculture on 21.12.2006. Mini Missions III & IV were launched by Ministry of Textiles on 6.2.2007.

Rec. No. 15.

Providing accommodation to Central Cottage Industries Corporation Limited (CCIC) for the Emporium in Mumbai:- The Committee noted that merely writing letters to various Ministries would not solve the problem and hence, recommended that Government should better provide one of its own building to CCIC, as such a step would not only eradicate the problem of litigation which generally occurs in rented accommodations but also save huge sum of money which is incurred on rent.

In the final action taken reply, it has been mentioned that the matter would be taken up with other concerned Ministries/Departments to provide suitable premises owned by them at a prime location in major cities, including Mumbai, to set up a showroom. CCIC is pursuing the matter with them. The Ministry of Textiles will continue its efforts to explore the possibilities for a site with other Ministries. **Not implemented.**

IV. Recommendations on which replies of the Government were interim in nature.

Rec. No. 8.

Utilization of Funds under Group Workshed Scheme:-The Committee recommended that an immediate review should be undertaken on the Scheme and its deficiencies rectified to make it implementable.

In the final action taken reply, it has been mentioned that necessary amendments in the existing Group Workshed Scheme have been finalized and would be implemented in the year 2007-08. The scheme will also be a part of the new integrated scheme for the powerloom sector.

Rec. No. 13. **Disinvestment of Handloom and Handicrafts Export Corporation Limited (HHEC):-The Committee recommended that the Government should give up the plans to disinvest HHEC and instead take steps to strengthen the organization so as to protect the interests of poor artisans, weavers, etc.**

In the final action taken reply, it has been mentioned that with the advent of present Government in 2004, the Ministry of Textiles took up the matter again with the Department of Disinvestment to drop the proposal to disinvest HHEC. The Standing Committee took the view that this procedure was inadequate, and the response of the Department of Disinvestment was ambivalent. The Ministry of Textiles has now communicated its unequivocal view to the Department of Disinvestment that they are not in favour of the Corporation being disinvested.

CHAPTER-II

Introductory

2.1 The main functions and activities of the Ministry of Textiles can be broadly classified into five categories, viz. Policy formulation and planning, development, export promotion and trade regulation of the textile industry. It is the responsibility of the Ministry to formulate the policies regarding production, distribution (for domestic consumption and exports) and development of all textiles including cotton, woollen, jute, silk, synthetics, etc. produced on handlooms, powerlooms and in mills. It is also responsible for readymade garments, handicrafts and industries related to production of silk and cellulosic fibres.

2.2 The developmental activities of the Ministry are oriented towards making adequate quantities of raw material available to all sectors of textile Industry and augment the production of fibres at reasonable prices from the organized and de-centralised sectors of the industry. To achieve this objective, the Ministry lays down guidelines for a planned and harmonious growth of various sectors of the industry.

2.3 It has been further stated that the Ministry monitors the techno economic status of the industry and provides the requisite policy framework for modernization and rehabilitation. It also coordinates the activities of Textile Research Associations and lends financial support to them for undertaking research and development. The Ministry exercises administrative control over various organizations and public sector undertakings under its charge.

2.4 The principal functional areas of the Ministry cover the following:-

- Textile Policy & Coordination.
- Man-made Fibre/Filament Yarn Industry.
- The Cotton and Cotton Textile Industry.
- The Jute and Jute Textiles Industry.
- The Sericulture and Silk Textiles Industry.
- The Wool & Woollen Textiles Industry.
- The Decentralised Powerlooms Sector.
- Textiles Exports
- Planning & Economic Analysis.
- Integrated Finance Matters.
- Information Technology
- Handicrafts
- Handlooms

2.5 The Demands for Grants of the Ministry of Textiles for 2007-2008 are given under Demand No. 91. The detailed Demands for Grants of the Ministry were laid on the Table of Lok Sabha on 19 March 2007.The following are the major heads under which the Demands for Grants of the Ministry have been given:-

3451	-	Secretarial Economic Services
2552	-	North-Eastern Areas
2851	-	Village and Small Industries
2852	-	Industries
3453	-	Foreign Trade and Export Promotion
3601	-	Grants-in-aid to State Governments
3602	-	Grants-in-aid to Union Territory Governments

4552	-	Capital Outlay on North-Eastern Areas
4851	-	Capital outlay on Village and Small Industries
4860	-	Capital Outlay on Consumer Industries
6860	-	Loans to Public Sector and other Undertakings
7601	-	Loans and advances to State Governments

CHAPTER-III
REPORT
DEMANDS FOR GRANTS

A. GENERAL PERFORMANCE:-

3.1 The Budget Estimates made in respect of the Ministry of Textiles for the year 2007-08 are as under:-

(In Rs. crore)

	REVENUE	CAPITAL	TOTAL
CHARGED & VOTED	**2811.20**	**325.48**	**3136.68**

Plan Schemes/Programmes of the Ministry are grouped under two categories, viz. The Village & Small Industries (VSI) segment and Industry & Minerals (I&M) segment. The details of the 10th Five Year Plan (2002-2007) outlay and the expenditure incurred (upto 31 March 2007) have been given at **Annexure-I.**

3.2 The table **(Annexure-I)** shows that the original total Tenth Plan Outlay for the plan schemes of the Ministry of Textiles was Rs. 3,500 crore, whereas the total annualized plan outlay for Tenth Plan has been to the tune of Rs. 4,852.50 crore. The actual expenditure has been Rs. 4,452.60 crore upto 31 March 2007, thereby leaving Rs. 428.54 crore unspent during the entire plan period. Even during successive financial years of Tenth plan, the earmarked Budget could not be utilized fully as more than 100 crore of rupees left unspent at the end of each year of Tenth Five Year Plan, except the year 2005—2006 in which Rs. 46.52 crore were left unspent.

3.3 On being asked the reasons for large-scale non-utilisation of funds every year during the Tenth Plan period, the Ministry of Textiles stated in a written reply that the reasons for unspent balance, whatsoever, are due to introduction of new schemes and modifications of the existing schemes. As a result, the Ministry of Textiles could not forecast the exact amount of plan expenditure. The details are as follows:

(i) In case of handloom sector, inability of the State Governments to make adequate budgetary provision to meet the requisite state share as stipulated under guidelines of the respective schemes is responsible for under-utilization of plan outlay.

(ii) The performance of both Apparel Parks and Textile Centres Infrastructure Development Scheme (TCIDS) has remained restrained by the nature of assistance permitted, i.e., funding subject to actual expenditure by the implementing agency or reimbursement of actual expenditure. In the case of Apparel Parks, an important constraint has been that of acquisition of land/site for the proposed parks.

(iii) In case of Handicraft sector, development schemes are grant-in-aid which are implemented through NGOs, Cooperatives, etc. Majority of Implementing Agencies are local NGOs with inadequate capacity and no exposure. Further, it being a highly decentralised sector, the NGOs often find it difficult to assess the ground level problem of the artisans and come up with good, comprehensive and viable proposals. Shortfall is also due to non-submission of basic documents in time required for processing the case as per rule and delay in settlement of accounts of earlier grants *(pendancy of Utilization Certificate).*

3.4 Regarding corrective steps proposed to be taken in this regard in future, the Ministry has stated in written reply that during implementation of various Centrally Sponsored Schemes (CSS), it was noticed that inability of the State Governments to make adequate budgetary provision to meet the requisite state share as stipulated under guidelines of the respective CSS is responsible for under utilization of plan outlay. To overcome this shortcoming, all handloom related Centrally Sponsored Schemes (CSS) are converted into Central Schemes (CS). Similarly, Catalytic Development Programme (CDP), which was a CSS during 10th plan is discontinued during 2007-08 and is converted into CS. Hence, the innovative approach will be adopted to improve utilisation of Plan fund during the Annual Plan 2007-08.

Non-Plan Expenditure

3.5 The following are the Budget Estimates and the actual expenditure of the Ministry of Textiles since 2002-03:

(In Rs crore)

Year	**Budget Estimates**	**Actuals**
2002-03	870.50	815.90
2003-04	947.84	863.02
2004-05	902.31	760.86
2005-06	858.00	1077.10
2006-07	1,696.25	714.20 (Upto January,2007)
TOTAL	**5274.90**	**4231.08**
2007-08	893.68	

3.6 A perusal of the above statistics shows that actual expenditure during the entire Tenth Plan period was less than the budgetary estimates except for the year 2005-06. When asked as to why the non-plan expenditure was not forecast which led to unnecessary locking of several crore of rupees, the Ministry in a written reply stated the reasons for huge variations in BE and actuals during the financial year 2006-07 as under:-

(i) The main reason for difference is that the payment to National Jute Manufactures Corporation of India Ltd. towards Voluntary Retirement Scheme was not released as the payment was to be released after 100% verification of workers by the Special Audit Party. The work of Special Audit has since been completed and the balance amount is being considered for release.

(ii) Against the BE of Rs . 250.00 crore for loans to National Textile Corporation of India (NTC), the funds released were only Rs. 62.50 crore. The reason for non-release of balance funds is that NTC had sufficient balance from the previous year to meet the expenditure on salary and wages of the workers/staff of the mills. Therefore, the allocation was reduced to Rs. 62.50 crore.

(iii) The BE for grant of special rebate @ 10% on sale of accumulated Handloom stock was Rs. 63.00 crore which was reduced to Rs. 19.65 crore at RE stage and Rs.0.11 crore were released upto January 07. The reduced allocation at RE stage as well as expenditure was because the scheme was approved by the Govt. in August 2006 and thereafter circulated to State Governments/ implementing agencies. The scheme could only start after the procedural formalities were completed.

(iv) The Ministry of Finance had imposed 5% cut on non-plan expenditure.

Annual Plan 2007-2008

3.7 The Budget estimates for 2007-08 have been fixed at Rs. 2,243 crore, which is Rs. 893.50 crore more than the last year. A comparative Statement showing the details of Budget Outlay to various Schemes/Programmes during the year 2006-07 and 2007-08 is given below:

Budget Outlay during the year 2006-07 and 2007-08 **(in Rs Crores)**

		2006-07	2007-08	Increase/ decrease	Percentage Increase/ decrease
1	2	3	4	5	6
A. Village & Small Industry					
1	Handlooms	185.00	315.00	130.00	70.3%
2	Powerlooms	8.00	10.00	2.00	25.0%
3	Sericulture	142.00	110.00	-32.00	-22.5%
4	Handicrafts	110.00	220.00	110.00	100.0%
5	Wool & Woolens	5.00	15.00	10.00	200.0%
	Sub Total(A)	***450.00***	***670.00***	**220.00**	**48.9%**
B. Industry & Minerals					
6	NIFT	11.00	20.00	9.00	81.8%

7	R &D including TRAs	1.00	2.00	1.00	100.0%
8	Export Promotion Studies	1.00	1.00	0.00	
9	Cotton Technology Mission	100.00	60.00	-40.00	-40.0%
10	Sectt. Economic Services	1.00	*0.00	----	----
11	Scheme for Integrated Textile Park	209.00	450.00	241.00	115.3%
12	Jute	21.50	80.00	58.50	272.1%
13	TUFS	550.00	945.00	395.00	71.8%
14	SVPITM, Coimbatore	5.00	5.00	0.00	
15	*Brand Promotion Scheme*		5.00	5.00	
16	*Textilpolis*		0.50	0.50	
17	*Foreign Investment Promotion Scheme*		0.50	0.50	
18	*Technical Textiles*		1.00	1.00	
19	*Setting up of Fashion Hub*		1.00	1.00	
20	*Common Compliance Code Scheme*		1.00	1.00	
21	*Human Resource Development*		0.50	0.50	
22	*Textile Engineering Industry*		0.50	0.50	
	Sub Total(B)	***899.50***	***1573.00***	**673.50**	**74.9%**
	GRAND TOTAL (A+B)	***1349.50***	***2243.00***	**893.50**	**66.2%**

* Scheme Discontinued

3.8 The Committee has been informed that the reasons for higher allocations for the year 2007-2008 are mainly due to proposed new Schemes such as Foreign Direct Investment Promotion, Technical Textiles, Brand Promotion, Textilepolis, Fashion Hub, Human Resource Development and so on. New Schemes have been introduced to make Indian Textiles Industry globally competitive and equip them to face fierce competition emerging in the wake of phase out of Agreement on Textiles and Clothing (ATC). The Committee further observe that there is also substantial step up of funds in case of Scheme for Integrated Textile Parks (SITP) and Technology Upgradation Fund Scheme (TUFS), Handlooms and Handicrafts. The increase is to the tune of 71.8% in TUFS, 115.3% in SITP, 70.3% in Handlooms and 100% in Handicrafts for the year 2007-08.The steep hike in the schemes has been made with the aim of achieving a potential market size of US $ 115 billion by the end of Eleventh Plan (2012).

3.9 As per the Government's Directives, 10% of the total budget allocations of the Ministry are earmarked for the Schemes/programmes of the North-Eastern region. When asked whether the ten per cent of the Budget of the Ministry of Textiles was allocated and spent in the North-Eastern region of the country as per the Government Directives, the Ministry stated as under:-

> "As far as the decentralized sectors of the Ministry of Textiles are concerned, allocation for the North East Region is more than ten per cent. In the case of the industry segment such as TUFS and SITP, a shortfall was due to lack of basic facilities relating to development of large industries. The unutilized amount,

however, was transferred to non-lapsable pool of resources relating to North East Region".

3.10 The details of the schemes on which the amount was spent and the progress achieved in this regard are given in the **Annexure-II**.

3.11 The Committee observe that the annualized plan outlay for the 10th Plan has been Rs.4,852.50 crore whereas the utilization of plan outlay was Rs.4,452.60 crore (upto 31 March 2007), thus leaving an unspent amount of Rs.428.54 crore. Approximately, more than one hundred crore of rupees remained unspent at the end of each year of the 10th Five Year Plan. The Committee note that one of the major reasons for unspent balance has been the introduction of new schemes and modifications of existing one. As a result, the Ministry of Textiles could not forecast the exact amount of plan expenditure. The Committee further note that there has been withdrawal, modifications and merger of schemes with other schemes almost in all sectors of Textiles viz. handlooms, sericulture and handicrafts. The Committee have been informed during the course of evidence that in order to give a focussed thrust to the handloom sector, twelve existing schemes will be grouped into five schemes. Similarly, in handicrafts sector, the existing eleven schemes will be merged into seven with an emphasis on cluster development and welfare of artisans in the Eleventh Plan. The Committee are of the view that the modifications in existing schemes/introduction of new schemes which may be half-baked as well, would only hamper the pace of expenditure because it involves completion of fresh procedural formalities, the process undergoes a test of acceptance by the beneficiaries through implementing agencies and the assimilation of new schemes takes time. The Committee are skeptical that if this trend continues, the ambitious target set by the working group of Textiles and Jute Industries (2007-12) that the Textile Industry is expected to reach the market size of US$ 115 billion by 2012 will remain a distant dream. The Committee in their earlier reports have been impressing that

developmental and welfare schemes of the Textile sector should be selected carefully after a thorough study keeping in view the past experiences, ground realities and the future need. Instead of loading the sector with a plethora of half-baked schemes, a few effective and well planned schemes should be devised to assist the Textile Industry to achieve the desired growth of the sector and make it globally competitive. The Committee, therefore, reiterate their earlier recommendation and hope and trust that the Ministry will be more careful in formulation and selection of schemes. The Committee also desire the Ministry to adopt an innovative approach to improve utilization of the plan fund.

3.12 In respect of non-plan expenditure of the Ministry, the position is also not very promising. The Committee find that there is a huge variation in Budget Estimates and the actual expenditure during each year of the 10th Plan except for the year 2005-2006 when the actual expenditure was higher. As against overall Budget Estimate of Rs.5,274.90 crore, only Rs.4,231.08 crore were actually spent during the entire 10th Plan period. The reasons for huge variation in BE and actuals during the year 2006-07 have been stated as non-payment towards voluntary retirement scheme of NJMC, non-start of scheme regarding grant of special rebate @ 10% on sale of accumulated handloom stock and imposition of 5% cut of non-plan scheme by the Ministry of Finance, etc. The Committee are not convinced of the reasons adduced for non-utilization of funds and feel that it is more due to poor planning and short-sightedness on the part of the Government. The Committee, therefore, desire the Ministry to adopt a scientific approach of forecasting the Budget Estimates for non-

plan expenditure so as to avoid surrender of huge unutilized amounts and consequential locking of precious financial resources.

3.13 The Committee find that the Ministry faces difficulties in implementation of various schemes due to inability of the State Governments to make adequate budgetary provision to meet the requisite State share as stipulated under guidelines of respective Centrally Sponsored Schemes (CSS). To overcome this shortcoming, the Ministry has converted all handloom related Centrally Sponsored Schemes into Central Schemes (CS). Similarly, to enable them to achieve the target fixed under various schemes, Catalytic Development Programme (CDP) has also been converted into Central Schemes for its better implementation. The Committee note that Handloom is the second largest sector in terms of employment, next only to agriculture. Taking into account the vastness and importance of the sector, the Committee feel that involvement of the State Governments, which have sufficient manpower and are better equipped with the monitoring machinery, is essential for successful implementation of various welfare schemes. The Committee therefore, recommend that the existing system of CSS in the handloom sector may continue for one year more in order that the Ministry gets fully acquainted with the new system.

3.14 The Committee are aware of the directive of the Government to earmark 10% of the entire allocation to the State Governments of North Eastern region of the country for their development. The Ministry had made a lump sum provision of Rs.134.95 crore at BE level for the year 2006-07 for textiles and textile- based schemes

of the North Eastern region. However, the Committee are at a loss to understand the reasons for irrational share/outlay under various schemes of North Eastern region. For instance, out of the total outlay of Rs.185.00 crore and Rs.110.00 crore in respect of handlooms and sericulture sectors, the share of North Eastern region was Rs.35 crore and Rs.40 crore respectively whereas for segments such as TUFS and SITP out of the total outlay of Rs.550.00 crore and Rs.209.00 crore, the share was Rs.15.00 crore and Rs.20.00 crore, respectively. The amount spent on these sectors during the year was, however, nil. The shortfall is reportedly due to lack of basic facilities relating to development of large industry. The reason cited by the Ministry in this regard is not acceptable to the Committee. The Committee feel that there is need for some correction and adjustment in allocation of outlay to various schemes of North Eastern region particularly in the Sericulture sector where out of total plan allocation of Rs. 110 crore, Rs.40 crore i.e. about 37% has been reserved for the North- East during 2007-2008. Besides, the Committee also desire that the Government should take steps to strengthen the monitoring/evaluation of different schemes so that the allocation in respect of the North-Eastern States is better utilized.

Major Head: 2852
Minor Head: 07

B. TEXTILE WORKERS' REHABILITAION FUND SCHEME (TWRFS)

3.15 The Textile Workers' Rehabilitation Fund Scheme came into force with effect from 15 September 1986, with the objective to provide interim relief to textiles workers rendered unemployed as a consequence of permanent closure of any particular portion or entire textile unit. The office of the Textile Commissioner, Mumbai is the implementing agency for this scheme. The assistance under the Scheme is payable to eligible workers only for the purpose of enabling them to settle in another employment. Such assistance is not heritable, transferable or capable of being attached on account of any other liabilities of the worker. The worker's eligibility shall cease if he takes up employment in another registered or licensed undertaking. The rehabilitation assistance will not be curtailed if the worker ventures into a self-employment activity. The beneficiary under the scheme is eligible provided he/she has been working in a closed textiles unit on the date of its closure continuously for five years or more and earning a wage equivalent of Rs. 2,500 per month or less for the mills, which had closed between 6 June 1985 and 1 April 1993, and Rs.3,500 or less thereafter. They should be contributing to provident fund maintained by the Regional Provident Fund Commissioner of the State concerned.

Period and Quantum of Relief:-

3.16 The relief under the Scheme is available only for three years on a tapering basis but will not extend beyond the date of superannuation of any worker. The worker is entitled to get relief

- to the extent of 75% of the wage equivalent in the first year of the closure of the unit;
- to the extent of 50% of the wage equivalent in the second year; and
- to the extent of 25% of the wage equivalent in the third year.

Eligibility:-

(i) This Scheme applies to such textile unit, which is either licensed under Industries (Development & Regulation) Act, 1951, or registered with the Textile Commissioner as medium scale unit.

(ii) Such unit should have been completely closed, meaning that its production had come to a complete grinding halt after 05-06-1985.

(iii) In addition, such a unit should have been declared as closed unit under Section 25(O) of the Industrial Disputes Act, 1947, or alternatively an Official Liquidator was appointed under Companies Act, 1956, for the purpose of winding up of the unit.

(iv) The TWRF Scheme is also made applicable to cases of partial closure on a case-to-case basis. The cases of partial closure are restricted to those wherein the State Governments recommend that an entire uneconomic activity (like weaving or processing) is scrapped as a part of rehabilitation package for a sick mill (as per the RBI definition) approved by the Nodal Agency/ BIFR, provided the scrapped capacity is surrendered for cancellation and endorsement is made on the License/Registration certificate to this effect.

3.17 The details regarding number of mills closed in the country and the number of workers affected as on 31.1.2007 are given below:-

State wise no. of Textile Mills closed and workers for Non SSI Units as on 31 .01. 2007

Sr. No	State	No of Mills	Workers
1	Andhra Pradesh	39	14183
2	Assam	7	3864
3	Bihar	4	1949
4	Chhattisgarh	1	1225
5	Gujarat	61	56998
6	Haryana	17	2934
7	Jammu & Kashmir	1	206
8	Karnataka	20	7623
9	Kerala	10	3645
10	Madhya Pradesh	13	23724
11	Maharashtra	56	63123
12	Manipur	1	350
13	Orissa	14	14857
14	Puducherry	1	129
15	Punjab	16	13691
16	Rajasthan	20	14432
17	Tamil Nadu	128	34659
18	Uttar Pradesh	37	41326
19	Uttaranchal	2	715
20	West Bengal	14	23222
	T o t a l	**462**	**322855**

3.18 The Ministry further clarified that there are 462 mills including 348 non-SSI private sector mills closed in the country as on 31.01.2007 and a total of 3.23 lakh workers have been affected due to such closure and the private sector accounts for approximately 2.13 lakh workers. The Committee have been informed that the main reasons for the closure of mills are financial problem, lock-out, workers' strike, etc.

3.19 When asked about the major impediments in the way of revival of these mills, the Ministry stated that in most of the cases, the financial position of the mills was so poor that their revival was practically impossible. The management was also not able to contribute to their revival in association with banks and financial institutions. Many cases are pending before BIFR/AIFR and in some cases the mills are in the process of winding up.

3.20 When enquired about the reasons for fixing eligibility criteria in such a way so as to exclude majority of the mills from the purview of the TWRFS, the Ministry in their post evidence reply stated as under:

> "As on 31.1.2007, 462 mills including 348 non-SSI private sector mills are closed in the country. In this regard, it may be mentioned that the production activities in these mills have been stopped on account of various reasons. However, most of these mills (except 50 odd) are not legally/technically closed under Section 25(O) of the Industrial Disputes Act. Hence, such closures can be termed only as an informal closure. A scheme like TWRFS cannot take cognizance of such informal closure of the mills for extending benefits to the textile workers. It will be difficult to devise norms for extending benefits of TWRFS to textile workers of the mills closed in such informal manner".

3.21 In reply to a question regarding number of mills and workers found eligible and compensation / relief given to them under this scheme, the Ministry has furnished the following details:

State	No. of Mills identified	No. of workers on roll	No. of workers benefited (as on date)		Disbursed
			No. of Mills	Fully paid workers	

Gujarat	32	66044	32	51479	121.49
Maharashtra	3	3225	3	2995	6.50
Madhya Pradesh	4	18977	4	17312	45.80
Tamil Nadu	4	5286	4	4590	6.79
Karnataka	2	753	2	622	2.30
Delhi	1	5187	1	5170	11.92
West Bengal	1	308	1	94	0.20
	47	**99780**	**47**	**82262**	**195.00**

3.22 When enquired about the efforts being made by the Government to liquidate the procedural hindrances like essentiality of permission under section 25(O) of the Industrial Disputes Act and unwillingness of the State Governments due to which the benefits of the scheme are not extended to the poor workers, the Ministry stated in a written reply that these provisions are prescribed to ensure transparency and genuineness of the workers so that only targeted and eligible workers may get relief. Unfortunately, these provisions have become reasons for delay in disbursements. However, these are mandatory provisions.

3.23 To a query that when other schemes of the Ministry of Textiles are appropriately modified from time to time to provide relief to the intended beneficiaries, why there is hesitation to evaluate TWRFS afresh and modify it appropriately, one of the representatives of the Ministry stated during the evidence as under:-

> "It is a fact that there are a large number of mills which are closed and there are a large number of workers, who have been displaced. However, the problem is in the definition of a closed mill. Now, the definition of a closed mill is governed by two Acts. One is Section 25(O) of the Industrial Disputes Act of 1947, and the other is Companies Act of 1956 when a company is closed and a liquidator is appointed. Both the things are governed by these two Acts, which take its own time, and the Ministry is not in a position to tamper with this Act. Unless the Act itself is change, it is not possible for us to pass on the benefits, even if we are willingly agreed to pass the benefit to these displaced workers. The number is 3 lakh whereas only 99,000 have got the benefit……. I do feel extremely sorry for people, who have been displaced or who have lost their jobs, and when there is a scheme to benefit them, the benefit should go to them. But because of technical reasons, we have not been able to help them out".

3.24 The Committee are deeply distressed to note that a large number of mills are being closed every year and lakhs of workers are being rendered without any job or assistance. As many as 3,22,855 workers of 462 mills have so far been displaced in the country. But, as per the norms decided by the Government, only 99,780 workers of 47 mills have been found eligible to get benefit under Textile Workers' Rehabilitation Fund Scheme (TWRFS). Moreover, out of the eligible workers, only 82,262 workers have been disbursed the assistance thus leaving 17,518 workers without any benefit despite being eligible under the Scheme. The Committee feel that the benefits under the TWRFS have not only been delayed but denied to the eligible workers due to statutory requirements of permission under section 25(O) of the Industrial Disputes Act, 1947, appointment of official liquidator under Companies Act, 1956 and scrutiny of applications by the State Governments. The Committee, therefore, strongly recommend that the compensation/relief due to a huge number of 17,518 eligible workers of the closed mills be disbursed to them without any delay in a time-bound manner. The Ministry is advised to expedite the matter in consultation with the State Governments. The progress in this regard may be reported to the Committee within three months of submission of this report. The Committee also reiterate that the role and responsibilities of the office of Textile Commissioner may be suitably redefined vis-à-vis this scheme so as to cut short the delays in process. While doing so, the provision be made of holding the concerned officer accountable in the office of the Textile Commissioner, in case of undue delay.

3.25 The Committee further note that one of the eligibility criteria to avail of the benefit under the scheme is that the workers should have been drawing wage equivalent to Rs.2,500 per month or less from the mills, which had closed between 6 June 1985 and 1 April 1993 and Rs.3,500 on 1 April 1993 or thereafter. The Committee feel that the ceiling on the wages of Rs.2,500 between 6 June 1985 and 1 April 1993 and Rs.3,500 thereafter and the cut off dates for closure of mills to avail of the benefits under the Scheme are unrealistic and are definitely anti-worker. The Committee further observe that this Scheme is restricted only to private mills and is not applicable to mills of Public and Cooperative Sector. The Committee, therefore, call upon the Government to take all necessary steps including amendments, if necessary, in the relevant provisions of Acts, Rules and Statutes to make it more flexible and also to include the mills of Public and Cooperative Sectors closed between 6 June 1985 and 1 April 1993 and thereafter so as to protect the interests of workers of the closed mills to the maximum possible extent.

Major Head: 2852
Minor Head: 202

C. SCHEME FOR INTEGRATED TEXTILE PARKS (SITP)

3.26 The Government launched the 'Scheme for Integrated Textile Parks" (SITP) in August 2005, by merging the two existing schemes, viz. scheme of Apparel Park for Export (APES) and Textile Centres Infrastructure Development Scheme (TCIDS) whereas APES was to create exclusive expert zones of excellence of apparel, manufacturing, TCIDS was to modernise and fill in the gaps in the existing infrastructure at the existing major textile centres so as to remove the impediments to production.. The SITP Scheme, a public-private partnership, is being implemented through Special Purpose Vehicles (SPVs). The industry associations/group of entrepreneurs are the main promoters of SITP.

Scope of the Scheme:-

3.27 The scheme targets industrial clusters/locations with high growth potential, which require strategic interventions through provision of world-class infrastructure. The project cost covers common infrastructure and buildings for production/ support activities.

3.28 Infrastructure Leasing & Financial Services (IL&FS) has been appointed as the Project Management Consultant (PMC). PMC is responsible for identification of potential location, facilitating formation of SPV, Project Report formulation, and assisting SPV in attaining financial closure, preparation of tender documents and execution of projects.

Funding Pattern:-

3.29 The total project cost is funded through a mix of equity/grant – from the Government of India, State Government, State Industrial Development Corporation, Industry & Project Management Consultant and Loans – from banks/ financial institutions. The Government of India's (GOI) support under the Scheme is either through grant or through equity, which is limited to 40% of the project cost subject to a ceiling of Rs.40 crore. However, the combined equity stake of Government of India/State Government/State Industrial Development Corporation, if any, should not exceed 49%. Government assistance is released in advance in a phased manner:-

(i) 1st installment of 30% in two parts (10% on approval and 20 % after tenders are awarded).

(ii) 2nd installment of 30% and 3rd installment of 30% after utilization of previous installment.

(iii) Final installment of 10% after 25% of the units starts production.

3.30 When asked about the number of new textile parks developed so far under this scheme since its launch in August 2005, the Ministry stated in a written reply as follows:-

> "The SITP envisages creating up to 25 textile parks of international standards at potential growth centres by 2007-08. Subsequently, the target under SITP has been enhanced to 30 Parks during the 10th Five Year Plan. So far 30 Parks have been sanctioned at a total Project Cost of Rs.2902.88 crore, out of which the support of GOI would be Rs.1057.16 crore".

3.31 The Committee have been informed that the 30 sanctioned projects after being fully functional would facilitate employment generation (Direct/Indirect) for 5.6 lakh people. The activities in the Parks include weaving, processing, knitting, garmenting etc.

3.32 The State-wise break up of Textile Parks sanctioned so far is as under:

Name of the State	**No. of Parks Sanctioned**
Andhra Pradesh	4
Gujarat	7
Maharashtra	6
Tamil Nadu	6
Rajasthan	4
Karnataka	1
Punjab	1
West Bengal	1
TOTAL	**30**

3.33 The Committee has also been informed that there is a demand for additional parks from all over the country.Development of 50 new Textile Parks in the 11th Five Year Plan Period (in addition to the 30 sanctioned in 10th Plan) has been proposed.

3.34 When enquired, how the new scheme will be successful and achieve the targets fixed particularly in the background of dismal failure of its main components i.e.

Scheme of Apparel Park for Export (APES) and Textile Centres Infrastructure Development Scheme (TCIDS), the Ministry replied as under:-

> "Taking into consideration the shortcomings in the APES/TCIDS, these schemes were merged into a new scheme viz. Scheme for Integrated Textile parks (SITP). Under the new Scheme, Industry Associations/Groups of Entrepreneurs are main promoters of an Integrated Textile Parks (ITPs) by forming a Special Purpose Vehicles (SPVs). The SPVs shall have operational autonomy so that they do not become surrogate Public Sector Enterprises or be controlled by Central/State Governments. Further a Project Management Consultant (PMC) has been engaged for implementing the Scheme. The PMC is responsible for the speedy implementation of the Projects in a professional manner right from formulation of project report to the execution of the project. The project proposal is formulated by PMC after conducting a diagnostic study of the requirements of common facility and infrastructure in the specific location and based on demand and potentiality".

3.35 In regard to a question as how the timely and targeted completion of project will be ensured with the involvement of multiple agencies like Government of India, State Governments, SIDCs, Industrial Associations, Entrepreneurs and Group of Entrepreneurs, the Ministry in a written reply has stated as under:-

> "The Government of India support is released in a phased manner after ensuring appropriate matching contribution by the member entrepreneurs. The PMC is helping the SPVs for the speedy implementation of the Projects in a professional manner right from formulation of project report to the execution of the project. The progress of the projects is being monitored/reviewed regularly".

3.36 The Committee observe that the Government had launched the Apparel Parks for Export Schemes (APES) and Textile Centre Infrastructure Development Scheme (TCIDS) in 2002 with a view to create export zone of excellence of Apparel manufacturing and to modernize/fill in the gaps in the existing infrastructure at the major textile centres. An amount of Rs.131.55 crore were spent on these Schemes. After three years of implementation, in the year 2005, both these Schemes were merged with a new Scheme namely, SITP as these Schemes did not make much headway. The new Scheme SITP, as envisaged, has the involvement of Government of India, State Governments, State Industrial Development Corporations, Industry Associations, Group of Entrepreneurs, etc. for its funding and functioning. In addition, the Project Management Consultant has also been assigned an important role for identification of potential location, facilitating formation of SPV, project Report formation and assisting SPV in attaining financial closure, preparation of tender documents and execution of projects under the Scheme. Besides, SPVs have been given operational autonomy. Considering the involvement of multiple agencies and complex nature of the SITP Scheme, the Committee calls upon the Government to frame suitable guidelines to ensure that the execution of the Scheme is transparent, role assigned to each of the individual/agency is well defined, funding of the Scheme by private entrepreneurs/association of Industry is regulated in proper proportion and all functionaries involved are accountable towards the success of the Scheme. Besides, there should also be an effective monitoring mechanism to oversee the progress of these Parks with a view to ensure that they are being developed within the stipulated time frame and are in a position to achieve the set target.

3.37 The Committee further observe that due to involvement of various Government agencies like Planning Commission, Ministry of Finance, etc. and also for completing various procedural formalities, a lot of time is taken in the clearance of the project. The Committee, therefore recommend that there should be close liaison and coordination among various Government agencies for expeditious clearance of the projects so as to avoid time and cost overruns. The Committee further recommend that the procedural formalities required for clearance of such projects should also be simplified.

3.38 The Committee also note that there is a great demand of Textile Parks from all over the country. As many as 30 Parks have already been sanctioned covering the States of Andhra Pradesh, Gujarat, Maharashtra, Tamil Nadu, Rajasthan, Karnataka, Punjab and West Bengal. However, more and more demands for setting up Parks from the entrepreneurs are pouring in. The Committee, therefore, recommend that the Ministry should make a realistic assessment as to the number of Parks to be opened keeping in view the demands from entrepreneurs in the overall perspective. The establishment of these Textile Parks should be decided in such a manner that as far as possible a balance is maintained among various regions/States of the country so that the benefits accruing with the setting up of Textile Parks are equally divided throughout the nation. Simultaneously, it should also be kept in view that the areas with high density of weavers and other handloom workers are given priority while taking a decision regarding establishment of such Parks in a State/UT. This will go a

long way in the development of Textile sector and generation of employment opportunities.

Major Head: 2552
Minor Head: 02

D. TECHNOLOGY UPGRADATION FUND SCHEME (TUFS)

3.39 The Technology Upgradation Fund Scheme, the flagship scheme of the Ministry of Textiles, was launched on 1 April, 1999, with the objective of making funds available to the domestic textiles industry to upgrade the technology of existing units, and also to set up new units with state-of-the-art technology in order to enhance its viability and competitiveness in the domestic and international markets. The scheme covers spinning, cotton ginning & pressing, silk reeling & twisting, wool scouring & combing, synthetic filament yearn texturising, crimping and twisting, manufacture of viscose filament yarn (VFY)/viscose staple fibre (VSF), weaving/knitting (including non-wovens) and technical textiles. It also covers the manufacture and processing of fibres, yarns, fabrics, garments and made-ups, the jute sector, and handloom sector (since 2006-07). The scheme, which was to last upto 31 March, 2004, was extended till 31 March, 2007. In the Xth five year plan (2002-07), Rs. 1,270 crore was earmarked for the Scheme. The Government have decided to continue the Scheme in the XIth Five Year Plan, and Rs. 911.00 crore had been earmarked for the Scheme during 2007-08.

Benefits:-

(i) 5% interest reimbursement of the normal interest charged by the lending agency on Rupee Term Loan (RTL); or

(ii) 5% exchange fluctuation (interest & repayment) from the base rate on Foreign Currency Loan (FCL); or

(iii) 15% credit linked capital subsidy (CLCS) for the SSI textiles and jute sectors; or

(iv) 20% credit linked capital subsidy (CLCS) for the powerlooms sector; or

(v) 5% interest reimbursement plus 10% capital subsidy for specified processing machinery.

(vi) 25% capital subsidy on the purchase of new machinery and equipment for pre-loom & post-loom operations, upgradation of handlooms, and testing & quality control equipment for handloom production units.

3.40 IDBI, SIDBI and IFCI are the nodal agencies for Non-SSI textile sector, SSI textile sector and Jute sector respectively. However, in 2005, 13 additional nodal banks have been appointed under TUFS for determining eligibility and releasing the subsidy in respect of cases financed by them.

Progress:-

The Progress of TUFS since its inception upto December 2006 is as under:-

(Amount in Rs. crores)

Period	Received		Sanctioned			Disbursed	
	No. of applica-tions	Total cost of projects	No. of applica tions	Total cost of projects	Loan amount	No. of applica tions	Loan amount
1999-00	407	5771	309	5074	2421	179	746
2000-01	719	6296	616	4380	2090	494	1863
2001-02	472	1900	444	1320	630	401	804
2002-03	494	1835	456	1438	839	411	931
2003-04	867	3356	884	3289	1341	814	856
2004-05	986	7941	986	7349	2990	801	1757
2005-06	1086	16194	1078	15032	6776	993	3962
2006-07 (31.12.2006)	2000	15822	1966	14965	6536	1863	3983
Total	**7031**	**59115**	**6739**	**52847**	**23623**	**5956**	**14902**

3.41 From the above, it may be observed that since the launch of the Scheme till December 2006, 7,031 applications with project cost of Rs.59,115.00 crore have been received. Of this, 5,956 applications with a project cost of Rs.52,847.00 crore have been sanctioned and a loan amount of Rs.14902.00 crore have been disbursed to them.

20% credit linked capital subsidy:-

3.42 The Government is implementing 20% Credit Linked Capital Subsidy scheme under the TUFS to help the decentralized powerlooms sector. The scheme was announced on 6 November 2003, and is applicable to Powerlooms in SSI sector only. Under the Scheme, Rs. 77.25 crore were disbursed to 1,188 cases from November 2003 to February, 2007. The progress under 20% CLCS-TUFS for the Decentralised sector is as under:-

Sl. No.	Year	Cases Sanctioned	Subsidy (In Rs. crores)
1	2003-04	4	0.10
2.	2004-05	150	6.00
3.	2005-06	368	23.00
4.	2006-07 (as on 26.2.2007)	761	55.85

3.43 The Secretary, Ministry of Textiles, also apprised the Committee during evidence about the performance of the Scheme, needs of the country and the future investment, as follows:-

> "The Ministry of Textiles has provided industry with a conducive policy environment, and initiated Schemes which have enabled us to play the role of a facilitator. We are aware of the technological obsolescence in the organized textiles industry. In order to overcome this, we launched the Technology Upgradation Fund Scheme (TUFS) to provide the necessary impetus to modernization. The Scheme was expanded to include Capital Subsidy to Handlooms in 2006-07. The resultant success of TUFS has vindicated our stand. On the demand of the industry, TUFS will be continued during the XI Five Year Plan, and the allocation for the scheme has been enhanced to Rs.911.00 crores in 2007-08".

3.44 When asked whether allocation of Rs. 911 crore is sufficient to achieve the objective of the scheme, the Ministry of Textiles informed the Committee that initially there was a feeling in the textile industry that the scheme would come to an end on 31 March 2007. However, the investment in the sector in the last two years being substantial, the burden of interest subsidy and Credit Linked Capital Subsidy had gone up. It is felt that Rs. 911 crore may turn out to be inadequate as the quarterly payments of subsidy due in September 2006 and December 2006 have not been released in quite a few cases. In fact this amount would be required to wipe out past liabilities and, therefore, at least Rs. 500 crore of additional allocation would be required to fund fresh investments.

3.45 As regards covering the powerloom sector under the Scheme, representative of the Ministry during oral evidence stated as under:-

> "…..the question was raised about the powerloom sector being left out of the TUFS. If you see the investment, which has gone into TUFS, in the last seven years of TUFS, since 1999 powerloom sector did not take off only till last year. Of the 12,000 cases, which have come in the powerloom sector, 9,000 have come only in the last one year. Basically there is no problem regarding advertisement. Everybody knows about the TUFS. Now, it is the capacity to invest. Powerloom sector does not have the capacity to invest, and this is a scheme linked to the

banks. The banks will only finance those people who has the capacity to repay the money. Here, the individual who are the beneficiaries for the powerloom sector, have been probably defaulters in banks, and if he is a defaulter, the banks do not finance him again. We are trying to find ways and means. In the next Five Year Plan, when we go to the EFC and re-look at the TUFS Scheme, we will look at how to motivate more powerloom people to be benefited, may be even by changing regulations".

3.46 The Committee note that the Technology Upgradation Fund Scheme (TUFS), the flagship scheme of the Ministry of Textiles, was launched with the objective of making funds available to the domestic textile industry to upgrade the technology of existing units and also to set up new units with the state of the art technology to enhance competitiveness in the domestic and international markets. To achieve the objective, an outlay of Rs. 911 crore has been earmarked in the year 2007-08 as against Rs. 550 crore in the year 2006-07. Reasons advanced for the substantial step-

up in TUFS is to make Indian textile industry globally competitive and to equip it to face fierce competition as a result of phasing out of agreement on Textiles and Clothing (ATC). The scheme is implemented on reimbursement basis, i.e. funds are released after the expenditure is incurred. The scheme has been extended beyond 31 March 2007 reportedly because it has been found to be working satisfactorily towards its goal. The Committee further find that the quarterly payments of subsidy due in September 2006 and December 2006 have not yet been released in quite a few cases for want of funds. The Committee, therefore, feel that Rs.911 crore allotted under the scheme may turn out to be inadequate. In order to make the scheme highly effective and successful, the Committee observe that a result – oriented scheme should not prove a laggard merely due to non- availability of sufficient funds. They, therefore, strongly recommend that the Ministry may urge upon the Planning Commission to allocate the additional amount of Rs. 500 crore, or even more, if needed.

Major Head: 2851

E. HANDLOOM SECTOR ----- CENSUS

3.47 The handloom sector plays a very important role in the country's economy. It is the second largest sector in terms of employment, next only to agriculture. As per the Joint Census of Handlooms & Powerlooms 1995-96, 65.51 lakh persons are engaged in weaving and associated activities in handloom sector. Due to effective state intervention through financial assistance for the development and welfare of this sector, the persons engaged in handloom weaving and allied activities have been able to earn their livelihood. As a result of these measures the production of handloom fabrics has gone up to 6,871 (anticipated) million sq. meters during 2006-2007 from the level of 500 million sq. meters in the early fifties. This sector accounts for about 13% of the total cloth produced in the country (excluding wool, silk and Khadi).

3.48 The last Handloom Census was conducted in the year 1995-96 and thereafter no census have been conducted by the Government till date even after the lapse of one decade. When asked, how the Government propose to frame schemes and policies for development of handloom sector without having actual data about the sector, the Ministry replied as under:

> "Based on the previous performance of various schemes being implemented by this office and on the basis of data as per joint Census of Handloom & Powerloom 1995-96 Government frame schemes and policies for development of handloom sector."

3.49 The Committee note that the handloom sector is providing livelihood to a large number of weavers in the country. As per the joint census of handlooms and powerlooms done in 1995-96, about 65.51 lakhs persons are engaged in weaving and associated activities in handloom sector. Most of the weavers are scattered in rural areas and remote parts of the country. It is more than a decade since last census was conducted by the Government to assess the number of weavers in the country. The Committee are of the opinion that in the absence of latest and updated figures, hypothetical data is relied on, which adversely affects policies and programmes designed to strengthen the sector. The Committee, therefore, calls upon the Government to take immediate and urgent steps to conduct a fresh census of handloom weavers and allied workers engaged therein as of now so that realistic allocation for this sector could be made. The Committee also desire to be apprised of the efforts initiated in the matter within three months of presentation of this report.

Major Head: 2851
Minor Head: 39

F. WEAVERS WELFARE SCHEMES

3.50 In order to provide Life Insurance cover to the handloom weavers in case of natural /accidental death, the Mahatma Gandhi Bunkar Bima Yojana (MGBBY) was introduced. Similarly, in order to provide health care facilities to handloom weavers, the Health Insurance Scheme was introduced.

(1) HEALTH INSURANCE SCHEME (HIS)

3.51 The Health Insurance Scheme (HIS) was introduced in 2005-06 in place of the earlier Health Package Scheme in which the upper limit for the reimbursement claims received from the State Governments was only Rs.1,500/- in a year. The scheme covered only an individual and not the members of his family. The objective of the Health Insurance Scheme is to financially enable the weavers' community to access the best of health care facility in the country at an annual premium of Rs.1,000/- per weaver. Out of this premium, weaver's share is Rs.200/- and the Government of India's share is Rs.800/- per weaver. The scheme covers not only the weaver but his wife and two children also. It covers all pre-existing and new diseases. The maximum limit per family is Rs.15,000/- per annum out of which the OPD cover is Rs.7,500/-.

3.52 The Budgetary allocation, actual expenditure, physical targets and achievements during 2005-06 and 2006-07 under the scheme are as under:-

(Rs. in Crore)

Financial Targets 2005-06						Physical Targets Quantity 2005-06			Financial Targets 2006-07				Physical Targets Quantity 2006-07		
Sl. No.	Name of the Scheme	BE	RE	Actual	% of funds utililsed	Target fixed	Achievement	% of Achievement	BE	RE	Actual	% of funds utilized	Target fixed	Achievements	% of Achievements
1.	Health Insurance Scheme	-	27.0 6	26.73	98.78 (The scheme started in November 2005)	296300	240868 (November 2005 to March 2006)	81.29 (5months)	17.00	37.00	37.00	100	401127	401127	Expected 100
2.	Mahatama Gandhi Bunkar Bima Yojana	-	3.15	3.15	100	210000	196337 (Coverage from October, 05 to March 2006)	93.49	3.00	3.00	3.00	100	200000	535141 (Including New and Renewal cases)	267.57

Major Head: 2851
Minor Head: 40

(2) MAHATMA GANDHI BUNKAR BIMA YOJANA (MGBBY)

3.53 A new Insurance Scheme called Mahatma Gandhi Bunkar Bima Yojana (MGBBY) was launched on 2 October 2005, to provide insurance cover to the handloom weavers in case of natural as well as accidental death with a reduced premium. The Scheme is being implemented through Life Insurance Corporation of India. The annual premium under the scheme is Rs. 330/- of which Government of India's share is Rs. 150/-, Weaver's share is Rs. 80/-, and LIC's share is Rs. 100/- per annum. Under this scheme, the sum assured is Rs. 50,000/- for natural death and Rs. 80,000/- for accidental death. During 2005-06, Rs. 3.15 crore were released towards Central Government share of premium to LIC and 1,96,337 weavers were covered under the Mahatma Gandhi Bunkar Bima Yojana.

Eligibility :-

- The weaver should be earning at least 50% of his income from handloom weaving.
- All weavers, whether male or female, between the age group of 18 and 59 years are eligible to be covered under the scheme.
- Weavers being regular members of a Co-operative Societies/State Handloom Development Corporations are eligible to be covered under the scheme.
- Weavers outside cooperatives can also be covered under the scheme on a certificate from the State Director in-charge of Handlooms that they are fulfilling the eligibility conditions.

The scheme is administered by the Life Insurance Corporation of India.

Benefits:

(i)	On natural death	Rs.50,000/-
(ii)	On death due to accident	Rs.80,000/-
(iii)	Permanent total disability due to accident	Rs.50,000/-
(iv)	Loss of 2 eyes or 2 limbs or one eye and one limb in an accident	Rs.50,000/-
(v)	Loss of one eye or one limb in an accident	Rs.25,000/-

Additional Benefits:

The "Mahatma Gandhi Bunkar Bima Yojana" also provides scholarship under "Shiksha Sahyog Yojana". to the children of parents who are covered under Mahatma Gandhi Bunkar Bima Yojana

A scholarship of Rs.300/- per quarter per child is to be paid to students studying in standard IX to XII for a maximum period of four years or till they complete XII standard, whichever event occurs earlier.

The benefit is restricted to two children of the member covered.

Premium:

The annual premium of Rs.330/- per member is shared as under:

GOI contribution	Rs.150/-
Weavers' contribution	Rs.80/-
LIC's contribution	Rs.100/-
Total premium	Rs.330/-

Operational Modalities:-

3.54 The scheme is renewable every year and continuation of coverage is ensured only on payment of premium on the due date of renewal.The State Director-in-charge of Handlooms & Textiles and its sub-ordinate offices in the field are the Nodal agencies for implementation of the scheme. In the event of non-payment of the insurance premium for the next year by the beneficiary, the insurance cover shall automatically cease. The beneficiary will, however, be free to rejoin the scheme in any subsequent year on payment of required premium.

3.55 When asked to state the position on the settlement of claims under the Mahatma Gandhi Bunkar Bima Yojana, the Ministry submitted as under:

(upto January, 2007)

	Number	**Amount (Rs. in lakh)**
Natural Death	811	405.50
Accidental Death	11	08.80
Total	**822**	**414.30**

Up-to-date progress of the Scheme is as follows:-

Coverage of Weavers

Sl. No.	Coverage of weavers	Weavers covered
1.	Total number of weavers covered from October 2005 to March2006.	1,96,337
2.	Weavers covered from April 2006 to February 2007 (New enrolment)	1,12,280
3.	Renewals upto February 2007	2,26,524
	Total:	5,35,141

Year	Amount allocated	Amount released
2005-06	Rs.3,15,00,000/-	Rs.3,15,00,000/-
2006-07	Rs.3,00,00,000/-	Rs.2,40,00,000/-

Year	Amount released	Amount adjusted	Amount remaining
2005-06	Rs.3,15,00,000/-	Rs.2,94,50,550/-	Rs.20,49,450/-
2006-07 (till December 2006)	Rs.2,40,00,000/-	Rs.2,60,49,450/-	*

* LIC has covered 1,65,141 more weavers(both new and renewal cases)during 2006-07 for which the Government of India's share of premium due is Rs. 2,47,71,150/-

3.56 When asked to state the latest status regarding extension of age limit under the Scheme from 58 to 70 years as recommended by the Committee in their earlier Report (15 Report, 14th Lok Sabha), the Ministry in a written reply state as under:-

> "The matter has been examined in consultation with the Life Insurance Corporation of India (LIC). The LIC has reported that it is not in favour of extension of age limit under MGBBY from 58 to 70 as MGBBY is an extension of "Janshree Bima Yojana (JBY). In case the age is extended to 70 years the premium will substantially go up as the mortality rate after the age 60 goes up steeply. Since the rate of premium is uniform irrespective of age at entry, persons in the younger ages will have to cross - subsidize the premium for higher ages to a great extent. There is no standard age proof for heads of BPL families who are mostly covered under JBY."

3.57 When asked how the Government plans to cover maximum number of weavers under this Scheme, the Ministry informed in a written reply as under:-

"During the XI Plan, it is proposed to cover 66.66 lakh weavers under Mahatma Gandhi Bunkar Bima Yojana. For this, a financial outlay of Rs.100.00 crore has been proposed for the Mahatma Gandhi Bunkar Bima Yojana".

3.58 The Committee note that the 'Health Insurance Scheme' for Handloom weavers was launched on 3 November 2005. ICICI Lombard General Insurance Company has been chosen to implement the scheme. The objective of the scheme is to financially enable the weavers to have access to the best medical facilities at an annual premium of Rs.1,000/- per weaver. The annual coverage per family is Rs. 15,000 under the scheme. The cap of Rs. 15,000 per family under Health Insurance Scheme is, however, too meagre. The Committee feel the weavers suffer from occupational health hazards in addition to normal diseases. The Committee, therefore, recommend that in view of the rising cost of consultation, tests, medicines, etc. the ceiling under the Scheme should be raised to at least Rs.1,50,000 per annum per family. Moreover, the areas of critical care like cancer, bye-pass surgery, brain surgery, etc. should also be brought within the ambit of the Scheme. The ceiling of proposed Rs.1,50,000 per annum should not, however, apply in such cases.

3.59 The Committee note that at present all the weavers, whether male or female, between the age group of 18 and 58 years are eligible to be covered under the Mahatma Gandhi Bunkar Bima Scheme. The Committee, however find that at present only 1,96,337 weavers have been covered under the Scheme which is quite inadequate. The Committee in their earlier Report (9th Report, 14th Lok Sabha) had recommended that the eligibility criteria regarding the upper limit in coverage under Mahatma Gandhi Bunkar Bima Yojana should be raised from 58 to 70 years. In this regard, the Committee were informed during evidence that the matter regarding extension of age limit under the Scheme was taken up with the Ministry of Finance

and LIC. They opined that in case the age is extended to 70 years, the premium will substantially go up as the mortality rate after the age of 60 goes up steeply. Since the rate of premium is uniform in respect of age at entry, persons in younger ages will have to cross subsidize the premium for higher ages to a great extent. The Committee, totally disagree with this contention and feel that the Ministry has demonstrated utter lack of empathy in the instant matter and has dealt with it in a routine manner. The Committee find that as per the existing scheme, the annual premium is Rs.300/- of which Government of India's share is Rs.150/-, weaver's share is Rs.80/- and LIC's share is Rs.100/- per annum. During 2005-2006, Rs.315 lakh were released towards Central Government share of premium to LIC against 1,96,337 weavers covered under the Scheme. Thus, the overall collection of LIC on account of Government's share and weavers contribution towards premium payments amounts to more than Rs.472 lakh excluding the share of LIC during 2005-2006. The total disbursement by LIC under the settlement of claims has been Rs.414.30 lakh upto January 2007. Thus, the Scheme prima facie appears to be in favour of LIC. The Committee are of the opinion that the Government should have shown more concern for their socio-economic obligations towards weavers rather than watching the interest of insurance companies. The Committee, therefore, reiterate their earlier recommendation for extension of age limit from 58 to 70 for coverage under the Scheme. The Committee also desire to be apprised of the steps taken in this regard at the earliest.

3.60 The Committee are disheartened to note the position of settlement of claims under the schemes. 811 cases of natural death and 11 cases of the accidental death have been

settled as on January 2007 while some cases yet remain to be settled. This reflects the lackadaisical attitude of the Government agencies in setting the due claims of the poor and needy families of the weavers. The Committee, therefore, strongly recommend that the Government should take immediate steps to settle all the pending cases of claims under the scheme and devise a proper mechanism to make the process of claim settlement quick and hassle free in future.

Major Head:2852

Minor Head:15

G. TECHNOLOGY MISSION ON COTTON (TMC)

3.61 The Technology Mission on Cotton (TMC) was launched on 21 February 2000, to address the issues of raising productivity, improving quality and reducing the cost of production and thus provide the much-needed competitive advantage to the textiles industry, along with ensuring attractive returns to the farmers.

3.62 The Mission consists of four Mini Missions (MM) which are jointly being implemented by the Ministries of Agriculture and Textiles. The Indian Council of Agricultural Research (ICAR) and Ministry of Agriculture, Government of India are the Nodal Agencies for Mini-Missions I & II respectively. The Mini-Mission I focussed on development of high yielding pest resistant varieties and hybrids and integrated water, nutrition and pest management technologies. The Mini-Mission II related to transfer of the aforesaid technologies to farmers to ensure better returns.

3.63 The Ministry of Textiles is the Nodal Agency for Mini Missions III & IV. *Mini-Mission III* relates to improvement of marketing infrastructure and includes the revival of dormant market yards, improvement of existing market yards and setting up of new market yards. The Government of India provides assistance of 60% of the cost of development to the concerned State Governments/Agricultural Produce Market Committees (APMCs). *Mini-Mission IV* aims at modernisation of ginning and pressing factories and thereby improving the quality of cotton by reducing contamination and ensuring better prices to the growers. The capital incentive of 25% cost of modernization subject to a limit of Rs. 20 lakh is given to the ginning and pressing factories. Further, for installation of 'new bale press' and 'HVI/MVI laboratories', additional incentives of Rs. 7 lakh and Rs. 4 lakh respectively are also being allowed.

3.64 The mini-missions III and IV of TMC have been further extended for another two years by the Empowered Committee on TMC and will continue till 31 March 2009.

3.65 The details of funds allocated under this Scheme during the 10th Plan, actual expenditure and percentage of utilization are given as under:

(Rs.in crores)

Financial Targets				**Physical Targets**			
Year	**BE**	**RE**	**Actual Expendi-ture**	**% of Utiliza-tion***	**Target Fixed**	**Achieved**	**% of achievement**
2002-03	30.00	30.00	41.57	138.57	No year-wise targets were fixed. GOI had fixed targets for the IX and X Five Year Plan		
2003-04	30.00	30.00	39.64	132,13			
2004-05	4000	4000	30.33	75.83			
2005-06	80.00	70.00	26.33	33.29			
2006-07	100.00	50.50	25.00	72.16			
2007-08	50.00						

Percentages are more than 100% over BE because the funds were utilized out of unutilized funds of previous years.

3.66 When asked whether the Government have achieved the desired results in improving the market infrastructure and modernization of ginning and pressing factories under Mini Mission III & IV during 10th Five Year Plan, the Ministry stated in a written reply that the Government of India's efforts in Improvement in Marketing Infrastructure and Modernization of Ginning and Pressing factories have yielded significant positive results by improving the productivity and quality of cotton for manufacturing and export of competitive downstream textile products. As on March,2007 against the target of 250 market yards, 226 have been sanctioned and 110 had been completed under Mini Mission-III. Simultaneously, against the target of 1000 G & P units, 907 have been sanctioned and 544 completed as under Mini Mission IV.

3.67 When enquired about not achieving the set targets under Mini Mission III & IV during the stipulated time frame of 10th plan period, one of the representatives of the Ministry of Textiles during the evidence stated as under:-

> "It is the Centrally-sponsored scheme, where the State Governments have the share. The APMCs have their own share. The Mission IV had initially 500 mills, which were to be modernized or created. That target was enhanced to 1,000; and the target of 111was enhanced to 250. This was done only year before last. Our former Secretary felt extremely enthusiastic about the whole programme. Mr. Poornalingam said that there was tremendous opportunity in this programme, and quality cotton was required not only for the growth of textile industry but also the growth of textile export. Therefore, we have doubled our target. And, because we have doubled our target, a shortfall is being noticed. But out of the 250 as on date, 226 mandis have already been sanctioned; 110 have already been constructed and ready. Similarly, out of 1,000 G&P Units, 907 ginning and pressing Units have been sanctioned out of which 544 G&P Units have been completed.".

3.68 In reply to a query why the Ministry did not set yearly targets for these Missions when the funds are allocated annually, the Ministry stated as under:-

> "Modernization of market yards and modernization of ginning and pressing factories involved a prolonged exercise. Even for a particular project sanctioned in a particular year it normally takes two (2) years to complete the modernization. As the progress of the scheme under TMC under Mini Mission-III & IV was excellent compared to the original targets of the Xth Plan, the Ministry did not fix annual targets and focused on achievement of the overall target of the Xth Plan. Now, as sufficient number of projects have been sanctioned, it is expected that the revised target will be achieved in the first two years of the XIth Plan".

3.69 Mini Missions I & II are under the control of Ministry of Agriculture whereas the object of these Missions is the development of cotton sector. When enquired about any evaluation done about the performance of Mini Mission I & II and the coordination mechanism in place wherein both the agencies i.e. Ministry of Agriculture and Ministry of Textiles work in tandem to achieve the target, the Ministry in post evidence reply stated as under:-

> "The Ministry of Textiles is not aware of any evaluation study conducted for Mini Missions I & II. An Empowered Committee under the Chairmanship of the Cabinet Secretary has been set up to oversee, monitor and direct the Technology Mission on Cotton and also to decide the modification in the components, areas of operations etc. as may be considered essential from time to time. The Committee consists of Secretary Agriculture & Cooperation; Secretary, Expenditure; Secretary, Textiles; Secretary, Department of Agriculture (Research and Education) and DG (ICAR) and Advisor, Agriculture, Planning Commission. The Agriculture Commissioner is overall in charge of crop production and has been entrusted with the overall coordination with different department/organization and all the Mini Missions as the Mission Director."

3.70 When asked how the Ministry propose to streamline the coordination so as to make all the missions on cotton, i.e. I to IV to come under a unified system of quick and better delivery of result, the Ministry of Textiles in written reply stated as under:-

> "The Ministry of Textiles is of the opinion that the present system of coordination in the form of the Empowered Committee under the Chairmanship of the Cabinet Secretary is functioning quite well and hence, there is no need for any change in the monitoring and coordination system."

3.71 The Committee note that the Technology Mission on Cotton was launched by the Government of India on 21 February 2000 with the aim of addressing issues relating to the increase in productivity, improvement of quality and reduction in the cost of production and thus providing the much needed competitive advantage to the textile industry along with ensuring attractive returns to the farmers. The Mission comprises four Mini Missions, which are being implemented jointly by the Ministries of Agriculture and Textiles. Research and Development on cotton and dissemination of technology to farmers are being undertaken by the Ministry of Agriculture through Mini Missions I and II respectively. The objectives of Mini Missions III and IV are to improve marketing infrastructure and modernization of ginning and pressing factories, respectively. The Committee prima facie feel satisfied with the performance of Mini Missions III and IV. They, however, note with distress that no evaluation study with regard to the performance of Mini Mission I and II seems to have been done, although they are meant for research and development of cotton sector and dissemination of technology to farmers. These activities are of vital importance and have direct bearing on the functioning of Mini Missions III and IV. Lack of information regarding performance of Mini Missions I and II may have a bearing on the functioning of Mini Mission III and IV. Hence, in the opinion of the Committee, the integrated functioning of all the four Missions is the need of the hour. The disparate functioning of the Technology Mission on Cotton, despite the existence of co-ordination mechanism may not yield the desired results as integrated and unified approach of all these Missions may do. The Committee, therefore, strongly recommend that an appropriate mechanism be devised to make sure that all

the Mini Missions meant for the development of cotton sector are brought under a single and unified command for their better, integrated, result oriented and cohesive performance.

3.72 The Committee observe that the allocation of funds for Mini Missions III and IV for the years 2004-05, 2005-06 and 2006-07 were Rs.40 crore, Rs.70 crore and Rs.50.50 crore, respectively whereas the expenditure during the aforesaid period has been to the tune of Rs.30.33 crore in 2004-05, Rs.26.33 crore in the year 2005-06 and Rs.25 crore in the year 2006-07. Thus, the expenditure during the last three years has been far less than stipulated. However, the performance of these two Missions has been stated to be satisfactory as the targets were over achieved. The Committee are surprised to note that the targets were achieved with under utilization of funds. The Committee, therefore, feel that there should be correlation between the budgetary allocations and physical targets and desire that the Ministry should take corrective action in this regard and ensure that B.E is projected on a realistic basis.

NEW DELHI;

19 April, 2007
29 Chaitra, 1929 (Saka)

SURAVARAM SUDHAKAR REDDY
Chairman
Standing Committee on Labour

ANNEXURE-I
(See Para 3.1 of Report)

MINISTRY OF TEXTILES
(ECONOMIC DIVISION)

Outlay and Expenditure (Progressive) During Tenth Five Year Plan

(in Rs. crores)

				Annual Plan 2002-03		Annual Plan 2003-04		Annual Plan 2004-05		Annual Plan 2005-06				Annual Plan 2006-07		
Sl. No.	**Sector/Scheme**	**10th Plan Outlay (Approved)**	**Total Exp. (upto 12.03.07)**	**BE**	**Actual Exp.**	**BE**	**Actual Exp.**	**BE**	**Actual Exp.**	**BE**	**RE**	**Actual Releases**	**% over BE**	**BE**	**RE**	**Actual Exp. (till 31.03.07)#**
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.
A. Village & Small Industry																
1.	Handlooms	625.00	741.10	140.00	130.66	156.77	128.86	154.56	152.40	156.00	205.64	192.88	123.64	185.00	221.45	185.43
2.	Powerlooms	60.00	22.78	12.00	4.52	14.00	8.26	12.28	4.01	8.00	7.50	5.52	69.00	8.00	6.00	0.67
3.	Sericulture	450.00	529.53	87.50	90.59	92.68	89.68	102.46	102.66	110.00	136.42	131.41	119.46	142.00	132.37	125.98
4.	Handicrafts	425.00	353.44	88.00	64.98	103.55	63.73	103.00	78.69	105.00	105.00	97.24	92.61	110.00	104.65	95.49
5.	Wool & Woolens	40.00	27.38	8.00	6.29	13.00	10.00	12.00	0.00	5.00	5.00	6.09	121.80	5.00	10.25	6.75
	Sub Total (A)	**1600.00**	**1674.23**	**335.50**	**297.04**	**380.00**	**300.53**	**384.30**	**337.76**	**384.00**	**459.56**	**433.14**	**112.80**	**450.00**	**474.72**	**414.32**
B. Industry & Minerals																
6.	NIFT	30.00	97.73	8.00	13.73	18.00	23.00	32.71	25.00	12.78	25.00	25.00	195.62	11.00	16.00	11.00
7.	NTC	1.00	0.00	0.01	0.00	0.01	0.00	0.01	0.00	0.01	0.01	0.00	0.00	0.00		0.00
8.	BIC	1.00	0.00	0.01	0.00	0.01	0.00	0.01	0.00	0.01	0.01	0.00	0.00	0.00		0.00
9.	NJMC	1.00	0.00	0.01	0.00	0.01	0.00	0.01	0.00	0.01	0.01	0.00	0.00	0.00		0.00
10.	NCJD	30.00	27.16	6.00	5.33	7.00	6.95	7.00	7.48	7.00	7.40	7.40	105.71	0.00		0.00
11.	JMDC	5.00	11.08	2.00	2.00	2.00	0.73	0.70	0.70	0.74	1.35	1.35	182.43	9.00	9.00	9.00
12.	R&D including TRAs	50.00	12.34	10.00	7.71	10.00	2.66	2.00	0.92	1.05	1.05	1.05	100.00	1.00	1.00	0.00
13.	Export Promotion Studies	5.00	2.17	2.00	0.75	2.00	0.62	1.00	0.17	0.50	1.00	0.37	74.00	1.00	1.00	0.26
14.	CTM	150.00	165.00	30.00	30.00	30.00	30.00	40.00	40.00	80.00	70.00	40.00	50.00	100.00	50.00	25.00
15.	Sectt. Economic Services	5.00	1.98	1.00	0.30	1.00	0.49	1.00	0.32	1.05	0.90	0.61	58.10	1.00	0.80	0.26
16.	Integrated Scheme for Apparel Park (N)		127.07								60.00	27.68		209.00	190.00	101.55
a.	Apparel Parks	75.00	71.56	14.50	0.00	25.00	10.14	30.00	22.00	100.00	50.00	39.42	39.42			
b.	Infrastructural	75.00	59.99	15.00	0.00	22.00	10.93	30.00	10.00	100.00	50.00	39.06	39.06			

	Development Schemes															
17.	Voluntary Retirement Scheme (VRS)	150.00	42.75	30.00	42.75											
18.	Export Market Support Scheme (N)	9.00	0.00	2.00	0.00	1.00	0.00	1.00	0.00	0.01	0.01	0.00	0.00			
19.	Technical Textiles (N)	3.00	0.00	1.00	0.00	1.00	0.00	0.01	0.00	0.01	0.01	0.00	0.00			
20.	SJDF (including Jute Technology Mission)	40.00	3.04	7.97	0.00	7.97	0.64	5.00	1.00	11.83	6.37	1.40	11.83	12.50	12.50	0.00
21.	TUFS	1270.00	2019.30	250.00	202.59	250.00	248.97	340.00	283.61	450.00	450.53	485.00	107.78	550.00	894.48	811.75
22.	O/o TXC			0.00	0.16*											
23.	Institute of Textile Management Coimbatore		11.00	0.00	0.09	3.00	3.00	3.25	0.91	1.00	2.00	2.00	200.00	5.00	5.00	5.00
24.	**Sub Total (B)**	**1900.00**	**2652.33**	**379.50**	**305.41**	**380.00**	**338.13**	**493.70**	**392.11**	**766.00**	**725.65**	**670.34**	**87.51**	**899.50**	**1179.78**	**963.82**
	GRAND TOTAL (A+B)	**3500.00**	**4326.56**	**715.00**	**602.45**	**760.00@**	**638.66**	**878.00$**	**729.87**	**1150.00**	**1185.21**	**1103.48**	**95.95**	**1349.50**	**1654.50**	**1378.14**

N- New Scheme
* Provided in 2002-03 (RE)
@ included additional Rs. 45 crores for J & K package.
$ Includes Rs. 13 crores for J & K and Rs. 29.85 crores for schemes under PM's package
#Based on actual releases from PAO

ANNEXURE-II

(See Para 3.10 of the Report)

Plan Outlay & Expenditure for Textiles & Textile based Schemes in North East Region during 10th Plan (2002-07)

Sl. No.	Sector	10th Plan Outlay	2002-03			2003-04			2004-05			2005-06				2006-07		
			(BE) Total	NER		(BE) Total	NER		(BE) Total	NER		(BE) Total	NER			(BE) Total	NER	
				Share/Outlay	Exp.		Share/Outlay	Exp.		Share/Outlay	Exp.		Share/ Outlay (BE)	Share/ Outlay (RE)	Exp.		Share/ Outlay (BE)	Exp. (upto 31.03.07) (P)
1.	Handloom	625.00	140.00	22.00	20.74	156.77	28.00	20.48	154.56	34.20	20.60	156.00	25.00	28.00	26.12	185.00	35.00	21.14
2.	Sericulture	450.00	87.50	15.00	15.97	92.68	27.00	18.05	102.46	30.00	25.20	110.00	30.00	36.42	35.65	142.00	34.95	28.56
3.	Handicrafts	425.00	88.00	9.50	7.44	103.55	16.00	7.12	103.00	21.90	14.75	105.00	20.00	20.00	17.95	110.00	25.00	17.23
4.	Jute (Sector)																	
	(a) NCJD/JMDC	30.00	6.00	0.50	0.50	7.00	2.50	2.00	7.00	1.70	1.70	7.00	2.00	2.00	2.00	9.00	2.00	2.00
	(b) SJDF (including Jute Technology Mission) *												3.00	2.00	0.00	12.50	3.00	
5.	Scheme for Integrated Textile Parks															209.00	20.00	
a.	Apparel Park					25.00	2.50	0.00				100.00	10.00	10.00	0.00			
b.	TCIDS											100.00	10.00	10.00	0.00			
6.	TUFS											450.00	15.00	10.00	0.00	550.00	15.00	
	Total (1-6)				**44.65**			**47.65**			**62.25**				**81.72**			**68.93**
	Grand Total	**3500.00**	**715.00**	**47.00**		**760.00**	**76.00**		**878.00**	**87.80**		**1150.00**	**115.00**	**118.42**		**1349.50**	**134.95**	

SJDF :Jute Special Development Fund
(P) :Provisional
JMDC :Jute Manufacturer Development Council
***** :Including Jute Technology Mission
# :Based on releases from PAO upto 31.03.2007

ANNEXURE-III

MINUTES OF THE ELEVENTH SITTING OF THE STANDING COMMITTEE ON LABOUR HELD ON MONDAY, 2 APRIL 2007

The Committee met from 1100 hours to 1405 hrs. and again from 1500 hrs. to 1705 hrs. in Committee Room `E', Parliament House Annexe, New Delhi for taking oral evidence of the representatives of the Ministry of Labour and Employment and the Ministry of Textiles on Demands for Grants for the year 2007-08.

PRESENT
Shri Suravaram Sudhakar Reddy – CHAIRMAN

MEMBERS
LOK SABHA

2. Shri Furkan Ansari
3. Shri Subrata Bose
4. Shri Santasri Chatterjee
5. Shri Thawar Chand Gehlot
6. Dr. Satyanarayan Jatiya
7. Shri Virendra Kumar
8. Shri Rajesh Kumar Manjhi
9. Shri Chandradev Prasad Rajbhar
10. Smt. C.S. Sujatha
11. Shri Mohan Rawale

RAJYA SABHA

12. Chowdhary Mohammad Aslam
13. Shri Rudra Narayan Pany
14. Shri Narayan Singh Kesari
15. Shri K. Chandran Pillai
16. Shri Gandhi Azad
17. Ms. Pramila Bohidar

SECRETARIAT

1.	Shri N.K. Sapra	-	Joint Secretary
2.	Shri R.K. Bajaj	-	Director
3.	Shri N. K. Pandey	-	Deputy Secretary-II

2.	XX	XX	XX
3.	XX	XX	XX
4.	XX	XX	XX
5.	XX	XX	XX
6.	XX	XX	XX
7.	XX	XX	XX

8. In the afternoon at 3.00 p.m, the Committee again met to take evidence of the representatives of the Ministry of Textiles. The following were present:-

REPRESENTATIVES OF THE MINISTRY OF TEXTILES

Sl.No	Name of the Officer	Designation
1.	Shri A.K. Singh	Secretary
2.	Mrs. Asha Swarup	SS&FA
3.	Shri J.K. Sharma	Joint Secretary
4.	Shri Sudripta Roy	Joint Secretary
5.	Shri Qaiser Shamim,	Joint Secretary
6.	Shri B. Singh	Joint Secretary
7.	Shri B.K. Sinha	DC (Handlooms)
8.	Shri Sanjay Agarwal	DC (Handicrafts)
9.	Shri J.N. Singh	Textile Commissioner
10.	Shri R.S. Khande	Economic Advisor
11.	Md. Nazmuddin	Dy. Economic Advisor
12.	Shri Sudhir Bhandari	C.C.A.

9. The Chairman welcomed Shri A.K. Singh, Secretary and other accompanying officials of the Ministry of Textiles and invited their attention to the provisions contained in Direction 55 (1) of the Directions by the Speaker.

10. Then the Secretary, Ministry of Textiles briefed the members about the budgetary allocations for the year 2007-08 and the expenditure incurred so far on various schemes/programmes undertaken by the Ministry.

11. The Committee took evidence of the representatives of the Ministry of Textiles. The important topics discussed in the meeting inter-alia included (a) General Performance; (b) Textiles Workers' Rehabilitation Fund Scheme; (c) Scheme for Integrated Textile Parks; (d) Handlooms; (e) Mahatma Gandhi Bunkar Bima Yojana; (f) Integrated Handloom Cluster Development Scheme; (g) Deen Dayal Hathkargha Protsahan Yojana; (h) Technology Mission on Cotton; (i) Cotton Corporation of India Limited; (j) Technology Upgradation Fund Scheme (TUFS) and (k) Sericulture.

12. The Secretary and other officials of the Ministry replied to the queries raised by the Members. The Chairman also directed the Secretary to send written replies to the Supplementary List of Points within a week.

13. The Chairman thanked the Secretary and other officials for giving valuable information to the Committee on the subject.

A verbatim record of the evidence was kept.

{The witnesses then withdrew}

The Committee then adjourned.

MINUTES OF THE TWELFTH SITTING OF THE STANDING COMMITTEE ON LABOUR HELD ON THURSDAY, 19 APRIL 2007

The Committee met from 1500 hours to 1640 hours in Committee Room `C', Parliament House Annexe, New Delhi to consider and adopt draft two reports on Demands for Grants for the Year 2007-2008 of the Ministry of Labour and Employment and the Ministry of Textiles.

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PRESENT

Shri Suravaram Sudhakar Reddy – CHAIRMAN

MEMBERS

LOK SABHA

2. Shri Furkan Ansari
3. Shri Santasri Chatterjee
4. Shri Thawar Chand Gehlot
5. Shri Munawar Hasan
6. Shri Virendra Kumar
7. Shri Rajesh Kumar Manjhi
8. Shri Devidas Pingle
9. Shri Mohan Rawale

RAJYA SABHA

10. Shri Rudra Narayan Pany
11. Shri Narayan Singh Kesari
12. Shri K. Chandran Pillai

SECRETARIAT

1.	Shri N.K. Sapra	-	Joint Secretary
2.	Shri R.K. Bajaj	-	Director
3.	Shri N. K. Pandey	-	Deputy Secretary
4.	Smt. Mamta Kemwal	-	Under Secretary

2. At the outset, the Hon'ble Chairman welcomed the Members and apprised them about the two Draft Reports on the Demands for Grants for the year 2007-2008 of the Ministry of Labour and Employment and the Ministry of Textiles.

3. XX XX XX

4. The Committee then considered the Draft Twenty-First Report on Demands for Grants for the year 2007-2008 of the Ministry of Textiles and adopted the same with the following modifications:

(i) Page No. 24, Para 3.25, **to insert** at appropriate place "The workers of mills of Public Sector and Cooperative Sector which are closed should also be included within the ambit of TWRFS".

(ii) The cut off date of 1 April 1993 for including the mill under TWRFS should be relaxed and workers of the mills closed thereafter be considered for relief under TWRFS.

5. The Committee authorised the Chairman to finalise the above Reports and present the Report of the Ministry of Labour and Employment to Hon'ble Speaker under Direction 71 A of Directions by the Speaker, Lok Sabha. This is to facilitate the circulation of the Report and enable the Members to participate in the discussion on Demands for Grants (2007-2008) of the Ministry of Labour and Employment to be held on 26 April 2007 in Lok Sabha. Thereafter, the Reports of both the Ministries, i.e. Ministry of Labour and Employment and the Ministry of Textiles may be presented/laid in Lok Sabha/Rajya Sabha on their behalf.

The Committee then adjourned.

APPENDIX

STATEMENT OF RECOMMENDATION/OBSERVATIONS

Sl. No.	Para No.	Recommendations/Observations
1.	3.11	**The Committee observe that the annualized plan outlay for the 10th Plan has been Rs.4,852.50 crore whereas the utilization of plan outlay was Rs.4,452.60 crore (upto 31 March 2007), thus leaving an unspent amount of Rs.428.54 crore. Approximately, more than one hundred crore of rupees remained unspent at the end of each year of the 10th Five Year Plan. The Committee note that one of the major reasons for unspent balance has been the introduction of new schemes and modifications of existing one. As a result, the Ministry of Textiles could not forecast the exact amount of plan expenditure. The Committee further note that there has been withdrawal, modifications and merger of schemes with other schemes almost in all sectors of Textiles viz. handlooms, sericulture and handicrafts. The Committee have been informed during the course of evidence that in order to give a focussed thrust to the handloom sector, twelve existing schemes will be grouped into five schemes. Similarly, in handicrafts sector, the existing eleven schemes will be merged into seven with an emphasis on cluster development and welfare of artisans in the Eleventh Plan. The Committee are of the view that the modifications in existing schemes/introduction of new schemes which may be half-baked as well, would only hamper the pace of expenditure because it involves completion of fresh procedural formalities, the process undergoes a test of acceptance by the beneficiaries through implementing agencies and the assimilation of new schemes takes time. The Committee are skeptical that if this trend continues, the ambitious target set by the working group of Textiles and Jute Industries (2007-12) that the Textile Industry is expected to reach the market size of US$ 115 billion by 2012 will remain a distant dream. The Committee in their earlier reports have been impressing that developmental and welfare schemes of the Textile sector should be selected carefully after a thorough study keeping in view the past experiences, ground realities and the future need. Instead of loading the sector with a plethora of half-baked schemes, a few effective and well planned schemes should be devised to assist the Textile Industry to achieve the desired growth of the sector and make it globally competitive. The Committee, therefore, reiterate their earlier recommendation and hope and trust that the Ministry will be**

		more careful in formulation and selection of schemes. The Committee also desire the Ministry to adopt an innovative approach to improve utilization of the plan fund.
2.	**3.12**	**In respect of non-plan expenditure of the Ministry, the position is also not very promising. The Committee find that there is a huge variation in Budget Estimates and the actual expenditure during each year of the 10th Plan except for the year 2005-2006 when the actual expenditure was higher. As against overall Budget Estimate of Rs.5,274.90 crore, only Rs.4,231.08 crore were actually spent during the entire 10th Plan period. The reasons for huge variation in BE and actuals during the year 2006-07 have been stated as non-payment towards voluntary retirement scheme of NJMC, non-start of scheme regarding grant of special rebate @ 10% on sale of accumulated handloom stock and imposition of 5% cut of non-plan scheme by the Ministry of Finance, etc. The Committee are not convinced of the reasons adduced for non-utilization of funds and feel that it is more due to poor planning and short-sightedness on the part of the Government. The Committee, therefore, desire the Ministry to adopt a scientific approach of forecasting the Budget Estimates for non-plan expenditure so as to avoid surrender of huge unutilized amounts and consequential locking of precious financial resources.**
3.	**3.13**	**The Committee find that the Ministry faces difficulties in implementation of various schemes due to inability of the State Governments to make adequate budgetary provision to meet the requisite State share as stipulated under guidelines of respective Centrally Sponsored Schemes (CSS). To overcome this shortcoming, the Ministry has converted all handloom related Centrally Sponsored Schemes into Central Schemes (CS). Similarly, to enable them to achieve the target fixed under various schemes, Catalytic Development Programme (CDP) has also been converted into Central Schemes for its better implementation. The Committee note that Handloom is the second largest sector in terms of employment, next only to agriculture. Taking into account the vastness and importance of the sector, the Committee feel that involvement of the State Governments, which have sufficient manpower and are better equipped with the monitoring machinery, is essential for successful implementation of various welfare schemes. The Committee therefore, recommend that the existing system of CSS in the handloom sector may continue for one year more in order that the Ministry gets fully acquainted with the new system.**

4.	**3.14**	**The Committee are aware of the directive of the Government to earmark 10% of the entire allocation to the State Governments of North Eastern region of the country for their development. The Ministry had made a lump sum provision of Rs.134.95 crore at BE level for the year 2006-07 for textiles and textile- based schemes of the North Eastern region. However, the Committee are at a loss to understand the reasons for irrational share/outlay under various schemes of North Eastern region. For instance, out of the total outlay of Rs.185.00 crore and Rs.110.00 crore in respect of handlooms and sericulture sectors, the share of North Eastern region was Rs.35 crore and Rs.40 crore respectively whereas for segments such as TUFS and SITP out of the total outlay of Rs.550.00 crore and Rs.209.00 crore, the share was Rs.15.00 crore and Rs.20.00 crore, respectively. The amount spent on these sectors during the year was, however, nil. The shortfall is reportedly due to lack of basic facilities relating to development of large industry. The reason cited by the Ministry in this regard is not acceptable to the Committee. The Committee feel that there is need for some correction and adjustment in allocation of outlay to various schemes of North Eastern region particularly in the Sericulture sector where out of total plan allocation of Rs. 110 crore, Rs.40 crore i.e. about 37% has been reserved for the North- East during 2007-2008. Besides, the Committee also desire that the Government should take steps to strengthen the monitoring/evaluation of different schemes so that the allocation in respect of the North-Eastern States is better utilized.**
5.	**3.24**	**The Committee are deeply distressed to note that a large number of mills are being closed every year and lakhs of workers are being rendered without any job or assistance. As many as 3,22,855 workers of 462 mills have so far been displaced in the country. But, as per the norms decided by the Government, only 99,780 workers of 47 mills have been found eligible to get benefit under Textile Workers' Rehabilitation Fund Scheme (TWRFS). Moreover, out of the eligible workers, only 82,262 workers have been disbursed the assistance thus leaving 17,518 workers without any benefit despite being eligible under the Scheme. The Committee feel that the benefits under the TWRFS have not only been delayed but denied to the eligible workers due to statutory requirements of permission under section 25(O) of the Industrial Disputes Act, 1947, appointment of official liquidator under Companies Act, 1956 and scrutiny of applications by the State Governments. The Committee, therefore, strongly recommend that the compensation/relief due to a huge number of 17,518 eligible workers of the closed mills be disbursed to them without any delay in a time-bound manner. The**

		Ministry is advised to expedite the matter in consultation with the State Governments. The progress in this regard may be reported to the Committee within three months of submission of this report. The Committee also reiterate that the role and responsibilities of the office of Textile Commissioner may be suitably redefined vis-à-vis this scheme so as to cut short the delays in process. While doing so, the provision be made of holding the concerned officer accountable in the office of the Textile Commissioner, in case of undue delay.
6.	**3.25**	**The Committee further note that one of the eligibility criteria to avail of the benefit under the scheme is that the workers should have been drawing wage equivalent to Rs.2,500 per month or less from the mills, which had closed between 6 June 1985 and 1 April 1993 and Rs.3,500 on 1 April 1993 or thereafter. The Committee feel that the ceiling on the wages of Rs.2,500 between 6 June 1985 and 1 April 1993 and Rs.3,500 thereafter and the cut off dates for closure of mills to avail of the benefits under the Scheme are unrealistic and are definitely anti-worker. The Committee further observe that this Scheme is restricted only to private mills and is not applicable to mills of Public and Cooperative Sector. The Committee, therefore, call upon the Government to take all necessary steps including amendments, if necessary, in the relevant provisions of Acts, Rules and Statutes to make it more flexible and also to include the mills of Public and Cooperative Sectors closed between 6 June 1985 and 1 April 1993 and thereafter so as to protect the interests of workers of the closed mills to the maximum possible extent.**
7.	**3.36**	**The Committee observe that the Government had launched the Apparel Parks for Export Schemes (APES) and Textile Centre Infrastructure Development Scheme (TCIDS) in 2002 with a view to create export zone of excellence of Apparel manufacturing and to modernize/fill in the gaps in the existing infrastructure at the major textile centres. An amount of Rs.131.55 crore were spent on these Schemes. After three years of implementation, in the year 2005, both these Schemes were merged with a new Scheme namely, SITP as these Schemes did not make much headway. The new Scheme SITP, as envisaged, has the involvement of Government of India, State Governments, State Industrial Development Corporations, Industry Associations, Group of Entrepreneurs, etc. for its funding and functioning. In addition, the Project Management Consultant has also been assigned an important role for identification of potential location, facilitating formation of SPV, project Report formation and assisting SPV in attaining financial closure, preparation of tender documents and execution of projects under the Scheme. Besides, SPVs have been given operational autonomy. Considering the involvement of multiple agencies and**

		complex nature of the SITP Scheme, the Committee calls upon the Government to frame suitable guidelines to ensure that the execution of the Scheme is transparent, role assigned to each of the individual/agency is well defined, funding of the Scheme by private entrepreneurs/association of Industry is regulated in proper proportion and all functionaries involved are accountable towards the success of the Scheme. Besides, there should also be an effective monitoring mechanism to oversee the progress of these Parks with a view to ensure that they are being developed within the stipulated time frame and are in a position to achieve the set target.
8.	**3.37**	**The Committee further observe that due to involvement of various Government agencies like Planning Commission, Ministry of Finance, etc. and also for completing various procedural formalities, a lot of time is taken in the clearance of the project. The Committee, therefore recommend that there should be close liaison and coordination among various Government agencies for expeditious clearance of the projects so as to avoid time and cost overruns. The Committee further recommend that the procedural formalities required for clearance of such projects should also be simplified.**
9.	**3.38**	**The Committee also note that there is a great demand of Textile Parks from all over the country. As many as 30 Parks have already been sanctioned covering the States of Andhra Pradesh, Gujarat, Maharashtra, Tamil Nadu, Rajasthan, Karnataka, Punjab and West Bengal. However, more and more demands for setting up Parks from the entrepreneurs are pouring in. The Committee, therefore, recommend that the Ministry should make a realistic assessment as to the number of Parks to be opened keeping in view the demands from entrepreneurs in the overall perspective. The establishment of these Textile Parks should be decided in such a manner that as far as possible a balance is maintained among various regions/States of the country so that the benefits accruing with the setting up of Textile Parks are equally divided throughout the nation. Simultaneously, it should also be kept in view that the areas with high density of weavers and other handloom workers are given priority while taking a decision regarding establishment of such Parks in a State/UT. This will go a long way in the development of Textile sector and generation of employment opportunities.**

10.	**3.46**	**The Committee note that the Technology Upgradation Fund Scheme (TUFS), the flagship scheme of the Ministry of Textiles, was launched with the objective of making funds available to the domestic textile industry to upgrade the technology of existing units and also to set up new units with the state of the art technology to enhance competitiveness in the domestic and international markets. To achieve the objective, an outlay of Rs. 911 crore has been earmarked in the year 2007-08 as against Rs. 550 crore in the year 2006-07. Reasons advanced for the substantial step-up in TUFS is to make Indian textile industry globally competitive and to equip it to face fierce competition as a result of phasing out of agreement on Textiles and Clothing (ATC). The scheme is implemented on reimbursement basis, <u>i.e.</u> funds are released after the expenditure is incurred. The scheme has been extended beyond 31 March 2007 reportedly because it has been found to be working satisfactorily towards its goal. The Committee further find that the quarterly payments of subsidy due in September 2006 and December 2006 have not yet been released in quite a few cases for want of funds. The Committee, therefore, feel that Rs.911 crore allotted under the scheme may turn out to be inadequate. In order to make the scheme highly effective and successful, the Committee observe that a result – oriented scheme should not prove a laggard merely due to non- availability of sufficient funds. They, therefore, strongly recommend that the Ministry may urge upon the Planning Commission to allocate the additional amount of Rs. 500 crore, or even more, if needed.**
11.	**3.49**	**The Committee note that the handloom sector is providing livelihood to a large number of weavers in the country. As per the joint census of handlooms and powerlooms done in 1995-96, about 65.51 lakhs persons are engaged in weaving and associated activities in handloom sector. Most of the weavers are scattered in rural areas and remote parts of the country. It is more than a decade since last census was conducted by the Government to assess the number of weavers in the country. The Committee are of the opinion that in the absence of latest and updated figures, hypothetical data is relied on, which adversely affects policies and programmes designed to strengthen the sector. The Committee, therefore, calls upon the Government to take immediate and urgent steps to conduct a fresh census of handloom weavers and allied workers engaged therein as of now so that realistic allocation for this sector could be made. The Committee also desire to be apprised of the efforts initiated in the matter within three months of presentation of this report.**

12.	**3.58**	**The Committee note that the 'Health Insurance Scheme' for Handloom weavers was launched on 3 November 2005. ICICI Lombard General Insurance Company has been chosen to implement the scheme. The objective of the scheme is to financially enable the weavers to have access to the best medical facilities at an annual premium of Rs.1,000/- per weaver. The annual coverage per family is Rs. 15,000 under the scheme. The cap of Rs. 15,000 per family under Health Insurance Scheme is, however, too meagre. The Committee feel the weavers suffer from occupational health hazards in addition to normal diseases. The Committee, therefore, recommend that in view of the rising cost of consultation, tests, medicines, etc. the ceiling under the Scheme should be raised to at least Rs.1,50,000 per annum per family. Moreover, the areas of critical care like cancer, bye-pass surgery, brain surgery, etc. should also be brought within the ambit of the Scheme. The ceiling of proposed Rs.1,50,000 per annum should not, however, apply in such cases.**
13.	**3.59**	**The Committee note that at present all the weavers, whether male or female, between the age group of 18 and 58 years are eligible to be covered under the Mahatma Gandhi Bunkar Bima Scheme. The Committee, however find that at present only 1,96,337 weavers have been covered under the Scheme which is quite inadequate. The Committee in their earlier Report (9th Report, 14th Lok Sabha) had recommended that the eligibility criteria regarding the upper limit in coverage under Mahatma Gandhi Bunkar Bima Yojana should be raised from 58 to 70 years. In this regard, the Committee were informed during evidence that the matter regarding extension of age limit under the Scheme was taken up with the Ministry of Finance and LIC. They opined that in case the age is extended to 70 years, the premium will substantially go up as the mortality rate after the age of 60 goes up steeply. Since the rate of premium is uniform in respect of age at entry, persons in younger ages will have to cross subsidize the premium for higher ages to a great extent. The Committee, totally disagree with this contention and feel that the Ministry has demonstrated utter lack of empathy in the instant matter and has dealt with it in a routine manner. The Committee find that as per the existing scheme, the annual premium is Rs.300/- of which Government of India's share is Rs.150/-, weaver's share is Rs.80/- and LIC's share is Rs.100/- per annum. During 2005-2006, Rs.315 lakh were released towards Central Government share of premium to LIC against 1,96,337 weavers covered under the Scheme. Thus, the overall collection of LIC on account of Government's share and weavers**

		contribution towards premium payments amounts to more than Rs.472 lakh excluding the share of LIC during 2005-2006. The total disbursement by LIC under the settlement of claims has been Rs.414.30 lakh upto January 2007. Thus, the Scheme prima facie appears to be in favour of LIC. The Committee are of the opinion that the Government should have shown more concern for their socio-economic obligations towards weavers rather than watching the interest of insurance companies. The Committee, therefore, reiterate their earlier recommendation for extension of age limit from 58 to 70 for coverage under the Scheme. The Committee also desire to be apprised of the steps taken in this regard at the earliest.
14.	**3.60**	**The Committee are disheartened to note the position of settlement of claims under the schemes. 811 cases of natural death and 11 cases of the accidental death have been settled as on January 2007 while some cases yet remain to be settled. This reflects the lackadaisical attitude of the Government agencies in setting the due claims of the poor and needy families of the weavers. The Committee, therefore, strongly recommend that the Government should take immediate steps to settle all the pending cases of claims under the scheme and devise a proper mechanism to make the process of claim settlement quick and hassle free in future.**
15.	**3.71**	**The Committee note that the Technology Mission on Cotton was launched by the Government of India on 21 February 2000 with the aim of addressing issues relating to the increase in productivity, improvement of quality and reduction in the cost of production and thus providing the much needed competitive advantage to the textile industry along with ensuring attractive returns to the farmers. The Mission comprises four Mini Missions, which are being implemented jointly by the Ministries of Agriculture and Textiles. Research and Development on cotton and dissemination of technology to farmers are being undertaken by the Ministry of Agriculture through Mini Missions I and II respectively. The objectives of Mini Missions III and IV are to improve marketing infrastructure and modernization of ginning and pressing factories, respectively. The Committee prima facie feel satisfied with the performance of Mini Missions III and IV. They, however, note with distress that no evaluation study with regard to the performance of Mini Mission I and II seems to have been done, although they are meant for research and development of cotton sector and dissemination of technology to farmers. These activities are of vital importance and have direct bearing on the functioning of Mini Missions III and IV.**

		Lack of information regarding performance of Mini Missions I and II may have a bearing on the functioning of Mini Mission III and IV. Hence, in the opinion of the Committee, the integrated functioning of all the four Missions is the need of the hour. The disparate functioning of the Technology Mission on Cotton, despite the existence of co-ordination mechanism may not yield the desired results as integrated and unified approach of all these Missions may do. The Committee, therefore, strongly recommend that an appropriate mechanism be devised to make sure that all the Mini Missions meant for the development of cotton sector are brought under a single and unified command for their better, integrated, result oriented and cohesive performance.
16.	**3.72**	**The Committee observe that the allocation of funds for Mini Missions III and IV for the years 2004-05, 2005-06 and 2006-07 were Rs.40 crore, Rs.70 crore and Rs.50.50 crore, respectively whereas the expenditure during the aforesaid period has been to the tune of Rs.30.33 crore in 2004-05, Rs.26.33 crore in the year 2005-06 and Rs.25 crore in the year 2006-07. Thus, the expenditure during the last three years has been far less than stipulated. However, the performance of these two Missions has been stated to be satisfactory as the targets were over achieved. The Committee are surprised to note that the targets were achieved with under utilization of funds. The Committee, therefore, feel that there should be correlation between the budgetary allocations and physical targets and desire that the Ministry should take corrective action in this regard and ensure that B.E is projected on a realistic basis.**