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STANDING COMMITTEE ON LABOUR
(2007-08)

FOURTEENTH LOK SABHA

MINISTRY OF TEXTILES

DEMANDS FOR GRANTS
(2008-2009)

TWENTY-NINTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

April 2008/Chaitra 1930 (Saka)

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(2008-2009)

Presented to Lok Sabha on 22 April 2008
Laid in Rajya Sabha on 22 April 2008

LOK SABHA SECRETARIAT
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COMPOSITION OF THE STANDING COMMITTEE ON LABOUR (2007-2008)

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 Hasan
7. Smt. Sushila Kerketta
8. Shri Mohammad Tahir Khan
9. Shri Virendra Kumar
10. Shri Rajesh Kumar Manjhi
11. Shri Basangouda R. Patil
12. Shri Devidas Pingle
13. Shri Chandra Dev Prasad Rajbhar
14. Shri Mohan Rawale
15. Shri Dhan Singh Rawat
16. Shri Kamla Prasad Rawat
17. Smt. C. S. Sujatha
18. Shri Parasnath Yadav

*19. Shri Ramdas Athawale

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. Shri Arjun Kumar Sengupta

***28. Vacant

***29. Vacant

30. Vacant
31. Vacant

SECRETARIAT

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

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* Changed the nomination from Committee on Railways to Committee on Labour w.e.f. 21 August 2007.

** Nominated w.e.f. 14.09.2007.

*** Vacancy caused due to retirement of Ms. Pramila Bohidar and Shri Dilip Ray w.e.f. 02.04.2008.

INTRODUCTION

I, the Chairman of the Standing Committee on Labour 2007-08 having been authorized by the Committee to submit the Report on their behalf, present this Twenty-Ninth Report of the Ministry of Textiles on Demands for Grants for the year 2008-2009.

2. The Committee considered the Demands for Grants pertaining to the Ministry of Textiles for the year 2008-2009 which were laid on the Table of the House on 17 March 2008. Thereafter, the Committee took evidence of the representatives of the Ministry of Textiles on 31 March 2008. The Committee considered and adopted the Report at their sitting held on 16 April 2008.

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. The Committee would also like to place on record their deep sense of appreciation of the commitment, dedication and valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

5. 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;
16 April, 2008
27 Chaitra, 1930 (Saka)

CHAPTER-I

REVIEW OF STATUS OF IMPLEMENTATION OF RECOMMENDATIONS CONTAINED IN THE TWENTY-FIRST REPORT OF THE STANDING COMMITTEE ON LABOUR ON DEMANDS FOR GRANTS (2007-08) OF MINISTRY OF TEXTILES.

1.1 The Standing Committee on Labour presented their Twenty-First Report on Demands for Grants (2007-08) pertaining to the Ministry of Textiles to Parliament on 26.4.2006. An Action Taken Report (Twenty Fourth Report, Fourteenth Lok Sabha) on the recommendations contained in the Twenty-First Report was presented to Parliament on 05.09.2007.

1.2 The Twenty-First Report contained 16 recommendations. Five recommendations (Sl.No.1,2,3,4 and 7) were accepted by the Government. The Committee did not desire to pursue six recommendations (Sl.No. 5,8,9, 14, 15 and 16) in view of the replies given by the Government. In respect of three recommendations (Sl.No 6,12 and 13), the replies of the Government were not accepted and hence were reiterated by the Committee in their Twenty Fourth Report. Replies of the Government were interim in nature in respect of 2 recommendations (Sl.No 10 and 11).

1.3 The Minister of Textiles made a statement in Lok Sabha on the implementation of the recommendations contained in the Twenty-First Report of the Committee on 6.12.2007 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. Plan Expenditure:-**The Committee recommended that the Ministry should adopt an innovative approach to improve utilization of the plan fund and be more careful in formulation and selection of schemes rather than loading the sector with a plethora of half baked schemes.**

The Ministry of Textiles has stated that concerted efforts are being made to fully utilize the plan fund through regular monitoring of the performance, holding weekly review meetings at highest level and setting up of computerized monitoring mechanism alongwith evaluation of the major plans schemes.

Rec. No. 2. Non Plan Expenditure:-**The Committee desired 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.**

The Ministry has stated that Non-Plan Budget proposals are prepared after a detailed review with the concerned divisions and, thereafter, the estimates are discussed with the officials of the Ministry of Finance and are also monitored regularly in the senior officers meetings. From the year 2007-08, Monthly Expenditure Plan (MEP) has been made applicable in the Ministry. This management system will improve the utilization situation in the year 2007-08 and prevent the surrender of funds.

Rec. No. 3. **Handloom Schemes:-The Committee recommended that the existing system of Centrally Sponsored Schemes (CSS) in the handloom sector may continue for one year more in order that the Ministry gets fully acquainted with the new system of converting all CSS to Central Schemes (CS).**

The Ministry of Textiles has noted the recommendation for compliance.

Rec. No. 4. **Earmarking 10% allocation to NER:-The Committee recommended that the Government should take steps to strengthen the monitoring/evaluation of different schemes so that the allocation in respect of North-Eastern States is better utilized.**

The Ministry has noted the recommendation for compliance and stated that adequate care will also be taken to ensure that the flow of funds to the states falling under NER is fully utilized.

Rec. No. 7. **Scheme for Integrated Textile Parks (SITP):-The Committee recommended 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.**

The Ministry has stated that the guidelines for SITP have been issued by the Government in 2005 which lay down the role and responsibility of the project specific Special Purpose Vehicle (SPV), the Project Management Consultant (PMC) and the Government. The PMC is helping the SPVs for the speedy implementation of the projects and a project approval committee regularly reviews the progress of the projects.

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

Rec. No. 5. **Textile Workers' Rehabilitation Fund Scheme (TWRFS):-The Committee recommended 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 and 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.**

The Ministry has stated that as on 11.6.2007, out of 19,947 workers who are to be paid relief, about 15,000 workers have been found ineligible under the scheme by the concerned State Governments and only 5000 workers are remaining. The Ministry has further stated that the disbursement is expeditious once applications are received from the competent authority (State Governments), the office of the Textile Commissioner is always in contact with the State Governments for speedy scrutiny of applications of workers.

Rec. No. 8. **Scheme for Integrated Textile parks (SITP):-The Committee recommended 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 and the procedural formalities required for clearance of such projects should also be simplified.**

The Ministry has stated that involvement of the Planning Commission and Ministry of Finance is initially limited to the allocation of funds and approval of the scheme. Approval of projects during the 10th Five Year Plan was done expeditiously, and 30 projects were sanctioned as per target.

Rec. No. 9. **Scheme for Integrated Textile Parks (SITP):-The Committee recommended 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 and the establishment of these Textiles 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.**

The Ministry has stated that only those projects which are considered to be viable are approved by the Project Approval Committee (PAC). In the Ist phase, proposals from traditional textiles producing areas were received. Entrepreneurs of States/UTs, from where no proposal was approved during the 10th Plan, will be sensitized to develop Textiles Parks as soon as a decision is taken to sanction more projects during the 11th Plan. During the 10th Plan one Handlooms Park was approved. Efforts will be made to set up more such parks during the 11th Plan.

Rec. No. 14. **Mahatma Gandhi Bunkar Bima Yojna (MGBBY):-The Committee recommended that the Government should take immediate steps to settle all the pending cases of claims under the MGBBY and devise a proper mechanism to make the process of claim settlement quick and hassle free in future.**

The Ministry of Textiles stated that the LIC has informed that 1345 natural death claims and 14 accidental death claims (Totalling 1359 claims) have been received by the LIC and all the 1359 claims amounting to Rs. 6.84 crores have been settled by the LIC up-to March 2007. Thus it may be stated that the claims have been settled by the LIC promptly.

Rec. No. 15. **Technology Mission on Cotton (TMC):-The Committee recommended 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.**

The Ministry of Textiles has stated that there is an empowered Committee under the Chairmanship of the Cabinet Secretary to oversee the implementation of the Technology Mission on Cotton (TMC). Issues pertaining to Mini Missions I and II of the Ministry of Agriculture and Mini Missions III and IV of the Ministry of Textiles are taken up in the Empowered Committee. There is no problem of coordination between the Ministries of Agriculture and Textiles in the implementation of the TMC project.

Rec. No. 16. **Technology Mission on Cotton (TMC):-The Committee recommended that the Ministry should take steps to maintain co-relation between the budgetary allocations and physical targets while ensuring that the B.E. is projected on a realistic basis.**

The Ministry has stated that the variation between the budget estimates and the expenditure incurred in the past years was due to the fact that the estimates were based on the assumption that the Market Yards and the G&P factories approved under the project would be completed within a period of 1 year but due to problems such as financial limitations, weather conditions, non-availability of machinery etc., the development of Market Yards actually takes two to three years once the approval is accorded. The utilization of funds during 2004-05 and 2005-06 was slow because projects approved earlier i.e., during 2002-03 and 2003-04 were at the completion stage. New and additional targets were fixed during June 2005 and approvals were accorded thereafter.

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

Rec. No. 6. **Textile Workers Rehabilitation Fund Scheme (TWRFS):-The Committee recommended the Government to take all necessary steps including amendments, if necessary, in the relevant provisions of Act, Rules and Statutes to make the Scheme more flexible by waiving the existing ceiling to cover the workers and also to include the mills of Public and Cooperative Sectors closed between 6 June 1985 and 1 April 1993 and thereafter, to protect the interests of workers of the closed mills to the maximum possible extent.**

In the Final Action Taken reply, it has been stated that the present budget provision is just adequate to provide relief to the textiles workers covered within the existing wage ceiling. The removal of wage ceiling without adequate budgetary support will prove counter-productive. As regards the coverage of the workers of public and cooperative sector textile mills, which are not covered under social security provisions, these are the responsibility of the concerned State Governments. Their inclusion in the Scheme will put a strain on the funds available under the scheme. **Not Implemented**.

Rec. No. 12. **Health Insurance Scheme (HIS):-The Committee recommended 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 and the areas of critical care like cancer, bye-pass surgery, brain surgery, etc. should also be brought in the ambit of the Scheme but not within the proposed sum of Rs. 1,50,000 per annum.**

In the Final Action Taken reply, it has been mentioned that the Handloom Weavers' Comprehensive Welfare Scheme with the components of Health Insurance Scheme and the Mahatma Gandhi Bunkar Bima Yojana has been approved by the Cabinet Committee. The proposal for covering **critical illnesses** under the Health Insurance Scheme was placed before the Expenditure Finance Committee in its meeting held on 05.07.2007 to consider the Handlooms Weavers Comprehensive Welfare Scheme of which the Health Insurance Scheme is a component. The EFC opined that this could be covered under the new scheme to be launched by the LIC. When the critical illness benefits are included in the scheme with existing benefits, then the amount of premium will be enhanced by Rs. 4/- per thousand (i.e. about Rs. 400/- for Rs. One lakh). Consequently the premium will have to be substantially raised from the current rates. This will be an additional burden on the weavers. We have written to LIC and the Department of Financial Services to reduce the premium. Regarding raising of the amount to cover general medical facilities to atleast Rs. 1,50,000/-, it has been stated that the Health Insurance Scheme component of the Handloom Weavers' Comprehensive Welfare Scheme has been approved by the Cabinet committee with the benefits of Rs. 15,000/- per annum per family. **Not implemented. This issue has again been examined by the Committee in this Report.**

Rec. No. 13. **Mahatma Gandhi Bunkar Bima Yojna (MGBBY):-The Committee recommended that the age limit to cover the weavers under MGBBY should be extended from 58 to 70 years.**

In the Final Action Taken reply, it has been stated that the Government of India has been taking up the matter with the LIC and the Finance Ministry for extending the upper age limit from 58-70 years from Handlooms Weavers under the MGBBY. LIC has informed that raising the upper age limit from 58 to 70 years will involve a substantial increase of premium (Rs. 1400/-) out of which only Rs. 100/- is to be drawn from the Social Security Fund and the remaining fund is to be borne/shared by Ministry. It may be mentioned that this premium appears too high and consequently the number of beneficiaries shall have to be reduced substantially and the benefit of the scheme will have to be curtailed by huge numbers. Moreover, LIC has clarified that in case the claim outgo exceeds the premium for this group the excess of claim over premium is proposed to be made good by the Ministry. We have written to LIC and the Department of Financial Services to reduce the premium**. Not implemented. This issue has again been examined by the Committee in this Report.**

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

Rec. No. 10. **Technology Upgradation Fund Scheme:-The Committee recommended that in order to make the scheme highly effective and successful, the Ministry may urge upon the Planning Commission to allocate the additional amount of Rs. 500/- crore, or even more, if needed.**

In the Final Action Taken reply, it has been mentioned that for the financial year 2007-2008, there is a budget allocation of Rs. 911 crore, and Rs. 840 crore stands utilized upto the month of October, 2007. The Ministry of Textiles have made a request for an additional fund of Rs. 889 crore from the Ministry of Finance. Accordingly, the final decision on the additional fund may become available only in the month of December, 2007.

Rec. No. 11. **Census of Handloom Weavers:-The Committee recommended that the Government should 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 section could be made.**

In the Final Action Reply, it has been stated that the Third Handloom Census has been made a component of “Diversified Handloom Development Scheme (DHDS)” which has already been approved for implementation during the XI plan period. The process for conducting a fresh Handloom Census has already been initiated. In order to identify the agency for conducting the Census. “Expression of Interest” has been invited from various reputed national level agencies having experience of conducting national level census/survey of similar nature.

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, 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 Textile Industry.
- The Jute Industry.
- The Sericulture and Silk Textiles Industry.
- The Wool & Woollen Textiles Industry.
- The Decentralised Powerlooms Sector.
- The Export Promotion.
- Planning & Economic Analysis.
- Integrated Finance Matters.
- Information Technology
- Handicrafts
- Handlooms

2.5 The Demands for Grants of the Ministry of Textiles for 2008-2009 are given under Demand No. 92. The detailed Demands for Grants of the Ministry were laid on the Table of Lok Sabha on 17 March, 2008.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 for Consumer Industries

2.6 In order to efficiently carry out the task of implementing various schemes, the Ministry has the following two attached offices, two subordinate offices, seven advisory boards, four autonomous bodies and four statutory bodies under it.

Attached offices:-

(a) Office of the Development Commissioner for Handlooms

(b) Office of the Development Commissioner for Handicrafts

Subordinate offices:-

(a) Office of the Textiles Commissioner

(b) Office of the Jute Commissioner

Advisory Boards:-

(a) Development Council for the Textiles Industry

(b) All India Handicrafts Board

(c) All India Powerlooms Board

(d) All India Handlooms Board

(e) Cotton Advisory Board

(f) Jute Advisory Board

(g) Coordination Council of TRAs

Autonomous Bodies:-

(a) Central Wool Development Board (CWDB)

(b) National Institute of Fashion Technology (NIFT)

(c) National Centre for Jute Diversification (NCJD)

(d) Sardar Vallabhbhai Patel Institute of Textiles Management (SVPITM)

Statutory Bodies:-

(a) Jute Manufactures Development Council (JMDC)

(b) Central Silk Board (CSB)

(c) Textiles Committee

(d) Commissioner of Payments

2.7 The Committee have attempted to scrutinize the Demands for Grants for the year 2008-09 of the Ministry to the extent possible and the conclusions drawn have been illustrated in the ensuing Chapters.

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 2008-09 are as under:

(Rs. In thousands of Rupees)

	REVENUE	CAPITAL	TOTAL
CHARGED & VOTED	30645300	2589800	33235100

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 Ministry has been allocated an amount of Rs. 2500 crore as the plan outlay for the year 2008-09. The details of the plan outlay for the year 2007-08 and the expenditure incurred, schem-wise (upto 17 March 2008) have been given below:-.

Statement showing financial targets and achievements scheme wise 2007-08

Sl No.	Name of Sector/Scheme	Annual Plan 2007-08				
		BE	RE	Exp (upto 17.03.08)(P) #	% over BE	% over RE
1	2	3	4	5	6	7
Village & Small Industry						
1	**HANDLOOMS**					
	(1)Diversified Handloom Development Scheme	11.95	6.03	1.39	11.63	23.05
	(2) Handloom Weaver comprehensive Welfare Scheme	90.00	86.71	88.66	98.51	102.25
	(3) Millgate Price Scheme	15.00	23.50	20.70	138.00	88.09
	(4) Marketing & Export Promotion Scheme	32.00	28.20	20.62	64.44	73.12
	(5)Infrastructure for WSC/IIHT	2.00	3.15	3.13	156.50	99.37
	(6) Intergrated Handloom Development Scheme	100.00	91.00	91.00	91.00	100.00
	(7)Setting up of IIHT	1.05	0.45	0.00	0.00	0.00
	(8) Lumsump Provision for NER	63.00	63.00	62.38	99.02	99.02
	Total(Handlooms)	**315.00**	302.04	**287.88**	**91.39**	95.31
2	**SERICULTURE**					
	(1)Grants toward Administrative expenses	8.00	8.00	8.00	100.00	100.00
	(2) Grants toward Development of Silk Industries	62.00	62.00	62.00	100.00	100.00
	(3) Lumsump Provision for NER	40.00	40.00	40.00	100.00	100.00
	Total (Sericulture)	**110.00**	**110.00**	**110.00**	**100.00**	**100.00**
3	**HANDICRAFTS**					
	(1) Design & Technical Development	8.00	8.85	8.85	110.63	100.00
	(2)Baba Saheb Ambedkar Hastshilp Vikas Yojana	36.00	28.00	23.19	64.42	82.82
	(3) Marketing Support & Services	34.00	30.75	32.16	94.59	104.59
	(4) Integrated Devp. Package for J&K	5.00	4.00	3.87	77.40	96.75
	(5) Human Resource Development	3.00	4.52	4.43	147.67	98.01

Sl No.	Name of Sector/Scheme	Annual Plan 2007-08				
		BE	RE	Exp (upto 17.03.08)(P) #	% over BE	% over RE
1	2	3	4	5	6	7
	(6) Research & Development	5.00	3.85	1.43	28.60	37.14
	(7) Construction of Building including (handicraft Bhawan)	8.00	8.00	2.62	32.75	32.75
	(8) Welfare and Other Scheme	77.00	48.31	47.66	61.90	98.65
	(9) Lumsump Provision for the benefit of NER	44.00	44.00	30.63	69.61	69.61
	Total(Handicraft)	**220.00**	180.28	**154.84**	**70.38**	85.89
4	**Powerlooms**					
	(1)Group Insurance Scheme	0.80	0.80		0.00	0.00
	(2)Group Work Scheme & Integrated Powerloom Cluster Devp.	9.20	9.20		0.00	0.00
	Total(Powerlooms)	**10.00**	**10.00**	**10.00**	**100.00**	**100.00**
5	**Wool & Woolens**					
	Wool Development Board	15.00	15.00	15.00	100.00	100.00
	Total(Wool & Woolens)	**15.00**	**15.00**	**15.00**	**100.00**	**100.00**
	Total Grand (VSI)	***670.00***	617.32	***577.72***	**86.23**	93.59
P; Provisional						
B.Industry & Mineral						
6	*NIFT*	20.00	9.00	9.00	45.00	100.00
7	*Setting up of Fasion Hub $*	1.00				
8	*Jute Technology Mission*	80.00	37.50	34.00	42.50	90.67
9	*R & D including TRAs*	2.00	2.00	2.00	100.00	100.00
10	*Export Promotion Studies*	1.00	1.00	0.50	50.00	50.00
11	*Cotton Technology Mission (CSS)*	60.00	60.00	50.00	83.33	83.33
12	*Scheme for Integrated Textile Park*	450.00	400.00	315.07	70.02	78.77
13	*Common Compliance Code*	1.00	0.01	0.00	0.00	0.00
14	*Technical Textiles including Jute*	1.00	1.00	1.00	100.00	100.00

Sl No.	Name of Sector/Scheme	Annual Plan 2007-08				
		BE	RE	Exp (upto 17.03.08)(P) #	% over BE	% over RE
1	2	3	4	5	6	7
15	*Textile Engineering including Jute*	0.50	0.00	0.00	0.00	0.00
16	*TUFS*	945.00	1185.37	911.00	96.40	76.85
17	*Sardar Vallabhbhai Patel Institute of Textile Management Coimbatore*	5.00	9.18	5.00	100.00	54.47
18	*Foreign Investment Promotion Scheme (FDI) $*	0.50	0.10	0.00	0.00	0.00
19	*Brand Promotion Scheme $*	5.00	0.01	0.00	0.00	0.00
20	*Textipolis $*	0.50	0.01	0.00	0.00	0.00
21	*Human Resources Development $*	0.50	0.50	0.00	0.00	0.00
	Sub Total(B)	***1573.00***	1705.68	**1327.57**	**84.40**	77.03
	GRAND TOTAL (A+B)	***2243.00***	***2323.00***	***1905.29***	**84.94**	**82.02**

$: The scheme is under formulation

P: Provisional

#: Based on sanctions from IFW

3.2 The above Table shows that the Budget Estimate for the plan schemes of the Ministry of Textiles was Rs. 2,243 crore which was increased to Rs. 2,323 crore at RE stage. The actual expenditure has however been Rs. 1905.29 crore upto 17 March 2008. However, during the course of evidence, the Committee were informed that as per provisional figures, the expenditure as on 31.3.2008 was Rs. 2228.00 crore. Thus, the unspent balance for the annual plan 2007-08 has been Rs. 95 crore.

3.3 On being asked the reasons for underutilization of funds, despite quarterly monitoring of the expenditure and other corrective measures adopted such as weekly review meetings of the senior officers of the Ministry chaired by the Secretary, the Ministry of Textiles stated in a written reply as under:-

> "During the first year of the new five year plan period, the utilization of plan fund is generally low, as many schemes were required to be firmed up. At the same time, all the major schemes in VSE sector have been restructured and accordingly required fresh approval from Competent Authority. This process was accomplished only by November-December, 2007. In the subsequent years, utilization of plan funds generally improves. Due to this reason, (upto 18.2.2008) unutilised balance was Rs. 646.90 crore (based on RE), which has declined in the subsequent days. For example, unutilized balance was Rs. 646.90 crore till 18.2.08, it declined to Rs 417.71 crore (as on 17.3.08). Introduction of new schemes which require the approval of the Cabinet and amalgamation of the existing schemes are mainly responsible for un-utilized balance. Some of the schemes were approved by the EFC/CCEA only at the end of November 2007 and some other Schemes were approved only in December 2007. Launching of the new schemes take a reasonable time, users take substantial time to understand benefits of the programmes, acceptance of the programmes by the targeted beneficiaries also requires time. The total expenditure as on 17.3.08 stood at Rs. 1905.29 crore. The 10% mandatory earmarking of funds for the North-East Region is another reason for lower expenditure. Even though the expenditure under the VSE sector in the North East is much more than the 10% of the total allocation under various schemes, there is no demand from the North-East Region for funds under the major schemes of the Ministry such as Technology Upgradation Funds Scheme (TUFS) and Scheme for Integrated Textile Parks (SITP), and therefore there is no expenditure under these schemes in the North-East. The unspent fund earmarked for North-East will go to the Non Lapsable fund for the North-East. The Ministry is making concerted efforts to improve the plan expenditure so as to utilize maximum budget allocation."

3.4 when enquired about the names of the schemes which were required to be firmed up despite the beginning of the Eleventh Plan period, the Ministry of Textiles replied in its post evidence written note as under:-

"All the Plan Schemes of the Tenth Plan in Handlooms Sector have been grouped into five schemes in the Eleventh Plan period namely (i) Integrated Handlooms Development Scheme (IHDS) (ii) Marketing & Export Promotion Scheme (MEPS) (iii) Mill Gate Price Scheme (MGPS) (iv) Handloom Weavers Comprehensive Welfare Scheme (HWCWS) and (v) Diversified Handlooms Development Scheme (DHDS). ….As far as Handicrafts Sector is concerned, all the eleven schemes in the Tenth Plan were continued in the Eleventh Plan with certain modifications. These were merged into different schemes leading to six generic schemes for handicrafts, namely (i) Baba Saheb Ambedkar Hastshilp Vikas Yojana, (ii) Design and Technical Upgradation, (iii) Marketing Support and Services , (iv) Research and Development, (v) Human Resource Development and (vi) Welfare Scheme."

3.5 On being asked the reasons for not taking appropriate steps so as to complete the entire process including timely approval of the scheme well on time, the Ministry of Textiles replied in a written note as under:-

"All out efforts were made to formulate the schemes and get the EFC conducted as per procedure. All the schemes have been approved by the Cabinet between the months of June-November, 2007. The final approval from CCEA for three schemes i.e. Integrated Handlooms Development Scheme, Marketing & Export Promotion Scheme and Handloom Weavers Comprehensive Welfare Scheme were received in the late months of 2007 leaving only four to five months for implementation of these schemes. This is the main reason for not achieving hundred per cent plan expenditure. ….In the Handicrafts sector, all the schemes are Central Sector Schemes. Due steps were taken from May onwards for preparation of EFC note and to complete the entire process for CCEA approval. However, most of the approval took considerable time and was finally approved by the CCEA by the end of the year 2007."

Plan Expenditure during the four quarters of 2007-08.

3.6 The details of percentage expenditure, under the plan schemes, over RE in the four quarters of the year 2007-08 are as under:-

Quarter	Quarter-wise expenditure	% of Exp over RE
Quarter I	6.58	0.28
Quarter II	807	34.74
Quarter III	1551.87	66.81
Quarter IV (Provisional)	1905.29 (upto 17.3.2008)	82.02
Against the total RE of Rs. 2323 crore, expenditure is Rs 1905.29 crore as on 17.3.2008		

3.7 The Committee observed from the above table, that the plan expenditure could not be spread evenly over all the four quarters of the year. When asked to state the reasons in this regard, the Ministry of Textiles replied in a written note, as under:-

> "Plan expenditure could not be spread evenly over all the four quarters because of various reasons such as non-receipt of bills during the first quarter, delay in approval of schemes, restrictions on advance payments etc."

3.8 When asked about the steps taken for even pace of expenditure during each quarter in the ensuing financial year and in the Eleventh Plan as a whole, the Ministry of Textiles replied in a written note as under:-

> "The Ministry has put in place regular review and monitoring systems for fully utilizing the plan allocation evenly for all four quarters for 2008-09. As all the major schemes of the Ministry have already been approved by the EFC/CCEA, the Ministry is confident of fully utilizing the plan allocation."

Non-Plan Expenditure:-

3.9 The following are the allocations and actual expenditure of the Ministry of Textiles during the first two years of XIth plan period.

(Rs. In crore)

Sl. No.	Year	BE	RE	Actual Expenditure	% w.r.t. BE	% w.r.t. RE
1.	2007-08	893.68	813.68	633.66 (upto Jan. 2008)	70.90	77.88
2.	2008-09	823.51				

3.10 The perusal of the above statistics shows that the actual expenditure during the year 2007-08 is less than the budgetary estimate. When asked the reasons for such a huge amount left unspent despite the fact that non-plan budget estimates are discussed in detail with the officials of the Ministry of Finance and the expenditure is also monitored regularly in the senior officers meeting, the Ministry of Textiles replied in written note as under:-

> "BE of Rs. 893.68 crore was reduced to Rs. 813.68 crore at RE 2007-08. The main reason for reduction is that the Government announces Minimum Price (MSP) for different varieties of cotton every year to ensure remuneration prices to the cotton growers. The Cotton Corporation of India Ltd. purchases cotton under support price operation whenever prices touches the MSP level. The prices of cotton were higher during the cotton season of 2006-07 (Oct.-Sept.), therefore, Cotton Corporation of India Ltd. had undertaken MSP operation for the limited period during the cotton season of 2006-07. This resulted in lesser expenditure during the year 2007-08."

3.11 When asked whether the amount left unspent (Rs. 180.02 crore) is only due to lesser expenditure by CCI in its MSP operations, the Ministry replied in a written note as under:-

> "The saving of Rs. 180.02 crore during the year 2006-07 includes savings of Rs. 170.16 crore due to lesser expenditure by CCI in its MSP operations. The saving of other Rs. 10 crore is attributed to the various heads for economic measures/non filling up of vacant posts, etc."

Export of Textile Items:-

3.12 The status of India in the export of textiles in US and EU market, as compared to China and other leading textile exporting countries, in the post quota period is given below:-

Post Quota Export and Growth of HS Code wise Textile items to USA by India, China, Pakistan, Bangladesh, Turkey & Canada

US $ Million

	April-Dec. 2004	April-Dec. 2005	April-Dec. 2006	April-Dec. 2007	% Growth during 2005 over 2004	% Growth during 2006 over 2005	% Growth during 2007 over 2006
INDIA							
Textiles Import by USA from India	3949.8	4973.5	5379.0	5453.9	25.92	8.15	1.39
Total Textiles Imports by USA	86802.1	92677.8	96284.0	99233.8			
% Share of Textiles Export	**4.6**	**5.4**	**5.6**	**5.5**			
CHINA							
Textiles Import by USA from China	14952.8	22452.2	26425.6	31189.7	50.15	17.70	18.03
Total Textiles Imports by USA	86802.1	92677.8	96284.0	99233.8			
% Share of Textiles Import	**17.2**	**24.2**	**27.4**	**31.4**			
PAKISTAN							
Textiles Import by USA from Pakistan	2554.1	2890.9	3229.9	3129.5	13.19	11.73	-3.11
Total Textiles Imports by USA	86802.1	92677.8	96284.0	99233.8			
% Share of Textiles Import	**2.9**	**3.1**	**3.4**	**3.2**			
BANGLADESH							
Textiles Import by USA from Bangladesh	1986.2	2380.8	2921.0	3112.8	19.86	22.69	6.57
Total Textiles Imports by USA	86802.1	92677.8	96284.0	99233.8			
% Share of Textiles Import	**2.3**	**2.6**	**3.0**	**3.1**			
TURKEY							
Textiles Import by USA from Turkey	1796.1	1647.1	1371.1	1232.2	-8.30	-16.76	-10.13
Total Textiles Imports by USA	86802.1	92677.8	96284.0	99233.8			
% Share of Textiles Import	**2.1**	**1.8**	**1.4**	**1.2**			
CANADA							
Textiles Import by USA from Canada		272.4	242.1	198.2		-11.10	-18.13
Total Textiles Imports by USA	86802.1	92677.8	96284.0	99233.8			
% Share of Textiles Import	**0.0**	**0.3**	**0.3**	**0.2**			
IMPORTS BY USA							
Total Textiles Imports by USA	86802.1	92677.8	96284.0	99233.8	6.77	3.89	3.06
Total Imports of all commodities	1469704.4	1673454.5	1853938.5	1953698.8	13.86	10.79	5.38
% Share of Textiles Import	**5.9**	**5.5**	**5.2**	**5.1**			

Source: World Trede Atlas

Post Quota Export and Growth of HS Code wise Textile items to EU by India, China ,Pakistan, Bangladesh & United States

US $ Million

	January-December 2004	January-December 2005	January-December 2006	% Growth during 2005 over 2004	% Growth during 2006 over 2005
INDIA					
Textiles Import by EU Countries from India	5522.6	6554.1	7520.9	18.68	14.75
Total Textiles Imports by EU Countries	86000.6	90964.4	101933.6		
% Share of Textiles Import	**6.4**	**7.2**	**7.4**		
CHINA					
Textiles Import by EU Countries from China	18530.8	26237.2	30002.2	41.59	14.35
Total Textiles Imports by EU Countries	86000.6	90964.4	101933.6		
% Share of Textiles Import	**21.5**	**28.8**	**29.4**		
PAKISTAN					
Textiles Import by EU Countries from Pakistan	2924.3	2544.8	2911.8	-12.98	14.42
Total Textiles Imports by EU Countries	86000.6	90964.4	101933.6		
% Share of Textiles Import	**3.4**	**2.8**	**2.9**		
BANGLADESH					
Textiles Import by EU Countries from Bangladesh	4835.1	4606.9	6068.3	-4.72	31.72
Total Textiles Imports by EU Countries	86000.6	90964.4	101933.6		
% Share of Textiles Import	**5.6**	**5.1**	**6.0**		
UNITED STATES					
Textiles Import by EU Countries from United	1531.30	1600.56	1756.61	4.52	9.75
Total Textiles Imports by EU Countries	86000.6	90964.4	101933.6		
% Share of Textiles Import	**1.8**	**1.8**	**1.7**		
IMPORTS BY EU					
Total Textiles Imports by EU	86000.6	90964.4	101933.6	5.77	12.06
Total Imports of all commodities	1283537.1	1469280.2	1702986.4	14.47	15.91
% Share of Textiles Import	**6.7**	**6.2**	**6.0**		

Source: World Trede Atlas

3.13 On scrutiny of the above data, the Committee noticed that the share of textile imports by USA from India was 5.4 per cent, 5.6 per cent and 5.5 per cent respectively during 2005, 2006 & 2007. The share of China in USA's textile import was 24.2 per cent, 27.4 per cent and 31.4 per cent respectively during 2005, 2006 and 2007. The growth rate of US textile imports from India also declined from 25.92 per cent in 2005 to 1.39 per cent in 2007. The exports and their growth rate is also declining with Europe as a whole. When asked whether the rupee appreciation against US dollar is the only reason for such a steep decline in exports of textiles, the Ministry submitted in its post evidence written note as under:-

> "The average exchange of the Rupee in relation to the US dollar during 2006-07 (April-Oct) was Rs. 45.71. Due to appreciation in the value of the Rupee in the period following October 2006, the exchange rate hardened to an average of Rs. 40.68 in the corresponding period in 2007-08. The textiles exports bodies and associations are of the view that the decline in exports is directly co-related to the appreciation of the rupee vis-à-vis US dollar. However, the position is that the exports of textiles to US market had seen a considerable jump in 2005 at 24.6% over exports of 2004, following the cessation of quotas. The exports in 2006 could only increase by 7.8% over 2005, and, in 2007, exports have risen only by 0.6%. Total imports by US from all countries have grown only by 2.8% in 2007 over 2006, compared to growth of 6.4% in 2005 over 2004, which indicates overall decline in growth of imports by US. The appreciating rupee vis-à-vis US$ could be only one of the causes for the overall slow growth of India's exports to US. In general, the textiles industry in India is also suffering to some extent from outdated equipment and processes leading to low productivity and weak infrastructural supports like power, transport, berthing, etc., which raise prices and also contribute to the slow growth of export sector. Apart from these, factors like high transaction costs, high power tariffs, shortage of skill man power, rigid labour laws, procedural delays, etc., are mostly in the jurisdiction of State Government and adversely affect the competitiveness of Indian textiles exports."

3.14 When asked about the alternative strategy made so far by the Government to check the decline of textiles exports to US as well as other countries, the Ministry further submitted :-

> "The Government has taken a number of remedial measures, including tax and duty concessions, liberal bank loan rates, etc., since July, 2007 to provide relief to textiles exporters, in a bid to support the textiles industry. In addition, concerted efforts are being made to provide financial and other assistance to the textiles industry through various schemes of the Government to retain and improve its global market share, and stand up to the increasing competitiveness arising from the entry of many players, like some of India's neighbouring countries, in the textiles exports trade."

3.15 The scrutiny of Demands for Grants of the Ministry of Textiles reveals that the total outlay of Rs. 2,500 crore for the year 2008-09 shows an increase of 177 crore rupees over the allocation of Rs. 2,323 crore for the year 2007-08. However, the total expenditure during the year has been Rs.2,228 crore (provisional) leaving an unspent amount of Rs. 95 crore. The reasons for under utilization of the allocation have been stated to be that during the first year of the new Five Year Plan, the utilisatiion of planned fund is generally low as many schemes were required to be firmed up. All the major schemes in the VSE sector were also re-structured and hence required fresh approval from the competent authority. Launching of new schemes take a reasonable time, users takes substantial time to understand the benefits of the programmes, acceptance of the programmes by the targeted beneficiaries also requires time. It has also been stated that the Ministry is making concerted efforts to improve the plan expenditure so as to utilize maximum budget allocation. The Committee observe that the overall expenditure is satisfactory yet there has been withdrawal, modification and merger of schemes with other schemes in handlooms and handicrafts sectors now forming part of VSE sector. The Committee feel that the modification in the existing schemes hampers the pace of expenditure as it involves completion of fresh procedural formalities. The Committee also stressed earlier that developmental and welfare schemes of the textile sector should be selected carefully after thorough study involving past experiences, ground realities and future needs. The Committee, therefore, strongly recommend that developmental schemes of the textile sector should be drawn up keeping all the factors in view. This will help not

only the proper and adequate utilization of funds but will also be successful in achieving the targets set out under the schemes and benefiting the targeted group.

3.16 The Committee note that the percentage of expenditure in each of the four quarters of the year 2007-08 is extremely skewed. Financial rules of the Government clearly stipulate the spreading of expenditure evenly over the four quarters and bars the undue utilization of funds in the last quarter of the year. However, on close scrutiny of the progressive quarterly figures, the Committee find that the actual quarterly expenditure under various Plan schemes have been 0.28% in the first quarter, 34.74% in the second quarter, 66.81% in the third quarter and only 82.02% (upto 17 March 2008) in fourth quarter. The reasons for uneven expenditure in every quarter are stated to be non-receipt of bills during the first quarter, delay in approval of schemes, restrictions on advance payment etc. The Committee are not at all inclined to accept the explanation given by the Ministry in this regard. The Committee in their earlier reports also stressed the need to spread the expenditure evenly during each quarter of the year, but it seems that recommendations of the Committee have not been taken seriously. The Committee are of the opinion that uneven distribution of funds directly affects the functioning of developmental and welfare schemes and consequently the growth of the sector is hampered. The Committee, therefore, recommend that all the foreseeable hurdles in the even spending of allocations during each of the four quarters of a year should be taken into account alongwith the preventive measures before announcing any scheme for implementation. The monitoring system of the Ministry also needs to be toned up to ensure that expenditure on a scheme is incurred as planned during every quarter of the year.

3.17 The Committee observe that the position regarding non-plan expenditure is also far from satisfactory. The Committee find that in the first year of the XI plan period there is a huge variation in Budget Estimates, Revised Estimates and Actual Expenditure. The BE of Rs.983.68 crore was reduced to Rs.813.68 crore at RE stage. An amount of Rs.633.66 crore was actually spent during the first Annual Plan. The reasons for variation in BE and actual spending during the year 2007-08 has been stated that CCI could not purchase cotton at MSP level during the cotton season of the year 2006-07 due to higher prices of cotton. This resulted in lesser expenditure during the year 2007-08. The Committee are not convinced with 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.

3.18 The Committee observe that the share of textile imports by USA from India was 5.4 per cent, 5.6 percent and 5.5 per cent respectively during 2005, 2006 and 2007. The share of China in USA's textile import was 24.2 per cent, 27.4 per cent and 31.4 per cent respectively during the corresponding period (2005, 2006 and 2007). The growth rate of US textile imports from India also declined from 25.92 per cent in 2005 to a mere 1.39 per cent in 2007. The exports and their growth rate is also declining with Europe as a whole. The Committee are of the opinion that the appreciation of rupee may be one of the contributory factors hitting textile exports, yet it cannot be attributed to be the sole reason for such a poor performance in textile exports during the last three years as rupee has appreciated vis-à-vis dollar only recently. The other factors responsible have been stated to be outdated equipments and processes leading to low productivity, weak infrastructural support like power, transport, berthing etc. Apart from these, high transaction costs, high power tariff, shortage of skilled manpower are other factors stated to be responsible for slow growth of export of textile. The Committee are of the opinion that a long term and permanent solution will have to be explored to the problems of weak infrastructural support, high transaction cost, power tariff, shortage of skilled manpower etc., if growth of textile export is desired to be accelerated. The Committee, therefore, strongly recommend that necessary remedial measures including strong infrastructural base, availability of uninterrupted power supply at competitive rates, skilled manpower, tax and duty concessions, liberal bank loans to textile exporters, etc. be taken without any delay so that textile industry can improve its global market share and stand up to the increasing global competitiveness.

SCHEME FOR INTEGRATED TEXTILE PARKS (SITP)

3.19 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). 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

3.20 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.

Funding Pattern

3.21 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 crores. 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 as indicated below:-

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

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

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

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

Name of the State	**No. of Parks Sanctioned**
Andhra Pradesh	5
Gujarat	7
Maharashtra	5
Tamil Nadu	6
Rajasthan	4
Karnataka	1
Punjab	1
West Bengal	1
Bihar	1
TOTAL	**30**

3.23 When enquired about the criteria fixed for sanctioning the Textile Parks, the Ministry in a written note, stated as under:

> "Under the SITP, Industry Associations / Groups of Entrepreneurs are main promoters of an Integrated Textile Park (ITP) 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) was 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. The Detailed Project Report prepared by the PMC is considered by the Project Approval Committee (PAC) and the projects, which are in accordance with the provisions of the scheme and considered potentially viable, are approved."

3.24 When asked about the total investment made so far in the textile parks and the subsidy provided to the parks by the Government during last three years, the Ministry furnished the details as indicated below:-

> "Primary objective of the SITP is to facilitate world-class infrastructure for setting up of textile units. Government of India assistance is provided @40% of the

project cost (for common infrastructure and common facilities) subject to a ceiling of Rs.40 Crore. Estimated project cost of the 30 sanctioned projects is Rs. 3046.33 Crore, of which Government of India assistance under the scheme would be Rs. 1056.94 Crore. So far Rs. 260.72 Crore has been released to the sanctioned projects. Although the infrastructure development cost is estimated at Rs. 3046.33 Crore, total investment (including plant & machinery) in these parks is estimated to be Rs. 16,953 Crore."

3.25 Regarding the future plan to set up more such parks during the XI plan, the ministry stated in a written note as under:-

"The scheme has received overwhelming response. There has been consistent demand to sanction more projects. Government has extended the scheme in the 11th Five Year Plan to sanction additional 10 projects in the first instance."

3.26 When asked to give reasons for sanctioning less number of projects in the eleventh plan particularly when there is growing demand from entrepreneurs & industry, the Ministry in its post evidence note stated as under:-

" Development of fifty Textile parks was initially considered, however, it has been decided to take up ten (10) at the first instance. Sanction of additional projects will be considered after a critical evaluation of 4 projects approved in 2005-06 has been completed."

3.27 On being enquired about the steps taken by the Government to evenly distribute these parks throughout the country, the Ministry replied in its post evidence written note as under:-

" The Scheme for Integrated Textiles Parks (SITP) is primarily demand driven. Industry Association/ Groups of Entrepreneurs are main promoters of the Textile Park. Therefore, proposals from traditional textiles centers are generally received. Proposal that may be received from unrepresented States will be given preference during the 11th Plan Period subject to the provisions of the guidelines of the scheme."

3.28 When asked the details of funds allocated under this scheme since its inception and the achievement of targets, both in physical and financial terms, the Ministry informed through a written note as under:-

"SITP was approved in 2005-06 by merging the then existing two (02) schemes, namely, Apparel Park for Exports Scheme (APES) and Textile Centers Infrastructure Development Scheme (TCIDS). After approval of the SITP, although no new projects under APES / TCIDS has been sanctioned, assistance is being provided to already sanctioned projects where work had started before

31.07.2005. Details of funds allocated / utilized during 2005-06, 2006-07 & 2007-08 are as under:-

(In Crore Rupees)

2005-06		**2006-07**		**2007-08**	
Allocation	**Utilization**	**Allocation**	**Utilization**	**Allocation**	**Utilization**
120.00	106.16	170.00	101.55	375.00	308.00 ***(till 12.03.2008)***

Note:-For projects sanctioned under SITP/APES/TCIDS.

Twelve (12) Apparel Park projects, sanctioned under the Apparel Park for Exports Scheme (APES), are under implementation. Estimated total project cost of these 12 projects is Rs.437.44 crore including Government of India assistance of Rs.184.22 crore. So far Rs.105.58 crore has been released for these projects. Out of the 12 projects sanctioned under APES, 1 Park is fully functional and basic infrastructure facilities have been developed in 6 projects where production activities have started in some units. In the remaining 5 projects, basic infrastructure development work is under progress. Eighteen (18) projects sanctioned under the Textile Centers Infrastructure Development Scheme (TCIDS) are under implementation. Estimated total project cost of these 18 projects is Rs. 463.25 Crore including Government of India assistance of Rs.267.73 Crore. Grant-in-aid amounting to Rs. 157.85 crore has so far been released for these projects. Out of the 18 projects sanctioned under TCIDS, work has been reported to be completed in 3 projects, works in 9 projects are expected to be completed by March 2008 and works in 2 projects are expected to be completed in 2008. Implementation of remaining 4 projects may spill over to 2009.

Thirty (30) Textiles Park projects under the Scheme for Integrated Textiles Parks (SITP) have been approved. The estimated project cost (for common infrastructure and common facilities) is Rs. 3046.33 Crore, of which Government of India grant under the scheme is estimated at Rs. 1056.94 Crore. Infrastructure development has already begun in 19 projects which are expected to be completed in 2009. Approximately 1783 units are projected to be set up in the sanctioned parks. About 700 units have already prepared their project reports, which have been submitted or are in the process of being submitted to the financial institutions for term lending. Five (5) units have already started commercial production in one park.

3.29 When asked the reasons for under utilization of funds during all the three years, i.e. 2005-06, 2006-07 and 2007-08, the Ministry replied in a written note as under:-

"Slow execution of projects by the Implementing Agencies, due to various reasons *inter alia* including delay in obtaining statutory clearances, insufficient working capital etc., is the reason for under utilization of budget provision.”

3.30 On being asked about the reasons for not being able to complete sanctioned parks under APES & TCIDS even after a period of more than five years, the Ministry in its post evidence written note replied as under:-

"The Apparel Parks for Exports Scheme (APES) and the Textiles Centers Infrastructure Development Scheme (TCIDS) were launched in the year 2002. It was observed that even after 3 years of implementation, these schemes did not make much progress. A detailed review of the implementation of the Scheme reflected the following shortcomings:-

- Lack of proper targeting, as the project proposals were driven by the State Governments. In many cases, there was no involvement of the industry at the planning and implementation stages.
- Shortage of resources with the State Government to provide advance money as required under the scheme.
- Protracted delays in acquisition/purchase of land.
- The urgency of developing the infrastructure was not appreciated, resulting in delays.
- Funding was totally based on Government of India grant; virtually no effort was made to leverage market funds.

Taking into consideration the shortcomings in the APES/TCIDS, these schemes were merged into a new scheme, viz. the Scheme for Integrated Textiles Parks (SITP) in July 2005. However, Government is providing assistance to the projects sanctioned under the APES & TCIDS, where work had started before 31.07.2005."

3.31 When enquired about the efforts being made by the Government to complete the sanctioned parks in a stipulated time frame, the Ministry replied in a written note as under:-

"Implementation of projects is being closely monitored. The State Governments as well as the Implementing Agencies have been sensitized to complete the essential infrastructure on priority basis and to revise the desirable infrastructure in consultation with the entrepreneurs. Progress of the projects has now improved substantially. Out of the 12 projects sanctioned under APES, 1 Park is fully functional. Production activities have started in eight (8) projects, where basic infrastructure facilities have been developed. In the remaining three (3) projects, basic infrastructure development work is under progress and expected to be completed in 2008. Under TCIDS, infrastructure facilities are being augmented in existing textiles centers. Primarily special infrastructure like Common Effluent Treatment Plant, Water supply, Power Supply and other basic infrastructure. Out of the 18 projects sanctioned under TCIDS, work has been completed in 3 projects, works in 11 projects are expected to be completed in 2008. Implementation of remaining 4 projects may spill over to 2009."

3.32 When asked about the targets fixed for generation of employment under the scheme and the facilities being provided to the workers as regard to their social security, insurance coverage etc., the Ministry replied in a written note, as under:-

"The 30 sanctioned projects, after being fully functional, would facilitate employment generation (direct / indirect) for 5.76 Lakh persons. The projection is based on the size / activities proposed in the park and prevalent industry norms and practices. Primary objective of the SITP is to facilitate world-class infrastructure for setting up of textile units. The SITP does not have any component for social security, insurance coverage etc."

3.33 When asked the manner in which the interest of workers/artisans/weavers will be protected in these parks in a situation when the Governmental assistance of 40 per cent of the total project cost is meant only for development of common infrastructure and common facilities, the Ministry in its post evidence written note replied as under:-

"The primary objective of the SITP is to facilitate world-class infrastructure for setting up of textile units. Promoters of the Textiles Park are developing workers' hostels, crèches, etc. However, there are other welfare schemes of the Government to address various issues of the workers/artisans/weavers, etc."

3.34 On a supplementary point whether the Government propose to provide similar infrastructure on a lower level, to the group of artisans/weavers/handloom workers etc. to enable them to carry out their professions on the line that has been envisaged in Textile Parks, the Ministry replied as under:-

"Under the SITP, assistance is provided to develop infrastructure facilities for Integrated Textiles Parks, where the beneficiaries are textiles entrepreneurs. The scheme in its present form provides for giving assistance @ 40% of the project cost {@ 90% for projects in North Eastern Region and Jammu & Kashmir} subject to the limit of Rs. 40 crore. At present there is no provision for higher or lower level of assistance. Interested artisans/weavers/handlooms workers may join hands and form a Special Purpose Vehicle to develop a Textiles Park as per their business plan. It may be noted that an exclusive Handlooms Park is being developed at Pochampally, Andhra Pradesh, under SITP."

3.35. When enquired whether the Government has any monitoring mechanism to evaluate the progress and achievement of this scheme, the Ministry informed through a written note as under:-

> "The Project Approval Committee (PAC) with representative from Ministry of Textiles, Ministry of Finance, Ministry of Commerce & Industry, Planning Commission and Textile Commissioner monitor the progress of implementation of the projects. Besides, Secretary and other senior officers of the Ministry of Textiles regularly review the progress of the projects."

3.36 When asked about the manner in which the Ministry of Textiles evaluate the contribution of SITP in the growth of textile industry, the following was stated through a written note:-

> "SITP has generated momentum for additional investment, employment generation, and textiles production. In the already sanctioned 30 projects, additional investment of Rs.17,000 crore (approx.), employment generation for more than 5.76 lakh persons, and textiles production worth more than Rs.27,000 crore is estimated. Weaving capacity will be increased due to installation of more than 20,000 shuttle-less loom. There will be additional annual processing capacity of 3400 million meters (approx.) and annual garmenting capacity of 425 million pieces (approx.)."

3.37 The Committee observe that 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 and the Textile Centres Infrastructure Development Scheme. The 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. The primary objective of SITP is to facilitate world class infrastructure for setting up textile units. The Government of India provides assistance @ 40 per cent of the project cost subject to ceiling of Rs.40 crore. So far only 30 Textile Parks have been sanctioned (during the Tenth Plan) and out of 50 Textile Parks which were initially considered for development during the Eleventh Plan Period only 10 Parks have been taken up in the first instance. Sanction of additional projects have been subjected to completion of critical analysis and evaluation of four projects approved in the year 2005-2006. Although, it is a flagship scheme of the Ministry, the pace of progress in the development of these parks is far from satisfactory. Only one park is fully functional out of 12 projects sanctioned under erstwhile APES, while work in only three projects have been completed out of 18 sanctioned under TCIDS. This itself speaks about the poor functioning of the scheme. No doubt, the entire process of developing a Textile park involves enormous efforts at least till it is sanctioned, yet these formalities and timely development of these parks cannot be protracted on any ground whatsoever more so, when enterprising entrepreneurs and other industrial associations form Special Purpose Vehicle (Promoters of Textile Park) and the assistance of the Government of India is to the tune of 40 per cent of the project cost.

The Committee, therefore, strongly recommend that a time bound action plan be drawn up for ensuring that the sanctioned Textile Parks become fully operational as any delay in this regard may not only involve the cost overrun but also run the risk of meeting the same fate which its earlier component, viz. i.e. APES and TCIDS met, besides disenchanting the focused and result oriented entrepreneurs.

3.38 The Committee observe that SITP (a flagship scheme of Government of India) aims to develop world class infrastructure for setting up textile units. All the items of work coming under textile will be undertaken in these parks. Entrepreneurs and Industrial Associations have been identified as the main promoter of the Textile Parks but the Scheme looses sight of the fact that besides entrepreneurs and industry it is the worker, weaver, crafts persons who form backbone of the entire chain in the textile sector. Notwithstanding the primacy given to entrepreneurs, the people associated with the primary and elementary work to make these parks functional cannot be ignored if these parks are to run successfully. Therefore, it will be in the fitness of things if the role to be played by this section is also given due recognition. The Committee are distressed to note that the Government feels disinclined to provide any kind of infrastructural facilities to the groups of artisans, weavers, textile workers, etc. either in the individual capacity or to their representative bodies, Cooperatives, Associations, etc. to enable them to carry out their profession. The response of the Government that interested artisans, weavers may join hands and form a special purpose vehicle to develop a textile park as per their business plan, is not acceptable to the Committee. The development of textile parks through SITP may be the utmost priority yet we cannot be oblivious of the plight of persons who will be the main factors for success of these textile parks. The Committee, therefore, strongly recommend that infrastructural facilities under SITP should also be made available to the Cooperatives and other representative bodies of the artisans, weavers, textile workers, etc. providing them with an opportunity to contribute their

mite in their own way in the development of textile sector. Nevertheless, the interest of entire chain of workforce associated with the textile are well taken care of as far as their wages, social security coverage and exact money value of their products is concerned.

C. 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 yarn texturising, crimping and twisting, manufacturing of viscose filament yarn (VFY) / viscose staple fibre (VSF), weaving/knitting including non-wovens and technical textiles, garments, made-up manufacturing, processing of fibres, yarns, fabrics, garments and made-ups, and the jute sector.

3.40 The identified sectors in the textiles industry, including spinning, cotton ginning & pressing, silk reeling & twisting, wool scouring & combing, synthetic filament yarn, texturising, crimping and twisting, manufacturing of viscose filament yarn (VFY) / viscose staple fibre (VSF), weaving/knitting including non-wovens and technical textiles, garments, made-up manufacturing, processing of fibres, yarns, fabrics, garments and made-ups and the jute sector are eligible to avail of these concessional loans for their technology upgradation requirements.

3.41 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 & releasing the subsidy in respect of cases financed by them. The Govt. has decided to continue the scheme for the Textiles and Jute industries with effect from 1.11.2007 to 31.3.2012 (XIth Five Year Plan Period) and Rs. 1,140 crore has been earmarked for the Scheme during 2008-09.

Progress:-

3.42 The Progress of TUFS since its inception upto 31 December 2006 is as under:-

(Amount in Rs crore)

Year	**Received**		**Sanctioned**		**Disbursed**	
	No. of applications	Cost of project	No. of applications	Loan Amount	No. of applications	Amount
1999-2000	407	5771	309	2421	179	746
2000-2001	719	6296	616	2090	494	1863
2001-2002	472	1900	444	629	401	804
2002-2003	494	1835	456	839	411	931
2003-2004	867	3356	884	1341	814	856
2004-2005	986	7941	986	2990	801	1757
2005-2006	1086	16194	1078	6776	993	3962
2006-2007	6248	50154	6217	19863	6123	16530
TOTAL	**11279**	**93447**	**10990**	**36950**	**10216**	**27448**

3.43 The Segment-wise progress under TUFS is as follows:-

S. No.	Segment	Project cost (Rs. in Crore)	Percentage share
1.	Composite upgradation	25602	29.8
2.	Garment	2582	3.0
3.	Knitting	2688	3.1
4.	Processing	8583	10.0
5.	Spinning	25176	29.3
6.	Weaving	13933	16.2
7.	Technical Textiles	427	0.5
8.	Others	7035	8.2

3.44 The state-wise number of units benefited through TUFS as on 31.03.2007 are as under:-

Progress of TUFS (State wise) (Provisional)

(01.04.1999 to 31.03.2007)

(Rs. in crore)

Sl. No.	State/U.T.	Received			Sanctioned				Disbursed		
		No. of Applications	Project Cost*	Amount of loan required	No. of applications	Project Cost*	Amount	% to Total	No. of applications	Amount	% to Total
1.	TAMIL NADU	2829	19752.51	11469.72	2715	18430.21	10388.70	28.12	2512	7893.04	28.76
2.	MAHARASHTRA	868	17558.45	10171.15	838	15976.86	7601.65	20.57	788	5779.28	21.05
3.	PUNJAB	1007	14970.32	5954.66	990	13028.02	5704.58	15.44	941	4074.92	14.85
4.	GUJARAT	4676	11047.25	4343.92	4632	10239.60	3730.27	10.10	4366	2993.60	10.91
5.	RAJASTHAN	593	13700.69	3849.81	562	13045.65	3172.01	6.58	504	2067.10	7.53
6.	ANDHRA PRADESH	142	2438.64	1414.98	132	2247.10	1305.02	3.53	111	804.87	2.93
7.	KARNATAKA	274	2615.35	1434.10	268	2453.81	1165.31	3.15	238	991.56	3.61
8.	DELHI	176	2466.10	960.82	176	2466.10	812.99	2.20	169	636.14	2.32
9.	WEST BENGAL	183	1063.28	617.08	161	1038.04	545.82	1.48	146	393.01	1.43
10.	HARYANA	322	979.02	567.07	307	889.78	496.09	1.34	250	370.16	1.35
11.	MADHYA PRADESH	45	1567.66	605.64	42	1399.43	476.54	1.29	40	446.33	1.63
12.	UTTAR PRADESH	74	1437.21	909.48	68	1372.98	466.57	1.26	60	285.70	1.04
13.	HIMACHAL PRADESH	12	675.42	357.10	11	667.17	347.50	0.94	11	222.50	0.81
14.	KERALA	35	1006.91	492.24	33	974.15	330.95	0.90	28	163.38	0.60
15.	DADRA NAGAR HAVELI	40	1957.07	659.74	33	1590.22	300.11	0.81	31	267.25	0.97
16.	UTTARANCHAL	2	110.34	41.38	2	110.34	41.38	0.11	2	16.95	0.06
17.	DAMAN & DIU	15	44.71	31.99	14	40.71	28.92	0.08	13	19.45	0.07
18.	PONDICHERRY	1	29.50	20.65	1	29.50	20.65	0.06	1	11.80	0.04
19.	CHANDIGARH	3	23.30	21.29	3	23.30	12.00	0.03	3	10.12	0.04
20.	ORISSA	1	1.90	1.66	1	1.90	1.66	0.00	1	1.27	0.00
21.	NAGALAND	1	1.57	1.41	1	1.57	1.41	0.00	1	0.43	0.002
	TOTAL	11279	93447.20	43925.89	10990	86026.44	36950.13	100.00	10216	27448.86	100.00

3.45 The Committee have been informed that the financial and technical parameters of the Scheme have been reframed and fine tuned to suit the changing scenario of textiles sector in the era of globalization. The salient features of the Scheme after modifications are as under:-

(i) The scheme will continue to provide a reimbursement of five percentage points on the interest charged by the lending agency on a project of technology upgradation in conformity with the Scheme. However, for the spinning machinery the reimbursement will be four percentage points.

(ii) The scheme will continue to provide cover for foreign exchange rate fluctuation not exceeding 5%. However, for the spinning machinery the coverage will be 4%.

(iii) The Scheme will now provide an additional option to the powerlooms units to avail of 20% subsidy under TUFS in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 200 lakh and a ceiling on subsidy of Rs.20 lakh. A minimum of 15% equity contribution from beneficiaries will be ensured.

(iv) The Scheme will now provide 15% subsidy for SSI textile and jute sector in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 200 lakh and a ceiling on subsidy of Rs. 15 lakh. A minimum of 15% equity contribution from beneficiaries will be ensured.

(v) The Scheme will continue to provide 5% interest reimbursement plus 10% capital subsidy for specified processing machinery.

(vi) The Scheme will now provide 5% interest reimbursement plus 10% capital subsidy for specified machinery required in manufacture of technical textiles and garmenting machinery.

(vii) The Scheme will now provide Interest subsidy/capital subsidy on the basic value of the machinery and exclude the tax component for the purpose of valuation in view of the decision for non-subsidizing the taxes.

(viii) The Scheme will provide 25% capital subsidy on purchase of the new machinery and equipment for the pre-loom & post-loom operations, handlooms/up-gradation of handlooms and testing & Quality Control equipment, for handlooms production units.

(ix) The entire range of imported second hand machinery will now be ineligible under the Scheme for any benefit except automatic shuttleless looms with the value cap of Rs. 8.00 lakh per machine and 10 years' vintage and with a residual life of minimum 10 years.

(x) Other investments such as energy saving devices, effluent treatment plant, in-house R&D, IT including ERP, TQM including adoption of ISO/BIS standards, CPP etc (including non-conventional sources) as mentioned in Para 3.3(2) of the existing Scheme will now be eligible for benefits of the scheme only upto 25% of the cost of machinery.

(xi) Investments like land, factory building, pre-operative expenses and margin money for working capital will now be ineligible for benefit of reimbursement under the scheme except meant for apparel sector and handlooms with existing 50% cap. In case apparel unit is engaged in other activity, the eligible investment under this head will only be related to plant & machinery eligible for manufacturing apparel.

3.46 When enquired whether the budgetary provision of Rs. 1,140 crore under TUFS during the year 2008-09 is sufficient keeping in view the vastness of textile sector and the future possible expansion of the sector, the Ministry in its written note as under:-

> "The Budget allocation of Rs. 1140 crore will be inadequate to meet the requirements of the Scheme. However at RE stage, the Ministry of Finance is expected to provide more funds."

In this regard, the Secretary of the Ministry of Textiles added during the course of evidence, has put forth the following view point:-

> "I think, we need more. We have a backlog of Rs. 984 crore of the year 2006-07. The revised allocation of Rs. 1143 crore for the year 2007-08 has taken care of all the demands of 2006-07. Though we had asked for Rs. 1800 crore, this year we had asked for Rs. 1900 crore against which an allocation of Rs. 1090 crore has been given. This may not be sufficient."

3.47 Regarding the reasons for less provision of funds under the scheme vis-à-vis the allocation made during the year 2007-08 which was Rs. 1,185.37 crore, the Ministry in its written note as under:-

> "Rs. 945 crore had been originally provided in the Budget of 2007-08. At RE stage this amount has been enhanced to Rs. 1,185.37 crore. On the other hand for the year 2008-09, the Budget provision is Rs. 1140 crore. As such, there is no less provision for the 2008-09. At RE stage, there is scope for further enhancement."

3.48 In a post evidence reply, the Ministry informed that there is still a backlog of approximately of Rs. 1149.96 crore and the BE allocation of Rs. 1090 crore for the year 2008-09 is not sufficient to meet the spillover of 2007-08. When asked about the steps taken by the Ministry for the early settlement of pending cases, the following was submitted:

> "The claims of interest/capital subsidy upto March, 2007 has almost been released to the banks/financial institutions for a backlog of Rs. 12 crore approximately."

3.49 On being asked whether the Government has received complaints from textile units regarding delay in disbursement of subsidy under TUFS and the remedial steps taken in this regard, the Ministry stated as under:

> "Since the year 2005-06, due to extraordinary performance of the Scheme, the requirement of funds have been increasing. However, the budget allocation has not commensurate with the requirements. Shortfalls and spilling over of liabilities to the successive financial years have led to the situation that the units

are getting subsidy after delay. In the financial year 2007-08 nearly Rs. 232 crore more funds have been provided by the Ministry of Finance at RE stage which will ease out the situation. In the year 2008-09 further enhanced budget allocation has been made. The net impact of these enhancements would be timely receipt of subsidy by the units."

3.50 During the oral evidence, when the Committee desired to know the reasons for reduction of subsidy/interest reimbursement for spinning segment from 5% to 4%, the representative of the Ministry stated as under:-

> "If you see earlier progress of performance, around 35 per cent of the investment has gone into spinning and composite sector, while spinning in India has substantially in the last five year. Around 13.74 million spindles have been set up, which is 30 to 40 per cent of the existing capacity. It also includes modernization of the spindles. But 30 to 40 per cent of the total capacity was invested in the last five years. So, in fact, in spinning, our country can very rightly be proud that we are comparable to the best anywhere in the world. But in the other sectors, we are not that much strong."

3.51 The Committee noticed that an Inter-Ministerial Steering Committee (IMSC) under the chairmanship of Secretary (Textiles) monitors and reviews the scheme. Normally, the IMSC meetings have been held quarterly but the last meeting was held on 24th July, 2006.

3.52 When asked the reasons for not holding any meeting since July, 2006, the Ministry replied in a written note as under:

> " The scheme was scheduled to be phased out 31st March 2007. Accordingly at the fag end of the operation of the scheme there was no need to carry out any other modifications in the parameters of the scheme. Hence no meeting was held."

3.53 When asked whether IMSC was consulted before modifying TUFS recently, the ministry replied in a written note as under:

> "The continuation of the TUFS was announced by Hon'ble Finance Minister in the budget 2007-08 in February, 2007. The Ministry of textiles was in receipt of various representations from various associations as well as the impact of the operation of the scheme was available through data base in form of investment in various segments. The report of the working group constituted by Planning Commission on the textiles and jute industry had gone into details and had recommended the thrust areas for future growth of the sector. Accordingly, the revised parameters were drafted in line with the above recommendations.

The constitution of the members of IMSC was almost same as represented in the Planning Commission when the working group report was discussed. Accordingly, the Ministry of textiles did not desire to duplicate the effort in calling IMSC meeting."

3.54 Regarding the performance of TUFS in North Eastern States, the Secretary Textiles admitted before the Committee during the course of evidence as under:-

"Out of the total expenditure, the main shortfall has been in the case of TUFS where I am sorry to admit that we could not spend a single penny."

3.55 The Committee observe that Technology Upgradation Fund Scheme was launched to make funds available to the domestic textile industry to upgrade the technology of existing units and to set up new units with the state-of-the-art technology to enhance competitiveness in the domestic and global market. Initially, the scheme was scheduled to be phased out on 31 March 2007. However, due to the demand and satisfactory working of the scheme it has been extended beyond 31 March 2007. There is an Inter-Ministerial Steering Committee (IMSC) to monitor and review the functioning of TUFS. Meetings of the IMSC are held every quarter to assess the functioning of TUFS. However, the meeting of IMSC was last held in the month of July 2006 and reasons for not convening the meeting thereafter has been stated that, at the fag end of the operation of scheme there was no need to carry out any other modification in the parameters of the scheme hence no meeting was held. It has also been stated that constitution of both the, Working Group constituted by the Planning Commission on Textile and Jute Industry and the IMSC are similar. Since the Working Group had gone into details of the impact of operation of scheme and recommended the thrust areas for the future growth of the sector, the revised parameters were accordingly drafted in line with its recommendations. To avoid the duplicity of the work, the meeting of IMSC was not called. The logic put forth by the Government is far from convincing as there was a gap of more than eight months for the closure of the scheme since the last meeting of the IMSC. Moreover, it was also decided much before that the scheme will continue to be in operation even after March 2007. Even the parameters of the scheme were also modified on the recommendation of the Working Group completely sidelining

the IMSC. The Committee do not find any justification in keeping two Governmental bodies viz. IMSC and Working Group of Planning Commission on Textiles and Jute Industry to review the functioning of TUFS when both these bodies are represented more or less by same members. This is a futile exercise wasting time and money besides delaying the timely decision on TUFS. The Committee, therefore, strongly recommend that a clear and well thought out strategy be formulated for the operation of the scheme. Instead of loading TUFS with unwieldy bodies to review its functioning, a lean, expert and focused Committee of professionals be constituted to keep a tab on the scheme and suggest modifications whenever and wherever essential.

3.56 The Committee note that TUFS was introduced to provide financial assistance in the form of interest payment on the loans taken by entrepreneurs to upgrade the technology of their textile units. For the purpose, the budgetary provision of Rs. 1,140 crore have been made for the year 2008-09. On the question of sufficiency of allocation, it has been stated that the budgetary allocation of Rs.1,140 crore will be inadequate to meet the requirements of the scheme. However, at RE stage, the Ministry of Finance is expected to provide more funds on the lines it was done in the year 2007-08. It has also been stated that there is still a backlog of approximately Rs.1,149.96 crore and BE allocation for the year 2008-09 is not sufficient to meet even the spill over of the previous year. The Committee observe that there is some serious malfunctioning in the planning and operation of TUFS otherwise the backlog could not have mounted to such an astronomical figure surpassing the budgetary allocation for the year 2008-09. If the backlog is not cleared immediately the scheme may loose its sheen and it will become a laggard. The Ministry have also received letters from the textile units complaining that huge amount of subsidy under the scheme still remains unpaid. The Committee, therefore, urge upon the Government that since the results of the scheme are encouraging, sufficient funds should be allocated to clear the backlog and keep the momentum going.

3.57 The Committee observe that TUFS is a flagship scheme of the Government. The implementation of the scheme has been envisaged through the length and breadth of the country. Although the scheme has picked up in the rest of the country, it is virtually a non-starter in the North-Eastern States of the country. Since the year 2005-06 not even a single paisa has been spent under the scheme in North-Eastern States of the country. This is a lopsided implementation of the scheme and failure of the planning of the Government. The Government has done nothing so far to make the scheme popular in that region of the country. Now the Government proposes to initiate the process of awareness programme for the proper exposure of the scheme there. The Committee welcome this belated step. The Committee recommend that every steps should be taken to popularize the scheme in that region so that not only the compulsory allocation of 10 per cent of the scheme but the previous unspent amount are also spent there for the successful operation of the scheme.

D. HANDLOOM

3.58 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 6871 (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).

Handloom Weavers' Comprehensive Welfare Scheme

3.59 This Scheme has been framed by the Government by merging two separate Schemes namely the 'Health Insurance Scheme' for providing health care facilities to the Handloom weavers in the country and 'Mahatma Gandhi Bunkar Bima Yojana' for providing Life Indurance Cover to the handloom weavers in case of natural/accidental death, total/ partial disability due to accident.

Office of the Development Commissioner for Handlooms is responsible for implementing the above schemes.

(i) The Health Insurance Scheme:

3.60 The Health Insurance Scheme is implemented through the ICICI Lombard General Insurance Company Ltd. The Scheme covers not only the weaver but his wife and two children also. The ancillary handlooms workers like those engaged in warping, winding, dyeing, printing, finishing, sizing, Jhala making, jacquard cutting etc. are also eligible to be covered under the scheme. The scheme covers all pre-existing diseases as well as new diseases and a substantial provision has been kept for OPD. The annual limit per family is Rs. 15,000/- out of which OPD cover will be Rs., 7500/-. The total premium under the scheme for 2007-08 and 2008-09 has been reduced to Rs. 781.60/- (including Service Tax) from Rs. 1000/- + Service Tax as existed during the 10th plan.

3.61 The existing Funding pattern under the scheme is as under:-

(i)	Weavers' share	Rs.139.13/- per weaver per annum
(ii)	Government of India' share	Rs.642.47/- per weaver per annum
	Total	**Rs.781.60/- (Includes Service Tax)**

3.62 The details of total number of weavers covered under Health Insurance Scheme till date are given below:-

"The Health Insurance Scheme was introduced in November, 2005. The number of weavers covered upto Febreuary 2008 is as under:-

2005-06 and 2006-07 =6.98 lakh weavers

2007-08 (upto February 2008) =16.19 lakh weavers

TOTAL **=23.17 lakh weavers**

3.63 Regarding the claim cases pending for settlement under the Scheme and the reasons for their pendency, the Ministry stated in a written note that, as per the report received from the Implementing Agency namely ICICI Lombard General Insurance Company Ltd., upto February 2008, there are 12572 claims pending. The details of these claims are as under:-

	Number	Amount
OPD	9687	Rs. 1.97 Crore
Hospitalization	2885	Rs. 1.41 Crore
TOTAL	**12572**	**Rs. 3.38 Crore**

These claims are under process

3.64 When asked whether the Government proposes to provide critical illness cover to the weavers under this scheme, the representative of the Ministry replied during the course of evidence as under:-

"As far as critical care is concerned, the Ministry of Finance had pointed out that the LIC is coming out with a much cheaper scheme which, somehow, did not see the light of the day. Now they are quoting a rate which is quite high. They have quoted Rs. 8 to Rs. 10 per cent on the coverage of every thousand rupees. For a by-pass surgery which costs Rs. 80,000 or Rs. 1 lakh, the premium will come to Rs. 800. We are in touch with them again to try and bring down the premium for critical care. It may be pointed out that this could mean additional budget."

(ii) **Mahatma Gandhi Bunkar Bima Yojana**

3.65 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.

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.

Benefits:-

3.66 The annual premium during the 11th plan has been kept at the level of the X Plan but the benefits under the Mahatma Gandhi Bunkar Bima Yojana have been substantially increased during the 11th Plan as compared to those that existed during the 10th plan, as per the details given below:

Sl. No.		Benefits during the 10th plan	Benefits from 1.10.07
(i)	Natural Death	Rs. 50,000/-	Rs. 60,000/-
(ii)	Accidental Death	Rs. 80,000/-	Rs. 1,50,000/-
(iii)	Total Disability	Rs. 50,000/-	Rs. 1,50,000/-
(iv)	Partial Disability	Rs. 25,000/-	Rs. 75,000/-

Additional Benefits:-

3.67 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 available 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.

3.68 The State-wise number of weavers covered under the scheme during the last one year i.e. 2006-07 is as under:

State	**2006-07**
Andhra Pradesh	89293
Assam	13017
Bihar	738
Chhattisgarh	1223
Gujarat	2735
Haryana	189
Himachal Pradesh	1426
J & K	520
Karnataka	18746
Kerala	7263
Madhya Pradesh	1883
Maharashtra	368
Orissa	8282
Rajasthan	3790
Tamil Nadu	193611
Uttar Pradesh	17165
Uttarakhand	766
West Bengal	42499
Grand Total	**403514**

3.69 The details of total number of weavers covered under MGBBY since it inception are as under:-

The Mahatma Gandhi Bunkar Bima Yojana was introduced in 2005-06.

October 2005 -March 2006	=1.96 lakh weavers.
April 2006 -March 2007	=4.04 lakh weavers.
April 2007 -February 2008	=3.87 lakh weavers.
TOTAL	**=9.87 lakh weavers.**

3.70 When asked the reasons to cover only 18 states under the scheme so far and the status of left out states, the representative of the Ministry replied during the course of the evidence, as under:-

> "I have twice called a meeting of State Commissioners and informed them that they should take full advantage of the scheme. Unfortunately few States have not sent proposals. So we are still in touch with them and told them that they must take advantage of the scheme. Every State is fully competent to take full advantage of the scheme. So, we are again getting in touch with those States which are left so that they should send us proposals and we are confident that in the coming year, the remaining States who have not sent their proposals are also get covered."

3.71 When asked about the plans of the Government regarding providing coverage to all the weave4rs of the country under the Scheme, the Ministry replied in its post evidence note as under:-

> "The Government of India has been making all out efforts for enrolling the maximum number of weavers under the MGBBY. LIC and State Government have been advised to generate awareness amongst the local weaver population about the scheme. Many publicity campaigns and awareness camps are being held through the field offices for maximizing enrolments."

3.72 The details regarding total number of claims received and settled by LIC during last one year are as under:-

> "As per the report received from LIC, during 2007-08, 2101 natural death claims and 26 accidental death claims were received and all of these have been settled upto February 2008."

3.73 When asked about the steps taken by the Government to increase the age limit to cover the weavers under the MGBBY from 59 years to 70, the Ministry replied through a written note, as under:-

> "The Government of India has been taking up the matter with the LIC and the Finance Ministry for extending the upper age limit from 58 to 70 years for Handloom Weavers under the Mahatma Gandhi Bunkar Bima Yojana. The matter was taken up with Ministry of Finance and LIC. The LIC informed that for raising the age limit, the premium would be Rs.1650/- per weaver. Since the premium was very high, the Ministry of Finance and the LIC were again requested to reduce the premium. The LIC have informed that the premium for the age group 60 to 70 years works out to Rs. 1600/- out of which Rs. 100/- will be drawn from Social Security Fund and remaining premium of Rs. 1500/- will have to be borne / shared by the members and/ or by the Ministry. This issue

was then again discussed with the LIC and they were requested to reduce the premium further. Finally, LIC was agreeable to reduce it to Rs. 1500/-. Therefore, raising the upper age limit from 58 to 70 years will involve a substantial increase of premium (Rs. 1500/-) as proposed by LIC out of which only Rs. 100/- is to be drawn from the social Security Fund and the remaining fund is to be borne/ shared by Ministry. It may be mentioned that this premium appears to be too high and consequently the number of beneficiaries shall have to be reduced substantially and the benefit of the scheme will have to be curtailed by huge numbers. Moreover, LIC has clarified that in case the claim outgo exceeds the premium for this group the excess of claim over premium is proposed to be made by the Ministry."

3.74 The Committee observed that the proposal for increasing the age limit from 58 to 70 years for the purpose of coverage under the scheme is not been agreed to on the ground that the amount of premium will go up substantially. In this regard, when asked the reasons for fixing similar premium for lower & higher age groups, the Ministry in its post evidence note stated as under:-

"At present the annual premium for weavers in the age group of 18 to 59 years is Rs. 330/- per weaver per annum. The premium proposed by the LIC for the age group between 60 and 70 years is Rs. 1500/- per annum. From this it may be seen that the present premium for the lower age group is much less than the premium proposed for the higher age group. However, the matter is still under discussion with LIC to consider lowering the premium for higher age group to enable maximum coverage to the poor weavers."

3.75 The Committee noticed that the last census to ascertain the number of workers engaged in the handloom sector was conducted in the year 1995-96. Fresh handloom census has been made a component of diversified handloom development scheme which has been approved for implementation during the 11th Plan period. When asked about the progress made to begin the exercise of handloom census in the country and by when it is likely to be completed, the Ministry replied in a written note, as under:-

"Diversified Handloom Development Scheme has been formulated w.e.f. 11.9.07 during the XIth Plan. "Conducting Third Census for Handlooms & Issue of Photo Identity cards to Handloom Weavers" across the country is one of its important component. Expression of Interest (EOI) for the proposed Census & Identity Cards had been invited during the month of October 2007. Three agencies had been short-listed on the basis of EOI. Request for Proposal (ROF) were invited and received from three short listed agencies. Based on the Technical and Financial bids submitted by them, one agency has been selected and also approved by the Competent Authority for conducting the Third Handloom Census and issue of Identity Cards. Work order in this regard would be issued shortly to the selected agency. As per the Terms of Reference (TOR), work relating to the Census and

Identity cards is schedule to be completed within 18 months from the date of awarding the work to the selected agency."

3.76 On being asked about the basis on which schemes are formulated and implemented in the absence of authentic figure, the Ministry replied as under:-

> "The basic source of authentic figures is the latest Handloom Census of 1995-96. However, O/o DC(HL) also received information from State Governments, diagnostic study carried out as a part of cluster scheme and studies sponsored by Office of the Development Commissioner for Handlooms."

3.77 The Committee note that 'Health Insurance Scheme' for handloom weavers was launched in the year 2005 and ICICI Lombard General Insurance Company Limited as the implementing agency of the scheme. 23.17 lakh weavers have been covered till date under the Insurance Scheme. As regards, pending cases for settlement under the scheme, it has been stated that 12,572 cases involving Rs.3.38 crore are still to be settled. The present Health Insurance Scheme does not provide coverage for critical illness of the weavers. On being enquired on this aspect, it has been stated that the proposal for covering critical illness was placed before EFC on 5 July 2007 while considering the Handloom Weavers Comprehensive Welfare Scheme. It was suggested that this could be covered under a new scheme to be launched by LIC and negotiations are going on with LIC as to the rate of premium payable by the Ministry. For the purpose of covering general ailments and critical illness the engagement of two separate insurance companies defies all logic. It will be more appropriate if only one insurance company, preferably LIC, is entrusted with the responsibility of covering both kind of ailments i.e. General Ailment and Critical Illness. The Committee, therefore, recommend that the appropriate steps be taken in this regard. The Committee further recommend that immediate steps be taken 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.

3.78 The Committee note that a new scheme named Handlooms Weavers Comprehensive Welfare Scheme has been initiated with Mahatma Gandhi Bunkar Bima Yojana becoming one of its components. The Committee are happy to note that various benefits under the scheme have been substantially enhanced for the benefit of the weavers, yet the coverage of weavers under the scheme remains an area of concern. As per the census of 1995-96 the approximate number of weavers is more than 65 lakh. This census is more than 12 years old and hence does not reflect the correct number of the weavers in the country as on date. So far only 9.87 lakh weavers of 18 States have been covered under Mahatma Gandhi Bunkar Bima Yojana. This number is just inadequate. The raise in the benefits will not be meaningful unless it reaches all the intended beneficiaries by bringing them within the insurance coverage. Regarding coverage of weavers from all the States it has been stated that they are eligible for the benefit of the scheme and LIC has been requested to cover weavers from all the States. All State Governments have also been advised to enroll maximum number of weavers of their States under this Scheme. This is only a perfunctory approach and do not reflect the seriousness of the issue it merits. The Committee, therefore, strongly recommend that special drives should be launched to identify the weavers and cover them under Insurance Scheme in all those States which are hitherto uncovered. Efforts should be intensified to identify the weavers for the purpose of coverage in the rest of States so that maximum number of weavers can be brought within the fold of Insurance coverage under Mahatma Gandhi Bunkar Bima Yojana.

3.79 The Committee are distressed to note that despite repeatedly stressing the need to raise the upper age limit from 58 to 70 for coverage under MGBBY, the Government is not taking up the issue with the seriousness it deserves. It is simply quoting the replies of LIC which are evasive in nature to shirk its responsibility. The Government has stated that the matter was taken up with Ministry of Finance and LIC. The LIC informed that for raising the age limit the premium would be Rs.1,650/- per weaver. Since the premium was very high, the Ministry of Finance and the LIC were again and again requested to reduce the premium. It has also been stated that at present the annual premium for the weaves in the age group of 18 to 59 years is Rs.330/- per weaver per annum. The premium proposed by the LIC for the age group between 60-70 years is Rs.1,500/- per annum. The Committee are not convinced by the logic of Insurance Company and the Ministry of Finance as it is prima-facie untenable. Going by this yardstick there is no justification for keeping a uniform premium for beneficiaries of all ages i.e. 18 to 58 years as mortality rate in the lower age group of the beneficiaries is far less than in the higher age group. Hence, the rate of premium should be structured accordingly in the light of the perceived mortality rate for different age groups of beneficiaries. Therefore, high rate of premium for beneficiaries of 59 to 70 years does not hold any ground. The Committee, therefore, strongly recommend that the issue of increasing the age of weavers from 58 to 70 years for the purpose of coverage under insurance be immediately decided without any further delay. Being a public sector company, LIC should not shirk its social responsibility towards the handloom workers who are from the poor section of the society. However, the Government may, if necessary,

create a fund to indemnify LIC in case the claim outgo of LIC in this segment (i.e between 59 to 70 years) is more than the premium collected by the company.

E. NATIONAL INSTITUTE OF FASHION TECHNOLOGY (NIFT)

3.80 NIFT was established in New Delhi by the Ministry of Textiles as the apex body of human resource development for the textile & garment and allied sectors in 1986 in response to the growing need of the fashion industry, both in the domestic and international arena. With growing demand from industry across the country, NIFT established six more centers in the major garment centres of India viz. Kolkata, Chennai, Gandhinagar, Hyderabad and Mumbai in the year 1995 and in Bangalore in 1997.

3.81 NIFT offers various full time degree and part-time certificate programmes to develop professionals for Fashion Industry in India. NIFT also undertakes applied research studies and applications thereof in relevant areas of the fashion industry; particularly concerning the integration of locally produced materials, the requirements of mass production, improved product design and international marketing. It also provides technical assistance to artisans, craftsmen, manufacturers, designers and exporters of fashion products.

3.82 NIFT Act 2006 published in the Gazette of India on 14th July, 2006 confers Statutory Status on NIFT. The Act comes into effect from 1st April,2007. The Act empowers the institute to award degrees and other academic distinctions. NIFT will be the first premier institute in the world to award its own Degrees in the field of fashion education.

3.83 When asked whether any evaluation has been done to assess the achievement of the objective sector-wise i.e textiles, garments and allied sector for which NIFT was set up, the Ministry replied as under:-

> "In 1999 at the behest of Ministry of Textiles, services of International Business Services Dr. Sri Ram Khanna were hired to conduct an industry survey to assess NIFT's impact on the Indian Garment industry, 'Role of Fashion Designer in future growth of Indian Apparel Industry'. The Report brought out the following observations:
>
> - The need for exclusivity had enhanced the need for design input.
> - Expectations of the industry regarding performance of multiple takes there by designers and the inability of the designers to perform multiple tasks there by attributing low value to the fashion designer by the industry and thus leading to disillusionment of the trained fashion designer.
> - The students felt the need for practical and hands on training and hardship of floor level work as the programme and was highly academic leading to a tinted, rosy hued, warped picture of the profession as there is a mismatch between the needs of the industry and skills of the designer.

- Orientation of the curriculum is towards the Western Markets and there is no element for the domestic requirement in terms of Indian designers."

3.84 When asked about the manner in which the Government propose to redesign the set up of NIFT in the light of the evaluation of its functioning, the ministry replied as under:-

> "In 2003, NIFT restructured its curriculum and upgraded its programmes from three to four years, in consultation with the Industry as per its requirements and also in keeping with the international fashion education formats. The NIFT undergraduate and postgraduate programmes are at par with the professional education programmes across the world."

3.85 The details regarding funds/grants received by NIFT from the Ministry of Textiles during last three years along with their utilization are as under:-

Rs. in Lakhs

Sl. No.	Name of the Scheme/Project/Programme	**2005-06**				**2006-07**				**2007-08**				**% of short fall/excess exp., year-wise**			**% of achievement for the last three year**	**2008-09**
		BE	RE	Actual Exp.	Shortfall excess exp. If any indicating reasons in brief	BE	RE	Actual	Shortfall excess exp. If any indicating reasons in brief	BE	RE	Actual exp. (expected)	Shortfall excess exp. If any indicating reasons in brief	2005-06	2006-07	2007-08		
1.	Plan		2500	2500	0.00	110 (Existing) + 200 ** (New)		1100 (Existing) + 200** (New)	0.00	2000	900	900	0.00	0.00	0.00	0.00	100%	3225
2	Non Plan		1000	1000	0.00	1000		1000	0.00	1050	1050	1000	50***	0.00	0.00	0.00	100%	1050

3.86 Generation of funds by NIFT through its own resources during the last three years are as under:-

(Rs. In Lacs)

Sl. No.	Account Head	2005-06	2006-07	2007-08**
1.	Fees etc from students & others	3,528.32	4,458.08	4,557.23
2.	Interest Earned	385.69	496.25	629.17
3.	Surplus from Project	101.66	143.11	302.17
4.	Other income	209.44	141.35	560.22
	TOTAL	**4,225.11**	**5,238.78**	**6,048.79**

3.87 When asked whether the funds collected by NIFT at its own, have been sufficient to run the affairs of NIFT, the Ministry in a written note, stated as under:-

> "Yes the funds so collected have been sufficient to run the affairs of NIFT and we have been generating surplus. However since now we are not receiving any funds for the Capital expenditure our surpluses will be affected to meet the capital expenditure."

3.88 When asked whether any of the Branches of NIFT has included handicrafts, based on our cultural history and area specific arts of the country, in its curriculum to promote it in the national/international arena of fashion industry, the Ministry stated through a written note as under:-

> "NIFT undertakes Diagnostic study as an integral part of the curriculum wherein students at the end of the 2nd year of study, visit various Craft Clusters as identified by each NIFT centre, to study the craft in its original environment, interact with the craftsmen and provide an opportunity for the craftsmen to cater to emerging markets. The students interact with the craftsmen during their cluster visit to develop new products using their traditional handcrafting skills."

3.89 The details of various branches of courses being offered by NIFT to its students are given below:-

> "The three streams of study at NIFT may be broadly categorized under Design Technology and Management. These are further subdivided into Undergraduate and Post Graduate programmes. The details are as under:-

DESIGN:

I. Undergraduate Programmes :
- Fashion Design
- Leather Design
- Knitwear Design
- Textile Design
- Accessory Design
- Fashion Communication

II. Post Graduate Programme in Design

TECHNOLOGY

I. Undergraduate Programme in Fashion Technology
II. Post Graduate Programme in Fashion Technology

MANAGEMENT

Post Graduate Programme in Fashion Management

3.90 When asked about the extent to which the above courses are relevant to the careers of its students and enable them to compete successfully in the International market and to boost the country's export, the Ministry replied in a written note as under:-

> "Each department and each programme has been started after much deliberation and in response to market and industry needs. With increasing globalization the market has undergone paradigm shifts creating both generic as well as niche areas in the area of fashion. Today the scope of fashion has widened considerably, transcending geographical boundaries thereby creating new increasing opportunities both in the domestic as well as international market. Today the graduates who showcase the immense talent of India through participation in International Fashion Weeks in New York, London, Paris and Milan to name a few, in addition to retailing through stores abroad, are testimony to their global vision as well as their financial acumen in boosting India's export. To meet the ever changing needs of the Industry, Common Elective courses/subjects are offered across all streams to give more holistic information to the students. The curriculum of NIFT is periodically upgraded for incorporating the emerging needs and changing facets of the industry through Industry Coordination Committees at all centres for a more dynamic synergy between NIFT and the industry at the centre."

3.91 When asked whether any survey/ study has ever been conducted by the Institute or the Government to access the outcome of the courses offered, the Ministry replied in a written note as under:-

> "NIFT remains in constant touch with the Apparel industry through internships, placements, guest lectures, experts on advisory committees for curriculum development and other related issues. In 2005-06 Peer review by IIM Ahmedabad was done and the report submitted in 2006-07. As per the report of the review committee the flagship programmes (Four year Under Graduate programme) are very much needed for the industry and the assessment of the industry that the program mix of these programme are appropriate. Even the small Private Institute which has been setup to exploit the boom in demand for trained technically qualified people are guided by the courses offered in the NIFT programmes. This indicates that NIFT provides the format, title and even structure of these programmes implying that NIFT courses are indeed relevant and appropriate for the prevailing industry demand. The common elective courses provides a bouquet of options for the students to focus based on their interest. Involvement of the industry and outside experts in designing the programmes has made it more practice oriented. Several meetings are held with industry members from time to time to receive feedback from industry which is incorporated in the curriculum making the courses better suited to the needs of the changing industry."

3.92 Regarding the fee structure of various courses offered by NIFT, the Ministry submitted the following details:-

There are two types of regular programmes being offered by NIFT i.e. Under Graduate Programme (4-years i.e. 8 semesters) and Post Graduate Programme (2-years i.e. 4 semesters). Existing fee structure for one semester of 6 months for both the programmes are same, which is appended below:-

Academic Fee	(in Rupees)
Tuition Fees	27,500/- (Non-Refundable)
Security Deposit	5,000/- (One Time) (Refundable)
Library Fee	3,000/- (Per-Year) (Non-Refundable)
Mediclaim & Student Development Fee	1,250/- (Per Year) (Non-Refundable)
TOTAL	**36,750/-**

3.93 To a query whether any scholarship/financial assistance is provided to poor students and those belonging to SCs/STs/OBCs Category, the Ministry in its written note stated as under:-

"NIFT has a Scholarship Policy for students from financially weak background. Under this policy, Students with parental income upto 1 Lakh rupees per annum are given. 75% of annual tuition fee (Full Scholarship) and those with parental income between 1-2 Lakh rupees are given 50% of annual Tuition Fee (Half Scholarship). These scholarships are irrespective of any reservation provisions. Currently, there is no cap on the number of students who may be given full scholarship. For students belonging to SC/ST category, the Central Scholarship constituted by the Ministry of Social Justice and Empowerment and Tribal Affairs respectively is applicable and NIFT is a notified institute under those policies."

3.94 When asked whether any progress has been made for opening of more NIFT centres in the country, the Ministry furnished the current status of 11 proposed centres:-

Sl. No.	State in which proposal to open a NIFT Centre is pending	Status of the Proposal
1	Lucknow	Proposal considered and approved by BOG of NIFT in its meeting on 30.3.05. Proposal could not materialize for want of long term commitment from State Govt. However, NIFT Centre has been opened in Rae Bareli.
2	For conversion of NIIFT, Mohali to a NIFT Centre	Proposal considered and approved subject to certain conditions by the BOG in its meeting on 30.11.05. Commitment of Govt. of Punjab for deficit land and funds is awaited.
3	Guwahati (Assam)	Commitment of Government of Assam for land and funding support not received.
4	Gurgaon (Haryana)	Proposal considered by BOG in its meeting dt. 30.3.06. At that time in view of the on going strengthening and consolidation, the BOG felt that it would not be desirable to review the policy for opening new Centre at that stage.
5	Shillong	The proposal placed before the Board for consideration in its meeting dated 19/12/07. The estimated fund and land requirement was conveyed to Chief Secretary, Govt. of Meghalaya vide letter dated 17/9/07.Funding possibilities for this center are being tied up.
6	Sikkim	VIP reference from MOT and a letter from Sh. Dava Narbula, Member of Parliament were received regarding setting up of NIFT Centre in Sikkim. Response from State Government is awaited.

7	Uttarakhand (Public Private Partnership)	A letter dated 18.6.07 was received from Padamshree Group based in Uttarakhand to Chairperson, BOG NIFT for considering setting up of NIFT Centre in Uttarakhand as a Public Private Partnership (PPP). A team was constituted by DG-NIFT to examine the feasibility of setting up of NIFT Centre on PPP model and prepare a base paper together with draft policy and guidelines for consideration of BOG of NIFT. Based on the report, further action would be taken up.
8	Bihar (Patna)	Status update on setting up of NIFT Centre in Bihar was placed before the BOG on 19.12.07. Firm commitment regarding funds and land has been received from Director (Technical), Govt. of Bihar, Patna.
9	Kerala(Kannur)	Administrative sanction of Govt. of Kerala for provision of funds and a letter from Managing Director KINFRA regarding allotment of 3.774 hect. of land in Morazha Village, Taliparamba Taluk, Kannur, district for setting up of NIFT Centre in Kannur have been received.
10	Mauritius	Status update on setting up of NIFT Centre in Mauritius was placed before the BOG on 19.12.07 and as advised by the Board update was sent to MOT & MOT has approved the status. Further follow up has been undertaken with Govt. of Mauritius. The MOU has been finalized.
11	Surat(Gujarat)	A letter received from MOT regarding setting up of NIFT Centre in Surat. Proposal considered and approved by BOG of NIFT in its meeting on 30.3.05. The Board discussed the matter and felt that it would not be desirable to review the policy at this stage.

3.95 Regarding fixing of any time period by the Government for completion of these projects, the reply of the Ministry was negative. The reason stated is as under:-

> “The Institute is in correspondence with the respective State Governments. It is difficult to commit a time period.”

3.96 The Committee take note of the fact that National Institute of Fashion Technology was set up as an apex body of human resource development for textile garment and allied sectors to cater to the growing needs of the fashion industry both in domestic and international arena. With the passage of time NIFT has been successful in so far as the objective of its establishment is concerned. Its courses are becoming increasingly popular and the demands of the students for joining the institute is growing year after year. To meet the growing demands of the students from across the country, NIFT has undertaken an expansion plan wherein eleven more branches will be opened in other parts of the country and abroad. This will be in addition to seven already functioning branches in various cities of the country. This is a praiseworthy step, yet the desired progress is not being achieved due to one or the other reason in all the proposed centres. All the eleven projects are plagued by one or the other problem and are not progressing on the expected lines. The Committee are distressed at the state of affairs prevailing in the expansion of NIFT. They therefore, strongly recommend that due care and coordination should be ensured among various agencies which are involved in the establishment of the centres of NIFT in various parts of the country so that these centres come up within a specific time frame and start their academic session benefiting the students from all sections of the society.

F. Fashion Hub

3.97 It is proposed to set up fashion hubs in the country with the objectives of strengthening the entire textile value chain and to provide an interface between stakeholders by creating a permanent market place for the Indian fashion industry which would serve as a single stop fashion business point in India. These hubs would have latest collection ranging from textile accessories to the finished products.

3.98 An amount of Rs.30.00 crore has been proposed for 11^{th} Plan period and an amount of Rs.1.00 crore allocated during Annual Plan 2007-08 as a token provision. The expenditure is meant for setting up the centre, developing production and design studios for commercial purposes including that of accessories.

Salient Features:-

3.99 A Fashion Hub/ Fashion Market Centre is conceived as a dedicated area for promotion of fashion industry and as a support for marketing to Indian designers . The focus of the hub would only be on the fashion industry. It could perform a range of functions such as:

- offer a wide variety of designer wear products such as apparels, accessories from the Indian fashion manufacturing Industry through a permanent exhibition
- hosting market meets/ fashion shows during all the seasons
- provide facilities for design, research on products and producers, fashion photo shoots, etc.
- produce literature on a wide range of fashion business related issues.

Objectives: -

3.100 A Fashion Hub/ Fashion Market Centre can have one or more of the following objectives :-

- To provide an interface between stakeholders by creating a permanent market-place for the Indian fashion Industry. It would serve as a single stop fashion business point in India.

- To showcase Indian fashion trends and highlight the craftsmanship and design legacy of India .
- To project an image of India's contemporary look and to serve as a center for creative fashion activity.
- To be a fashion gallery and to facilitate the organization of International fashion events and competitions
- To strengthen the entire supply chain which would include establishing backward linkages with suppliers.
- Venture financing and incubation for new budding entrepreneurs among NIFT alumni, students and faculty in diverse areas of fashion, lifestyle and traditional crafts.
- Management development programmes (MDP) for strengthening and upgrading the management cadre in various fashion and garment units in the country and to create change agents among the emerging generation.

Funding:-

3.101 The Fashion Hub/ Fashion Market Centre will be structured as an SPV under the Companies Act. The representation on the Board could again be from different stakeholders. Cost of the project is estimated as Rs 125 crores. Government participation in capital costs would be to an extent of Rs 25 crores, the rest coming from presale advances and some debt.

3.102 The committee have been informed that one fashion hub is proposed to be set up in Delhi during the XI th plan period. Regarding its current progress, the Ministry stated in a written note that Planning commission has given in principle approval for the project. Ministry of Textiles is in the process of acquiring land for the same. Once land is allotted scheme will be formulated for implementation.

3.103 The Plan Outlay under the scheme for the year 2008-09 is Rs. 1 crore whereas an amount of Rs. 30 crore has been proposed for 11th Plan period. Regarding the reasons for allocating such a paltry amount for the annual plan for 2008-09, the Ministry in a written note stated as under:-

> "In principle approval of the execution of the project was given by Planning Commission on the condition that Fashion Hub should be setup as a SPV and land should be made available to SPV before Government puts its equity or Grant. Ministry is in the process of acquiring land. Once land has been allotted, Ministry will formulate a scheme and implement after obtaining the approval from competent authority."

3.104 When asked about the manner in which the acquisition of land hinders the formulation and firming up of scheme and the reasons for not taking both the matters simultaneously, the representative of the Ministry replied during the course of evidence as under:-

> "It has been rightly pointed out that we should not wait till the land is allotted and we can formulate the project. So, I would like to tell you that broadly we have made up a concept paper which was circulated to the Planning for their, in principle, approval and we received the, in principle, approval of the Planning Commission. But the Planning Commission has said that unless the land is made available, the Government should not put in any grant into the project. For putting in any grants, we have to have the EFCs approval and that does not take much time."

3.105 On being asked the current status regarding acquisition of land, the Ministry replied in a post evidence written note as under:-

> "In spite of several attempts, the responses from the Delhi Development Authority (DDA) has not been encouraging. We are exploring the possibility of taking land in NOIDA and Gurgaon."

3.106 The Committee have been informed that only one hub is proposed to be set up in Delhi during the XIth plan period. When asked whether a single hub will be able to meet the broad objectives of the scheme keeping in view the vastness of the fashion industry of our country, the Ministry of Textiles replied in a post evidence written note as under:-

> "To begin with, the Ministry proposed to set up a single fashion hub in Delhi, since it is the center of the Fashion industry. Once this is successfully implemented, depending on the progress, this Ministry may consider implementation of similar projects in other places."

3.107 On being asked about the manner in which the Government will monitor the performance of the proposed fashion hub, the Ministry stated in a written post evidence note as under:-

> "Ministry proposes to incorporate a component of Monitoring in the project proposal itself and will periodically monitor the performance of the proposed project, once the project takes off."

3.108 The Committee take note of the fact that Government propose to set up `Fashion Hubs' with a view to strengthen the entire textile value chain and to provide an interface between the stakeholders by creating a permanent market place for the Indian Fashion Industry. It would also serve as a single stop fashion business point, show casing Indian fashion trends, craftsmanship and design legacy of India. It would also involve strengthening of the entire supply chain which would include establishing, backward linkages with suppliers. However, it appears that the entire plan is still in conceptual stage as the Ministry itself is not aware of the availability and the cost of the land. The size of land and cost would determine the facilities to be created and also the methodology of the operation of the entire project. The concept of creation of `Fashion Hub' is laudable as it will help in the generation of employment opportunities in addition to displaying the skills and talents of Indian crafts persons and providing them an opportunity to create a niche for themselves in the global arena. The Committee, therefore, urge upon the Government to take all necessary steps for establishing the `Fashion Hub' at the earliest. If feasible, land for fashion hub may either be acquired through outright purchase by the Government or a private agency or may be taken on lease from private parties or such land owners may be associated as partners with specific percentage of their shareholding in the project. Search of land cannot be prolonged indefinitely lingering on the project for want of land from Government agencies.

NEW DELHI
16 April, 2008
27 Chaitra, 1930 (Saka)

SURAVARAM SUDHAKAR REDDY,
Chairman,
Standing Committee on Labour.

ANNEXURE

MINUTES OF THE THIRTEENTH SITTING OF THE STANDING COMMITTEE ON LABOUR

The Committee sat on 31 March 2008 from 1030 hrs. to 1245 hrs. and again from 1400 hrs. to 1630 hrs. in Committee Room No. 53, Parliament House, New Delhi.

PRESENT

Shri Suravaram Sudhakar Reddy – CHAIRMAN

MEMBERS

LOK SABHA

2. Shri Furkan Ansari
3. Shri Subrata Bose
4. Shri Thawar Chand Gehlot
5. Shri Virendra Kumar
6. Shri Bassangouda R. Patil
7. Shri Rajesh Kumar Manjhi
8. Shri Chandradev Prasad Rajbhar
9. Shri Mohan Rawale
10. Shri Ramdas Athawale

RAJYA SABHA

11. Shri Narayan Singh Kesari
12. Shri Gandhi Azad
13. Ms. Pramila Bohidar
14. Shri Dilip Ray

SECRETARIAT

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

PART-I

2.	XX	XX	XX
3.	XX	XX	XX
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9.	XX	XX	XX

PART-II

Witness

10. In the afternoon at 1400 hrs., the Committee met again to take evidence of the representatives of the Ministry of Textiles. The following representatives of the Ministry were present:-

Sl .No	Name of the Officer	Designation
1.	Shri A.K. Singh	Secretary
2.	Dr. Sutanu Behuria	AS & FA
3.	Ms. M. Sathiyavathi	Member Secretary (CSB)
4.	Shri B.K. Sinha	DC (Handlooms)
5.	Shri J.K. Sharma	Joint Secretary
6.	Shri B. Singh	Joint Secretary
7.	Shri R.K. Chaturvedi	Joint Secretary
8.	Shri J.M. Singh	Joint Secretary
9.	Shri Vinod Kispotta	Jute Commissioner
10.	Shri N.D. George	Economic Advisor

11.	Shri Sanjay Agarwal	DC (Handicrafts)
12.	Shri J.N. Singh	Textile Commissioner
13.	Shri K.R. Pillai	CMD (NTC)
14.	Shri M.A. Ibrahimi	CMD (CCIC)
15.	Shri K.K. Sinha	CMD (HHEC)
16.	Shri Rajiv Takru	Director General (NIFT)
17.	Shri S.C. Grover	CMD (CCI)
18.	Shri Deepak Das	CCA
19.	Shri Anjani Nandan Sharan	Director
20.	Shri B.V. Uma Devi	Director
21.	Shri J.K. Prasad	Director
22.	Shri B. Sinha	Director
23.	Shri M.K. Gupta	Director
24.	Smt. Sarita Mittal	Director
25.	Smt. Promodita	Dy. Economic Advisor
26.	Dr. Sandeep Singh Srivastava	Addl.DC (Handicraft)
27.	Mohd. Nazmuddin	Addl. DC (Handlooms)
28.	Shri R.K. Pathak	Dy. Jute Commissioner
29.	Ms. Mukta Nidhi Samnotra	Director (Wool)
30.	Ms. Tripti Ghosh	Director, Finance (NIFT)

11. At the outset, the Chairman welcomed Shri A.K. Singh, Secretary and other officers of the Ministry of Textiles and invited their attention to the provisions contained in Direction 55 (1) of the Directions by the Speaker and asked them to brief the Committee regarding the Demands for Grants (2008-09).

12. The Secretary, Ministry of Textiles then briefed the members about the budgetary allocations for the year 2008-09 and the expenditure incurred so far on various schemes/programmes undertaken by the Ministry.

13. Subsequently, the Committee held detailed deliberations with the representatives of the Ministry of Textiles. The important topics discussed in the meeting inter-alia included (a) General Performance; (b) Scheme for Integrated Textile Parks; (c) Handlooms; (d) Mahatma Gandhi Bunkar Bima Yojana; (e) Integrated Handloom Cluster Development Scheme; (f) Technology Upgradation Fund Scheme (TUFS); (g) National Institute of Fashion Technology; (h) National Textile Corporation, etc.

14. The Hon'ble Chairman and Members raised several queries on various subjects under examination of the Committee in respect of the Demands for Grants (2008-09).

15. The Secretary and other officials of the Ministry then replied to some of the queries raised by the Chairman and Members. The Chairman also directed the Secretary to send the written replies to the Supplementary List of Points and queries raised by the Members to the Secretariat at the earliest.

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

A verbatim record of the evidence was kept.

{The witnesses then withdrew}

The Committee then adjourned.

MINUTES OF THE FIFTEENTH SITTING OF THE STANDING COMMITTEE ON LABOUR HELD ON WEDNESDAY, 16 APRIL 2008

The Committee sat from 0930 hours to 1055 hours in Committee Room `D', Parliament House Annexe, New Delhi to consider and adopt draft Twenty Eighth and Twenty Ninth Reports on Demands for Grants for the year 2008-09 of the Ministries of Labour and Employment and Textiles respectively.

PRESENT

Shri Suravaram Sudhakar Reddy – CHAIRMAN

MEMBERS

LOK SABHA

2. Shri Subrata Bose
3. Shri Santasri Chatterjee
4. Shri Thawar Chand Gehlot
5. Shri Virendra Kumar
6. Shri Devidas Pingle
7. Smt. C.S. Sujatha

RAJYA SABHA

8. Shri Narayan Singh Kesari
9. Shri K. Chandran Pillai
10. Shri Gandhi Azad

SECRETARIAT

1.	Shri N.K. Sapra	-	Additional Secretary (NK)
2.	Shri Brahm Dutt	-	Joint Secretary (B)
3.	Shri R.K. Bajaj	-	Director
4.	Shri N. K. Pandey	-	Deputy Secretary-II

2. At the outset, the Chairman welcomed the Members and apprised them about the agenda for the day. He informed that Draft Twenty-Eighth and Twenty Ninth Reports on Demands for Grants for the year 2008-09 of the Ministries of Labour and Employment and Textiles respectively had been circulated to the Members. He also invited suggestions of the Members in regard to recommendations contained in the Reports.

3. After discussing the Draft Reports in detail, the Committee adopted the same with some minor modifications.

4. The Committee then authorized the Chairman to finalize the above Reports after making consequential changes, arising out of factual verification by the Ministry of Labour and Employment and the Ministry of Textiles, if any and present the same to the Parliament.

5. The Committee also placed on records their appreciation for the service rendered to the Committee by the officers/staff attached to the Committee.

The Committee then adjourned.

APPENDIX

STATEMENT OF RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THE REPORT

Sl. No.	Para No.	Recommendations/Observations
1.	3.15	**The scrutiny of Demands for Grants of the Ministry of Textiles reveals that the total outlay of Rs. 2,500 crore for the year 2008-09 shows an increase of 177 crore rupees over the allocation of Rs. 2,323 crore for the year 2007-08. However, the total expenditure during the year has been Rs.2,228 crore (provisional) leaving an unspent amount of Rs. 95 crore. The reasons for under utilization of the allocation have been stated to be that during the first year of the new Five Year Plan, the utilisatiion of planned fund is generally low as many schemes were required to be firmed up. All the major schemes in the VSE sector were also re-structured and hence required fresh approval from the competent authority. Launching of new schemes take a reasonable time, users takes substantial time to understand the benefits of the programmes, acceptance of the programmes by the targeted beneficiaries also requires time. It has also been stated that the Ministry is making concerted efforts to improve the plan expenditure so as to utilize maximum budget allocation. The Committee observe that the overall expenditure is satisfactory yet there has been withdrawal, modification and merger of schemes with other schemes in handlooms and handicrafts sectors now forming part of VSE sector. The Committee feel that the modification in the existing schemes hampers the pace of expenditure as it involves completion of fresh procedural formalities. The Committee also stressed earlier that developmental and welfare schemes of the textile sector should be selected carefully after thorough study involving past experiences, ground realities and future needs. The Committee, therefore, strongly recommend that developmental schemes of the textile sector should be drawn up keeping all the factors in view. This will help not only the proper and adequate utilization of funds but will also be successful in achieving the targets set out under the schemes and benefiting the targeted group.**
2.	3.16	**The Committee note that the percentage of expenditure in each of the four quarters of the year 2007-08 is extremely skewed. Financial rules of the Government clearly stipulate the spreading of expenditure evenly over the four quarters and bars the undue utilization of funds in the last quarter of the year. However, on close scrutiny of the progressive quarterly figures, the Committee find that the actual**

		quarterly expenditure under various Plan schemes have been 0.28% in the first quarter, 34.74% in the second quarter, 66.81% in the third quarter and only 82.02% (upto 17 March 2008) in fourth quarter. The reasons for uneven expenditure in every quarter are stated to be non-receipt of bills during the first quarter, delay in approval of schemes, restrictions on advance payment etc. The Committee are not at all inclined to accept the explanation given by the Ministry in this regard. The Committee in their earlier reports also stressed the need to spread the expenditure evenly during each quarter of the year, but it seems that recommendations of the Committee have not been taken seriously. The Committee are of the opinion that uneven distribution of funds directly affects the functioning of developmental and welfare schemes and consequently the growth of the sector is hampered. The Committee, therefore, recommend that all the foreseeable hurdles in the even spending of allocations during each of the four quarters of a year should be taken into account alongwith the preventive measures before announcing any scheme for implementation. The monitoring system of the Ministry also needs to be toned up to ensure that expenditure on a scheme is incurred as planned during every quarter of the year.
3.	**3.17**	**The Committee observe that the position regarding non-plan expenditure is also far from satisfactory. The Committee find that in the first year of the XI plan period there is a huge variation in Budget Estimates, Revised Estimates and Actual Expenditure. The BE of Rs.983.68 crore was reduced to Rs.813.68 crore at RE stage. An amount of Rs.633.66 crore was actually spent during the first Annual Plan. The reasons for variation in BE and actual spending during the year 2007-08 has been stated that CCI could not purchase cotton at MSP level during the cotton season of the year 2006-07 due to higher prices of cotton. This resulted in lesser expenditure during the year 2007-08. The Committee are not convinced with 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.**
4.	**3.18**	**The Committee observe that the share of textile imports by USA from India was 5.4 per cent, 5.6 percent and 5.5 per cent**

		respectively during 2005, 2006 and 2007. The share of China in USA's textile import was 24.2 per cent, 27.4 per cent and 31.4 per cent respectively during the corresponding period (2005, 2006 and 2007). The growth rate of US textile imports from India also declined from 25.92 per cent in 2005 to a mere 1.39 per cent in 2007. The exports and their growth rate is also declining with Europe as a whole. The Committee are of the opinion that the appreciation of rupee may be one of the contributory factors hitting textile exports, yet it cannot be attributed to be the sole reason for such a poor performance in textile exports during the last three years as rupee has appreciated vis-à-vis dollar only recently. The other factors responsible have been stated to be outdated equipments and processes leading to low productivity, weak infrastructural support like power, transport, berthing etc. Apart from these, high transaction costs, high power tariff, shortage of skilled manpower are other factors stated to be responsible for slow growth of export of textile. The Committee are of the opinion that a long term and permanent solution will have to be explored to the problems of weak infrastructural support, high transaction cost, power tariff, shortage of skilled manpower etc., if growth of textile export is desired to be accelerated. The Committee, therefore, strongly recommend that necessary remedial measures including strong infrastructural base, availability of uninterrupted power supply at competitive rates, skilled manpower, tax and duty concessions, liberal bank loans to textile exporters, etc. be taken without any delay so that textile industry can improve its global market share and stand up to the increasing global competitiveness.
5.	**3.37**	**The Committee observe that 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 and the Textile Centres Infrastructure Development Scheme. The 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. The primary objective of SITP is to facilitate world class infrastructure for setting up textile units. The Government of India provides assistance @ 40 per cent of the project cost subject to ceiling of Rs.40 crore. So far only 30 Textile Parks have been sanctioned (during the Tenth Plan) and out of 50 Textile Parks which were initially considered for development during the Eleventh Plan Period only 10 Parks have been**

		taken up in the first instance. Sanction of additional projects have been subjected to completion of critical analysis and evaluation of four projects approved in the year 2005-2006. Although, it is a flagship scheme of the Ministry, the pace of progress in the development of these parks is far from satisfactory. Only one park is fully functional out of 12 projects sanctioned under erstwhile APES, while work in only three projects have been completed out of 18 sanctioned under TCIDS. This itself speaks about the poor functioning of the scheme. No doubt, the entire process of developing a Textile park involves enormous efforts at least till it is sanctioned, yet these formalities and timely development of these parks cannot be protracted on any ground whatsoever more so, when enterprising entrepreneurs and other industrial associations form Special Purpose Vehicle (Promoters of Textile Park) and the assistance of the Government of India is to the tune of 40 per cent of the project cost. The Committee, therefore, strongly recommend that a time bound action plan be drawn up for ensuring that the sanctioned Textile Parks become fully operational as any delay in this regard may not only involve the cost overrun but also run the risk of meeting the same fate which its earlier component, viz. i.e. APES and TCIDS met, besides disenchanting the focused and result oriented entrepreneurs.
6.	**3.38**	**The Committee observe that SITP (a flagship scheme of Government of India) aims to develop world class infrastructure for setting up textile units. All the items of work coming under textile will be undertaken in these parks. Entrepreneurs and Industrial Associations have been identified as the main promoter of the Textile Parks but the Scheme looses sight of the fact that besides entrepreneurs and industry it is the worker, weaver, crafts persons who form backbone of the entire chain in the textile sector. Notwithstanding the primacy given to entrepreneurs, the people associated with the primary and elementary work to make these parks functional cannot be ignored if these parks are to run successfully. Therefore, it will be in the fitness of things if the role to be played by this section is also given due recognition. The Committee are distressed to note that the Government feels disinclined to provide any kind of infrastructural facilities to the groups of artisans, weavers, textile workers, etc. either in the individual capacity or to their representative bodies, Cooperatives, Associations, etc. to enable them to carry out their profession. The response of the Government that interested artisans, weavers may join**

		hands and form a special purpose vehicle to develop a textile park as per their business plan, is not acceptable to the Committee. The development of textile parks through SITP may be the utmost priority yet we cannot be oblivious of the plight of persons who will be the main factors for success of these textile parks. The Committee, therefore, strongly recommend that infrastructural facilities under SITP should also be made available to the Cooperatives and other representative bodies of the artisans, weavers, textile workers, etc. providing them with an opportunity to contribute their mite in their own way in the development of textile sector. Nevertheless, the interest of entire chain of workforce associated with the textile are well taken care of as far as their wages, social security coverage and exact money value of their products is concerned.
7.	3.55	**The Committee observe that Technology Upgradation Fund Scheme was launched to make funds available to the domestic textile industry to upgrade the technology of existing units and to set up new units with the state-of-the-art technology to enhance competitiveness in the domestic and global market. Initially, the scheme was scheduled to be phased out on 31 March 2007. However, due to the demand and satisfactory working of the scheme it has been extended beyond 31 March 2007. There is an Inter-Ministerial Steering Committee (IMSC) to monitor and review the functioning of TUFS. Meetings of the IMSC are held every quarter to assess the functioning of TUFS. However, the meeting of IMSC was last held in the month of July 2006 and reasons for not convening the meeting thereafter has been stated that, at the fag end of the operation of scheme there was no need to carry out any other modification in the parameters of the scheme hence no meeting was held. It has also been stated that constitution of both the, Working Group constituted by the Planning Commission on Textile and Jute Industry and the IMSC are similar. Since the Working Group had gone into details of the impact of operation of scheme and recommended the thrust areas for the future growth of the sector, the revised parameters were accordingly drafted in line with its recommendations. To avoid the duplicity of the work, the meeting of IMSC was not called. The logic put forth by the Government is far from convincing as there was a gap of more than eight months for the closure of the scheme since the last meeting of the IMSC. Moreover, it was also decided much before that the scheme will continue to be in operation**

		even after March 2007. Even the parameters of the scheme were also modified on the recommendation of the Working Group completely sidelining the IMSC. The Committee do not find any justification in keeping two Governmental bodies viz. IMSC and Working Group of Planning Commission on Textiles and Jute Industry to review the functioning of TUFS when both these bodies are represented more or less by same members. This is a futile exercise wasting time and money besides delaying the timely decision on TUFS. The Committee, therefore, strongly recommend that a clear and well thought out strategy be formulated for the operation of the scheme. Instead of loading TUFS with unwieldy bodies to review its functioning, a lean, expert and focused Committee of professionals be constituted to keep a tab on the scheme and suggest modifications whenever and wherever essential.
8.	**3.56**	**The Committee note that TUFS was introduced to provide financial assistance in the form of interest payment on the loans taken by entrepreneurs to upgrade the technology of their textile units. For the purpose, the budgetary provision of Rs. 1,140 crore have been made for the year 2008-09. On the question of sufficiency of allocation, it has been stated that the budgetary allocation of Rs.1,140 crore will be inadequate to meet the requirements of the scheme. However, at RE stage, the Ministry of Finance is expected to provide more funds on the lines it was done in the year 2007-08. It has also been stated that there is still a backlog of approximately Rs.1,149.96 crore and BE allocation for the year 2008-09 is not sufficient to meet even the spill over of the previous year. The Committee observe that there is some serious malfunctioning in the planning and operation of TUFS otherwise the backlog could not have mounted to such an astronomical figure surpassing the budgetary allocation for the year 2008-09. If the backlog is not cleared immediately the scheme may loose its sheen and it will become a laggard. The Ministry have also received letters from the textile units complaining that huge amount of subsidy under the scheme still remains unpaid. The Committee, therefore, urge upon the Government that since the results of the scheme are encouraging, sufficient funds should be allocated to clear the backlog and keep the momentum going.**
9.	**3.57**	**The Committee observe that TUFS is a flagship scheme of the Government. The implementation of the scheme has been**

		envisaged through the length and breadth of the country. Although the scheme has picked up in the rest of the country, it is virtually a non-starter in the North-Eastern States of the country. Since the year 2005-06 not even a single paisa has been spent under the scheme in North-Eastern States of the country. This is a lopsided implementation of the scheme and failure of the planning of the Government. The Government has done nothing so far to make the scheme popular in that region of the country. Now the Government proposes to initiate the process of awareness programme for the proper exposure of the scheme there. The Committee welcome this belated step. The Committee recommend that every steps should be taken to popularize the scheme in that region so that not only the compulsory allocation of 10 per cent of the scheme but the previous unspent amount are also spent there for the successful operation of the scheme.
10.	**3.77**	**The Committee note that 'Health Insurance Scheme' for handloom weavers was launched in the year 2005 and ICICI Lombard General Insurance Company Limited as the implementing agency of the scheme. 23.17 lakh weavers have been covered till date under the Insurance Scheme. As regards, pending cases for settlement under the scheme, it has been stated that 12,572 cases involving Rs.3.38 crore are still to be settled. The present Health Insurance Scheme does not provide coverage for critical illness of the weavers. On being enquired on this aspect, it has been stated that the proposal for covering critical illness was placed before EFC on 5 July 2007 while considering the Handloom Weavers Comprehensive Welfare Scheme. It was suggested that this could be covered under a new scheme to be launched by LIC and negotiations are going on with LIC as to the rate of premium payable by the Ministry. For the purpose of covering general ailments and critical illness the engagement of two separate insurance companies defies all logic. It will be more appropriate if only one insurance company, preferably LIC, is entrusted with the responsibility of covering both kind of ailments i.e. General Ailment and Critical Illness. The Committee, therefore, recommend that the appropriate steps be taken in this regard. The Committee further recommend that immediate steps be taken 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.**
11.	**3.78**	**The Committee note that a new scheme named Handlooms**

		Weavers Comprehensive Welfare Scheme has been initiated with Mahatma Gandhi Bunkar Bima Yojana becoming one of its components. The Committee are happy to note that various benefits under the scheme have been substantially enhanced for the benefit of the weavers, yet the coverage of weavers under the scheme remains an area of concern. As per the census of 1995-96 the approximate number of weavers is more than 65 lakh. This census is more than 12 years old and hence does not reflect the correct number of the weavers in the country as on date. So far only 9.87 lakh weavers of 18 States have been covered under Mahatma Gandhi Bunkar Bima Yojana. This number is just inadequate. The raise in the benefits will not be meaningful unless it reaches all the intended beneficiaries by bringing them within the insurance coverage. Regarding coverage of weavers from all the States it has been stated that they are eligible for the benefit of the scheme and LIC has been requested to cover weavers from all the States. All State Governments have also been advised to enroll maximum number of weavers of their States under this Scheme. This is only a perfunctory approach and do not reflect the seriousness of the issue it merits. The Committee, therefore, strongly recommend that special drives should be launched to identify the weavers and cover them under Insurance Scheme in all those States which are hitherto uncovered. Efforts should be intensified to identify the weavers for the purpose of coverage in the rest of States so that maximum number of weavers can be brought within the fold of Insurance coverage under Mahatma Gandhi Bunkar Bima Yojana.
12.	**3.79**	**The Committee are distressed to note that despite repeatedly stressing the need to raise the upper age limit from 58 to 70 for coverage under MGBBY, the Government is not taking up the issue with the seriousness it deserves. It is simply quoting the replies of LIC which are evasive in nature to shirk its responsibility. The Government has stated that the matter was taken up with Ministry of Finance and LIC. The LIC informed that for raising the age limit the premium would be Rs.1,650/- per weaver. Since the premium was very high, the Ministry of Finance and the LIC were again and again requested to reduce the premium. It has also been stated that at present the annual premium for the weaves in the age group of 18 to 59 years is Rs.330/- per weaver per annum. The premium proposed by the LIC for the age group between 60-70 years is Rs.1,500/- per annum. The Committee are not convinced by the logic of Insurance Company and the**

		Ministry of Finance as it is prima-facie untenable. Going by this yardstick there is no justification for keeping a uniform premium for beneficiaries of all ages i.e. 18 to 58 years as mortality rate in the lower age group of the beneficiaries is far less than in the higher age group. Hence, the rate of premium should be structured accordingly in the light of the perceived mortality rate for different age groups of beneficiaries. Therefore, high rate of premium for beneficiaries of 59 to 70 years does not hold any ground. The Committee, therefore, strongly recommend that the issue of increasing the age of weavers from 58 to 70 years for the purpose of coverage under insurance be immediately decided without any further delay. Being a public sector company, LIC should not shirk its social responsibility towards the handloom workers who are from the poor section of the society. However, the Government may, if necessary, create a fund to indemnify LIC in case the claim outgo of LIC in this segment (i.e between 59 to 70 years) is more than the premium collected by the company.
13.	**3.96**	**The Committee take note of the fact that National Institute of Fashion Technology was set up as an apex body of human resource development for textile garment and allied sectors to cater to the growing needs of the fashion industry both in domestic and international arena. With the passage of time NIFT has been successful in so far as the objective of its establishment is concerned. Its courses are becoming increasingly popular and the demands of the students for joining the institute is growing year after year. To meet the growing demands of the students from across the country, NIFT has undertaken an expansion plan wherein eleven more branches will be opened in other parts of the country and abroad. This will be in addition to seven already functioning branches in various cities of the country. This is a praiseworthy step, yet the desired progress is not being achieved due to one or the other reason in all the proposed centres. All the eleven projects are plagued by one or the other problem and are not progressing on the expected lines. The Committee are distressed at the state of affairs prevailing in the expansion of NIFT. They therefore, strongly recommend that due care and coordination should be ensured among various agencies which are involved in the establishment of the centres of NIFT in various parts of the country so that these centres come up within a specific time frame and start their academic session benefiting the students from all sections of the society.**

14.	**3.108**	**The Committee take note of the fact that Government propose to set up `Fashion Hubs' with a view to strengthen the entire textile value chain and to provide an interface between the stakeholders by creating a permanent market place for the Indian Fashion Industry. It would also serve as a single stop fashion business point, show casing Indian fashion trends, craftsmanship and design legacy of India. It would also involve strengthening of the entire supply chain which would include establishing, backward linkages with suppliers. However, it appears that the entire plan is still in conceptual stage as the Ministry itself is not aware of the availability and the cost of the land. The size of land and cost would determine the facilities to be created and also the methodology of the operation of the entire project. The concept of creation of `Fashion Hub' is laudable as it will help in the generation of employment opportunities in addition to displaying the skills and talents of Indian crafts persons and providing them an opportunity to create a niche for themselves in the global arena. The Committee, therefore, urge upon the Government to take all necessary steps for establishing the `Fashion Hub' at the earliest. If feasible, land for fashion hub may either be acquired through outright purchase by the Government or a private agency or may be taken on lease from private parties or such land owners may be associated as partners with specific percentage of their shareholding in the project. Search of land cannot be prolonged indefinitely lingering on the project for want of land from Government agencies.**