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# STANDING COMMITTEE ON LABOUR
## (2004-05)

## FOURTEENTH LOK SABHA

## MINISTRY OF TEXTILES

## DEMANDS FOR GRANTS
## (2005-2006)

## SIXTH REPORT

**LOK SABHA SECRETARIAT**
**NEW DELHI**

**April 2005/Chaitra 1927 (Saka)**

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**Presented to Lok Sabha on 25 April 2005**

**Laid in Rajya Sabha on 25 April 2005**

**LOK SABHA SECRETARIAT**
**NEW DELHI**

**April 2005/Chaitra 1927 (Saka)**

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## COMPOSITION OF THE STANDING COMMITTEE ON LABOUR (2004-05)

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LOK SABHA

2. Shri Furkan Ansari
3. Shri Joachim Baxla
4. Shri Santasri Chatterjee
5. Shri Munawwar Hassan Chaudhary
6. Shri Sukhdev Singh Dhindsa
7. Shri Thawar Chand Gehlot
8. Dr. Satyanarayan Jatiya
9. Shri Virendra Kumar
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11. Shri Rajesh Kumar Manjhi
12. Shri Ananta Nayak
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18. Shri Chandra Pratap Singh
19. Smt. C.S. Sujatha
20. Shri Parasnath Yadav

RAJYA SABHA

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24. Shri Debabrata Biswas
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26. Shri Rudra Narayan Pany
27. Shri K. Chandran Pillai
28. Shri Dilip Ray

SECRETARIAT

| | | | |
|---|---|---|---|
| 1. | Shri P.D.T. Achary | - | Secretary |
| 2. | Shri N.K. Sapra | - | Joint Secretary |
| 3. | Shri R.S. Misra | - | Deputy Secretary |
| 4. | Shri N.K. Pandey | - | Under Secretary |
| 5. | Shri C. Kalyanasundram | - | Committee Officer |

# INTRODUCTION

I, the Chairman of the Standing Committee on Labour 2004-05 having been authorised by the Committee to submit the Report on their behalf, present this Sixth Report of the Ministry of Textiles on Demands for Grants, 2005-2006.

2. The Committee considered the Demands for Grants pertaining to the Ministry of Textiles for the current year i.e. 2005-2006 which were laid on the Table of the House 18 March 2005. Thereafter, the Committee took evidence of the representatives of the Ministry of Textiles on 5 April 2005. The Committee considered and adopted the Report at their sitting held on 20 April 2005.

4. 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.

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.

NEW DELHI:

20 April, 2005
30 Chaitra, 1927 (Saka)

P.K. Vasudevan Nair
Chairman,
Standing Committee on Labour

# REPORT

## CHAPTER-I

## INTRODUCTORY

1.1 The functions and activities of the Ministry of Textiles can be broadly classified into four categories - 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. However, the Ministry does not deal with non-cellulosic synthetic fibres such as nylon, polyster, acrylic, etc.

1.2 The developmental activities of the Ministry are oriented towards making adequate quantities of raw material available to all sectors of textile Industry and augmented 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.

1.3 It has further been stated that the Ministry monitors the techno economic status of the industry and provides the requisite policy framework for modernization and rehabilitation. It also co-ordinates the activities of Textile Research Association 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.

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

- Textile Policy & Coordination
- Man-made Fibre/Filament Yarn Industry
- Cotton Textile Industry
- Jute Industry
- Silk and Silk Textile Industry
- Wool & Woollen Industry
- Decentralised Powerloom Sector
- Export Promotion
- Planning & Economic Analysis
- Integrated Finance Matters
- Information Technology

1.5 The Demands for Grants of Ministry of Textiles for 2005-06 are given under Demand No. 92.

# CHAPTER-II

## GENERAL PERFORMANCE

2.1 Plan Schemes/Programmes of the Ministry are grouped under two categories viz. The Village & Small Industries (VSI) segment and Industry & Manufacturing (I&M) segment. The details of the 10th Five Year Plan (2002-2007) outlay and the expenditure incurred (upto 31 March 2005) are given below:-

Ministry of Textiles
(Economic Division)

### Outlay and Expenditure (Progressive) during Tenth Five Year Plan

(in Rs. Crores)

| S N | Sector/ Scheme | 10th Plan Outlay (Approved) | Annual Plan 2002-03 | | Annual Plan 2003-04 | | Annual Plan 2004-05 | | | % Exp. Over RE | Annual Plan 2005-06 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | BE | Actual Exp. | BE | Actual Exp. | BE | *RE* | Actual Exp.# | | BE |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| A. Village & Small Industry | | | | | | | | | | | |
| 1 | Handlooms | 625.00 | 140.00 | 130.66 | 156.77 | *128.86* | 154.56 | *134.66* | 152.40 | 113.17 | 156.00 |
| 2 | Powerlooms | 60.00 | 12.00 | 4.52 | 14.00 | *8.26* | 12.28 | *10.28* | 4.01 | 39.01 | 8.00 |
| 3 | Sericulture | 450.00 | 87.50 | 90.59 | 92.68 | *89.68* | 102.46 | *102.66* | 102.66 | 100.00 | 110.00 |
| 4 | Handicrafts | 425.00 | 88.00 | 64.98 | 103.55 | *63.73* | 103.00 | *90.27* | 78.69 | 87.17 | 105.00 |
| 5 | Wool &Woolens | 40.00 | 8.00 | 6.29 | 13.00 | *10.00* | 12.00 | *3.50* | 0.00 | 0.00 | 5.00 |
| | *Sub Total (A)* | 1600.00 | 335.50 | 297.04 | 380.00 | *300.53* | *384.30* | *341.37* | 337.76 | 98.94 | 384.00 |
| B. Industry & Manufacturing | | | | | | | | | | | |
| 6 | NIFT | 30.00 | 8.00 | 13.73 | 18.00 | *23.00* | 32.71 | *25.00* | 25.00 | 100.00 | 12.78 |
| 7 | NTC | 1.00 | 0.01 | 0.00 | 0.01 | *0.00* | 0.01 | *0.01* | 0.00 | 0.00 | 0.01 |
| 8 | BIC | 1.00 | 0.01 | 0.00 | 0.01 | *0.00* | 0.01 | *0.01* | 0.00 | 0.00 | 0.01 |
| 9 | NJMC | 1.00 | 0.01 | 0.00 | 0.01 | *0.00* | 0.01 | *0.01* | 0.00 | 0.00 | 0.01 |
| 10 | NCJD | 30.00 | 6.00 | 5.33 | 7.00 | *6.95* | 7.00 | *7.48* | 7.48 | 100.00 | 7.00 |
| 11 | JMDC | 5.00 | 2.00 | 2.00 | 2.00 | *0.73* | 0.70 | *0.70* | 0.70 | 100.00 | 0.74 |
| 12 | R &D including TRAs | 50.00 | 10.00 | 7.71 | 10.00 | *2.66* | 2.00 | *1.00* | 0.92 | 92.00 | 1.05 |
| 13 | Export Promotion Studies | 5.00 | 2.00 | 0.75 | 2.00 | *0.62* | 1.00 | *0.40* | 0.17 | 42.50 | 0.50 |
| 14 | Cotton Technology Mission | 150.00 | 30.00 | 30.00 | 30.00 | *30.00* | 40.00 | *35.00* | 40.00 | 114.29 | 80.00 |
| 15 | Sectt. Economic Services | 5.00 | 1.00 | 0.30 | 1.00 | *0.49* | 1.00 | *0.80* | 0.32 | 40.00 | 1.05 |
| 16 | Apparel Parks | 75.00 | 14.50 | 0.00 | 25.00 | *10.14* | 30.00 | *25.00* | 22.00 | 88.00 | 100.00 |
| 17 | Infrastructural Development Schemes | 75.00 | 15.00 | 0.00 | 22.00 | *10.93* | 30.00 | *15.00* | 10.00 | 66.67 | 100.00 |
| 18 | Voluntary Retirement Scheme (VRS) | 150.00 | 30.00 | 42.75 | | | | | | | |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 19 | Export Market Support Scheme (N) | 9.00 | 2.00 | 0.00 | 1.00 | *0.00* | 1.00 | *0.01* | 0.00 | 0.00 | 0.01 |
| 20 | Technical Textiles (N) | 3.00 | 1.00 | 0.00 | 1.00 | *0.00* | 0.01 | *0.01* | 0.00 | 0.00 | 0.01 |
| 21 | SJDF (including Jute Technology Mission) | 40.00 | 7.97 | 0.00 | 7.97 | *0.64* | 5.00 | *3.29* | 1.00 | 30.40 | 11.83 |
| 22 | Technology Upgradation Fund (TUFS) | 1270.00 | 250.00 | 202.59 | 250.00 | *248.97* | 340.00 | *294.00* | 283.61 | 96.47 | 450.00 |
| 23 | Textile Commissioner O/o | | 0.00 | 0.16* | | | | | | | |
| 24 | Institute of Textile Management Coimbatore | | 0.00 | 0.09 | 3.00 | *3.00* | 3.25 | *0.91* | 0.91 | 100.00 | 1.00 |
| | *Sub Total (B)* | 1900.00 | 379.50 | 305.41 | 380.00 | *338.13* | *493.70* | *408.63* | 392.11 | 95.96 | 766.00 |
| | GRAND TOTAL (A+B) | 3500.00 | 715.00 | 602.45 | 760.00 @ | *638.66* | *878.00* | *750.00* | *729.87* | 97.32 | *1150.00* |

N-New Scheme

* Provided in 2002-03(RE)

@ Included additional Rs 45 crores for J & K package

$ Includes Rs 13 crores for J & K and Rs 29.85 crores for schemes under PM's package

# Based on releases

2.2 The above statement shows that there was under-utilisation of plan allocation every year both in VSI and I & M segments. When asked the reasons for shortfall in plan expenditure, the Ministry of Textiles enumerated the following:-

(i) The actual implementation of plan Schemes/Programmes is subject to completion of a number of procedural formalities involving formulation, appraisal as well as financial clearance of the Schemes. The approval of a new Scheme involves on an average a period of one and half years to two years and this did result in poor fund utilisation until third year of the plan, i.e 2004-05;

(ii) Most of the developmental schemes in VSI segment specially Handlooms, Sericulture and Handicrafts are grant-in-aid schemes, and are implemented through Non Governmental Organisations (NGOs), Cooperatives, etc. Majority of these Implementing Agencies are locally based with inadequate capacity and no exposure and being in a highly decentralised sector, they often find it difficult to assess the ground level problems of the target groups like artisans and come up with good, comprehensive and viable proposals;

(iii) The statutory 10% allocation for North East Region (NER) is being spent mostly on VSI based Schemes/Programmes specially handlooms, sericulture and handicrafts. The NER's capacity to absorb the large sums of budgetary assistance on a regular basis has not grown concomitantly. Besides there have also been problems of the State's share of releases not matching up to the allocation, delay in release of Central

Government's money to the field implementing agency in Centrally sponsored Schemes and poor credit availability etc.;

(iv) In I&M segment, the shortfall in expenditure has been on account of lower actual expenditure under Apparel Parks, Textile Centre for Infrastructure Development Scheme (TCIDS) and Technology Upgradation Fund Scheme (TUFS) and also under Research & Development (R&D) including Textile Research Associations (TRAs). The shortfall under R&D incl. TRA's is on account of the internal decision taken to shift their funding for establishment, staff component etc. to the non-plan head; and

(v) Majority of programmes both in the VSI as well as in the I&M segment including TUFS, Apparel Parks or TCIDS are being implemented on a reimbursement basis, i.e. fund releases as per actual expenditure. Where physical target fixation is possible as in the case of Technology Mission on Cotton (TMC), the achievement in terms of actual fund releases has been better.

2.3 The Ministry has informed the Committee that the following remedial steps are being taken by it to hasten the pace of implementation of plan schemes/progammes:-

(i) Efforts to create awareness about the schemes and various other requirements through various level of workshops (local and regional), marketing events, training under Baba Saheb Ambedkar Hastshilp Vikas Yojana (BSAHVY), etc., interaction through reviews and meetings with State Governments has been increased. Monitoring is also being intensified;

(ii) Major thrust to promote cluster based development leading to empowerment of artisans, capacity building of artisans, Self Help Groups (SHGs), entrepreneurs, NGOs, etc. which will facilitate in human resource development at all levels;

(iii) State-level Screening Committee has been constituted to screen the proposals and local and State Level Monitoring Committee (SLMC) have been set up to provide guidance for better implementation;

(iv) Steps have been initiated to involve state or national level NGOs as Mother NGO, with a view to build the capacity of local NGOs and improve the delivery mechanism leading to better implementation of scheme / achieving of the objectives;

(v) Initiative have been undertaken in the form of introduction of Artisans Credit Card, Credit Guarantee Scheme in J&K etc. to provide financial linkage to the artisans/Self Help Group of artisans through formal financial institution to meet their working capital requirement;

(vi) With a view to increase offtake in the weaving segment the Technology Upgradation Funds scheme was modified during 2003-04 to make it more attractive to powerloom units by including in it a credit linked incentive of 20% for purchase of modern weaving machinery upto a cost of Rs. 60 lakh and the facility of a wider credit network including Non-Banking Financial Companies(NBFC) recognised by the RBI. The period of implementation of TUFS has also been extended upto end of the 10th plan, i.e.31.3.2007; and

(vii) In regard to the Powerloom package, an Empowered Committee has been set up to coordinate and clear proposals as an Integrated Project for Setting up of High-Tech Weaving Parks with plan assistance from three on-going schemes of the Ministry i.e. the TUFS, Powerloom Workers' Group Workshed Scheme and the TCIDS.

Annual Plan 2005-06

2.4 For the year 2005-2006, Planning Commission has approved an outlay of the Ministry of Textiles at Rs. 1,150.00 crore which includes separately Plan outlay of Rs. 450.00 crore for Technology Upgradation Fund Scheme (TUFS). This is the flagship scheme of the Ministry to attract investment into Textile Sector and provides for interest subsidy on loans disbursed by financial institutions for modernizing Textile units and includes concessional credits facility for Powerloom also. The outlay of Rs. 100.00 crore each is provided for the Apparel Parks Scheme and Textile Centre for Infrastructural Development Scheme (TCIDS) for creating world class infrastructure for setting up integrated Textiles/Apparel Parks to take advantage of the opening of the global market. An amount of Rs. 80.00 crore has been earmarked for Cotton Technology Mission, Rs. 11.83 crore for Special Jute Development Fund and provision of Rs. 384.00 crore for Village & Small Industry (Handloom, Handicraft, Powerloom, Sericulture and Wool and Woollens Sectors) and Rs. 24.17 crore for other Schemes of the Ministry of Textile under I&M Sector. Out of Rs. 1,150.00 crore an amount of Rs. 115.00 crore has been provided for North Eastern Region and Sikkim under various sectors, i.e. 10% of the Plan Outlay. The Ministry has stated that the funds allocated would be fully utilised during the year 2005-06 as flow of utilisation of funds is being monitored by Secretary (Textiles) in the Senior Officers meeting/AS&FA on a regular basis.

2.5 The above outlay of Rs.1,150 crore has been approved by the Planning Commission on a condition that plan allocation of Rs.878 crore should have been fully utilised by the Ministry during 2004-05. During the oral evidence when it was asked, how the Ministry propose to meet the mandatory condition imposed by the Planning Commission, the Secretary, Ministry of Textiles stated as follows: -

"I think you have put me straightaway in an embarrassing position. You are right in saying that we have been slipping on our spending year after year. There is no excuse for that. We have to express our apologies to you for not spending what has been allocated. Having said that, I would like to bring to the notice of the Hon'ble Chairman and the Hon'ble Members that we have now put in place a system of critical review with the Joint Secretaries and others so that the plan expenditure could be fully utilised. There is a target set by the Ministry of Finance that every quarter we should spend 25 per cent and we should spend the money evenly. But that had not been observed earlier in this Ministry. Now we are observing it. Now we can only hope, with your guidance and support, we will be able to utilise the funds given to us. Even if there is a slight shortfall as has happened in the current year, the final expenditure would be much higher. That is in the sense that against Rs.1,150 crore, even if I assume that 95 per cent is spent, the overall expenditure will be much more. I would like to assure the Hon'ble Members one more thing that we would like to ensure that the money is spent properly. This is one of the reasons for the shortfall also. When questions are asked by my colleague from the Finance Ministry, we have to answer her. Sometimes I agree with her that this expenditure need not go through. These are some of the reasons. I think there is no real reply for saying why the expenditure allocated has not been spent. I can only assure you that we will try to spend it in the current year."

Non-Plan Expenditure

2.6 The following are the Budget Estimates and the actual expenditure of the Ministry of Textiles since 2000-01.

Non-Plan (Rs. in crore)

| Year | Budget | Actuals |
|---|---|---|
| 2000-01 | 754.30 | 814.08 |
| 2001-02 | 650.00 | 788.60 |
| 2002-03 | 870.50 | 815.90 |
| 2003-04 | 947.84 | 887.24 |
| 2004-05 | 902.31 | 784.29 (provisional ) |
| 2005-06 | 858.25 | |

2.7 A perusal of the above statistics shows that an amount of Rs.54.60 crore, Rs.60.60 crore and Rs.118.02 crore remained unutilised in 2002-03, 2003-04 and 2004-05 respectively. When asked as to why the Non-Plan expenditure was not forecast which led to unnecessary locking of several crore of rupee, the Ministry in a written reply stated as follows:-

"Non-Plan Budget is formulated on the basis of the estimates of administrative expenditure and other recurring liabilities projected by the attached and subordinate offices/PSUs and the commitment under certain Schemes financed from Non-Plan resources. During the year 2004-2005, the budgetary allocation of Rs.902.31 crore was reduced to Rs.855.82 crore at RE stage after due assessment of the fund requirements and also the actual expenditure incurred till September 2004. The main reason, for a lesser level of actual expenditure as compared to the allocation at RE stage, was the introduction of the ceiling of 33% expenditure during the final quarter of the financial year 2004-2005. Though there was a lesser level of claims received form various State Governments under the Scheme of Special Rebate @ 10% of the value of handloom products sold out of the accumulated stock, certain Non-Plan liabilities like that of the Non-Plan loan to NTC had to be curtailed and carried forward to the next financial year because of lesser availability of funds with the imposition of the restriction of 33% expenditure on the overall budget allocation for the final quarter. This has resulted in lower level of actual expenditure in spite of committed liabilities in hand".

2.8 The Committee feel deeply concerned to note that Plan allocations made for implementation of various Schemes remain underutilized year after year. During 2002-2003 the unspent plan allocation was Rs.102.55 crore, during 2003-2004 it was Rs.121.34 crore and Rs.148.13 crore during 2004-2005. Hardly two years are now left for the completion of 10th Five Year Plan and at such a tardy pace of Plan spending, the Committee are apprehensive as to how the Ministry would be able to achieve the target fixed for various flagship Schemes. The major reasons put forth by the Ministry for under-utilisation of funds are poor fund utilisation till third year of the Plan due to procedural formalities involved in the clearance of Schemes, implementing agencies are locally based with inadequate capacity and no exposure and non-release of State's matching share. The Committee feel that such serious flaws in the implementation of development/welfare schemes would impede the development of the entire textile sector. The Committee, therefore, recommend that funds allocated for the Schemes in a financial year should be fully utilised within the year in a phased manner by hastening the completion of procedural formalities. For this, the steps in regard to procedural formalities should be taken well in advance so that these are completed within six months times._Moreover, the identification of proper implementing agencies is as important as the launching of the Scheme itself and the Committee expect that enough attention should be given in this regard including involvement of District/State level agencies which would coordinate the activities of the implementing agencies and provide them guidance for effective implementation of the Schemes on a continuous basis. The Committee also find that the Ministry face difficulties in implementation of Schemes due to non release of matching share of the States. They, therefore, recommend that matter should be taken up with the State Governments at the highest level so that the States come out with their matching share for smooth running of the Schemes. Also the issue should be appropriately addressed during the meetings of State Ministers. The Committee further recommend that wide publicity of various welfare and developmental schemes should invariably be made in various media so that the information about these reaches the targetted groups well in time. The steps taken and progress achieved in this regard should be communicated to the Committee.

2.9 The Committee are also not happy with the trend of Non-Plan expenditure of the Ministry. The Committee find that the actual Non-Plan expenditure is either more than the Budgetary allocation or less than it. The main reason for lesser level of actual expenditure during 2004-2005 has been stated as introduction of the ceiling of 33% expenditure during the final quarter of a year. This clearly shows the non-uniform spread of expenditure and the last-hour rush of expenditure resorted to by the Ministry so far. The Committee urge the Ministry to make proper and exact forecast of Budget estimates for non-Plan expenditure so as to avoid surrender of huge unutilized amounts which also leads to unnecessary locking of precious financial resources.

Major Head : 2852
Minor Head : 130050

B. Technology Upgradation Fund Scheme (TUFS)

2.10 Technology Upgradation Fund Scheme (TUFS) is the 'flagship' Scheme of the Ministry of Textiles which aims at making available funds to the domestic textile industry for technology upgradation of existing units as well as to set up new units with state-of-the-art technology to enhance their viability and competitiveness in the domestic as well as international markets. The Scheme was launched w.e.f. 1 April 1999 for a period of 5 years, i.e. up to 31 March 2004, which was subsequently extended up to 31 March 2007. The main features of the Scheme are reimbursement of 5% point on the interest charged by the lending agency on a project of technology upgradation in conformity with this scheme. During the Tenth Plan Period, there is a provision of Rs.1,270 crore for TUFS.

The following incentives are also provided under this Scheme: -

(i) coverage of exchange rate erosion not exceeding 5% points per annum in respect of foreign currency loans instead of 5% interest support.

(ii) for small scale textile and jute industrial units an option to avail of either 15% Credit Linked Capital Subsidy (CLCS) or the existing 5% interest reimbursement;

(iii) for small scale powerloom units an options to avail of either Credit Linked Capital Subsidy (CLCS) @ 20% for machinery costing upto Rs.1 crore or existing 5% interest reimbursement.

2.11 The Scheme covers the entire textile sector, except synthetic textile industries. Any textile unit, which is eligible as per the normal lending norms of the concerned lending institutions and fulfils the benchmark criteria of the Scheme, can avail of funds under the scheme.

2.12 Loans under the Scheme are extended by the nodal agencies/co-opted institutions to the identified segments of the industry for the projects in conformity with the Scheme and financial norms of the Financial Institutions concerned. The Government funding is limited to reimbursement of 5% interest/capital subsidy charged by the financial institutions/banks (IDBI, SIDBI, IFCI) on a project of technology upgradation in conformity with the Scheme.

2.13 In regard to the monitoring mechanism in place for reviewing the performance of the Scheme, the Ministry in a written reply stated as follows: -

"For monitoring and review of the performance of TUFS, an Inter-Ministerial Steering Committee (IMSC) under the chairmanship of the Secretary (Textiles) has been constituted. This Committee has had 18 meetings since the inception of the Scheme. A Technical Advisory cum Monitoring Committee (TAMC) under the Chairmanship of the Textile Commissioner has also been constituted to interpret, or clarify technical issues raised by any of the nodal agencies regarding the eligibility of any unit or machinery under the scheme. TAMC also provides technical advice to the IMSC and also monitors the progress on a regular basis. This Committee has had 25 meetings since the constitution of the Committee. The need-based modification of the Scheme is being taken as a continuous process and more than 200 amendments have already been made in the scheme since it was launched."

2.14 The details of applications received and their disposal is given in the following Statement: -

(Rs. in crores)

| During | Applications Received | | Applications Sanctioned | | Applications Disbursed | |
|---|---|---|---|---|---|---|
| | No. | Cost of Project | No. | Amount | No. | Amount |
| 1999-2000 | 407 | 5,771 | 309 | 2,421 | 179 | 746 |
| 2000-2001 | 719 | 6,296 | 616 | 2,090 | 494 | 1,863 |
| 2001-2002 | 472 | 1,900 | 444 | 630 | 401 | 804 |
| 2002-2003 | 494 | 1,835 | 456 | 839 | 411 | 931 |
| 2003-2004 | 867 | 3,356 | 884 | 1,341 | 814 | 856 |
| 2004-2005 (31.01.05) | 852 | 6,662 | 326 | 2,621 | 717 | 3,023 |
| Total | 3,811 | 25,820 | 3,575 | 9,942 | 3,016 | 8,223 |

2.15 The above statement shows that there is constant backlog of sanctioned applications for the disbursal of loan since the launch of the Scheme. As on 31 January 2005, 559, sanctioned applications were pending for disbursal of loan. When asked the reasons for the same, the Ministry of Textiles in a written reply stated as follows: -

(i) In the big projects, consortium banking is the norm and the disbursement takes place only after tie up of funds from various banks under consortium which takes time.

(ii) For disbursement of loan certain procedural formalities have to be completed by the entrepreneur (like creation of security, entering into the legal agreement with the lender, etc.) which takes time.

(iii) In the competitive interest scenario, sometimes entrepreneur gets the loan sanctioned from one bank and tries for sanction from other banks also at better rates and takes the disbursement from the bank which has given the loan at the most competitive rates. The sanction from other banks remains as outstanding.

(iv) The arrangement of finance by the entrepreneur in terms of promoter's contribution also takes time.

(v) The disbursement of loan takes place as per implementation of the project. The delay in project implementation also delays the disbursement schedule.

(vi) Even after sanction of loan, some units do not avail of the loan or put the project on hold.

2.16 The Ministry has further stated that all these result in gap between sanctioned and disbursed amount. The Government has no role to play in this matter. This is between lending banks and entrepreneurs.

2.17 The Ministry entrusted an evaluation study of TUFS to Mumbai University Institute of Chemical Technology (MUICT) which had submitted its report to the Office of the Textile Commissioner, during May 2004. The study revealed that the beneficiary units under TUFS have

Increased

| | | |
|---|---|---|
| Annual turnover on domestic front | : | 33 per cent; |
| Annual turnover on export front | : | 27 per cent; |
| Operating profit | : | 15 per cent; |
| Net profit | : | 8 per cent; |
| Increase in Productivity | : | 39 per cent; |
| Unit value realization for domestic sales | : | 15 per cent; |
| Unit value realization for export sales | : | 6 per cent; |

Reduced

| | | |
|---|---|---|
| Cost per unit | : | 12 per cent; |
| Wastage | : | 10 per cent |

2.18 MUICT in its report *interalia* made the following conclusions: -

(i) the extent of awareness required about TUFS is missing and there is a need to put in all out efforts to encourage investment immediately in a year or two in all the weak links i.e. processing, weaving and garment segments in order to make Indian Textile Industry a force to reckon with on the global scenario.

(ii) SSI sector has availed 10.5% loan and in many cases, their response has been very poor.

(iii) Indigenous Engineering Industry needs to be encouraged and mainly knitting and shuttleless Weaving Machine Manufacturing must find base in India. In this regard, the Ministry of Textiles have stated in a written reply that a working group of textile machinery industry has been constituted by the Ministry of Heavy Industry under the Chairmanship of Textile Commissioner. The Report of the Committee will be examined and necessary action taken on the suggestions of the Committee for the healthy development of the Industry.

2.19 The Committee have noted that beneficiary units under TUFS have achieved an annual turnover of 33%, operating profit of 15% and 15% unit value realization for domestic sales. The Committee are of the view that this flagship scheme of the Ministry should be extended beyond the year 2007 so as to achieve the desired results. However, the Committee are constrained to note that more than 200 amendments have been carried out in the Scheme, since it was launched in 1997, as the need based modifications of the Scheme. The Committee are of the view that proper awareness programmes should coincide with such a large number of amendments to clear the doubts of the entrepreneurs and to evoke enthusiastic response from them. The Committee have also noted with constraint that only 10.5% of the Small Scale Industries Sector has availed TUFS. The Committee recommend that the Ministry should find out the reasons for poor response of the SSI Sector and take suitable steps to make the Scheme attractive to them.

2.20 The Committee are of the view that indigenous engineering industry should be encouraged to have a strong shuttleless weaving machine manufacturing base in India so as to cater to the needs of the entrepreneurs. The Committee, therefore, recommend that suggestions of the Working Group of Textile Machinery Industry should be examined and expeditious steps taken for the growth of the indigenous engineering industry for the manufacture of textile machines. The feasibility of extending TUFS for manufacture of weaving machines should also be examined and necessary steps taken in that regard.

Major Head : 4851

Textile Processing Sector

2.21 The Textile Processing Sector in India can broadly be divided into four segments:-

(i) Hand processing units.

(ii) Hand processing units with certain exempted power processes.

(iii) Independent power processing units.

(iv) Processing facilities attached to composite or semi-composite mills.

2.22 The Ministry of Textiles has stated in its annual report, 2004-05 that production process is most unscientific and unsystematic, and there is a technical limitation to effecting improvement in quality in hand processing units and in hand processing units with certain exempted power processes. The shop floor personnel available in such processing units do not have scientific knowledge of dyes, chemicals, machines and processes. The purchase of dyes and chemicals is guided by the ready availability and cost criteria, facilitating entry of sub-standard dyes and chemicals which affect the quality adversely. The culture for quality and improved work practices is almost absent.

2.23 In this regard, the Ministry of Textiles has further stated in a written reply to a related query of the Committee that the textile processing segment of the country is highly fragmented as well as dominated by small processing units using obsolete technology. As per the Working Group Report on Textiles and Jute Industry for the Tenth Five-Year Plan there were 12,596 processing units out of which 83% were in hand processing sector. The hand-processing sector suffers from the lack of input of high technology and quality culture and the production pattern adopted by them is mostly unscientific and unsystematic. It is only capable of producing only batch-wise shorter length packing processed fabrics. This sub-standard output leads to low value realization and low cost competitiveness in the international market. This deficiency has made the processing stage as the weakest link in the entire textile production chain.

2.24 The independent power processing units are characterized by low and medium level of technology with a few units having state-of-the-art machines. The advanced technology of independent processing units are more or less equipped to cater to the higher segment of the market. The processing units attached to composite mills which have been set up recently, have technologically advanced machines with qualified technical personnel, adequate in house testing facilities, reasonable work and quality culture. The Ministry has also further stated that the Government has identified processing as a critical segment under the National Textile Policy and following steps have been taken: -

(i) Setting up of modern processing units, which would meet the international quality and environmental norms.

(ii) Expansion of the network of CAD/CAM, computerized color matching and testing facilities, particularly in the clusters of the decentralized textile centers.

(iii) Extending necessary support to individual units in achieving ISO 9000 (quality) and ISO – 14000 (environment) standards.

(iv) Giving a thrust to development of eco-friendly dyes, including natural and vegetable dyes and on energy conservation.

2.25 The world over environmental issues are increasingly dominating the textile processing industry. In this regard, the Ministry initiated the following steps to boost investment in processing sector: -

(i) Technology Upgradation Fund Scheme envisages boosting investment in high-tech processing units, by providing 5% interest reimbursement on TUF loans.

(ii) The rate of depreciation for investment in high-tech processing machines has been increased from 25% to 50%.

(iii) The import duty on specified hi-tech processing machines has been brought down to 5%. The import of such machines is permitted under OGL.

(iv) Hi-tech processing machines are permitted under zero duty EPCG Scheme.

(v) Higher weight age has been provided for consideration of investment in hi-tech processing machines for allotment of Manufacture Exporters Entitlement (MEE) quota for yarn and fabrics. For New Investors Entitlement (NIE Quota) for garment exporters also *interalia*, the investment in-hi-tech garment processing machines is considered.

(vi) In order to take care of quality requirements and facilities, eco-friendly production of processed fabric, eco-testing and quality testing facilities have been created throughout the country with an investment of over Rs.60 crore so far, so that the testing facilities are available within the reach of majority of manufactures/exporters of textiles and textile items.

2.26 In the Union Budget, 2005-06, a 10% capital subsidy scheme was announced for the textile processing industry. The salient features of the Scheme are as follows: -

(i) It is credit linked.

(ii) It is in addition to the existing 5% interest reimbursement.

(iii) It is for benchmarked processing machinery and not for the project as a whole.

(iv) It would be admissible to the investments made in the bench-marked technology upto one year from the date of decision of the Government .

(v) It would be available to the composite as well as to the stand-alone processing units.

2.27 The Ministry of Textiles has stated that this subsidy will help in speedy modernisation of the textile-processing sector so as to become competitive in the international scenario.

2.28 When asked, whether the facilities available, technology development and environmental safeguards to the textile processing in India is comparable with that of other countries, the Ministry of Textiles in a written reply stated as follows: -

> "yes, the processing units which have been set up recently have fairly advanced technology, well qualified personnel, adequate in-house testing facilities, reasonable work and quality culture, environmental safeguards etc. of international levels. However, their number is small."

2.29 The Committee have noted that 83% of the Textile Processing Units are in Hand Processing Sector and are concerned to note that the production process is most unscientific and unsystematic in these units. The personnel working in such units do not have any scientific knowledge of dyes, chemicals, machines and processes. The Committee also note that the advanced technology of independent processing units mainly cater to the higher segment of the market. Even though the high tech textile processing machines are necessary for the development of the industry, the Committee are of the view that measures being taken by the Ministry such as 10% capital subsidy Scheme, etc. may not meet the needs of the Hand Processing Sector as they would still not be in a position to acquire hi-tech processing machines. The Committee, therefore, recommend that a suitable training scheme should be launched for imparting comprehensive training in the fields of scientific knowledge of dyes, chemicals, machines and processes to the personnel of hand processing units.

Major Head : 6860
Minor Head : 01190

National Textile Corporation Ltd. (NTC)

2.30 The National Textile Corporation Ltd. (NTC) was incorporated in April 1968 for managing the affairs of the sick textile undertakings in the private sector taken over by the Government. National Textile Corporation Ltd. (NTC) mills are organised under 9 subsidiaries. Starting with 16 mills in 1968, this number eventually increased to 119 by 1994. However with the implementation of revival schemes and consequent closure of 65 unviable mills, NTC has 54 mills as on 28 February 2005.

2.31 As on 31 January 2005, there were 31,642 employees on roll in NTC Group. The total Accumulated Losses of the NTC Group as on 31 March 2005 was Rs.9,829 crore. As a result of accumulated losses, the net worth of 8 of the 9 subsidiaries had completely eroded necessitating reference to BIFR under the Sick Industries Companies (Special Provisions) Act in 1993/1994. BIFR approved rehabilitation schemes for 8 subsidiaries of NTC which are currently under implementation by the Ministry of Textiles with effect from 1 April 2002. National Textile Corporation Ltd. (NTC), the 9th subsidiary of NTC was potentially sick but remained above the definition of sick industry as per SICA and hence the Ministry sanctioned a revival plan for it which is also under implementation.

The cost of the rehabilitation scheme and the means of finance are given below: -

| S.No. | Particulars | |
|---|---|---|
| 1. | Total No. of Mills | 119 |
| 2. | No. of viable mills sanctioned/proposed for revival | 53 |
| 3. | No. of Mills to be closed/proposed to be closed as per the schemes approved is under consideration | 1 |
| 4. | No. of Mills already closed under ID Act | 65 |
| 5. | Cost of Revival (Rs. in Crores) | 3937 |
| 6. | Means of Finance (Rs. in Crores); -<br>a) Funds expected to be mobilized including through sale of surplus land and other assets to finance the schemes<br>b) Government grants against VRS for NTC (Guj.) | <br>3830<br><br>200 |

2.32 The above particulars show that the funds for rehabilitation programme would mostly be mobilized through sale of surplus land and other assets. An amount of Rs.563 crore has been accrued through sale of surplus assets so far.

2.33 The Ministry of Textiles has informed the Committee that an amount of Rs.2,000 crore has been mobilized by floating NTC bonds so as to protect interests of the workers in the mills which were found unviable by BIFR of this Rs.1,545 crore has been paid to 44,000 employees towards VRS.

2.34 Main aspect of the rehabilitation scheme was modernization of 53 viable mills. In this regard, the Ministry of Textiles in a written reply to a question has stated as follows:

> "Modernisation of NTC mills should be taken up from the resources generated through sale of surplus assets. However, due to the delay in giving permission by State Government of Maharashtra, Gujarat, UP, MP, several properties are yet to be sold".

2.35 In regard to sale of high value surplus land in Mumbai and Ahmedabad, it has been stated by the Ministry in a written reply that the Mumbai Municipal Corporation (BMC) gave permission for sale of surplus lands in 5 mills on 27 October 2004. Tenders were floated for direct sale of surplus land in Jupiter Mill and NTC had got good response. However, a body by name Bombay Environmental Action Group approached High Court of Mumbai has filed a public interest litigation seeking stay of sale of NTC lands and amendment of the current DC Regulation 58. High Court in their order dated 1 April 2005, had directed BMC not to issue any permission for construction on these lands. Since this order could effectively stall the sale of surplus land and implementation of the Rehabilitation Scheme, NTC, has decided to approach the Supreme Court for appropriate relief. Government of Gujarat had already given permission for sale of surplus assets subject to surrender of 20% of the land to Ahmedabad Municipal Corporation. However, formal orders are yet to be received from AMC in this regard.

2.36 It has been proposed by the Ministry to take up modernisation of 15 mills in the first phase from the amounts generated so far. In this connection, when it was asked about the decision of Group of Ministers to revive only 15 mills out of 53 unable mills, the secretary, textiles, stated during the course of evidence as follows:-

> "It is true as the Hon. Member mentioned, there is a decision of Group of Ministers that 15 mills will be modernised in the 1st phase with an investment of about Rs. 250 crore, about 18 mills we would tie up a Joint Venture, and the remaining mills, when there is a demand from workers, we will offer VRS. To the extent I have interacted with the unions and others, most of the workers welcome VRS because the VRS package is really good. And the money for it is to be found. What NTC does is, it raises funds from the market hoping that they would sell the land and pay the loans to the various institutions, which had lent money to it. In any case, BIFR's approval would be required to this. Not even a single NTC mill as you know is covering its wages …. There was a cash loss to the tune of about Rs.450 crore last year whereas their wage bill is Rs. 400 crore. This is not a very tenable proposition. The reason for this is that originally, the sick units were taken over. Even private sector could not run them well and not much modernization was done later".

2.37 The Committee are dismayed to note that the net worth of 8 of the 9 subsidiaries of NTC had completely eroded necessitating reference to BIFR in 1994 but a rehabilitation scheme for NTC was implemented only after a lapse of 8 years, i.e. in 2002. As per the rehabilitation scheme, out of 119 mills, 66 mills were to be closed and the remaining 53 viable mills were to be revived. Even in 2005, the Ministry are in a dilemma whether to run or close the viable 53 mills and in the process NTC has accumulated a staggering loss of Rs.9,829 crore. The Committee have noted with grave concern that there is a fresh move in the Ministry to close down about 20 viable mills by offering VRS to workers. The Committee are disheartened to note that the very goal of incorporation of NTC in 1968 to manage the affairs of sick textile undertakings in the private sector has been defeated due to Government's inefficiency to run and modernise these units. Further, the Committee do not approve at all the policy of the Government regarding offering VRS to the workers. They, therefore, recommend that vigorous efforts should be made by the Ministry for revival of all the 53 viable mills without further loss of time. The Steps taken and progress achieved in this regard should be communicated to the Committee within six months.

2.38 The Committee further note with concern that the process of sale of lands of the closed mills in Mumbai, Ahmedabad and other cities continued to be delayed due to lack of constant and persuasive efforts by the Ministry and as a result the modernisation of viable mills has been put on hold as the process is linked with the realization of funds through sale of these lands. The Committee, therefore, urge the Ministry to take urgent steps to take up the issue at the highest level with the State Governments concerned particularly with the Government of Maharashtra and Gujarat. The Committee also recommend that a special cell comprising senior officers of the Ministry should be set up to pursue the issue constantly with the State Governments and to seek expeditious legal relief so as to realise the sale of lands of closed mills. The Committee should also be periodically apprised of the progress made in this regard.

Major Head : 6860
Minor Head : 60190

Closure of Jute Mills

2.39 The Jute Industry occupies an important place in the national economy. It is one of the major industries in the eastern region, particularly in West Bengal. It supports nearly 4 million farm families, besides providing direct employment to 2.6 lakh industrial workers and livelihood to another 1.4 lakh people in the tertiary sector and allied activities. The production process in Jute Industry goes through a variety of activities, which included cultivation of raw jute, processing of jute fibres, spinning, weaving, bleaching, dyeing, finishing and marketing of both raw jute and its finished products. The Jute Industry is labour intensive and as such its labour-output ratio is also high.

2.40 At present there are 78 jute mills in the country. Out of which 37 jute mills are sick. In regard to initiatives made to explore the possibility of revival of both the private and public sector sick mills, the Ministry of Textiles in a written reply stated that only six sick mills are under the Central Government Public Sector Undertaking viz., the National Jute Manufactures Corporation (NJMC) and the rest are either with the State Governments or in the private sector.

2.41 The Ministry of Textiles has further stated that as per the statute in case of sick mills, every sick unit is to be referred to the Board of Industrial Finance & Reconstruction (BIFR). Revival schemes of the units are prepared/examined by the Operating Agency appointed by the BIFR. On receipt of the scheme, the BIFR decides the case of rehabilitation for the individual unit.

2.42 In regard to assistance for the revival of viable sick mills, the Ministry of Textiles in a written reply stated that viable sick mills may seek assistance under Jute Manufacture's Development Council (JMDC)'s. Incentive Scheme for Modernization of Jute Industry and other schemes except the Technology Upgradation Fund Scheme.

2.43 The NJMC is a public sector undertaking, and runs six mills. In 2003-2004 two mills of NJMC were run under conversion basis by private parties. In view of the continuous cash losses and complete erosion of net worth, NJMC was referred to the BIFR in 1992. When asked the reasons for sickness of NJMC, the Ministry of Textiles in a written reply has stated that the obsolete plant and machinery, lack of modernisation, lack of working capital, excess manpower, uneconomic product-mix, etc. led to sickness of NJMC. BIFR declared the Company as sick under the provisions of Sick Industrial Companies (Special Provision) Act, 1985 and confirmed winding up of NJMC Ltd. under Section 20(1).The Hon'ble High Court Kolkata confirmed the recommendations of the BIFR and appointed an Official Liquidator. However, the Ministry has stated that a stay order against the order has been obtained and is valid till further orders.

2.44 As part of the overall restructuring plan for NJMC, it has been stated that the Ministry propose to reduce the manpower of NJMC Ltd. by offering VRS to all the employees of the organisation, including the employees of the Head Office. Necessary budgetary support towards this will be extended. The proposal regarding revival of two mills will be formulated in consultation with the Board for Reconstruction of PSEs (BRPSE).

2.45 Regarding revival of NJMC mills, the Secretary, textiles assured the Committee as follows during the evidence: -

> "Hon'ble member mentioned that four of the NJMC units could be revived. The then Secretary (Textiles), who was the Chairman of a High Powered Committee, visited Kolkata and gave a recommendation that two could be revived. If two become successful, then we can think of more. There is no difficulty about it. Let us start with two".

2.46 The Committee are constrained to note that out of 78 jute mills, 37 are sick mills and have been referred to BIFR. The Committee urge the Ministry to take up the development schemes for the jute sector at the right earnest particularly to ensure that the existing jute mills become functional and profit making. The Committee are also unable to understand the rationale behind the non-eligibility of viable sick jute mills to avail of the Technology Upgradation Fund Scheme and are of the view that the Scheme should be extended to them as the sickness of jute mills mainly arises from obsolete technology. Considering the potential of jute products both in the domestic and international markets, the Committee strongly recommend that feasibility of providing assistance to viable sick jute mills under TUFS should be examined and appropriate steps in this regard should be taken immediately.

2.47 The Committee have also noted that the Ministry proposes to revive only 2 of the 6 sick mills of NJMC which is a public sector undertaking and all the employees of NJMC including that of head office would be offered VRS. The Committee are, however, skeptical of revival of the sick units in the absence of the employees of the organisation. They, therefore, recommend that efforts should be made by the Ministry to revive all the six mills of NJMC within a definite time frame with the help of existing employees who know the strengths as well as the weaknesses of the organisation. The Committee further urge the Ministry that necessary steps should be taken to enable the revived units function without the handicaps such as obsolete plant and machinery, uneconomic products-mix , lack of working capital. etc.

Major Head : 2852
Minor Head : 040631

National Centre for Jute Diversification (NCJD)

2.48 The National Centre for Jute Diversification (NCJD) was registered in January 1992 under the Societies Registration Act, 1860 and established in June 1994 under the Chairmanship of Secretary (Textiles). To give focussed attention to diversification efforts in the Jute sector. NCJD consolidates R&D results of various institutes in jute and textiles and transfer these to the entrepreneurs for commercial production. It coordinates with various agencies and helps the entrepreneurs in arranging technical, financial and infrastructural support and encourages them to take up production and marketing of jute diversified products.

2.49 In regard to Jute diversification, the Secretary (Textiles) informed the Committee as under: -

> "There is the National Centre for Jute Diversification and I am the Chairman of that Council. There is a full time IAS officer manning it and it has a Budget of Rs.10 crore. This Council assists a number of agencies regarding jute diversification…. The process of jute diversification started six to seven years back and we have achieved jute diversification level of 8 per cent……. If we can do jute diversification upto 25 per cent from the level of 8 per cent, it will provide employment to large numbers and farmers will get a better price".

2.50 The Jute Entrepreneurs Assistance (capital subsidy) Scheme is one of the schemes being implemented by NCJD. Under the Scheme, capital subsidy will be given at the rate of 15% and 10% of the cost of plant and machinery for projects under category A&B respectively of jute diversified units. The permissible subsidy is for units with cost of plant and machinery upto Rs. 5 crore. The Scheme is intended for setting up new units/expansion of existing units for production of diversified jute products. The scheme will remain valid for the period of the $10^{th}$ Plan.

2.51 In regard to a query of the Committee on the performance of the Scheme, the Ministry of Textiles has furnished the following information: -

| | |
|---|---|
| No. of application received under JEA (CS) Scheme | 16 |
| No. of proposals sanctioned under the Scheme | 10 |
| No. of entrepreneurs actually benefited | 10 |

2.52 The Ministry of Textiles, has also informed the Committee that the Scheme is receiving good response. However, considering the potential of the scheme, it needs to be publicized more vigorously. In this connection it has been stated that NCJD proposes to carry out more awareness programmes during the coming years along with more technical demonstrations.

2.53 In regard to review of performance the Scheme, the Ministry stated that no review of the Scheme has so far been made as the same has been launched recently in 2002. The Ministry further informed the Committee that it will consider extending the Scheme at an appropriate time after reviewing its performance.

2.54 The Committee have noted that the present level of jute diversification in the country is 8%. The Committee have been informed that 25% of jute diversification would boost employment in the Jute sector and the farmers would get better price for their produce. The Committee, therefore, urge the Ministry to chalk out time For this, the Jute Packaging Material (Compulsory Use in Packing Commodities) Act, 1987 should be followed in letter and sprit to attract more investment in the jute sector and to provide the necessary protection to the jute industry. bound programmes to achieve the goal of 25% jute diversification and above.

2.55 The Committee are constrained to note that the response of the entrepreneurs to the Jute Entrepreneurs Assistance Scheme, which is implemented by the National Centre for Jute Diversification, is not encouraging. Further, no review of the performance of the Scheme has been conducted since its launch in the year 2002. The Committee, therefore, recommend that more awareness programmes including technical demonstrations should be carried out by the NCJD to evoke the desired response from the entrepreneurs. The Committee are also of the opinion that there should be an in-built mechanism within the Ministry for proper monitoring and review of the Scheme at regular interval. Steps taken and progress achieved in this regard should be communicated to the Committee within three months.

Major Head : 2852

## Indian Jute Industries Research Association (IJIRA), Kolkata

2.56 There are eight Textile Research Association (TRAs) receiving financial support from the Ministry of Textiles. The Indian Jute Industries Research Association (IJIRA), Kolkata is one among them. It is registered under West Bengal Societies Registration Act, 1961 and is an autonomous Cooperative Research Organisation mainly funded by the Ministry of Textiles. An amount of Rs.2.61 crore has been allocated as assistance to IJIRA by the Ministry and IJIRA is governed by a Council, headed by the Chairman and assisted by the Vice-Chairman and 24 members, drawn from the Industry, the Government, Eminent Professionals and others. The Director is appointed by the Council and is the Principal Executive Officer of the Association exercising general power of supervision and coordination of overall activities of the Association and is assisted by a Secretary-cum-Financial Controller. There are nine technical divisions and each division is supervised by a Head or Group Leader.

2.57 The objectives of IJIRA are: -

(i) To promote research and other scientific work connected with the jute trade and industries allied with or accessory thereto;

(ii) To establish and maintain laboratories and foster education of people engaged in or likely to be engaged in the said trade and industry; and

(iii) To examine and publish information regarding the nature and merits of inventions, improvements materials and designs connected with the said trades of industries.

2.58 It has been stated in the annual report of the Ministry that the R&D activities and technology transfer programmes of IJIRA have helped improve the productivity, product quality and cost viability of the organized jute mills and also the SMEs in the jute sector.

2.59 During the course of evidence of the representatives of the Ministry of Textiles, it was brought to their attention that serious problems have crept up in IJIRA because of the policy of the management as the views of the workers have been turned down, laboratories have been dismantled and the projects are not being taken up. In this regard, the Secretary (Textiles) replied as follows: -

> "There are problems in IJIRA as Hon'ble Member has brought to our notice also. But we have been taking a view that IJIRA is not a Government institute. It is an industry institute. There are similar institutes all over the country- SITRA, BITRA SASMIRA etc. In fact, I do not have any regular interaction with them. Now that the Hon'ble Members have brought to our notice regarding the alleged mismanagement by the Present Director, IJIRA, we will look into the matter more seriously….. We give some grants. We are not in management control of IJIRA".

2.60 The Committee are dismayed to note that the Ministry has no control over the Research Associations which are mainly funded by the Government. The Government is neither participating in the management of these Research Associations nor it has any regular interaction with them. The Committee take a serious view of this communication gap between the Government and the Research Associations funded by it as this may lead to misuse of funds by Research Associations and the very goal of funding may be defeated. Further, the reply of the Ministry in regard to alleged mismanagement in IJIRA is not at all satisfying to the Committee, who feel this is poor monitoring over the issue. The Committee, therefore, strongly recommend that the alleged irregularities committed by the officials of IJIRA should be thoroughly investigated and the report in this regard furnished to the Committee within 3 months. Also there should be a suitable mechanism to watch the activities of the Research Associations to ensure proper utilisation of funds for research purposes.

Major Head : 6860

Central Cottage Industries Corportion of India Ltd,. New Delhi

2.61 The Central Cottage Industries Corporation of India Ltd., is an independent public sector undertaking under the administrative control of Ministry of Textiles.

2.62 The main objective of CCIC is to be a dealer, exporter, manufacturer and agent of quality Indian handicraft and handlooms and to develop markets for these products in India and abroad. The Corporation has six-showrooms at Delhi, Kolkata, Mumbai, Bangalore, Secunderabad and Chennai. Besides, it has a franchise outlet in Gurgaon.

2.63 The authorized capital of the Corporation is Rs.1,200 lakh and the paid-up capital is Rs.1,085 lakh. The turnover of the Corporation during 2003-04 was Rs.5,841.67 lakh against Rs.5,391.36 lakh in the previous year thus registering a growth of 8.35%. The total exports of the Corporation during 2003-04 was Rs.337.96 lakh as compared to Rs.359.71 lakh in the previous year showing a marginal decline over the previous year. The decline in exports was mainly due to company's concentration on strengthening its retail business within the country.

2.64 During the course of oral evidence, when it was asked whether due weightage was given to the handicrafts awardees, a representative of the Ministry stated as follows:-

> "Sir, in the CCIC, we are trying our level best to give opportunities to the deserving craftsmen. We have a panel of suppliers/craftsmen in CCIC. Presently, 5,919 suppliers/craftsmen are enlisted. Out of these, 104 are National/State awardees. This is the number of people enlisted on the CCIC from whom we take things. A special care is taken to enlist more and more such awardees. We organize display-cum-sales exhibitions of the products of national/State awardees from time to time at various locations. We write letters to all the National/State awardees to showcase their products in the CCIC and get themselves empanelled. The CCIC is shortly going to advertise in All-India vernacular newspapers seeking artisans/weavers to supply quality merchandise to the CCIC. This would be an open advertisement so that anyone may come to us. Preference is given to the National/State awardees. Master crafts-persons, mainly National awardees, are invited to the CCIC after the Award presentation ceremony to felicitate them. Products of National/State awardees are displayed in the showroom after the award ceremony".

2.65 The Committee have noted that the objectives of CCIC is to be a dealer, exporter, manufacturer and an agent of quality Indian handicraft and handlooms. CCIC procures handicraft items from the craftsmen/suppliers. The Committee are of the view that direct procurement of the handicraft items from craftsmen/state awardees would eliminate middlemen and pave way for the survival of particular handicraft by benefitting the craftsmen directly. Moreover, the suppliers operate mainly on profit basis. Hence, the Committee recommend that immediate steps should be taken to give preference to artisans, craftsmen, weavers including National and State awardees over the suppliers/traders of handicrafts which will enable the Indian tradition and culture to survive.

**NEW DELHI;**

**20 April, 2005**
**30 Chaitra, 1927 (Saka)**

**P.K. Vasudevan Nair**
**Chairman,**
**Standing Committee on Labour**

MINUTES OF THE TENTH SITTING OF THE STANDING COMMITTEE ON LABOUR HELD ON TUESDAY, 5 APRIL 2005.

The Committee met from 1430 hours to 1645 hours in Committee Room `B', Parliament House Annexe, New Delhi.

**PRESENT**

Shri Debabrata Biswas - Acting Chairman

MEMBERS
LOK SABHA

2. Shri Furkan Ansari
3. Shri Santasri Chatterjee
4. Shri Thawar Chand Gehlot
5. Shri Virendra Kumar
6. Shri Rajesh Kumar Manjhi
7. Shri Ananta Nayak
8. Shri Lal Mani Prasad
9. Shri Chandradev Prasad Rajbhar
10. Shri Mohan Rawale
11. Shri Chandra Pratap Singh
12. Smt. C.S. Sujatha

RAJYA SABHA

13. Shri Gandhi Azad
15. Shri Rudra Narayan Pany
16. Shri K. Chandran Pillai

SECRETARIAT

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

REPRESENTATIVES OF MINISTRY OF TEXTILES

| Sl.No | Name of the Officer | Designation |
|---|---|---|
| 1. | Shri R. Poornalingam | Secretary |
| 2. | Mrs. Asha Swarup | AS&FA |
| 3. | Shri Sudhir Bhargava | Joint Secretary |
| 4. | Shri B.P. Singh | Joint Secretary |
| 5. | Shri J.K. Sharma | Joint Secretary |
| 6. | Shri Sudripta Roy | Joint Secretary |
| 7. | Shri B.K. Sinha | DC (Handlooms) |
| 8. | Shri Sudhir Bhandari | C.C.A. |
| 9. | Shri S. Majumdar | Jute Commissioner |
| 10. | Shri Subodh Kumar | Textile Commissioner |
| 11. | Smt. C. Malviya | Additional Economic Advisor |
| 12. | Shri R. Subramaniyan | Director |
| 13. | Shri C. Roul | Director |
| 14. | Shri Shashi Bhushan | Director |
| 15. | Shri Chander Bhan | Director |
| 16. | Shri S.A. Baba | Director |
| 17. | Smt. Sarita Mittal | Deputy Secretary |
| 18. | Dr. Sandeep Singh Srivastava | ADC (HC) |
| 19. | Shri Ajay Kumar | ADC (HC) |
| 20. | Shri S.K. Samal | ADC (HL) |
| 21. | Shri V.K. Gupta | Under Secretary |
| 22. | Shri Sunil Arora | Under Secretary |
| 23. | Shri Oma Nand | Under Secretary |
| 24. | Shri K.C. Sethi | Consultant (Budget) |

2. In the absence of the Chairman, Shri Debabrata Biswas, M.P presided over the sitting under Rule 258 (3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. At the outset, the Hon'ble Acting Chairman welcomed the Secretary and other officials of the Ministry of Textiles and asked them to brief the members about the Demands for Grants, 2005-2006 of the Ministry of Textiles and the Schemes and Programmes implemented by the Ministry in terms of allocations made and expenditure incurred thereon during 2004-2005.

4. The Committee then took up evidence of the representatives of the Ministry of Textiles. The important topics discussed in the meeting included National Textile Corporation Ltd., National Jute Manufactures Corporation, etc.

5. The Secretary and other officials of the Ministry replied to the queries raised by the Members. The Chairman directed the Secretary to send written replies to the queries of the Members on which information was not then readily available with them.

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

A verbatim record of the evidence was kept.

The Committee then adjourned.

## MINUTES OF THE TWELFTH SITTING OF THE STANDING COMMITTEE ON LABOUR HELD ON WEDNESDAY, 20 APRIL 2005.

The Committee met from 1530 hours to 1715 hours in Committee Room `E', Parliament House Annexe, New Delhi.

**PRESENT**

Shri P.K. Vasudevan Nair-CHAIRMAN

MEMBERS
LOK SABHA

2. Shri Furkan Ansari
3. Shri Joachim Baxla
4. Shri Santasri Chatterjee
5. Shri Sukhdev Singh Dhindsa
6. Shri Thawar Chand Gehlot
7. Dr. Satyanarayan Jatiya
8. Shri Virendra Kumar
9. Smt. Sushila Kerketta
10. Shri Rajesh Kumar Manjhi
11. Shri Lal Mani Prasad
12. Shri Chandradev Prasad Rajbhar
13. Shri Mohan Rawale
14. Dr. Dhan Singh Rawat
15. Shri Chandra Pratap Singh
16. Smt. C.S. Sujatha
17. Shri Parasnath Yadav

RAJYA SABHA

18. Shri Gandhi Azad
19. Shri Lekhraj Bachani
20. Ms. Pramila Bohidar
21. Shri K. Chandran Pillai

SECRETARIAT

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

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2. At the outset, the Hon'ble Chairman welcomed the Members and apprised them about the two Draft Reports on the Demands for Grants for the year 2005-2006 of the Ministry of Labour and Employment and the Ministry of Textiles.

3. XX XX XX XX

4. Thereafter, the Committee took up the draft Sixth Report on Demands for Grants relating to the Ministry of Textiles for the year 2005-2006 and adopted the same with some modifications.

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

6. The Committee then placed on record their deep appreciation to the officers and staff of the Lok Sabha Secretariat for their valuable assistance to the Committee in preparing the draft reports within limited time.

7. XX XX XX XX

<u>The Committee then adjourned</u>.