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**STANDING COMMITTEE ON LABOUR
(2009-2010)**

FIFTEENTH LOK SABHA

MINISTRY OF TEXTILES

**[Action taken by the Government on the
Recommendations/Observations contained in the Fourth Report of
the Standing Committee on Labour on Demands for Grants for the year
2009-10.]**

TWELFTH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

May, 2010/Vaisakha, 1932 (Saka)

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**[Action taken by the Government on the
Recommendations/Observations contained in the Fourth Report of
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Presented to Lok Sabha on 06.05.2010

Laid in Rajya Sabha on 06.05.2010



LOK SABHA SECRETARIAT

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May, 2010/Vaisakha, 1932 (Saka)

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(Fifteenth Lok Sabha)

* Will be appended at the time of printing.

**COMPOSITION OF THE STANDING COMMITTEE ON LABOUR
(2009-10)**

SHRI HEMANAND BISWAL-CHAIRMAN

MEMBERS

LOK SABHA

2. Shri M. Anandan
3. Shri P. Balram
4. Shri Shafiqur Rahman Barq
5. Shri Sudarshan Bhagat
6. Shri Hassan Khan
7. Shri Kaushalendra Kumar
8. Shri P. Lingam
9. Shri Hari Manjhi
10. Shri P.R. Natarajan
11. Smt. Mausam Noor
12. Shri S. Pakkappa
13. Shri Ramkishun
14. Shri Mahendra Kumar Roy
15. Shri Chandu Lal Sahu
16. Shri Murari Lal Singh
- *** 17. Shri Raj Babbar
- ***** 18. Dr. Kakoli Ghosh Dastidar
- *****19. Shri Paban Singh Ghatowar
20. Vacant
21. Vacant

RAJYA SABHA

22. Shri G. Sanjeeva Reddy
23. Shri Rudra Narayan Pany
- **24. Shri Pyarelal Khandelwal
25. Shri Rajaram
26. Smt. Renubala Pradhan
27. Shri G.N. Ratanpuri
- *28. Shri Mohammad Adeeb
- ****29. Shri Praveen Rashtrapal
30. Vacant
31. Vacant

-
- * Changed the nomination from Committee on Labour to Committee on Commerce w.e.f. 17th September, 2009.
 - ** Expired on 6th October, 2009.
 - *** Nominated w.e.f. 3rd December, 2009.
 - **** Nominated w.e.f. 31st December, 2009.
 - ***** Nominated w.ef 11th January, 2010.
 - ***** Nominated w.ef 26th February, 2010.

SECRETARIAT

- | | | | |
|----|---------------------|---|----------------------------|
| 1. | Shri Devender Singh | - | Joint Secretary |
| 2. | Shri B.S. Dahiya | - | Director |
| 3. | Shri Ashok Sajwan | - | Additional Director |
| 4. | Shri Suresh Kumar | - | Senior Executive Assistant |

INTRODUCTION

I, the Chairman of the Standing Committee on Labour having been authorised by the Committee to submit the Report on their behalf, present this Twelfth Report on the action taken by the Government on the recommendations contained in the Fourth Report of the Standing Committee on Labour (Fifteenth Lok Sabha) on Demands for Grants for the year 2009-10 of the Ministry of Textiles.

2. The Fourth Report was presented to Lok Sabha and also laid in Rajya Sabha on 17.12.2009. The Ministry of Textiles furnished their replies indicating action taken on the recommendations contained in that Report on 12.4.2010. The Report was considered and adopted by the Standing Committee on Labour at their sitting held on 05.05.2010.

3. An analysis of the action taken by Government on the recommendations contained in the Fourth Report of the Standing Committee on Labour (Fifteenth Lok Sabha) is given in Appendix-II.

4. For the facility of reference and convenience recommendations/observations of the Committee have been printed in thick type in the body of the Report.

New Delhi;
3 May, 2010
13 Vaisakha, 1932 (Saka)

HEMANAND BISWAL
CHAIRMAN
STANDING COMMITTEE ON LABOUR

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by the Government on the recommendations contained in the Fourth Report (Fifteenth Lok Sabha) on Demands for Grants for the year 2009-10 of the Ministry of Textiles.

2. The Fourth Report was presented to Lok Sabha, and also laid in Rajya Sabha, on 17.12.2009. It contained 13 recommendations. Replies of Government in respect of all the recommendations have been received and have been categorized as under:-

- (i) Recommendations/Observations which have been accepted by the Government--Paragraph Sl. No. 1,3 and 4.
- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's reply - NIL.
- (iii) Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee and which require reiteration--Paragraph Sl. Nos. 2, 5, 6, 7, 9 and 12.
- (iv) Recommendations/Observations in respect of which replies of the Government are interim in nature--Paragraph Sl. Nos. 8, 10, 11 and 13.

3. The Committee desire that action taken notes in respect of recommendations contained in Chapter I and final action taken notes in respect of recommendations contained in Chapter-V for which only interim replies have been given by the Government be furnished to them at the earliest and in any case not later than Three months of the presentation of this Report.

4. The Committee will now deal with the action taken replies of the Government which need reiteration or merit comments.

A. Implementation of Schemes in North-Eastern Region**Recommendation(Sl. No.1, Para 3.24)**

5. The Committee while taking cognizance of the availability of raw material for textile related activities in large quantities and various kinds of crafts being manufactured in North Eastern Region, had recommended that the Ministry should, thoroughly re-examine the scope of textile growth in that part of the country keeping in view the national perspective of integrated and harmonious national development. The Committee had also desired that model integrated textile parks be set up in North Eastern Region involving 100 percent funding by the Union Government.

6. In their action taken reply furnished to the Committee, the Ministry have stated:-

The Government has taken a view to encourage handloom weavers to get exposed to powerlooms. As a first step, the O/o the Textile Commissioner has conducted exposure visits of handloom weavers of the North Eastern Region to the developed clusters of powerloom like Ludhiana, Amritsar, Bangalore etc. During the year 2007-08 and 2008-09, 40 weavers participated in such exposure visits conducted in the North Eastern Region. During the current year more exposure visits from the North Eastern Region are proposed to be conducted. Organizing more seminars, awareness program will go a long way in promoting new Powerloom units in the North Eastern Region. Apart from the exposure visits, six seminars / workshops were conducted by the Regional O/o the Textile Commissioner, Kolkata in association with the State Government on the subject of TUFS awareness and a total number of 460 participants attended to them.

Since the North Eastern Region mostly has handloom industries and very few mills and powerlooms, as and when the number of textile units (other than handlooms) increases, the proposal for creating additional Regional office of Textile Commissioner can be considered.

The Scheme for Integrated Textile Parks is a demand driven Scheme. No proposal from the North Eastern Region was received during the 10th Five Year Plan. Therefore, to attract projects in the 11th Five Year Plan, it was decided that the Government of India support will be provided @ 90% of the project cost subject to a ceiling of Rs.40 crore for the first two projects in the states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Sikkim and Jammu & Kashmir. In spite of making the scheme so attractive, no textile park proposal was received from the North-East. Therefore, it seems that in order to set up textile parks in the North Eastern Region and make the scheme a success in the region, the State Governments need to provide more incentives to the entrepreneurs and grant necessary approvals *i.e.* land registration and other statutory clearances in time. Assistance under the scheme for North Eastern Region is already @90% and it may not be prudent to increase it to 100% as margin money of 10% by the SPV is necessary to ensure appropriate involvement towards successful implementation/operation of the project.'

7. The Committee are seriously concerned that instead of making strenuous efforts to suitably restructure and promote signature schemes like TUFSS and SITP in the North-Eastern Region, the Ministry are trying to justify their helplessness in the matter. Obviously, due to their inability to focus on revival/reopening of a large number of closed powerloom units in the region through Technology Upgradation Fund Scheme, the Government are encouraging handloom weavers to shift to powerlooms. Moreover, taking handloom weavers on exposure visits to developed powerloom centres in other regions only reinforces such an apprehension. The Committee strongly believe that such a policy shift by the Ministry would only ruin the well developed handloom sector in North-Eastern region. While deploring such a policy shift, the Committee reiterate their earlier recommendation and desire that apart from ensuring uninterrupted power supply and availability of adequate raw material to powerloom units, functioning in North-Eastern region, concrete efforts must be made to modernize and reopen all the closed powerloom units

expeditiously in a time bound manner. In addition, quarterly targets for conducting seminars/workshops/exposure visits for powerloom sector be fixed and achieved without fail. Needless to say that proper and effective use of local print and electronic media be made for spreading awareness about the schemes. The Committee also reiterate that at least a few model textile parks be set up to cover all the North-Eastern States with 100 per cent funding by the Union Government within the XIth plan period.

B. Quarterly Expenditure**Recommendation(Sl. No.2, Para 3.25)**

8. The Committee while criticizing the uneven expenditure during the four quarters of the year 2008-09, particularly rush of expenditure towards the last financial quarter, had recommended that all the Banks/lending agencies linked with the implementation of TUFS be advised to forward the bills on quarterly basis. The Committee had further desired that in order to ensure proper distribution and utilization of the allocated funds, there should be a monitoring Committee headed by the Secretary of the Ministry and which should meet at least once in a month to ensure strict compliance of the laid down norms/guidelines in this regard.

9. In their action taken reply furnished to the Committee regarding uneven expenditure, the Ministry have stated:-

The suggestion of the Hon'ble Committee has been noted for compliance. Concerted efforts are being made to fully utilize plan funds and also to spread the expenditure evenly over the four quarters through regular monitoring of performance and expenditure. There were lumpy releases in the past due to reasons given below:

- The cut-off dates have been prescribed under TUFS by reconstituted IMSC in its 1st meeting held on 19th Jan., 2009. Accordingly, the cases sanctioned before 31.03.2007 are to be covered in the quarter ending Dec., 2008, the cases sanctioned during the period 1st April 2007 to 31st March 2008 are to be covered in the quarter ending June, 2009 and the cases sanctioned on or after 1st April, 2008 are to be covered within one year of date of sanction of loan. To meet

these deadlines the lending agencies were covering their previous cases.

- The erstwhile TUFSS was getting over by 31.03.2007, therefore, maximum units got their loans sanctioned during the year 2006-07. All these cases were coming for subsidy .

Further, the requirement of funds has increased as the capital subsidy of 10% has been provided for technical textiles and garmenting machinery, in addition to processing machinery w.e.f. 01.04.2007.

As per the norms under TUFSS, Formats I to III have been devised to be submitted every quarter by all primary Nodal Agencies / Nodal Banks / Co-opted PLIs for working out bank-wise, unit-wise subsidy requirement.

Regular scheme-wise monitoring of expenditure is being done and also reviewed by Secretary (Textiles) in the weekly meetings of Senior Officers' (SOM) of the Ministry. Such a monitoring system vis-à-vis the budget outlays helps in visualizing gaps and making timely efforts towards ensuring full utilization of allocated funds/outlays.'

10. The Committee are unhappy to note that despite regularly monitoring the performance of the schemes and the pace of expenditure, hardly any visible headway has been made as the expenditure of Plan funds continued uneven in the year 2009-10 unabated. The Committee, therefore, reiterate that the entire process of releasing funds under each scheme, including TUFs be streamlined so that the instructions of the Government regarding the pace and regularity of expenditure are strictly adhered to.

C. Non-Plan Expenditure**Recommendation(Sl. No.3, Para 3.26)**

11. The Committee, while noticing a huge variation in Budget Estimates and Actual Expenditure of Non-Plan funds during the year 2008-09, had urged the Government to adopt a more coherent and rational approach of forecasting the Budget Estimate for Non-Plan expenditure so as to avoid locking of precious financial resources and surrender of huge unutilized amounts at the end of the financial year.

12. In their action taken reply furnished to the Committee regarding non-plan funds, the Ministry have stated:-

‘The non-plan budget proposals are prepared after detailed discussion with the concerned Divisions. Thereafter, the non-plan budget estimates are discussed in detail with the officials of the Ministry of Finance. The progress of expenditure is also monitored regularly by the Secretary.

As per the decision of the Cabinet, VRS was notified in all the mills. The workmen have opted for VRS and all benefits have been released. The secured liabilities of NJMC have also been liquidated. Most of the statutory dues of NJMC have been settled as well, but the VRS package could not be implemented in respect of officers of NJMC. Hence, the funds were surrendered. The process of approval of Cabinet is under consideration of Minister. However, observations made by the Committee are noted for strict compliance in future.’

13. The Committee find that the Ministry surrendered Non-Plan funds merely due to non-implementation of VRS package in respect of officers of NJMC whereas, VRS dues of all the workmen who were comparatively large in number, have been cleared. The Committee feel that this is due to poor planning, and lack of calibrated efforts on the part of the Government. The Committee would, therefore, like to know the precise reasons as to why the VRS package for officers could not be implemented and the remedial steps, if any, being taken for the implementation of the Scheme.

D. Textile Exports**Recommendation(Sl. No.4, Para 3.27)**

14. The Committee had recommended that the components of Duty Draw Back Scheme be reviewed with immediate effect and the rates as suggested by the representatives of the Industry be considered and implemented without any further delay. Besides, special drives be launched to exploit untouched markets of EU and other textile demanding countries. The Committee had also recommended that a separate study should be conducted to explore new potential in the domestic market. Further, efforts need be made to improve and upgrade the infrastructure base in areas of technology, design and training so that Indian Industry could stand up to global competitiveness.

15. In their action taken reply, the Ministry stated as follows:

^The action taken is indicated below ad seriatim:

(i) The rates suggested by the representatives of the Industry were examined in the Ministry and the proposal was forwarded to Ministry of Finance to consider increase in the prevalent drawback rates of readymade garments. The Drawback Committee constituted for formulation of All Industry Rates of duty drawback for 2009-10 examined the proposal and observed that the data did not justify increase of rates. It was observed by Ministry of Finance that due to global meltdown since 2009-10, the central excise duties of most of the goods has already been reduced from 14% to 8% during December, 2008 and February, 2009. This would have necessitated reduction of the drawback rates but due to the hardship faced by the industry the Drawback Committee

decided not to reduce but to retain the existing drawback rates.

(ii) Market Development Assistance (MDA) and Market Access Initiative (MAI) scheme with higher allocation is being provided to exploit untapped countries including EU. Apart from this, 26 new markets have been added under the Focus Market Scheme. These include 16 new markets in Latin America and 10 in Asia-Oceania. The incentive available under Focus Market Scheme (FMS) has also been raised from 2.5% to 3%. Market Linked Focus Product Scheme (MLFPS) has been greatly expanded by inclusion of products classified under as many as 153 ITC (HS) Codes at 4 digit level. This covers textiles madeups, knitted and crocheted fabrics.'

16. The Committee take note of the remedial steps taken by the Ministry to support textile exports and growth of textile industry as a whole. The Committee, appreciate the further reduction of central excise duties, allocation of more funds under market development assistance and market access initiative schemes to exploit untapped markets worldwide and further efforts of the Government for upgradation of infrastructure base, design and training etc. The Committee, however, desire that constant monitoring needs to be done to ensure effective implementation of all schemes/initiatives so that the aspirations of textile sector are fully met with. The Committee hope that these steps will enable the Ministry to achieve the desired targets. The Committee would await the outcome of the steps so taken.

E. Utilization Certificates**Recommendation(Sl. No.5, Para 3.28)**

17. The Committee while taking cognizance of the fact that as many as 1969, utilization certificates involving an amount of Rs.162.59 crore were outstanding as on 31st March, 2009, had recommended that the guidelines for disbursement of funds to NGOs and other private organizations be reviewed afresh and strict norms be followed for selecting such agencies after due verification. The factors like the infrastructural base, financial position, past performance, availability of manpower etc. with the organization be taken into consideration before their selection. The Committee had also desired that efforts be made to get the outstanding Utilization Certificates liquidated urgently and strenuous action be taken against the defaulting agencies/organizations including black-listing them.

18. In their action taken reply regarding utilization certificates, the Ministry stated as follows:

‘As on 31st March, 2009, there were 1969 Utilization Certificates amounting to Rs.162.60 crore outstanding. However, as on 31st December, 2009, the pending Utilization Certificates have been reduced to 1513 amounting to Rs.127.30 crore. However, the observation made by the Committee is noted for strict compliance. O/o the DC (Handloom) and DC (Handicrafts), with whom most of these UCs are pending, have been instructed accordingly.’

19. The Committee find that the efforts made by the Ministry during the year 2009 to liquidate outstanding utilization certificates are far from satisfactory as only 456 utilization certificates were received out of 1969 pending in the beginning of the year. The Committee desire that a Committee of experts be constituted to look into the problem of outstanding utilization certificates and suggest measures to resolve it.

F. Waiver of ceilings under TWRFS**Recommendation(Sl. No.6, Para 3.37)**

20. The Committee, while noticing that a large number of workers of closed textile mills have been deprived of the benefits under TWRFS scheme due to the rigid and impractical eligibility criteria laid down under the scheme, had recommended that the aforesaid wage ceilings be waived off and all the workers of the closed mills be covered under the Scheme.

21. In their action taken reply regarding TWRFS Scheme, the Ministry stated as follows:

The TWRFS was commissioned w.e.f. 15.9.1986. The workers engaged in a closed textile unit on the date of its closure continuously for five years or more and earning a wage equivalent of Rs. 1600/- per month or less and having been on the records of the Regional Provident Fund Commissioner of the State concerned were entitled to get relief under the Scheme.

The Scheme was modified by the CCEA in its meeting held on 12.8.1992 as follows: -

1. The Scheme was made applicable to cases of partial closure on a case-to-case basis, where an uneconomic activity had been closed down and the rest of the mill was in operation.
2. The wage ceiling was enhanced from Rs. 1600/- per month to Rs. 2500/- per month.

The Scheme was further modified by the CCEA in its meeting held on 05.02.2002 enhancing the wage ceiling from Rs.2500/- per month to Rs. 3500/- per month and the

enhanced ceiling was made applicable to the eligible textile units which were closed on or after the date of the CCEA decision.

22. The Committee note that presently when organizations like ESIC and EPFO have raised the ceilings by covering subscribers earning upto Rs.10,500/- per month, the Ministry of Textiles are trying to implement welfare measures for jobless workers of textile mills with such a low ceiling of Rs.3,500. The Committee strongly deprecate such a discriminatory approach of the Government and reiterate their earlier recommendation so that the present ceiling under TWRFS is done away with to cover all the workers who come under the definition of `workmen`.

G. Modification in TWRFS Guidelines**Recommendation(Sl. No.7, Para 3.38)**

23. The Committee while noticing that 2610 workers of 59 closed mills had not received any relief under TWRF Scheme due to not fulfilling the eligibility criteria by the mills, had recommended that guidelines of the TWRFS should be modified at the earliest.

24. In their action taken reply regarding TWRF Scheme, the Ministry stated as follows:

‘As stated in the above para, that though 271 number of mills are lying closed in the country, as on 31-12-2009 with 117914 workers. But these mills do not fulfill the eligibility criteria under the Scheme. The CCEA Proposal moved by this Ministry which addresses the issues raised by the Standing Committee could not get the concurrence of Finance Ministry.’

25. The Committee are distressed to note that every year, a large number of workers are rendered jobless due to closure of textile mills. The Government, instead of extending the financial assistance to these workers under TWRF Scheme, are taking the plea that the concerned mills do not fulfil the

eligibility criteria prescribed under the Scheme. The Committee find it rather strange that while the Government themselves furnish data of closed textile mills but on the contrary they are not ready to accept that these mills are closed. The Committee feel that it is the sole responsibility of the Government to ensure that the mill owners go for lawful closure of their mills. The Committee are of the firm opinion that in any case the jobless and innocent workers of closed mills should not be deprived of the intended benefits under the Scheme. They, therefore, reiterate their earlier recommendation and strongly urge the Government to modify the existing guidelines under the Scheme without further delay.

H. Allocation of Funds under TUFS

Recommendation(Sl. No.8, Para 3.46)

26. The Committee while considering the backlog of Rs.1884 crore under TUFS during the year 2008-09, had recommended that the matter be taken up with the Ministry of Finance to allocate sufficient funds required under the Scheme to clear the backlog and ensure its smooth functioning.

27. In their action taken reply regarding TUFS, the Ministry stated as follows:

‘Ministry has proposed an allocation of Rs.3600.00 Crore under TUFS for the year 2010-11.’

28. The Committee take note of the enhanced allocation of Rs.3600 crore under TUFS for the year 2010-11. The Committee hope that the proposed amount would be adequate enough to settle all the claims likely to be received under the Scheme during the current financial year and the Ministry would be able to clear the entire backlog as well.

I. Implementation of TUFs in North-Eastern Region**Recommendation(Sl. No.9, Para 3.47)**

29. The Committee observed that the TUFs is virtually a non-starter in the North Eastern States as not even a single paisa has been spent under the Scheme there since the year 2005-06. The Committee, therefore, had recommended that imaginative and concrete steps be taken to popularize the Scheme in that region.

30. In their action taken reply regarding TUFs, the Ministry stated as follows:

‘The Regional Offices of the Textile Commissioner, Ministry of Textiles has conducted various awareness programmes, campaigns, workshops, seminars, training programme for popularizing the TUFs in the NER. A seminar/workshop was organised in Guwahati on 12th June 2009. Total 160 no. of entrepreneurs from various parts of North-Eastern region participated in this seminar. Some of the entrepreneurs specially from Imphal came forward to set-up new Automatic/Semi Automatic powerloom units in this region. In total 6 (six) seminars/workshops were organized in different parts of North-East region like Dimapur Agartala Imphal, Aizwal, 2 times (2006-07 and 2009-10) at Guwahati in association with concern State Government Authority in order to boost the Govt. Schemes in this region since the year 2006-07. In addition, Joint Secretary has written to Chief Secretaries of NER State for creating congenial atmosphere and popularize the Scheme for development of textile industries in NER.’

31. The Committee take an adverse note of the faint efforts made so far by the Ministry with regard to implementing TUFS in North-Eastern region. In Committee's view, these efforts are not likely to make any headway in bringing about a significant improvement in implementation of TUFS in the entire region comprising the seven States. The Committee expect the Ministry to shrug off the escapist approach in implementing TUFS in the region and reiterate their earlier recommendation and desire that all out efforts be made to encourage more and more entrepreneurs to set up textile units in the region.

J. Opening of NIFT Centres**Recommendation(Sl. No.11, Para 3.55)**

32. The Committee urged upon the Government to set up NIFT centres throughout the country, particularly in the NER, J&K, Himachal and Uttrakhand so that apart from providing infrastructural base and promoting textile industry there, the interested students are able to study within their vicinity. The Committee desired that urgent steps should be taken to move the proposal in this regard and the whole exercise should be completed expeditiously but positively within the ensuing financial year.

33. In their action taken reply regarding NIFT, the Ministry stated as follows:

NIFT Centre in Kangra (Himachal Pradesh):

The NIFT Centre at Kangra became operational from August, 2009 with following five courses:

- (i) Fashion Design
- (ii) Fashion Communication
- (iii) Accessory Design
- (iv) Textile Design
- (v) Fashion Technology.

The Centre has well equipped lecture rooms, design studios, resource centre, activity Centres and hostels etc.

It is proposed to set up a “Centre for Apparel & Textile Studies (CATS)” to offer PHD/ Faculty Training Programs at Kangra also.

Proposal for Setting up of NIFT Centre in J & K (Budgam):

Proposal for setting up of a NIFT Centre in J&K was received in response to letter of HMOT to Chief Minister of J&K.

The State Government of J&K has identified some structures for setting up of a temporary Campus. As agreed with State Government officials, the site visit has been scheduled on 22nd February, 2010 at Srinagar, when the suitability of the structures for setting up of a temporary Campus will be assessed. A final decision will be taken thereafter.

Principal Secretary, J&K has informed that the proposal for formal approval of setting up of NIFT Centre is pending for Cabinet approval.

The Principal Secretary of J&K has telephonically asked NIFT to issue EOI for selection of Architects for permanent Centre and the same shall be done shortly.

Proposal for Setting up of NIFT Centre in Uttrakhand

No such proposal for setting up of NIFT Centre in Uttrakhand has been received from the State Government of Uttrakhand.’

34. The Committee are happy to learn that NIFT centre at Kangra in Himachal Pradesh has become operational and the centre proposed at Budgam in Jammu & Kashmir shall be opened shortly. However, the Government have not given due consideration to the need for setting up a NIFT centre in Uttarakhand. The Committee desire that a communication be sent to the State Government of Uttarakhand showing intention of the Union Government to open a NIFT centre there. The Ministry should also conduct a survey at the earliest to find out a suitable place for the NIFT centre in Uttarakhand.

K. Modernisation of 12 viable NTC mills**Recommendation(Sl. No.12, Para 3.64)**

35. The Committee while noticing that 12 viable mills had been dropped from the modernization process since most of the employees of these mills opted for Voluntary Retirement Scheme and also due to paucity of funds, had recommended the Government to review its decision and take steps to revive these 12 mills.

36. In their action taken reply regarding NTC mills, the Ministry stated as follows:

‘Because of shortage of funds it is very difficult to revive these 12 mills. Due to the recession in the real estate market funds could not be generated from sale of surplus assets and the earlier projects in hand *i.e.* 3 new Green field mills are also being delayed due to shortage of funds. NTC is managing to complete the in hand projects by borrowing / loans from financial institutions .Therefore, at this juncture revival of these 12 mills is very difficult’.

37. The Committee are astonished to note that rather than taking suo-motu steps to open more and more textile mills to meet the increasing demand for clothing and related textiles in the country, the Ministry have, on the contrary, dropped 12 viable mills from the modernization process due to non availability of funds. The Committee are distressed to note the sale of surplus land of NTC mills below the circle rate and the resulted loss to the Government as pointed out by C&AG. The Committee are of the considered view that viable units must not be closed for want of funds. They, therefore, reiterate their earlier recommendation and urge the Ministry to include all 12 viable mills in the list of NTC mills being modernized/proposed to be modernized without any further delay either through Public Private Partnerships or the Ministry of Finance may be urged to provide the required funds on term loan basis.

L. Revival of BIC Mills**Recommendation(Sl. No.13, Para 3.69)**

38. The Committee recommended that the matter of conversion of leasehold land of BIC mills in to freehold should be taken up with the State Government of Uttar Pradesh at highest level and be vigorously pursued further till it fructifies. They further desired that the ongoing study by Wool Research Organization be completed within the current financial year. The progress made in this regard should be intimated to the committee within three months.

39. In their action taken reply regarding BIC mills, the Ministry stated as follows:

‘The issue of grant of permission of state Govt. of U.P. on sale/ conversion of BIC/subsidiaries land is pending since long despite vigorous efforts made by Ministry/Company. The matter had been taken up at various levels in the state Government. A DO letter from Minister of Textiles to Chief Minister of UP Government has been issued on 6.1.2010. The Wool Research Association has completed the study and submitted their report on 18.12.2009. The financial parameters will be assessed by Industrial Finance Corporation of India (IFCI) to whom the report has been sent and is expected to be completed by end of January 2010 after which a note to BRPSE will be sent.’

40. The Committee find that the matter of conversion of leasehold land of BIC mills into freehold by the State Government of Uttar Pradesh is still in limbo despite several communications sent by Ministry of Textiles to the State Government. Despite the clearance given by BIFR, the Committee find no valid ground as to why the Government should refer the matter to BRPSE for assessment of viability of the BIC mills *de novo*. The Committee consider such exercise futile if the issue of land conversion is not resolved with the State Government in time. They, therefore, reiterate their earlier recommendation and desire that the matter be pursued conclusively with the State Government at the highest level to sort out all the outstanding issues at the earliest.

CHAPTER-II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl.No 1, Para 3.24)

The Committee note that the Budget Estimate of Rs.2500 for the year 2008-09 was revised to Rs.4092.32 crore at Revised Estimate stage. However, the Ministry had to surrender Rs.267.65 crore as unspent provisions. Asked to furnish the reasons for surrender of funds, the Ministry replied that a major portion of these unutilized funds was on account of the 10 percent mandatory allocation for the North Eastern Region. The Ministry stated that the funds could not be utilized as there was no demand for the schemes like TUFS, SITP, and TMC from the North Eastern Region mainly due to non feasibility, risk factor or law and order problems etc. with the result no expenditure could be incurred under these Schemes in North Eastern Region despite the best efforts. The Committee find that only two Seminars in 2006-07, two in 2007-08 and one each in 2008-09 and 2009-10 have been organized by the Ministry in North Eastern Region, and the participation of artisans/weavers has been limited to the States of Assam, Manipur, Mizoram, Tripura and Nagaland. Needless to say the number of seminars/workshops was far from adequate for spreading awareness about textile industry/schemes in the North Eastern Region where and for which purpose far greater and concerted efforts are required to be made. The Committee feel that so far the Ministry have not been able to develop proper infrastructure for planned growth of North Eastern Region as there is only one regional office of Textile Commissioner for implementing/monitoring the central schemes in the entire region. All these facts themselves speak volumes about the seriousness and the ability of the Ministry to promote textile growth in North Eastern Region. Taking

cognizance of the large availability of raw material for textile related activities and various kinds of crafts being manufactured in North Eastern Region since long, the Committee strongly recommend that the Ministry should, thoroughly re-examine the scope of textile growth in that part of the country keeping in view the national perspective of integrated and harmonious national development. Apparently, setting up of required number of regional offices of Textile Commissioner, DCs for Handlooms and Handicrafts, adequate number of raw material depots, training centers and conducting of adequate and periodic workshops/seminars/exposure events in North Eastern Region is overwhelming need of the hour. The Committee are quite optimistic that sustainable and inclusive growth will automatically bring peace and help maintaining social, economic and political harmony. The Committee also desire that model integrated textile parks be set up in North Eastern Region involving 100 percent funding by the Union Government. Participation of people in such parks should be kept open at later stages without fixing any minimum financial cap, so that even the artisans/weavers/textile workers who are working in very small capacity could come forward. Further, such initiation would lead to formation of entrepreneur groups who would be able to take over the textile parks from the Government in due course.

Reply of the Government

The suggestion of the Hon'ble Committee has been noted for compliance. The Ministry, during the XI Plan has taken a number of new initiatives such as training programmes for skill up-gradation and technical development, aggressive marketing efforts, reorganization of sick handloom units and taking up unique social security measures like providing Health Insurance and Life Insurance covers to handloom weavers and their families. However, as regards implementation of handlooms schemes in the NER, under Integrated Handloom Development Scheme, so far, 101 cluster projects and 104 Group Approach projects have been sanctioned. For the development of these projects, a sum of Rs.2654.00 crore has been released to various states and 55,799

weavers have been covered. Under Health Insurance Scheme also the coverage is 14,413 weavers and under Mahatma Gandhi Bunkar Bima Yojana, 44,061 lives have been covered till December, 2009. So far, 80 Yarn Depots have been set up in the NER to assure availability of yarn under the Mill Gate Price Scheme. Concerted efforts are being made to popularize handloom products all over the country and in accordance 164 National Handloom Expos/Special Expos and District Level Events and Export Projects have been sanctioned in the NER. These efforts indicate the Government's commitment to providing continuous support to the handloom sector.

Further, the Government has taken a view to encourage handloom weavers to get exposed to powerlooms. As a first step, the O/o the Textile Commissioner has conducted exposure visits of handloom weavers of the North Eastern Region to the developed clusters of powerloom like Ludhiana, Amritsar, Bangalore etc. During the year 2007-08 & 2008-09 exposure visit conducted from the North Eastern Region are as under.

Year	No. of weavers who participated in the exposure visit	From	Destination of visit
2007-08	20	Imphal & Guwahati	Bangalore & Mysore
2008-09	20	Guwahati	Ludhiana & Amritsar

During the current year more exposure visits from the North Eastern Region are proposed to be conducted. Organizing more seminars, awareness program long way in promoting new Powerloom units in the North Eastern Region

Apart from the exposure visits, the following seminars / workshops were conducted by the Regional O/o the Textile Commissioner, Kolkata in association with the State Government on the subject of TUFs awareness schemes:-

Year	No. of seminars/ workshops	Venue	Date	No. of participants (Approx.)
2006-07	2(Two)	Guwahati	18.12.2006	50
		Dimapur	12.02.2007	50
2007-08	2 (Two)	Agartala	20.04.2007	45
		Imphal	07.01.2008	75
2008-09	1 (One)	Aizwal	29.05.2008	80
2009-10	1 (One)	Guwahati	12.06.2009	160

The Regional Office of the Textile Commissioner, Kolkata has jurisdiction of North Eastern Region also. One powerloom service centre (PSC) is working under the administrative control of Indian Jute Industries Research Association (IJIRA) at Guwahati. Activities of PSC-Guwahati are also monitored by the Regional Office, Kolkata. Since the North Eastern Region mostly has handloom industries and very few mills and powerlooms, as and when the number of textile units (other than handlooms) increases, the proposal for creating additional Regional office of Textile Commissioner can be considered.

With respect to Handicrafts, the Office of the Development Commissioner (Handicrafts) has a well developed field formation in the country including in the states of North Eastern Region. Activities for the development of Handicrafts sector in the region are being coordinated and supervised by the Regional Office at Guwahati. Under the Administrative control of this Regional Office there is a Regional Design and Technical Development Centre

situated at Guwahati and there are nine Handicrafts Marketing and Services Extension Centre's (HM&SEC), in every state capital of North Eastern Region, for providing extension services to artisans in the region. Efforts are being made to extend the benefits of the schemes to the maximum number of artisans in the region. In this direction major projects executed during the year 2008-09 include 4 Raw Material Banks, 6 Museum, 3 Design Banks and 1 State Initiated Design Centre in different states of NER. In addition 107 design workshops/Integrated Design projects & 92 marketing events and sourcing shows have been organized during the year 2008-09. A number of awareness workshops have also been organized at different locations in the NER. The Scheme for Integrated Textile Parks is a demand driven scheme. Industry associations/ Groups of entrepreneurs are the main promoters of SITP. The primary objective of the SITP is to facilitate world class infrastructure for setting up textile units. This scheme was initially approved in the 10th Five Year Plan during which, assistance was provided @ 40 percent of the project cost subject to a ceiling of Rs.40 crore in general. However, no proposal from the North Eastern Region was received during the 10th Five Year Plan. Therefore, to attract project in the 11th Five Year Plan, it was decided that the Government of India support will be provided @ 90% of the project cost subject to a ceiling of Rs.40 crore for the first two projects in the states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Sikkim and Jammu & Kashmir. In spite of making the scheme so attractive, no textile park proposal was received from the North-East. Therefore, it seems that in order to set up textile parks in the North Eastern Region and make the scheme a success in the region, the State Governments need to provide more incentives to the entrepreneurs and grant necessary approvals i.e. land registration and other statutory clearances in time. Assistance under the scheme for North Eastern Region is already @90% and it may not be prudent to increase it to 100% as margin money of 10% by the SPV is necessary to ensure appropriate involvement towards successful implementation/operation of the project.

During 2008-09, there was a budget provision of Rs.8.00 crore for NER under Jute Technology Mission (JTM) which was fully utilized towards implementation of various schemes under Mini Mission III and IV. Special emphasis is being given and special promotional drives are being undertaken for implementation of developmental schemes in NER under JTM by Jute Manufactures Development Council and Jute Corporation of India Ltd.

(Ministry of Textiles O.M. No. 2/16/2009-Parl., dated 12 /04/2010)

(Please see para 7 of chapter 1)

Recommendation (Sl.No 3, Para 3.26)

The Committee finds that there is a huge variation in Budget Estimate and the actual expenditure during each of the first two years of XIth plan period. The reasons for huge variation in BE and actual expenditure during 2008-09 were attributed to non-payment towards voluntary retirement scheme of NJMC. The Committee feels that it is more due to poor planning and short-sightedness on the part of the Government. The Committee, therefore, desire the Government to adopt a more coherent and rational approach of forecasting the Budget Estimate for non-plan expenditure so as to avoid locking of precious financial resources and surrender of huge unutilized amounts at the end of the financial year.

Reply of the Government

The non-plan budget proposals are prepared after detailed discussion with the concerned Divisions. Thereafter, the non-plan budget estimates are discussed in detail with the officials of the Ministry of Finance. The progress of expenditure is also monitored regularly by the Secretary.

As per the decision of the Cabinet, VRS was notified in all the mills. The workmen have opted for VRS and all benefits have been released. The secured liabilities of NJMC have also been liquidated. Most of the statutory dues of NJMC have been settled as well, but the VRS package could not be implemented in respect of officers of NJMC. Hence, the funds were surrendered. The process of approval of Cabinet is under consideration of Minister. However, observations made by the Committee are noted for strict compliance in future.

(Ministry of Textiles O.M. No. 2/16/2009-Parl., dated 12/04/2010)

(Please see para 13 of chapter 1)

Recommendation (Sl.No 4, Para 3.27)

The Committee observe that India's total export growth of textiles and clothing during 2005, 2006, 2007 was 23.74 %, 8.42% and 4.37% respectively, whereas the share of China stood at 20.92%, 25.05% and 18.83% during the years 2005, 2006 and 2007. The Committee are of the view that apart from the steps already taken by the Government so far, issues like revision of duty draw back rates, upgradation of technology, proper exposure and study of domestic market and finding out new markets

worldwide for accelerating the textile exports should also be addressed to improve the economic health of the textile Industry. The Committee, therefore, strongly recommend that the components of Duty Draw Back Scheme should be reviewed with immediate effect and the rates as suggested by the representatives of the Industry should be considered and implemented without any further delay. Besides, there is urgent need for launching special drives to exploit untouched markets of EU and other textile demanding countries. The Committee also recommend that a separate study should be conducted to explore new potential in the domestic market. Further, efforts need be made to improve and upgrade the infrastructure base in areas of technology, design and training so that Indian Industry could stand up to global competitiveness.

Reply of the Government

The action taken is indicated below ad seriatim:

(i) The rates suggested by the representatives of the Industry were examined in the Ministry and the proposal was forwarded to Ministry of Finance to consider increase in the prevalent drawback rates of readymade garments. The Drawback Committee constituted for formulation of All Industry Rates of duty drawback for 2009-10 examined the proposal and observed that the data did not justify increase of rates. It was also observed by Ministry of Finance that due to global meltdown since 2009-10, the central excise duties of most of the goods has already been reduced from 14% to 8% during December, 2008 and February, 2009. This would have necessitated reduction of the drawback rates but due to the hardship faced by

the industry the Drawback Committee decided not to reduce but to retain the existing drawback rates.

(ii) Market Development Assistance (MDA) and Market Access Initiative (MAI) scheme with higher allocation is being provided to exploit untapped countries including EU. Apart from this, 26 new markets have been added under the Focus Market Scheme. These include 16 new markets in Latin America and 10 in Asia-Oceania. The incentive available under Focus Market Scheme (FMS) has also been raised from 2.5% to 3%. Market Linked Focus Product Scheme (MLFPS) has been greatly expanded by inclusion of products classified under as many as 153 ITC (HS) Codes at 4digit level. This covers textiles madeups, knitted and crocheted fabrics.

(iii) Efforts are being made to upgrade the infrastructure base in areas of Textiles and Jute technology through Technology Upgradation Fund Scheme (TUFS). The identified sectors under this scheme may avail concessional loans for their technology upgradation requirements. Investments in common infrastructure or facilities by an industry association, trust or co-operative society and other investments specified are also eligible for funding under the scheme. A total of Rs. 2699.81 Crore has been released under this scheme upto 31.01.2010 during the current financial year.

(iv) Efforts are also being made to improve the design and training through National Institute of Fashion Technology (NIFT), Sardar Vallabhbhai Patel Institute of Training and Management (SVPITM) and Apparel Training & Design Centre (ATDC). NIFT and SVPITM are premier Institutes of Design, Management and Technology; developing professionals for taking up leadership positions in fashion business in the emerging global scenario. ATDC

is conceptualized by AEPC to meet the industry's growing requirement for a steady supply of trained workforce and professionals with domain expertise especially in Apparel Manufacturing Technology.

(Ministry of Textiles O.M. No. 2/16/2009-Parl., dated 12/04/2010)

(Please see para 16 of chapter 1)

CHAPTER-III

**RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE
DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S
REPLY**

NIL

CHAPTER-IV**RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION****Recommendation (Sl.No 2, Para 3.25)**

The Committee note that during 2008-09 there was uneven expenditure during the four quarters of the year. The financial rules of the Government clearly stipulate the spreading of expenditure evenly over the four quarters and bar the undue utilization of funds in the last quarter of the year. The Committee are least convinced with the reply of the Ministry that the release of funds in large tranches under TUFs at certain points of time, as and when bank furnish the bills, is the main reason for increased total expenditure in the first and fourth quarter. The Committee are seriously concerned since the uneven pace of expenditure, particularly rush of expenditure towards the last financial quarter, directly affects the proper and effective implementation of developmental and welfare schemes and consequently the growth of the entire sector is hampered. The Committee, therefore, recommend that all the Banks/lending agencies should be advised to forward the bills on quarterly basis. The Committee further desire that in order to ensure proper distribution and utilization of the allocated funds, there should be a monitoring Committee headed by the Secretary of the Ministry and which should meet at least once in a month to ensure strict compliance of the laid down norms/guidelines in this regard

Reply of the Government

The suggestion of the Hon'ble Committee has been noted for compliance. Concerted efforts are being made to fully utilize plan funds and also to spread the expenditure evenly over the four quarters through regular monitoring of performance and expenditure. There were lumpy releases in the past due to reasons given below:

- The cut-off dates have been prescribed under TUFS by reconstituted IMSC in its 1st meeting held on 19th Jan., 2009. Accordingly, the cases sanctioned before 31.03.2007 are to be covered in the quarter ending Dec., 2008, the cases sanctioned during the period 1st April 2007 to 31st March 2008 are to be covered in the quarter ending June, 2009 and the cases sanctioned on or after 1st April, 2008 are to be covered within one year of date of sanction of loan. To meet these deadlines the lending agencies were covering their previous cases.
- The erstwhile TUFS was getting over by 31.03.2007, therefore, maximum units got their loans sanctioned during the year 2006-07. All these cases were coming for subsidy .

Further, the requirement of funds has increased as the capital subsidy of 10% has been provided for technical textiles and garmenting machinery, in addition to processing machinery w.e.f. 01.04.2007.

As per the norms under TUFS, Formats I to III have been devised to be submitted every quarter by all primary Nodal Agencies / Nodal Banks / Co-opted PLIs for working out bank-wise, unit-wise subsidy requirement.

Regular scheme-wise monitoring of expenditure is being done and also reviewed by Secretary (Textiles) in the weekly meetings of Senior Officers' (SOM) of the Ministry. Such a monitoring system vis-à-vis the budget outlays helps in visualizing gaps and making timely efforts towards ensuring full utilization of allocated funds/outlays.

(Ministry of Textiles O.M. No. 2/16/2009-Parl., dated 12/04/2010)

(Please see para 10 of chapter 1)

Recommendation (Sl.No. 5, Para 3.28)

The Committee find that as many as 1969 utilization certificates are outstanding as on 31st March, 2009 involving an amount of Rs.16,259.85 lakhs. When enquired about the concrete action taken in the matter, the Ministry replied that the concerned organizations/agencies were not responding to the communications sent to their addresses. The Committee deplore such an approach of helplessness and therefore, recommend that the guidelines for disbursement of funds to NGOs and other private organizations should be reviewed afresh and strict norms should be followed for selecting such agencies after due verification. The factors like the infrastructural base, financial position, past performance, availability of manpower etc. with the organization should be taken into consideration before their selection. The Committee also desire that efforts should be made to get the outstanding Utilization Certificates liquidated urgently and strenuous action should be taken against the defaulting agencies/organizations including black- listing them.

Reply of the Government

As on 31st March, 2009, there were 1969 Utilization Certificates amounting to Rs.162.60 crore outstanding. However, as on 31st December, 2009, the pending Utilization Certificates have been reduced to 1513 amounting to Rs.127.30 crore. However, the observation made by the Committee is noted for strict compliance. O/o the DC (Handloom) and DC (Handicrafts), with whom most of these UCs are pending, have been instructed accordingly.

(Ministry of Textiles O.M. No. 2/16/2009-Parl., dated 12/04/2010)

(Please see para 19 of chapter 1)

Recommendation (Sl.No. 6, Para 3.37)

The Committee observe that the rigid and impractical eligibility criteria laid down under TWRFS have deprived maximum number of workers of the much needed benefits of the Scheme. The Committee are at loss to understand the very purpose of implementing this Scheme with such a low wage ceiling of Rs.2500 per month or less for the mills closed between 6 June, 1985 and 1 April 1993 and Rs. 3500 or less for those closed thereafter. The Committee are of the opinion that the welfare scheme should have been so designed to cover all jobless workers irrespective of their past wage/salary or any such factor relating to their previous job. The Committee, while considering the matter to be of paramount importance, strongly recommend that the aforesaid wage ceilings should be waived off and all the workers of the closed mills should be covered under the Scheme.

Reply of the Government

The TWRFS was commissioned w.e.f. 15.9.1986. The workers engaged in a closed textile unit on the date of its closure continuously for five years or more and earning a wage equivalent of Rs. 1600/- per month or less and having been on the records of the Regional Provident Fund Commissioner of the State concerned is entitled to get relief under the Scheme.

The Scheme was modified by the CCEA in its meeting held on 12.8.1992 as follows: -

1. The Scheme was made applicable to cases of partial closure on a case-to-case basis, where an uneconomic activity had been closed down and the rest of the mill was in operation.
2. The wage ceiling was enhanced from Rs. 1600/- per month to Rs. 2500/- per month.

The Scheme was further modified by the CCEA in its meeting held on 05.02.2002 enhancing the wage ceiling from Rs.2500/- per month to Rs. 3500/- per month and the enhanced ceiling was made applicable to the eligible textile units which were closed on or after the date of the CCEA decision.

(Ministry of Textiles O.M. No. 2/16/2009-Parl., dated 12/04/2010)

(Please see para 22 of chapter 1)

Recommendation (Sl.No. 7, Para 3.38)

The Committee are deeply concerned to note that 2610 workers of 59 Mills, which were closed during the last 3 years, have not received any relief under Textile Workers Relief Fund Scheme. The Committee take a serious view of such a sorry state of affairs as the very purpose of the TWRFS is defeated due to such inordinate delay in providing relief to the workers. The Committee strongly feel that the closure of the Mills to enable them to run their families without difficulty while switching over to a new job or for making alternate arrangement for livelihood. The Committee, therefore, recommend that guidelines of the TWRFS should be modified.

Reply of the Government

As stated in the above para, that though 271 number of mills are lying closed in the country, as on 31-12-2009 with 117914 workers. But these mills do not fulfill the eligibility criteria under the Scheme. The CCEA Proposal moved by this Ministry which addresses the issues raised by the Standing Committee could not get the concurrence of Finance Ministry.

(Ministry of Textiles O.M. No. 2/16/2009-Parl., dated 12/04/2010)

(Please see para 25 of chapter 1)

Recommendation (Sl.No. 9 Para 3.47)

The Committee observe that the TUFSS is virtually a non-starter in the North Eastern States. Since the year 2005-06, not even a single paisa has been spent under the Scheme in North-Eastern States of the country. Such a lopsided approach constitutes a sad reflection on the planning of the Government, to say the least. Surprisingly, the Government propose to get exemption from the compulsory allocation of 10% funds of the total B.E. to NER under the Scheme stating that there is no demand from that region. The Committee outright reject such an approach as this will only discourage the artisans/ weavers working there. The Committee, therefore, recommend that imaginative and concrete steps should be taken to popularize the Scheme in that region.

Reply of the Government

The Regional Offices of the Textile Commissioner, Ministry of Textiles has conducted various awareness programmes, campaigns, workshops, seminars, training programme for popularizing the TUFSS in the NER. A seminar/workshop was organised in Guwahati on 12th June 2009. Total 160 no. of entrepreneurs from various parts of North-Eastern region participated in this seminar. Some of the entrepreneurs specially from Imphal came forward to set-up new Automatic/Semi Automatic powerloom units in this region. In total 6 (six) seminars/workshops were organized in different parts of North-East region like Dimapur Agartala Imphal, Aizwal, 2 times (2006-07 and 2009-10) at Guwahati in association with concern State Government Authority in order to boost the Govt. Schemes in this region since the year 2006-07. In the day to day activities, technical supports and other required assistances are being extended to Powerloom Service Centre-Indian Jute Industries' Research Association, Guwahati for the growth of textile industries in North-East region. In addition, Joint Secretary has

written to Chief Secretaries of NER State for creating congenial atmosphere and popularize the Scheme for development of textile industries in NER.

(Ministry of Textiles O.M. No. 2/16/2009-Parl., dated 12/04/2010)

(Please see para 31 of chapter 1)

Recommendation (Sl.No. 12 Para 3.64)

The Committee note that 12 viable mills which were earlier due for modernization have been dropped since most of the employees of these mills opted for Voluntary Retirement Scheme and also due to paucity of funds. The Committee are distressed to note that these mills have been left out of the modernization process despite the fact that these were viable units and there was scope of modernizing them. The Committee strongly recommend the Government to review its decision and take steps to revive these 12 mills.

Reply of the Government

Because of shortage of funds it is very difficult to revive these 12 mills. Due to the recession in the real estate market funds could not be generated from sale of surplus assets as either the earlier projects in hand i.e. 3 new Green field mills are also being delayed due to shortage of funds. NTC is managing to complete the in hand projects by borrowing / loans from financial institutions .Therefore, at this juncture revival of these 12 mills is very difficult.

(Ministry of Textiles O.M. No. 2/16/2009-Parl., dated 12/04/2010)

(Please see para 37 of chapter 1)

CHAPTER-V**RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH
REPLIES OF THE GOVERNMENT ARE INTERIM IN NATURE****Recommendation (Sl.No. 8 Para 3.46)**

The Committee find that still there is a requirement of Rs. 1884 crore for settlement of claims during the current financial year under the Scheme and the budgetary allocation of Rs. 2890 crore appears to be inadequate to clear the dues. The Committee, while taking cognizance of the fact that results of the Scheme are encouraging, recommend that the matter should be taken up with the Ministry of Finance to allocate estimated funds required under the Scheme to clear the backlog and ensure its smooth functioning.

Reply of the Government

Ministry has proposed an allocation of Rs.3600.00 Crore under TUFs for the year 2010-11.

(Ministry of Textiles O.M. No. 2/16/2009-Parl., dated 12/04/2010)

(Please see para 28 of chapter 1)

Recommendation (Sl.No. 10 Para 3.54)

The Committee express their concern over the slow progress of setting up of a Fashion hub in Delhi as the identified land is yet to be allotted and the amount of Rs. 1 crore allocated under the said scheme during each of the last three years has remained unutilized. The Committee, therefore, strongly recommend that the whole process needs to be reviewed on an urgent basis and the departments/agencies involved, should be asked to expedite the completion of all procedural formalities and provide necessary approval without any further delay. The Committee further recommend that land for setting up of Fashion hubs in other States also should be identified so that local artisans, weavers and crafts persons and other skilled textile workers are able to showcase and market their products locally as also all over the country.

Reply of the Government

Fashion Hub is one of the new initiatives emanating from the Union Budget of 2007-08. Fashion Hub is one of the six new schemes of Ministry of Textiles with a total outlay of Rs.229.00 cr. for the 11th Five year Plan (2007-12). The scheme envisages setting up of Fashion Hub in the country to serve as single stop fashion business point, developing production and design studios for commercial purposes including accessories required in Textiles.

A concept paper was prepared and submitted by the National Institute of Fashion Technology (NIFT) and by the Export Promotion Council of Handicrafts (EPCH). The concept paper⁴ covers a range of issues relating to the development and establishment of a Fashion Hub/Fashion Market Centre. Following decisions have been a meeting by Secretary (T) with JS and DG, NIFT.

- (i) On the basis of the proposals received from NIFT as well as EPCH, it was decided to send a proposal for allotment of land to the Urban Development Ministry;
- (ii) To hire a consultant to make a study on the feasibility of the project for establishing a Fashion Hub based on India Habitat Centre Model.

Only token money of Rs.1.00 cr. has been allocated during the last three years i.e. 2007-08, 2008-09 and 2009-10. Since land has not yet been allotted and no Consultant has been hired so far to make a study for establishing a Fashion Hub, therefore, no amount has been utilized till date.

After concerted efforts of the Ministry of Textiles, finally DDA responded to the request of the Ministry and informed that it has identified a piece of 10 acres of land in IGNOU Campus in Maidan Garhi for allotment to the Ministry for Fashion Hub. It further informed that the cost of land will be decided in consultation with Finance Division and the MOUD and is likely to be on the pattern of land allotted to the Ministry of Textiles for setting up National Craft Complex in Vasant Kunj. Formal allotment letter would be issued only after completing the statutory process of change of land use by DDA.

In order to expedite the establishment of Fashion Hub, with the approval of Secretary (Textiles) a Core Advisory Group had been constituted under the chairmanship of Director General, NIFT to suggest the terms of reference, eligibility criteria for selection of a consultant. The advisory Group has submitted its report and the same is being examined.

(Ministry of Textiles O.M. No. 2/16/2009-Parl., dated 12/04/2010)

Recommendation (Sl.No. 11 Para 3.55)

The Committee also urge upon the Government to set up NIFT centres throughout the country, particularly in the NER, J&K, Himachal and Uttrakhand so that apart from providing infrastructural base and promoting textile industry there, the interested students are able to study within their vicinity. The Committee desire that urgent steps should be taken to move the proposal in this regard and the whole exercise should be completed expeditiously but positively within the ensuing financial year.

Reply of the Government**NIFT Centre in Meghalaya (Shillong):**

NIFT Shillong Centre became operational from academic year 2008 with 2 programmes - B. Des. (Fashion Design) & B.Des. (Accessory Design) from a temporary accommodation in the old NEIGHRIHMS Campus which has been renovated. The Centre has well equipped lecture rooms, design studios, resource centre, activity Centres and hostels and the Centre is working in full swing.

NIFT Centre in Kangra (Himachal Pradesh):

The Centre at NIFT Kangra became operational from August, 2009 with following five courses:

- i. Fashion Design
- ii. Fashion communication
- iii. Accessory Design
- iv. Textile Design
- v. Fashion Technology

The Centre has well equipped lecture rooms, design studios, resource centre, activity Centres and hostels etc.

It is proposed to set up a “Centre for Apparel & Textile Studies (CATS)” to offer PHD/ Faculty Training Programs at Kangra also.

Proposal for Setting up of NIFT Centre in J & K (Budgam):

Proposal for setting up of a NIFT Centre in J&K was received in response to letter of HMOT to Chief Minister of J&K.

Chief minister of J&K vide his letter dated 25.08.2009 intimated that the State Government has identified land measuring 10 acres at Budgam and the funds required for infrastructure have also been earmarked. It was also informed that Industries and Commerce Department of the State Government has been nominated as the nodal department for the Project.

Accordingly, vide letter dated 31.08.2009, Principal Secretary and Commerce was requested to indicate some convenient dates for the visit for preliminary discussion on the issues involved. Subsequently, a visit on 22nd & 23rd October, 2009 was undertaken to Srinagar by DG NIFT to check the site being offered by the State Government for NIFT Srinagar. However, the site for the temporary centre was not found suitable.

Principal Secretary Industry & Commerce, J&K vide letter dt. 28/10/09 was requested to demarcate the 10 acres of land next to the Navodaya Vidyalaya in Budgam and was also requested to forward a copy of demarcation and the proposed road enabling NIFT to take a final decision and for the temporary centre, it was informed that 16-20 thousand sq. ft. of useable area for the academic block would be required. In addition to this, a suitable hostel accommodation for boys and girls (separate hostel & separate building) and faculty accommodation would also be needed.

The State Government of J&K has identified some structures for setting up of a temporary Campus. As agreed with State Government officials, the site visit has been scheduled on 22nd February, 2010 at Srinagar, when the suitability of the structures

for setting up of a temporary Campus will be assessed. A final decision will be taken thereafter.

Principal Secretary, J&K has informed that the proposal for formal approval of setting up of NIFT Centre is pending for Cabinet approval.

The Principal Secretary of J&K has telephonically asked NIFT to issue EOI for selection of Architects for permanent Centre and the same shall be done shortly.

Proposal for Setting up of NIFT Centre in Uttrakhand

No such proposal for setting up of NIFT Centre in Uttrakhand has been received from the State Govt. of Uttrakhand.

(Ministry of Textiles O.M. No. 2/16/2009-Parl., dated 12/04/2010)

(Please see para 34 of chapter 1)

Recommendation (Sl.No. 13 Para 3.69)

The Committee note that a techno-economic viability study of BIC is being done through the Wool Research Association. After receipt of the study Report, a proposal will be submitted for consideration of the Board for Reconstruction of Public Sector Enterprises (BRPSE) and, thereafter, approval of the Cabinet will be required. The Committee find that the long pending issue of conversion of land by State Government of Uttar Pradesh has not made any visible headway till date and, without which the whole exercise, which is being carried out, would prove futile. The Committee, therefore, strongly recommends that the matter should be taken up with the State Government at highest level and be vigorously pursued further till it fructifies. They further desire that

the aforesaid ongoing study needs to be completed within the current financial year. The progress made in this regard should be intimated to the committee within three months.

Reply of the Government

The issue of grant of permission of state Govt. of U.P. on sale/ conversion of BIC/subsidiaries land is pending since long despite vigorous efforts made by Ministry/Company. The matter had been taken up at various levels in the state Govt. A DO letter from Minister of Textiles to Chief Minister of UP Govt. has been issued on 6.1.2010 (copy enclosed). The Wool Research Association has completed the study and submitted their report on 18.12.2009. The financial para-meters will be assessed by Industrial Finance Corporation of India (IFCI) to whom the report has been sent and is expected to be completed by end of January 2010 after which a note to BRPSE will be sent.

(Ministry of Textiles O.M. No. 2/16/2009-Parl., dated 12/04/2010)

(Please see para 40 of chapter 1)

New Delhi;
3 May, 2010
13 Vaisakha, 1932 (Saka)

HEMANAND BISWAL
CHAIRMAN
STANDING COMMITTEE ON LABOUR

**MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON
LABOUR HELD ON 5TH MAY, 2010.**

The Committee met from 1500 hrs. to 1600 hrs in Room No. 116, First Floor, Parliament House Annexe, New Delhi to consider and adopt draft Action Taken Report on recommendations/observations contained in their Fourth Report on Demands for Grants for the year 2009-10 of Ministry of Textiles.

PRESENT

Shri Hemanand Biswal – CHAIRMAN

**MEMBERS
LOK SABHA**

2. Shri K. Murugesan Anandan
2. Shri P. Balram
3. Shri Shafiqur Rahman Barq
4. Shri Sudarshan Bhagat
5. Shri Hassan Khan
6. Shri Kaushalendra Kumar
7. Shri P. Lingam
8. Smt. Mausam Noor
9. Shri Mahendra Kumar Roy
10. Shri Chandu Lal Sahu
11. Shri Paban Singh Ghatowar

RAJYA SABHA

12. Shri Rudra Narayan Pany
13. Shri Rajaram
14. Smt. Renubala Pradhan
15. Shri G.N. Ratanpuri

SECRETARIAT

1. Shri Devender Singh - Joint Secretary
2. Shri B.S. Dahiya - Director
3. Shri Ashok Sajwan - Additional Director

2. At the outset, the Chairman welcomed the Members and apprised them about the draft Action Taken Report on recommendations/observations contained in their Fourth Report on Demands for Grants for the year 2009-10 of Ministry of Textiles.

3. The Committee took up the draft Report for consideration. After detailed deliberations, the Committee adopted the draft Report without any modification.

4. The Committee then authorized the Chairman to finalise the Report and to present the same to both the Houses of Parliament.

The Committee then adjourned.

APPENDIX-II**(Vide Para No. 3 of the Introduction)****ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON
RECOMMENDATIONS CONTAINED IN THE THIRTY-THIRD REPORT OF
THE STANDING COMMITTEE ON LABOUR (FOURTEENTH LOK SABHA)**

	Total	Percentage
I. Total number of Recommendations	13	
II. Recommendations/Observations which have been accepted by Government (Sl. Nos.1,3 and 4)	3	7.70
III. Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies-NIL	NIL	NIL
IV. Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee and which requires reiteration-(Sl. Nos. 2, 5,6,7,9 and 12)	7	61.54
V. Recommendations/Observations in respect of which final replies of Government are of interim in nature (Sl. Nos. 8,10, 11 and 13)	4	30.76
		----- 100% -----