15

STANDING COMMITTEE ON LABOUR

(2010-2011)

FIFTEENTH LOK SABHA

MINISTRY OF TEXTILES

[Action taken by the Government on the Recommendations/Observations contained in the Eleventh Report of the Standing Committee on Labour on Demands for Grants for the year 2010-11]

FIFTEENTH REPORT

LOK SABHA SECRETARIAT

NEW DELHI

March, 2011/Phalguna, 1932 (Saka)

FIFTEENTH REPORT

STANDING COMMITTEE ON LABOUR

(2010-2011)

(FIFTEENTH LOK SABHA)

MINISTRY OF TEXTILES

[Action taken by the Government on the Recommendations/Observations contained in the Eleventh Report of the Standing Committee on Labour on Demands for Grants for the year 2010-11]

Presented to Lok Sabha on 8th March, 2011

Laid in Rajya Sabha on 8th March, 2011

LOK SABHA SECRETARIAT

NEW DELHI

March, 2011/Phalguna,1932 (Saka)

CONTENTS

COMPOSITION OF THE STANDING COMMITTEE ON LABOUR (2010-11)

SHRI HEMANAND BISWAL - CHAIRMAN

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

RAJYA SABHA

22. Shri Aayanur Manjunatha
23. Dr. E.M. Sudarsana Natchiappan
24. Shri Rudra Narayan Pany
25. Smt. Renubala Pradhan
26. Shri Rajaram
27. Shri Praveen Rashtrapal
*28. Shri Swapan Sadhan Bose
*29. Shri G.N. Ratanpuri
*30. Shri Ranbir Singh Parjapati
31. Vacant

---

* Nominated *w.e.f* 21st September, 2010

** Change in nomination from Committee on Labour to Committee on Petroleum and Natural Gas *w.e.f* 8th December, 2010

*** Nominated *w.e.f* 8th December, 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 Fifteenth Report on the action taken by the Government on the recommendations contained in the Eleventh Report of the Standing Committee on Labour (Fifteenth Lok Sabha) on Demands for Grants for the year 2010-11 of the Ministry of Textiles.

2. The Eleventh Report was presented to Lok Sabha and also laid in Rajya Sabha on 22.4.2010. The Ministry of Textiles furnished their replies indicating action taken on the recommendations contained in that Report on 11.8.2010. The Report was considered and adopted by the Standing Committee on Labour at their sitting held on 09.12.2010.

3. An analysis of the action taken by Government on the recommendations contained in the Eleventh 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;	**HEMANAND BISWAL,**
9 December, 2010	***CHAIRMAN,***
Agrahayana , 1932 (Saka)	***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 Eleventh Report on Demands for Grants for the year 2010-11 of the Ministry of Textiles.

2.The Eleventh Report was presented to Lok Sabha, and also laid in Rajya Sabha, on 22.04.2010. The Report contained 22 recommendations. Replies of Government in respect of all the recommendations have been received and categorized as under:-

(i) Recommendations/Observations which have been accepted by the Government--Paragraph Sl. No. 1,2,3,4,5,6,7,14,18 and 21. (Total =10)

(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. 8, 10,12, 15,16 and 20. (Total=6)

(iv) Recommendations/Observations in respect of which replies of the Government are interim in nature--Paragraph Sl. Nos. 9,11,13,17,19 and 22. (Total=6)

3. The Committee desire that action taken notes in respect of the 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 TUF Scheme in North-Eastern Region

Recommendation(Sl. No.8, Para 3.41)

5. The Committee had recommended that in order to popularize TUF Scheme in North-Eastern Region the Ministry should first check the continuous closure of powerloom units in that part by expanding its infrastructure there by providing sufficient raw material, uninterrupted power supply and dissemination of technology to them. Further, a clear cut strategy be chalked out for spreading awareness about the Scheme in the region including adequate number of seminars/workshops and exposure visits. Besides, efforts also be made to reach the maximum number of stakeholders and encourage them to take part in the exposure visits. The Committee further recommended that the current slabs under the Scheme be further relaxed till the time the Scheme gains momentum in North-Eastern region.

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

`A proposal is under consideration to start a new Powerloom Service Centre (PSC) to facilitate growth of the Powerloom Sector in NER and popularizing powerloom schemes and TUFS. In association with the concerned State Governments and local textile Associations efforts will be made to popularise the various Government of India schemes particularly, TUFS, powerloom schemes. Further it is also proposed to conduct four programmes/seminar/workshop during the current year, one each per quarter in different areas of NER. Already one seminar / workshop has been conducted on 13.5.2010 at Guwahati.'

7. **The Committee find that in order to popularize TUF Scheme in North Eastern Region, Government propose to start a new powerloom service centre there to facilitate growth of powerloom sector. Further, four seminars/workshops are proposed to be organized every year for the purpose. The Committee consider these efforts far from adequate for effective implementation of TUF Scheme in North-Eastern Region. The Committee are of the view that merely conducting of these programmes and setting up of a Powerloom Service Centre will not yield the desired results unless the components**

of the Scheme are made attractive for the small scale entrepreneurs of North Eastern Region. The Committee, therefore, reiterate their earlier recommendation and urge the Government to suitably amend/restructure the parameters of the TUF Scheme for North-Eastern Region so that it could make some headway there. The Committee also stress the need for deciding the venue of all the programmes/events in the very beginning of each year besides giving adequate publicity in the local press and electronic media about such events and programmes.

B. Fashion Hubs

Recommendation (Sl. No. 10, Para - 3.50)

8. The Committee while observing that implementation of the fashion hub scheme had been delayed due to several procedural wrangling had recommended that all the departments/agencies involved in the matter be asked to work in tandem and complete all the procedural formalities in a time bound manner. It was also urged upon the Government to identify land in other States also for setting up of fashion hubs and complete all the administrative, technical and other procedural formalities well in advance so that the scheme may come up simultaneously in other parts of the country which will facilitate local artisans, weavers and other skilled textile workers to showcase and market their products there. The States without such hubs may be accorded priority considering the utility and scope of such hubs in these States.

9. In their action taken reply furnished to the Committee, the Ministry stated as under:-

> `After concerted efforts of the Ministry of Textiles, DDA has identified 10 acres of land in Maidan Garhi for Fashion Hub. DDA informed that the cost of land will be decided in consultation with Finance Division and the MOUD. Formal allotment letter would be issued only after completing the statutory process of change of land use by DDA.

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.

Following the observations/recommendations made by the Parliamentary Standing Committee on Labour in its meeting held on 29.3.2010, terms of reference/eligibility criteria for appointment of consultant are being finalized. Ministry has also written to DDA to intimate the progress in the matter relating to allotment of land.'

10. The Committee find that the proposed fashion hub in Maidan Garhi Delhi remains at conceptual stage as the statutory process of change of land use, acquisition of land, finalization of terms of reference for consultants etc. would take considerably long time. The inordinate delay in setting of the Fashion Hub in Delhi betray sheer lack of coordination among the Ministry of Textiles, Ministry of Urban Development and Delhi Development Authority. Surprisingly, the recommendation of the Committee regarding setting up of Fashion Hubs in other parts of the country finds no place in the action taken reply furnished by the Ministry. The Committee, therefore, reiterate that the issue of identifying

land for setting up of fashion hubs in other parts of the country be taken up with all the State Governments at the earliest.

C. <u>Need to provide working capital to New Egerton Woollen Mills, Dhariwal</u>

<u>Recommendation (Sl. No. 12 Para - 3.61)</u>

11. The Committee had urged the Ministry to take up the matter of providing working capital to Egerton Woollen Mills, Dhariwal, with the Ministry of Finance so that production activities in this viable unit, with the popular brand name of `Dhariwal Wool' be started at the earliest.

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

> `Revival proposal of BIC Ltd. includes both the sick units of the Company (Cawnpore Woollen Mills Branch, Kanpur and New Egerton Woollen Mills Branch, Dhariwal) . A provision of Rs.44 crore has been included against additional working capital/contingency in this scheme. After getting the approval of BRPSE / Cabinet on the proposed revival plan of BIC Ltd., the matter will be taken up with the Ministry of Finance for making necessary budget provision. On availability of budget provision, the requisite fund/ working capital would be released to BIC Ltd. for the purpose.'

13. **The Committee are disheartened to note that in spite of taking immediate and corrective action in pursuance of the Committee's recommendation for providing the required working capital to new Egerton Woollen Mills, Dhariwal, a viable unit, to ensure continuity of production activities there, the Government has treated this unit at par with other sick units of the company. In Committee's view such an approach will only lead to closure of a viable unit like Egerton Woollen Mills. The Committee deplore such an inert approach on the part of the Government and reiterate that the Government extend adequate budgetary support to the new Egerton Woollen Mills in the next budgetary grant.**

D. Powerloom Sector

Recommendation (Sl. No. 15, Para - 3.85)

14. The Committee, considering the weak financial capacities of the powerloom sector entrepreneurs, had recommended that instead of equating the modernization of sick powerloom sector with the huge mill sector where entrepreneurs are equipped with greater financial potential, an integrated scheme be specifically formulated for the powerloom unit holders so that they could come forward to timely modernize their units and are not forced to go for closure for want of required funds.

15. In their action taken reply furnished to the Committee, the Ministry stated as under:-

> `Ministry of Textiles, Government of India has formulated an Integrated scheme for Powerloom Sector Development since 2007-08 in addition to the capital subsidy of 20% MMS/15% MMS and 5% Interest reimbursement already in operation under TUFS for Modernization of Powerloom sector. Taking into consideration of shortage of margin money , weak financial capacity, the banks / financial institutions are providing bridge loan against the own contributions to be brought by the individual owners. Under Integrated Scheme for powerloom sector development following activities/ programmes are being conducted for powerloom sector development with Govt. assistance/fund-

1. Marketing Development Programme - organizing buyer-seller meet, seminar/ workshops, awareness programmes, print publicity etc.

2. Exposure visits for powerloom weavers from low level of technology to higher level of technology area for knowledge about production of fabrics and higher rate of production and diversification of the product.
3. Powerloom Cluster Development
4. Development and Up-gradation of Skills (HRD) – Powerloom weavers/Entrepreneurs are being provided training in Poweloom service Centres on machine and equipments provided by the Government.
5. Under the said scheme, Government is providing machines and equipments to powerloom service centres situated in different part of the Country for providing the services to powerloom cluster.'

16. **The Committee are constrained to note that the Government out of 5.03 lakh powerloom units, only 2583 units have availed the subsidy being provided under the 20% credit linked capital subsidy scheme (CLCSS). Obviously, the much acclaimed signature scheme of the Government for modernization of sick powerloom sector is ill structured to attain the intended objective. The 5% interest reimbursement under Technology Upgradation Fund Scheme (TUFS) has also failed to serve as incentive to entrepreneurs of smaller financial capacity in powerloom sector. The Committee strongly feel that putting the sick powerloom sector at par with the huge mill sector while formulating and implementing developmental schemes is totally unjustified and will only lead**

to further deterioration of the powerloom sector. The Committee, therefore, reiterate their earlier recommendation that an Integrated Scheme be formulated specifically for the promotion and modernization of powerloom sector. The issues like, financial health, cost input, availability of raw material, affordability of power tariffs, improved technological needs, output of finished goods in the market etc. be taken into consideration while formulating such a Scheme.

E. Need to organise powerloom weavers

Recommendation (Sl. No. 16, Para - 3.86)

17. The Committee, had urged the Government to chalk out a well planned strategy to form Powerloom Cooperatives/Societies/Clusters in all the centralised zones of powerloom units in a time bound manner by educating and spreading awareness among the stakeholders/entrepreneurs about the benefits of such group formations. Such a step will not only enable the Government to disseminate benefits of various developmental and welfare schemes in a cohesive and assured manner but will also help in ensuring sustainable and inclusive growth of entire powerloom sector in the country.

18. In their action taken reply furnished to the Committee, the Ministry stated as under:-

> `The Regional Offices and Powerloom services Centres are conducting seminars/workshops all over the country for creating awareness about benefits of schemes and technology among the powerloom entrepreneurs/units and advising the entrepreneurs/powerloom units to be organized in a group / association/ co-operative societies to avail the benefits of the schemes. In these efforts, the powerloom entrepreneurs have been organized in groups to take the benefit of schemes and till date, 33 Group Work sheds have been approved under Group Work-shed Scheme to set up the powerloom units in the Groups.'

19. **The Committee are deeply concerned to note that the efforts made by the Government to organize the decentralized powerloom weavers into cooperatives/ clusters/self-help groups have not paid the desired dividend as merely 33 group work-sheds have been approved under the Group Work-shed Scheme. The Committee strongly feel that there is an urgent need to bring maximum number of powerloom weavers under cooperative fold so as to extend the benefits of Government schemes in a more effective and coherent manner to them. The Committee, therefore, reiterate their earlier recommendation and impress upon the Government to review the implementation of Group Work-shed Scheme and fix realistic targets under it so as to accelerate the coverage of powerloom weavers under it.**

F. HANDLOOM WEAVERS' COMPREHENSIVE WELFARE SCHEME

Recommendation (Sl. No. 20, Para - 3.122)

20. The Committee had recommended that the critical illness cover be extended to handloom weavers and the ceiling of Rs.15,000 per annum, per family also be enhanced to atleast Rs.50,000 without any further delay.

21. In their action taken reply furnished to the Committee, the Ministry stated as under:-

> `1. The proposal for covering Critical Illness was placed before EFC on 5.7.2007 while considering the Handloom Weavers' Comprehensive Welfare Scheme.
>
> 2. EFC opined that this could be covered under the new scheme to be launched by LIC. Accordingly, the present Health Insurance Scheme as approved by CCEA, does not contain any provision for covering Critical Illnesses as a stand alone category. However, Critical Illnesses are covered as a part of the existing overall Health Insurance coverage of Rs.15,000 per annum.
>
> 3. LIC vide their letter dated 5.3.2008 quoted the premium for Critical Illness rider @ Rs.8/- to Rs.10/- per thousand. Moreover the premium was to be fully paid by the Ministry for all the weavers covered under the Health Insurance Scheme.
>
> Since the above quoted premium was on the higher side, the LIC was requested to reconsider their quotes vide this office letter dated 26.3.2008 and offer a negotiated price.

1. LIC vide their letter dated 6.5.2008 revised the quote and cited the rates for the Critical Illness rider premium @ Rs.4 per thousand for a maximum cover of Rs.30,000 with the caveat that in case of claim over premium, the loss will be made good by the Ministry. Such a caveat is contrary to insurance principles.

2. The additional financial implication for providing Critical Illness cover of Rs.30,000 to the handloom weavers at the above cited rates will be as follows:-

Year	No. of weavers to be covered for Rs.30,000	Amount required for premium @ Rs.10/- % 0 @ Rs.300 per weaver	Amount required for premium @ Rs.8/- % 0 @ Rs.240 per weaver
2010-11	16 lakh	Rs.48.00 cr	Rs.38.40 cr
2011-12	18 lakh	Rs.54.00 cr	Rs.43.20 cr
Total	**34 lakh**	Rs.102.00 cr	Rs.81.60 cr

1. Thus the additional financial implication for the premium quoted by the LIC was very high, keeping in mind that the total allocation for Health Insurance Scheme was only Rs.102 crore in 2008-09 and Rs.115 crore in 2009-10.

2. Meanwhile, the Standing Committee on Labour recommended that critical illness cover should be included in the existing Health Insurance Scheme only.

3. Therefore, tentative estimates for Critical Illness cover upto Rs.50,000 to Rs.75,000 were called for from the insurance companies as follows:-

- Critical Illness cover of Rs.50,000/- per weaver
- Critical Illness cover of Rs.75,000/- per weaver
- Critical Illness cover of Rs.50,000/- per family
- Critical Illness cover of Rs.75,000/- per family

4. The quotations received from the Insurance Companies also were on the much higher side and would have required large additional funds. Therefore, addition of the Critical Illness cover in the present Health Insurance Scheme would require modifications and substantial funds.

5. Hence, the proposal for a new insurance product for covering the Critical Illness through a scheme of LIC is not found feasible due to the following reasons:-

a) The funds required would be to the tune of Rs.81 crore to Rs.102 crore. It would not be feasible to provide this extra cost in the outlay allocated for the ongoing Health Insurance Schemes. If the component of Critical Illness is to be included as part of the existing Health Insurance Scheme, then there will have to be a trade off between the scope of insurance cover and the number of beneficiaries to be covered. It may result in reducing the number of beneficiaries from the present level of about 16 lakh beneficiaries to about 8 lakh beneficiaries only i.e. almost half since Rs.81 crore to Rs.102 crore (out of total allocation of Rs.155 crore for Health Insurance Scheme) will have to be diverted for this addition.

b) It may be mentioned here that these Critical Illnesses are already covered in the existing Health Insurance Scheme even though for a limited cover of Rs.15,000 only i.e. this facility is already available to the handloom weavers albeit for a limited value.

c) Moreover, the Rashtriya Swasthya Bima Yojana (RSBY) being implemented by the Ministry of Labour for the BPL population of Unorganized Sector also covers these illnesses upto a value of Rs.30,000. Since the BPL handloom weavers are already eligible for availing the benefits of that scheme under RSBY formulation of a new scheme for the same type of medical cover would be duplication in so far as BPL weavers are concerned.

Under the circumstances, the approval is sought for closing the matter of providing Critical Illness cover through LIC.'

22. The Committee are perturbed to find that instead of making concerted efforts to provide critical illness cover to the handloom weavers, the Government has sought approval to close the scheme on untenable grounds including the paucity of funds. The Committee outright reject the plea advanced by the Ministry considering the gross inadequacy of the Health Insurance Scheme (HIS) and Rashtriya Swasthya Bima Yojana (RSBY) in view of the low ceilings. The Committee, therefore, reiterate their earlier recommendation and impress upon the

Government to make adequate budgetary allocation under `Health Insurance Scheme' and critical illness cover be extended to the hapless weavers of handloom sector without any further delay. The Committee also reiterate that the ceiling of Rs.15,000 under Health Insurance Scheme be enhanced to at least Rs.50,000 per family.

CHAPTER-II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl.No.1, Para 1.3)

The Committee note that the Ministry have failed to furnish the action taken notes even after the lapse of prescribed period of three months from the date of presentation of Report. The Committee take an adverse note of this and desire that action taken notes on the Fourth Report of the Committee be furnished expeditiously. The reasons for the inordinate delay may also be furnished to the Committee for their consideration.

Reply of the Government

The Action Taken Notes on the 4th report of the Parliamentary Standing Committee on Labour were due to be sent on 17.03.2010, but the same could be sent only on 22.04.2010 as the requisite information Action Taken Notes had to be obtained from different Divisions/Organizations under the Ministry.

The delay is regretted.

(Ministry of Textiles O.M. No.2(4)/2010-Parl. Dated 11/08/2010)

The General Performance – Plan Expenditure

Recommendation (Sl.No 2, Para 3.21)

The Committee note that an amount of Rs.4500 crore had been allocated to the Ministry for implementing plan schemes for the year 2009-10. However, only Rs.4210.94 crore could be utilized, leaving Rs. 289.06 crore as unspent. The major portion of the unspent amount is due to zero expenditure under signature schemes of the Ministry *i.e.* TUFS, SITP, TMC etc. in North-Eastern region. The reasons attributed by the Ministry for zero expenditure in North-Eastern region are, lack of demand, non receipt of adequate proposals, non-provision of matching grant and non-submission of utilization certificates. These reasons were cited by the Ministry during 2007-08 and 2008-09 also. Apparently, the Ministry has failed to draw suitable lessons from the past trend of expenditure and the bottlenecks in the operation of the schemes. This also reflects poorly on the will and determination of the Government to implement the schemes on a uniform pattern throughout the country. The Committee are particularly unhappy that despite their earlier reiteration no strenuous efforts have been made to promote the schemes in North-Eastern region. There is no tangible evidence to show whether the Ministry have put a single foot forward so far. On the contrary, the number of workshops, seminars/exposure visits under TUFS have been reduced in the year 2009-10 despite availability of large number of powerlooms there. Under SITP also, not a single park has been set up in spite of distinct handicrafts and handloom products being manufactured there. The Committee, therefore, strongly recommend that apart from conducting adequate number of workshops/exposure visits, the Ministry should also relax the slabs fixed under SITP and TUFS for the beneficiaries of North-Eastern region in the remaining period of 11th Plan Period. Further, efforts should also be made to establish a few model textile parks in the region as part of the promotional measures for the schemes. The Committee further desire that efforts should also be made to popularize the schemes in the region by advertising in the local print as well as electronic media leading to utilization of allocated funds.

Reply of the Government

The suggestions of the Hon'ble Committee have been noted. Concerted efforts are being made to fully utilize the plan fund through close and regular monitoring of the performance. Such monitoring is necessary for identification of constraints, if any, and also timely introduction of corrective measures in implementation.

The Technology Upgradation Fund Scheme is not a region specific scheme. The benefits under the scheme can be availed by the eligible textile units across the country including North Eastern States. The benefits available under the scheme are credit linked. The Entrepreneur has to submit his project proposal to the lending bank and get it approved. Once the proposal is approved and the loan amount is released by the bank, the interest subsidy is reimbursed to the bank by the ministry. However, whether to go for a credit-linked technology upgradation programme or not is a decision to be taken by the entrepreneur himself and the Ministry cannot force him to do so. The Ministry has already given wide publicity to the scheme and will continue to do so in the future also.

The Ministry organised exposure visits for powerloom workers of North Eastern region during 24.9.09 to 2.10.09. Twenty powerloom workers from Manipur and an equal number from Guwahati visited the modern powerloom units at Bhiwandi, Ichalkaranji and Erode during the said period. All out efforts were made by the Regional Office of the Textile Commissioner at Kolkata, the various Powerloom Service Centres (PSCs), and the Indian Jute Industries Research Association (IJIRA) to popularize the schemes under TUFS and to disseminate information on Powerloom in all the North Eastern States. For this, a detailed interaction with potential investors/entrepreneurs/ weavers, Govt. agencies and other textile related personnel was held at Guwahati. In addition, the Ministry of Textiles wrote to Chief Secretaries of NER States requesting them to create a congenial atmosphere in their States for the promotion and development of textile industries. The Ministry of Textiles shall definitely take further measures that are needed to popularize its schemes in the North East. The Ministry is also in the process of formulating new schemes, especially in the Handloom and Handicrafts sectors, exclusively for the North Eastern States.

The Scheme for Integrated Textiles Parks is a demand driven scheme. The industry associations / group 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 10^{th} Five Year Plan during which assistance was provided @40 per cent of the project cost subject to ceiling of Rs.40 crore in general.

No proposal for North Eastern Region was received during the 10^{th} Five Year Plan. Therefore to attract projects in the 11^{th} Five Year Plan, it was decided that the Government of India (GOI) support would 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 the 11^{th} Five Year Plan , one proposal from M/s Assam Jute Park Developers Ltd. was received to develop a jute park in Darrang District of Assam, which was approved on 16.05.2008.

However, the Special Purpose Vehicle (SPV) could not get the land registered in its name from the State Government even after a lapse of considerable time. The Ministry of Textiles had also taken up the issue with the Chief Secretary, Government of Assam who had then proposed an alternate site for the project, which was not acceptable to the SPV due to non-availability of raw materials and other locational constraints. It was also noted that the allotment of land for the project had been challenged in the court. As considerable time had elapsed, since the sanction and the SPV had still not obtained allotment of the land, the Project Approval Committee in its 15th Meeting held on 02.06.2009 cancelled the approval of the project.

Assistance under the Scheme for the North Eastern Region is already @90% and the Ministry is of the view that there is no need for further upward revision. The margin money of 10% (including cost of the land) by the SPV will ensure appropriate involvement towards successful implementation/operation of the project. However, the Ministry would continue to make further efforts to encourage setting up of Textile Parks in the North Eastern States if the State Governments/entrepreneurs are ready to set up textile parks in the North Eastern States by making use of the 90 per cent grant available under SITP. The Ministry would provide them all the necessary support and encouragement.

The Ministry shall comply with the Hon'ble Committee's recommendation regarding popularisation of the schemes in the North Eastern States by advertising the schemes in the local print and electronic media.

(Ministry of Textiles O.M. No.2(4)/2010-Parl. Dated 11/08/2010)

Non-Plan

Recommendation (Sl. No. 3 Para - 3.22)

As regards the non-plan expenditure of the Ministry, the position is also far from promising. The Committee find that an amount of Rs.248.45 crore is lying unspent (as on 22.3.10) out of the total allocation of Rs.1412.42 crore with no time left for utilization of this amount. As per the reply of the Ministry, these funds will be utilized for providing loans to National Jute Manufacturers Corporation, Handicrafts, Handlooms, Textile Workers Rehabilitation Scheme etc. How and in what manner the Ministry released the remaining funds to these sectors/schemes during the fag end of Financial year 2009-10, the Committee would like to be informed. The Committee, having regard to the need for uniform and sustainable growth of the textile industry, urge the Ministry to stop such practices where funds are released at the fag end of the year. Extremely concerned about the poor planning in the Ministry, the Committee desire that a rational approach be adopted in estimating non-plan funds under various sectors/schemes and utmost care be taken for timely releasing of the funds.

Reply of the Government

Ministry has a mechanism to monitor the expenditure on a weekly basis under the chairmanship of Secretary (Textiles). Non plan trend of expenditures are discussed with the heads of the concerned divisions.

The proposal of Rs.140 crore loans to NJMC for its VRS package, had been approved itself by the cabinet in the 3rd week of March, 2010.

For continuation of 10% special rebate scheme for another 3 years i.e. 2009-10 to 2011-12, in the existing form and with the same parameters was sent to Ministry of Finance for consideration and approval before sending the proposal to CCEA. Ministry of Finance did not agree to the proposal and the decision to entertain the committed liabilities of the 10% special rebate scheme, continued previously, was conveyed at a very late stage. Hence, the funds for the financial year 2009-10 were released at the fag end of the financial year.

(Ministry of Textiles O.M. No.2(4)/2010-Parl. Dated 11/08/2010)

Quarterly Expenditure

Recommendation (Sl. No. 4 Para - 3.23)

The Committee note that during the year 2009-10, there has been an uneven expenditure during the four quarters of the year. The instructions of the Government clearly stipulate the spreading of expenditure evenly over the four quarters and bar undue utilization of funds, or the rush of expenditure, in the last quarter of the year. Non-receipt of bills during the first quarter, delays in approval of schemes, restrictions in advance payments etc. are the main reasons attributed by the Ministry for uneven expenditure of plan funds. The Committee are not al all convinced with the reasons put forward by the Ministry and express their serious concern over such uneven pace of expenditure, particularly the March rush of expenditure which directly affects the proper and effective implementation of developmental and welfare schemes consequently hampering the growth of the entire sector. The Committee are astonished to note that despite monitoring the expenditure regularly on weekly basis in the meetings of senior officers of the Ministry chaired by the Secretary, the results are far from satisfactory. The Committee, therefore, recommend that calibrated and more sustained efforts be made to timely settle all the procedural matters like approval of various schemes, receipt of bills etc. The Committee further desire that the monitoring mechanism needs to be more focused and result oriented so that aberrations and shortcomings do not recur.

Reply of the Government

In the first three quarters of 2009-10, the funds utilized under non plan was almost according to the monthly expenditure plan (MEP) against the total BE allocation of Rs.898 crore. However, in the last quarter, the excess of expenditure was due to the enhancement of total allocation (Rs.1412.42 crore) at RE stage which was received in the month of January, 2010 only.

(Ministry of Textiles O.M. No.2(4)/2010-Parl. Dated 11/08/2010)

Utilization Certificates

Recommenadation (Sl. No. 5 Para - 3.24)

The Committee are astonished to note that as many as 1513 utilization certificates involving an amount of Rs.12729.57 lakhs are outstanding as on 31st December, 2009. It is shocking that some of the utilization certificates pertain to the year 1978-79. Moreover, the number of pending utilization certificates has increased in the last three years. As there is no perceptible change in the receipt of pending utilization certificates in the recent years, the Committee strongly feel that it is now a high time that the Government devise suitable measures expeditiously to liquidate all the pending utilization certificates in a time bound manner. The Committee desire that while sanctioning the grant, a suitable condition could be imposed for time bound submission of utilization certificates.

Reply of the Government

Efforts are being made to settle pending UCs. These efforts includes; directives to Field Originations. A circular has been issued to field organizations for expeditious settlement of all such cases. Further directions have been issued to take punitive action like black listing in fit cases. Besides internal check and balance systems have been introduced recently for careful selection of competent implementing agencies through an objective grading system which give emphasis on past track records, financial and managerial capability etc. further screening of proposal of shortlisted implementing agencies at Field Level, Regional Office Level and Hqrs. Level undertaken before sanction and release of funds.

(Ministry of Textiles O.M. No.2(4)/2010-Parl. Dated 11/08/2010)

Sale of NTC land

Recommendation (Sl. No. 6 Para - 3.25)

The Committee are deeply concerned to note that as per audit para no. PA27 of 2009-10 (Performance Audit), the C&AG observed that the land of NTC mills had been sold below registration/circle rates resulting in loss of opportunity to earn Rs.1043 crore in six cases. Further a loss of Rs.185.10 crore was also incurred due to irregularities in tender documents. The Committee find that on the one hand the mills of BIC Ltd. are lying closed for want of sufficient working capital and funds for their modernization despite being viable units, and on the other NTC has indulged in such goofups in dealing with public funds. The Committee outright reject the claim of the Ministry that the sale of NTC assets had been carried out in a transparent and professional manner. The representative of Ministry was unable to provide any clear reply. Taking note of the adverse audit findings and the inability of the Ministry to provide clear reply, the Committee strongly recommend that an independent inquiry be conducted in the matter and appropriate action taken against the persons responsible for wrongful loss to the Government. The Committee, further recommend that, henceforth, the sale of surplus land and other assets of textile mills be dealt with greater care and suitable decisions taken after independent and professional evaluation of the assets. The steps taken by the Ministry in furtherance of audit findings be intimated to the Committee within one month of the presentation of this report to Parliament.

Reply of the Government

(i) The Committees are deeply concerned to note that as per audit para no.PA27 of 2009-10 (Performance Audit), the C&AG observed that the land of NTC mills had been sold below registration / circle rates resulting in loss of opportunity to earn Rs.1043 crore in six cases.

As per C&AG observations, the loss of opportunity on account of selling below registration / circle rates is Rs.10.43 crores and not Rs.1043 crores in six cases of sale of property.

The Revival Scheme of NTC is a case of successful implementation of the Revival Scheme under the Sick Industries Companies Act (SICA). The sale of assets has been carried out after due approval by a broad-based duly constituted Asset Sales Committee [ASC] comprising of representatives from BIFR, Operating Agency (IDBI) the concerned State Govt. and Ministry of Textiles on the basis of clear guidelines.

The six cases which have been pointed out by the audit have been dealt with by the Company in its reply to the COPU.

According to the audit, there has been a loss of Rs.10.43 crores in the sale of six properties. The six properties which are pointed out by Audit, as sold below the Registration/Circle Rates are :-

1. Edward Mills
2. Shree Bijoy Cotton Mills
3. Jehangir Textile Mills
4. Coimbatore Murugan Mills
5. Krishnaveni Textile Mills
6. Sri Rangavilas Mills

Case wise details are as under :-

(Rs. in crores)

S. No	Name of the Unit	Valuation as per registration fee	Reserve price fixed	No. of attempts made	Amount realized.
1.	Edward Mills	10.55	4.00	5	5.85
2.	Shree Bijoy Mills	3.79	1.92	2	1.95
3.	Jehangir	26.83	25.00	1	25.00

	Textile Mills				
4.	Coimbatore Murugan Mills	3.04	1.73	3	1.89
5.	Krishnaveni Textile Mills	5.50	4.80	5	5.20
6.	Sri Rangavilas Mills	8.61	3.33	4	8.00

DETAILS

1. Edward Mills

The applicable rates were collected from the Office of the Distt. Registrar Ajmer, whereby it was learnt that the rate for the developed residential area was Rs.135/- per sq. ft. adjacent to the road, while it was Rs.130/- per sq. ft. away from the road. Based on the above rates, the hundred percent value of 18.28 acres land came to Rs.10.55 crores (Reserve Price fixed at Rs.11 crores). This road was for developed residential land, whereas the mill land was a large size undeveloped plot for 'industrial use'. The Rajasthan Govt. had permitted 75% waiver on land use change conversion fee to residential while no waiver was extended for conversion to commercial land use.

In the event of developing this land, approx. 40% land area could have gone for conversion of roads, lighting, sewerage, etc. while developmental cost would have been incurred by the purchaser to the tune of Rs.30 to 40 per sq. ft. After revising the Registrar value, after incorporating the above two factors, then the value of land was worked out to Rs.10.55 crores x 60% (-) 18.28 acres x 4840 x 9 x Rs.30/- per sq. ft. = Rs.6.33 crores – Rs.2.39 crores = Rs.3.94 crores, say Rs.4 crores.

The Company had released tenders four times for this mill land. Judging from the previous responses, it was felt that the reserve price aspect needs to be looked into so as to fix it at a more realistic level. A tender (5th time) was released on 11.08.2007 and the tender was opened on

06.09.2007 and the reserve price was fixed at Rs.4 crores. Against the reserve price of Rs.4 crores, Company got the highest bid of Rs.5.85 crores.

2. <u>Shree Bijay Cotton Mills</u>

An advertisement for sale of 7.83 acres of surplus land of Shree Bijay Cotton Mills was released on 10.10.2002. In response, 3 bids were received and the highest bid was for Rs.2.31 crores against the reserve price of Rs.2.08 crores. 75% land use change conversion fee waiver was extended by the Rajasthan Govt. vide letter dated 23.12.2002 in respect of the residential land use. The ASC in its meeting held on 02.01.2003 took a decision for retendering of the land. Subsequently, a fresh tender notice was released on 13.01.2003 carrying information on the 75% land use change conversion fee waiver granted by the Rajasthan Govt. Against the advertisement, 4 tenders were received and the highest bid was for Rs.1.91 crores against the reserve price of Rs.1.92 crores. The highest bid being below the reserve price, all the 4 tendering parties were called to quote afresh. The highest bidder had marginally revised his bid to Rs.1.92 crores. The Committee felt that there was no guarantee that a higher bid would be received by the Corporation if the land was retendered which apart from delay would entail advertisement cost for a third time. Based on all the facts, the Asset Sale Committee in its meeting held on 07.03.2003 had decided that the situation did not warrant a retendering and a final attempt at negotiation with the highest bidder could be made. The land was disposed off at the finally negotiated price of Rs.1.95 crores.

3. <u>Jehangir Textile Mills</u>

The Government had decided to set up Indian Textile Plaza (ITP) at open land of Jehangir Textile Mills, Ahmedabad. The activities proposed to be carried out at ITP include setting up of textile museum; training centre; exhibition centre, etc. to meet certain social objectives. In the sanctioned scheme, the then prevalent stamp duty Jantri rate of Rs.4000/- for total area of 65,963 sq. mtrs. was considered and hence Rs.26.39 crores was expected to be realized in the scheme. Of the total area of 65,963 sq. mtrs., 12,723 sq. mtrs. was occupied by chawls, etc. Land admeasuring approx. 53,240 sq. mtrs. was only available (i.e., worth Rs.21.23 crores as per the then valuation) for development of ITP.

It was decided to form SPV with NBCC as JV partner. As per Clause 10.10.1 of Gujarat Development Control Regulations (GDCR), if the land of this mill is not to be utilized as textile mill, 20% of the land shall have to be surrendered to the Municipal Corporation of Ahmedabad for public purpose. The work of valuation was assigned to three different valuers after deducting 20% of the area. The projected realization as per stamp duty Jantri rates made effective from 01.02.2007 for net area of 42,592 sq. mtrs. (i.e., after deducting 20% of land, viz., 10,648 sq. mtrs. to be surrendered to Ahmedabad Municipal Corporation as per GDCR would be Rs.25 crores). The Asset Sale Committee in its meeting held on 01.03.2007 decided that valuation of 42,592 sq. mtrs., which comes to Rs.25 crores considering the latest stamp duty Jantri rates, being the highest, should be fixed as transfer price to SPV for setting up of ITP. As NBCC is a PSU, the transaction was safe and no loss has been incurred by NTC.

4. Coimbatore Murugan Mills

Tender was released third time for sale of Parcel ‘A’ land (15,861 sq. ft.) and Parcel ‘B’ land (20,713 sq. ft.) of Coimbatore Murugan Mill on 31.01.2004. There were valid bids one each for the above two parcels. The quoted price for both the parcels were less than the reserve price. The bidders were asked to improve their price within 10 days. The bidder of Parcel ‘A’ had submitted that the piece of land offered for sale is not situated on the main road and is at least 100 metres away from any main road on all the four sides and the piece of land is surrounded on the east by Parcel ‘B’; on the west by Weavers’ Colony; on the north by ‘B’ type houses; and on the south by private parties. The piece of land is not located in the bungalow area like Narayana Guru Road and Dr. Alagesan Road, nor it is comparable to commercial NSR Road. The guideline value of Govt. of Tamilnadu is not the market value and is very high. The party expressed his inability to improve the offer.

For Parcel ‘B’ land, the bidder had improved their offer from Rs.95 lakhs to Rs.101 lakhs and then to Rs.104 lakhs. The final offer for both the parcels – for Parcel ‘A’ = Rs.84,59,305.70; and for Parcel ‘B’ – Rs.1,04,00,000/- as against the Reserve price of Rs.74.45 lakhs and

Rs.97.22 lakhs for Parcel 'A' and 'B' respectively, was approved by the ASC after careful consideration.

5. Kishnaveni Textile Mills

For the fifth time, the tenders for 4.52 acres of land were opened on 11.10.2004 and the highest quote was for Rs.4.95 crores from M/s. Elgitread (India) Ltd. The bidder had agreed to improve the offer further to Rs.5.20 crores from Rs.4.95 crores.

In several judgements of the High Court about 20% is allowed towards land to be set apart for common purpose, a study of certain layouts of housing boards had shown that a common requirements would be in the region of 30%. If 30% of the total area was required for common purposes and, therefore, only 70% was available for sale as net useable area.
The Trichy Road on which this land is located is comparatively of less commercial/residential value than the Avinashi Road on which the Sri Rangavilas Mill land is located.

Taking all these into consideration and that the value for the net useable area of 70% of land at the rate fixed by the Distt. Collector was Rs.481.01 lakhs could be regarded as the best reserve price and that the DRS value was Rs.508.50 lakhs and that the reserve price earlier fixed was Rs.480.26 lakhs, the Asset Sale Committee in its meeting held on 21.05.2005 approved the highest improved bid of Rs.5.20 crores for the total land area of 4 acres and 22651 sq. ft. (1,96,891 sq. ft.) on 'as is where is' condition.

6. Sri Rangavilas Mills

In several judgements of the High Court, about 20% is allowed towards land to be set apart for common purpose, a study of certain layouts of housing boards as shown that a common requirements would be in the region of 30%. It means, only 70% was available for sale as net useable area.

The land was about 10 feet below the main road level and the soil was black cotton soil which involved extra construction cost. Sewage/waste water flowing all along the western boundary of the land and a cremation ground just opposite to the land. The original reserve price of the land was Rs.333.03 lakhs and the DRS value was Rs.296.61 lakhs. The rate notified by the Disttt. Collector was for small piece of developed land for residential purpose where the land before NTC was for 'industrial use'.

The value for the net useable area of 70% of land at the rate fixed by the Distt. Collector was Rs.753.71 lakhs which was more than the stamp duty rate of Rs.567.44 lakhs.

For the 4th time, the tender was opened on 11.10.2004 for 3.46 acres of land. The highest bid was for Rs.5,75,51,000/- from M/s. E-City Entertainment Pvt. Ltd. The bidder was called for negotiation for improving the offer. The bidder made a final offer of Rs.8 crores. The ASC considered and regarded the final offer as the best possible price for the entire land for sale on 'as is where is' condition.

The Asset Sale Committee in its meeting held on 21.05.2005 felt that if a property could not be disposed of even after four attempts, it would be difficult to sell the same and the offer received was the best price for the land at the present market trend and approved the highest improved bid of Rs.8 crores for the land area of 3.46 acres.

II. <u>'Further a loss of Rs.185.10 crores was also incurred due to the irregularities in the tender document.'</u>

The audit observation was in respect of the following three properties and the position is explained below each item:-

1. <u>Mumbai Textile Mills, Mumbai - Rs.18.79 crores</u>

Marwari Chowka chawls consisting of 0.32 acres is a chawl area under DCR.58. This chawl is to be redeveloped by NTC for accommodation of the existing employees staying there. By mistake, NTC while releasing the tender included this area also for sale. The bidders quoted for the entire area that was offered for sale and the Company got the offer for the entire area including the Marwari Chowka chawl. The only mistake that happened in this case is that NTC has included a property which was not meant for sale.

It is accepted by NTC that due to mistake, the layout map forming part of tender document did not have the mention of CS No. 4/464 belonging to Marwari Chowka chawls whereas it was part and parcel of Mumbai Textile Mill and subject to the sale through this tender. Factual position in this regard is given in succeeding paras.

The property card of Mumbai Textile Mill land was bearing CS No. 464 and 4/464 and both the numbers were quoted in tender documents and sale deed. Accordingly, the area of 67,293.17 sq. mtrs. along with entire FSI of 87571.84 sq. mtrs. (including land and FSI of Marwari Chowka) was mentioned in the tender document and sale deed and possession of entire land of 67,293.17 sq. mtrs. bearing CS No. 464 and 4/464 was handed over to M/s. Jwala Real Estate Pvt. Ltd. as per Letter of Possession.

It is not a case of handing over some portion of the property which was not included in the tender and for which no sale consideration was received.

2. <u>Apollo Textile Mills, Mumbai - Rs.165.80 crores</u>

Clause 1.3 of the tender document issued by NTC read as under:-

"The rear part of the mill stands closed by order No. L-51016/5-121/2004-IR(PG) dated 16.03.2004 of the Deputy Director, Ministry of Labour, Government of India, under Section 25(O) of the Industrial Disputes Act, 1947. The sub-division of the land shall be got demarcated by the DILR in presence of both the parties (as per condition No. 21 of MCGM). At present, the mill is divided into two parts and the western part adjacent to Jivraj Boricha Marg is under sale. <u>An access could be made available</u> through outside land of Sitaram Mills belonging to NTC (MN) Ltd. to Jivraj Boricha Marg. All the machineries in the surplus area of the mills are in process of sale/disposal other than the retained machineries which are being shifted to sister units shortly, the surplus employees have opted for MVRS."

At the time of issue of tender and finalization of sale, no other definite information was available with NTC with regard to the access road. After sale of land of 5 mills and during the meeting with Hon'ble Chief Minister of Maharashtra and other officials, it was decided that NTC should appoint Architects/City Planner to carry out Traffic Impact Study of Road Network and Studies on Civil Infrastructure of all the mills and submit the same to State Govt. for implementation till the time no fresh permissions for sale of mill land shall be released. Since this was a lateral development, it cannot be treated as 'non-disclosure of vital information' in the tender. According to DC Regulations, NTC is under statutory obligation to construct the road as per norms and specifications and thus it handed over the same to MCGM for public purpose. It may, therefore, be seen that there was no malafide intention nor any actual loss to the company.

3. Chalisgaon Textile Mills, Chalisgaon - Rs.51 lakh

In the tender issued by NTC, the zone was indicated as residential. However, the Govt./local Municipal Authorities were reluctant to grant approvals for change of zone. The residential rates are always higher than the industrial rate by around 30% to 40% whereas the sale is 'as is where is' basis, i.e. industrial land. The party had to pay the fee for the change of zone from industrial to residential. The audit had considered the waiver of interest on the delay. If we consider the cost of conversion and the rate obtained for residential as against industrial, the company would have gained more than the waiver of interest. The non-indication of proper zone in the tender document had not resulted in any loss.

III. *<u>The Standing Committee on Labour outright reject the claim of the Ministry that the sale of NTC assets had been carried out in a transparent and professional manner.</u>*

All the sale of properties were carried out in a transparent and professional manner with commercial prudence, which is explained below in brief:-

a) As per BIFR guidelines, a broad-based Asset Sale Committee has been constituted with Chairman of NTC as Chairman and regional representatives from NTC; one nominee each from Ministry of Textiles; BIFR; Operating Agency (IDBI); and respective State Governments, as members. The members of the Committee are all very senior officers. The entire sale of assets was carried out by the Asset Sale Committee on the basis of laid down procedure.
b) All decisions are taken by ASC as per the guidelines issued by BIFR/ MOT from time to time and also after considering the market demand of the property in the best interest of the Company.
c) Tender was published in three leading newspapers, out of which, one is in the vernacular language of the property where it is situated.
d) The reserve price is fixed after valuation by three independent Govt. approved valuers and comparing with the Collector's guidelines/ registration rates. In all cases, except in six cases, ASC considered the highest amongst the three valuers' valuation and Collector's guideline rates as reserve price.
e) In few cases, response was poor, even after repeated attempts. When the market value was less than the circular/registration rate, ASC, after due deliberations, fixed the reserve price based on the market value instead of the registration rate, which were found to be not realistic, on a case to case basis.
f) The tenders are opened at the time and place in the presence of the bidders by the tender opening committee.
g) After opening the tender a comparative statement prepared and evaluated by the ASC and if the bid is more than the reserve price, the bid is accepted after due deliberations by the ASC.

h) Invariably, the ASC decided the sale with commercial prudence and in the best interest of the Corporation in the absence of any other better option.

(iv) Taking note of the adverse audit findings and the inability of the Ministry to provide clear reply, the Committee strongly recommended that an independent inquiry be conducted in the matter and appropriate action taken against the persons responsible for wrongful loss to the Government.

The sale of assets by NTC has been done after approval by a duly constituted broad based Asset Sale Committee comprising of the representatives of BIFR, the State Government, the Implementing Agency, etc. As per the guidelines dated 24.8.09 issued by the BIFR, the Board only can intervene in the matters considered by such ASCs. In a recent order dated 19.2.2010, the BIFR has gone to the extent of mentioning that *"the Ministry has no role in the matter, as the scheme has been sanctioned by BIFR, and its implementation for revival is under direct supervision of BIFR. NTC approached Ministry as per its convenience. The Bench also noted that, in violation of tender conditions / BIFR's ASC guidelines, the Ministry has intervened in the matter."*

In view of the above facts, as the ASC comprised of outside Members including BIFR nominee, it may not be proper for the Ministry of Textiles to conduct any enquiry in the matter. In our opinion, if such enquiry has to be conducted, it may be appropriate to have such enquiry conducted by the BIFR.

(v) The Committee, further recommend that, henceforth, the sale of surplus land and other assets of textile mills be dealt with greater

<u>care and suitable decisions taken after independent and professional evaluation of the assets.</u>

With a view to further improving / refining the existing procedure, BIFR had been recently approached that Financial Adviser, Ministry of Textiles may also be made a member of the ASC. The BIFR vide order dated 18.5.2010, has however directed that "since the ASC already has 6 members including one representative nominated by Ministry of Textiles, another representative cannot be included in the ASC." BIFR was also approached to allow NTC to follow some extra precautions [as indicated under Col.4 of Appendix – I] to further streamline the sale procedure. However, BIFR vide order dated 2.6.2010, has ordered that the guidelines for ASC are approved by the Board and are applicable to all types of cases under purview of BIFR. It will, however, be ensured that all future sale of surplus land and assets of the company will be done strictly in accordance with the BIFR guidelines dated 24.8.2009 as amended from time to time by the Board.

It is important to mention that the Company was implementing a time-bound revival plan as per BIFR approval, the source of funding of which was sale of surplus land / assets through an Asset Sale Committee. Due to lack of past experience and non-availability of proper institutional support to undertake such a special nature of work, minor procedural short-comings / lacunae and systematic inadequacies have taken place as pointed out by the audit. The Ministry of Textiles has been closely following up and monitoring the revival plan. As far as the Ministry is aware, no corruption or malafides were intended or involved in such transactions; nor any actual loss has been caused to the Company. It is necessary to mention here that as a result of implementation of the revival plan, the Company which was perennially running in loss has been able to achieve satisfactory turn-around. NTC which was sustaining on Government budgetary support [Rs.385 crore in the year 2001-02] has been able to bring down such Government budgetary support to Rs."0" from 2009-10 onwards.

On the basis of the experience gained over the period and taking advice from various audit observations, the Company has further streamlined such sales mechanism and improved upon the systems and procedures, to the extent possible and permitted by the BIFR.

(Ministry of Textiles O.M. No.2(4)/2010-Parl. Dated 11/08/2010)

TECHNOLOGY UPGRADATION FUND SCHEME

Recommendation (Sl. No. 7 Para - 3.40)

The Committee find that there are regional imbalances in availing the benefits under TUFS. While there has been overwhelming response from the States of Gujarat and Tamil Nadu, performance in the States of Maharashtra, Punjab and Rajasthan is moderate. Other States *viz.*, Uttar Pradesh, Uttarakhand, Kerala, Himachal Pradesh, Orissa, Chattisgarh, Jharkhand performed poorly. Bihar, Sikkim, Andaman and Nicobar Islands, Lakshadweep do not figure in the list at all. Development of textile sector, even if it is not on an equal footing, should be encouraged in States where development is inadequate or nil at present. The Committee, therefore, urge the Ministry to take remedial steps in this regard, including proper advertisement of the Scheme to create awareness among the stakeholders, so as to ensure proper and equal development to the extent possible by disbursing the benefits available under TUFS, among all States.

Reply of the Government

TUFS is demand driven. The design of the scheme is non-discriminatory and all inclusive. The response has been good from states like Gujarat, Tamil Nadu, Maharashtra, Punjab and Rajasthan which have textile clusters. Since most of the textile units are located in these states, the performance of TUFS is satisfactory there. Regarding other states, the scheme in spite of being investor friendly has not been able to attract investment as they have fewer textile units. All possible efforts will be made to popularise TUFS in these States in association with the concerned State Governments / local textile Associations.

(Ministry of Textiles O.M. No.2(4)/2010-Parl. Dated 11/08/2010)

NATIONAL INSTITUTE OF FASHION TECHNOLOGY (NIFT)

Recommendation (Sl. No. 14 Para - 3.72)

The Committee note that several professional courses are being run by NIFT to award undergraduate and post graduate degrees to students. According to the Ministry, though interactions with the industry/designers are being organized regularly to get feedback about the outcome/utility of these courses, however, no specific study has ever been conducted insofar as the achievements/relevancy of these courses are concerned. The Committee are of the view that keeping in view the ever changing fashion trends globally, it is very much imperative to keep these courses updated, contemporary and relevant. They, therefore, recommend that the Government should devise a suitable methodology to evaluate all the courses run by NIFT by experts of the Industry at regular intervals. Based on such appraisal it should be ensured that the new trends/developments taking place in the fashion arena world wide, are suitably and timely blended in the courses of NIFT so as to rise to the expectations of the global fashion industry. The Committee further recommend that NIFT should start doctoral and post doctoral courses/degrees at the earliest for the purpose of creating professional faculty as well as experts in the field of fashion technology.

Reply of the Government

NIFT Act, 2006 provides for laying down courses leading to graduate and postgraduate degrees, doctoral and post-doctoral courses and research in the area of fashion technology as one of NIFT's functions. Interactions with industry / designers etc. are being organized regularly to get feedback about the utility of various activities of NIFT including outcome and utility of the courses offered by NIFT. In the year 2009, industry interactions have been organized at seven places namely: Mumbai, Gandhinagar, Hyderabad, Bangalore, Tirupur, Chennai and New Delhi. On the basis of suggestions received from the industry during the above mentioned interactions, new curriculum of NIFT is being drafted which will be implemented from the ensuing academic session.

NIFT Curriculum Review Conclave was held in NIFT Shillong, Meghalaya from 7-9 January, 2010 and from 26-28th March, 2010 with the purpose of reviewing and updating the course curriculum to make NIFT programmes more relevant and significant to the need of the Indian Industry.

(Ministry of Textiles O.M. No.2(4)/2010-Parl. Dated 11/08/2010)

SILK SECTOR

Recommendation (Sl. No. 18 Para - 3.101)

The Committee also observe that due to shortage of raw silk production in the country, the quantity of imports is increasing year after year. Though the total raw silk production is also growing every year but not in proportion to the increase in domestic demand. More so, the funds allocated to silk sector are too meagre and the targets fixed are unrealistic with regard to the scope and need of silk/silk products in the country. The Committee, therefore, urge the Government to devise a well planned strategy to expand the area under silk production in the country with the pace it requires. New areas should also be ventured into for the purpose and effective awareness programmes be launched to motivate people for silk farming. Considering the imperative need for increasing silk production, new areas and varieties of silk need exploration including the oak silk which can be produced in large quantities in the hills of Himachal and Uttrakhand. The Committee further recommend that the targets under various developmental schemes for various types of silk be revised and fixed State-wise and required funds made available accordingly. The schemes or proposals so worked out may be furnished to the Committee.

Reply of the Government

The Ministry is already seized with the issues raised by the Committee. Further, against the demand of Rs.224.58 crores projected by the Central Silk Board for implementationp of Catalytic Development Programme during 2010-11 in the annual plan proposals, the Ministry has allocated an enhanced provision of Rs.275.00 crores. Tentative State-wise allocation worked out based on the performance of the States during previous years has been communicated by the Central Silk Board to States in advance during February 2010, to facilitate the States to formulate the project proposals and to keep provision of their matching share in their annual budget as well for obtaining the approval of State's Project Monitoring Committee in time. **(Ministry of Textiles O.M. No.2(4)/2010-Parl. Dated 11/08/2010)**

Mahatama Gandhi Bunkar Bima Yojana

Recommendation (Sl. No. 21 Para - 3.123)

The Committee are concerned to note that the coverage under MGBBY is very low considering the total population of weavers in the country. A total number of 4,66,484 weavers have been covered during 2007-08, 5,75,909 in 2008-09 and 4,10,417 in 2009-10 (upto 31.12.2009) where as the estimated number of weavers in the country is above 1 crore. More so, this coverage also includes renewal cases in the subsequent years. The Committee also note that coverage has been extended to the weavers in 19 States only. When asked about the action plan to cover weavers of remaining States, the Ministry merely stated that additional funds would be required for the purpose. The Committee recommend that the matter should be taken up with the Ministry of Finance vigorously for allocation of additional funds under the Scheme. Thereafter, special drives should be launched to identify the weavers and cover them under the Scheme in all those States which remain uncovered. The Committee also recommend that immediate steps be taken to settle all the 109 claims pending under the Scheme and a proper mechanism be devised to make the process of claim settlement quick and hassle free in future.

Reply of the Government

During 200910, 510492 weavers have been enrolled under MGBBY. All pending claims for the period 1.4.2009 to 31.3.2010 (2009-10), all the claims whether Natural Death or Accidental Death are settled. LIC's P&GS Units have liaison with District Administration dealing with Bunkar Scheme (MGBBY). Distribution of pamphlets is also done through District Administration. LIC's liaison officers for MGBBY are meeting nodal agencies. Apart from these activities, the month of October is celebrated as Social Security Month by LIC throughout India implementing various programs such as Radio talk, TV appearances, distribution of pamphlets in vernacular language in different places like villages fairs/ festivals, exhibitions etc. Some of LICs' Units have also participated in the exhibitions held by Handloom Department to extend the coverage under MGBBY. LIC has been advised to take steps to enhance coverage in all the States especially in NER Region.

(Ministry of Textiles O.M. No.2(4)/2010-Parl. Dated 11/08/2010)

CHAPTER-III

RECOMMENDTIONS/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

TECHNOLOGY UPGRADATION FUND SCHEME

Recommendation (Sl. No. 8 Para - 3.41)

The Committee note that TUF Scheme which has picked up in the rest of the country though unevenly, is virtually a non-starter in the North-Eastern States. During the entire 10th Plan period and in the first three years of the 11th Plan, not a single rupee has been spent under TUFS in that part of the country despite availability of a large number of powerloom and handloom units there. The Committee find that the Ministry have organized a limited number of seminars/workshops in North-Eastern region since 2006-07 and the frequency has declined in the successive years. It is also surprising that only three exposure visits have been conducted involving only 75 beneficiaries from the entire North-Eastern region till 2009-10. Obviously, not much can be achieved with such feeble efforts to implement TUFS in North-Eastern region. The Committee, therefore, strongly recommend that the Ministry should first check the continuous closure of powerloom units in the region by expanding its infrastructure there by providing sufficient raw material, uninterrupted power supply and dissemination of technology to them. Further, a clear cut strategy be chalked out for spreading awareness about the Scheme in the region including adequate number of seminars/workshops and exposure visits. The periodicity and venue of all such events should be fixed in the very beginning of each year and adequate publicity be given in the local press and electronic media. Besides, efforts also need to be made to reach the maximum number of stakeholders and encourage them to take part in the exposure visits. The Committee further recommend that the current slabs under the Scheme be further relaxed till the time the Scheme gains momentum in North-Eastern region.

Reply of the Government

A proposal is under consideration to start a new Powerloom Service Centre (PSC) to facilitate growth of the Powerloom Sector in NER and popularizing powerloom schemes and TUFS. In association with the concerned State Governments / local textile Associations efforts will be made to popularise the various Govt. of India schemes particularly, TUFS, powerloom schemes. Further it is also proposed to conduct four programmes /seminar/workshop during the current year, one each per quarter in different areas of NER. Already one seminar / workshop has been conducted on 13.5.2010 at Guwahati.

(Ministry of Textiles O.M. No.2(4)/2010-Parl. Dated 11/08/2010)

FASHION HUBS

Recommendation (Sl. No. 10 Para - 3.50)

The Committee are dismayed to note that the fashion hub scheme which was proposed to be implemented in the year 2007-08, is still in conceptual stage. The proposal for allotment of land for setting up the of fashion hub is still shuttling between various Government departments and the Ministry are not even in a position to commit any time period for the acquisition of the land. It is, therefore, rightly quite premature for the Ministry to venture a guess as to when the fashion hub would become a reality. Further, the issues like framing terms of reference, eligibility criteria etc. for appointing consultants, which should have and could have been settled in the first year itself of the launching of the scheme, are still under process of formulation. The Committee desire that the examination of the report of Core Advisory Group be completed urgently. Though creation of `Fashion Hub' is a laudable concept as it will help in generation of employment opportunities besides displaying the skills and talents of Indian crafts persons, unfortunately it is being delayed due to poor planning, lack of fore thinking and coordinated efforts on the part of the Government. The Committee, therefore, strongly recommend that all the departments/agencies involved in thematter be asked to work in tandem and complete all the procedural formalities in a time bound manner. The Committee desire that the proposed fashion hub in Delhi be set up at the earliest so that it starts functioning at least by the end of current financial year. The Committee also urge upon the Government to identify land in other States also for setting up of fashion hubs and complete all the administrative, technical and other procedural formalities well in advance so that the scheme may come up simultaneously in other parts of the country which will facilitate local artisans, weavers and other skilled textile workers to showcase and market their products there. The States without such hubs may be accorded priority considering the utility and scope of such hubs in these States.

Reply of the Government

Fashion Hub is one of the new initiatives emanating from the Union Budget of 2007-08. 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). Following decisions were taken after a meeting by Secretary (T) with JS and DG, NIFT.

(i) 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.

Only a token money of Rs.1.00 cr. has been allocated during the last three years i.e. 2007-08, 2008-09, 2009-10 and 2010-2011

After concerted efforts of the Ministry of Textiles, DDA has identified 10 acres of land in Maidan Garhi for Fashion Hub. DDA informed that the cost of land will be decided in consultation with Finance Division and the MOUD. Formal allotment letter would be issued only after completing the statutory process of change of land use by DDA.

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.

Following the observations/recommendations made by the Parliamentary Standing Committee on Labour in its meeting held on 29.3.2010, terms of reference/eligibility criteria for appointment of consultant are being finalized. Ministry has also written to DDA to intimate the progress in the matter relating to allotment of land.

(Ministry of Textiles O.M. No.2(4)/2010-Parl. Dated 11/08/2010)

BRITISH INDIA CORPORATION (BIC) MILLS

Recommendation (Sl. No. 12 Para - 3.61)

The Committee also urge the Ministry to take up the matter of providing working capital to Egerton Woollen Mills, Dhariwal, with the Ministry of Finance so that production activities in this viable unit, with the popular brand name of `Dhariwal Wool' start at the earliest.

Reply of the Government

Revival proposal of BIC Ltd. as mentioned above includes both the sick units of BIC Ltd.. (Cawnpore Woollen Mills Branch, Kanpur and New Egerton Woollen Mills Branch, Dhariwal) . A provision of Rs.44 crore has been included against additional working capital/contingency in this scheme. After getting the approval of BRPSE / Cabinet on the proposed revival plan of BIC Ltd., the matter will be taken up with the Ministry of Finance for making necessary budget provision. On availability of budget provision, the requisite fund/ working capital would be released to BIC Ltd. for the purpose.

(Ministry of Textiles O.M. No.2(4)/2010-Parl. Dated 11/08/2010)

POWERLOOM SECTOR

Recommendation (Sl. No. 15 Para - 3.85)

The Committee are constrained to note that powerloom sector has not received due attention of the Government, even after contributing 62% of the total cloth production of the country and providing employment to about 55.95 lakh persons. The Government introduced 20% credit linked capital subsidy Scheme (CLCSS) in November, 2003 under which only 2583 powerloom units out of 5.03 lakh units in the country have availed the subsidy so far. The Committee understand that the entrepreneurs working in powerloom sector are not coming forward to take benefits of TUFS and CLCSS mainly due to shortage of margin money and weak financial capacities to avail loans from the Banks/lending agencies. Modernization of powerloom sector is very essential for achieving the desired growth rate for textile sector so as to be competitive internationally, particularly to defeat import penetration due to globalization. The Committee, therefore, recommend that instead of equating the modernization of sick powerloom sector with the huge mill sector where entrepreneurs are equipped with greater financial potential, an integrated scheme should be specifically formulated for the powerloom unit holders so that they could come forward to timely modernize their units and are not forced to go for closure for want of required funds.

Reply of the Government

Ministry of Textiles, Govt. of India has formulated an Integrated scheme for Powerloom Sector Development since 2007-08 in addition to the capital subsidy of 20% MMS/15% MMS and 5% Interest reimbursement already in operation under TUFS for Modernisation of Powerloom sector. Taking into consideration of shortage of margin money , weak financial capacity, the banks / financial institutions is providing bridge loan against the own contributions to be brought by the individual owners. Under

Integrated Scheme for powerloom sector development following activities/programmes are being conducted for powerloom sector development with Govt. assistance/fund-

6. Marketing Development Programme - organizing buyer-seller meet, seminar/ workshops, awareness programmes, print publicity etc.
7. Exposure visits for powerloom weavers from low level of technology to higher level of technology area for knowledge about production of fabrics and higher rate of production and diversification of the product.
8. Powerloom Cluster Development
9. Development and Up gradation of Skills (HRD) – Powerloom weavers/Entrepreneurs are being provided training in Poweloom service Centres on machine and equipments provided by the Govt.
10. Under the said secheme, Govt. is providing machines and equipments to powerloom service centres situated in different part of the Country for providing the services to powerloom cluster.

(Ministry of Textiles O.M. No.2(4)/2010-Parl. Dated 11/08/2010)

POWERLOOM SECTOR

Recommendation (Sl. No. 16 Para - 3.86)

The Committee observe that there are only 70809 powerlooms in the country in organized sector and 2185511 in decentralized sector. The Committee feel that the assistance under Government Schemes can be better channelized and utilized through Cooperatives/Clusters/ Self help Groups *vis-à-vis* targeting the individual powerloom units. For the purpose, powerloom sector needs to be organized by bringing maximum number of powerloom units under Cooperative/Cluster fold. The Committee find that nothing concrete has so far been done in this regard. The Committee, therefore urge the Government to chalk out a well planned strategy to form Powerloom Cooperatives/Societies/Clusters in all the centralised zones of powerloom units in a time bound manner by educating and spreading awareness among the stakeholders/entrepreneurs about the benefits of such group formations. Such a step will not only enable the Government to disseminate benefits of various developmental and welfare schemes in a cohesive and assured way but will also help in ensuring sustainable and inclusive growth of entire powerloom sector in the country.

Reply of the Government

The Regional Offices and Powerloom services Centres are conducting seminars/workshops all over the country for creating awareness about benefits of schmes and technology among the powerloom entrepreneurs/units and advising ythe entrepreneurs/powerloom units to be organized in a group / association/ co-operative societies to avail the benefits of the schmes. In this efforts, the powerloom entrepreneurs have been organized in groups to take the benefit of schmes and till date, 33 Group Work sheds have been approved under Group work shed Scheme to set up the powerloom units in the Groups.

(Ministry of Textiles O.M. No.2(4)/2010-Parl. Dated 11/08/2010)

HANDLOOM WEAVERS' COMPREHENSIVE WELFARE SCHEME

Recommendation (Sl. No. 20 Para - 3.122)

The Committee feel that the cap of Rs.15,000 per annum, per family under health insurance scheme to provide healthcare facilities to weavers is rather too meagre. Moreover, critical illnesses are not covered under it. The Committee, therefore, recommend that in view of the rising cost of medical tests, medicines etc. the ceiling under the scheme should be raised to at least Rs.50,000/- per annum per family. Further, the Committee do not accept contention of the Government that critical illnesses will be covered under a separate scheme proposed to be launched by the LIC. The Committee are of the considered view that all the healthcare facilities should be provided under one umbrella scheme to the weavers keeping in view their lesser educational qualification. They, therefore, further recommend that either both, the general health care as well as the critical illness cover, be given under HIS or general health care facilities also be included in the new scheme of LIC. The Committee also impress upon the Government that the decision in the matter be taken at the earliest and a complete healthcare package be extended to weavers from the second quarter of the current financial year *i.e.* 2010-11.

Reply of the Government

1. The proposal for covering Critical Illness was placed before EFC on 5.7.2007 while considering the Handloom Weavers' Comprehensive Welfare Scheme.

2. EFC opined that this could be covered under the new scheme to be launched by LIC. Accordingly, the present Health Insurance Scheme as approved by CCEA, does not contain any provision for covering Critical Illnesses as a stand alone category. However, Critical Illnesses are covered as a part of

the existing overall Health Insurance coverage of Rs.15,000 per annum.

3. LIC vide their letter dated 5.3.2008 quoted the premium for Critical Illness rider @ Rs.8/- to Rs.10/- per thousand. Moreover the premium was to be fully paid by the Ministry for all the weavers covered under the Health Insurance Scheme.

4. Since the above quoted premium was on the higher side, the LIC was requested to reconsider their quotes vide this office letter dated 26.3.2008 and offer a negotiated price.

5. LIC vide their letter dated 6.5.2008 revised the quote and cited the rates for the Critical Illness rider premium @ Rs.4 per thousand for a maximum cover of Rs.30,000 with the caveat that in case of claim over premium, the loss will be made good by the Ministry. Such a caveat is contrary to insurance principles.

6. The additional financial implication for providing Critical Illness cover of Rs.30,000 to the handloom weavers at the above cited rates will be as follows:-

Year	No. of weavers to be covered for Rs.30,000	Amount required for premium @ Rs.10/- % 0 @ Rs.300 per weaver	Amount required for premium @ Rs.8/- % 0 @ Rs.240 per weaver
2010-11	16 lakh	Rs.48.00 cr	Rs.38.40 cr
2011-12	18 lakh	Rs.54.00 cr	Rs.43.20 cr
Total	**34 lakh**	Rs.102.00 cr	Rs.81.60 cr

7. Thus the additional financial implication for the premium quoted by the LIC was very high, keeping in mind that the total allocation for Health Insurance Scheme was only Rs.102 crore in 2008-09 and Rs.115 crore in 2009-10.

8. Meanwhile, the Standing Committee on Labour vide their recommendations at Sl. No.12 (Para 3.8) recommended that Critical Illness cover should be included in the existing Health Insurance Scheme only.

9. Therefore, tentative estimates for Critical Illness cover upto Rs.50,000 to Rs.75,000 were called for from the insurance companies as follows:-

- Critical Illness cover of Rs.50,000/- per weaver
- Critical Illness cover of Rs.75,000/- per weaver
- Critical Illness cover of Rs.50,000/- per family
- Critical Illness cover of Rs.75,000/- per family

10. The quotations received from the Insurance Companies also were on the much higher side and would have required large additional funds. Therefore, addition of the Critical Illness cover in the present Health Insurance Scheme would require modifications and substantial funds.

11. Hence, the proposal for a new insurance product for covering the Critical Illness through a scheme of LIC is not found feasible due to the following reasons:-

a) The funds required would be to the tune of Rs.81 crore to Rs.102 crore. It would not be feasible to provide this extra cost in the outlay allocated for the ongoing Health Insurance Schemes. If the component of Critical Illness is to be included as part of the existing Health Insurance Scheme, then there will have to be a trade off between the scope of insurance cover and the number of beneficiaries to be covered. It may result in reducing the number of beneficiaries from the present level of about 16 lakh beneficiaries to about 8 lakh beneficiaries only i.e. almost half since Rs.81 crore to Rs.102 crore (out of total allocation of Rs.155 crore for Health Insurance Scheme) will have to be diverted for this addition.

b) It may be mentioned here that these Critical Illnesses are already covered in the existing Health Insurance Scheme even though for a limited cover of Rs.15,000 only i.e. this facility is already available to the handloom weavers albeit for a limited value.

c) Moreover, the Rashtriya Swasthya Bima Yojana (RSBY) being implemented by the Ministry of Labour for the BPL population of Unorganized Sector also covers these illnesses upto a value of Rs.30,000. Since the BPL handloom weavers are already eligible for availing the benefits of that scheme under RSBY formulation of a new scheme for the same type of medical cover would be duplication in so far as BPL weavers are concerned.

Under the circumstances, the approval is sought for closing the matter of providing Critical Illness cover through LIC.

(Ministry of Textiles O.M. No.2(4)/2010-Parl. Dated 11/08/2010)

CHAPTER-V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT ARE INTERIM IN NATURE

Recommendation (Sl. No. 9 Para - 3.42)

The Committee are constrained to note that backlogs have become a sad feature of the TUF Scheme in the recent years. This is stated to be mainly due to the delay in processing of claims by lending agencies and the office of Textile Commissioner resulting in spill over of claims to the next year and mismatching of funds. The Committee find that as on date claims received upto June, 2009 and partially upto September, 2009 have been settled. The Committee hardly need to emphasize that the flagship Scheme aiming to help the Indian Textile Industry in modernization of machinery and upgradation of technology, calls for hassle free and speedy implementation. The Committee, therefore, recommend that the Office of Textile Commissioner should obtain the data from the Banks/lending agencies on quarterly basis and the eligible claims be settled within a stipulated time frame but generally not exceeding 15 days of the receipt. The Committee also recommend that meticulous analysis be made of the requirement of funds under the Scheme every year and sufficient funds be allocated so that the Scheme does not become a laggard.

Reply of the Government

The Textile Commissioner office is continuously pursuing with the lending agencies to submit the quarterly data so that eligible claims are settled at earliest. The Ministry of Finance has also been approached for additional allocation of funds to ensure sufficient fund availability for the Scheme.

(Ministry of Textiles O.M. No.2(4)/2010-Parl. Dated 11/08/2010)

BRITISH INDIA CORPORATION (BIC) MILLS

Recommendation (Sl. No. 11 Para - 3.60)

The Committee are concerned to note that the work of modernization/revival of BIC mills is unduly being delayed by involving a series of departments/agencies in the matter. BIFR has approved the viability of the company and has recommended for its rehabilitation/modernization twice, in 2002 and subsequently in 2008. After failing to revive the company as per the decision of BIFR, the Government have obtained a techno-economic viability Report from Wool Research Organization which has recommended an amount of Rs.313.91 crore for its revival. Now, the Government propose to refer the company to BRPSE which will, undoubtedly further delay the matter. Accordingly to the Ministry, further steps for revival of the company will be taken depending upon the recommendations of BRPSE. The Committee feel that all efforts, made so far by the Government, have proved futile in getting the leasehold land of BIC mills into freehold from the State Government of Uttar Pradesh. The Committee, therefore, recommend that sustained efforts be made to end this deadlock at the earliest so that BIC mills which are lying closed since long in spite of having enormous potential, may be reopened without further delay.

Reply of the Government

The Revival Plan of the company was submitted for Cabinet approval in the month of February,2009. The Cabinet Secretariat vide letter dated 03.03.2009, returned the Note and directed that revival proposal of BIC Ltd. required to be placed before BRPSE in the first instance. In pursuance of the above, the revival proposal of BIC Ltd. at an estimated cost of Rs. 313.9 crore has now been prepared by the company based on Techno-Economic Viability (TEV) report of WRA & IFCI, and submitted to BRPSE on 13.05.2010.Further action will be taken depending upon recommendation/advice of BRPSE. As regards grant of permission of State Government of UP for sale/ conversion of BIC's land, the Ministry of Textiles has been regularly pursuing the matter with the State Government. As desired by UP State Govt., BIC submitted separate proposals for each land to the concerned State Government Agency, so that a decision could be taken by the State Government. However, requisite approvals/ permissions have not been received. The matter is being regularly followed up. The latest reminders have included follow up at the level of Chief Minister through D.O. letter dated 6th January 2010 from the Minister of Textiles,. Secretary (Textiles) has also written to the Chief Secretary, Govt. of UP on 17th February 2010 , 12th April 2010 and 25th May,.2010. However, there is no response so far.

(Ministry of Textiles O.M. No.2(4)/2010-Parl. Dated 11/08/2010)

NATIONAL INSTITUTE OF FASHION TECHNOLOGY (NIFT)

Recommendation (Sl. No. 13 Para - 3.71)

The Committee take note of the fact that NIFT has been quite successful in attaining its objective. Evidently, its courses are becoming increasingly popular as the demand of the students for joining the Institute is growing year after year. In order to meet the growing demands of the students from across the country, NIFT is opening two more centres at Bhubaneshwar and Jodhpur in the academic year 2010-11. Besides, consultation is under various stages with concerned States Governments for setting up eight more centres. Undoubtedly, this is a commendable step. However, the desired progress is not being achieved due to one or the other reason in all the proposed centres. All the eight projects are plagued by one or the other problem and are not progressing on the expected lines. The Committee, therefore,impress upon the Government to take up the matter with the concerned State Governments at the highest level so that all the tangles are resolved at the earliest and the proposed centres come up within a stipulated timeframe. The Committee further recommend that considering the need for such professional courses world-wide and their huge scope for employment generation, the Government should immediately prepare an action plan to open at least one NIFT centre in each State/UT. Priority may be accorded to States which are without such centres and where heavy industry cannot flourish due to topographical constraints. Such a step will go a long way in meeting the demand of professionals of the field of fashion technology in country's growing textile sector.

Reply of the Government

(i) As per the expansion plan NIFT has recently opened six new Centres in India at Rae Bareli (in 2007), Patna, Bhopal, Kannur, Shillong (in 2008) and Kangra (in 2009) besides the existing 07 old Centres.

(ii) The Bhubneshwar & Jodhpur Centre shall start functioning from this academic year 2010-2011.

(iii) Further, it is intimated that the new Centres are being set up only with the support from State Government or other agencies, as NIFT does not have financial resources for opening of new NIFT Centres. The States which have shown interest in setting up of NIFT Centres have already been addressed intimating the estimated fund and land requirement for opening of new NIFT Centres and further action shall be taken as soon as response is received from those States.

(Ministry of Textiles O.M. No.2(4)/2010-Parl. Dated 11/08/2010)

Recommendation (Sl. No. 17 Para - 3.100)

The Committee observe that there have been remarkable variations in financial and physical targets in sericulture sector during the last three years. The budget allocated to the sector has been fully utilized every year but the targets set for various developmental activities remained unachieved to a large extent. According to the explanation obtained from the Ministry, the physical progress was possible only after release and utilization of the amount by agencies implementing various schemes. The Committee outright reject reply of the Ministry since coordinating physical and financial targets is an important component of the planning process. When budget is estimated for a particular activity/scheme, it is very much imperative to complete the given task, if funds allocated for the purpose are to be utilized fully. The Committee, therefore strongly recommend that the Ministry should review and rectify the inaccuracies which have crept in, in the implementation of the schemes pertaining to silk sector under which physical targets remained unachieved.

Reply of the Government

CATALYTIC DEVELOPMENT PROGRAMMES [CDP] :

The component wise physical and financial targets for each annual plan were finalized based on the requirements of the States. Implementation of the components under CDP is carried out with Central, State and Beneficiary shares. Even though Central share has been released to the concerned State; achievement of the physical target depends on the timely availability of State and Beneficiary contributions. Central Silk Board is releasing funds to States in phased manner, based on the availability of the funds from Government of India. While the physical targets of the concerned State remain same, achievement of physical target depends on availability of the funds from Government. For certain components, the physical and financial targets have been revised based on the fund resources and demand from the States/ Stake holders.

Generally, the targets are being fixed based on the General sharing pattern of assistance. The Government of India has extended Special Status to certain States including North-Eastern States to avail higher Central Subsidy (sharing pattern of 80:10:10 by CSB, State & beneficiary), as per which expenditure will be more but physical achievement does not increase, as in the case of General Category States. Which is one of the major reasons for variance in Physical targets and corresponding achievement.

The targets have been fixed based on the Government of India's approved unit costs. While implementing the components under Catalytic Development Programme, some States do follow their own unit cost (however not exceeding the approved unit cost), keeping in view of the topographical conditions of the implementing area in the State.

Sometimes, the identified beneficiaries / stake holders may not avail the entire package of their proposal, which leads to re-appropriation of sanctioned funds to other components, where demands are justified by State / Stake Holders, resulting in variance in Physical targets and corresponding achievement. The procedural delay with State Governments in release of their share causes undue delay in achieving the target. This is another major reason for variance in Physical targets and corresponding achievement.
However, the progress achieved and release of funds to States are reviewed periodically by the Apex Monitoring Committee having members from Planning Commission, Ministry of Textiles, and subject matter specialists.

(Ministry of Textiles O.M. No.2(4)/2010-Parl. Dated 11/08/2010)

HANDLOOM WEAVERS' COMPREHENSIVE WELFARE SCHEME

Recommendation (Sl. No. 19 Para - 3.121)

The Committee are disheartened to note that as many as 1,04,224 claim cases covering the time period from 2007-08 to 2009-10 are pending for settlement under the Health Insurance Scheme (HIS). The time period fixed for settling claims under the Scheme is 15 days. The Committee take a very serious view of such a perfunctory approach of the Government towards the welfare issues of needy weavers who belong to the disadvantaged strata of the society. It hardly needs reiteration that the very purpose of providing health insurance is frustrated if the claims are not settled in time. They therefore, recommend that immediate and urgent steps be taken to settle all the 1,04,224 pending claims within two months. Henceforth, every claim case received under the Scheme should invariably be settled within the stipulated time frame so that the Scheme does not lose its sheen and the weavers get the intended benefits well in time.

Reply of the Government

As of May 31st, 2010 ICICI have settled 23.61 lakh & 30.40 lakh number of claims under Year-3 (2007-08) and Year-4 (2008-09) respectively. As per report furnished by ICICI Lombard, for policy-3(2007-08) no claim is pending for settlement. For policy-4 (2008-09) and 173815 are pending. Out of these claims (173815), 169362 are cashless claims where the weavers have availed cashless benefits and the outstanding is either to the hospital/ nursing home/OPD clinics. The reimbursement claims for 4453 are pending because ICICI have not received the supporting documents from beneficiaries or possibly have been recently received and are in the process of settlement. Reimbursement claims keep on coming even after 1 year of the expiry of the health cards and most of them are pending due to want of documents or have been recently received by ICICI which are in the process of settlement. In most of the cases ICICI do not received documents in full. The same leads to delay in settlement of claims.

(Ministry of Textiles O.M. No.2(4)/2010-Parl. Dated 11/08/2010)

Recommendation (Sl. No. 22 Para 3.124)

The Committee are distressed to note that despite repeatedly stressing the need to raise the upper age limit from 58 to 70 years for coverage under MBBBY, the Government are not at all taking up the issue with the seriousness it deserves. The Government simply stated that the matter was under active consideration. The Committee deprecate such a languid approach of the Government in deciding issues meant for the welfare of hapless weavers. The Committee reiterate that insurance coverage to weavers upto the age of 70 years be extended expeditiously.

Reply of the Government

The matter regarding raising the upper age limit under the MGBBY from 59 to 70 years has been taken up with LIC. The matter was taken up with the Ministry of Finance (Financial Services) and the Life Insurance Corporation of India (LIC). The LIC had initially quoted a very high premium. After continuous negotiation for reduction of the premium, the LIC had given options for extension of age limit from 59 to 70 years under MGBBY. Out of the options given by LIC, the best option proposed to EFC is as follows:

For coverage of all weavers in the age group 18 to 70 years, the premium will be Rs. 450/- p.a. (GOI share –Rs. 270/-, Weaver's share –Rs.80/- and LICs share Rs.100/-). Out of this amount Rs.100/- will be borne by the LIC, out of Social Security Fund.

Age limit	Annual Premium per weaver	No. of benefi-ciaries (in lakh)	GOI Share per weaver per annum	Financial implication
Age group 18-70 years	Total Premium - Rs.450/- GOI Share - Rs. 270/- Weaver's share - Rs. 80/- LIC's share - Rs. 100/-	25.20	Rs.270/-	Rs.68.04 Cr.

The matter is under consideration of EFC and Planning Commission as on date.

(Ministry of Textiles O.M. No.2(4)/2010-Parl. Dated 11/08/2010)

New Delhi;

HEMANAND BISWAL,

9 December, 2010 ***CHAIRMAN,***

Agrahayana , 1932 (Saka) ***STANDING COMMITTEE ON LABOUR***

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON LABOUR HELD ON 9TH DECEMBER, 2010.

The Committee met from 1430 hrs. to 1530 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 Eleventh Report on Demands for Grants for the year 2010-11 of Ministry of Textiles.

PRESENT

Shri Hemanand Biswal – CHAIRMAN

MEMBERS
LOK SABHA

2. Shri K. Murugesan Anandan
3. Shri Shafiqur Rahman Barq
4. Shri Hassan Khan
5. Shri Kaushalendra Kumar
6. Shri P. Lingam
7. Shri Hari Manjhi
8. Shri P.R. Natarajan
9. Shri Mahendra Kumar Roy
10. Shri Chandu Lal Sahu
11. Dr. Virendra Kumar

RAJYA SABHA

12. 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 Dr. Virendra Kumar on his nomination by the Speaker, Lok Sabha to the Labour Committee for the year 2010-11.

3. Thereafter, Chairman welcomed the Members and apprised them about the draft Action Taken Report on recommendations/observations contained in their Eleventh Report on Demands for Grants for the year 2010-11 of Ministry of Textiles.

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

5. 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 ELEVENTH REPORT OF STANDING COMMITTEE ON LABOUR (FIFTEENTH LOK SABHA)

		Total	**Percentage**
I.	Total number of Recommendations	22	
II.	Recommendations/Observations which have been accepted by Government (Sl. Nos. 1,2,3,4,5,6,7,14,18 and 21)	10	45.46
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. 8, 10,12, 15,16 and 20)	6	27.27
V.	Recommendations/Observations in respect Of which final replies of Government are of interim in nature - (Sl. Nos. 9,11,13,17,19 and 22)	6	27.27
			100%