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**STANDING COMMITTEE ON LABOUR
(2010-2011)**

FIFTEENTH LOK SABHA

MINISTRY OF TEXTILES

**DEMANDS FOR GRANTS
(2011-2012)**

TWENTIETH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

August, 2011/Bhadrapada, 1933 (Saka)

TWENTIETH REPORT
STANDING COMMITTEE ON LABOUR
(2010-2011)

(FIFTEENTH LOK SABHA)

MINISTRY OF TEXTILES

DEMANDS FOR GRANTS
(2011-2012)

Presented to Lok Sabha on 30.8.2011

Laid in Rajya Sabha on 30.8.2011



LOK SABHA SECRETARIAT

NEW DELHI

August, 2011/Bhadrapada, 1933 (Saka)

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. Shri Mohd. Ali Khan

* 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

**** Nominated *w.e.f* 30th May, 2011.

***** Appointed as Minister *w.e.f* 12th July, 2011

*****Retired *w.e.f.* 18th August, 2011.

SECRETARIAT

- | | | | |
|----|-----------------------|---|------------------|
| 1. | Shri Devender Singh | - | Joint Secretary |
| 2. | Shri B.S. Dahiya | - | Director |
| 3. | Shri Arvind Sharma | - | Deputy Secretary |
| 4. | Smt. Bharti S. Tuteja | - | Under Secretary |

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INTRODUCTION

I, the Chairman, Standing Committee on Labour (2010-11) having been authorized by the Committee do present on their behalf this 20th Report to Parliament of the Ministry of Textiles on Demands for Grants for the year 2011-2012.

2. The Committee considered the Demands for Grants pertaining to the Ministry of Textiles for the year 2011-2012 which were laid on the Table of the House on 16th March, 2011. Thereafter, the Committee took evidence of the representatives of the Ministry of Textiles on 7th April, 2011. The Committee considered and adopted the Report at their sitting held 25th August, 2011.

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

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

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

New Delhi;
25 August, 2011
3 Bhadrapada, 1933(Saka)

HEMANAND BISWAL
CHAIRMAN
STANDING COMMITTEE ON LABOUR

CHAPTER-I

REVIEW OF STATUS OF IMPLEMENTATION OF RECOMMENDATIONS CONTAINED IN THE ELEVENTH REPORT OF THE STANDING COMMITTEE ON LABOUR ON DEMANDS FOR GRANTS (2010-11) OF MINISTRY OF TEXTILES.

1.1 The Standing Committee on Labour presented their Eleventh Report on Demands for Grants (2010-11) pertaining to the Ministry of Textiles to Parliament on 22.4.2010. An Action Taken Report (Fifteenth Report, Fifteenth Lok Sabha) on the recommendations contained in the Eleventh Report was presented to Parliament on 8.3.2011.

1.2 The Eleventh Report contained 22 recommendations. Ten recommendations (Sl.Nos.1,2,3,4,5,6,7,14,18 and 21) were accepted by the Government. There were no recommendations which the Committee did not desire to pursue. In respect of 6 recommendations (Sl. Nos. 8, 10,12, 15,16 and 20), the replies of the Government were not accepted and, therefore, were reiterated by the Committee in their Fifteenth Report. Replies of the

Government were interim in nature in respect of 6 recommendations (Sl. Nos. 9,11,13,17,19 and 22).

1.3 The Minister of Textiles made a statement in Lok Sabha on 25th March, 2011 regarding status of implementation of the recommendations contained in the Eleventh Report of the Committee on Labour under Direction 73 A of the Directions by the Speaker, Lok Sabha.

CHAPTER-II

Introductory

The Ministry of Textiles came into independent existence in 1989 after its separation from the Ministry of Commerce. Textile Industry occupies a unique position in our economy and psyche. The fate of rural economy and the fortune of major fibre crops and crafts-cotton, wool, silk, handicrafts and handlooms, which employ millions of farmers and craft persons in rural and semi-urban areas, depend on textile industry. Textile sector provides employment next only to agriculture.

2.2 The main functions and activities of the Ministry of Textiles are policy formulation and planning, development, export promotion and trade regulation of the textile industry. The Ministry formulates policies regarding production, distribution (for domestic consumption and exports) and development of all textiles including cotton, woollen, jute, silk, synthetics, etc. produced on handlooms, powerlooms and in mills. It is also responsible for readymade

garments, handicrafts and industries related to production of silk and cellulosic fibres.

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

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

2.5. The principal functional areas of the Ministry cover the following:-

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

2.6. The Demands for Grants of the Ministry of Textiles for the year 2011-2012 are given under Demand No. 92. The detailed Demands for Grants of the Ministry were laid on the Table of Lok Sabha on

16.3.2011. The following are the major heads under which the Demands for Grants of the Ministry have been given:-

3451	-	Secretarial Economic Services
2552	-	North-Eastern Areas
2851	-	Village and Small Industries
2852	-	Industries
3453	-	Foreign Trade and Export Promotion
3601	-	Grants-in-aid to State Governments
3602	-	Grants-in-aid to Union Territory Governments
4552	-	Capital Outlay on North-Eastern Areas
4851	-	Capital outlay on Village and Small Industries
4860	-	Capital Outlay on Consumer Industries
6860	-	Loans to Public Sector and other Undertakings

2.7. In order to efficiently carry out the task of implementing various schemes, the Ministry has the following two attached offices, two subordinate offices, six advisory boards, three registered societies and six statutory bodies under it:-

Attached offices:-

- (a) Office of the Development Commissioner for Handlooms
- (b) Office of the Development Commissioner for Handicrafts

Subordinate offices:-

- (a) Office of the Textiles Commissioner
- (b) Office of the Jute Commissioner

Advisory Boards:-

- (a) All India Handicrafts Board
- (b) All India Powerlooms Board
- (c) All India Handloom Board
- (d) Cotton Advisory Board
- (e) Jute Advisory Board
- (f) Coordination Council of Textiles Research Associations
(TRAs)

Registered Societies:-

- (a) Central Wool Development Board (CWDB)

- (b) National Centre for Jute Diversification (NCJD)
- (c) Sardar Vallabhbhai Patel Institute of Textiles
Management (SVPITM)

Statutory Bodies:-

- (a) Jute Manufactures Development Council (JMDC)
- (b) Central Silk Board (CSB)
- (c) Textiles Committee
- (d) Commissioner of Payments
- (e) National Institute of Fashion Technology (NIFT)
- (f) National Jute Board

2.8. The Committee have attempted to scrutinize the Demands for Grants for the year 2011-2012 of the Ministry to the extent possible and the findings have been illustrated in the ensuing Chapters.

CHAPTER-III

A. General Performance

Plan Expenditure

3.1 Plan Schemes/Programmes of the Ministry of Textiles have been grouped under two categories, viz. the Village & Small Enterprises (VSE) and Industry & Minerals (I&M). The Ministry have been allocated an amount of Rs. 5,000 crore as plan outlay for the year 2011-2012.

3.2 The details of budgetary allocations, revised allocations and actual expenditure incurred by the Ministry under plan head, during the 11th plan period are as under:

PLAN

(Rs. in crore)

Sl.No.	Year	BE	RE	Actual Expenditure
1.	2007-08	2243.00	2323.00	2214.66
2.	2008-09	2500.00	4092.32	3824.78
3.	2009-10	4500.00	4500.00	4210.94
4.	2010-11	4725.00	4725.00	4241.71
5.	2011-12	5000.00	-	-

3.3 The above table shows that against the Budget Estimate (BE) of Rs. 4,725 crore for the Plan Schemes of the Ministry for the year 2010-11, the actual expenditure has been Rs. 4241.71 crore. An amount of Rs.483.29 crore remained un-utilized during the annual plan 2010-11.

3.4 The statement showing physical and financial targets and achievements during the year 2010-11 and the expenditure incurred, scheme-wise, as furnished by the Ministry are in **Annexure-I.**

3.5 The Ministry has stated that plan expenditure during 2010-11 could not be fully utilized mainly because of non-availability of funds as on 14.02.11. Further, Rs.523.59 crore approved in the RE-2010-11 were to be re-distributed among different schemes and accordingly a request was sent to Ministry of Finance to approve it in the third batch of Supplementary Grants. The approval of Parliament/Ministry of Finance came only in the month of March, 2011. So, the actual percentage of expenditure vis-à-vis actual amount available (Rs.4201.41 crore) was 77.51%. In addition, there

are other reasons such as non-receipt of bills timely, viable proposals not being received from North-Eastern region under Handloom, non-availability of land, delay in obtaining statutory clearances, implementation of OBC quota under NIFT could not be undertaken due to non-availability of land or non-receipt of clearances from the concerned agencies and thus infrastructure could not be developed.

3.6 Elaborating further about the reasons for low utilization of funds during 2010-11, the Ministry of Textiles informed the Committee in a written reply as under:-

'Against the unutilized amount of Rs 483.28 crore (i.e. 10.23 per cent) out of the total allocation of Rs 4725.00 crore, the major portion of the unutilised amount of Rs.310.18 crore (i.e. 65.6 per cent) is on account of earmarking of the budget outlays for the North East States.'

3.7 As per the information made available to the Committee, the following table gives the Scheme-wise break-up of unutilized amount in NER:

Sl.No.	Scheme	Unutilised Amount (in Crores)
1.	TUFS	Rs.132.50
2.	SITP	Rs.50.00
3.	NIFT	Rs.35.00
4.	Handlooms	Rs.58.68
5.	Handicrafts	Rs.25.00
6.	Megal Cluster	Rs. 5.00
7.	Jute	Rs. 4.00

3.8 The main reasons for non-utilization of funds in the NER are as follows:

- (i) Viable proposals from the North Eastern States under Handlooms and Jute sub-sector were not

received inspite of popularizing the schemes through print and electronic media.

- (ii) Under Handicraft sub- sector, the funds were not utilized due to non-finalization of Insurance agency even after retendering. Further, the bills were received at the fag end of the financial year for which reason they were not admitted (including NER) for payment.
- (iii) Technology Upgradation Fund Scheme (TUFS) is a demand driven scheme and no expenditure could be incurred under this scheme in the North East Region as there was no demand for this scheme inspite of the best efforts of the Ministry.
- (iv) As regards SITP, the reasons for the funds not been utilized fully are delay in acquisition of land, delay in obtaining statutory clearances, non-availability of finance/term loan in some of the projects due to which their claims could not be submitted on time.

3.9 It may be seen that under VSE sector, an amount of Rs 976.17 crore has been utilized as against the BE of Rs 1215.00 crore i.e 80.34 per cent and a sum of Rs 3265.55 crore i.e 93.04 per cent has been utilized as against the Rs 3510.00 crore in the Industry sector as on 31.3.2011. Out of the total plan expenditure of Rs 4241.72 crore, 27.97 per cent was incurred in the first quarter, 21.31 per cent in the second quarter, 26.55 per cent in the third quarter and 24.14 per cent in the fourth quarter, the highest 27.97 per cent of expenditure having been incurred in the very first quarter of the year. As per the expenditure management guidelines of the Ministry of Finance, expenditure should not be more than 33 per cent in the last quarter of the financial year'.

3.10 As per the efforts made by the Ministry to popularize TUFS in the North Eastern Region, the Ministry replied that:

Various efforts have been made to popularize the different schemes including TUFS by organizing

seminars/workshops/awareness-cum-facilitation campaign in different places in the North Eastern Region. Seminar/workshops were organized in Guwahati(Assam), Dimapur (Nagaland), Agartala (Tripura) and Imphal in Manipur.'

3.11 The Committee were further apprised that:

'As there is no scope for incurring any expenditure under TUFs and SITP in the North East, the Ministry has been requesting the Planning Commission and the Ministry for the Development of the North East Region (DoNER) to exempt these schemes from the 10% mandatory earmarking for the North-East so that the entire allocation for these schemes could be spent in areas other than the North East where there is unmet demand for assistance under these schemes.'

3.12 Asked about the monitoring mechanism for regular review of schemes for which plan funds are allocated, the Ministry submitted the following:-

- (a) Along with the progress of physical and financial targets of the schemes, the expenditure is regularly monitored in the weekly Senior Officers' Meeting (SOM) chaired by Secretary (Textiles) & in-house review meetings for the various schemes.
- (b) These meetings are in addition to various fora at which the review of the Plan schemes is undertaken. For example, periodical review reports are furnished to the Planning Commission. Further, Planning Commission takes the Performance Review Meeting on half-yearly and yearly basis of the various schemes being implemented by the Ministry of Textiles. In such meetings, representatives from State Governments and implementing agencies are also called for discussions.
- (c) An online project proposal monitoring system has been introduced for the TUFSS. The computerized monitoring mechanism with online connectivity from the nodal banks to the Textile Commissioner's Office has been set up to maintain information in respect of all beneficiaries to facilitate efficient monitoring of disbursement of loans by banks as well as subsidy by Government to individual units.
- (d) Efforts are also being made for timely submission of project proposals of schemes wherever required to ensure timely and even spending of funds.

- (e) Implementation of projects sanctioned under different schemes is being regularly monitored. Field officers are being instructed to increase the pace of inspections for effective implementation of schemes and based on their reports, grants are released or curtailed’.

3.13 The Committee note that against the budget allocation of Rs.4725 crore (Rs.1215 crore for VSE section and Rs.3510 crore for I&M), an amount of Rs.976.17 crore was utilized for various schemes under VSE Section, and Rs.3265.55 core for I&M sector. Although, the Government have taken steps for even spread of expenditure over the four quarters of the financial year, the Committee are unhappy to note that despite weekly reviews, Rs.483.28 crore remained unspent for various schemes and a major portion of the unutilized amount of Rs.310.18 crore i.e. 65.6 per cent of the budget outlays earmarked for the North Eastern States could not be utilized during the year 2010-11. The reasons forwarded by the Ministry such as non-receipt of viable proposals from North Eastern States under handlooms and jute, non-finalization of insurance agency, delayed receipt of bills, no demand under TUFs, delay in acquisition of land and obtaining

statutory clearances, etc are not acceptable to the Committee. They are interested in fructification of schemes and programmes and in tangible results. The Committee deplore that the Ministry has failed to achieve the desired targets and utilization of funds during the last 4 years of the 11th plan period. The Committee feel that as 10% of the total allocation of funds to the Ministry is to be expended on development activities in North Eastern States, the onus to create and make available the infrastructure to set up and develop supporting infrastructure of all their schemes/projects lies with them. The Committee find that there is lack of awareness regarding the TUFs and SITP Schemes in North Eastern Region and therefore, recommend that more vigorous efforts be made to make the people of North East aware of the benefits of the Schemes. The Committee also recommend the Government to take all and appropriate measures, regardless of the impediments, to give an impetus to the development of Textile Sector in the North Eastern region and ensure that the budgetary allocations for the year 2011-12 are fully utilized.

The Committee would like to be apprised of the action plan of the Government in this regard.

Non-Plan Expenditure

3.14 As regards, the non-plan expenditure for the first three years of the 11th Plan, the information furnished by the Ministry is as under:

(In Rs crore)

Year	Budget Estimates	Revised Estimates	Actual Expenditure
2007-2008	893.68	813.68	724.39
2008-2009	823.51	1555.58	1046.68
2009-2010	898.00	1412.42	1380.01
2010-2011	883.08	2043.85	1264.10 (Upto 31.1.11)
2011-2012	855.75	-	-

3.15 A glance of the above table reveals that the B.E. for the year 2010-11 under non-plan expenditure was Rs. 883.08 crore,

which was increased to 2043.85 crore at RE stage, whereas the actual expenditure has been 1264 crore only (upto 31.1.2011).

3.16 The Ministry submitted that:

‘As on 31.1.2011, Rs.1264.10 crore has been utilized which is 61.84% of the RE 2010-11. The RE has been enhanced to Rs.2043.85 crore, but the enhanced amount will only be available in the 3rd batch of supplementary, the amount available at this stage is Rs.1395.58 crore.’

3.17 The reasons for such a huge increase at the RE stage vis-a-vis reasons for such large amount being left unspent, the Committee were informed of the following reasons for enhancement of RE to Rs 2043.85 crore from the BE level of Rs. 883.08 crore:

- (i) Increase in MSP-Cotton allocation from Rs. 244.00 crore to Rs. 1217.00 crore to clear the pending liabilities.
- (ii) Increase in loans to BIC to s. 55.50 crore from Rs. 0.01 crore to clear the statutory dues and payments of Salary/Wages.

- (iii) Increase in loans to NJMC to Rs. 149.65 crore from Rs. 100.00 crore as per the cabinet decision
- (iv) Increase in 10% handloom rebate scheme to Rs. 82.65 crore from BE of Rs. 0.03 crore to clear the pending liabilities.

As on 31.01.2011, the actual amount available for expenditure was Rs. 1395.58 crore out of which Rs. 1264.10 crore was released. The balance amount was received in the final batch of Supplementary Grants in March, 2011. It may be noted that the final expenditure of 2010-11 is Rs. 2005.66 crore which is 98.13%.

3.18 The Committee observe that budgetary allocations of Rs.883.08 crore were made to Ministry of Textiles towards non-plan expenditure during 2010-11. This was enhanced to Rs.2043.85 crore at RE stage to meet the pending liabilities on increase in Minimum Support Price – cotton allocation and increase in 10% handloom rebate scheme besides the increase in loans to BIC and NJMC and payment of salary/wages. The Committee are concerned to note that although they had in their 11th report on Demands for Grants (2010-11) of Ministry

of Textiles (15th Lok Sabha) recommended that, in view of the need for sustainable growth of textile industry, funds should not be released at the fag end of the year, yet, the balance amount of non-plan funds as revised during 2010-11 was released only in March, 2011. The Committee are dismayed to note the huge increase in allocation of funds at the RE stage that too for clearing the statutory dues and payment of salary/wages. The Committee, therefore, recommend that prudent measures be taken by the Government for realistic planning and timely release and utilization of funds. The Committee would also like to be apprised of the delay, if any, in payment of salary/wages to the employees of BIC due to delayed release of funds.

B. North Eastern Region

3.19 As per the Government Directives, 10 per cent of the total budget allocation of the Ministry is to be earmarked for the schemes, development programmes of the North-Eastern region of the country. Accordingly, ten per cent of the total plan budget of Rs.4725 crores of the Ministry of Textiles during the year 2010-11 i.e. Rs.472.50 crore was allocated for the North-East Region. An amount of Rs.162.32 crore was spent during 2010-11.

The Scheme-wise plan expenditure in North Eastern region for the year 2010-11 is given below:

Rs in crore)

Sl. No	Sector	Actual Allocations from 2007-08 to 2010-11	2009-10 (NER)				2010-11 (NER)				Cumulative Exp. from 2007-08 to 2010-11 (P*)
			Total (BE)	Outlay (BE)	Outlay (RE)	Exp.	Total (BE)	Outlay (BE)	Outlay (RE)	Exp.	
1.	Handlooms	339.00	340.00	85.00	85.00	77.00 (90.59%)	436.00	106.00	106.00	47.15 (44.48%)	256.22 (75.58%)
2.	Sericulture	145.00	115.00	17.50	47.90	47.90 (273.71%)	330.00	70.00	70.00	70.00 (100%)	174.40 (120.28%)
3.	Handicrafts	218.00	220.00	54.00	55.66	48.22 (39.30%)	286.00	66.00	66.00	41.00 (62.12%)	167.04 (76.62%)
4.	Mega clusters	10.00	50.00	5.00	5.00	1.50 (30.00%)	150.00	5.00	5.00	0.00 (0.00%)	1.50 (15.00%)
5.	Jute Technology Mission	33.00	70.00	8.00	8.00	8.00 (100.00%)	80.00	8.00	8.00	4.00 (50.00%)	28.00 (87.50%)
6.	Cotton Technology Mission	80.00	60.00	10.00	10.00	0.00 (0.00%)	141.00	50.00	50.00	0.00 (0.00%)	0.00 (0.00%)
7.	Scheme for Integrated	202.50	397.00	20.00	20.00	0.00 (0.00%)	400.00	132.50	132.50	0.00 (0.00%)	0.00 (0.00%)

	Textile Parks										
8.	TUFS	369.00	3140.00	250.00	191.19	0.00 (0.00%)	2400.00	35.00	35.00	0.00 (0.00%)	0.00 (0.00%)
9.	NIFT	1.00	32.25	0.50	27.25	27.25 (5450.00 %)	245.00	0.00	0.00	0.00	33.75 (3375.00 %)
10.	Others	0.00	75.75	0.00	0.00	0.00	277.00	0.00	0.00	0.00	0.00
	GRAND TOTAL	1396.00	4500.00	450.00	450.00	209.87 (46.64%)	4725.00	472.50	472.50	162.15 (34.32%)	677.33 (48.50%)
*Over 11th Plan P-Provisional											

3.20 As per the information furnished to the Committee regarding the number of people engaged in textile sector in the North Eastern Region, based on the census report, the number of people engaged in handloom and handicrafts are detailed below:

- (a) Handloom Sector is an unorganized sector & about 21.75 lakh people are engaged in handloom sector in NER as per Handloom Census 2009-10. The Ministry further stated that the details of the people engaged in the textile sector in NER is not readily available. However most of the schemes being implemented are under handlooms, handicrafts, Silk and Jute.
- (b) The total no. of Artisans are 8.89 Lakhs as per 1995-96 census. Census 2011 is in progress.
- (c) There are 15.92 lakh handlooms in NER as per Handloom Census 2009-10. Handloom weavers are mostly concentrated in Assam, Manipur and Mizoram.

- (d) There are 440 looms (37 units) in powerloom sub-sector in NER. Powerloom weavers are largely concentrated in Assam.
- (e) One Mega Handloom Cluster at Sivasagar has been sanctioned in North Eastern Region. There are approximately 88,125 handloom weavers in the Sivasagar Mega Handloom Cluster (Assam)". In addition 144 Handloom Cluster and 293 Group Approach Projects have been sanctioned in NER under Integrated Handloom Development Scheme benefiting 78,499 weavers.
- (f) There is no mega cluster/clusters of powerloom in NER.
- (g) There is no Mega Cluster Sanctioned under handicraft in NER. However, 26 Clusters have been sanctioned in Handicraft Sector & 16556 Artisans will be covered.

3.21 When asked about the workshops conducted to create awareness about the schemes and various other requirements held in NER, the Ministry have informed the Committee that 23 Design Exhibition-cum-Workshop has been conducted by Weavers' Service Centre in NER as per details below:

Weavers' Service Centre, Guwhati	-	10
Weavers' Service Centre, Agartala	-	08
Weavers' Service Centre, Imphal	-	05

3.22 Regarding the number of weavers who have got training in three Weavers Service Centre in last five years, the Ministry furnished the following information:

Guwahati	-	594
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Agartala	-	185
Imphal	-	164

No. of persons trained in the last five years at Powerloom Service Centre (PSC) Guwahati are as under:

Year	No. of persons trained
2006-07	155
2007-08	79
2008-09	89
2009-10	156
2010-11	151

3.23 To popularise the different schemes related to Textiles including powerloom schemes following seminar/workshop/awareness-cum-facilitation campaign in different places in the North Eastern Region were organised during last five years:

Year	No. of seminar/workshops	Venue	Date	No. of participants
2006-07	2	Guwahati (Assam) Dimapur(Nagaland)	18.12.06 12.2.07	80 170
2007-08	2	Agartala(Tripura) Imphal(Manipur)	20.4.07 7.1.08	55 60
2008-09	1	Aizwal(Mizoram)	29.5.08	94
2009-10	1	Guwahati(Assam)	12.6.09	160

2010-11	6	Guwahati(Assam)	13.5.10 &	29
		Guwahati(Assam)	14.5.10	63
		Imphal(Manipur)	23.6.10	250
		Shillong(Meghalaya)	21.7.10	160
		Aizwal(Mizoram)	18.11.10	180
		Guwahati(Assam)	28.1.11	
			25.2.11 to	50
			27.2.11.	
2011-12	1	Shillong(Meghalaya)	25.5.11 &	160
			26.5.11	

Besides above programmes, the Powerloom Service Centre (PSC) Guwahati (IJIRA) has also conducted 10 seminar/workshop during the financial year 2010-11, details of which are as under:

Year	No.of seminar/workshops	Venue	Date	No. of participants
2010-11	10	Guwahati(Assam)	29.4. 2010	12
		Guwahati(Assam)	13.5. 2010	35
		Guwahati(Assam)	23.8.2010	12
		Barpeta(Assam)	30.9.2010	50
		Imphal(Manipur)	12.10.2010	20
		Guwahati	12.11.2011	25
		Guwahati	11.1.2011	35
		Imphal	21.1.2011	30
		Chandrapur	10.2.2011	22
		silchar	14.4.2011	25

3.24 When enquired about the steps taken by the Ministry to popularize schemes under Handloom and jute sub-sector besides advertising in print and electronic media, the Ministry elaborated that:

‘In order to popularize the Schemes under Handloom in the country including North Eastern States besides advertising in print and electronic media, the Office of the Development Commissioner for Handlooms through State Governments, National Handloom Development Corporation, Weavers’ Service Centres organizes workshop and sensitization programmes, awareness camps, exposure visits, health camps at various places to create awareness about handloom schemes.

Further, to promote handloom sector Government of India has decided to organize Handloom Week from 21st to 27th December every year during which a number of promotional and awareness programmes, organization of domestic marketing through handloom expos concurrently in important cities, fashion shows, publicity through newspaper, magazines, outdoor publicity etc. are held. For the first time, Essay writing competition and Apparel Designing competition were held during the Handloom Week 2010.

Jute : Under Jute Technology Mission, for promotion of Jute Diversification, number of collaborating Agencies are 9 (JSC +JRMB) from Assam, Nagaland, Arunachal Pradesh, Sikkim, Mizoram and Tripura. Basic & Advanced Training were conducted in Assam-95, Nagaland-27, Tripura-16 and Sikkim-16. The total number of participation were 3846.’

Regarding the manpower provided, the Ministry informed that:

‘Under Handloom sub sector, Total Officers – 8, (Director-1, Deputy Director-1, Assistant Director-4,

Senior Lecture-1 and Junior Lecture-1) Guwahati-6, Agartala-1, and Impal-1.

Under Handicraft sub-sector there are 8 Marketing & Service Extn. Centres in NER. Where 5-6 officers & officials are working. '

3.25 The Committee are surprised to note that not a single demand for TUFs has been received in North Eastern Region as of now and the Government have abdicated their responsibility by merely stating that North Eastern region is not a textile activity region in- spite of the fact that about 21.75 lakh people are engaged in handloom sector as per Handloom census, 2009-10. The reply of the Government that there is no scope for incurring any expenditure under TUFs and SITP in the North Eastern Region is not acceptable as by Government's own admission about 21.75 lakhs people are engaged in the handloom sector. In their considered view, the Committee feel that the Ministry has failed to promote their flagship schemes in the North-Eastern Region. While recommending that the Government constitute an expert group to advise them for popularization of TUFs and SITP in North Eastern Region, the Committee also urge the Government to set up their own

textile centres in the North Eastern region, train unemployed people and educate them about the benefits of TUFs or alternatively cooperatives may be convinced/motivated to set up modernized textile units in the North Eastern Region. The Committee would like to be apprised of the steps taken by the Government in this regard.

3.26 The Committee are concerned to note that textiles sector in North Eastern Region has not been able to derive benefit of any of the development schemes of the Ministry of Textiles as it is unorganized and dispersed. The Committee find that there is lack of infrastructure in the region, obsolete technology, weak skill base, absence of product diversification & market development and poor institutional frame-work. The Committee further observe that out of 43 lakh handloom weavers in the country about 21.75 lakh weavers i.e. about 50% are engaged in handloom sector in North Eastern Region as per Handloom Census 2009-10. The Committee desire the Government to encourage formation of self help groups in

North Eastern Region to help weavers to come together and derive benefits from various Centrally Sponsored Schemes. While observing that only 594, 185 and 164 weavers got training in three Weavers Service Centre at Guwahati, Agartala and Imphal during the last five years, the Committee feel that small training centers in rural/remote areas be set up in Private Public Partnership mode for unemployed villagers who are hesitant to move to the cities to provide the prospects of training and employment in their villages only. Further, centres so set up should encourage weavers to convert weaving into commercial venture through robust marketing strategy and wider publicity. Also, proper training is also required for women members of the weavers' family for upgrading their skills in preparatory processes. These training institutes may provide training using well developed looms, designs and dyeing procedures. The Committee also recommend that the manpower in handloom and handicrafts sub-sectors be strengthened at the earliest to make the schemes successful in North Eastern Region.

3.27 The Committee note that although about 21.75 lakh people are engaged in handloom sector in North Eastern Region, only 88,125 handloom weavers are covered under one mega Handloom Cluster at Sivsagar, (Assam) and another 78,499 have been benefited from 144 Handloom Clusters and 293 Group Approach Projects leaving behind a major chunk of weavers in unorganized sector. The Committee feel that till clusterisation picks up in North Eastern Region, individual weavers should not suffer and the credit facility be made available to individual weavers for the working capital required on easy terms. Besides, the Ministry of Textiles should take up necessary steps to organize visits of the officers and experts at frequent intervals to the areas where these weavers/artisans work or reside and educate them about the benefits of forming clusters/cooperatives/SHGs. These officers may also liaise with the local Panchayats to spread awareness about the schemes. Benefits of other schemes hitherto meant for clusters may also be extended to these individual weavers. The Committee desire that required infrastructure be made available in each district where weavers/artisans can display

and sell their products. The officer posted in these outlets guide the individual weavers/artisans about the forthcoming exhibitions, seminars and workshops so that they showcase their products and get to know about market trends, training facilities, etc. The Committee also feel that since all the weavers/artisans are not educated, publicity may be given about all the schemes and facilities through the print and electronic media. Further, the Government should also ensure that Village Panchayats, Local Members of Parliament, Members of Legislative Assembly and Municipal bodies are involved in publicity campaigns which must be held in remote/rural areas in their local language.

C. Technology Upgradation Fund Scheme (TUFS)

3.28 Regarding the progress of TUFS Scheme since its inception and the proposal for revision in the Scheme, the Ministry informed the Committee that the major reform measures that initiated under the Restructured TUFS scheme are (a) revamped scheme has been structured in such a way that the subsidy out go is no open ended and has definite cap of Rs. 1972 crores: (b) Greater administrative and monitoring controls have been introduced with pre-authorisation of all eligible claims by the Textiles Commissioner, Mumbai, before approvals and intensive monitoring by the Inter Ministerial Committee chaired by the Secretary, Textiles; (c) Address the issues of fragmentation and promote forward integration by providing 5% IR for spinning units with matching capacity in weaving/knitting/processing/garmenting; (d) promoting investments in sectors with low investment like weaving by providing for capital subsidies; (e) reducing the repayment period to 7 years with 2 years moratorium from the existing 10 years with 2 years moratorium; (f) Technology upgradation in weaving by

providing higher capital subsidy for establishment of new shuttleless looms. This would help to reduce and eventually phase out secondhand looms;(g) The eligibility of restructured/rescheduled cases would be restricted to initial loan repayment schedule and ballooning of subsidy in rescheduled cases will be avoided and (h) detailing of the administrative costs in the financial outlays.

Financial and operational parameters of the Restructured TUFS

According to the Ministry, the financial and operational parameters of the Restructured TUFS in respect of loans sanctioned under the scheme would be as follows: -

1. A reimbursement of 5% on the interest charged by the lending agency on a project of technology upgradation in conformity with the Scheme. However, for spinning machinery the scheme will provide 4% for new stand alone / replacement / modernisation of spinning machinery; and 5% for spinning units with matching capacity in weaving / knitting / processing / garmenting.

2. Cover for foreign exchange rate fluctuation / forward cover premium not exceeding 5% for all segments except for new stand alone / replacement / modernisation of spinning machinery, the foreign exchange rate fluctuation / forward cover premium will be 4%.

3. Additional option to the powerlooms units and independent preparatory units to avail of 20% Margin Money subsidy under Restructured TUFs in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 500 lakh and ceiling on margin money subsidy of Rs.60 lakh. However, for brand new shuttleless looms the ceiling on margin money subsidy will be Rs.1 crore. A minimum of 15% equity contribution from beneficiaries will be ensured.

4. An option to SSI textile and jute sector to avail of 15% Margin Money subsidy in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 500 lakh and

ceiling on margin money subsidy of Rs.45 lakh. A minimum of 15% equity contribution from beneficiaries will be ensured.

5. 5% interest reimbursement plus 10% capital subsidy for specified processing, garmenting and technical textile machinery.

6. The Common Effluent Treatment Plants (CETPs) will not be covered under Restructured TUFs.

7. 5% interest reimbursement plus 10% capital subsidy for brand new shuttleless looms.

8. Interest subsidy/capital subsidy/Margin Money subsidy on the basic value of the machineries excluding the tax component for the purpose of valuation.

9. 25% capital subsidy in lieu of 5% interest reimbursement on purchase of the new machinery and equipments for the pre-loom & post-loom operations, handlooms/up-gradation of handlooms and testing & Quality Control equipments, for handloom production units.

10. 25% capital subsidy in lieu of 5% interest reimbursement on benchmarked machinery of silk sector as applicable for Handloom sector.

11. The Scheme will cover only automatic shuttleless looms of 10 years' vintage and with a residual life of minimum 10 years. The value cap of the automatic shuttleless looms will be decided by the Technical Advisory-cum-Monitoring Committee (TAMC).

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

13. Interest reimbursement will be for a period of 7 years including 2 years implementation / moratorium period.

14. The subsidy in restructured cases will be restricted to the quantum approved in the initial loan repayment schedule by the lending agency and submitted to the Office of the Textile Commissioner in the prescribed format.

15. Common Effluent Treatment Plant (CETP) and other investments like, energy saving devices, in-house R&D, IT including ERP, TQM including adoption of ISO / BIS standards, CPP and electrical installations etc. will not be eligible under Restructured TUFs.

16. There will be an overall subsidy cap of Rs. 1972 crores from the date of issue of this Resolution to 31.03.2012, which is expected to leverage an investment of Rs.46900 crore, with sectoral investment shares of 26% for spinning, 13% for weaving, 21% for processing, 8% for garmenting and 32% for others.

17. The Scheme will be administered with a two stage monitoring mechanism. The sectoral caps may be reviewed for modification by the IMSC (Inter Ministerial Steering Committee), based on the recommendations of TAMC.

3.29 The Committee note that the Government had introduced TUFs with a view to modernize the textile industry. The Government have also given special subsidy for new Hi-tech machinery developed indigenously. The Committee also note that second hand machinery fulfilling certain specifications can, however, be imported under TUFs. In view of the fact that textile industry has always preferred used vintage machinery from other countries and also new cheap machines, the Committee feel that no subsidy be given to import of second hand machinery of the technological specifications similar to the one being manufactured in India and the duty concession be restricted only to domestic manufacturers competing with the country(ies) producing cheap and often sub-standard machines. The Committee also desire the Government to ensure standard bench mark regarding quality and standard of the new/vintage machines imported.

D. Handlooms

3.30 As per 1995-96 Handloom Census, there were about 65 lakh handloom weavers and allied workers in the country. But as per recently concluded Handloom Census (2009-10), there are only 43 lakh handloom weavers and workers employed in the sector, when asked about the sharp decline in people employed in the Handloom Sector, the Ministry replied as under:

Reasons for sharp decline in the number of people employed in the Handloom Sector.

- Competition with Mill / Powerloom Sector.
- A largely unorganized, dispersed and decentralized sector.
- Comparative advantage of exemption of 9.2% CENVAT on hank yarn is lost.
- Discontinuation of Janata Cloth Scheme.
- Erosion of market share.
- High cost of credit.
- Low disbursement of credit and choking of cooperative credit lines due to debt over-dues.
- Inflow of Chinese Silk & Synthetic Fabrics from abroad.
- Change in the fashion trend.
- Decline of Handloom Corporations/Apex Cooperative Societies.

In order to promote and protect the handloom sector which includes, Self Help Groups/ Handloom Weavers Cooperative Societies/Corporations/Associations etc. and the handloom weavers in the country, the Government of India is implementing the following schemes during the XIth Five Year Plan, which are also applicable to women handloom weavers:

- (i) Integrated Handlooms Development Scheme (IHDS)
- (ii) Handloom Weavers' Comprehensive Welfare Scheme (HWCWS)-comprises of two components:
- (iii) Health Insurance Scheme
- (iv) Mahatma Gandhi Bunkar Bima Yojana
- (v) Marketing and Export Promotion Scheme (MEPS)
- (vi) Mill Gate Price Scheme (MGPS)
- (vii) Diversified Handloom Development Scheme(DHDS)'.

In order to alleviate the problem of overdue loans of weavers, the Ministry of Textiles had got a study conducted and a package prepared through NABARD. This financial package for the handloom sector had been under consideration of Ministry of Finance for sometime. Now a financial package has been announced in the Annual Budget of 2011-12. The package, with a financial implication of **Rs. 3000 crores**, will benefit more than **15000 handloom weaver's cooperative societies** and more than

03 lakh handloom weavers in phases. The proposals inter-alia include: (i) Waiver of overdue interest and overdue loans of Societies (ii) Recapitalization of the balance sheet of Primary Weavers Cooperative Societies and State level Apex Societies with adequate fund support from Government; (iii) Financing the credit needs of handloom weavers/ societies at lower rate of interest with interest subvention etc. The detailed strategy for the implementation of this package would be worked out separately. The package, once implemented, would allow the weaver cooperative societies and their member weavers to again access institutional credit.

The methodology of implementation of financial package is being worked out by NABARD, which will be finalised in consultation with the Planning Commission. The implementation of the package is expected to begin by September-October this year after getting fund allotment and Cabinet approval.

The details of financial targets and achievements under Handloom Sector (2007-08 to 2010-11) are as under:-

Financial Targets and Achievements under Handloom Sector (2007-08 to 2010-11)

S.N	Name of the Scheme	2007-08		2008-09		2009-10		2010-11	
		Outlay	Expr.	Outlay	Expr.	Outlay	Exp.	Re	Exp.
1.	Integrated Handloom Development Scheme	120.00	110.50	125.00	108.98	125.00	115.57	172.05	168.00
2.	Marketing & Export Promotion Scheme	35.00	23.42	50.00	45.00	50.00	49.60	61.00	58.59
3.	Handloom Weavers' Comprehensive Welfare Scheme	130.00	126.09	120.00	124.87	120.00	119.80	170.00	116.14
4.	Mill Gate Price	15.00	23.50	25.00	29.59	25.00	30.60	65.00	65.00
5.	Scheme Diversified Handloom Development Scheme	15.00	9.07	20.00	16.00	20.00	13.72	20.00	17.78
	Total penditure as percentage of Outlay (BE)	315.00	292.58 92.88	340.00	324.44 95.42	340.00	329.29 96.85	488.05	425.51 87.18

Physical Targets and Achievements under Handloom Sector (2007-08 to 2010-11)

S.No	Name of the Scheme	Units/ Componenyts	Actual 2007-08		Actual 2008-09		2009-10		2010-11	
			Target	Ach	Target	Ach	Targ	Ach	Target	Ach
1.	Integrated Handloom Development Scheme	No. of Cluster	250	251	100	131	100	52	100	107
2.	Marketing & Export Promotion Scheme	No. of Marketing Events	343	313	343	389	500	561	680	680
3.	Handloom Weavers' Comprehensive Welfare Scheme	Enrolment under HIS	17.74	4.66	18	18.78	14.31	16.11	16	18.00 Target
		Enrolment under MGBBY	4.66	4.66	4.94	5.75	6	5.27	6	4.2
4.	Mill Gate Price Scheme	Yarn supplied (Lakh kgs)	481.00	682	750	855	850	1081	1120	1107
5.	Diversified Handloom Development Scheme	Design Exhibitions-cum workshops	250	203	221	211	246	233	300	Successful completion of 3 rd census & report on Handloom

The details of the schemes on which the amount has been spent under North Eastern Region during 2010-11 are as follows:-

Sl.No.	Plan/Scheme	BE 2010- 11	RE 2010- 11	Released	Released	Released
1.	Integrated Handloom Development Scheme	20.00	20.00	17.67	88.35	88.35
2.	Handloom Weavers Comprehensive Welfare Scheme	66.00	66.00	13.19	19.98	19.98
3.	Mill Gate Price Scheme	0.00	0.00	0.00	-	-
4.	Marketing & Export Promotion Scheme	15.00	15.00	12.60	84.00	84.00
5.	Diversified Handloom Development Scheme	5.00	5.00	3.86	77.20	77.20
	Total Provision/Expenditure for the benefit of North Eastern Region	106.00	106.00	47.32	44.64	44.64

3.31 The Committee observe that plan outlays for Handloom Sector during the first four years of 11th plan were not fully utilized and as against approved outlays of Rs.315 crore, Rs.340 crore, Rs.340 crore and Rs.488.05 crore during 2007-08, 2008-09, 2009-10, 2010-11, the actuals were Rs.292.58 crore, Rs.324.44 crore, Rs.329.29 crore and Rs.425.51 crore respectively. The Plan Outlays for all the Handloom schemes viz., Integrated Handlooms Development Scheme, Marketing & Export Promotion Scheme, Handloom Weavers Comprehensive Welfare Schemes and Diversified Handloom Development Scheme except the Mill Gate Price Scheme fell short of the targets. The Committee are dismayed to note that against a total provision of Rs.106 crore for Handloom Sector to be spent in North Eastern Region, the actual funds released were only Rs.47.32 crore, till 31st March, 2011. While observing that shortfall is mainly reported in case of North Eastern Region particularly in Handloom Weavers Comprehensive Welfare Scheme, as the policy period is not co-terminus with the financial year and will continue until 30th November, 2011, the Committee are concerned to note that

only Rs.13.19 crore were released under the scheme during 2010-11 out of a total plan outlay of Rs.66 crore. The Committee, therefore, strongly urge the Government to ensure that the funds allocated for this welfare scheme are fully utilized by 30th November, 2011 and the physical targets set are fully achieved.

3.32 The Committee note that though the total number of handloom weavers in the country is 43 lakhs, the Government have announced a package of Rs.3000 crore for 15000 weavers societies having more than 3 lakhs weavers in phases. The package includes waiver of overdue interest and overdue loans of Societies, recapitalization of the balance sheet of Primary Weavers Cooperative Societies and State level Apex Societies with adequate fund support from Governments and financing the credit needs of handloom weavers/ Societies at lower rate of interest with interest subvention etc. The Committee would like the details of the implementation plan of the package by the Government and the plan of the Government to give

financial support to those handloom weavers who are outside cooperative fold as a large number of handloom weavers are dependant on private money lending.

3.33 The Committee note that as per the latest census 2009-10, 43 lakh handloom weavers and allied workers employed in the sector have been identified against 65 lakh handloom weavers and allied workers as per 1995-96 handloom census. The Committee also observe that the market for quality handloom textiles and fine handloom products which were woven earlier has also diminished as the consumers prefer the cheaper powerloom or mill textiles as they are easy to maintain. The Committee feel that in the absence of desired support to sustain the handloom sector, the fine handloom textiles, that require a lot of skill to make, are becoming extinct. The Committee, therefore, strongly urge the Government to play a pivotal role in reviving and sustaining handlooms by subsidizing handloom products as genuine handloom products are highly priced and only have a niche

market. The Committee observe that lack of vigorous marketing has also led to the downfall of handloom products. Since, it is not possible for the ordinary weavers to study the market trend and to make production befitting the shifting nature of the demand, the Committee recommend that a handloom research centre be set up at the national level to undertake research in demand patterns, professional designs, weaving technology, raw materials, product diversification and training facilities for implementing new technologies etc. The Committee strongly feel that Panchayati Raj Institutions can play an active and fruitful role in reviving and sustaining handloom units. The Government may organize orientation programmes about the Schemes for handloom units for the Panchayats who may in turn educate and guide the entrepreneurs and weavers in their area about the facilities provided by the Government to run their units. The Committee further feel that these Panchayati Raj Institutions can help in cluster development in rural areas by conceptualizing viable projects using local resources of raw materials and skills and could stand surety to the clusters for obtaining finances. The

Committee, therefore, recommend that market orientation must be developed and quick response to the changing requirements of the market be made. The Committee also recommend that suitable incentives be given to the weavers to produce popular handloom products in large quantities. A handloom brand may be evolved to target the middle class and wider publicity be given to such products/brand as part of marketing strategy. Further, the Committee also feel that reviving old and extinct designs with professional help may be undertaken under Integrated Handloom Development Scheme and a National Museum of Costumes, old and modern of different regions of the country be set up.

3.34 The Committee further note that lack of awareness of Government policies regarding handloom industry and clusterisation has also contributed to the decline in the number of handloom weavers. Limited availability of skilled workers and technicians have further aggravated the problem. The Committee desire that information about facilities being

made available by Government and financial institutions may be disseminated to clusters through regular newsletters and through the mass media. The Committee are of the considered view that the procedures for sanction of loans should be simplified and liberalized, the loans should be given on single window concept and in a time bound manner. The Committee feel that besides formation of clusters, the Government should also take necessary steps to ensure successful operation of handloom clusters already formed since success of existing clusters will induce other individuals to come together as clusters and consolidate their gains.

E Integrated Skill Development Scheme

3.35 The Textile Ministry had stated that a proposal of Integrated Skill Development Scheme was launched to impart employable skills alongwith job guarantee to 30 lakh persons over a period of 5 years in February-March, 2010. When asked how many people have been imparted employable skills under the Scheme till May, 2011, the Ministry stated that:

Integrated Skill Development Scheme was launched in 2010-11 in the pilot mode for two years i.e. 2010-12. Under component I of the scheme, projects worth Rs. 28824 lakh were sanctioned, out of which the Govt. of India's assistance shall be Rs. 20134 lakhs. Rs. 4172 lakh were disbursed in the FY 2010-11. RFP bids have been invited in component II and approval shall be granted very soon.

MIS system shall be put in place for generation of database on the number of trainees. The process of which is underway i.e. the data on number of trainees being trained under the scheme is yet to be consolidated.'

The allocation made for the scheme under the Head Human Resource Development during 2010-11 and 2011-12 are as under:

(Rs. in crore)

Annual Plan 2010-11			Annual Plan 2011-12
BE	RE	Actual	BE
131.49	92.31	41.72	110

3.36 When asked whether the Ministry ever studied the training needs of workers who do not wish to leave their hometown but aspire to learn new techniques and install new technology in and around their dwelling area, the Ministry replied as follows:-

No separate study has been done to study the training needs of workers who do not wish to leave their hometown but aspire to learn new techniques and install new technology in and around their dwelling area. However, to provide technical guidance/training to the weavers of the country, 25 Weavers Service Centre are working in the country. In addition to that five Indian Institutes of Handloom Technology (IIHT) have been working in country.

Moreover, based on the baseline survey and diagnostic, 541 Cluster Projects and 1788 Group Approach Projects under the Integrated Handloom Development Scheme (IHDS) have been under implementation in country, in which an integral intervention is skill development. Under skill development, training are being provided in the field of weaving, design and dyeing.'

3.37 The Committee are perturbed to note that although projects worth Rs.288.24 crore were sanctioned under Component-I of IHDS launched in 2010-11 in the pilot mode for two years under the head Human Resource Development, only Rs.41.72 crore were disbursed during 2010-11 against the BE of Rs.131.49 crore and RE of Rs.92.31 crore to train 2 lakh weavers. Further, a provision of Rs.110 crore has been made for the scheme in the Annual Plan 2011-12 of the Ministry. The Committee also observe that though the Government have initiated Integrated Skill Development Scheme in the year 2010-11 for training the entrepreneurs, weavers, skilled and unskilled workers, the scheme has not made much headway yet. The Committee, therefore, hardly need to emphasize that

the Government take necessary steps in right earnest to ensure that the allocated funds are fully utilized for fruition of the objectives of the scheme. The Committee also recommend that the courses to be offered must be based on the market and local requirements etc. and apart from the skill development initiatives, the short term courses on handling of machines, labour management, market trends, pollution control, designs and quality control may also be organised in rural/remote areas and preferably in their local languages. The Committee would like to be apprised of the project sanctioned under the pilot scheme and the current status of their implementation.

F. Marketing & Export Promotion Scheme:

3.38 Marketing & Export Promotion Scheme consists of two components- Marketing, and (ii) Export Promotion. The Marketing Component envisages a wide gamut of activities for the promotion and marketing of handloom products, which includes (i) organizing of Exhibitions, Events and Craft Melas, (ii) setting up of Urban Haats, (iii) setting up of Marketing Complexes/Handloom Havelies, (iv) Geographical Indication Act, (v) Construction of Handloom House at Janpath, (vi) Brand Building through Handloom Mark and Publicity. In 2009-10, 561 marketing events were held. In 2010-11 so far 676 marketing events have been sanctioned. Financial assistance has been given to the Handloom Export Promotion Council to participate in 21 number of fairs abroad such as Heimtextill Fair, Domotex Fair, Indian HC & Gift Fair etc. which has helped increase handloom exports.

3.39 The Geographical Indications of Goods (Registration & Protection) Act, 1999 provides legal protection to Geographical Indications of goods etc., and prevents unauthorized use of these by others. The office of Development Commissioner for Handlooms under the Marketing and Export Promotion Scheme provide financial assistance to register Handloom items in order to give protection under the Act through the State Government/Handloom agencies authorized by the State Government. The programme has been taken up by this office in the register the handloom items. Financial assistance to register 35 items have been provided by this office so far to various State. The details are given below:-

Sl.No.	2007-08	2008-09
1.	Andhra Pradesh : 4 items	24. Gujarat: 2 items
2.	Naraynanpet	25. Silk Patola Saree-Singlee Ikat
3.	Siddipet Gollabama	26. Woollen acrylic shawl-Kutch/Masharoo
4.	Mangalagiri	27. Karnataka : 2 items
5.	Venkatagiri Sarees	28. Guledgud Khana
6.	Orissa : 8 items	29. Udupi saree
7.	Sambalpuri Tie & Dye	30. Uttar Pradesh : 2 items
8.	Uapatna Tie ^& Dye	31. Banarsi Sarees
9.	Habaspuri Design	32. Banarasi Broades
10.	Bomkai Design	33. Madhya Pradesh: 1 item
11.	Posapallyy design	34. Maheshwari hand item
12.	Khadua Nuapatna	35. Kerala: 5 items
13.	Kerhampur Kumbha Sarees (Silk)	36. Kasargod saree
14.	Dhalapathar Temple Design Fab	37. Kkuthampully saree

15.	West Bengal: 8 items	38. Chedamangalam saree
16.	Santipuri saree	39. Balaramapuram saree
17.	Tangail saree	40. Kannur Jandloom Furnishing
18.	Tangail Jamdari saree	
19.	Dhaniakhali saree	
20.	Baluchari saree	
21.	Korial saree	
22.	Garad saree	
23.	Muslin	

Manipur (2010-11) 03 items

1. Wangkhei Phee
2. Safi Lanphee/Sami Lanmee
3. Moriang Phee

Total 35 items

In addition, six items have already been registered by the State Government of Tamil Nadu under the GI Act, which are (i) Kacheepuram Silk sarees, (ii) Bhavani Jamukalam, (iii) Maduram Sungudi sarres, (iv) Kovai cotton sarees, (v) Salem Silk and (vi) Arani silk sarees. Moreover, Chanderi sarees and pochampally sarees, Kotpad Handloom fabric, Kota Doria, Solapur chaddar, Solapur Terry Towel have also been registered under the said Act.

3.40 When asked whether the Ministry's attention was drawn towards the flooding of market with fake products like fake banarasi sarees, pashmina shawls, Kashmir carpets etc. and the steps taken to counter them and to revive indigenous craft, the Ministry informed the Committee as under:

‘The Government of India has already been implementing Handlooms (Reservation of Articles for Production) Act, 1985 with a view to protect the interests and livelihood of the handloom weavers in the country.

The Geographical Indications of Goods (Registration & Protection) Act, 1999 provides legal protection to goods and prevents unauthorized use of these by others. Under this Act 35 handloom items have been registered.’

3.41 As regards the Government's strategy to counter the flooding of markets with fake imported products and for saving Indian textile industry, the Ministry in a written reply stated that:

‘Under the Act, the office of the Development Commissioner for Handloom under Marketing & Export Promotion Scheme provide financial assistance to register Handloom items in order to give protection under the Act. Similarly, the Handloom (Reservation of Articles for

Production) Act 1985 also provides protection to 11 handloom items from being produced on powerlooms.'

3.42 The Committee note that Geographical Indications of Goods (Registration & Protection) Act, 1999 provides legal protection to goods and prevents unauthorized use thereof. The Committee, however, feel that the Geographical Indications of Goods Act, 1999 cannot alone save the textile industry from flooding of market with fake imported products as the producers of genuine products are uneducated and belong to socially and economically deprived groups. The Committee feel that besides the GI Certificate issued for various handloom items, necessary steps must be taken for brand building and suitable promotional schemes launched for their registered handloom products to ensure that products sustain in the market. Besides, vigorous awareness campaigns be launched to educate the people about the difference between the genuine and fake products. The Committee also recommend that registration under GI Certificate be seen as a component of a full-fledged strategy aimed at overall

development of handloom & handicrafts in India and more and more registration certificates be issued to prevent unauthorized use by others. The Committee would also like to be apprised of the legal action taken, if any, during the last five years by the Office of Development Commissioner Handloom against their unauthorized use under the Act.

G Wool & Woollens

3.43 When asked to state the budgetary support extended to wool & woollen sector by the Government under various heads along with the utilization of the same during the last three years, the Committee were informed that against a total Plan allocation of Rs. 67.16 Crore for the 11th Five Year Plan period of the Central Wool Development Board (CWDB) for development of Wool Sector, the Board has utilized Rs. 54.12 Crore. Year-wise funds released by Ministry of Textiles and utilization of funds by CWDB are as under:

(Rs. in Crore)

Sl.No.	Year	Plan fund allocated by MOT	Funds utilized by CWDB
1	2007-08	15.00	13.35
2	2008-09	15.00	14.80
3	2009-10	15.00	10.94
4	2010-11	15.00	15.03
	TOTAL	60.00*	54.12

*Actual release for 4 years is Rs.54.09 crores.

3.44 The most important schemes being implemented in the rural sectors are Integrated Wool Improvement and Development Programme which include improvement of wool fibre quality, processing of wool and woollen products and social security programme for sheep breeders. The social security programme includes Sheep Insurance Scheme and Sheep Breeders Insurance Scheme and objective for this scheme is to provide enhanced insurance cover to sheep breeders. These schemes cover the entire chain from shepherds to the end use of the wools.

3.45 As regards, the social security programme, the Committee were informed that the Board is implementing this scheme to benefit the sheep breeders by providing life insurance to them and their sheep flock by two plans (A) Sheep Breeders Insurance Scheme and (B) Sheep Insurance Scheme.

3.46 The basic objective of these insurance plans is to provide enhanced insurance coverage to sheep breeders in the case of natural death/accidental death, total/partial disability and for their

sheep flock in case of accident including fire, lightning, storm, tempest, flood, inundation, earthquake, famine and diseases contracted or occurring during the period of the policy.

(i) Total premium payable under 'Sheep Breeders Insurance Scheme' is Rs. 330/- and contribution of sheep breeder, Central Wool Development Board & Social Security Fund (Govt. of India) is Rs. 80/-, 150/- and Rs. 100/- per year, respectively. In the event of natural death of the sheep breeder, sum assured is Rs. 60,000, in case of partial disability sum assured is Rs. 75000/- will be payable and in case of accidental death/total disability sum assured is Rs. 1,50,000 will become payable to the nominee/beneficiary, respectively. Additional benefit of scholarship upto two child @ Rs. 300 per quarter per child is also to be paid to the student studying from 9th standard to 12th standard.

(ii) Total premium payable under 'Sheep Insurance Scheme' is Rs. 44/- per sheep. Out of it, Rs. 19/- per sheep is contributed by the sheep breeders and CWDB's contribution is Rs. 25/- per sheep. In the event of death of sheep, sum assured of Rs. 1,200/- per sheep will become payable to the concerned shepherds.

3.47 The Committee were informed that the country is importing a major chunk of their raw wool requirements. Moreover, besides two or three good qualities of wool, others are not good. Asked about the efforts being made to increase the quality wool production, the Ministry replied that:

'The Central Wool Development Board is implementing Sheep & Wool Development Schemes (SWIS) & Angora Wool Development Programme to improve quality and quantity wool.'

3.48 As regards the details of import and export of wool and woollen item, the Ministry furnished the following information:

(a) Import of Wool & Woollen Items

Year	Wool Raw		Woollen & Cotton Rags etc.	
	Quantity (in ton)	Value in Rs. Lakhs)	Quantity (in ton)	Value in Rs. Lakhs)
2006-07	99560	107745.03	110123	15341.74
2007-08	93079	108951.55	91811	9603.18
2008-09	65730	103186.57	85299	9061.67
2009-10	68260	100077.00	82650	8967.00

(b) Export of wool and woollen**(Rs. in lakhs)**

Year	Woollen fabric, Yarn Made Ups	Readymade Garments	Carpet (Excluding Handmade Silk)
2006-07	37928.38	163654.33	389147.97
2007-08	37357.71	140954.66	372579.52
2008-09	45651.98	174297.71	350537.45
2009-10	42463.33	183809.98	344293.90

3.49 The Committee are concerned to note that although the Wool Development Board has utilized Rs.15.03 crore against the available grant of Rs.15 crore for wool and woollen sectors during 2010-11, the physical targets for different schemes are much below the targets fixed. Against the targeted 9 lakh new sheep to be covered under Sheep and Wool Improvement Scheme, only 6 lakh sheep were covered during 2010-11. Similarly, out of the targeted 93500 shepherds to be covered only 14358 have been covered under 'Sheep Breeders Insurance Scheme' and only 423953 sheep have been covered under Sheep Insurance Scheme' against the target of 9 lakh

sheep. The Committee further note that the targets set for Angora wool Development, Promotional activities, CFC for integrated wool processing could not be achieved during the year. While observing the under achievement of physical targets of various developmental schemes in woollen sector during 2010-11, the Committee would like to be apprised of the reasons as to how the funds allocated for the purpose are fully utilized without accomplishing the given targets. The Committee view this as a poor reflection on budget estimation process and lack of unrealistic planning. As the Government is unable in popularizing the social security scheme, the Committee recommend that sheep breeders also be covered under the Rashtriya Swasthya Bima Yojana (RSBY) and that serious illnesses which require specialized treatment may be covered under the Sheep Breeders Insurance Scheme, which at present only covers death and total and partial disability. To make the scheme popular and maximizing its reach to the people, the Committee desire that the Panchayats be involved in full measure in implementation of these social security schemes.

3.50 The Committee observe that Wool Industry is smaller in size in comparison to other textile industries in India and bulk of the wool produced in India is of low quality and therefore major raw wool requirement has to be imported. Taking note of the low budgetary support of Rs.60 crore during the first four years of the 11th plan, the Committee recommend that urgent and drastic measures be initiated by the Government for strengthening the wool sector including seeking of cooperation from the leading countries in the woollen sector, exchange of programmes, fairs etc. with the special focus on breed improvements, proper health care for sheep and technological advancements in sheep breeding.

H Handicrafts Artisans Comprehensive Welfare Scheme

3.51 Handicrafts Artisans Comprehensive Welfare Scheme has been included in the 11th Five Year Plan as one of the major schemes with the following two main components, aimed at Insurance Cover and Health Care of Handicrafts Artisan and his family:

- (i) Rajiv Gandhi Shilpi Swasthya Bima Yojana
- (ii) Bima Yojana for Handicrafts Artisans

The expenditure under the head "Welfare and other Schemes" during the year 2010-11 is Rs.26.19 crore against the BE and RE of Rs.84.11 crore and 67.11 crore. Out of the targeted 8,40,000 artisans to be covered under RGSSBY only 1,36,000 have been covered and under Bima Yojana for artisans against the set target of 1 lakh, only 89 thousand artisans were covered during the year.

3.52 The Committee note that under welfare and other schemes for artisans out of Rs.84.11 crore (BE) allocated during 2010-11 only Rs.2 lakhs were spent as on 14.02.2011. Further, against the Revised Estimates of Rs.67.11 crore, the actual utilization for the two welfare schemes for artisans was only Rs.26.19 crore. Moreover, out of the targeted 8,40,000 artisans to be covered under RGSSBY only 1,36,000 were covered whereas under Bima Yojana for artisans against the set target of One lakh, only 89 thousand were covered during 2010-11. The Committee find the strategy of the Ministry of Textiles to target cooperatives, clusters etc. quite inadequate to cover the entire handicraft sector which is highly unorganized. The Committee, therefore, recommend that the Government should review the performance of the schemes and shortcomings be analyzed, and a strategy to cover maximum artisans be formulated and popularized at the earliest so that maximum artisans benefit from the scheme. Taking note of absence of any organized network for implementation of the

welfare schemes, the Committee recommend that the Government should examine whether these social security schemes can be operated through local post-offices.

I Pollution from Textile Industry

3.53 Usage of polluting dyes is a major concern of Indian textile industry. As regards budgetary allocation for investment in treatment plants and amount utilized in the last three years, the Ministry replied that Ministry of Finance released ACA grants of Rs.100 crore to the State Government of Tamil Nadu directly for ZLD project Tirpur.

3.54 The efforts made by the Ministry to curb the usage of polluting dyes are as follows:

‘Under the Integrated Handloom Development Scheme, assistance is being provided to the Clusters for establishment of Dye houses and effluent treatment plants. Efforts are being made to use azo free dyes so as to avoid environment pollution. The office of the Development Commissioner for Handlooms also organizes Dyeing Workshops in various parts of the country, where awareness about proper dyeing procedures is created along with use of non-polluting dyeing methods.’

3.55 Regarding steps taken by the Government to counter the trend abroad to limit sourcing from countries where polluting dyes, child labour and unhealthy working conditions are prevalent, the Ministry informed the Committee as under:

‘Government is providing support to the Apparel Export Promotion Council, Carpet Export Promotion Council, Handloom Export Promotion Council for application of the Common Compliance Code to all supporting units with a view to ensure fair labour practices by the Industry. These are in addition to the statutory provisions in the Labour Act and Central Pollution Control Act., which provides for prevention of, inter-alia, Child Labour, unhealthy working conditions and provides for pollutions control and emission norms.’

3.56 The Committee note that continuous discharge of industrial wastes in rivers and lakes causes environmental hazard. Further, it endangers public health after being channelized in crops/agriculture through polluted rivers/water bodies. The Committee note that the domestic textile industry consumes bulk of low cost dyestuffs at manageable cost for their end product. The Committee also note that Indian export

consignments face restrictions in international markets due to use of polluting dyes. The Committee, therefore, recommend the earnest efforts be made for pollution free manufacturing throughout the country in a stipulated time period. The Committee also recommend that suitable incentives be given to entrepreneurs for preferring the use of non-polluting dyes and for setting up of effluent treatment plants by these units as also to check units producing poor quality dyestuff.

J Research & Development

3.57 When asked about state the budgetary support extended for Research & Development in textiles sector under various heads during the last three years, the Ministry of Textiles informed the Committee that:

'Budget allocation for the year 2007-08, 2008-09 and 2009-10 is Rs.2 crore, Rs.2 crore and Rs.10 crore respectively under the R&D Scheme administered by Ministry of Textiles, TUFSS Section. The R&D scheme is administered mainly through eight Textile Research Associations (TRAs). TRAs are private organizations being societies registered under the Societies Act, 1860, set up and promoted by the textile industry of the respective region for carrying out research. Ministry of Textiles provides partial financial support of these TRAs for their sustenance and for undertaking research projects.'

3.58 About the funding pattern, the Committee were informed that:

'Financial support has been given in the shape of non-plan support for their sustenance while research projects are supported under plan expenditure. The number of R&D Project undertaken by ATIRA during 2007-08, 2008-09 and 2009-10 are 6,4 and 5 respectively. Technology innovations made by Textile Research Associations during the last three years include Speciality workwea fabrics, Extra soft knitted fabrics for

innerwear/kidswear using Modal fibre, Antibacterial clothing using Silver & Crabylon fibres and Development of itch-free woolen products without affecting the feel and handle of the product.'

3.59 As regards, the details of the utilization of the allocated budgetary grant for R&D in handloom sector during the last 3 years, the Ministry of Textiles informed the Committee that no separate Budget has been made for Research & Development (R&D) in Handloom Sector in the last 3 years. However, expenditure incurred by the Central Wool Development Board incurred under R&D activity during last 3 years (for wool and woolen development) is as under:

(Rs. in crore)

S.No.	Years	Amount
1.	2008-09	20,57,000.00
2	2009-10	5,00,000.00
3.	2010-11	1,38,80,000.00

So far Handicraft Sector is concerned; there is one Research and Development Scheme. The utilized amount during last 3 years is given below:

(Rs. In lakhs)

2008-09	2009-10	2010-11
206.08	205.04	178.40

3.60 The Committee note that at present no separate budgetary allocation is made for research and development in Handloom sector. The Committee observe that in the absence of advanced technology and R&D, domestic textile industry faces tough competition from the competitive countries. The Committee, therefore, desire that the Government should come out with an R&D policy for the entire textile sector to counter the challenges posed by technological developments in competing countries and recommend that adequate financial assistance be provided to the research bodies/Associations undertaking research in textile sector and also to monitor the expenditure and progress of work of R&D institutions.

K. Infrastructure

3.61 When asked about the budgetary initiatives for development of Infrastructure facilities for production and marketing of Handloom/Handicrafts etc. during the last five years, the Ministry of Textiles informed the Committee as under:

`No such budgetary initiative have been taken with respect to infrastructure aspects of the industry viz power, utilities, road, transport etc.'

3.62 As regards, the step taken to provide concessional tariff rates to poor powerloom workers, the Ministry stated that:

`Powerloom Schemes currently in operation do not provide for concessional tariff rates to poor Poweloom Workers.'

3.63 The Committee note that lack of proper infrastructure is one of the major problems of Indian Textile Industry particularly of the small units. Lack of proper roads, transport network and the remote location of these units from the markets hinder the growth of such units. Moreover, high power tariffs are also a major deterrent. The Committee recommend that Ministry of Textiles take up the issues of infrastructural facilities with the respective State Governments and convince them to provide continuous concessional power supply and economic transport to these units.

**New Delhi;
25 August, 2011
3 Bhadrapada, 1933(Saka)**

**HEMANAND BISWAL
CHAIRMAN
STANDING COMMITTEE ON LABOUR**

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON LABOUR HELD ON 7TH APRIL, 2011.

The Committee met from 1430 hrs. to 1700 hrs. in Main Committee Room, Parliament House Annexe, New Delhi to take evidence of the representatives of the Ministry of Textiles on Demands for Grants for the year 2011-12.

PRESENT

Shri Hemanand Biswal – CHAIRMAN

MEMBERS

LOK SABHA

2. Shri Raj Babbar
3. Shri Shafiqur Rahman Barq
4. Shri Hassan Khan
5. Shri Kaushalendra Kumar
6. Shri Hari Manjhi
7. Shri S. Pakkirappa
8. Shri P.L. Punia
9. Shri Ramkishun
10. Shri Chandu Lal Sahu
11. Dr. Virendra Kumar

RAJYA SABHA

12. Shri Aayanur Manjunatha
13. Dr. E.M. Sudarsana Natchiappan
14. Shri Rudra Narayan Pany
15. Smt. Renubala Pradhan
16. Shri Rajaram
17. Shri Praveen Rashtrapal
18. Shri G.N. Ratanpuri
19. Shri Ranbir Singh Parjapati

SECRETARIAT

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

Witnesses
Ministry of Textiles

Sl.No	Name of the Officer	Designation
1.	Smt. Rita Menon	Secretary
2.	Shri Saurabh Chandra	AS & FA
3.	Shri Sujit Gulati	Joint Secretary
4.	Smt. Monika S. Garg	Joint Secretary
5.	Shri V. Srinivas	Joint Secretary
6.	Shri N.D. George	Economic Advisor
7.	Smt. Shamsheer Kaur	CCA
8.	Shri S. S. Gupta	DC (Handicrafts)
9.	Shri R.N. Choubey	DC (Handlooms)
10.	Smt. Ranjna Kale	Addl. Economic Advisor
11.	Shri Binod Kispotta	Jute Commissioner
12.	Shri Anil Joshi	Textile Commissioner
13.	Shri K.R. Pillai	CMD, NTC
14.	Shri Nirmal Sinha	CMD, HHEC & CCIC
15.	Shri B.M. Mishra	CMD, CCI
16.	Shri J.K. Baweja	CMD, BIC & NHDC
17.	Shri Atri Bhattacharya	Secretary, National Jute Board
18.	Smt. M. Sathiyavathy	Member, Secretary, Central Silk Board
19.	Shri Dhananjay Kumar	Director (Finance) NIFT

2. At the outset, the Chairman, welcomed Smt. Rita Menon, Secretary and other officers of the Ministry of Textiles and invited their attention to the provisions contained in Direction 55 (1) of the Directions by the Speaker.

3. The Chairman, thereafter, asked the Secretary to brief the Committee on the Demands for Grants (2011-12) pertaining to her Ministry.

4. The Secretary then briefed the Committee about the performance of the Ministry, detailing the budgetary allocations, actual expenditure incurred and physical targets achieved under various schemes/programmes undertaken during the year 2010-11 with the help of a power point presentation.

5. Subsequently, the Committee asked questions and sought clarifications from the representatives of the Ministry mainly on the following aspects:

- (a) General Performance of the Ministry regarding Plan and Non-Plan allocations of the current year and actual utilization of budget allocated during the previous year.**
- (b) Need for uniform distribution of plan funds and utilization thereof.**
- (c) Lower rate of enrolment of handloom weavers under Health Insurance Scheme for handloom weavers.**

- (d) E-auctioning of NTC land.**
- (e) Role of middlemen in the functioning of CCI.**
- (f) Reasons for suspending sanctioning of new projects under TUFS.**
- (g) Delay in issuing of I-cards to handloom weavers.**
- (h) Simplifying the terms for giving loans to handloom weavers.**
- (i) Registration of crafts under Geographical Indication Act.**
- (j) Reduction in area under sericulture.**
- (k) Efforts made by the Ministry for utilization of 10% support being given to North-Eastern region.**
- (l) Functioning of ATIRA, number of patents and copyrights registered.**
- (m) Unavailability of cotton seeds in the market.**
- (n) Reduction in production of pashmina raw material.**
- (o) Need for lowering rates of power tariff charged from weavers.**
- (p) Protection of weavers engaged in world famous crafts.**
- (q) Non-achievement of various budgetary targets.**

6. The Chairman directed the Secretary to send written replies to the unanswered queries raised by the Members, to the Secretariat within three days.

7. The Chairman then thanked the Secretary and other officials for giving valuable information to the Committee pertaining to the Ministry of Textiles.

A copy of the verbatim proceedings of the sitting was kept for record.

{The witnesses then withdrew}

The Committee then adjourned.

**MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON
LABOUR HELD ON 25TH AUGUST, 2011.**

The Committee met from 1500 hrs. to 1530 hrs in Committee Room 'C', Parliament House Annexe, New Delhi to consider and adopt the draft Reports on Demands for Grants for the year 2011-12 of the Ministry of Labour and Employment and Ministry of Textiles.

PRESENT

Shri Hemanand Biswal - Chairman

MEMBERS

LOK SABHA

2. Shri K. Murugesan Anandan
3. Dr. Kakoli Ghosh Dastidar
4. Shri Kaushalendra Kumar
5. Shri P. Lingam
6. Shri Hari Manjhi
7. Shri P. Balram Naik
8. Shri P.R. Natarajan
9. Shri S. Pakkirappa
10. Shri Ramkishun
11. Shri Mahendra Kumar Roy
12. Dr. Virendra Kumar

RAJYA SABHA

13. Shri Aayanur Manjunatha
14. Dr. E.M.Sudarsana Natchiappan
15. Shri Ranbir Singh Parjapati
16. Shri Mohd. Ali Khan

SECRETARIAT

1. Shri Devender Singh - Joint Secretary
2. Shri B.S. Dahiya - Director
3. Shri Arvind Sharma - Deputy Secretary
4. Smt. Bharti S. Tuteja - Under Secretary

2. At the outset, the Chairman welcomed the Members and apprised them about the draft Reports on Demands for Grants for the year 2011-12 of the Ministry of Labour and Employment and Ministry of Textiles.

3. XX XX XX XX

4. The Committee, then, took up the draft Report on Demands for Grants of the Ministry of Textiles for consideration. The Committee, adopted the draft Report without any modification.

5. The Committee then authorized the Chairman to finalise the Reports in view of the consequential changes arising out of factual verification and to present the same to both the Houses of Parliament.

The Committee then adjourned.

APPENDIX**STATEMENT OF RECOMMENDATION/OBSERVATIONS**

Sl. No.	Para No.	Recommendations/Observations
1	3.13	<p>The Committee note that against the budget allocation of Rs.4725 crore (Rs.1215 crore for VSE section and Rs.3510 crore for I&M), an amount of Rs.976.17 crore was utilized for various schemes under VSE Section, and Rs.3265.55 core for I&M sector. Although, the Government have taken steps for even spread of expenditure over the four quarters of the financial year, the Committee are unhappy to note that despite weekly reviews, Rs.483.28 crore remained unspent for various schemes and a major portion of the unutilized amount of Rs.310.18 crore i.e. 65.6 per cent of the budget outlays earmarked for the North Eastern States could not be utilized during the year 2010-11. The reasons forwarded by the Ministry such as</p>

non-receipt of viable proposals from North Eastern States under handlooms and jute, non-finalization of insurance agency, delayed receipt of bills, no demand under TUFs, delay in acquisition of land and obtaining statutory clearances, etc are not acceptable to the Committee. They are interested in fructification of schemes and programmes and in tangible results. The Committee deplore that the Ministry has failed to achieve the desired targets and utilization of funds during the last 4 years of the 11th plan period. The Committee feel that as 10% of the total allocation of funds to the Ministry is to be expended on development activities in North Eastern States, the onus to create and make available the infrastructure to set up and develop supporting infrastructure of all their schemes/projects lies with them. The Committee find that there is lack of awareness regarding the TUFs and SITP Schemes in North Easter Region and

		<p>therefore, recommend that more vigorous efforts be made to make the people of North East aware of the benefits of the Schemes. The Committee also recommend the Government to take all and appropriate measures, regardless of the impediments, to give an impetus to the development of Textile Sector in the North Eastern region and ensure that the budgetary allocations for the year 2011-12 are fully utilized. The Committee would like to be apprised of the action plan of the Government in this regard.</p>
2	3.18	<p>The Committee observe that budgetary allocations of Rs.883.08 crore were made to Ministry of Textiles towards non-plan expenditure during 2010-11. This was enhanced to Rs.2043.85 crore at RE stage to meet the pending liabilities on increase in Minimum Support Price - cotton allocation and increase in 10% handloom rebate scheme besides the increase in loans to BIC and NJMC and payment</p>

of salary/wages. The Committee are concerned to note that although they had in their 11th report on Demands for Grants (2010-11) of Ministry of Textiles (15th Lok Sabha) recommended that, in view of the need for sustainable growth of textile industry, funds should not be released at the fag end of the year, yet, the balance amount of non-plan funds as revised during 2010-11 was released only in March, 2011. The Committee are dismayed to note the huge increase in allocation of funds at the RE stage that too for clearing the statutory dues and payment of salary/wages. The Committee, therefore, recommend that prudent measures be taken by the Government for realistic planning and timely release and utilization of funds. The Committee would also like to be apprised of the delay, if any, in payment of salary/wages to the employees of BIC due to delayed release of funds.

3.	3.25	<p>The Committee are surprised to note that not a single demand for TUFs has been received in North Eastern Region as of now and the Government have abdicated their responsibility by merely stating that North Eastern region is not a textile activity region in- spite of the fact that about 21.75 lakh people are engaged in handloom sector as per Handloom census, 2009-10. The reply of the Government that there is no scope for incurring any expenditure under TUFs and SITP in the North Eastern Region is not acceptable as by Government's own admission about 21.75 lakhs people are engaged in the handloom sector. In their considered view, the Committee feel that the Ministry has failed to promote their flagship schemes in the North-Eastern Region. While recommending that the Government constitute an expert group to advise them for popularization of</p>

		<p>TUFS and SITP in North Eastern Region, the Committee also urge the Government to set up their own textile centres in the North Eastern region, train unemployed people and educate them about the benefits of TUFS or alternatively cooperatives may be convinced/motivated to set up modernized textile units in the North Eastern Region. The Committee would like to be apprised of the steps taken by the Government in this regard.</p>
4.	3.26	<p>The Committee are concerned to note that textiles sector in North Eastern Region has not been able to derive benefit of any of the development schemes of the Ministry of Textiles as it is unorganized and dispersed. The Committee find that there is lack of infrastructure in the region, obsolete technology, weak skill base, absence of product diversification & market development and poor institutional frame-work. The Committee further observe that</p>

out of 43 lakh handloom weavers in the country about 21.75 lakh weavers i.e. about 50% are engaged in handloom sector in North Eastern Region as per Handloom Census 2009-10. The Committee desire the Government to encourage formation of self help groups in North Eastern Region to help weavers to come together and derive benefits from various Centrally Sponsored Schemes. While observing that only 594, 185 and 164 weavers got training in three Weavers Service Centre at Guwahati, Agartala and Imphal during the last five years, the Committee feel that small training centers in rural/remote areas be set up in Private Public Partnership mode for unemployed villagers who are hesitant to move to the cities to provide the prospects of training and employment in their villages only. Further, centres so set up should encourage weavers to convert weaving into commercial venture through robust marketing

		<p>strategy and wider publicity. Also, proper training is also required for women members of the weavers' family for upgrading their skills in preparatory processes. These training institutes may provide training using well developed looms, designs and dyeing procedures. The Committee also recommend that the manpower in handloom and handicrafts sub-sectors be strengthened at the earliest to make the schemes successful in North Eastern Region.</p>
5.	3.27	<p>The Committee note that although about 21.75 lakh people are engaged in handloom sector in North Eastern Region, only 88,125 handloom weavers are covered under one mega Handloom Cluster at Sivsagar, (Assam) and another 78,499 have been benefited from 144 Handloom Clusters and 293 Group Approach Projects leaving behind a major chunk of weavers in unorganized sector. The Committee feel that till clusterisation picks up</p>

in North Eastern Region, individual weavers should not suffer and the credit facility be made available to individual weavers for the working capital required on easy terms. Besides, the Ministry of Textiles should take up necessary steps to organize visits of the officers and experts at frequent intervals to the areas where these weavers/artisans work or reside and educate them about the benefits of forming clusters/cooperatives/SHGs. These officers may also liaise with the local Panchayats to spread awareness about the schemes. Benefits of other schemes hitherto meant for clusters may also be extended to these individual weavers. The Committee desire that required infrastructure be made available in each district where weavers/artisans can display and sell their products. The officer posted in these outlets guide the individual weavers/artisans about the forthcoming exhibitions, seminars and workshops

		<p>so that they showcase their products and get to know about market trends, training facilities, etc. The Committee also feel that since all the weavers/artisans are not educated, publicity may be given about all the schemes and facilities through the print and electronic media. Further, the Government should also ensure that Village Panchayats, Local Members of Parliament, Members of Legislative Assembly and Municipal bodies are involved in publicity campaigns which must be held in remote/rural areas in their local language.</p>
6.	3.29	<p>The Committee note that the Government had introduced TUFs with a view to modernize the textile industry. The Government have also given special subsidy for new Hi-tech machinery developed indigenously. The Committee also note that second hand machinery fulfilling certain specifications can, however, be imported under TUFs. In view of the fact that textile industry has</p>

		<p>always preferred used vintage machinery from other countries and also new cheap machines, the Committee feel that no subsidy be given to import of second hand machinery of the technological specifications similar to the one being manufactured in India and the duty concession be restricted only to domestic manufacturers competing with the country(ies) producing cheap and often sub-standard machines. The Committee also desire the Government to ensure standard bench mark regarding quality and standard of the new/vintage machines imported.</p>
7.	3.31	<p>The Committee observe that plan outlays for Handloom Sector during the first four years of 11th plan were not fully utilized and as against approved outlays of Rs.315 crore, Rs.340 crore, Rs.340 crore and Rs.488.05 crore during 2007-08, 2008-09, 2009-10, 2010-11, the actuals were Rs.292.58 crore, Rs.324.44 crore, Rs.329.29 crore and</p>

		<p>Rs.425.51 crore respectively. The Plan Outlays for all the Handloom schemes viz., Integrated Handlooms Development Scheme, Marketing & Export Promotion Scheme, Handloom Weavers Comprehensive Welfare Schemes and Diversified Handloom Development Scheme except the Mill Gate Price Scheme fell short of the targets. The Committee are dismayed to note that against a total provision of Rs.106 crore for Handloom Sector to be spent in North Eastern Region, the actual funds released were only Rs.47.32 crore, till 31st March, 2011. While observing that shortfall is mainly reported in case of North Eastern Region particularly in Handloom Weavers Comprehensive Welfare Scheme, as the policy period is not co-terminus with the financial year and will continue until 30th November, 2011, the Committee are concerned to note that only Rs.13.19 crore were released under the scheme during 2010-11 out of a</p>
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		<p>total plan outlay of Rs.66 crore. The Committee, therefore, strongly urge the Government to ensure that the funds allocated for this welfare scheme are fully utilized by 30th November, 2011 and the physical targets set are fully achieved.</p>
8.	3.32	<p>The Committee note that though the total number of handloom weavers in the country is 43 lakhs, the Government have announced a package of Rs.3000 crore for 15000 weavers societies having more than 3 lakhs weavers in phases. The package includes waiver of overdue interest and overdue loans of Societies, recapitalization of the balance sheet of Primary Weavers Cooperative Societies and State level Apex Societies with adequate fund support from Governments and financing the credit needs of handloom weavers/ Societies at lower rate of interest with interest subvention etc. The Committee would like the details of the implementation plan of the package by the</p>

		<p>Government and the plan of the Government to give financial support to those handloom weavers who are outside cooperative fold as a large number of handloom weavers are dependant on private money lending.</p>
9.	3.33	<p>The Committee note that as per the latest census 2009-10, 43 lakh handloom weavers and allied workers employed in the sector have been identified against 65 lakh handloom weavers and allied workers as per 1995-96 handloom census. The Committee also observe that the market for quality handloom textiles and fine handloom products which were woven earlier has also diminished as the consumers prefer the cheaper powerloom or mill textiles as they are easy to maintain. The Committee feel that in the absence of desired support to sustain the handloom sector, the fine handloom textiles, that require a lot of skill to make, are becoming extinct. The</p>

		<p>Committee, therefore, strongly urge the Government to play a pivotal role in reviving and sustaining handlooms by subsidizing handloom products as genuine handloom products are highly priced and only have a niche market. The Committee observe that lack of vigorous marketing has also led to the downfall of handloom products. Since, it is not possible for the ordinary weavers to study the market trend and to make production befitting the shifting nature of the demand, the Committee recommend that a handloom research centre be set up at the national level to undertake research in demand patterns, professional designs, weaving technology, raw materials, product diversification and training facilities for implementing new technologies etc. The Committee strongly feel that Panchayati Raj Institutions can play an active and fruitful role in reviving and sustaining handloom units. The</p>
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Government may organize orientation programmes about the Schemes for handloom units for the Panchayats who may in turn educate and guide the entrepreneurs and weavers in their area about the facilities provided by the Government to run their units. The Committee further feel that these Panchayati Raj Institutions can help in cluster development in rural areas by conceptualizing viable projects using local resources of raw materials and skills and could stand surety to the clusters for obtaining finances. The Committee, therefore, recommend that market orientation must be developed and quick response to the changing requirements of the market be made. The Committee also recommend that suitable incentives be given to the weavers to produce popular handloom products in large quantities. A handloom brand may be evolved to target the middle class and wider publicity be given to such

		<p>products/brand as part of marketing strategy. Further, the Committee also feel that reviving old and extinct designs with professional help may be undertaken under Integrated Handloom Development Scheme and a National Museum of Costumes, old and modern of different regions of the country be set up.</p>
		<p>3.34 The Committee further note that lack of awareness of Government policies regarding handloom industry and clusterisation has also contributed to the decline in the number of handloom weavers. Limited availability of skilled workers and technicians have further aggravated the problem. The Committee desire that information about facilities being made available by Government and financial institutions may be disseminated to clusters through regular newsletters and through the mass media. The</p>

		<p>Committee are of the considered view that the procedures for sanction of loans should be simplified and liberalized, the loans should be given on single window concept and in a time bound manner. The Committee feel that besides formation of clusters, the Government should also take necessary steps to ensure successful operation of handloom clusters already formed since success of existing clusters will induce other individuals to come together as clusters and consolidate their gains.</p>
		<p>3.37 The Committee are perturbed to note that although projects worth Rs.288.24 crore were sanctioned under Component-I of IHDS launched in 2010-11 in the pilot mode for two years under the head Human Resource Development, only Rs.41.72 crore were disbursed during 2010-11 against the BE</p>

of Rs.131.49 crore and RE of Rs.92.31 crore to train 2 lakh weavers. Further, a provision of Rs.110 crore has been made for the scheme in the Annual Plan 2011-12 of the Ministry. The Committee also observe that though the Government have initiated Integrated Skill Development Scheme in the year 2010-11 for training the entrepreneurs, weavers, skilled and unskilled workers, the scheme has not made much headway yet. The Committee, therefore, hardly need to emphasize that the Government take necessary steps in right earnest to ensure that the allocated funds are fully utilized for fruition of the objectives of the scheme. The Committee also recommend that the courses to be offered must be based on the market and local requirements etc. and apart from the skill development initiatives, the short term courses on handling of machines, labour management, market trends, pollution

		<p>control, designs and quality control may also be organised in rural/remote areas and preferably in their local languages. The Committee would like to be apprised of the project sanctioned under the pilot scheme and the current status of their implementation.</p>
		<p>3.42 The Committee note that Geographical Indications of Goods (Registration & Protection) Act, 1999 provides legal protection to goods and prevents unauthorized use thereof. The Committee, however, feel that the Geographical Indications of Goods Act, 1999 cannot alone save the textile industry from flooding of market with fake imported products as the producers of genuine products are uneducated and belong to socially and</p>

economically deprived groups. The Committee feel that besides the GI Certificate issued for various handloom items, necessary steps must be taken for brand building and suitable promotional schemes launched for their registered handloom products to ensure that products sustain in the market. Besides, vigorous awareness campaigns be launched to educate the people about the difference between the genuine and fake products. The Committee also recommend that registration under GI Certificate be seen as a component of a full-fledged strategy aimed at overall development of handloom & handicrafts in India and more and more registration certificates be issued to prevent unauthorized use by others. The Committee would also like to be apprised of the legal action taken, if any, during the last five years by the Office of Development Commissioner Handloom against their unauthorized use under the Act.

		<p>3.49 The Committee are concerned to note that although the Wool Development Board has utilized Rs.15.03 crore against the available grant of Rs.15 crore for wool and woollen sectors during 2010-11, the physical targets for different schemes are much below the targets fixed. Against the targeted 9 lakh new sheep to be covered under Sheep and Wool Improvement Scheme, only 6 lakh sheep were covered during 2010-11. Similarly, out of the targeted 93500 shepherds to be covered only 14358 have been covered under 'Sheep Breeders Insurance Scheme' and only 423953 sheep have been covered under Sheep Insurance Scheme' against the target of 9 lakh sheep. The Committee further note that the targets set for Angora wool Development, Promotional activities, CFC for integrated wool processing could not be achieved</p>

during the year. While observing the under achievement of physical targets of various developmental schemes in woollen sector during 2010-11, the Committee would like to be apprised of the reasons as to how the funds allocated for the purpose are fully utilized without accomplishing the given targets. The Committee view that it is a poor reflection on budget estimation process and lack of unrealistic planning. As the Government is unable in popularizing the social security scheme, the Committee recommend that sheep breeders also be covered under the Rashtriya Swasthya Bima Yojana (RSBY) and that serious illnesses which require specialized treatment may be covered under the Sheep Breeders Insurance Scheme, which at present only covers death and total and partial disability. To make the scheme popular and maximizing its reach to the people, the Committee desire that the Panchayats be involved in full

	<p>measure in implementation of these social security schemes.</p>
	<p>3.50 The Committee observe that Wool Industry is smaller in size in comparison to other textile industries in India and bulk of the wool produced in India is of low quality and therefore major raw wool requirement has to be imported. Taking note of the low budgetary support of Rs.60 crore during the first four years of the 11th plan, the Committee recommend that urgent and drastic measures be initiated by the Government for strengthening the wool sector including seeking of cooperation from the leading countries in the woollen sector, exchange of programmes, fairs etc. with the special focus on breed improvements, proper health care for sheep and technological advancements in sheep breeding.</p>

		<p>3.52 The Committee note that under welfare and other schemes for artisans out of Rs.84.11 crore (BE) allocated during 2010-11 only Rs.2 lakhs were spent as on 14.02.2011. Further, against the Revised Estimates of Rs.67.11 crore, the actual utilization for the two welfare schemes for artisans was only Rs.26.19 crore. Moreover, out of the targeted 8,40,000 artisans to be covered under RGSSBY only 1,36,000 were covered whereas under Bima Yojana for artisans against the set target of One lakh, only 89 thousand were covered during 2010-11. The Committee find the strategy of the Ministry of Textiles to target cooperatives, clusters etc. quite inadequate to cover the entire handicraft sector which is highly unorganized. The Committee, therefore, recommend that the Government should review the performance of the schemes and shortcomings be analyzed, and a</p>

		<p>strategy to cover maximum artisans be formulated and popularized at the earliest so that maximum artisans benefit from the scheme. Taking note of absence of any organized network for implementation of the welfare schemes, the Committee recommend that the Government should examine whether these social security schemes can be operated through local post-offices.</p>
		<p>3.56 The Committee note that continuous discharge of industrial wastes in rivers and lakes causes environmental hazard. Further, it endangers public health after being channelized in crops/agriculture through polluted rivers/water bodies. The Committee note that the domestic textile industry consumes bulk of low cost dyestuffs at manageable cost for their end product. The Committee also note that Indian export consignments face restrictions in international markets due to use of polluting dyes. The</p>

		<p>Committee, therefore, recommend the earnest efforts be made for pollution free manufacturing throughout the country in a stipulated time period. The Committee also recommend that suitable incentives be given to entrepreneurs for preferring the use of non-polluting dyes and for setting up of effluent treatment plants by these units as also to check units producing poor quality dyestuff.</p>
		<p>3.60 The Committee note that at present no separate budgetary allocation is made for research and development in Handloom sector. The Committee observe that in the absence of advanced technology and R&D, domestic textile industry faces tough competition from the competitive countries. The Committee, therefore, desire that the Government should come out with an R&D</p>

		<p>policy for the entire textile sector to counter the challenges posed by technological developments in competing countries and recommend that adequate financial assistance be provided to the research bodies/Associations undertaking research in textile sector and also to monitor the expenditure and progress of work of R&D institutions.</p>
		<p>3.63 The Committee note that lack of proper infrastructure is one of the major problems of Indian Textile Industry particularly the small units. Lack of proper roads, transport network and the distant location of these units from the markets hinder the progress of such units. Moreover, high power tariffs are also a major deterrent. The Committee recommend that Ministry of Textiles take up the issues of infrastructural facilities with the respective State Governments and convince them to provide continuous concessional power</p>

		supply and economic transport to these units.
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