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STANDING COMMITTEE ON LABOUR

(2018-19)

(SIXTEENTH LOK SABHA)

MINISTRY OF TEXTILES

**[Action taken by the Government on the Observations/
Recommendations of the Committee contained in their Thirty-Fifth
Report (Sixteenth Lok Sabha) on Demands for Grants (2018-19) of
the Ministry of Textiles]**

FORTY-EIGHTH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

February, 2019/ Magha, 1940 (Saka)

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Report (Sixteenth Lok Sabha) on Demands for Grants (2018-19) of
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Presented to Lok Sabha on 07.02.2019

Laid in Rajya Sabha on 07.02.2019



LOK SABHA SECRETARIAT

NEW DELHI

February, 2019/ Magha, 1940 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON LABOUR

(2018-19)

DR. KIRIT SOMAIYA - CHAIRPERSON

MEMBERS

Lok Sabha

2. Shri Udayanraje Pratapsingh Bhonsle
3. Shri Rajesh Kumar Diwakar
4. Shri Ashok Kumar Dohrey
5. Shri Satish Chandra Dubey
6. Shri Devajibhai Govindbhai Fatepara
7. Shri Satish Kumar Gautam
8. Dr. Boora Narsaiah Goud
9. Shri Rama Chandra Hansdah
10. Shri C. N. Jayadevan
11. Shri Bahadur Singh Koli
12. Dr. Arun Kumar
13. Shri Kaushalendra Kumar
14. Shri Hari Manjhi
15. Shri R. Parthipan
16. Shri Dayakar Pasunoori
17. Shri Hariom Singh Rathore
18. Shri Naba Kumar Sarania (Hira)
19. Shri Kodikunnil Suresh
20. Shri Mulayam Singh Yadav
21. Vacant

Rajya Sabha

22. Dr. Banda Prakash
23. Shri Ram Narain Dudi
24. Shri N. Gokulakrishnan
25. Shri Nazir Ahmed Laway
26. Shri P.L. Punia
27. Shri Rajaram
28. Shri Amar Shankar Sable
29. Ms. Dola Sen
30. Shri Madanlal Saini
31. Shri Akhilesh Prasad Singh

SECRETARIAT

1. Ms. Rhimjhim Prasad - Joint Secretary
2. Shri P.C. Choulda - Director
3. Shri C. Vanlalruata - Additional Director
4. Shri Devudu Babu Badireddi - Executive Assistant

INTRODUCTION

I, the Chairperson, Standing Committee on Labour (2018-19) having been authorized by the Committee do present on their behalf this Forty-Eighth Report on 'Action taken by the Government on the Observations/ Recommendations of the Committee contained in their Thirty-Fifth Report (Sixteenth Lok Sabha) on Demands for Grants (2017-18) of the Ministry of Textiles.

2. The Thirty-Fifth Report was presented to Lok Sabha and laid in Rajya Sabha on 13th March, 2018. The Ministry of Textiles furnished their replies indicating Action Taken on the Observations/ Recommendations contained in the Thirty-Fifth Report on 21st July, 2018. The Committee considered and adopted the Draft Report at their sitting held on 6th February, 2019.

3. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Thirty-Fifth Report of the Standing Committee on Labour (Sixteenth Lok Sabha) is given at Appendix-II.

4. For ease of reference, Observations/ Recommendations of the Committee have been printed in thick type in the body of the Report.

New Delhi;
6th February, 2019
17th Magha, 1940 (Saka)

DR. KIRIT SOMAIYA
CHAIRPERSON,
STANDING COMMITTEE ON LABOUR

REPORT

CHAPTER-I

This Report deals with the action taken by the Government on the Observations/Recommendations of the Committee contained in their Thirty-Fifth Report (Sixteenth Lok Sabha) on Demands for Grants (2018-19) of the Ministry of Textiles.

2. The Twenty Fourth Report was presented to Lok Sabha/laid in Rajya Sabha on 13th March, 2018. It contained 10 Observations/Recommendations. Replies of Government in respect of all the recommendations have been received and are categorized as under:-

- | | | |
|-------|---|---|
| (i) | Recommendations/Observations which have been accepted by the Government –
Rec. Para Nos. 18, 49, 54 and 65 | Total: 04
percentage: 40 |
| (ii) | Recommendations/Observations which the Committee do not desire to pursue in view of the Government's reply – | NIL |
| (iii) | Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration –
Rec. Para Nos. 10, 24 and 62 | Total: 03
percentage: 30 |
| (iv) | Recommendations/Observations in respect of which replies of the Government are interim in nature -
Rec. Para Nos. 36, 43 and 58 | Total: 03
percentage: 30 |

3. The Committee desire that Action Taken Notes in respect of Observations/Recommendations contained in Chapter I and final action taken reply in respect of the Recommendation contained in Chapter V of this Report, for which interim reply has been given by the Government, may be furnished to them at the earliest.

I. XII Plan Outlay and Utilisation

(Recommendation Para No. 10)

4. In their original recommendation, the Committee had observed as under:

"The Committee note that under the XII Plan outlay the proposed outlay by the Ministry of Textiles was Rs. 40,203.19 crore whereas the approved outlay was Rs. 25,931.19 crore. The cumulative expenditure from 2012-13 to 2016-17 is Rs. 18,081.61 crore only. The Committee further note that under utilization of allocated funds is also evident in other schemes being implemented by the Ministry, in Handloom sector, Handicraft sector, Powerloom sector, ISPSD and NIFT, for one reason or the other. To quote few such instances, under the schemes/programmes namely (i) Development of Mega cluster the RE was Rs. 544.24 crore whereas the expenditure was Rs. 369.36 crore, (ii) for research and development including TRAs, the RE was Rs. 83.95 crore whereas the actual expenditure is Rs. 39.81 crore only (iii) for Technological Upgradation Fund Scheme the RE was Rs. 10,127.88 crore whereas the actual expenditure is Rs. 9,773.78 crore. The Ministry have largely attributed it to the State agencies inability to get suitable land, to sanction activities in time, to furnish utilisation certificates etc. The Committee also observe that most of the schemes were late-starters. They further observe that the trend of under utilisation of allocated funds is continuing inspite of special efforts made by the Ministry since the actual expenditure of Rs. 18,081.61 crore out of Rs. 25,931.19 crore is only around 69.7% utilisation of funds. They therefore desire that foolproof measures be initiated at the earliest and the Committee be apprised accordingly."

5. In their Action Taken Note furnished to the Committee, the Ministry of Textiles have stated as follows:

"Recommendation of the Committee have been noted for compliance. The Ministry of Textiles has taken pro-active steps during 2017-18, for example, schemes have been rationalized and restructured to ensure that intended goals are met during 2017-18 to 2019-20.

The Ministry also has regular interaction with State Governments through meetings/ visits/ tele-conferences to ensure proposals are received from the State Governments in time and releases are made in a timely fashion.

Guidelines of schemes have been revised to give key role to State Governments to ensure land is made available by them for SITP/IPDS/Incubation Centres before funds are sanctioned for these schemes."

6. Concerned to note that the trend of under utilisation of allocated funds has been continuing inspite of special efforts made by the Ministry and the actual expenditure was only around 69.7% utilisation of funds, the Committee had desired that foolproof measures be initiated at the earliest and to apprise them accordingly. From the reply of the Ministry, the Committee note that the Ministry of Textiles has taken pro-active steps during 2017-18 like rationalising and restructuring of schemes to ensure that intended goals are met during 2017-18 to 2019-20 and also has regular interaction with State Governments through meetings/ visits/ tele-conferences to ensure proposals are received from the State Governments in time and releases are made in a timely fashion. They further note that the guidelines of schemes have been revised to give key role to State Governments to ensure land is made available by them for SITP/IPDS/Incubation Centres, before funds are sanctioned for these schemes. The Committee are of the view that if the Ministry take systematic steps timely in regard to setting of guidelines of Schemes then they can play efficient role to ensure State Governments to release the land for SITP/IPDS/Incubation Centres well before the funds are sanctioned for such schemes. The Committee, therefore, reiterate their earlier recommendation that the Ministry of Textiles initiate foolproof measures at the earliest and the Committee be apprised accordingly.

II. Annual Plan 2018-19

(Recommendation Para No. 24)

7. In their original recommendation, the Committee had observed as under:

"The Committee note that against the Ministry's proposed outlay of Rs. 10,109.05 crore during the year 2018-19, the Ministry of Finance have approved Rs. 7,147.73 crore only. The Secretary, Ministry of Textiles has deposed that though it appears that B.E 2018-19 (which include CCI's loss of Rs. 921.23 crore) is more than the B.E 2017-18 by Rs. 921.23 crore, in reality BE 2018-19 is Rs. 3 Crore less than the BE of the 2017-18. The Committee were further informed that a Skill Development Scheme for three years to train 10 lakh persons with an amount of Rs. 1,300 crore was approved for the Ministry, for which ideally they should get Rs. 320.71 crore for each of the three years, but as the Ministry of Finance released only Rs. 100 crore, the Ministry of Textiles had to curtail their plans to train people under the scheme. It was further stated that proposed amount has been reduced by the Finance Ministry in other schemes too like PowerTex, RoSL, etc. The Committee, also note that the Ministry in their written replies themselves submitted that keeping in view their past expenditure trend, the Ministry of Finance had curtailed the proposed amount of the Textiles Ministry. Further, the Committee note that reduction in BE of 2018-19 would adversely impact implementation of ongoing schemes of the Ministry of Textiles, particularly those aimed at benefitting the unorganised sectors of Powerloom, handloom, handicrafts, wool, and sericulture. In this regard, the Committee desire the Ministry to adhere to the principles of Budget management and financial prudence like ceiling of not more than 33 percent expenditure of BE in the last quarter, not more than 15 percent expenditure of BE in the last month of the fiscal year and preparation of monthly/ quarterly expenditure targets with due diligence so that the set targets could remain achievable, the Finance Ministry could be convinced about the reasonableness of the allocation proposed by the Ministry of Textiles and hence does not curtail the Ministry's allocation at RE stage."

8. In their Action Taken Note furnished to the Committee, the Ministry of Textiles have stated as follows:

"Recommendations of the Committee have been noted for compliance. Ministry of Textiles has proposed an amount of Rs 10,109.05 crores but an amount of Rs 7,147.73 crores only has been allocated for the year 2018-19. In view of limited resources, there is under provisioning for Handloom, Handicrafts, Powerloom Scheme for Capacity Building, Silk as well as MSP for Cotton. However, steps will be taken at supplementary stage to demand for balance amount of the proposed budget."

9. Having noted that the Ministry of Textiles had proposed an amount of Rs 10,109.05 crores but keeping in view of their past performance trend, an amount of Rs 7,147.73 crores only had been allocated by the Ministry of Finance for the year 2018-19. The Ministry have stated that steps will be taken at supplementary stage to demand for balance amount of the proposed budget. The Committee, therefore, reiterate their original recommendation and exhort upon the Ministry of Textiles to take prudent measures to implement schemes efficiently for optimum utilisation of the sanctioned funds.

III. Scheme For Integrated Textile Parks (SITP)

(Recommendation Para No. 62)

10. In their original recommendation, the Committee had observed as under:

"The Committee are concerned to note that out of the 19 textile parks approved by the Ministry during the last four years, seven parks including four model parks are operational and others are under construction stage. Upon completion of all 19 parks, investment of Rs. 6,353 crore and employment to around 50,470 workers is expected. The Committee feel that the delay in implementation of the schemes would defeat its very purpose. Hence, the Committee exhort upon the Ministry

to analyse reasons of delay and finalise a deadline for the completion of the textile parks. Further, the Committee desire that the Ministry may consider some special benefit/ package for implementing agencies which may include quick and hassle free single window clearance from the authorities for infrastructural set up etc. and also make efforts to ensure that the scheme is not hampered by shortage of funds so that the completion of parks may be speeded up and the objective of the Ministry to attract investment and generate employment could be achieved."

11. In their Action Taken Note furnished to the Committee, the Ministry of Textiles have stated as follows:

"(i) The major reason for delayed completion of projects by Special Purpose Vehicle (SPV) is due to delay in obtaining of various clearances from the State Government and hurdles in generating proportionate equity contribution from members. To tackle this pressing issue of delayed clearances from State Government, the modified guidelines for the Scheme for Integrated Textile Parks (SITP) (01.04.2017 to 31.03.2020) has been made more outcome-oriented. Further a time period of 3 years from the date of release of the first installment of GOI grant for the completion of textile parks, has also been highlighted in the modified guidelines.

(ii) To ensure a quick and hassle free clearances with respect to States Government, the modified guidelines provide for a close coordination between the Ministry, SPV and the State Government. State Governments shall also provide a Single Window Clearance mechanism to the SPV by constituting an empowered committee. State Governments have also been involved from the initial stages of project planning and regular meetings are held to iron out issues faced by the SPV with the State Government along with flagging of long pending issues on the E-Sameeksha portal for follow-up and regular monitoring.

(iii) This Ministry monitors any requirement of additional funds for seamless execution of projects by conducting Review meetings which are held from time to time for examining the progress of projects."

12. The Committee were concerned to note that the Ministry have reiterated their reason for delayed completion of projects by Special Purpose Vehicle (SPV) i.e. delay in obtaining of various clearances from the State Government and hurdles in generating proportionate equity

contribution from members. They further note that the time period of 3 years, from the date of release of the first installment of GOI grant, for the completion of textile parks along with the involvement of State Government from the initial stages of project planning and regular meeting to work out the issue faced by SPV have been incorporated in the modified guidelines for the Scheme for Integrated Textile Parks (SITP). However, the Committee are of the considered opinion that unless the approved SITPs project are completed within the scheduled time, the very purpose of setting these SITPs i.e. investment of funds and employment generation in the textile sector will not be fulfilled. They, therefore, reiterate their original recommendation and desire that the mechanism for regular monitoring of the construction progress of approved SITPs alongwith allocation of additional funds, if needed, may be put in place at the earliest and they may be apprised accordingly.

CHAPTER-II
OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY
THE GOVERNMENT

(Recommendation Para No. 18)

The Committee note that the BE 2017-18 for Annual Plan expenditure was Rs. 6,226.50crore which was enhanced to Rs. 6,250.30 crore at the RE stage. The Plan expenditure as on 15th February, 2018 has been Rs. 4,652.07 crore (74.72 percent) and the Ministry are hopeful of 100 percent expenditure by 31st March, 2018. In this context, the Committee find that the likely surrender of funds in the Plan expenditure would be to the tune of Rs. 678.70 crore and most of the savings are anticipated under PMPRY, TUFSS, IPDS, HRD(ISDS, NIFT, Yarn supply and Handicraft Mega cluster. However, from the submission of the Ministry, the Committee note that these savings will be utilised under RoSL and the committed liabilities of CCI and TUFSS hence there will ultimately be no overall savings at the end of March, 2018. The Ministry are reportedly taking specific steps to ensure regular flow of proposals from States like conducting various meetings/ conferences with State Governments to discuss off-take under the schemes during the year 2017-18. Settlement of pending UCs is separately being prioritized. The Committee have further been informed about requisite changes being incorporated in handloom & handicraft schemes, ISDSI, IWDP & Power Tex India, based on States' feedback. The Committee appreciate these efforts and feel that since the Government is focusing on the Textile Sector and providing special financial packages to it, the Ministry should strive hard to utilize all the available avenues.

Reply of Government

Recommendation of the Committee have been noted for compliance. As against the RE of Rs 6250.80 crores for Ministry of Textiles in 2017-18, an amount of Rs 5940.19 crores was utilized i.e. 95.00% and the total savings was Rs 310.61 crores as reported in e-lekha .The details of scheme-wise savings is given below:

(Rs. in Crores)

Sl No.	Scheme	RE	Savings
1	Handloom Weaver Comprehensive Welfare Scheme(SC)	4.00	3.41
2	Handloom Weaver Comprehensive Welfare Scheme(ST)	2.45	2.14
3	Handicraft Cluster Development Program - Handicraft Mega Cluster(SC)	15.22	6.94

4	Handicraft Artisans Comprehensive Welfare Scheme(SC)	18.00	1.86
5	Hast Kala Academy	5.00	5.00
6	Scheme for Development of Silk Industry	600.00	57.50
7	PMPRPY	200.00	188.00
8	Other	5393.13	41.74
	CAPITAL SECTION		
10	National Handloom Development Programme	13.00	4.02
	Total	6250.80	310.61

Source: statement e-lekha

The major savings was Rs 188.00 crores under PMPRPY where the Ministry of Finance did not allow re-appropriation of this saving to ROSL. The other major savings was Rs 57.50 crores under silk as re-appropriation could not be made. The other savings was to the tune of Rs 12.21 crores and 2.14 crores under SC and ST components respectively due to non receipt of viable proposals from State Government in Handloom and Handicraft sectors. There was a savings of Rs 4.02 crores was under capital head as the amount released to CPWD for construction of office building could not be utilized during 2017-18.

Ministry of Textiles will strive hard to utilize the available resources allocated in the current financial year i.e. 2018-19.

(Ministry of Textiles' O.M. No. 2/7/2018-Parl., dated 31/07/2018)

(Recommendation Para No. 49)

The Committee note that due to global recession and reduction of demand for silk goods in western Europe and the USA, silk goods exports earnings have decreased over a period of time. However, the Committee are happy to learn that demand is picking up in the new and non-traditional markets for silk fabrics and readymade garments, although it is not so in the case of silk carpets, which needs to be addressed. As on January 2018, 13340 persons were trained by the Central Silk Board (CSB) Research Institutes in on-farm and off-farm sectors. The Committee desire that the quality and quantity enhancement be monitored specially in case of persons trained by the CSB. Simultaneously, more persons need to be encouraged to undergo the training after carefully watching the progress made by the persons trained till January, 2018.

Reply of Government

In order to give a boost to Indian silk export sector, emphasis is being given to development of exclusive products silk Denims, silk knits etc. under

product development and diversification initiative, which have great export potential. Indian Silk Export Promotion Council (ISEPC) the nodal agency for silk export promotion is addressing the issues related to silk exports. Efforts are being made for tapping new markets for silk products in general & Silk Carpet exports in particular working in association with Carpet Export Promotion Council.

The suggestion of the Hon'ble Committee has been noted. CSB would continue to assess the impact of training for qualitative and quantitative enhancement in individual skills as well as silk production and productivity. CSB will also align technology-based courses to National Skill Qualification Framework for increasing the coverage of more and more farmers and other industry stakeholders in future.

(Ministry of Textiles' O.M. No. 2/7/2018-Parl., dated 31/07/2018)

(Recommendation Para No. 54)

The Committee note that Ministry has allocated a fund of Rs. 1,300 crore towards the new scheme for capacity building in textiles sector for 3 years i.e 2017-20 and same will be disbursed in installments on completion of required parameters set by Ministry. The Committee also note that the Ministry has set the targets to train 10 lakh youth in enhancing their skills under organised sector and unorganised sector during the period 2017-20. For this the Ministry has spread the targets year-wise. The Ministry stated that it may not be possible to achieve the target of 2017-18, as the scheme is new and further stated that this shortfall will be covered in remaining 2 years. In order to ensure the set targets are achieved, the Ministry would make the monitoring agencies adopt a specific strategy of awarding targets based on capacity of training centres on annual basis followed by a review and readjustment of targets, if needed. In this regard, the Committee desire the Ministry to make concerted efforts to ensure that all the monitoring/ implementing agencies adhere to the set strategy by the Ministry. The Committee also desire the Ministry to maintain Statewise details of training and its impact on performance of textile sector. Further, the Committee desire that the Ministry initiate awareness programmes on the benefits of Skill development and employment opportunities for youth, so that the youth may actively participate in Skill Development training. This will lead to enhancement in the quality of the textiles products and increase in the employment rate in textile sector. The Committee further note that there is a high attrition rate in textile sector. So, there is a need for emphasis on skill development which includes training and placement. The allocation in this context, should be as per requirement and

capacity of the Ministry to absorb. The Committee also note that the Ministry of Textiles has been attending meetings held by the Ministry of Skill Development on common norms being followed up too. The Committee desire that the coordination with the Ministry of Skill Development and Entrepreneurship must continue to not only avoid any duplication of efforts but also to make use of PMKKs' infrastructure and facilities, if found feasible.

Reply of Government

The following efforts are being made to ensure that all the implementing Partners adhere to the training targets given to them based on their training capacity as per set strategy by the Ministry:-

- (i) A centralized web-based Management Information System (MIS) has been put in place for monitoring and implementation of the scheme. All aspects of programme management such as submission of proposal, conduct of training, physical verification, assessment, placement, post-placement tracking etc. will be managed through MIS.
- (ii) Demographic data based on region, state, gender and category etc. of the new scheme will be captured in the MIS of the scheme to see its performance and impact in the textile sector.
- (iii) Mandatory CCTV recording will be done by the Implementing Partners of the entire training programme.
- (iv) During live training sessions, random physical verification of the training centres will be conducted.
- (v) Third party assessment agencies are being empanelled for independent assessment and certification of trainees on completion of training programme.

2. With a view to create awareness about the Samarth scheme, information relating to new scheme has been shared with all the stakeholders in a meeting chaired by Hon'ble Minister of Textiles held on 14.05.2018, latest developments in execution of the scheme are being hosted on Samarth portal (samarth-textiles.gov.in) on a regular basis. All State Govt. have been sensitized to participate in the scheme. Queries of various stakeholders of the scheme are being addressed by the Call Centre set up under the scheme having facility to respond in 7 languages. Provision to enroll for training through mobile App/website is being made under new scheme.

3. As per skill gap study conducted by the Ministry, there is a skilling requirement (of not less than 300 hours duration) of 30.56 lakh persons in which 23.89 lakh is for Apparel Sector. With a view to address the skilled manpower requirements of textile sector, the new scheme has been launched with a target to train 10 lakh persons (9 lakhs in organised & 1 lakh in traditional sector) wherein 70% placement has been made mandatory.

4. The scheme is being implemented adopting policy framework of skill development programmes prescribed by MSDE. Representatives from MSDE are member in the Inter-Ministerial Committee and Empowered Committee constituted for monitoring the implementation of Samarth scheme. Implementing Agencies empanelled under PMKVY of MSDE can also apply under the new scheme and conduct training under new scheme using infrastructure and facilities of the PMKKs subject to fulfillment of the eligibility requirement as per the guidelines of the new scheme.

(Ministry of Textiles' O.M. No. 2/7/2018-Parl., dated 31/07/2018)

(Recommendation Para No. 65)

In so far as the development of woollen sector is concerned, the Committee appreciate the initiative of offering a special package with Rs. 50 crore as the present Financial year's B.E on a reconstruction plan for Jammu & Kashmir State for promotion of Pashmina wool craft, from production to marketing and establish Pashmina as a globally know brand. The need to increase job opportunities for artisans of J&K is strongly felt too. Hence, the Committee desire that the fund, though small, should be utilised fully for the intended purpose and the results be reported to them. The Committee emphasize that such initiatives need to be continued on States like J&K to instill confidence among the artisans as well as save the age old weaving crafts from dying due to neglect.

Reply of Government

The suggestion of the Hon'ble Committee has been noted. Under the special package, proposals worth Rs. 22.11 crores have been considered and sanctioned in the 50th meeting of Executive Committee of Central Wool Development Board (CWDB) , Jodhpur for implementation during the period 2017-18 to 2019-20 under the re-construction Plan for Jammu and Kashmir (J&K).

It is submitted that CWDB and the Ministry are committed to utilizing funds for the intended purpose including instilling confidence among the artisans involved in Pashmina Wool Craft, and progress under the initiatives will be reported to the Hon'ble Committee.

(Ministry of Textiles' O.M. No. 2/7/2018-Parl., dated 31/07/2018)

CHAPTER-III

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

NIL

CHAPTER-IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

(Recommendation Para No. 10)

The Committee note that under the XII Plan outlay the proposed outlay by the Ministry of Textiles was Rs. 40,203.19 crore whereas the approved outlay was Rs. 25,931.19 crore. The cumulative expenditure from 2012-13 to 2016-17 is Rs. 18,081.61 crore only. The Committee further note that under utilization of allocated funds is also evident in other schemes being implemented by the Ministry, in Handloom sector, Handicraft sector, Powerloom sector, ISPSD and NIFT, for one reason or the other. To quote few such instances, under the schemes/programmes namely (i) Development of Mega cluster the RE was Rs. 544.24 crore whereas the expenditure was Rs. 369.36 crore, (ii) for research and development including TRAs, the RE was Rs. 83.95 crore whereas the actual expenditure is Rs. 39.81 crore only (iii) for Technological Upgradation Fund Scheme the RE was Rs. 10,127.88 crore whereas the actual expenditure is Rs. 9,773.78 crore. The Ministry have largely attributed it to the State agencies inability to get suitable land, to sanction activities in time, to furnish utilisation certificates etc. The Committee also observe that most of the schemes were late-starters. They further observe that the trend of under utilisation of allocated funds is continuing inspite of special efforts made by the Ministry since the actual expenditure of Rs. 18,081.61 crore out of Rs. 25,931.19 crore is only around 69.7% utilisation of funds. They therefore desire that foolproof measures be initiated at the earliest and the Committee be apprised accordingly.

Reply of Government

Recommendation of the Committee have been noted for compliance. The Ministry of Textiles has taken pro-active steps during 2017-18, for example, schemes have been rationalized and restructured to ensure that intended goals are met during 2017-18 to 2019-20.

The Ministry also has regular interaction with State Governments through meetings/ visits/ tele-conferences to ensure proposals are received from the State Governments in time and releases are made in a timely fashion.

Guidelines of schemes have been revised to give key role to State Governments to ensure land is made available by them for SITP/IPDS/Incubation Centres before funds are sanctioned for these schemes.

(Ministry of Textiles' O.M. No. 2/7/2018-Parl., dated 31/07/2018)

(Recommendation Para No. 24)

The Committee note that against the Ministry's proposed outlay of Rs. 10,109.05 crore during the year 2018-19, the Ministry of Finance have approved Rs. 7,147.73 crore only. The Secretary, Ministry of Textiles has deposed that though it appears that B.E 2018-19 (which include CCI's loss of Rs. 921.23 crore) is more than the B.E 2017-18 by Rs. 921.23 crore, in reality BE 2018-19 is Rs. 3 Crore less than the BE of the 2017-18. The Committee were further informed that a Skill Development Scheme for three years to train 10 lakh persons with an amount of Rs. 1,300 crore was approved for the Ministry, for which ideally they should get Rs. 320.71 crore for each of the three years, but as the Ministry of Finance released only Rs. 100 crore, the Ministry of Textiles had to curtail their plans to train people under the scheme. It was further stated that proposed amount has been reduced by the Finance Ministry in other schemes too like PowerTex, RoSL, etc. The Committee, also note that the Ministry in their written replies themselves submitted that keeping in view their past expenditure trend, the Ministry of Finance had curtailed the proposed amount of the Textiles Ministry. Further, the Committee note that reduction in BE of 2018-19 would adversely impact implementation of ongoing schemes of the Ministry of Textiles, particularly those aimed at benefitting the unorganised sectors of Powerloom, handloom, handicrafts, wool, and sericulture. In this regard, the Committee desire the Ministry to adhere to the principles of Budget management and financial prudence like ceiling of not more than 33 percent expenditure of BE in the last quarter, not more than 15 percent expenditure of BE in the last month of the fiscal year and preparation of monthly/ quarterly expenditure targets with due diligence so that the set targets could remain achievable, the Finance Ministry could be convinced about the reasonableness of the allocation proposed by the Ministry of Textiles and hence does not curtail the Ministry's allocation at RE stage.

Reply of Government

Recommendations of the Committee have been noted for compliance. Ministry of Textiles has proposed an amount of Rs 10,109.05 crores but an amount of Rs 7,147.73 crores only has been allocated for the year 2018-19. In view of limited resources, there is under provisioning for Handloom, Handicrafts, Powerloom Scheme for Capacity Building, Silk as well as MSP for Cotton. However, steps will be taken at supplementary stage to demand for balance amount of the proposed budget.

(Ministry of Textiles' O.M. No. 2/7/2018-Parl., dated 31/07/2018)

(Recommendation Para No. 62)

The Committee are concerned to note that out of the 19 textile parks approved by the Ministry during the last four years, seven parks including four model parks are operational and others are under construction stage. Upon completion of all 19 parks, investment of Rs. 6,353 crore and employment to around 50,470 workers is expected. The Committee feel that the delay in implementation of the schemes would defeat its very purpose. Hence, the Committee exhort upon the Ministry to analyse reasons of delay and finalise a deadline for the completion of the textile parks. Further, the Committee desire that the Ministry may consider some special benefit/ package for implementing agencies which may include quick and hassle free single window clearance from the authorities for infrastructural set up etc. and also make efforts to ensure that the scheme is not hampered by shortage of funds so that the completion of parks may be speeded up and the objective of the Ministry to attract investment and generate employment could be achieved.

Reply of Government

(i) The major reason for delayed completion of projects by Special Purpose Vehicle (SPV) is due to delay in obtaining of various clearances from the State Government and hurdles in generating proportionate equity contribution from members. To tackle this pressing issue of delayed clearances from State Government, the modified guidelines for the Scheme for Integrated Textile Parks (SITP) (01.04.2017 to 31.03.2020) has been made more outcome-oriented. Further a time period of 3 years from the date of release of the first installment of GOI grant for the completion of textile parks, has also been highlighted in the modified guidelines.

(ii) To ensure a quick and hassle free clearances with respect to States Government, the modified guidelines provide for a close coordination between the Ministry, SPV and the State Government. State Governments shall also provide a Single Window Clearance mechanism to the SPV by constituting an empowered committee. State Governments have also been involved from the initial stages of project planning and regular meetings are held to iron out issues faced by the SPV with the State Government along with flagging of long pending issues on the E-Sameeksha portal for follow-up and regular monitoring.

(iii) This Ministry monitors any requirement of additional funds for seamless execution of projects by conducting Review meetings which are held from time to time for examining the progress of projects.

(Ministry of Textiles' O.M. No. 2/7/2018-Parl., dated 31/07/2018)

CHAPTER-V

OBSERVATION/RECOMMENDATION IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT ARE INTERIM IN NATURE

(Recommendation Para No. 36)

The Committee note that RoSL was introduced to boost exports through Rebate/ Refunds of State levies which, in turn, could help in employment generation in the Textile and apparel Sector. No estimates are available for determining employment generated in the textile and apparel sector under the scheme. The Committee opine that absence of data on the employment generation after the launch of the scheme defeats the very purpose of the scheme. They therefore, desire that the Ministry initiate the process for collection of data pertaining to the impact of the scheme on exports and employment generation since the implementation of the Scheme, at the earliest and furnish the same to the Committee. Also the Ministry, in order to reduce dependence on refund mechanism, may consider taking up the issue with State Governments to reduce State levies in textiles apparel sector.

Reply of Government

As per the suggestion made by the Committee, Ministry has assigned a study to the Indian Institute of Foreign Trade (IIFT) for impact assessment of the Special Package including the impact on exports and employment.

As far as State levies and reducing dependence on refund mechanism is concerned, it is stated that on State's reluctance to refund the state levies, the central Government has taken this responsibility with a view to boost export and employment in this sector. Reimbursement of state levies is being linked to the exporters furnishing the data on investment and employment generation. This will ensure availability of reliable data on monthly basis.

(Ministry of Textiles' O.M. No. 2/7/2018-Parl., dated 31/07/2018)

(Recommendation Para No. 43)

The Committee note that the Amended TUFs was implemented w.e.f. 13.01.2016 and the actual expenditure vis-à-vis BE/RE during the year 2016-17 was 100%. The Committee also note that under ATUFs, the B.E of 2017-18 was Rs. 2,013.00 crore, which was reduced to Rs. 1,950.00 crore and the actual expenditure as on 1.1.2018 was Rs. 1,380.05 crore, the reason being that the Scheme is demand based. From the statement of subsidies released to States, the Committee observe that except few larger States like Gujarat, Maharashtra, Punjab and Tamil Nadu, subsidy amount released to other States in the last three years under ATUFs has been rather small, which needs

to be analyse. Technology upgradation is vital to maintain the quality and pace of production, hence the Committee hope that the Ministry will provide handholding to those States where the response is less than expected. Nonetheless, while appreciating the extent of acceptance of the Scheme amongst the beneficiaries/ recipients, the Committee desire that the increment and the employment generation after the implementation of ATUFS may also be tracked to gauge the real impact of the Scheme.

Reply of Government

Under TUFs, subsidies are released to individual units/entities and not to State Governments. Existing textile clusters/pockets located in the states like Gujarat, Maharashtra, Punjab, Rajasthan and Tamil Nadu have high demand for the scheme. TUFs being an industry driven subsidy scheme, major portion of subsidy is getting released to the industries operating in these states. During State Textile Ministers' Conferences and Regional Conferences held from time to time, the matter relating to TUFs is discussed so that respective States may handhold with local entrepreneurs.

Employment estimates under TUFs are captured at the time of filing of application for subsidy by the entity in iATUFs software. The same is also verified during Joint Inspection of the unit after commencement of the project. Upon commencing of production by unit, cumulative employment data are captured in i-ATUFs software.

(Ministry of Textiles' O.M. No. 2/7/2018-Parl., dated 31/07/2018)

(Recommendation Para No. 58)

The Committee, being curious to know the impact of GST system on the textile sector, have been informed that Ministry of Textiles and its attached/subordinate offices, PSUs and all its statutory bodies have conducted workshops and awareness programmes on GST and its procedure to all its officials and stakeholders for migration to GST system. They note that the Ministry had also taken up the issues raised by the stakeholders with the Department of Revenue, Ministry of Finance. As a result of the above efforts of the Ministry and stakeholders, many significant changes have been made under GST for Textile sector. Further the Committee note that the Ministry has also taken up the issues on inverted duties structure on MMF, imposition of GST on Job work, credit transfer documents (CTD) issues, non-refund of ITC, GST for weaving industry, lowering of GST rates for machinery used by MSME textile units, SITP Parks to be at par with Industrial Parks (SIDC) for purpose of GST duty etc. In this context, the Committee desire the Ministry to impress upon the Department of Revenue/ Ministry of Finance to reconsider the overall GST structure for textile sector and imposition of higher Anti Dumping duty to protect the domestic industry. Further, the Committee desire the Ministry to continue their concerted efforts in this direction so that performance of the

textile industry could be enhanced and Indian textiles may continue to maintain their niche position in the ultra competitive global textile market.

Reply of Government

The suggestions of the Committee have been noted for action. The Ministry is constantly pursuing pending issues with the D/o Revenue including that relating to provision for no refund of accumulated ITC for MMF fabric (which has since been agreed to) as well as pending refunds of ITC, IGST and ROSL blocking the working capital of the Industry etc. Tax on machinery used by the MSME textile sector prior to GST was 5%. Taxing machinery at 18% adversely affects the textile sector. Therefore, the Ministry has been pursuing differential rate of taxation i.e 5% for machineries costing upto Rs. 1 crore; 12% for machineries costing between Rs. 1 crore and Rs. 5 crores; and 18% on machineries costing more than Rs. 5 crores. The GST rate at 18% on real estate services has been levied on SITP parks but industrial parks developed by SIDC are exempted. SITP Parks have asked for the same rate as Industrial Parks.

(Ministry of Textiles' O.M. No. 2/7/2018-Parl., dated 31/07/2018)

New Delhi;
6th February, 2019
17th Magha, 1940 (Saka)

(DR. KIRIT SOMAIYA)
CHAIRPERSON,
STANDING COMMITTEE ON LABOUR

STANDING COMMITTEE ON LABOUR

(2018-19)

Minutes of the Twelfth Sitting of the Committee

The Committee sat on Wednesday, the 6th February, 2019 from 1030 hrs. to 1100 hrs. in Room No. 95-A, Chairperson's Chamber, Parliament House, New Delhi.

PRESENT

Dr. Kirit Somaiya - CHAIRPERSON

MEMBERS

LOK SABHA

2. Shri Ashok Kumar Dohrey, MP
3. Shri Satish Chandra Dubey, MP
4. Shri Rama Chandra Hansdah, MP
5. Shri C. N. Jayadevan, MP
6. Shri Kaushalendra Kumar, MP
7. Shri R. Parthipan, MP
8. Shri Hariom Singh Rathore, MP

RAJYA SABHA

9. Shri Ram Narain Dudi, MP
10. Shri P.L. Punia, MP
11. Shri Amar Shankar Sable, MP
12. Shri N. Gokulakrishnan, MP
13. Shri Madanlal Saini, MP

SECRETARIAT

1. Ms. Rimjhim Prasad - Joint Secretary
2. Shri P.C. Choulda - Director
3. Shri C. Vanlalruata - Additional Director
4. Shri Kulvinder Singh - Under Secretary

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee, convened for consideration and adoption of the following draft Reports:

- (i) XX XX XX XX
- (ii) XX XX XX XX
- (iii) Action Taken by the Government on the Observations/
Recommendations of the Committee contained in their 35th Report
on Demands for Grants (2018-19) of the Ministry of Textiles;
- (iv) XX XX XX XX
- (v) XX XX XX XX
- (vi) XX XX XX XX
- (vii) XX XX XX XX

3. The Committee took up the Draft Reports one by one for consideration/ adoption and adopted the same without any addition/ modification.

4. The Committee then authorized the Chairperson to finalise the Report and present the same to both the Houses.

The Committee then adjourned.

XX Does not pertain to this Report.

APPENDIX-II

(Vide Para No. 3 of the Introduction)

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON
RECOMMENDATIONS CONTAINED IN THE THIRTY-FIFTH REPORT OF
THE STANDING COMMITTEE ON LABOUR (SIXTEENTH LOK SABHA)**

	Total	Percentage
I. Total number of Recommendations	10	
II. Observations/Recommendations which have been accepted by Government (Recommendation Para. Nos. 18, 49, 54 and 65	04	40%
III. Observations/Recommendations which the Committee do not desire to pursue in view of Government's replies - Nil	00	00%
IV. Observations/Recommendations in respect of which Government's replies have not been accepted by the Committee and which requires reiteration – Recommendation Para Nos.10, 24 and 62	03	30%
V. Observations/Recommendations in respect of which replies of Government are of interim in nature- Recommendation Para Nos. 36, 43 and 58	03	30%
		----- 100% -----