

**FAILURE TO IMPLEMENT SCHEME
OBJECTIVES ON DISBURSEMENT OF CAPITAL
SUBSIDY**

MINISTRY OF TEXTILES

**PUBLIC ACCOUNTS COMMITTEE
(2021-22)**

THIRTY NINTH

SEVENTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

PAC NO. 2247

THIRTY NINTH
PUBLIC ACCOUNTS COMMITTEE
(2021-22)

(SEVENTEENTH LOK SABHA)

**FAILURE TO IMPLEMENT SCHEME
OBJECTIVES ON DISBURSEMENT OF
CAPITAL SUBSIDY**

MINISTRY OF TEXTILES



Presented to Lok Sabha on:

Laid in Rajya Sabha on:

11.08.2021

**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2021/Shravana, 1943 (Saka)

CONTENTS

	Page No.
	(i)
	(ii)
	(iii)
	(iv)
	(vi)
A.	
INTRODUCTION	1
PART - I	
Introductory	2
(i) Irregularities in disbursement of Capital Subsidy Scheme	2
(ii) Audit Observations	4
(iii) Investigation of the Case	6
(iv) Status of recovery of Subsidy and penalty	9
(v) Irregularities in implementation of Jute Park Scheme	9
(vi) Structural problems in the scheme	10
(vii) Involvement of Chartered Accountants	12
(viii) Fixing Accountability & Responsibility	
B.	16
Promoting Jute Cultivation and Jute Products	16
(i) Decrease in Jute Production and Productivity	17
(ii) Production of Jute goods and diversification	19
(iii) R & D and Training	21
(iv) Promotion and Export of Jute products	23
(v) Increasing Export of Jute products	26
(vi) Involvement of farmers, Artisans, SHGs, NGOs and MSMEs	
PART – II	
Observations/recommendations of the Committee	29-46

APPENDICES

- I. Minutes of the sitting of PAC (2018-19) on 03.10.2018
- II. Minutes of the sitting of PAC (2019-20) on 28.01.2020
- III. Minutes of the sitting of PAC (2020-21) on 28.08.2020
- IV. Minutes of the sitting of PAC (2021-22) on 09.08.2021

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3. Shri Sudip Bandyopadhyay
4. Shri Prem Singh Chandumajra
5. Shri Gajanan Chandrakant Kirtikar
6. Shri Bhartruhari Mahtab
7. Smt. Riti Pathak
8. Shri Ramesh Pokhriyal "Nishank"
9. Shri Janardan Singh Sigriwal
10. Shri Abhishek Singh
11. Shri Gopal Shetty
12. Dr. Kirit Somaiya
13. Shri Anurag Singh Thakur
14. Shri Shivkumar Chanabasappa Udasi
15. Dr. Ponnusamy Venugopal

R A J Y A S A B H A

16. Prof. M. V. Rajeev Gowda
17. Shri Bhubaneswar Kalita
18. Shri Shwait Malik
19. Shri Narayan Lal Panchariya
20. Shri Sukhendu Sekhar Roy
21. Shri C. M. Ramesh¹
22. Shri Bhupender Yadav*

¹ Elected w.e.f. 6 August, 2018 for filling vacancies.

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2019-20)

Shri Adhir Ranjan Chowdhury - Chairperson

M E M B E R S L O K S A B H A

2. Shri T. R. Baalu
3. Shri Subhash Chandra Baheria
4. Shri Sudheer Gupta
5. Smt. Darshana Vikram Jardosh
6. Shri Bhartruhari Mahtab
7. Shri Ajay (Teni) Misra
8. Shri Jagdambika Pal
9. Shri Vishnu Dayal Ram
10. Shri Rahul Ramesh Shewale
11. Shri Rajiv Ranjan Singh alias Lalan Singh
12. Dr. Satya Pal Singh
13. Shri Jayant Sinha
14. Shri Balashowry Vallabhaneni
15. Shri Ram Kripal Yadav

R A J Y A S A B H A

16. Shri Rajeev Chandrasekhar
17. Prof. M. V. Rajeev Gowda
18. Shri Naresh Gujral
19. Shri P. Bhattacharya²
20. Shri C. M. Ramesh
21. Shri Sukhendu Sekhar Ray
22. Shri Bhupender Yadav

² Elected w.e.f. 10 February, 2020 in lieu of vacancy caused due to resignation of Shri Bhubaneswar Kalita from Rajya Sabha on 05 August, 2019.

**COMPOSITION OF THE PUBLIC ACCOUNTS
COMMITTEE (2020-21)**

Shri Adhir Ranjan Chowdhury - Chairperson

**M E M B E R S
L O K S A B H A**

2. Shri T. R. Baalu
3. Shri Subhash Chandra Baheria
4. Shri Sudheer Gupta
5. Smt. Darshana Vikram Jardosh
6. Shri Bhartruhari Mahtab
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15. Shri Ram Kripal Yadav

R A J Y A S A B H A

16. Shri Rajeev Chandrasekhar
17. Shri Naresh Gujral
18. Shri Bhubaneswar Kalita*
19. Shri Mallikarjun Kharge*
20. Shri C. M. Ramesh
21. Shri Sukhendu Sekhar Ray
22. Shri Bhupender Yadav

¹ Elected w.e.f. 11 February, 2021.

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2021-22)

Shri Adhir Ranjan Chowdhury - Chairperson

M E M B E R S

L O K S A B H A

2. Shri T. R. Baalu
3. Shri Subhash Chandra Baheria
4. Shri Vallabhaneni Balashowry
5. Shri Sudheer Gupta
6. Shri Bhartruhari Mahtab
7. Shri Jagdambika Pal
8. Shri Vishnu Dayal Ram
9. Shri Rahul Ramesh Shewale
10. Shri Rajiv Ranjan Singh alias Lalan Singh
11. Dr. Satya Pal Singh
12. Shri Jayant Sinha
13. Shri Ram Kripal Yadav
14. Shri Pratap Chandra Sarangi*
15. Shri Gowdar Mallikarjunappa Siddeshwara**

RAJYA SABHA

16. Shri Shaktisinh Gohli
17. Shri Bhubaneswar Kalita
18. Shri C. M. Ramesh
19. Shri Sukhendu Sekhar Ray
20. Dr. M Thambidurai
21. Vacancy #
22. Vacant ##

* Elected w.e.f 29.07.2021 vice Smt.Darshana Jardosh who ceased to be a member of the Committee consequent to her appointment as Minister in the Union Cabinet on 07.07.2021

** Elected w.e.f 29.07.2021 vice Shri Ajay Teni Mishra who ceased to be a member of the Committee consequent to his appointment as Minister in the Union Cabinet on 07.07.2021

Shri Rajeev Chandrasekhar ceased to be Member of the Committee consequent to his appointment as Minister in the Union Cabinet on 07.07.2021

Shri Bhupender Yadav ceased to be Member of the Committee consequent to his appointment as Minister in the Union Cabinet on 07.07.2021

SECRETARIAT

1. Shri T.G Chandrasekhar - Joint Secretary
2. Shri S.R Mishra - Director
3. Shri Paolienlal Haokip - Additional Director
4. Shri Pankaj K.Sharma - Committee Officer

(v)

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2021-22), having been authorised by the Committee, do present this Thirty Ninth Report (Seventeenth Lok Sabha) on '**Failure to implement scheme objectives on disbursement of capital subsidy**' based on Chapter XX of C&AG Report No.12 of 2017 relating to the Ministry of Textiles.

2. The C&AG Report No. 12 of 2017 was laid on the Table of the House on 21 July, 2017.
3. The Public Accounts Committee (PAC) (2018-19) selected Chapter XX of C&AG Report No. 12 of 2017 on "**Failure to implement scheme objectives on disbursement of capital subsidy**" for examination and the subject continued to be examined during the years 2019-20 and 2020-21.
4. The Committee took oral evidence of the representatives of Ministry of Textiles on 03.10.2018, 28.01.2020 and 28.08.2020. The subject was also discussed by Public Accounts Committee during their Study Visit to Berhampore in January, 2021.
5. The Public Accounts Committee (2021-22) considered and adopted the Report at their sitting held on 09 August, 2021. Minutes of the sittings form Appendices to the Report.
6. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in **bold** and form Part II of the Report.
7. The Committee would like to express their thanks to the representatives of the Ministry of Textiles for tendering evidence before them and furnishing the requisite information to the Committee in connection with the examination of the subject.
8. The Committee also place on record their appreciation of the assistance rendered to them in the matter by the Committee Secretariat and the office of the Comptroller and Auditor General of India.

NEW DELHI;
11 August, 2021
20 Shravana, 1943 (Saka)

Adhir Ranjan Chowdhury
Chairperson
Public Accounts Committee

REPORT

PART – I

A. INTRODUCTORY

The Jute industry occupies an important place in the national economy of India and the demand for jute is increasing due to its environment friendly qualities. It is one of the major industries in the Eastern Region, particularly in West Bengal. Jute, the 'golden fiber', meets all the environmental standards for 'safe' packaging in view of being a natural, renewable, biodegradable and eco-friendly product. It is estimated that the jute industry provides direct employment to about 0.37 million workers and supports the livelihood of around 4.0 million farm families. Around 0.14 million people are engaged in the tertiary sector and allied activities supporting the jute economy. In addition, a large number of persons are engaged in the trade of jute. Besides jute is a huge earner of foreign exchange (Rs. 2424 crore approx.) through exports.

2. Installed Spinning & Weaving Capacity of the Jute Mills - as on 1st January 2020, the total number of looms installed in jute industry stood at 47,942 consisting of 16,461 Hessian looms, 24,593 Sacking looms, 483 CBC and others at 6405. The installed spindles in jute mills other than 100 % export oriented units were 7,39,200 comprising of 6,01,092 fine spindles and 1,38,108 coarse spindles. The maximum installed capacity in jute mills other than 100% export oriented units (on the basis of 305 working days per year) is estimated to be 26.9 lakh metric tons per annum.

3. As informed by the Ministry, there are 98 composite jute mills out of which the State of West Bengal has 72 jute mills with Andhra Pradesh having 12 mills, Uttar Pradesh 3 mills, Bihar 3 mills, Orissa 3 mills, Assam 2 mills, Chhattisgarh 2 mills and Tripura 1 Jute Mill. Ownership-wise 6 mills are under the Government of India, 1 mill each is owned by the Government of Tripura and Orissa respectively, 1 mill in Assam is in the cooperative sector and the rest 89 are privately owned.

4. The Jute Technology Mission (JTM) was implemented with four Mini Missions (during 2007-14). Under MM IV "Acquisition of Plant and Machineries (capital subsidy)" was a scheme with a proposed outlay fund of Rs.100 Crore. As per the scheme Jute Mills would be eligible for subsidy of 20% of the procurement cost of new plant and machinery. NJB disbursed subsidy amounting to Rs.104.36 Crores to 120 Jute units (including 85 composite jute mills, 28 yarn, twine and weaving units and 7 JDP manufacturing units) during the period 2007-08 to 2013-14 on this scheme.

(i) Irregularities in disbursement of Capital Subsidy Scheme

5. The thematic audit was started in June 2014 and the field inspection of 8 no. of jute mills were conducted in March – April 2015. Hence, all the actions taken by the NJB only after the inspection/field audit and not before that. The office of Principal Director of Commercial audit & Ex-officio Member, Audit Board-I, Kolkata, the sole Auditor, conducted a thematic audit on "Fulfillment of objectives of NJB" by forming a joint team consisting of members from audit party and the officials from the O/o Jute Commissioner and NJB for conducting physical inspection at Jute Mills.

6. The team conducted a joint inspection (during March-April 2015 and July-August 2016) of 21 jute units which had received Rs.24.21 crore as subsidy between 2007-08 and 2013-14. Audit found that payment of subsidy of Rs.3.80 crore to 16 jute units was in violation of scheme guidelines. Audit found discrepancies like release of subsidy to old machines, non-existence of subsidized machines on mill floor, disbursement of subsidy to non-jute producing machines etc.

7. Based on the findings of C&AG Audit (Chapter XX of C&AG Report No. 12 of 2017) in respect of failure to implement scheme objectives on disbursement of capital subsidy the Committee took up the afore-mentioned Audit Para for detailed examination.

8. The Public Accounts Committee (2017-18) selected the subject for detailed examination and the subsequent Public Accounts Committees took oral evidence of the representatives of the Ministries of Textiles and obtained written replies on the subject.

(ii) Audit Observations

9. C&AG observed that subsidy of Rs. 3.80 crore provided to the 16 jute units by National Jute Board was in violation of Acquisition of Plants and Machineries (Capital Subsidy Guidelines). The Committee noted that the guidelines have been violated over the years as mentioned in a note furnished by the Ministry in this regard.

10. From the note supplied by the Ministry, the Committee noted the following major findings of the audit (The Principal Director of Commercial Audit, Kolkata):

(a) Subsidy paid for old machines

Audit in their Report had highlighted that in 10 out of the 21 inspected units, subsidy amounting to Rs.1.92 crore was released on age old machines based on fraudulent certification by NJB inspectors who visited the plant prior to sanctioning capital subsidy.

(b) Subsidised machines not found on mill floor

Audit in their report had highlighted that as per the scheme, jute mills would not be allowed to dispose of the machineries on which subsidy had been disbursed, within a period of five years from the date of receipt of subsidy. The joint inspection of 21 units revealed that 34 machines on which subsidy amounting to Rs.0.88 crore had been released were not found on the mill premises.

(c) Subsidy disbursed on non-jute producing machines

Audit had also highlighted that in one case, it was found that the firm had received capital subsidy amounting to Rs. one crore in March 2008 even though it produced only cotton yarn, and all the machines on the premises were used for production of cotton yarn only. Despite this, NJB inspectors had certified the machines under the scheme. Further, in another case, it was found that except one machine, all the other machines on which subsidy of Rs.6.32 lakh was disbursed were synthetic fabric producing machines and not jute producing machines. NJB in their response in this regard stated (June 2015) that the subsidies had been released based on the certificates of the concerned inspectors. The Ministry in their background note mentioned that it was clear that the inspection team violated the conditions of the scheme which clearly mentioned that capital subsidy should only be used for Jute goods producing machinery only in the jute mill.

(d) Repeated Subsidy on same machine

In one of the units viz. Nilkantha Jute Processing Pvt. Ltd., subsidy was released on machines which appeared to be old by more than 10 years, raising serious questions on the authenticity of earlier inspections that disbursement was not in conformity with the scheme. The promoter of the company changed the name of the unit to Mahabir Jutex and again applied for subsidy for the same machines and inspection team of NJB again fraudulently certified those rusted and old machines as new and recommended for approval for disbursement of the subsidy once again.

(e) Mismatch of vendor and manufacturing number of machine.

The audit noted that there was time gap between the date of installation and date of inspection and improper vendor's manufacturing number and serial numbers. Subsidy was released where in vendors who supplied machines were different than one certified by the inspection team.

(f) Related Parties Transactions:

It is observed that for Bank finance cases in availing subsidy the financial banks which issued credit facilities were same as Jute Mills (their sister concerns etc) and were managed by their related parties.

(g) Shaktigarh Textiles Jute Park:

The Jute Park was developed availing subsidy of Rs 7.5 Crores from NJB and was producing B-Twill bags. As per scheme the units under Jute Park 2 were to produce Jute Diversified products other than traditional products such as Twill bags, Hessian and Yarn etc.

(h) Centre for Jute Machinery Development (CJMD):

As per the scheme 6.2 of "Jute Machinery Development" of MM-IV under JTM, CJMD was formed with a cost of Rs.14.74 Crores (Govt contribution Rs.11.40 Crores and Private party contribution Rs.3.34 Crores). It is seen that instead of developing and producing Jute related machineries, large numbers of ploughing machines were manufactured by CJMD for supply to Shaktiman Tractors and were lying on the floor.

(iii) Investigation of the Case

11. The Principal Director of Commercial Audit- Kolkata informed the Secretary, Govt of India, Ministry of Textiles vide letter dated 02.02.17 that "Irregularities in disbursement of capital subsidy under Mini mission-IV Scheme by NJB" is approved for inclusion in the Audit report. The audit report took the following into consideration:

1. Subsidy disbursed on age old machines
2. Subsidized machines not found on the mill's floor;
3. Subsidy disbursed on cotton producing machines etc.

On this basis it stated that it is imperative that the management verify all disbursements under this scheme to derive assurance that government funds have not been misappropriated.

12. The Committee noted that the Ministry of Textiles had deputed some of its officers for preliminary enquiry and they found the following:

a) Role of IJIRA Personnel: The person from IJIRA who was with Shri Jayanta Sarkar, Ex-employee of NJB had a critical responsibility of techno-economic examination. But his services were doubtful. Now, his services have been discontinued.

b) Issue of recovery of undue subsidy paid to beneficiary units: On account of faulty guidelines and application process, these units have challenged / contested the NJB notice. Hence, it has been advised to NJB to obtain legal opinion as to whether the case has to be dealt with in the civil jurisdiction for recovery of the funds of the disentitled subsidy or for registration of cases under criminal jurisdiction.

13. The Committee also noted from the notes furnished by the Ministry that only after Audit recommended that Management may investigate the matter in detail and responsibilities may be fixed on irregularities and action be taken to recover subsidies that the Ministry/NJB took some ineffective action as the blame was placed on the system and not on officers handling the matter.

14. The Committee noted that one officer was holding four crucial posts in NJB and all the frauds detected by Audit were apparently committed with his knowledge. In this regard, when the Committee enquired further, the Ministry admitted that Financial and accounting systems were inadequate and there was no internal control system as most the works were centralized with one official (Shri N. Sengupta) who was holding the charge of four different posts. i.e. Asst. Secretary, CFO (Chief Finance Officer), Vigilance Officer and Chief Public Information Officer and also the post of Secretary during the temporary vacancy of the post of Secretary of National Jute Board. During oral evidence, the Secretary, Ministry of Textiles agreed that the matter was not merely a systemic lacuna but there was criminal conspiracy to connive with jute mills and misappropriate public money and suitable action can be taken in the matter.

15. The Ministry also mentioned that there was a grey area, wherein the scheme was operated under bank finance in addition to own source finance. In the bank finance cases, it is noticed that majority were from NBFC's which were owned by some Jute Mills for whom subsidies were released. Thus, there was no control over the aspects of extension of bank loan and issues of conflict of interest. Further, under the bank finance mode, the Jute mills were allowed to procure machinery from any vendor unlike the own

source mode which called for procurement of machinery from the enlisted vendors. There was also no maximum cap for any particular category of machines being sourced under this scheme.

16. The Committee also noted that the Scheme had a provision for embossing/engraving identification code on each machine for which subsidy has been provided. There were instructions issued by the Jute commissioner vide letter No.: Jute (T)-6/1/139/JTM(6.4)/09-IV Dated 08th September 2009, wherein it was clearly stated that all settlements of subsidy claims under scheme 6.4 of MM-IV under JTM may be made only after availability of manufacturers nameplate and serial number affixed / engraved on the machines. Unfortunately, the Committee noted that this matter was ignored and overlooked.

17. The Ministry also pointed out that some of the jute mills claimant units have challenged/contested the NJB notice of recovery of the observed amount by the audit stating that the observations of the audit inspection teams are old and inspection teams during those periods have verified and physically checked the machines. Audit teams have given reports which are erroneous and misleading.

(iv) Status of Recovery of subsidy and penalty

18. When enquired about the details of the recovery of subsidy released to the defaulting units, the Ministry in their reply submitted as under:-

“Out of the total 15 defaulting mills/units (covering 21 cases) involving defaulted amount of subsidy claims of Rs. 3.76 crores (approx..) under JTM Capital subsidy Scheme, Rs. 3.23 Crores (approx..) have been recovered so far including interest. Efforts are underway to recover the balance amount for which money suits have been filed. All the cases have also been given to the ACB/CBI for carrying out investigation against the defaulting cases. As on date recovery status of those cases is appended below:-

Sl. No	Name of the Mill/Company	Subsidy amount to be Recovered (₹)	Amount recovered (₹)		Total Recovered till date (₹)
			Principal	Interest	
1	Ambica Jute Mills Ltd.	36,72,000	36,72,000	19,59,652	56,31,652
2	Saroda Textiles	12,96,000	2,900	-	2,900
3	Alliance Mills (Lessee) Ltd.	2,28,000	2,28,000	-	2,28,000

4	Ganges Jute Pvt. Ltd.	81,53,000	81,53,000	56,66,410	1,38,19,410
5	Ganges Mfg. Co. Ltd.	9,79,000	9,79,000	4,44,332	14,23,332
6	Baranagar Jute Factory	5,50,000	Nil	-	Nil
7	Kamarhatty Co. Ltd.	2,59,000	2,59,000	-	2,59,000
8	MREL (Unit) Hastings Jute Mill	13,54,000	Nil	-	Nil
9	MREL (Unit) India Jute Mill	7,32,000	Nil	-	Nil
10	Bally Jute Co. Ltd.	15,20,000	15,20,000	8,79,823	23,99,823
11	MREL (Unit) Barshul Tex	21,74,000	6,65,971	-	6,65,971
12	Nilkantha Jute Processing Pvt. Ltd.	57,56,000	Nil	-	Nil
13	Sunbeam Vanijya Pvt. Ltd.	3,93,000	Nil	-	Nil
14	UMA Spinners Pvt. Ltd.	2,80,000	Nil	-	Nil
15	MFL Corpn. Ltd. (Usha Corpn.)	1,02,45,000	78,40,310	-	78,40,310
Total		3,75,91,000	2,33,20,181	89,50,217	3,22,70,398

19. To a query regarding the status of proceedings in cases of defaulting mills, the Ministry replied that money suits in respect of 18 defaulting mills for an amount of Rs.2,79,39,847/- is pending in courts and the process is being delayed on account of the ongoing pandemic and the Ministry is hopeful that these cases would be taken up when normal proceedings start.

20. When the Ministry was asked about penalizing the defaulting mills the Ministry in their post evidence reply mentioned as follows:

"The recovery process with interest is ongoing against the defaulting mills/units and subsequently all the cases have been handed over to the CBI for enquiry. CBI/ACB has recommended to blacklist one company from availing benefit under NJB Schemes and examining other cases which are in advanced stage of investigation."

21. The Committee noted that NJB is coordinating with CBI for expeditious disposal of cases. Further, to penalize the defaulting mills/ units for certain period under the revamped scheme in the meantime, the claims of the defaulting mills/units are withheld till such time they repay their defaulted amount with interest.

22. The Committee further enquired whether all the pending dues can be recovered in the next six months. The Ministry, in this regard stated that due to COVID- 19, normal functioning of Courts has not been started. However, in 8 cases full amount has been recovered and in case of 3 Units partial recovery has been achieved. The Ministry also mentioned that amount recovered so far is more than the money suits value and efforts are being made towards complete recovery.

23. On a query regarding rejected cases for non -compliance with the scheme guidelines the Ministry informed that the claims of the defaulting units are withheld till such time they repay their defaulted amount with interest. The Ministry referred to three cases on which JITs have sought clarification, the Ministry is cross verifying with the Office of Textile Commissioner to ascertain whether subsidy under the Amended Technology Up-gradation Scheme (ATUF) scheme has been availed or not by the mills under examination in order to take a decision about eligibility for subsidy from NJB or otherwise. When the Ministry was specifically asked how Rs. 36 lakh was received from the jute mills, one officer of the Ministry informed that the mills were to receive some legitimate amount from another subsidy scheme.

24. Pursuant to the intervention of the Committee on inspection of all Jute Mills/Units the Committee were informed that Joint Inspection Teams (JITs) completed inspection of all the 124 Mills/Units covering 429 cases and found irregularities in 4 claims and have completed recovery against 2 claims and balance recovery against 2 claims is in process. From the replies of the Ministry the Committee found that before the examination of the matter by PAC only 21 mills and units were inspected and following the PAC taking up the Audit observation(s) for examination, 103 units/mills involving 348 claims have been inspected.

(v) Irregularities in implementation of the Jute Park scheme

25. Asked about the Jute Park scheme, the Ministry mentioned that the Jute Parks were set up through Special Purpose Vehicles (SPVs) for the purpose and were owned by private firms. As per the Jute Park Scheme, ownership title lies with the SPV only as 60% of investment was made by the SPV itself. NJB role was limited to ensuring development of common infrastructure like plant & machinery, and building for production/support facilities depending on the needs of the Jute Park.

26. When asked as to what action has been taken by the Ministry and NJB for enabling 100 percent of the targeted units to start production in the four Jute Parks and why only 25% of the targeted units have started production, the Ministry in their post evidence reply stated as follows:

"Out of the 10 targeted Jute Parks, only 4 Jute Parks could be set up as other Parks could not be taken up due to non-allotment of desired land by the State Government, lack of interest for setting of SPV etc. Due to problem in acquiring land and its further transfers, most of the SPVs could not progress further. 3 SPVs even refunded the initial installments released to them. Finally 4 Jute parks including one in NER had been set up".

27. The Committee noted that during inspection of Principal Director of Commercial Audit one of the irregularities found was in a Jute Park i.e. Shaktigarh Textile Jute Park. It was mentioned in the reply of the Ministry that this Park was developed by availing subsidy of Rs. 7.5 crores from the NJB and was producing B-Twill bags. As per the subsidy scheme the units under the Jute Park were to produce Jute Diversified products such as Twill bags, Hassian and yarn etc.

28. When the Committee enquired whether the Ministry and NJB are taking any effort to increase the number of Jute Parks across the country the Ministry in their written submission mentioned as under:

"As the Jute Park Scheme does no longer exist, there is no such proposal for setting up of Jute Parks for the present".

(vi) Structural problems in the Scheme

29. The Ministry also submitted that there was a grey area, wherein the scheme was operated under bank finance in addition to own source finance. In the bank finance cases, it is noticed that majority were from NBFC's which were owned by some Jute Mills for whom subsidies were released. Thus there was no control over the extension of bank loan and there was conflict of interest. Therefore, compulsory 10% Bank

Finance from a nationalized bank clause was included under the Scheme to keep an extra check through nationalized banks on the machinery and claims.

30. Under the bank finance mode, the Jute mills were allowed to procure machinery from any vendor unlike the own source mode which called for procurement of machinery from the enlisted vendors. Under bank finance, machinery can be purchased from any source. There was also no maximum cap for any particular category of machines being sourced under this scheme.

31. The Committee noted that some Jute mills have disposed of machines purchased under the subsidy scheme. While objection was raised on this matter and the Committee suggested that the GST payments of such machinery can be linked with GST returns of the vendors so that the movement of such machinery can be traced, the Ministry, in the post-evidence reply stated as follows:

"The suggestions/directions of the Hon'ble PAC have been duly noted for compliance. The ISAPM scheme is being revamped and suitable provision of linking GST payments of the subsidized machinery with GST returns of the Vendors will be incorporated in the Scheme's Guidelines".

(vii) Involvement of Chartered Accountants

32. During oral evidence the Committee enquired on the details of action taken against errant Chartered Accountants who had issued wrongful certification based on which subsidy was released to ineligible beneficiaries. The Committee had also suggested that errant CAs may be debarred from getting any further Government work.

33. With regard to action taken against Chartered Accountant firms for wrongful certification in the subsidy claims of jute mills/units, the Ministry had submitted the following:

"Names of the following Chartered Accountant Firms have been forwarded to Institute of Chartered Accountants of India (ICAI) where irregularities were noticed. ICAI through their letter dated 11.09.2020 have admitted all the cases, except 3 cases, as detailed below and allotted the Acknowledgement number to the complaints as indicated against the complaints:-

Sl. No.	Name of the CA / Name of the Firm	Acknowledgement no. allotted by ICAI
1	M. Lahoti & Co. MRN - 056687	PR/G/258/2020

2	L. N. Todi & Co. MRN - 056687	PR/G/259/2020
3	Srimal Jain & Co. MRN- 61264	PR/G/261/2020
4	Dugar & Company MRN – 060345	PR/G/262/2020
5	Dugar & Company MRN – 060345	PR/G/263/2020
6	Rathin Kumar Ray MRN - 53253	PR/G/253/2020
7	SandipAsopa MRN – 065514	PR/G/252/2020
8	Tapan Mukhopadhyay & Associates MRN – 58758	PR/G/255/2020
9	Somani Surana& Co. 1-103 Phase - II, 493/C/A, G.T. Road (S), Howrah – 711102	Not admitted by ICAI as no merit was found by that office in this cases
10	Dinesh Sarada& Associates MRN - 326327E	-do-
11	V. K. Mal Pani & Co. MRN – 060823	PR/G/254/2020
12	Srimal Jain & Co. MRN- 61264	PR/G/260/2020
13	Dugar & Company MRN – 060345	Not admitted by ICAI as no merit was found by that office in this cases
14	Vidya& Co.MRN – 50138	PR/G/267/2020
15	Vidya& Co. MRN – 50138	PR/G/266/2020
16	Vidya& Co. MRN – 50138	PR/G/265/2020
17	Dugar& Company MRN – 060345	PR/G/264/2020
18	Mitra, Kundu & Basu MRN – 051391	PR/G/256/2020
19	Mitra, Kundu & Basu MRN – 051063	PR/G/257/2020
20	Mitra, Kundu & Basu MRN – 051063	PR/G/251/2020
21	Manabendra Bhattacharyya MRN-50714	PR/G/250/2020

34. Subsequently, ICAI had asked NJB to submit case-wise complaints in a specified Proforma devised by the ICAI which have since been submitted by NJB to ICAI for processing the complaints against the erring CA Firms.

35. The Ministry of Textiles vide letter dated 15.10.2020 has also taken up the matter with the Ministry of Corporate Affairs, for doing the needful to pass necessary instructions to the concerned authorities for debarment of the erring Chartered Accountant (CA) Firms who have given false certification in the subsidy claims of the defaulting Mills/Units. M/o Corporate Affairs vide letter dated 20.10.2020 has instructed ICAI to take prompt action to ensure that the delinquent Chartered Accountant Firms responsible in the irregularities may not get any further Government work."

(viii) Fixing Accountability and Responsibility

36. During oral evidence, the Committee observed a serious administrative lapse in the management of National Jute Board where an officer was given the charge of four different crucial posts, namely, Assistant CFO, Vigilance Officer, Chief Public Information Officer and Secretary, NJB and highlighted the obvious compromise on the check and balance mechanism.

37. The Ministry admitted that Financial and accounting systems were inadequate and there was no internal control system as most the works were centralized with one of the official (Shri N. Sengupta) who was holding the charge of four different posts. i.e. Asst. Secretary, CFO (Chief Finance Officer), Vigilance Officer and Chief Public Information Officer and also the post of Secretary, National Jute Board during the temporary vacancy of the post. Therefore, responsibilities/charges of Vigilance Officer, CPIO and Administration (Previously Assistant Secy.) were removed from the charge of Shri N. Sengupta and he was made to look after the charge of only CFO and other charges were given to 3 different Officers. Shri Sengupta was given responsibility of CFO only. Further, all the capital subsidy cases were handled by him and his reporting Accounts Officer, who mostly used to conduct both the inspection from NJB's side and processed / recommended the subsidy release for the Jute Mills. Therefore, the Capital subsidy Scheme was fully transferred to the Technical Division/Officers and Joint Inspection Teams because the Scheme was framed involving officers of cross Divisions and cross organizations, viz; Officers from Technical, Marketing, Finance & Administration of NJB, Technical Officers from O/o Jute Commissioner, IJIRA, DJFT and TRAs, under the Ministry.

38. During oral evidence, the Ministry was asked about the ad-hocism being followed in the appointment of Jute Commissioner who was also assigned charge of Secretary, NJB. The Ministry, in their written reply, mentioned that one officer from Railway Board was appointed to the post of Secretary, NJB. However, due to Vigilance Directorate, Railway Board did not permit him to go on deputation. The Ministry has again requested DOPT for appointing a suitable officer to the post.

39. The Committee noted that there are instructions of the Jute Commissioner for settlement of subsidy claims only after ensuring the availability of manufacturers' nameplate and serial number affixed/ engraved embossing/engraving identification code on each machine. The Ministry admitted that these instructions were ignored and have been viewed seriously by the NJB. Shri Jayant Sarkar, Ex-AO, NJB involved in handling the scheme has been charge sheeted by the Disciplinary Authority, NJB. Further, Shri Gautam Chattopadhyay, consultant IJIRA, who was involved in the inspection of the JTM cases wherein deviations were noticed has been registered in 3 FIRs. FIR has also been lodged against Shri D. Bandhopadhyay, Ex-Consultant in NJB.

40. During oral evidence, the Committee noted that NJB has been giving appointment to crucial positions on contract and there is no penalty clause in the contract due to which no penal action could be taken by NJB against such erring officers. The Ministry disclosed the fact that NJB has hired various contractual staff through outsourcing agencies and Consultants as well. These outsourced staff and Consultants are not covered under Conduct Rules of NJB. In view of this, only FIRs have been lodged against Shri Jayant Sarkar, Ex-AO, NJB and Shri D. Bandhopadhyay, Ex-Consultant in NJB. The Committee also noted that NJB has no recruitment policy and there is huge shortage of staff specially in technical category.

41. While the Committee took strong objections on hiring outsourced people who are neither covered under the Conduct Rules of NJB nor there is any penal provision in the contracts made, the Ministry, in their post evidence reply mentioned as follows:

"The directions given by Hon'ble PAC regarding incorporating a penalty clause in the Agreements/Contact letter of outsourcing Agencies & Consultants have been duly noted".

Regarding progress of Inspection, one officer of the Ministry mentioned that there is no formal report till date.

42. On enquiry about the measures and actions taken by the Ministry towards revamping and improving the scheme and introducing procedural improvements in the Incentive Scheme on Plant and Machine Acquisition (ISAPM Scheme), the Ministry informed the Committee as under:-

"The various loopholes and operational gaps which were noticed in this old scheme were duly taken care in the ongoing ISAPM scheme (Incentive Scheme on Plant and Machine Acquisition) and to avoid such irregularities, following steps / procedural improvements are made:

- (i) The vendors of the core jute machinery were enlisted de-novo by engaging IJIRA. The core jute machinery to be purchased only from the enlisted vendors. And there is a cap on maximum price against particular category of machine irrespective of machinery vendors.
- (ii) This was applied for both modes i.e own source and bank finance cases.
- (iii) NBFCs cases under bank finance were discontinued and restricted to scheduled banks.
- (iv) A minimum of 10% credit linkage from scheduled banks has been made mandatory for all cases to ensure institutional due diligence.
- (v) All the machines purchased should prominently exhibit the machine manufacturing number allotted by the manufacturers.
- (vi) On-line submission of applications and claims were introduced for improving the governance and transparency.
- (vii) Also, application format revised with PoA/Pol and a single window system was introduced by NJB in association with IJMA for receiving complete claim applications in person.
- (viii) Claim inspection has been made transparent and accountable by involving more NJB officials and staff during inspection and file processing.
- (ix) Disbursement of the claims are made online etc. and in majority of the cases the inspection team/official were not involved in the claim processing which reduces the scope of manipulation and conflict of interest which was one of the major lacunae in the old scheme.
- (x) Time to time the progress and process improvement is being reviewed by Technical Committee headed by Jute Commissioner.
- (xi) During pre-installation stage, jute mills are insisted for sending details of the machineries being installed from time to time.
- (xii) As an alternative measure we have introduced Chartered Engineer Certificate as a proof of date of installation date. Also we are asking mills to intimate NJB in advance before receipt and installation of the machinery at their premises.
- (xiii) During the inspection, availability of the past 5 years subsidized/incentivized machineries is also being assessed by the inspection team and a display board department-wise is placed showing statement of machinery against which the mills have received subsidy under the scheme.

- (xiv) The inspection team is also furnishing the photographs of the Plant & Machinery being inspected and these details are to be archived subsequently.
- (xv) Also while processing the claims, a cross check with accessible TUF's database is ensured to avoid duplicity of payments.
- (xvi) Orders were issued not to engage the same member of inspection team while processing claim disbursement and during the inspection the team shall furnish photographs of the machines being inspected.
- (xvii) Further, to penalize the defaulting mills/units to ensure compliance to scheme guidelines in future, suitable provisions have been proposed for debarring such defaulting mills/units for a certain period, in the revamped Scheme. In the meantime, the claims of the defaulting mills/units, are withheld till such time they repay their defaulted amount with interest."

43. The Committee noted that NJB failed to follow the existing systems and procedure. The Scheme has a provision for embossing/engraving identification code on each machine for which subsidy has been provided. And also there were instructions issued by the Jute commissioner vide letter no: Jute (T)-6/1/139/JTM(6.4)/09-IV Dated 08th September 2009, wherein it was clearly stated that all settlements of subsidy claims under scheme 6.4 of MMIV under JTM may be made only after availability of manufacturers nameplate and serial number affixed/engraved on the machines. However, this matter was ignored and overlooked. Therefore, compulsory embossing/engraving of identification code on each machine had been introduced. The Committee found that the rule has been deliberately violated.

44. NJB has sent letters to some jute mill claimants for refunding the subsidy claims. The claimant units have challenged / contested the NJB notice of recovery of the observed amount by the audit stating that the observations of the audit inspection teams are old and inspection teams during those periods have verified and physically checked the machines. Audit teams have given reports which are erroneous and misleading. However, stern action has been taken against such defaulting mills for recovery of subsidy amount.

45. Disciplinary action has been taken against the erring officers of NJB. The Accounts Officer has been dismissed and his terminal benefits withheld. The CFO had been suspended who has retired while under suspension. His terminal benefits have also been withheld pending finalization of disciplinary proceeding. Appropriation disciplinary actions against the inspecting offices from IJIRA and O/o Jute Commissioner have also been initiated.

B. PROMOTION OF JUTE CULTIVATION AND RELATED INDUSTRY

46. Jute plant is an unique plant so far as its environment friendliness is concerned. The leaves of the plant are used as a food item like any other vegetable. One can consume the tender leaves of the jute plants. Falling leaves of the Jute Plants helps the ground to be more fertile and it has huge carbon dioxide assimilation capacity. One acre of jute cultivation can sink six metric tons of carbon dioxide and release more than four metric tons of oxygen. The Committee feel optimistic that India as a large producer of such an environment friendly crop has immense possibility to achieve environment related goals and creating more jobs for the people in agriculture and other related industries.

47. During the course of examining the audit paras the Committee looked into the status of Jute industry as a whole in the country. The Committee felt the urgent need to promote the jute industry and bring diversified jute products at par with the jute products of neighboring country like Bangladesh and pointed out the varied benefits in terms of generating employment, biodegradable and environment friendly, a viable replacement to plastic material in packaging etc. The Committee also noted with concern the shrinking area of jute production, less productivity, problem of obsolete retting practices and machinery, poor quality seeds, and poor quality jute products, non-sharing/promotion of technology by IJIRA widely among people.

(i) Decreasing Production of Jute and productivity

48. The Committee noted that within a decade i.e from 2009 -10 to 2019-20 the area of jute cultivation has decreased from 9.05 lakh hectares to 6.75 lakh hectares i.e about 25% reduction. It was explained to the Committee that this is due to farmers shifting to other cash crop cultivation and the timing of jute cultivation is same as that of paddy. During the oral evidence the Committee sought explanation of the Ministry about the decreasing production of jute. In this regard, in their post evidence reply, the Ministry admitted that the production of Jute Goods has decreased from 13.24 lakh MT in 2009-10 to 11.65 Lakh MT in 2019-20 (-12%). The Ministry, in its written reply further, mentioned that this reduction in production is mainly due to reduction in acreage of land under jute cultivation, resulting in reduction in raw jute production from 118 lakh bales in 2009-10 to 99 lakh bales in 2019-20 (-16%).

49. The Committee also noted that in contradiction to the reply of the Ministry the productivity of jute is going down. To a query on the reasons behind the reduction in productivity of jute, a representative of the Ministry during oral evidence stated as under:-

"One of the problems of reducing productivity is there is a huge spurious street market in West Bengal. So, we are trying to improve. At that level, we are trying

to do these two strategies. One is to improve the seed variety and ensure that in the next two-three years, we completely give high quality seeds and remove all spurious. JCI has been asked to do a commercial operation along with NSC to see that good quality seeds are pushed into the system."

50. During evidence the Committee discussed the availability of seeds/good quality seeds to the farmers and it was found that farmers are being compelled to purchase seeds at 2/3 times of actual price and the Ministry and other concerned agencies were ignorant of this.

51. The Ministry, in their reply, also attributed declining trend in production of jute goods to the following reasons:-

- i) Poor and average quality of raw jute and lack of standardization
- ii) Fluctuation in price of raw jute
- iii) Rising cost of production and competition from cheaper substitutes
- iv) Obsolete machineries being used in jute mills, restricting production of value added products.
- v) Shortage and absenteeism of skilled labours
- vi) Under utilization of production capacity

52. The Committee were informed that in last 3 years number of Jute Mills have gone down from 93 to 75. The Ministry also informed that 70 Mills have 100 years old machines and they do not have any motivation to change.

(ii) Production of Jute Goods and diversification of Jute products

53. The Committee noted that diversification of jute products and boosting export of jute products are crucial for survival of jute industry in the country. In this connection the Committee find that NJB has been implementing Jute Integrated Development (JID) Scheme since 2016-17. Diversified jute products have a big potential market because people are gradually preferring the natural fibers. The Committee came to know during the course of oral evidence of the representatives of the Ministry that Food Industry is not getting jute bags as required and India is importing jute from Bangladesh

54. The Ministry however, expressed its optimism that with the implementation of a host of interventions by the NJB like ICARE, ISAPM, EMDA, Diversification, Modernization and Market/Export promotion, decrease in production of jute and jute goods has been proportionately less than the decrease in area under cultivation. This decrease in area has also been compensated by improvement in productivity as a result of the various efforts of the Govt. as the productivity during the reporting period has been improved to 2640 Kgs/hect from 2353 Kgs./hect.

55. To a query regarding schemes and programmes to develop and promote diversification of jute products, the Ministry mentioned that the following schemes / activities have been implemented for development and promotion of jute diversification:

- Incentive Scheme for Acquisition of Plants and Machinery for JDP – MSME sector
Facilitating the JDP – MSME units to install high tech machineries for production of JDPs
- Retail Outlet Scheme
Facilitate the JDP – MSME units to sell jute diversified products to public for mass consumption through retail outlets/showrooms.
- Jute Integrated Development (JID) Scheme
Facilitate jute diversification activities through imparting basic, advanced and design development training programmes to the new budding jute entrepreneurs for production of JDPs for self sustenance.
- Jute Raw Material Bank (JRMB) Scheme
Facilitate the jute entrepreneurs to acquire jute raw materials viz fabric / yarn from the bank at mill gate price for production of jute diversified products.
- Export Market Development Assistance (EMDA) Scheme Facilitate the registered jute exporters to participate in international fairs for boosting exports of jute diversified products.
- Market promotion activities being implemented by NJB for promotion / sale of jute diversified products.

56. The Committee feel that use of jute in geo-textile sector has wide prospects. The Ministry in a written reply mentioned that after a long persuasion with the stakeholders of the Geo-Textiles sector, NJB has been finally able to penetrate in the Jute Geo-Textile segment for road construction, slope protection and controlling soil erosion by using JGT as an alternative / replacement of synthetic/plastic products. Based on the extensive R&D work followed by successful field applications under the direct support and technical guidance of NJB, Jute Geo-textiles and Jute Agro-textiles are accepted as most potential products for their use in the field of geotechnical engineering, agriculture, horticulture & forestry by the following national bodies:-

- i) RD &SO, Ministry of Railways
 - ii) Indian Road Congress
 - iii) PWD, Govt. of West Bengal, Govt. of Assam & Meghalaya
 - iv) BRO and all the 17 divisions of Indian Railways
- The Ministry also informed that BIS has also approved the following standards for JGT and JAT:
- i) IS14986:2001
 - ii) IS 14715 Part I & II :2016
 - iii) IS 16089:2013

Indian Road Congress has also published the IRC Code on JGT – IRC:SP: 126-2019 which is now available nationwide.

57. Regarding replacing plastic with jute, NJB has undertaken various initiatives for dissemination of R&D, diversification and market promotional activities such as running of Smart India Hackathon (SIH) 2019 for development of an unified online portal for market of JDPs manufactured by Jute MSMEs; Textile Grand Challenge 2019 for development of low cost-low weight jute bags as alternative to plastic carry/shopping bags; Development of Jute based sanitary pads for health and hygiene; Development of jute cellulose/starch based non-woven jute bags; development of activated carbon from jute stick; development of jute denim; development of jute plant based viscose yarn & fibre etc.

58. The Ministry has further added that with imparting training programmes under the scheme, there have been more than 1200 budding entrepreneurs who have been engaged in jute diversification activities and have become self-reliant. This has positively contributed towards proliferation of jute diversification activities through-out the country.

59. The Committee noted that IJIRA is developing various technologies and enquired from the Ministry on how it is transferring these technologies to the small artisans and self-help groups.

60. In this connection, the Ministry informed that IJIRA conducts R&D for development of the entire jute sector including jute farmers, decentralised sector as well as centralised jute mills. While many of IJIRA's developments have been translated to the jute mills, IJIRA has also successfully transferred many technologies to the decentralised sectors like small artisans and self-help groups. Usually, technologies are transferred to the prospective users through seminars, training, field demonstrations, etc. The Committee, expressing concern for the migrant labourers suggested to the Ministry to consider number of migrants who have lost jobs and are living in villages while promoting small entrepreneurs under start-up India scheme.

(iii) Research , Development and Training

61. The Ministry have also mentioned that all the recent developments have been shared with the entire jute sector, irrespective of centralised jute mills or decentralised sector mills, in the last five years which have been useful particularly for the decentralised sector. These are as follows:-

i. Accelerated retting technology for farmers

IJIRA has developed a microbial consortium for accelerated retting in a water limiting condition. It has been observed that using this retting technology, farmers can achieve better quality jute which is remunerative to the farmers. Field demonstration of developed technology has been made in 4 jute growing states covering approximately 30000 farmers in last four years.

ii. Demonstration of hand-spinning and braiding of jute to the artisans

Handspun jute yarn and braided products are used for manufacturing of decorative items for artisans. IJIRA has provided such trainings for manufacturing of better quality hand spun jute yarn and jute braids in different parts of West Bengal.

iii. Dyeing of hand-spun jute yarn which are predominantly used for handmade floor mattings

It was observed that artisans based in Cherthala, Kerala faced issues in quality dyeing of hand spun jute yarn. IJIRA had given demonstrations to the artisans for achieving better quality dyed hand spun yarn.

iv. Durable aroma finish on jute textiles

Using micro-encapsulation technology IJIRA has developed durable aroma finish on jute textiles especially for Home textiles applications. Various types of fragrances were used in this technology and it was observed that fabric retains the fragrance even after 10 cycle of washes. Several demonstrations to the interested small scale entrepreneurs were given.

v. Functional finishing on diversified jute products

Nano-finished (Titania particle) jute-based textile materials with multiple functional properties such as water repellence, self-cleaning, antimicrobial and UV-protective property have been developed mainly for shopping/fancy/school bags and outdoor textiles like tents. The developed technology has been disseminated to small entrepreneurs and displayed in various fairs and Jute woven and nonwoven treated with IJIRA developed bio-resin formulation have been converted to sheet material with improved strength and aesthetic looks. From such sheets, fancy bags have been developed which have been displayed in multiple fairs and exhibitions where visitors have shown their due interest.

vi. Natural dyeing of textiles for North-Eastern region

Using extracted dyes from various dye yielding resources of the NER, various textiles fabrics such as jute, cotton, silk and art silk have been dyed with improved fastness properties. Trials had been carried out with *Rubiacordifolia* (Indianmadder), *Parkiaspeciosa* (khorial), *Bixaorellena* (annatto seeds), *Clerodendrum bracteatum* (kuthap leaves), etc. Pilot scale trials and multiple awareness programmes on natural dyeing had been conducted at IJIRA-NERC.

vii. Jute-based sanitary napkin production methodology for small entrepreneur and training to self-help groups

IJIRA has developed low-cost jute-based sanitary napkin with minimum chemical intervention. This low-cost but comparably functional napkin can revolutionize the women hygiene management in India. To facilitate training to the Women Self-help Groups for manufacturing of jute-based sanitary napkins, a Training-cum-Incubation Centre, inaugurated by the HMoT, is functional at IJIRA. The technology has been transferred to the five entrepreneurs including a Krishi Unnayan Samiti. Presently, twelve R&D projects sponsored by the Ministry of Textiles are undergoing at IJIRA out of which a few are useful for decentralised sector (the details of the project has been given in Annexure- I). During dissemination of the outcome of these projects small entrepreneurs will be invited, and any of such entrepreneurs interested to adopt any of such technologies IJIRA will transfer the technology following usual formalities as laid down in the project sanction order issued by the Ministry of Textiles. IJIRA will also intimate the Ministry of Textiles about such progresses from time to time.

62. To a query regarding importing winter clothing of Army personnel deployed in high altitude areas, the Secretary, Ministry of Textiles mentioned that these are made of hand woven material which the government policy has choked but he expressed hope that very soon, winter clothing for army would be available indigenously.

(iv) Promotion & Export of Jute Products

63. Asked about the plans of NJB to promote and proliferate jute diversified activities in every nook and corner of the country through MSME units / Self Help Groups and Co-operative Societies to empower them, the Ministry mentioned as under:

"NJB has been making vigorous efforts in implementing various schemes / activities for promotion and proliferation of jute diversification activities throughout the country with the involvement of MSME/Self Help Groups, Cooperative Societies & NGOs, wherever applicable. Some of the beneficiaries oriented schemes viz; Jute Integrated Development Scheme, Jute Raw Material Scheme and Retail Outlet Scheme are implemented with the involvement of such groups. Participation of such groups is also provided under various market promotion activities of NJB like fairs, exhibitions, BSMs, Workshops etc".

64. Further, the Ministry mentioned that NJB has been implementing a series of promotional activities /schemes to further promote jute diversified products. The activities / schemes are:

- (i) Organisation of Exhibitions/Fairs at Regional/National/International levels facilitating participation of jute entrepreneurs/exporters for display and promotion of jute products.
- (ii) Implementation of Retail Outlet Scheme, to facilitate the Jute entrepreneurs for display and promotion jute diversified products through retail outlets in Metro cities, State Capitals, Tourist places etc.
- (iii) Reimbursement of expenditure for JDP Showroom for the 1st year is @ 30%

of actual sales, 25% for the 2nd year and 20% for the 3rd year, subject to max. reimbursement Rs.50,000/- per month and one time support for decoration & display i.e. 50% of actual subject to max. of Rs.1.00 lakh / Rs.50,000/- is provided.

- (iv) Organisation of workshops/awareness programmes/Interactive meetings – Buyer Seller meets with active participation of jute entrepreneurs/exporters for renewal of existing contacts and establishing new trade channels.

65. The Committee noted that the National Jute Board (NJB) as an apex body of the Ministry of Textiles, Govt. of India is responsible for promotion of jute and jute products in India and abroad. The National Jute Board is established under National Jute Board Act, 2008 and is responsible for development of the cultivation, manufacture and marketing of jute and jute products and for matters connected therewith and incidental thereto.

66. NJB through the Export Market Development Assistance Scheme (EMDA) facilitates registered jute exporters for participation in foreign fairs/ BSMs and Trade delegation for enhancing exports of jute products. The scheme provides reimbursement of expenditure subject to max. of Rs.3.75 lakh on Space rent + Decoration: max. Rs.2.50 lakh (being 50% of actual) and Air fare + Hotel staying: max. 1.25 lakh (being 50% of actual).With implementation of the scheme and extending support to the jute exporters, exports of jute diversified products has shown a remarkable increasing trend from Rs.508.57 crore in 2014-15 to Rs.963.43 crore in 2019-20. The overall exports of all jute goods has also increased from Rs.1813.81 crore in 2014-15 to Rs. 2423.84 crore in 2019-20.

67. The Committee, expressing concern about the growing competition from other jute producing countries asked the Ministry on how the constraints of the Indian jute industry can be removed and bring the industry at par with jute products of other countries. The Ministry, in their post evidence reply mentioned as follows:

"Govt. of India has been supporting the Jute Industry through various measures such as External Market Assistance Scheme, Supporting participation of exporters in the overseas market promotional events etc. to provide them continuous opportunities for export promotion at subsidized cost. Further, Ministry of Finance has imposed the Anti-dumping duty on imports of subject goods from Bangladesh and Nepal under Notification dated 5th January, 2017. After the imposition of Anti-dumping duty, an additional demand of 2 lakh Metric Tons were generated in the domestic market for the jute industry which has led to the reopening of more than 10 jute twine mills located in Andhra Pradesh, benefitting 20,000 workmen directly and indirectly".

68. NJB is implementing Improved Cultivation and Advance Retting Exercise (ICARE) programme to improve the quality of domestically grown jute and make good quality raw material available to the JDP manufacturers/exporters. Scheme to introduce package of scientific packages for jute cultivation and retting exercises for improving

fibre quality and productivity and reducing the cost of jute production, the scheme has been implemented in association with CRIJAF & JCI. With Registration of farmers, Supply of certified seeds, seed driller, nail weeder and CRIJAF Sona, and demonstrating usage of mechanized tools and retting exercise etc. are main activities being implemented under the programme. Under the scheme, 1,06,934 Hectares land has been covered in 72 blocks of jute growing states. Further, 2,43,549 farmers have been benefitted under the scheme so far.

69. The Ministry had also informed that the Government of India has been supporting the Jute Industry through various measures such as External Market Assistance Scheme, supporting participation of exporters in the overseas market promotional events etc. to provide them continuous opportunities for export promotion at subsidized cost. Further, Ministry of Finance has imposed the Anti-dumping duty on imports of subject goods from Bangladesh and Nepal under Notification dated 5th January, 2017. After the imposition of Anti-dumping duty, an additional demand of 2 lakh Metric Tonnes were generated in the domestic market for the jute industry which has led to the reopening of more than 10 jute twine mills located in Andhra Pradesh, benefitting 20,000 workmen directly and indirectly.

(v) Increasing Export of Jute Products

70. The Export Market Development Assistance Scheme (EMDA) facilitates registered jute exporters for participation in foreign fairs/ BSMs and Trade delegation for enhancing exports of jute products. The scheme provides reimbursement of expenditure subject to maximum of Rs.3.75 lakh on Space rent + Decoration: max. Rs.2.50 lakh (being 50% of actual) and Air fare + Hotel staying: max. 1.25 lakh (being 50% of actual).

71. With the implementation of the scheme and extending support to the jute exporters, exports of jute diversified products has shown a remarkable increasing trend from Rs.508.57 crore in 2014-15 to Rs.963.43 crore in 2019-20. The overall exports of all jute goods has also increased from Rs.1813.81 crore in 2014-15 to Rs. 2423.84 crore in 2019-20.

72. NJB has been implementing series of promotional activities /schemes to further promote jute diversified products. The activities / schemes are :

- (i) Organisation of Exhibitions/Fairs at Regional/National/International level facilitating participation of jute entrepreneurs/exporters for display and promotion of jute products.
- (ii) Implementation of Retail Outlet Scheme, to facilitate the Jute entrepreneurs for display and promotion jute diversified products through retail outlets in Metro cities, State Capitals, Tourist places etc.
- (iii) Reimbursement of expenditure for JDP Showroom for the 1st year is @ 30% of actual sales, 25% for the 2nd year and 20% for the 3rd year, subject to max. reimbursement Rs.50,000/- per month and one time support for

decoration & display i.e. 50% of actual subject to max. of Rs.1.00 lakh/Rs.50,000/- is provided.

- (iv) Organisation of workshops/awareness programmes/Interactive meetings – Buyer Seller meets with active participation of jute entrepreneurs/exporters for renewal of existing contacts and establishing new trade channels.

73. The Committee expressed concern about growing competition from other jute producing countries and enquired about the steps being taken by the Ministry and NJB to remove the constraints of the Indian jute industry. In this regard, the Ministry mentioned that during last 10 years, India's exports of jute goods has been maximum at Rs. 2,424 crore in 2019-20, as reported by DGCI&S Kolkata. As may be seen from the above statement, India's export has been increasing continuously. It has increased from Rs. 859.46 crores in 2009-10 to Rs. 2423.84 crores in 2019-20 with an annual average growth of 18%.

74. From the reply of the Ministry, the Committee find that Export performance of JDPs has been witnessing increasing growth. JDPs constituted 40 per cent and traditional products, viz Hessian, Sacking, Yarn constitute 60 per cent of total value of exports of jute goods. Export of Jute Diversified Products (JDPs) is almost consistently increasing. Its export persistently increased from Rs. 231 crore in 2009-10 to Rs.963 crore in 2019-20 (increased by 317 per cent), constituting 40 per cent of India's total Jute goods exports. Floor coverings and Shopping Bags are the two major components which together account for 98 per cent of total JDPs exports. USA is the Single biggest market which accounts for 38 per cent of total export value of jute diversified products followed by UK, Australia, Spain. All these 4 countries together accounted for 66 per cent of total JDP export during 2018-19

75. Keeping in view the export performance, NJB has been making vigorous efforts to boost exports through implementation of export promotion activities in existing markets and facilitating the registered jute exporters to renew their business contacts. Also, NJB organizes various export promotion activities in emerging countries to establish new trade channels. NJB has also been implementing Export Market Development Assistance (EMDA) Scheme, to facilitate registered jute exporters for participation in foreign fairs/ BSMS and Trade delegations for enhancing exports of jute products. The scheme provides reimbursement of expenditure subject to maximum of Rs.3.75 lakh on Space rent + Decoration: maximum Rs.2.50 lakh (being 50% of actual) and Air fare + Hotel staying: maximum 1.25 lakh (being 50% of actual).

76. All these export promotion measures are being implemented by NJB with active participation of jute exporters which will result in boosting exports of jute goods from the present level of Rs. 2,424 crore.

77. The Committee noted that as part of its mandate, NJB has been implementing various activities/schemes with a view to removing constraints of jute industry and extending support for overall development in production, process and market development of jute and jute products. The schemes being implemented by NJB are:-

(a) Improved Cultivation and Advance Retting Exercise (ICARE) for jute agriculture.

In order to improve the quality of domestically grown jute and make good quality raw material available to the Jute Diversified Product (JDP) manufacturers/exporters, NJB has been implementing ICARE Scheme to introduce package of scientific packages for jute cultivation and retting exercises for improving fibre quality and productivity and reducing the cost of jute production, the scheme has been implemented in association with CRIJAF & JCI. With registration of farmers, supply of certified seeds, seed driller, nail weeder and CRIJAF Sona, and demonstrating usage of mechanized tools and retting exercise etc. are main activities being implemented under the programme. Under the scheme, 1, 06,934 hectares land has been covered in 72 blocks of jute growing States. Further, 2,43,549 farmers have been benefitted under the scheme so far.

(b) Incentive scheme for acquisition of plants and machinery.

To facilitate modernization and up gradation of technology in existing/ new jute mills and JDP units, incentive @ 20% for Jute Mill and 30% for JDP - MSME units subject to a maximum of Rs. 2.50 crore per unit during the scheme period is considered under the scheme subject to the investment of at least 10% credit linkage from scheduled banks.

(c) Retail Outlet Scheme

To facilitate the Jute entrepreneurs for display and promotion of jute diversified products through retail outlets in Metro cities, State Capitals, Tourist places etc., the scheme has been implemented. Reimbursement of expenditure for JDP Showroom for the 1st year is @ 30% of actual sales, 25% for the 2nd year and 20% for the 3rd year, subject to max. reimbursement Rs.50,000/- per month and one time support for decoration & display i.e. 50% of actual subject to maximum of Rs. 1.00 lakh / Rs.50,000/- is provided.

(d) Export Market Development Assistance (EMDA)Scheme.

To facilitate registered jute exporters for participation in foreign fairs/ BSMs and Trade delegation for enhancing exports of jute products, the scheme provides reimbursement of expenditure subject to maximum of Rs.3.75 lakh on Space rent + Decoration: maximum Rs. 2.50 lakh (being 50% of actual) and Air fare + Hotel staying: max. Rs. 1.25 lakh (being 50% of actual).

(e) Jute Integrated Development (JID) Scheme

To create new / skilled work force for production of value added JDPs and to provide self-employment opportunity facilitating backward and forward linkage to the existing and new entrepreneurs, the scheme provides basic, advanced and design training and training cum production centers, raw material banks, retail outlets and participation in exhibition and fairs for production and promotion of jute products.

(f) Jute Raw Material Bank (JRMB) Scheme

To supply jute raw materials to MSME units and artisans engaged in production of jute diversified products at mill gate price, incentive @ 15% of total sales in 1st & 2nd year, 12% in 3rd year and 10% in 4th year, subject to a maximum of Rs.15.12 Lakhs/annum, is provided under the scheme.

78. Enquired whether NJB is producing market worthy new designs and new products with the involvement of NID and NIFT, the Ministry informed that National Jute Board has sponsored a design development project to the Innovation Centre for Natural Fibre (ICNF) of National Institute of Design, Gandhinagar. The objective of the project was to develop new and innovative Jute Shopping Bags and Lifestyle Accessories through Design and Technology Intervention for Value Addition etc. Four Jute producing units and 15 jute bag exporters were involved with the Jute Design cell of NID and have developed more than 100 different designer and utility jute bags under the project. Further, NJB engages NID / NIFT and other resource persons in its design development projects and activities.

79. Realizing the potential of Jute in geo-textiles for soil erosion control, soil stabilization and road construction it was enquired as to why the Ministry of Textiles has not take up the matter with the other user Ministries such M/o Road Transport Highways, Railways, Defence etc. for usage of jute geotextiles. The Ministry in this regard informed that NJB has already taken up the use of Jute Geotextiles (JGT) by different Ministries like, MoRTH, Railways, Defence and MoRD.

(vi) Involvement of Farmers, artisans, Self help Groups (SHGs), Women and NGOs and MSMEs

80. The Committee noted that the jute sector involves wide section of population and they are depended on this sector for their livelihood and further, the sector has immense potential to provide work and employment.

81. Regarding involvement of NGOs in the diversification of the Jute products, the Ministry mentioned that NJB has been making vigorous efforts in implementing various schemes/activities for promotion and proliferation of jute diversification activities throughout the country with the involvement of MSME/Self Help Groups, Cooperative

Societies & NGOs, wherever applicable. Some of the beneficiaries oriented schemes viz; Jute Integrated Development Scheme, Jute Raw Material Scheme and Retail Outlet Scheme are implemented with the involvement of such groups. Participation of such groups is also provided under various market promotion activities of NJB like fairs, exhibitions, BSMs, Workshops etc.

82. Asked about steps taken for tangible improvement in jute sector for alleviating the sufferings of the jute farmers the Ministry in their reply stated as under:

"NJB in association with JCI and CRIJAF has been implementing very successfully the ICARE project for last 6 years to improve the quality and yield of jute fibre through better agronomic practices, thereby increasing the income of jute farmers from jute cultivation. High yielding varieties of certified jute seeds are provided by NJB to the farmers at 50% subsidized rates. In addition, CRIJAF Sona (retting accelerator), seed drills, Nail weeders are also provided to the farmers. From Financial year 2020-21 onwards, NJB has included a component of construction of clean water in-situ retting tanks for the benefit of the jute farmers under which 46,000 such clean water retting tanks are planned to be constructed in all jute growing blocks/States of the country. The Scheme is being implemented in convergence with MNREGA and PMKSY Schemes of the Government and through which employment of 46 lakhs man-days would be generated under MNREGA. All these inventions would result in improvement of productivity atleast by 15%, quality improvement by 1 grade and increase in Farmers' income atleast by Rs. 10,000/hectare. In addition, in order to expand the distribution of certified jute seeds and to eliminate the spurious seeds from the market, Jute Corporation of India (JCI) has entered into an MOU with the National Seeds Corporation (NSC) for procurement and supply of 10,000 quintals of High Yielding Varieties of certified jute seeds to the Jute Farmers during crop year 2021-22. This will also add to the benefits of farmers by way of productivity and quality improvement and increase in farmers' income as well, similar to the benefit of ICARE intervention.

In addition, NJB has been implementing series of market promotion activities, facilitating participation of jute entrepreneurs / artisans / WSHGs engaged in production of jute diversified products in various exhibitions/ fairs (regional / national) for display, promotion and sale of jute diversified products. Also, NJB organizes participation in the international fairs, BSMs with active participation of registered jute exporters to boost exports of jute goods."

83. Asked about the major challenges facing Jute industry in India and the steps needed to be taken for the industry to outgrow the need for subsidy the Ministry stated as follows:

"The major challenges faced by the Indian Jute Industry is low capacity utilization by the Mills (about 65% capacity utilization), shortage of skilled manpower, absenteeism; high capital cost, low modernization and less diversification etc. With a view to carry out paradigm transformation in the Jute

Industry, Govt. of India through various schemes would lay greater emphasis on productivity and quality improvement, process and product diversification, modernization particularly for Jute based Technical Textiles and Jute Diversified Products(JDPs) & backward and forward linkages for the Jute MSMEs, artisans, weavers, Women Self Help Group, etc."

PART II

OBSERVATIONS/RECOMMENDATIONS

IRREGULARITIES IN DISBURSEMENT OF CAPITAL SUBSIDY TO JUTE MILL

The Committee note that under the National Jute Policy 2005, the Jute Technology Mission (JTM) was operationalised through four Mini-Missions (MM) during 2007-14, with Acquisition of Plant and Machineries (Capital Subsidies) being a scheme under the Mini Mission (MM) – IV with an outlay of ₹ 100 crore. Mini Mission (MM)-IV was implemented with the main objective of modernizing the Jute industry. As envisaged under the scheme, Jute mills were eligible for subsidy of 20 percent of the procurement cost of new plant and machinery. Under the scheme, the NJB disbursed subsidy amounting to Rs.104.36 Crores to 120 Jute units during the period 2007-08 to 2013-14. The Committee note that a thematic audit was carried out in 2015, suspecting irregularities in implementing the scheme. A Joint inspection team consisting of members from audit party and officials from O/o Jute Commissioner and National Jute Board conducted a physical inspection of the Jute Mills in 2015. The irregularities that came to light as a fall out of the inspection, included *inter-alia*, disbursement of subsidy for : old machines, cotton producing machines, repeatedly extending subsidy on the same machines, machines purchased with the aid of subsidy not being found on the Mill's floor, etc. The Committee are dismayed to note that besides these irregularities, the objectives of the capital subsidy scheme could not be achieved due to lack of monitoring by NJB. They are surprised to note that the irregularities went unnoticed at different levels of administrative hierarchy. There was no system of Internal controls to check the mismanagement of Government

funds and misappropriation despite having a Chief Vigilance Officer for National Jute board. There was also no system to cross check and counter check the violations at the apex level, i.e. at the level of the Ministry. The Committee would like to know the steps taken by the Ministry to ensure that such instances of irregularities and mismanagement do not recur in future. The Committee, in this regard, would, in particular, recommend the Ministry/National Jute Board (NJB) to put in place a strong mechanism of internal controls and remove the deficiencies in the system by making systemic changes and incorporating appropriate modifications in the guidelines of the scheme. The Committee would like to be apprised of the details of the remedial action taken in this regard.

Action against Officers

2. The Committee note with surprise that investigation of the issue by the Ministry in the year 2017 found only one person, an outsourced contractual employee from IJIRA (Indian Jute Industries Research Association) which provides technical services to Jute mills who was said to be holding a position of critical responsibility to be guilty. What the Committee find distressing to find is that the case is not limited to technical aspects. Fraudulent certificates were issued by a team of officers, subsidy extended to non-working/ non-existent machinery, on more than one occasion on the same machines, for purchasing ploughing machines for supply to a tractor company, and to privately owned Jute parks which yielded no result. Yet, these were not looked into by the officials of the Ministry. The Committee find it surprising to note that these irregularities went unnoticed at different levels of the administrative hierarchy. There was no

system of internal controls to check the mismanagement of Government funds and misappropriation, despite having a separate Chief Vigilance Officer for the National Jute board. There was also no system to cross check, identify and counter check the violations at the apex level, i.e. at the level of the Ministry. The Committee feel extremely disappointed to note that the Ministry/NJB was ignorant of the frauds occurring on regular basis and NJB was alerted of the matter only in 2015, that too owing to some unspecified reason. This, as indicated by the Committee during the course of examination of the subject, calls for a complete overhaul of the systems and procedures so as to keep a check on such malafide activities, and punitive action taken on the errant and guilty. The Committee accordingly desire that appropriate measures be taken to identify the guilty and stringent action taken against them. They would like to be apprised of the measures taken in this direction.

Ad-hocism in deploying manpower

3. The Committee are of view that owing to shortage of staff, entrusting one officer with the responsibility for different crucial activities had practically shut the doors for scrutiny. The Committee have learnt that there is no recruitment policy as such in the NJB and the officers and staff are drawn to the organisation from SIDBI, and by way of outsourcing. The Committee also find it surprising as well as distressing to note that a crucial senior level post was filled by way of outsourcing on contract, and without any 'penalty clause' incorporated in the contract for any "wrong-doing". The Ministry, while making 'one' person in-charge of duties attached to various posts' should have weighed the onus of

repercussions of such an action. The Committee desire to be apprised of the reasons as to why one person was associated with duties assigned to different posts, and inform the Committee of the measures initiated towards discontinuing such practices. As emphasized upon, the recruitment policy for NJB needs to be concretized and the Ministry has to duly recognize the role and importance of NJB in the jute sector and in the country's economy as a whole. Taking the plea that deployment of manpower was not given much importance, because of the policy being promotional in nature is neither tenable nor acceptable. The Committee also recommend that the post of Secretary, NJB and that of Jute Commissioner should not be allowed to be kept vacant.

4. As informed to the Committee, preliminary enquiry was held on the irregularities pointed by Audit and working Committees were formed comprising of officers from various organizations for making an assessment of the quantum of irregularities and collecting facts/documents relating to the cases of disbursement of subsidy. Also, First Information Reports (FIRs) have also been filed, and about 15 cases have been handed over to ACB-CBI for further investigation. The CBI is said to have started the process of investigation into these cases. The Committee would like to be apprised of the current status and outcome of the investigation/cases. It has also been informed that disciplinary proceedings have been initiated against one Accounts Officer in National Jute Board for mismanagement of Government funds, who has finally been dismissed from Government service, while another officer has been placed under suspension. The Committee are dismayed to take note of the extent and nature of

mismanagement in the National Jute Board. The same person was holding charge of the posts of Chief Finance Officer and Vigilance Officer, and also functioned as the Secretary, National Jute Board. The Committee are of the view that this was one of the reasons for continued irregularities and misappropriation of funds. Had these positions been held by different individuals, misappropriation of Government funds, as witnessed, would have possibly been checked. The Committee also express surprise on the absence of any checks and control at the highest echelons of National Jute Board and the Ministry. The Committee cannot also help taking note of the fact that taking action against only two officials following the audit observations is inadequate and does not, in anyway, address the problem. The Committee note that cases against the jute mills concerned are with CBI and no senior or responsible officer of NJB or the Ministry has been booked or held responsible. This inaction seems to be prevalent in spite of the fact of the Secretary, Ministry of Textiles expressing agreement with the opinion that it was a case of criminal conspiracy to misappropriate public funds. The Committee would, therefore, recommend initiating strict criminal action against all the people involved in the matter; and a new paradigm of fixing accountability may be set so as to prevent recurrence of such incidents.

Legal Action against Jute Mills

5. The Committee note that following the audit observations, NJB/Ministry of Textiles has taken legal action against the Jute Mills for recovering the subsidy amount wrongfully drawn under the "Acquisition of Plant and Machinery (Capital Subsidy)" under the Jute Technology Mission (JTM) Mini-Mission-IV. Some of the

Jute mills have refunded the amount. The National Jute Board has also filed 18 money suits against the other mills as per the directive of the Public Accounts Committee. Regarding the time frame for recovery of Rs.2,79,39,847/- involved, the Committee have been informed that Court proceedings have been delayed due to the pandemic and these would be taken up after normalcy returns. The Committee would like to be apprised of the outcome of the money suits filed. The Committee would also like to be apprised of the latest status and final outcome of all the First Information Reports (FIRs) filed against all the mills by the CBI. The Committee have also been informed that Joint Inspection Teams (JIT) have been constituted for undertaking physical verification and inspection of all 124 jute mills which received subsidy. The Committee would like to know the details of the final report of the Joint Inspection Teams. The Committee recommend that all the Jute Mills/Units and their Directors/Promoters who have been found to be involved in the irregularities related to capital subsidy be blacklisted from availing any benefit under any scheme of the Government in future.

Action against Chartered Accountants

6. The Committee had, during the course of oral evidence also addressed the issue of wrongful certification by Chartered Accountants as being a reason for releasing subsidy to ineligible beneficiaries and called for action being taken against them. The Committee had also suggested debarring such errant Chartered Accountants. The Committee note that the Ministry has taken note of the suggestions and has written to the Ministry of Corporate Affairs and ICAI in this regard. The Committee would like to be apprised of the actual action taken

against the Chartered Accountants concerned.

RESTRUCTURING JUTE SECTOR RELATED ORGANISATIONS

7. National Jute Board (NJB) was constituted vide National Jute Board Act, 2008 (12 of 2009) which became effective from 1st April 2010, after merger of erstwhile Jute Manufacture Development Council and National Centre for Jute Diversification. NJB has been implementing the scheme for modernization of Jute industry for more than a decade. The Committee are distressed to see that NJB has not been successful in achieving its objectives. The Jute Industry as a whole is suffering from many problems, and the desired results are not being yielded. The Committee feel that this is mainly owing to the fact that NJB itself is beset with many problems, as well as issues such as shortage of staff, particularly technical staff, lack of accountability, ad-hocism, administrative inefficiency, lack of internal controls and monitoring and out-sourcing of crucial posts. The Committee, therefore, recommend that a review of the organisational structure and functioning of NJB be conducted to streamline the functioning of NJB, so that it fulfils its intended role in spearheading the expansion, growth and revival of Jute industry. The Committee are of the view that the Ministry must look into the policy loopholes that have come to notice over the last decade, and as indicated in the on-going inspection/ audit reports. The Committee would also lay emphasis on the role and quality of human resources that plays a pivotal role in the success of any policy and of the organisation. The Committee recommend that NJB should induct, at every level, professionals with requisite experience and qualifications rather than requisition manpower from SIDBI and appoint

13. The Committee find that the Jute mills have been availing subsidy from different Government schemes. As per the information furnished by the Ministry, following the clarification sought by JIT, three cases have been referred to the Office of the Textile Commissioner for ascertaining whether the Mills concerned have availed subsidy under the Amended Technology Upgradation Scheme (ATUF) scheme as well, so as to decide on their eligibility for grant of subsidy from the NJB or otherwise. The Committee are also surprised to note that the Jute mills have been refunding their dues to NJB by using the subsidy amount availed from other government subsidy schemes. The Committee strongly urge the Ministry to identify cases where the Jute Mill owners have benefited from two or more related subsidy schemes and frame suitable rules for cross checking before extending the subsidy. The Committee desire to be apprised of the action taken in the matter within a month of the presentation of this report to Parliament.

14. The Committee, upon examining the issues pointed out by Audit on the subsidy scheme termed, MM IV "Acquisition of Plant and machineries (capital subsidy) scheme" are compelled to conclude that the scheme has only worked to the benefit of Jute mill owners who availed the subsidy despite making profits from the business, used questionable means for availing the benefit and there is hesitancy in pursuing the wrong-doing and taking punitive action against those involved. The Jute farmers have not reaped any benefits under the scheme and the subsidy amount in dispute is not earning any bank interest which is an added loss to the government. The Committee also note that the audit has gone into only one scheme and found that there was large scale mismanagement of funds.

related issues. The Committee would therefore, once again emphasize on the need for building and operationalising a perspective plan for the development of the Jute sector.

Deficiencies in Capital subsidy scheme

11. On other aspects of the structural loopholes in the jute sector, the Committee have noted that some Jute mills own NBFCs, receive loans from the banking companies, which are paid back by availing subsidy from the NJB. By taking bank loans, they are in a position to procure machines from any vendor. The Committee note in this regard that the Ministry has initiated remedial measures to counter such activities which are included in the 'modified scheme'. The Committee also find that though embossing numbers on machines is to be followed as per rule, this is being followed in the breach. The Committee in this regard, desire to apprise of the outcome of the process of the remedial measures initiated.

12. The Committee note that there are cases where the Jute mills have disposed of the machinery purchased under the subsidy scheme but no punitive action has been taken. The Committee, in this regard, have suggested that GST payments made for such machines can be linked with the GST returns of the vendors so as to enable in tracing the movement of the machines – a proposal which has been agreed to by the Ministry by way of committing to include a suitable provision on the issue in the ISAPM guidelines. The Committee would like to be apprised of the details of action taken, inclusive of the guidelines framed and issued/to be issued in this regard.

Sometimes there is no demand for raw jute in the market, and they face problems associated with price fluctuation, non-availability of inputs, lack of training, etc. Similarly, entrepreneurs and small units engaged in production of jute products do not get quality raw material readily. There is a need to place India's jute development programmes in the hands of jute growers, entrepreneurs and other professionals in an organised co-operative framework, wherein inputs, seed banks, retting plants, manufacturing units/mills, marketing network, etc. are maintained and controlled by the Jute farmers/producers. Jute cooperative societies need to be formed by the Jute producers at the village level. The Committee are of the strong view that the Ministry should take the initiative in developing a de-centralized cooperative model with the active involvement of voluntary groups which have been successfully operating in the area such as the Bharat Seva Sangh, so that farmers and the marginal workers can earn their livelihood without facing the uncertainty of market forces.

10. The Committee were apprised that the jute industry, with 70 mills, is meeting 100 percent of the demand, and at times, the demand exceeds supply. The Committee note that this situation is prevalent owing to the centralized nature of the jute industry in a few hands, who not only get the benefit of the Production capacity of the Mills, but also the incentive of subsidy from the government. The Ministry too has admitted that there are no fresh entrants into this sector due to lack of motivation and also, absence of incentives. The Committee, in this regard, are surprised to see that though the Ministry is aware of the structural problems, no concrete action is being taken to address the

personnel with questionable credentials and without proven integrity by way of outsourcing.

8. The Committee find that various organisations/authorities/bodies/institutions like National Jute Board (NJB), Jute Corporation of India (JCI), Office of Jute Commissioner, Indian Jute Industries Research Association (IJIRA), Centre for Jute Machinery Development (CJMD) etc. are operating in the Jute sector. The roles and functions of these entities overlap and also conflict with each other. The role of some organisations has become redundant with the passage of time, performance of some organisations has not been satisfactory, and there are also issues of shortage of personnel, budget, etc. Some of these institutions are not structured to adapt to the changing scenario and are not responsive to the evolving demands. Accordingly, the Committee recommend the Ministry to take necessary measures to evaluate the relevance of these institutions and realign and reorient their role so as to be in consonance with the present requirements.

9. The Committee find that at present the Jute sector is dominated by composite Jute Mills, which are 98 in number. The Government of India owns 6 mills, the Government of Tripura and Orissa own 1 mill each, 1 mill in Assam is operating in the co-operative sector, and the rest 89 are in private hands. A significant number of mills are considered inefficient, use obsolete technology and are purportedly also involved in manipulating the subsidy system for reaping benefits fraudulently. On the other end of the spectrum, jute growers/farmers also face many problems. They do not get remunerative price for their produce.

The Committee fear that this may only be an indication of a larger malice. The Committee, therefore, urge that other schemes pertaining to the Jute sector too need to be gone into thoroughly and remedial action, as needed, taken.

Abandoned Jute Parks Scheme

15. The Committee are surprised to note that the Ministry has abandoned the Jute Parks Scheme without giving any explicit reason. The Committee note that there was a target for setting up 10 Jute parks, and as per the scheme, the State Government allots lands for these parks. Further, the Committee note that these parks which are privately owned receive subsidy from NJB. For instance, the Ministry has informed that Rs. 7.5 crore was given as subsidy to the Shaktigarh Textile Jute Park. From the information furnished by the Ministry it is found that NJB has a role in the development of the parks by way of ensuring building common infrastructure like plant and machinery and buildings for production support facility depending on the requirements of the jute park. The Committee fail to understand the reasons for abandoning this scheme which is intended for development of diversified jute products and under which the State Government has been allotting land and NJB extending subsidy and support for all requirements of the jute parks. Aspects relating to the status of the land allotted by the State Government, subsidy extended by NJB and expenditure incurred from the budget of NJB for providing other required benefits to the private Jute park owners need to be made clear. The Committee desire for a detailed report in this regard from the Ministry, which may be furnished within a month of presenting this report to Parliament.

REVITALIZING THE JUTE SECTOR - "OPERATION GOLDEN FIBRE"

16. The Jute industry occupies an important place in the national economy, more significantly in achieving environment friendly goals. Termed as the 'Golden fibre', Jute meets all the standards required for 'safe' packaging. Being a natural, renewable, biodegradable and eco-friendly product, demand for jute will only increase in future, especially as an alternative to plastics/synthetic materials. The Committee, in this regard, note that the jute industry provides direct employment to about 0.37 million workers in the organized mills and in diversified units including the tertiary sector and allied activities, and supports the livelihood of several lakhs of farm families. The total turnover of jute industry is around Rs. 10,000 crore, with approximately 40 lakh farmers engaged in Jute farming and the country contributing about 70 percent of the World's jute production and products. The key to success and growth of the jute industry is modernization and diversification. Quality jute has to be produced, capacity has to be built, cultivators have to be incentivized and the demand for raw jute has to be met successfully. The Committee visualize and aspire for a robust jute sector in future with diversified jute products, increased exports as well as domestic consumption of this environment friendly product. Shrinking land under jute production is a matter of concern for the Committee. The Committee therefore, advise the Ministry to take necessary steps with a futuristic perspective by bringing more land under jute production, educate people through various means to adopt jute cultivation and promote the market for the products. The entire Jute sector, including the NJB need to be restructured to meet these goals. It is imperative on the part of the Ministry to draw a perspective plan for increasing

the area under Jute production, improving productivity and net profits in the hands of farmers, close the door for fly-by-night operators and diversify usage of jute products. The Committee, therefore, specifically recommend launching 'Operation Golden Fibre' on lines similar to 'Operation Flood'. As already emphasized upon, the Ministry needs to take action to involve local organisations, Co-operatives, NGOs, Self-help Groups, and Women's organisations in various allied works in the sector so that the entities concerned are enabled in carrying out their operations in trouble free manner and the programme is successful. The Committee would await the details of action taken by the Ministry in the matter.

17. Regarding supply of seeds to the farmers, the Committee have been informed that farmers are supplied seeds at 2/3 of market rate. The Ministry in this regard have admitted that supply of subsidized seeds is only to the extent of 500-600 metric tons whereas the demand for the seeds is in excess of 3500 metric tons. The Committee would emphasize on the aspect of availability of good quality seeds being one of the most important inputs that would contribute to productivity of jute. Easy availability of good quality seeds to farmers would help in protecting them from the middle men. The Committee, therefore, recommend that the modalities for supply of seeds to the farmers may be worked out in such a way that the supply is executed through Co-operatives and Self-help groups. The Committee also desire that subsidy on purchase and supply of seeds may be continued.

Promotion of Jute and Diversified Jute products

18. The Committee note that the 'Jute Technology Mission' was launched with the intent of contributing to the overall development of the jute industry and to bring about growth in the Jute sector. Diversification has been one of the thrust areas of all the policies and programmes related to development of Jute sector. However, the Jute sector has been on a decline. Rampant exploitation of Jute farmers, spurious Jute seed market, poor quality seeds, obsolete machines, inefficient retting practices, etc. have all been contributory factors to the decline of the Jute industry. In an effort to diversify jute products, the Committee note that some organizations such as Bharat Seva Sangh, are producing diversified jute products such as sanitary pads, activated carbon filter, hand spurn yarn etc. made out of jute pulp. Noting the tremendous potential and demand for Jute carry bags as a replacement to plastic carry bags in the domestic market, the Committee desire to be furnished with details of the initiatives taken by the Ministry and NJB towards realising the goal. The Committee are of the view that Jute farmers need to be educated and familiarized in modern techniques of cultivation and processing of Jute. The Committee, therefore, recommend that the Ministry/NJB undertake awareness and training drives for Jute farmers so as to acquaint them with efficient and modern techniques of cultivation and processing of Jute. The Committee also recommends that necessary measures be taken towards effectively linking Jute farmers to the production units of diversified Jute products as well as with other players in the market so as to ensure good and assured price for the raw material. The Committee also recommend that the National Institute of Design (NID), National Institute of

Fashion Technology (NIFT), Indian Institute of Packaging (IIP) and other research and development organisations be involved in activities and programmes aimed towards promotion and diversification of jute and jute products.

19. The Committee note that the Ministry/NJB has been taking various actions towards producing and promoting new jute products, in view of the potential market for these goods. The activities are being implemented through involvement of MSMEs and retail outlets. The Committee also note that jute products are also being used in the Geo-Textiles sector inclusive of road construction, slope protection, controlling soil erosion and for replacing synthetics and plastics. Jute products are also being used in Agro- textiles. Many Government Departments are using various jute products to a considerable extent. The Committee also note that IJIRA is involved in R&D activities for both centralized and decentralized sectors. About 1200 entrepreneurs have been trained. The Committee desire that a framework for further coordinated action needs to be put in place so that diverse jute products can be produced and pushed into the market through artisans, MSMEs etc. The trained entrepreneurs may be engaged in this productive work with incentives so that their knowledge can contribute in promoting the sector.

20. The Committee note that jute, the golden fibre can be processed through running water retting practice, and the traditional method of processing the fibre in ponds with mud on the top which blackens the final product need to be discouraged. The Committee also note that the untreated residual water causes number of diseases and health hazards. The Committee recommend setting up of

STPs for purifying the residual water. The Committee understand that the powder distributed by the Government for the purpose of retting is being considered as chalk powder by the farmers and they do not have much faith in this. Therefore, the Committee desire that farmers may be educated/acclimatized on usage of alternate techniques in the jute sector. The Committee appreciate the fact that the Ministry have started taking measures towards improving retting practice with the help of the District and other authorities concerned.

Export of Jute products and challenges

21. While analyzing the export potential of the jute sector, the Committee have been informed that India is facing competition from other jute producing countries due to superior quality of the products of these countries. The NJB is responsible for cultivation, manufacture, marketing of Jute and Jute products and for matters connected therewith and incidental thereto. Regarding exports, the Committee note that the NJB, through 'Export Market Development Assistance Scheme' (EMDA) is facilitating participation of Jute exporters in foreign fairs, BSMs and Trade delegations. The Committee in this regard note that the Ministry have expressed satisfaction with the participation and the growing export trade value. The Committee however, do not subscribe to the view that only facilitating participation of exporters in various events abroad to be the contributory reason for growth of exports. The Committee urge the Ministry to acknowledge the fact that demand for jute products is growing which needs to be tapped. As regards competition from other countries, it has been informed that the Ministry of Finance has imposed anti-dumping duty on import of goods from Nepal and

Bangladesh which has resulted in increased consumption of domestic products. The Committee are constrained to mention in this regard that the Ministry does not seem to have an unambiguous export policy as such and recommend for framing a clear export policy mainly keeping in view the aspect of competition from the neighboring countries. Measures towards growth of exports should not be confined to the existing market only. As the demand for environment friendly jute products is growing which will only increase in near future, and with a view to achieving the Sustainable Development Goals (SDGs), the Ministry of Textiles should coordinate with other Ministries concerned to analyse the potential demand in other countries with a view to increasing its market share.

22. In the course of examining the Audit observations, it was evident that though the officers of the Ministry were aware of problems facing the Jute sector yet, no concrete action seems to have been initiated to address the problems. The Committee expect that the recommendations made in the report are considered with due seriousness and implemented for addressing the issues ailing the Sector. The Committee desire that the Action Taken Notes on the Audit observations are furnished to the satisfaction of the Audit and clear and unambiguous action taken replies furnished to the Committee in respect of each Recommendation/Observation made in this report.

NEW DELHI;
| 1 August, 2021
Shravana, 1943 (Saka)

Adhir Ranjan Chowdhury
Chairperson
Public Accounts Committee

CONFIDENTIAL

**MINUTES OF THE SIXTEENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2018-19)
HELD ON 3rd OCTOBER, 2018.**

The Public Accounts Committee sat on Wednesday, the 3rd October, 2018 from 1500 hrs to 1700 hrs in Room No. "53", Parliament House, New Delhi.

PRESENT

Shri Mallikarjun Kharge - Chairperson

Members

LOK SABHA

2. Shri Subhash Chandra Baheria
3. Shri Prem Singh Chandumajra
4. Shri Bhartruhari Mahtab
5. Smt. Riti Pathak
6. Dr. Ramesh Pokhriyal "Nishank"
7. Shri Janardan Singh Sigriwal
8. Shri Gopal Shetty
9. Dr. Kirit Somaiya
10. Shri Shivkumar Udasi
11. Dr. P Venugopal

RAJYA SABHA

12. Shri Bhubaneswar Kalita
13. Shri Sukhendu Sekhar Roy
14. Shri C.M Ramesh

LOK SABHA SECRETARIAT

1. Shri A.K Singh - Additional Secretary
2. Shri T. Jayakumar - Director
3. Shri Sanjeev Sharma - Additional Director
4. Shri Bharti S Tuteja - Deputy Secretary

**REPRESENTATIVES OF THE OFFICE OF THE COMPTROLLER AND AUDITOR
GENERAL OF INDIA**

- | | | |
|----|----------------------|--------------------|
| 1. | Shri Ashwani Attri | - Dy. C&AG (Comm.) |
| 2. | Shri L.S Singh | - PD (Comm) |
| 3. | Smt. Prachi Pandey | - PD (MAB) |
| 4. | Shri K.S Subramanian | - DGADS |
| 5. | Smt. Puja S. Mondal | - P.D (Def) |

REPRESENTATIVES OF THE MINISTRY OF TEXTILES

- | | | |
|----|-----------------------|--------------------------------|
| 1. | Shri Raghvendra Singh | - Secretary |
| 2. | Shri S C Pandey | - Special Secretary & FA |
| 3. | Dr. Shakuntala | - Chief Controller of Accounts |
| 3. | Shri A.M Reddy | - Joint Secretary |
| 4. | Smt. Jaya Dubey | - Joint Secretary |
| 5. | Shri HKL Magu | - Chairman, AEPC |
| 6. | Shri A. Sakthivel | - Vice Chairman, AEPC |
| 7. | Shri Arvind Kumar | - Secretary & CEO, NJB |
| 8. | Shri Aditi Das Rout | - Trade Advisor |

REPRESENTATIVES OF THE MINISTRY OF CORPORATE AFFAIRS

- | | | |
|----|----------------------|-------------------------|
| 1. | Shri Injeti Srinivas | - Secretary |
| 2. | Ms. Anjali Bhawara | - Addl. Secretary |
| 3. | Shri Alok Samantarai | - DG, Corporate Affairs |

PART-I

2. At the outset, the Hon'ble Chairperson, welcomed the representatives of the Ministries of Textiles and Corporate Affairs and Officers of the C&AG of India to the sitting of the Committee and stated that the Committee would take oral evidence of the representatives of the Ministries on the subject, "Apparel Export Promotion Council" based on Chapter XVII (Para 17.1) C&AG Report No.11 of 2016 and "Failure to implement scheme objectives on disbursement of Capital Subsidy" based on Chapter XX (Para 20.1) of C&AG Report No.12 of 2017.

3. In his introductory remarks, the Hon'ble Chairperson sought to be apprised of the action taken by the Ministry on the issues raised by the Committee during the previous sitting on the subject "Apparel Export Promotion Council" based on Chapter XVII (Para 17.1) of C&AG Report No.11 of 2016. The Hon'ble Chairperson sought the replies of the Ministry on disposal of pending Utilisation Certificates on priority, disposal of Action Taken Notes and investigation into the alleged undue financial benefit to M/s TUL which resulted in financial loss of Rs.17.42 crore to the Government; delay in inspection of AEPC and examination of Books of Accounts even after two years; need for investigation of financial irregularity; and emphasized the need to fix responsibility for the irregularity. On the subject "Failure to implement scheme objectives on disbursement of Capital Subsidy" based on Chapter XX (Para 20.1) of C&AG Report No.12 of 2017, the Hon'ble Chairperson highlighted issues like huge pendency of UCs, non-accounting for gratuity and other retirement benefits on the basis of actuarial valuation, lack of physical verification of jute inventories and fixed assets, wrongful payment of subsidy to jute mills under the 'Acquisition of Plants and Machinery Capital Subsidy Scheme', wrongful certification of old machines, payment of subsidy to non-jute producing machines, disposal of machines on which subsidy was disbursed within five years etc. Noting that random check undertaken by the Audit had revealed a large number of financial irregularities, the Hon'ble Chairperson desired that all subsidy release cases may be scrutinized by the Chief Vigilance Officer of the Ministry of Textiles.

4. The representatives of the Ministry of Textiles submitted that the Ministry of Corporate Affairs had ordered an inspection in the matter of alleged undue financial benefit to M/s TUL in 2016 and the Investigating Officer has submitted put out an interim report. The interim report stated that AEPC failed to discharge their fiduciary duty for generating revenue and managing the affairs of the company. However, the AEPC disputed the interim report stating that the earnest money deposit/bank guarantee was performance guarantee liable to be refunded if quota obligations were fulfilled. Therefore, neither EMD/BG nor its interest can be held as Government money. Moreover, only forfeited EMD can be revenue receipt which AEPC had already refunded. The representatives of the

Ministry further stated that the Ministry of Corporate Affairs had filed an interlocutory application with the National Company Law Tribunal (NCLT) in August, 2018 and the next hearing is slated for 9th October, 2018. The Ministry of Corporate Affairs were requested to take necessary action for streamlining the functioning and management of AEPC. The Ministry of Textiles apprised the Committee about their suggestion that a Government Administrator should be appointed to supersede the Executive Body of the Council and freeze the accounts/assets of the Council. In regard to the settlement of pending UCs, the representatives of the Ministry submitted that in compliance to the direction of the Committee, the Ministry had reduced the balance of Rs.1,752 crore from pending UCs to Rs.155 crore. The representatives of AEPC submitted that even though it follows the Companies Act and not the General Financial Rules, AEPC would follow the GFR, in future, as directed by the Committee.

5. On the subject "Failure to implement scheme objectives on disbursement of Capital Subsidy", the representatives of the Ministry stated that a joint verification and assessment was undertaken with the National Jute Board, ICAR – NIRJAFT and IJIRA and Officials of C&AG and found that out of Rs.24.12 crore disbursed as subsidy, Rs.3.80 crore was in violation of scheme guidelines. The Ministry had taken disciplinary actions like suspension, dismissal from service, filing charge sheet against the erring officials etc. The Ministry had also modified the scheme such as preparing a list of vendors from whom only the jute mills can purchase the machinery; putting a cap on the price of the machines; recognition of only scheduled bank's loans for purchase of the machines; and to avail subsidy under the scheme; jute unit should have at least ten per cent credit linkage from a scheduled bank etc. Moreover, the entire scheme has been made online. The representatives of the Ministry further also stated that action for recovery of Rs.3.80 crore has been initiated and the matter referred to the legal section. The Ministry submitted that they have also constituted an inspection team to verify the authenticity of the claim for subsidy by any jute unit.

5. Hon'ble Members of the Committee expressed their concerns about the inept attitude of the Ministry on the issue and the prolonged delay to arrest the blatant violation of scheme guidelines. The Members of the Committee also highlighted the favour given to

AEPC by the Ministry and desired that the entire issue may be referred to Central Bureau of Investigation (CBI). The Members of the Committee also desired to know whether an internal audit was carried out by the Ministry every year to prevent irregularities and they further desired to be apprised of the action contemplated by the Ministry of Corporate Affairs against AEPC for violation of the GFR and the need for fixing responsibility for wrongful certification of jute mills, disposal of subsidized machines in contravention of the scheme guidelines, disbursal of subsidy to non-producing machines etc. Hon'ble Chairperson directed the representatives of the Ministry to submit written replies to the remaining queries raised by him as well as the Members within 15 days.

The witnesses then withdrew.

A copy of the verbatim proceedings has been kept on record.

The Committee then adjourned.

CONFIDENTIAL

**MINUTES OF THE ELEVENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2019-20)
HELD ON 28TH JANUARY, 2020.**

The Public Accounts Committee sat on Tuesday, the 28th January, 2020 from 1100 hrs. to 1230 hrs. in Committee Room No. "2", Block A, Extension Building, Parliament House Annexe, New Delhi.

PRESENT

Shri Adhir Ranjan Chowdhury - Chairperson

Members

LOK SABHA

2. Shri T.R Baalu
3. Smt. Darshana Vikram Jardosh
4. Shri Jagdambika Pal
5. Shri Vishnu Dayal Ram
6. Dr. Satya Pal Singh

RAJYA SABHA

7. Shri Rajeev Chandrasekhar
8. Prof. M.V Rajeev Gowda
9. Shri Naresh Gujral
10. Shri C.M Ramesh
11. Shri Bhupender Yadav

LOK SABHA SECRETARIAT

1. Shri T.G Chandrashekhar - Additional Secretary
2. Shri MLK Raja - Director
3. Shri Paolienlal Haokip - Additional Director
4. Smt. Bharti S. Tuteja - Additional Director
5. Smt. Anju Kukreja - Deputy Secretary
6. Shri Alok Mani Tripathi - Deputy Secretary

**REPRESENTATIVES OF THE OFFICE OF THE COMPTROLLER AND AUDITOR
GENERAL OF INDIA**

- | | | |
|----|----------------------|--------------------|
| 1. | Shri Venkatesh Mohan | - Dy. C&AG (Comm.) |
| 2. | Ms. Mahua Pal | - DG (Comm.) |
| 3. | Shri K. Srinivasan | - DG (RC) |
| 4. | Ms. L Mallikaarjun | - DG Rlw. Board |
| 5. | Shri S. Dadhe | - DG (CE) |
| 6. | Shri Sandeep Lall | - PD (PC) |
| 7. | Shri Sanjay Kumar-I | - PD (Defence) |

REPRESENTATIVES OF THE MINISTRY OF TEXTILES

- | | | |
|----|--------------------|------------------------|
| 1. | Shri Ravi Capoor | - Secretary |
| 2. | Shri Sanjay Sharan | - Joint Secretary |
| 3. | Shri Arvind Kumar | - Secretary & CEO, NJB |

PART-I

2. At the outset, the Hon'ble Chairperson, welcomed the representatives of the Ministries of Textiles and Officers of the C&AG of India to the sitting of the Committee and stated that the Committee would take oral evidence of the representatives of the Ministry on the subject, "Failure to implement scheme objective on disbursement of capital subsidy" based on Chapter XX (Para 20.1) C&AG Report No.12 of 2017.

3. In his introductory remarks, the Hon'ble Chairperson sought to be apprised of the action taken by the Ministry on the issues raised by the Committee during the previous sitting on the subject. The Chairperson highlighted the issues raised by Audit in their Report, like wrongful payment of subsidy to jute mills under the 'Acquisition of Plants and Machinery Capital Subsidy Scheme', wrongful certification of old machines, payment of subsidy to non-jute producing machines, disposal of machines on which subsidy was disbursed within five years etc. Noting that during the last sitting of the Committee, the representatives of the Ministry had submitted that disciplinary action has been taken against the errant officials and action for recovery of the amount had been initiated, the Hon'ble Chairperson sought to be apprised of the present status on the issues raised by Audit and details of the amount recovered till date.

4. The representatives of the Ministry of Textiles submitted that to plug the issue of shortage of technical man power, the Ministry had made necessary recruitment rules for recruitment of technical staff. The Members were of the opinion that the Ministry initiated action on the irregularities only after the audit had highlighted them in their Audit Report. The representatives of the Ministry apprised the Committee that even before irregularities were pointed out by Audit, the Ministry had identified certain irregularities, filed FIR and conducted disciplinary proceedings. Moreover, the Ministry had conducted investigation on some jute mills and initiated recovery process as well. On the issues pointed out by Audit, the Committee were apprised that FIRs have been filed, disciplinary action taken against errant officials and money suits have also been filed against jute units. The Committee were also apprised that out of the Rs.3.80 crore, wrongfully paid as subsidy, an amount of Rs.2.86 crore has been recovered till date and money suits have also been filed against a number of Units.

5. Noting the potential for generation of employment in Jute industry and viability of the jute products in the market, the Committee enquired as to what plans/programmes are being undertaken to promote the jute sector. While expressing concern over the adverse impact of fly-by-night operators and vested interests on the development of jute industry, the Committee sought details of the internal audit mechanism to prevent irregularities, frauds, misuse of funds etc. The Committee also sought details on surprise inspections conducted by the Ministry on other Jute mills, discrepancies identified, the action taken by the Ministry against the errant officials, like constitution of Assessment Committee, filing of FIRs, conducting disciplinary proceedings and the progress of cases being investigated by the CBI. The Committee opined that irregularities like availing multiple subsidies on the same machinery, wrongful release of subsidy etc. indicates collusion and conspiracy between inspectors and the jute mills and stressed on the urgent need to develop a fool proof mechanism to maintain transparency and ensure efficient implementation of schemes. Stressing on the need to promote diversified jute and jute products to be competitive in the global market, the Committee sought details on the measures taken by the Ministry under the Jute Technology Mission towards modernizing jute mills and achievements made so far.

6. The representatives of the Ministry assured the Committee to submit a consolidated written reply on the issues and queries raised by the Committee within a fortnight.

The witnesses then withdrew.

A copy of the verbatim proceedings has been kept on record.

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The Committee then adjourned.

CONFIDENTIAL

MINUTES OF THE FOURTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2020-21) HELD ON 28TH AUGUST, 2020.

The Public Accounts Committee sat on Friday, the 28th August, 2020 from 1500 hrs. to 1715 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Adhir Ranjan Chowdhury - Chairperson

Members

LOK SABHA

2. Shri T.R Baalu
3. Shri Subash Chandra Baheria
4. Smt. Darshana Vikram Jardosh
5. Shri Bhartruhari Mahtab
6. Shri Vishnu Dayal Ram
7. Shri Rahul Ramesh Shewale
8. Shri Jayant Sinha
9. Shri Balashowry Vallabhaneni

RAJYA SABHA

10. Shri Naresh Gujral
11. Shri C.M Ramesh
12. Shri Bhupender Yadav

LOK SABHA SECRETARIAT

1. Shri T.G Chandrasekhar - Joint Secretary
2. Shri MLK Raja - Director
3. Shri Paolienlal Haokip - Additional Director

**REPRESENTATIVES OF THE OFFICE OF THE COMPTROLLER AND AUDITOR
GENERAL OF INDIA**

- | | | |
|----|--------------------|----------|
| 1. | Ms.Shubha Kumar | - Dy.CAG |
| 2. | Shri K. Srinivasan | - DG |
| 3. | Shri Sanjay Kumar | - DG |
| 4. | Ms.Ritika Bhatia | - PD |
| 5. | Shri S.V. Singh | - PD |

REPRESENTATIVES OF THE MINISTRY OF TEXTILES

- | | | |
|----|---------------------------------|--------------------------------------|
| 1. | Shri Ravi Capoor | - Secretary |
| 2. | Shri Moloy Chandan Chakravartty | - Jute Commissioner & Secretary, NJB |
| 2. | Shri Sanjay Sharan | - Joint Secretary |

PART-I

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PART-II

1. Thereafter, the Committee took evidence of the representatives of the Ministry of Textiles. The Hon'ble Chairperson welcomed the representatives of the Ministry of Textiles and Officers of the C&AG of India to the sitting of the Committee and stated that the Committee would take further oral evidence of the representatives of the Ministry on the subject, "Failure to implement scheme objective on disbursement of capital subsidy" based on Chapter XX (Para 20.1) C&AG Report No.12 of 2017.

2. In his introductory remarks, the Hon'ble Chairperson sought to be apprised of the action taken by the Ministry on the issues highlighted by Audit and points raised by the Committee during the previous sitting on the subject. The Chairperson highlighted the issues raised by Audit in their Report, like wrongful payment of subsidy to jute mills under the 'Acquisition of Plants and Machinery Capital Subsidy Scheme', wrongful certification of old machines, payment of subsidy to non-jute producing machines, disposal of machines on which subsidy was disbursed within five years etc. Noting that the representatives of the Ministry had filed money suits and had taken disciplinary action against the errant

officials and more than 80 percent of recovery had been achieved, the Hon'ble Chairperson sought to be apprised of the present status of all the money suits and recovery of wrongly released subsidy.

3. The representatives of the Ministry of Textiles while making a power point presentation submitted that efficiency of jute mills has improved and share of Jute Diversified Products (JDPS) and quantum of jute exports increased. The Committee were also informed that NJB had *suo-moto* carried out examination of all subsidy cases and suspecting irregularities, approached C&AG for detailed thematic audit in 2015. Based on the deficiencies found by Audit, NJB had streamlined disbursement claims by making the process online, making it mandatory for purchase of core jute machinery only from enlisted vendors, discontinuing NBFC as a source for bank finance and restricting extension of loans by scheduled banks, undertaking periodic verification of mills and installed machines etc. The Committee were also informed that FIRs have been filed against defaulting mills and cases were being investigated by the Central Bureau of Investigation (CBI). The representatives of the Ministry had also stated that out of 124 mills having 429 cases, due to the Covid pandemic and the consequent lockdown, 66 mills with 141 cases remain to be inspected by the Joint Inspection Teams (JITs). Therefore, extension of time has been sought till 31st October, 2020 for submission of a complete report of the JITs. The representatives of the Ministry had also submitted that the Jute Packaging Materials Act has choked the growth of jute industry from diversification of jute products as 90% of jute production is only used for packing. The Committee were also informed that reports of Indian Council of Medical Research (ICMR) on feasibility of manufacturing sanitary pads made from jute pulp, is awaited. The Ministry are also reportedly tying up on the matter of water resource schemes to ensure good quality and running water for retting of jute.

4. The Members of the Committee, pointing out the administrative lapse on the matter of an official in-charge of four separate posts in NJB, urged the Ministry to ensure that such lapses are avoided in future. The Committee also raised concern on the efficiency of the physical inspection being conducted, amidst disturbances created by the employees and outsiders. Noting that the Ministry and NJB are taking action against errant officials, the Members also enquired as to whether similar action is being taken against errant

contractual employees. The Committee had also suggested that the Ministry may consider the method of a plea bargain to facilitate expeditious settlement of the pending cases with CBI. Noting further that the Chartered Accountants (CAs), who had given wrong certification for availing subsidy, had been reported to the Institute of Chartered Accountants of India, the Committee desired that the matter may also be taken up with the Ministry of Finance for taking necessary action on the errant CAs. The Committee also stressed on the need to develop a strategy to revive the jute industry, uplift Self Help Groups (SHGs) and cooperatives, upgrade technology and focus on improving retting of jute, distribution of good quality seeds, building partnership with design and fashion institutes to promote diversified jute products and add value to jute products etc.

5. The representatives of the Ministry assured the Committee that consolidated written replies would be submitted on the issues and queries raised by the Committee within a fortnight.

The witnesses then withdrew.

A copy of the verbatim proceedings transcribed from Audio recording has been kept on record.

The Committee then adjourned.

CONFIDENTIAL

MINUTES OF THE SITTING OF THE PUBLIC ACCOUNTS COMMITTEE
(2021-22) HELD ON 9 AUGUST, 2021.

The Committee sat 09 August, 2021 from 1500 hrs. to 1730 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Shri Adhir Ranjan Chowdhury - Chairperson

MEMBERS

LOK SABHA

2. Shri Subhash Chandra Baheria
3. Shri Jagdambika Pal
4. Shri Vishnu Dayal Ram
5. Shri Rahul Ramesh Shewale
6. Dr. Satya Pal Singh
7. Shri Jayant Sinha
8. Shri Ram Kripal Yadav
9. Shri Pratap Chandra Sarangi
10. Shri Gowdar Mallikarjunappa Siddeshwara

RAJYA SABHA

11. Shri Shaktisinh Gohil
12. Dr. C.M Ramesh

LOK SABHA SECRETARIAT

1. Shri T.G. Chandrasekhar - Joint Secretary
2. Shri Tirthankar Das - Director
3. Shri S.R Mishra - Director
2. Smt. Bharti S. Tuteja - Additional Director

REPRESENTATIVES FROM THE MINISTRY OF RAILWAYS AND IRCTC

1. Shri Suneet Sharma - Chairman & CEO, Railway Board & Ex-officio Principal Secretary to the Government of India
2. Shri S.K Mohanty - Member (Operations & Business Development), Railway Board & Ex-officio Secretary to the Government of India
3. Ms. Rajni Hasija - Chairman – cum – Managing Director, IRCTC (L/A)

REPRESENTATIVES FROM THE OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

1. Ms. Dolly Chakraborty - Dy. CAG (Railways)
2. Shri P.S Das - DG (Railways)
3. Ms. Kavita Prasad - DG (Commercial)
4. Shri Kartikaye Mathur - DG (Customs)
5. Shri S.V Singh - PD (PC)

PART I

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| 3. | xxxx | xxxxx | xxxxx |
| 4. | xxxx | xxxxx | xxxxx |

PART II

5. The Committee then took up the Draft Reports on "Failure to implement Scheme Objectives on disbursement of Capital Subsidy and Action Taken Report on Ninetieth Report of PAC (16th Lok Sabha) on "Performance of Special Economic Zones" for consideration and adoption. The Committee, after some deliberations, adopted the draft Reports with minor modifications. The Committee also authorized the Chairperson to finalise the aforesaid Reports on the basis of factual verification and present the same to the Hon'ble Speaker/ Parliament.

6. The Chairperson thanked the officials of the C&AG for assisting the Committee during the deliberations.

The Committee then adjourned.