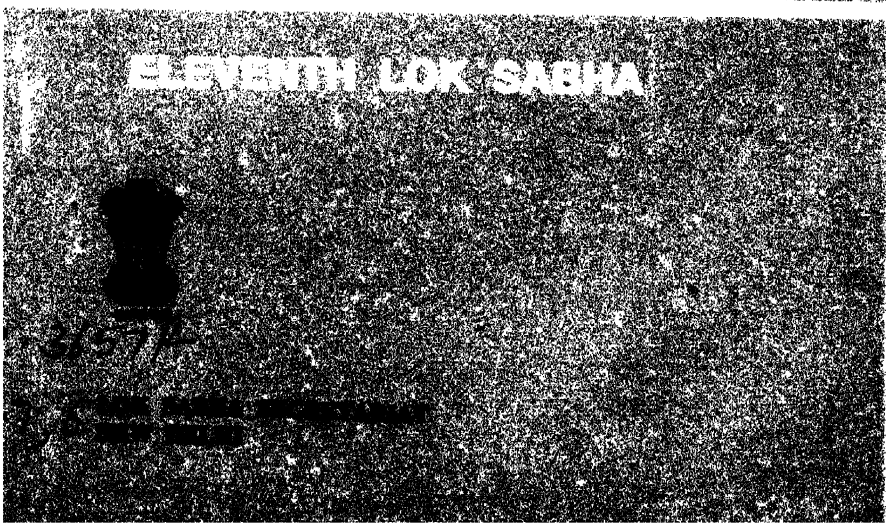
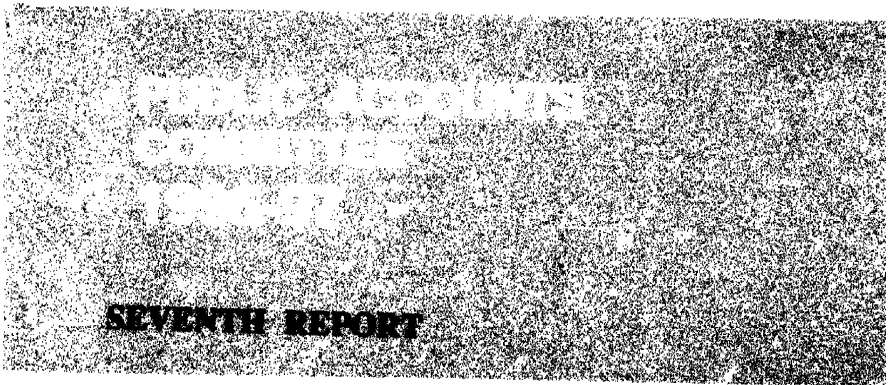


JANATA CLOTH SCHEME

MINISTRY OF TEXTILES



SEVENTH REPORT

PUBLIC ACCOUNTS COMMITTEE (1996-97)

(ELEVENTH LOK SABHA)

JANATA CLOTH SCHEME

MINISTRY OF TEXTILES

*[Action Taken on 72nd Report of Public Accounts Committee
(10th Lok Sabha)]*



*Presented to Lok Sabha on 19.03.1997
Laid in Rajya Sabha on 19.03.1997*

LOK SABHA SECRETARIAT
NEW DELHI

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CORRIGENDA TO THE SEVENTH REPORT OF PUBLIC ACCOUNTS
COMMITTEE (11TH LOK SABHA) ON JANATA CLOTH SCHEME

<u>PAGE</u>	<u>PARA</u>	<u>LINE</u>	<u>FOR</u>	<u>READ</u>
9	Reply to vetting comments (1)	1 & 2 from bottom	delete "A copy of the guidines effective from 1st October 1993 is enclosed at Annexure.XX"	
21	(vi)	13	delete 'of'	
22	(ix)	last	for	to
25	Reply to vetting comments	6	for for	for
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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(1996-97)

Dr. Murli Manohar Joshi — *Chairman*

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INTRODUCTION

I, the Chairman, Public Accounts Committee having been authorised by the Committee, do present on their behalf, this Seventh Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 72nd Report (10th Lok Sabha) on Janat Cloth Scheme.

2. This Report was considered and finalised by the Public Accounts Committee at their sitting held on 13 March, 1997. Minutes of the sitting form Part II of the Report.

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

4. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

NEW DELHI;
14 March, 1997

23 Phalguna, 1918 (Saka)

DR. MURLI MANOHAR JOSHI
*Chairman
Public Accounts Committee*

CHAPTER I

REPORT

1. This Report of the Committee deals with the action taken by Government on the recommendations/observations of the Committee contained in their Seventy Second Report (Tenth Lok Sabha) on Paragraph 7.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1992, No. 6 of 1993, Union Government (Civil) relating to Janata Cloth Scheme.

2. The Seventy Second Report which was presented to Lok Sabha on 29 April, 1994 contained 18 recommendations/observations. Action taken notes on all these recommendations/observations have been received from the Ministry of Textiles (Office of Development Commissioner for Handlooms) and have been broadly categorised as follows:—

(i) Recommendations and observations which have been accepted by Government:

Sl. Nos.: 1, 3—7, 9—12, 15—18

(ii) Recommendations and observations which the Committee do not desire to pursue in the light of the replies received from Government:

Sl. Nos.: 2, 8

(iii) Recommendations and observations, replies to which have not been accepted by the Committee and which require reiteration:

Sl. Nos.: 13, 14

(iv) Recommendations and observations, in respect of which Government have furnished interim replies:

—Nil—

Implementation of Janata Cloth Scheme

3. The Janata Cloth Scheme was launched in October, 1976 in the handloom sector as a Centrally sponsored scheme by Government of India with the twin objectives of providing sustained employment to the unemployed and under-employed handloom weavers and making available cloth at affordable prices to the economically weaker sections of population. The scheme covered production of dhoties, sarees, lungis, shirtings and long cloth and their distribution in rural and urban areas through outlets owned by the implementing agencies, cooperative societies, fair price shops etc. Under the woollen Janata Cloth Scheme brought into effect from April, 1989, production and distribution of five woollen items

was also covered. Though, initially, the scheme was implemented through the handloom sector and partially through Mill Sector, the new Textiles Policy of 1985 envisaged the entire production of subsidised cloth in the handloom sector. The scheme has been receiving financial support in the form of a subsidy paid out from the Consolidated Fund of India.

4. The 72nd Report (10th Lok Sabha) based on Audit Review of the implementation of the Janata Cloth Scheme covering the period 1985—92 had revealed several major deficiencies in the implementation of the scheme. These *inter-alia* included shortfall in production against the annual targets fixed, decline in employment opportunities in some States instead of generation of additional employment, unsatisfactory distribution system resulting in Janata Cloth not reaching the targetted population, inadequate quality control, absence of proper system of scrutinising subsidy payment, payment of excess/irregular/inadmissible subsidy, under-payment of wages, sale through unapproved agencies, and above all, absence of proper monitoring mechanism both at the Centre and the States and also absence of proper system of periodic evaluation of the scheme. While expressing concern over non-fulfilment of the envisaged objectives of the scheme, the Committee in Para 110 of their Report had *inter-alia* recommended:—

“The Committee regret to conclude that the Janata Cloth Scheme did not succeed fully in achieving its twin objectives of providing employment to unemployed and under-employed handloom weavers and making available cloth at affordable prices to the economically weaker sections of the population. Considering the fact that an amount of Rs. 1127 crores has been spent on the scheme in the form of payment of subsidies, the Committee take a serious view of the failure in fully achieving the objectives. The Committee desire that in the light of the facts brought out in this Report, Government should take necessary remedial/corrective action with a view to ensuring that the Scheme is properly implemented atleast in the remaining period, of its operation.”

5. The action taken notes furnished by the Ministry of Textiles on the various observations/recommendations of the Committee contained in the Report have been reproduced in the relevant Chapters of this Report. In the succeeding paragraphs the Committee, however, deal with the action taken by Government on some of their observations/recommendations.

Regularisation of “On Account” Payment (Sl. Nos. 13 & 14—Paragraphs 105 & 106)

6. In their earlier Report, the Committee had observed several individual instances of irregularities in the implementation of Janata Cloth Scheme in Uttar Pradesh, one of the largest recipients of subsidy under the Scheme. One major irregularity which Committee noted related to diversion of finished Janata Cloth to the open market where it fetched higher price as against the prescribed guidelines for selling those to the

consumers through retail outlets. The Committee had observed that pending receipt of the report of an enquiry into the matter from the Government of Uttar Pradesh, subsidy amounting to Rs. 9,00,04,254.00 (figure corrected by the Ministry) pertaining to the period January to June 1988 was released by the Government in November, 1988 to be treated as "on account" payment. The condition attached to the release was that the State Government would confirm within one month of the release that the claim did not pertain to Janata Cloth in respect of which enquiry was being conducted about the alleged irregularities. However, the Government of Uttar Pradesh released subsidy to the implementing agencies in violation to the prescribed conditions by Government. Subsequently, though enquiry report was submitted by State Government, the same was not accepted as valid by the Government of India and they were asked again to conduct another enquiry in this regard but no report was submitted. Expressing their deep concern over non-regularisation of "on account" payment thus made, the Committee had pointed out that despite a case of blatant irregularity having come to the notice of the Government, no action was taken by the Ministry and no consideration was given to the question of withholding further payment on account of subsidy till the matter was settled to their satisfaction. As regards regularisation of this "on account" payment, the Committee were informed that a decision was taken to recover the entire subsidy amounting to Rs. 9,00,04,254.00 in ten quarterly instalments, each not exceeding Rs. 1 crore commencing from the claim for the quarter July-September, 1993. The Committee were surprised to note that the decision was taken to recover the amount only after a lapse of five years.

7. The Ministry of Textiles, in their action taken notes have stated that while infringement of guidelines by any implementing agency does call for action to withhold subsidy, but keeping in view the interest of the weavers and the consumers it becomes essential sometimes to release the subsidy pending finalisation of enquiry. Reason adduced in this regard is that if subsidy is not released for a long period of time, production will automatically come to a standstill affecting thereby both weavers and the consumers. As regards recovery of the subsidy from the State Government of Uttar Pradesh, out of total Rs. 9,00,04,254.00/-, the actual amount stated to have been recovered so far is Rs. 4,73,45,970/-. According to the Ministry, as the Government of India's decision to recover the entire subsidy from the State Government itself is a severe punishment, no other action has been taken.

8. When asked to indicate the updated position, the Ministry of Textiles, in their communication dated 17 December, 1996 have *inter-alia* stated:—

"As far as U.P. is concerned the matter has been taken up with the Principal Secretary (Industries) Government of U.P. Principal Secretary has informed that they are analysing each and every

paragraph of the Report and wherever procedural mistakes are involved, corrective actions will be immediately taken. In case of financial irregularities, recoveries will be resorted to."

9. The Committee are well aware of the fact that sometimes it becomes necessary on the part of the Government to release subsidy keeping in view the larger interests of the weavers and consumers. But considering the nature and extent of alleged irregularities under enquiry by the State Government which apparently resulted in not only large scale misuse of subsidy but also non-availment of benefits by the intended beneficiaries, the decision of the Government to release such a sizeable sum of subsidy (Rs. 9,00,04,254/-) pending enquiry was not prudent either in terms of the objectives of the scheme or sound financial management. Further, though the subsidy thus released by Government was to be treated as "On account" payment, the State Government released the subsidy to the implementing agencies in violation of the prescribed conditions by Government. As regards the intended recovery of the entire subsidy from the State Government by March 1996, which was resorted to as a measure of punishment, the Committee regret to note that the actual amount recovered so far amounted to only Rs. 4,73,45,970/- as against the total amount of Rs. 9,00,04,254/-. It is further disquieting to note that while the recovery process was itself initiated after a lapse of five years, only about 50 per cent of the amount has since been recovered by the Government *i.e.* after a lapse of another three and half years. What is further surprising to note is that the action taken note is completely silent about the status of submission of enquiry report by the State Government. The Committee, therefore, cannot but express their dissatisfaction over the slow pace of recovery and inadequate action taken in the case of such a blatant irregularity. They, desire that urgent steps be taken to expeditiously recover the "on account" payment pending regularisation for the last eight years. The Committee would also like to be apprised of the status of enquiry report and the follow-up action taken thereon with a view to taking corrective measures.

Present status of the Scheme
(Sl. No. 17—Paragraph 109)

10. The Committee had noted that pursuant to the recommendations of the High Powered Committee constituted in August, 1991, a decision was taken to phase out the Janata Cloth Scheme during the Eighth Five Year Plan primarily because of Government policy decision to do away with the subsidy oriented schemes in all the sectors. As a result of phasing out of this scheme, about 1.23 lakh looms were assessed to be affected at the end of Eighth Plan unless they were given alternate employment within the handloom sector. To take care of the emergent distress situation, the Government had proposed to float two schemes, viz., (i) Project Package Scheme, and (ii) Scheme for setting up

of Handloom Development Centres involving a total investment of Rs. 849 crores. Expressing their deep concern over the extent of unemployment that the scrapping out of the Janata Cloth Scheme would eventually result in, the Committee had recommended that Government should take urgent steps to expedite implementation of the alternate programmes in a time-bound manner so as to mitigate this unfortunate situation and ensure that all those affected are provided alternate employment before phasing out completely the Janata Cloth Scheme. The Committee had also suggested that the alternative of a revamped Janata Cloth Scheme with adequate monitoring arrangements and proper guidelines might be considered.

11. In their action taken notes furnished to the Committee on 27 July 1995 on the aforesaid recommendation/observation of the Committee, the Ministry of Textiles stated:—

“The Government of India provides equity to the implementing agencies under package II of the Scheme to augment their working capital with a view to enabling them to enhance supply of inputs for the production of non-Janata Cloth. This will help the weavers who are displaced due to phasing out of the Scheme. With a view to providing a complete package of assistance to handloom weavers in an integrated and coordinated manner, a Scheme for setting up of 3000 Handloom Development Centres and 500 Quality Dyeing Units in different parts of the country was introduced during the year 1993-94. The Scheme envisages training of weavers in improved dyeing practices and designs and providing additional employment to the handloom weavers keeping in view the fact that there may be substantial reduction in employment in the handloom sector due to phasing out of Janata Cloth Scheme besides, the skill of the weavers engaged on Janata production are being upgraded under the Project Package Scheme and the primary societies and Corporations are being provided working capital for providing regular and sustained employment to the target weavers. The Project Package Scheme also provides necessary inputs in an integrated manner including modernisation of looms, upgradation of skill, diversifications of products, specific development project in hilly/desert area and for weaker sections and minorities.”

12. In their communication dated 17 December, 1996, the Ministry of Textiles have informed the Committee that as regards continuation of Janata Cloth Scheme in the Ninth Five Year Plan, the matter is under consideration and a final decision will be intimated.

13. The Committee note that the alternative schemes floated by Government pursuant to the decision to phase out Janata Cloth Scheme during Eighth Five Year Plan are at different stages of implementation. These schemes were specifically introduced to take care of the extent of

unemployment that the scrapping of Janata Cloth Scheme would eventually result in and other related interests of handloom weavers. Regrettably, the Committee have not been apprised of the precise impact of these schemes in terms of generation of employment and other objectives. However, the Ministry have now stated that the continuation of Janata Cloth scheme during Ninth Five Year Plan is under consideration of the Government. The Committee desire that the decision be expedited keeping in view their earlier recommendation for introducing a revamped Janata Cloth Scheme with adequate monitoring arrangement and proper guidelines. While finalising the decision, Government should also take into account the need for effective utilisation of the large scale investment already made in the alternative schemes introduced by Government in anticipation of the possible phasing out of the scheme and also the wider interests of both the weavers and the consumers. The Committee would like to be apprised of the decision taken in the matter.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee note that the Janata Cloth Scheme was launched in October, 1976 in the handloom sector as a Centrally Sponsored Scheme by Government of India with the twin objectives of providing sustained employment to the unemployed and under-employed handloom weavers and making available cloth at affordable prices to the economically weaker sections of population. The Scheme covered production of dhoties, sarrees, lungies, shirtings and long cloth and their distribution in rural and urban areas through outlets owned by the Implementing agencies, cooperative societies, fair price shops, etc. Under the new Scheme namely, Woolen Janata Cloth Scheme brought into effect from April, 1989, production and distribution of five woolen items viz. shoddy blankets, plain shoddy shawl, plain pure wool shawl, gent's shawl and woolen cloth in running length had also been covered. Initially, the scheme was implemented through the handloom sector and partially through Mill Sector, principally National Textiles Corporation Mills. According to the Textile Policy of 1981, production of subsidised cloth was to be shifted gradually from Mill Sector to the handloom sector. The New Textile Policy of 1985 envisaged the entire production of subsidised cloth in the handloom sector by the end of Seventh Five Year Plan. The Policy decision of the Government was primarily based on the experience that production of such cloth in the handloom sector has registered gradual and significant increase since 1981. The scheme has been receiving financial support in the form of subsidy paid out from the Consolidated Fund of India. For this purpose, the Government of India enacted a legislation in the year 1975 for collection of additional excise duties on rest of the textile items for using the proceeds in implementing the scheme of handloom janata cloth and controlled cloth. The Audit review is based on the implementation of the Scheme for the year 1985—92 with reference to seven States i.e. Assam, Bihar, Kerala, Maharashtra, Tamil Nadu, Tripura and Uttar Pradesh (out of 20 States including one Union Territory) where the scheme was under implementation. The facts brought out in the Audit para and further examination by the Committee on this subject have revealed several major deficiencies in the implementation of the Scheme.

[Sl. No. 1, Appendix III, Para 93 of Seventy Second Report of PAC (10th Lok Sabha)]

Action Taken

The major deficiencies pointed out by the Audit in the implementation of the scheme are:

- (i) No proper mechanism had been devised to monitor the scheme; and
- (ii) Janata cloth produced did not reach the targetted population to the extent stipulated.

It is a fact that the Janata Cloth Scheme has a very large budget and that a very large number of weavers are engaged in production of Janata cloth. Similarly a large number of retail distribution outlets are engaged in delivery of Janata cloth at different parts of the States. As for covering 15 States for an effective monitoring at Government of India level, a very large network of personnel would be required, the responsibility of monitoring the scheme has been left to the concerned States who already possess the requisite manpower. Monitoring at the Government of India level has therefore been limited to ensure that while claiming the subsidy, the implementing agencies adhere to the objectives of the guidelines, requisite documents required under the guidelines are furnished by the States and to make sample checks for the purpose of policy changes. However, the Office of the Development Commissioner for Handlooms have been conducting field verifications only on sample basis and the implementing agencies who are found violating the guidelines are penalised through recovery of proportionate amount of subsidy released to them against such violations.

In so far as fulfilment of supplying the Janata Cloth to the beneficiaries by the implementing agencies it may be mentioned that the specification of the scheme prescribes that bulk of the cloth is sold through the PDS and also that it meets the demand of the poor section of the society. However, the revised scheme which has under gone a change since October, 1993 envisages product mix keeping in view the demand pattern of the consumers, increase in wage earnings of weavers, provide a safety net to the weavers besides measures to reduce the misuse of subsidy. The guidelines effective from October, 1993 therefore, stipulates that selling price of Janata cloth shall not be lower than the floor price so as to avoid recycling.

[Ministry/Department of Textile O.M. No. DCH/1(1)94/Audit-P&S dated 3.5.1995]

Vetting Comments on the Action Taken Notes

(i) Reply is in general terms, not specific to the point. Please clearly indicate the assessment of the Ministry in quantitative term about the extent to which the Janata Cloth produced reached the targetted population. A copy of the guidelines effective from October, 1993 may be provided to Audit.

(ii) Field verification has been conducted in how many States? Please include the names of the States. Kindly also indicate the names of the States which have been penalised.

[Principal Director of Audit No. RCC. (34)92-93/JCS/Vol. II / 16 Dated
03.07.1995]

Reply to the Vetting Comments

- (i) The guidelines for implementation of Janata Cloth Scheme prior to 1st October, 1993 stipulated that atleast 85% of the distribution should be made through Public Distribution System. The subsidy claims of the implementing agencies were considered strictly on this basis. Accordingly, all the implementing agencies were distributing more than 85% of their Janata Cloth through Public Distribution System. As most of the P.D.S. outlets are situated in the rural areas, the bulk of these sales should have been made to the targeted consumers. As the cloth produced under Janata Cloth Scheme is low value item, only the people that belong to the low income group prefer to purchase the Janata cloth. The guidelines effective from 1st October, 1993 restrict the production of grey cloth to a maximum of 10% of the total production. This has helped in stopping any diversion of Janata cloth for its misuse. Considering these aspects, the estimate of the Government of India is that about 85-90% of the Janata cloth was distributed to the targetted consumers. A copy of the guidelines effective from 1st October, 1993 is enclosed at Annexure-XX.
- (ii) The Officers of the Government of India had made field verifications, specifically for monitoring the implementation of Janata Cloth Scheme in nine States during 1987 to 1993, the names of which are given below:—
- (a) Assam
 - (b) Bihar
 - (c) Gujarat
 - (d) Karnataka
 - (e) Maharashtra
 - (f) Tamil Nadu

- (g) Tripura
- (h) Uttar Pradesh
- (i) West Bengal

All the above States except Assam and Tamil Nadu were penalised.

[Ministry/Department of Textiles O.M. No. DCH1(1)94-Audit-P&S,
dated 18.7.1995].

Recommendation

The Committee's examination has revealed that there had been considerable delays in release of subsidy to the implementing agencies in cases of Bihar, Kerala, Maharashtra and Tamil Nadu as detailed in para of this report. Undoubtedly, the delay in release of subsidy resulted in paucity of working capital available to the implementing agencies. The Ministry have stated that the procedure involved in transferring the funds from the Government to the implementing agencies normally takes three to four months. During evidence, the Secretary, Textiles, has, however conceded that "there was a delay in some of the States." Since production of Janata cloth is greatly dependent on the availability of funds in the form of subsidy, the question of streamlining the procedure and to ensure that funds released reach the ultimate destination in time needs serious attention of Government.

[Sl. No. 3, Appendix III, para 95 of Seventy Second Report of PAC (10th Lok Sabha)]

Action Taken

The procedure followed from the stage of claims to the Development Commissioner for Handlooms and transfer of funds from Government of India to the Implementing agencies are produced below mainly to give a fair idea of the time required in processing a claim.

The Implementing agencies after completion of a particular quarter submit their Audited claim indicating the production and the quantum of delivery etc. to the Director in-charge of Handlooms and the Nodal agency for implementation of the scheme. Director of Handlooms after verification of the claims places it before the State level Implementation Committee for authorisation/recommendation of payment. Claim is thereafter forwarded by Director-in-charge of Handlooms to the office of the Development Commissioner for Handlooms.

The claims are scrutinised in the Office of Development Commissioner for Handlooms in accordance with the parametres laid down under the scheme. Wherever there are discrepancies, letters are issued to the concerned State Governments spelling out clearly the discrepancies seeking clarifications and modifications and corrections, wherever required.

In respect of claims that are in consonance with the parametres of the scheme and are correct in all respect, the file is processed with IFW for concurrence. On concurrence of IFW, sanction orders are issued by the Office of Development Commissioner for Handlooms addressed to Pay & Accounts Office (Textiles) for release of payment through inter-government adjustments through RBI. On allocation of funds by RBI to

the State the State Government issues sanction to the implementing agencies. The above procedure normally takes two to three months. As already mentioned it is keeping it in view that the provision for advance payment of 75% has been made under the Janata Cloth Scheme. In cases where the claim documents are not furnished as required under the guidelines, the same is settled after proper clarifications have been submitted by the State Government.

Efforts are however, being made to cut short the delay in release of subsidy amount to the extent possible in that the State Government have been issued directions requesting them to submit proper claims to avoid delay and to enable timely release of subsidy to the implementing agencies.

[Ministry/Department of Textiles O.M.No. DCH/1(1)/94/Audit-P&S dated 3.5.1995]

Vetting Comments on the Action Taken Notes

Please include the name of the States to whom the direction have been issued.

[Principal Director of Audit No. RCC(34)/92-93/JCS/Vol.11/16 dated 03.07.1995]

Reply to the Vetting Comments

Specific complaint regarding non-receipt of subsidy was received only from the implementing agencies of Assam. Immediately after the receipt of the complaint, the matter had been referred to State Government and the State Government in turn released the subsidy to the concerned implementing agencies. As and when any oral complaint was received from any other State prompt action was taken up and subsidy got released. Besides, directions are also issued to States from time to time to promptly disburse subsidy to implementing agencies.

[Ministry/Department of Textiles O.M. No. DCH/1(1)/94/Audit-P&S dated 18.07.1995]

Recommendation

The Committee note that the price of yarn, wages and overheads constitute the three major elements of cost of production of Janata Cloth. Uptil July, 1990 the Consumer Prices of Janata cloth varieties were fixed by the Government based on the cost particulars furnished by the implementing agencies through the State Government. Since July 1990, the State level Implementation Committees have been authorised to regulate the selling prices of Janata cloth keeping in view the cost of inputs, wages and overheads minus the subsidy element. However, when a new sort is introduced its price on the basis of cost norms is approved by the Government. The Committee view with concern that during 1985-92, the prices of dhoties and sarees, which constitute bulk of the production of Janata cloth, had registered a sharp increase ranging from 73 to 111 per cent and 48 to 124 per cent respectively in Assam, Bihar, Kerala,

Maharashtra, Tamil Nadu, Tripura and Uttar Pradesh. Pertinently, the increase in the index number of wholesale prices of textile items and all commodities in 1991-92 over that of 1985-86 was 56.66 and 65.70 per cent respectively. According to the Ministry, the cotton hand yarn used in the low priced janata cloth constitutes over 60% of the cost of the production and the rise in its prices significantly affects the handloom sector. The increase in the consumer price of dhoties and sarees during the period 1985-92 is attributed partly to the reduction in percentage of subsidy and significantly to the increase in weighted average price of cotton hand yarn. The Committee have been informed that in order to regulate supply of hank yarn to the handloom weavers, statutory Hank Yarn Obligation Scheme was brought into effect in 1986 and revised in 1990. The Government have also set up yarn bank for the purpose of distributing yarn to the weavers. These schemes were devised with the sole idea of making available adequate quantity of yarn to the weavers and thereby to sustain production and ensure price stability. Evidently, these measures had not produced the desired results. Since the prices of the basic raw material, viz. yarn had an important bearing on the ultimate price of Janata cloth, the Committee regret to note that no effective steps were taken by Government to make available the same to the weavers at reasonable prices.

[Sl.No.4, Appendix-III, para 96 of Seventy Second Report of PAC (10th Lok Sabha)]

Action Taken

Hank Yarn Obligation Order under which the spinning mills are required to pack 50% of yarn packed for domestic consumption in the Hank Yarn form, is implemented to ensure adequate supply of hank yarn to the handloom weavers. This order could not be implemented in its entirety earlier as many of the spinning mills had obtained stay orders from Hon'ble Courts. With the Hon'ble Supreme Court upholding the validity of the Notification in 1993, Government of India has taken adequate measures for vigorous implementation of the scheme for fulfilling commitments as per obligation by the spinning mills and are initiating stringent action against defaulting spinning mills. Rise in prices of hank yarn is related to rise in prices of Cotton and this is a common market phenomenon. However, Government of India has taken adequate measures in providing relief to the weavers from time to time and whenever felt necessary. The recent Hank Yarn Price Subsidy Scheme offering a flat rate of subsidy of Rs.15/- per kg. is one such measure. Arrangements have also been made for supply of hank yarn at a concessional rate by member mills of Indian Cotton Mills' Federation (ICMF) on voluntary basis. Mill-Gate Price Scheme operated through the National Handloom Development Corporation ensures supply of hank yarn to various agencies at the Mill Gate prices. Besides, in order to ensure adequate supply of hank yarn to the handloom weavers, Government of

India have also laid a precondition of fulfilment of Hank Yarn obligation before allowing yarn exports by any mill.

[Ministry/Department of Textiles O.M. No. DCH/1(1)/94/Audit-P&S.
dated 3.5.1995.]

Recommendation

The annual target of production of Janata cloth for the different States are fixed by the Government and Communicated to the respective Nodal Agencies to work out a production programme to achieve the targets. The entitlement of each State was to be worked out on the basis of composite criteria of giving weightage to the total population and the population living below the poverty line in the ratio of 2:1. The Committee are concerned to observe that while the shortfall in annual production target of Janata cloth ranged from 4 to 9 per cent during 1985-86 to 1987-88 it was as high as 25 per cent and 20 per cent during 1998-89 and 1990-91 respectively. Again in 1991-92 the shortfall was to the extent of 11 per cent against reduced target as compared to that of 1990-91. According to the Ministry, drastic change in the distribution system emerging out of policy decision of the Government in 1988, issuance of revised guidelines in 1990-91 further streamlining the production and distribution and increase in prices of hank yarn are the major contributory reasons in this regard. Since the annual targets were fixed after taking into account changes in the frame-work of the scheme and other relevant considerations, the Committee cannot accept the reasons adduced by the Ministry for the shortfall as justifiable. They regret to note that the Ministry of Textiles did not take adequate steps to remove the bottlenecks to ensure the achievement of the physical targets.

[Sl. No. 5, Appendix-III para 97 of Seventy Second Report of (10th Lok Sabha)]

Action Taken

Keeping in view the bottlenecks faced by the agencies in distribution of cloth under the Janata Cloth Scheme, Government of India under the revised guidelines effective from October 1993 have done away with the condition of distribution of 85% of cloth through Public Distribution System. The agencies are now allowed to distribute the cloth produced under the scheme through its own outlets. However, keeping in view the irregularities observed earlier and to ensure proper implementation of the scheme, objectives of the scheme has been shifted to quality production thereby upgrading not only the skill of the weavers but also their earnings.

[Ministry/Department of Textiles O.M. No. DCH/1(1)/94/Audit-P&S
dated 3.5.1995.]

Recommendation

One of the basic objectives of Janata Cloth scheme was to provide sustained employment to unemployed and underemployed weavers specifically by activating dormant/idle looms. According to the National Handloom Census (1987-88) out of total number of 38.90 lakh looms, 2.80 lakh looms were lying idle. The Audit paragraph also revealed decline in the employment opportunities in certain States and that no analysis was made in this regard for remedial action. Thus, the objective of providing sustained employment to the unemployed and underemployed, envisaged in the Scheme also remained largely unfulfilled. According to the Ministry, management difficulties within the implementing agencies incidence of higher wage rates available in other economic activities compared to Janata cloth and payment of better wages in producing non-Janata cloth are some of the contributory reasons for non-operation of looms and low-level of employment generation in these States. The Committee further find that no data indicating year-wise break-up of the unemployed and underemployed weavers was maintained by the Government with a view to ascertaining the impact of the scheme in generating additional employment among handloom weavers. The Secretary of the Ministry conceded during evidence before the Committee that "Had we got this information the distribution would have been more rational". The Committee regret to conclude that no worthwhile efforts were made the Government to identify the deserving segment of population which remained unemployed or largely under-employed and to review the allocation of production targets suitably to achieve the objective of the scheme.

[Sl. No. 6, Appendix III Para 98 of Sevent Second Report of PAC (10th Lok Sabha)]

Action Taken

Keeping in view the problems faced by the Implementing Agencies in fulfilment of targets allocated, revised guidelines for Janata Cloth Scheme which came into force from October, 1993 also envisages that the Implementing Agencies can now surrender a part of the target allocated to them and claim equity for under Package II of the Scheme for increasing turnover of input supply for the production of non-Janata Cloth. The assistance so available in, however, restricted upto 40% of the additional turnover of inputs over and above the average supply of inputs for last three years. Such increase in turnover of Input supply would automatically lead to generation of additional employment. Moreover, the revised guidelines have removed the criterion for distribution of Janata Cloth through PDS under the revised guidelines which would take care of marketing aspect of the products. The recently announced Scheme for setting up of 3000 Handloom Development Centres & 500 Quality Dyeing units also envisages to accommodate all such displaced weavers due to phasing out of Janata Cloth Scheme.

[Ministry/Department of Textiles O.M. No. DCH/1(1)/94/Audit-P&S dated 3.5.1995.]

Vetting Comments on the Action Taken Notes

Reply not specific to the point. The efforts made by the Government to identify the deserving segments of population which remained unemployed/under employed may be added. Action taken to review the allocation of production targets to achieve the objectives of the scheme may also be added for the information of PAC.

[Principal Director of Audit No. RCC(34)/92-93/JCS/Vol. II/16 dated 3.7.1995]

Reply to the Vetting Comments

As per the guideline forwarded to all implementing agencies all new weavers coming under the fold of Janata Cloth Scheme must be I.R.D.P. target group beneficiaries. Government of India assigns targets to various States and the State Government/SLIC reallocate target to State level implementing agencies which in turn allot targets to member primary Handloom Weavers' Cooperative Societies and attached weaver members. Janata cloth production is assigned to such member weavers who were already not engaged in production of higher value items.

[No. DCH/1(1)/94/Audit-P&S dated 18.07.1995]

Recommendation

Another area where the Committee found lack of adequate attention was the manner in which distribution of janata cloth was dealt with. The Committee note that distribution of janata cloth in various States was not made in accordance with the guidelines of 1990 which stipulated that at least 75% of janata cloth should be sold to the target group in rural areas. In this connection the Ministry have stated that the conditions in the guidelines were stringent and a number of implementing agencies faced difficulties in fulfilling these conditions fully and in some cases relaxation was also given as a special dispensation. The Secretary of the Ministry conceded in this regard during evidence that "we know it is not practicable to implement this." the Committee are surprised to say the least, that even though according to the Ministry's own admission, the conditions were stringent, no action was taken to revise the guidelines to ensure proper distribution of janata cloth among the intended target group.

[Sl. No. 7, Appendix-III, Para 99 of Seventy Second Report of PAC (10th Lok Sabha)]

Action Taken

As it was felt that the criterion of distribution of 75% of Janata Cloth in rural areas was quite stringent and also since it was felt difficult to quantify the exact percentage of distribution of Janata Cloth in rural areas, this criterion has been dispensed with in the new guidelines effective from 1st October, 1993.

[(Ministry/Department of Textiles O.M. No. DCH/1(1)/94/Audit-P&S
dated 3.5.1995.]

Recommendation

As per the instructions by the Ministry to the State Governments, the benefits arising out of enhancement in the rate of subsidy w.e.f. 17th July, 1990 should have been passed on to the handloom weavers. However, the Committee found that in Tamil Nadu and Uttar Pradesh increase in wages was not passed on to the weavers resulting in under-payment of wages to the tune of Rs. 135.31 lakhs and Rs. 1343.71 lakhs respectively. In case of Co-optex, Tamilnadu involving short-payment of Rs. 105.62 lakhs, the Ministry have pleaded that since the implementing agencies have been meeting the entire cost of production and the benefits of the increase in the rate of subsidy was only to effect 50% of the increased cost, the Co-optex did not commit any irregularity in not passing on the increased subsidy to the weavers. The Committee are unable to share the viewpoint of the Ministry on the ground that, as per the instructions of the Ministry part of the benefits of increased subsidy accrued was to be given to the weavers as remunerative wages and the action of the Co-optex was in contravention of these instructions of the Government. As regards under-payment of wages amounting to Rs. 29.69 lakhs in case of 45 primary Co-operative societies in Tamilnadu, the Ministry have not furnished any clarification. With regard to Uttar Pradesh the Ministry have stated that the increase in rate of wages which was earlier met through State Subsidy was met by Central Subsidy after the revision was effected. The Committee are not satisfied with the clarifications given for not increasing the wages of weavers and they cannot help concluding that withholding of payment to the weavers by the implementing agencies in Tamilnadu and Uttar Pradesh was unjustified and steps should have been taken to protect the interests of weavers.

[[Sl. No. 9, Appendix III, Para 101 of Seventy Second Report of PAC
(10th Lok Sabha)]

Action Taken

In the case of Tamilnadu on verification of records it was observed that the State Government had not passed on the benefit of the enhanced rate of subsidy to the weavers in most of the cases. The State Government of Tamilnadu has therefore been directed to pass on the difference of wages to the beneficiaries through account payee cheques within three months from

- (viii) Claim of excess subsidy valuing Rs. 21.55 lakhs by the Government of Uttar Pradesh by adoption of faulty procedure. The amount has not been refunded/adjusted so far.
- (ix) Incorrect procedure adopted in transfer of cloth has resulted in claims of excess subsidy by Uttar Pradesh Handloom Corporation to the extent of Rs. 10.49 lakhs.
- (x) Failure on the part of the Government to cross-check the anticipated production figure furnished by Uttar Pradesh Handloom Corporation has resulted in withdrawal of advance subsidy in excess amounting to Rs. 2056.44 lakhs during the period from April, 1987 to December, 1988 which was irregular.

[Sl. No. 11 Appendix III, Para 103 of Seventy Second Report of PAC (10th Lok Sabha)]

Action Taken

- (i) The observation of the audit party is found to be correct. The subsidy involvement on this points is in fact Rs. 442.96 lakhs and not Rs. 440.90 lakhs. The agency wise break up of the figure is as shown below:—

MSHC	October '85 to March '88	304.44 lakhs
VWCCS	February '86 to February '88	87.24 lakhs
WMWCCA	July '87 to September '88	51.28 lakhs

While the period and amount relating to MSHC and VWCCS are as per the observation of C&AG and PAC, the period during which the said sales were carried out by the Audit party was considered in Cooperative year basis in respect of WMWCCA. The actual period is from August, 1987 to September, 1988. During this period they have distributed 21,94,216,3947 square metres on which they had claimed subsidy of Rs. 51,27,829/= para 3.4 of the guidelines effective during this period permits distribution of Janata Cloth through approved private retailers. While increasing the rate of subsidy from Rs. 2.00 to Rs. 2.75 per square metre with effect from March, 1988 the Government of India had made it compulsory to distribute at least 85% of the total distribution through approved PDS and the remaining through its own outlets (of the implementing agency). Eventhough this guideline is effective from 1st March, 1988 letters were issued only in May, 1988 and hence time upto the end of September, 1988 was given to switch over to PDS. As the implementing agencies in Maharashtra had switched over to PDS only with effect from 30th September, 1988 the distribution made through private traders upto September, 1988 had to be treated as per para 3.4 of the guidelines issued in 1985. As all the above referred distribution through private dealers were

carried out within September, 1988 and the same was in accordance with the provisions of the guidelines, Public Accounts Committee (PAC) is therefore requested to drop the para.

- (ii) The Maharashtra State Handloom Corporation has been issued a warning letter directing them to strictly comply with issuance of cash memos in future.
- (iii) While communicating the decision of Government of India to increase the rate of subsidy from Rs. 2/- per square metre to Rs. 2.75 per square metre with effect from 1st March, 1988 in May, 1988 it was also made compulsory to distribute at least 85% of the total distribution through PDS. Subsidy for any shortfall in the limit has to be worked out @ Rs. 2/- per square metre. The implementing agencies were however also given time upto September, 1988 for the switch over to PDS under the guidelines. The State/Implementing Agencies which had switched over to PDS upto September, 1988 was eligible for higher rate of subsidy with effect from March, 1988. However, the State/Agency which had not switched over to PDS upto September, 1988 were eligible for higher rate of subsidy only from the date on which they had switched over to PDS. In Maharashtra the State Government has formulated a scheme called "Swesth Kapada Yoĵana" to procure Janata Cloth and distribute to low income groups of consumers with an additional State Government subsidy. The State Government has taken a final decision in this regard only after September, 1988. Consequently State Government has approached this Office seeking approval with retrospective effect. After Considering their request, this Office had approved their distribution System (PDS) with effect from 30th September, 1988 and subsidy @ Rs. 2.75 were released from March 1988.

As the PDS has been approved with effect from 30th September, 1988 the subsidy released from March 1988 onwards @ Rs. 2.75 per square metre was in accordance with the para 3 of the instructions issued by the Government of India on May 5, 1988. Public Accounts Committee (PAC) is therefore requested to drop the para.

- (iv) The excess amount has already been recovered from the claims of MSHC and VWCS. PAC is therefore requested to drop the para.
- (v) This has been verified from the records and observed that the observation made by the Audit party in their audit memo No. 22 is correct. The MSHC has simply transferred 88,03,212.00 square metres of Janata Cloth from the Kalameshwar Wholesale Depot to other Wholesale Depot and Claimed subsidy showing as distribution. However, these transferred goods had been redistributed to various retail outlets in the subsequent quarters.

the date of issue of the letters failing which the entire quantum would be recovered from the future releases to Tamilnadu.

In the case of Uttar Pradesh, on verification of records maintained by the implementing agencies it was observed that the benefit of enhanced rate of subsidy had not been fully passed on to the weavers. It has been maintained by the State Government/Implementing agencies that through the subsidy of Rs. 3/- per piece paid by the State Government prior to 1.7.1990 was discontinued, the implementing agencies still continued to pay Rs. 1.50 per piece as wages to the weaver.

As this accounts for only a part of the enhanced subsidy of Rs.0.65 (increase from Rs. 2.75 per square meter to Rs. 3.40 per square meter) the State Government is being directed to pass on the difference of wages through account payee cheque to the beneficiaries within three months from the date of issue of the letter. While verifying the records it was also observed that the SLIC had subsequently revised the rates of procurement and consumer prices in December, 1990 which included wages revision also. However, the benefit passed on to the weavers on such revision amounted to only 0.43 paise per square meter as against 0.65 paise per square meter.

The State Government has therefore also been directed to pass on the difference in the rate of wages (i.e. Rs. 0.22 per square meter) to the weavers through account payee cheques within three months from issue of these directions. In case funds are not passed on to the weavers the entire amount would be recovered from future releases to Uttar Pradesh.

[Ministry/Department of Textiles O.M. No. DCH/1(1)/94/Audit-P&S dated 3.5.1995.]

Recommendations

The Committee note that in pursuance of the guidelines issued by the Government in August, 1990 it was the sole responsibility of State Level Implementing Committee and the Nodal Agencies to ensure that the cloth produced by the implementing agencies under the scheme is in conformity with the standards prescribed by the Government. They were required to devise necessary arrangements including providing Vigilance machinery for the purpose or by strengthening the existing inspection machinery for periodical check to ensure strict observance of quality standards and take stringent action wherever irregularities were detected. The Committee are perturbed to find that most of the States were lacking in having proper infrastructure for the quality control and the quality of Janata cloth was not found upto the expected mark. The Committee deem it unfortunate that the Ministry of Textiles failed to ensure the strict adherence to the guidelines by the State Level Implementation Committee and Nodal Agencies thereby defeating the very purpose of insertion of such a clause in the guidelines.

[Sl. No. 10, Appendix III Para 102 of Seventy Second Report of PAC (10th Lok Sabha)]

Action Taken

Technical Staff of Directorate of Handlooms and the Implementing Agencies are regularly required to monitor the quality of Janata Cloth both at production/procurement stage. State Level Implementation Committee, headed by Secretary in-charge of Handlooms, is also required to ensure compliance of quality production while allocating targets to individual implementing agency and also while forwarding their claims. Moreover, the revised guideline which came into force from 1st October, 1993 envisages change in product mix, keeping in view the demand pattern of consumers, to enable Handloom weavers to graduate to production of higher value textile goods so as to earn higher wages.

[Ministry/Departments of Textiles O.M. No. DCH/1(1)/94/Audit-P&S, dated 3.5. 1995]

Recommendation

During the course of examination, the Committee have come across several individual instances of irregularities in some of the States regarding implementation of the scheme. Some of the major deficiencies/irregularities noticed in Maharashtra and Uttar Pradesh, the largest recipients of subsidy (total: Rs. 26635.04 lakhs) among the implementing States are as follows:

- (i) Bulk sale of Janata Cloth to private traders by three implementing agencies namely Maharashtra State Handloom Corporation (MSHC), Vidharbha Weavers Central Cooperative Society (VWCCS) and Western Maharashtra Weavers Central Cooperative Association Ltd. (WMWCCA) has resulted in receipt of irregular subsidy amounting to Rs. 440.90 lakhs.
- (ii) Suspension of issuing cash memos by Maharashtra State Handloom Corporation (MSHC) in violation of the prescribed guidelines by the Government.
- (iii) Excess payment of subsidy to the Government of Maharashtra involving Rs. 208.04 lakhs in violation of the prescribed guidelines issued by the Central Government.
- (iv) Excess claim of subsidy by the MSHC (Rs. 14.88 lakhs) and by VWCCS (Rs 21 lakhs) on old cloth sorts as against new cloth sorts approved by Government.
- (v) Inadmissible subsidy amounting to Rs. 176.07 lakhs drawn for the period December, 1986 to March, 1988 by MSHC by adopting faulty procedure in contravention to the laid down guidelines.
- (vi) Incorrect reporting of deliveries resulted in excess subsidy of Rs. 286.16 lakhs by MSHC.
- (vii) Non-accountal of Janata cloth valuing Rs. 5.26 lakhs by District Co-operative Federation, Kanpur and also 56,500 pairs of cloth between UPICA and NCCF has resulted in irregular transactions. The position has not been reconciled so far.

This has been done wilfully by MSHC for claiming subsidy in advance. As the entire quantity transferred from one wholesale depot to other wholesale depots was actually delivered as per the guideline and thereby no excess subsidy has been claimed by MSHC but the claim has been made in advance resulting in claiming of Rs. 1,76,66,424/- at least one Quarter in advance. As this has been done by MSHC wilfully as suggested by the Audit party in their audit memo it has been decided to recover a sum of Rs. 7,92,089/- on account of loss of interest computed @ 18% per annum from the releases to the Government of Maharashtra.

- (vi) It is a fact that the deliveries reported, under PDS, to the Government of India for claiming subsidy and the distribution made to the nominees of the District Collector under the State Government had a huge variation during April, 1989 to December, 1990. The actual deliveries made under State Government Scheme has been verified from their claims accepted by the State Government. In addition to the State Government Scheme, the MSHC has delivered 6,78,748.83 square metres for the relief operations in Bihar and Andhra Pradesh during October-December, 1989 and April-June 1990 respectively as per the State Government instruction. This has also been included in the subsidy claims preferred to Government of India, but not included in the subsidy claim of under Scheme run by State Government because under the State Government Scheme this delivery is not eligible for subsidy. In addition to this Chartered Accountant has deducted the subsidy for 2,28,592,158 square metres amounting to Rs. 6,28,628.42 from the subsidy claim of MSHC for the quarter October-December, 1990 as excess claimed earlier. The remaining quantity of the difference was adjusted in their subsequent claims upto December, 1990 except for a quantity of 1,53,463.246 square metres. Further, it is also evident that as in the earlier cases, here also MSHC had claimed excess subsidy wilfully and in advance but adjusted in the later claims. The interest for such excess claim has been computed @ 18%. This interest amounting to Rs. 30,30,647/- along with the balance of principal amounting to Rs. 5,21,775/- will be recovered from the future releases to Government of Maharashtra.
- (vii) In support of the delivery effected by the UPICA to District Cooperative Federation the following documents were produced by the Association and it was observed that the Association had supplied the quantity to District Cooperative Federation:—
1. Copy of delivery challan/bills leading to delivery of goods to District Cooperative Federation.
 2. Abstracts of ledger book indicating receipt of payment against bills.
 3. The letter from District Cooperative Federation acknowledging the receipt of the goods.

PAC is therefore requested to drop this point.

With regard to supply of U.P. Industrial Cooperative Association to National Cooperative Consumers' Federation the delivery challans in the ledger book maintained by UPICA were verified and found that the UPICA had actually delivered the goods to NCCF. However, this could not be verified from the records of NCCF as according to NCCF records pertaining to above period was not available by them. However, as UPICA has actually supplied the goods to NCCF. PAC is requested to drop this point.

- (viii) While verifying the records of UPICA it was observed that the ledger account for the month of January-February 1988 has reflected a return of 950 bales (95,000 pieces i.e. 9,85,530 square metres) and this was accordingly adjusted from their claim for the month of January-February 1988. This fact however, could not be substantiated whether the quantity so adjusted also included 1.61 lakh square metres received back as sales return/damages. In the case fo U.P. Handloom it was admitted that the goods returned back and damaged have not been adjusted. It has therefore been decided to recover the entire amount of subsidy amounting to Rs. 21.55 lakhs from the claims of UPICA and U.P. Handlooms.
- (ix) On verification of records produced by the U.P. Handloom Corporation it was observed that the actual delivery for the period October-December 1987 recorded/computed in the delivery register was in fact more than the claim preferred by the Corporation for the corresponding quarter. However, the claim preferred by the Corporation for the months of January-February and March is the same as the figures shows in the delivery register. PAC is therefore requested for drop the paragraph.
- (x) As per the guidelines issued under the Janata Cloth Scheme prevalent at that time, the implementing agencies were released advance on the basis of projected production/anticipated production for the next quarter. The advance so released was accordingly recovered from the subsequent claims of the implementing agencies. In the case of U.P. Handloom Corporation also all such advances have been recovered from the releases made during subsequent quarters. PAC is requested to drop the paragraph.

Vetting Comments on the Action Taken Notes

Please indicate whether the question of punishment for past offenders has been considered/found.

[Principal Director of Audit No. RCC (34)/92-93/JCS/Vol. II/16 Dated 03.07.1995]

Reply to the Vetting Comments

No other incident about suspension of issuing of Cash memos had come to our knowledge except the case of Maharashtra State Handloom Corporation (MSHC).

As and when any case of violation of guidelines by any State or implementing agency comes to knowledge of this Office immediate action is taken.

(No. DCH/1(1)/94/Audit—P&S Dated 18.7.1995)

Recommendation

Some of the above mentioned cases have been described in more detail earlier in the Report. The Committee deplore that laxity on the part of the authorities concerned resulted in payment of excess/irregular/inadmissible subsidy and several other procedural irregularities in these States. They recommend that all the above mentioned cases and the other cases mentioned in the Audit para-graph should be thoroughly enquired into and necessary action be taken for the lapses. The Committee would like to be informed of the conclusive action taken in the matter.

[Sl. No 12 Appendix-III, para 104 of Seventy Second Report of PAC (10th Lok Sabha)]

Action Taken

These cases have been examined in the detail and recoveries against Excess/irregular/inadmissible subsidies have been made/are being made.

[Ministry/Department of Textiles O.M.No DCH/1/10/94-Audit—P&S Dated 3.5.1995]

Recommendation

The Janata Cloth Scheme is fully financed by the Union Government and an amount of Rs. 1.127 crores was released by the Ministry of Textiles since inception of the Scheme, the Committee are, however, surprised to note that there was no satisfactory system of monitoring the Scheme at Central Level to ensure that the subsidy released to State Governments was actually passed on to the implementing agencies within a reasonable

time and that the fixation of annual targets by the Development Commissioner for Handlooms under the Ministry of Textiles were based on the realistic assessment of the production capabilities of the implementing agencies. There has also been no mechanism to ensure the timely release of subsidy by the State Government to the concerned implementing agencies. The Ministry contended that it is not possible for the Government of India to physically monitor the Scheme due to limited manpower at its disposal as well as due to country-wide spread of the Scheme, the Secretary of the Ministry also stated that "it is the case with all the centrally sponsored schemes and the responsibility for implementing these schemes rests fully squarely with the State Governments." The Committee consider it as a sad state of affairs. While the Central Government presumed that the monitoring of the implementation of the scheme will be done by the State Governments, in fact, there was no satisfactory system of monitoring at State levels as well. As test check of the Records of the nodal agencies of certain States by Audit revealed several inadequacies on this score. Thus, there was no proper system of monitoring both of the Centre and the State level. Considering the facts that the Janata Cloth Scheme was meant to benefit the poorer section of the population and that it was fully financed by the Central Government the Committee consider it unfortunate that no mechanism was evolved by the Ministry with a view to ensuring that the Scheme was actually implemented in consonance with the guidelines issued by the Ministry from time to time.

[Sl. No. 15, Appendix-II, Para 107 of Seventy Second Report of PAC
(10th Lok Sabha)]

Action Taken

It is a fact that the Office of the Development Commissioner of Handlooms does not have the monitoring mechanism to monitor the scheme. The Janata Cloth Scheme is at present implemented in 15 States which comprise in all the regions of the country *i.e.* South, North, East, West and North-Eastern part of the country. About 90% of the production and 75% of the distribution are carried out in remote villages. The monitoring of the scheme in all these areas by Government of India required a huge network of infrastructure. It is always not possible for the Government of India to make such a set up for monitoring the Government Scheme. Considering these aspects the Government had decided to entrust the the responsibility of monitoring the scheme to State Governments which has a wide net work from the State Head Quarters to village level. The State Government/nodal agency is also conducting sample checking/inspection atleast once in three months as per the

instructions of the Government of India. Moreover, the SLIC comprising the secretary-in-Charge of Handlooms, Civil Supplies and the representatives of actual weavers engaged in the production at Janata Cloth, representative of consumers besides the representative of the implementing agencies also monitors the scheme at regular intervals. Such meeting of the SLIC is conducted at least once in 3 months to examine all aspects from production to distribution of Janata cloth. Considering this aspects, Government of India is of the opinion that there is no need to create a separate monitoring mechanism. However, the officers and staff of in the Office of the Development Commissioner (Handlooms) are also conducting field visits to monitor the scheme at frequent intervals.

[Ministry/Department of Textiles O.M. No. DCH/1(1)/94 Audit-P&S dated 3.5.1995]

Vetting comments on the Action Taken Notes:

The prescribed duration/intervals within which the officers visit the States may be added. The number of States covered may also be added.

(Principal Director of Audit No. RCC(34)/92-93/JCS/Vol. II/16 dated 03.07.1995).

Reply to the Vetting comments

There is no specific duration/intervals fixed for visiting various States. Considering the exigencies of work in the Office and also based on our assessment on the implementation of various schemes in various States, Officers have been generally deputed for visit. Officers of this office were deputed in nine States specifically for monitoring the Janata Cloth Scheme besides the general visits for for monitoring of all the schemes run by this office.

[DCH/1(1)/94-Audit—P&S dated 18.7.1995]

Recommendation

Another disquieting aspect observed by the Committee was absence of a proper system for periodic evaluation of the scheme. Although the scheme was launched in 1976, it was only in April, 1986 that the Development Commissioner for Handlooms in the Ministry of Textiles entrusted evaluation of the scheme to the Ahmedabad Textiles Industry's Research Association (ATIRA). The Report of ATIRA which was submitted in December, 1989 revealed several irregularities/deficiencies in the implementation of Janata Cloth Schemes. This included, broadly, systematic deficiencies and organisational Bottlenecks, non-achievement of

consumer objective, inadequate distribution system etc. On the basis of the finding of ATIRA, the Ministry of Textiles issued revised guidelines in August, 1990. Subsequently a High Powered Committee was set up by Government in August, 1991. The Report of the Committee submitted in July, 1992 also among other revealed irregularities in the implementation of the scheme. Pursuant to the recommendation of the High Powered Committee fresh guidelines were issued which became effective in October, 1993. The Committee regret to observe that despite the issue of instructions from time to time, no action was taken by the Ministry of Textiles to ensure that those guidelines were actually implemented in letter and spirit. The Committee urge upon the Ministry to take effective steps with a view to ensuring that guidelines issued are scrupulously followed atleast now.

[(Sl. No 16 Appendix-III Para 108 of Seventy Second Report of PAC (10th Lok Sabha)]

The thrust of the revised guidelines that came into force from 1st October, 1993 is towards production of quality handloom products. Accordingly the implementing agencies can now produce all textile goods of all fibres except mulbarry, Tassar and Muga have been allowed for production subject to the condition that:—

- (a) Not more than 10% of the production can be of Grey cloth;
- (b) Atleast 50% of the production must be of yarn dyes variety;
- (c) Atleast 80% of the cloth produced must have a unit value of not less than Rs. 8.50 per square metre; and
- (d) The sale price of item shall not be less than the value of yarn and other raw material plus processing charges; if any.

The advance subsidy payable to the implementing agencies has now been restricted to:

- (a) maximum of 75% of the amount of subsidy payable to the production target allocated to the implementing agency for each quarter subject to the condition that:—
 - (i) Such target will not be more than 25% of the annual target; and
 - (ii) it will not exceed 25% of production and delivery of the agency during the previous year.

In order to monitor proper implementation of the Scheme, SLIC is required to scrutinise the claims on the basis of the field verification report of the nodal agency *i.e.* Director-in-Charge of Handlooms.

Meetings at the level of Ministers/Secretary/Directors-in-Charge of Handlooms are also held periodically to review Implementation of all aspects of the Scheme as well to monitor the progress/achievement made under the Scheme.

The Government of India is initiating necessary steps for proper implementation of the guideline of the revised Scheme in letter and spirit.

[Ministry/Department of Textiles O.M. No. DCH/1(1)/94/Audit—P&S. dated 3.5.1995.]

Vetting Comments on the Action Taken Notes

Please specify the action initiated so far/proposed to be initiated for the information of the PAC.

[Principal Director of Audit No. RCC(34)92-93/JCS/Vol. II/16 dated 03.07.1995.]

Reply to the Vetting Comments

While formulating the revised guidelines effective from 1.10.1993, the intention of the Government of India was mainly for minimising the production of grey cloth which is susceptible to be diverted for conversion into high value item to some extent and to prevent recycling of Janata Cloth as well as to restrict the production of low value items and encourage production of high value items. This has been practically achieved by the strict implementation of the guideline.

DCH/1 (1)94-Audit—P&S dated 18.7.1995.

Recommendation

Pursuant to the recommendations of the High Powered Committee constituted in August, 1991, a decision has been taken to phase out the Janata Cloth Scheme during the Eighth Five Year Plan primarily because of Government's policy decision to do away with the subsidy oriented schemes in all the Sectors. As per the assessment of the Ministry, about 1.23 lakh looms would be affected at the end of 8th plan following phasing out of Janata Cloth Scheme unless they are given alternate employment within the handloom sector. To take care of the situation, the Government are stated to have proposed a project package scheme in which the Government will have an equity participation upto 49 per cent and the State Government will have the rest of the share i.e. 51% for production of non-Janata cloth. This package would also encompass needs of the handloom weavers that would enable those engaged in production of low quality Janata cloth for production of more marketable cloth yielding higher income. The Committee have been informed that this is basically a weaver-oriented scheme and the consumer objective of the scheme has since been dispensed with. Besides the Government have also proposed floating another scheme for setting up Handloom Development Centres involving a total investment of Rs. 849 crores to take care of emergent distress situation. The Committee are deeply concerned over the extent of

unemployment that the scrapping out of the Janata Cloth Scheme would eventually result in. They, therefore, urge that Government should take urgent steps to expedite implementation of the alternate programmes in a time bound manner so as to mitigate this unfortunate situation and ensure that all these affected are provided alternative employment before phasing out completely the Janata Cloth Scheme. The Committees also suggest that the alternative of a revamped Janata Cloth Scheme with adequate monitoring arrangements and proper guidelines may be considered.

[Sl. No. 17 Appendix-III Para 109 of Seventy Second Report of PAC
(10th Lok Sabha)]

Action Taken

The Government of India provides equity to the implementing agencies under package II of the Scheme to augment their working capital. With a view to enable them to enhance supply of inputs for the production of non-Janata cloth. This will help the weavers who are displaced due to phasing out of the Scheme.

With a view to provide a complete package of assistance to handloom weavers in an integrated and coordinated manner, a Scheme for setting up of 3000 Handloom Development Centres and 500 Quality Dyeing Units in different parts of the country was introduced during the year 1993-94.

The Scheme envisages training of weavers in improve dyeing practices and in view designs and providing additional employment to the handloom weavers. Keeping in view the fact that there may be substantial reduction in employment in the handloom sector due to phasing out of Janata Cloth Scheme.

Besides, the skill of the weavers engaged on Janata production are being upgraded under the project package Scheme and the Primary Societies and Corporations are being provided working capital for providing regular and sustained employment to the target weavers.

The project package scheme also provides necessary inputs in an integrated manner including modernisation of looms, upgradation of skill, diversifications of products, specific development project in hilly/desert area and for weaker sections and minorities.

[Ministry/Department of Textiles O.M. No. DCH1(1)94/Audit—P&S
dated 3.5.1995.]

Intimating the precise action taken in respect of the recommendations/ observations of the Committee as contained in the paragraph 109 the Ministry of Textiles, (Office of the Development Commissioner for Handlooms) in their communication dated 17.12.96 *inter-alia* stated:

“As regards continuation of Janata Cloth Scheme in the IXth Five Year Plan, the matter is under consideration and a final decision will be intimated shortly.”

Recommendation

To sum up, the facts stated in the foregoing paragraphs revealed several shortcomings in the implementation of Janata Cloth Scheme. Briefly, those were, shortfall in production against the annual targets fixed, failure to make available the raw materials at reasonable price to the producers, decline in employment opportunities in some States instead of generation of additional employment, unsatisfactory distribution system resulting in Janata cloth not reaching the targetted population, inadequate quality control, absence of proper system of scrutinising subsidy payment, payment of excess/irregular/inadmissible subsidy, under payment of wages, sale through unapproved agencies, and above all, absence of proper monitoring mechanism both at the Centre and the States and also absence of proper system for periodic evaluation of the scheme. The Committee regret to conclude that the Janata Cloth Scheme did not succeed fully in achieving its twin objectives of providing employment to unemployed and under-employed handloom weavers and making available cloth at affordable prices to the economically weaker sections of the population. Considering the fact that an amount of Rs. 1,127 crores have been spent on the scheme in the form of payment of subsidies, the Committee take a serious view of the failure in fully achieving the objectives. The Committee desire that in the light of the facts brought out in this Report, Government should take necessary remedial/corrective action with a view to ensuring that the schemes is properly implemented atleast in the remaining period of its operation.

[Sl. No. 18 Appendix-III Para 110 of Seventy Second Report of PAC (10th Lok Sabha)]

Action Taken

The observations of the Committee has been taken note of the Government of India will take necessary remedial and corrective measures to ensure proper implementation of the scheme during its remaining period of its operation.

[Ministry/Department of Textiles O.M. No. DCH/1(1)94/Audit—P&S dated 3.5.1995.]

Vetting comments on the Action Taken Notes

Please specify the specific remedial measures taken and feedback on results obtained so far for the proper implementation of the scheme during the period.

[Principal Director of Audit No. RCC (34)/92-93/JCS/Vol. II/16 dated 03.07.1995]

Reply to the vetting Notes

While formulating the revised guideline effective from 1st October, 1993, the Ministry of Textiles has taken strict measures to prevent any irregularities in implementation of Janata Cloth Scheme. The important points in the revised guidelines to this effect are as follows:—

1. Restriction of production of grey colth to a maximum of 10%.
2. At least 50% of the total production should be of yarn dyed varieties.
3. The selling price of Janata Cloth should be more than the floor price fixed.
4. At least 80% of the cloth produced should have a unit value of minimum of Rs. 8.50 per square metre.

While the first three points help to prevent possible diversion of Janata Cloth for conversion into other items the fourth point helps to produce better quality cloth under Janata Cloth Scheme itself. Due to the strict implementation of guidelines, the production of Janata Cloth has come down considerably during the year 1993-94 and 1994-95 which indicated that the weavers are switching over to production of non-Janata Cloth which is more profitable and the same is in line with the Government of India's policy to phase out the Janata Cloth Scheme.

[No. DCH/1 (1)94-Audit—P&S dated 18.7.1995.]

CHAPTER III
RECOMMENDATIONS/OBSERVATIONS WHICH THE
COMMITTEE DO NOT DESIRE TO PURSUE IN
THE LIGHT OF THE REPLIES RECEIVED
FROM GOVERNMENT

Recommendation

The Committee note that the rate of subsidy payable on Janata cloth was revised upwards several times from Re. 1.00 per square metre in 1976 to Rs. 3.40 in 1990 with the basic idea of neutralising the increase in cost of production of Janata cloth and providing incremental support to the producing agencies without passing the incremental burden on the consumers. However, the revision of the subsidy rates in 1988 and 1990 did not provide for 100% neutralisation due to budget constraints and the apportionment in the increase in the cost of production between subsidy and consumer prices has been in the proportion of 3:1 in 1988 and 1:1 in 1990 resulting in increase in consumer prices. Further, after 1990, the subsidy rate has not been revised and a policy decision was taken at this point of time requiring the State level implementation committee to index the consumer prices to the cost of production. Evidently, the reduction in the rate of subsidy has adversely affected the consumer price and the objective of making available cloth to the poorer sections of the society at affordable prices.

[Sl. No. 2 Appendix III Para 94 of Seventy Second Report of PAC (10th Lok Sabha)]

Action Taken

The non-revision of subsidy since July 1990 does not indicate that the cost of such cloth has not fluctuated for the last three years.

The Centre has advised that while fixing selling price, it is to be fixed by taking the cost of inputs, wages and overheads of implementing agency minus the subsidy. The maximum overhead has been fixed at 25% of the total cost before subsidy.

When a new sort is approved, its price on the basis of prevailing cost norms is also approved.

Delegating powers to the State Government does not defeat the purpose of the scheme to make available Janata cloth at reasonable prices, because reasonable price, after all, would mean cost minus subsidy.

[Ministry/Department of Textiles O.M. No. DCH/1(1)/94/Audit P&S dated 3.5.1995]

Recommendation

It is further disquieting to observe that records pertaining to distribution of janata cloth in rural and urban areas were not maintained by the Nodal/Implementing agencies on the plea of meagre revenue earned on this count. In the absence of these supportive data, the Committee doubt whether the benefit of subsidy has actually reached the intended beneficiary.

[Sl. No. 8 Appendix III Para 100 of Seventy Second Report of PAC
(10th Lok Sabha)]

Action Taken

The distribution of Janata Cloth Scheme involves a chain of transactions from the producing agency to the actual sales outlet of the distribution agency. The goods change hands from State Level Distribution Agency to the fair price shops/primary consumer cooperative stores etc. through the district level societies/Mandal Revenue Offices/district level civil supplies authorities etc. Since it is difficult for the Government of India to have large scale field verifications, such responsibility must necessarily vest with the State Government. However, by and large the distributing agency of the State, being a part of the Public Distributing System, are directly monitored by the State authorities. The distribution agencies are, therefore, required to give an undertaking to the effect that they would distribute the janata cloth in accordance with the provisions of the guidelines. According to the revised guidelines effective from 1.10.93, it is not compulsory to distribute Janata cloth through Public Distribution System.

[Ministry/Department of Textiles O.M. No. DCH/1(1)/94/Audit—P&S
dated 3.5.1995]

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

The Committee find that in response to the specific complaints received by the Ministry about diversion of finished Janata cloth to the open market where it fetched higher price instead of selling to the consumers through retail outlets, the Government of Uttar Pradesh was asked to inquire into the matter and report upon the extent of irregularities. In the meanwhile subsidy amounting to Rs. 369.44 lakhs pertaining to the period January, 1988 to June, 1988 was released by the Government, in November 1988 to be treated as 'on account' payment with the condition that the State Government would confirm within one month of the release that the claim did not pertain to Janata cloth in respect of which enquiry was being conducted for investigation of alleged irregularities. However, the Government of Uttar Pradesh initiated an enquiry into these irregularities. According to the Ministry, the Report of the Enquiry Committee was not accepted as valid and therefore, 'on account' release of Rs. 369.44 lakhs could not be regularised. The Government of Uttar Pradesh was again asked to conduct another enquiry in this regard but no report has been submitted by the State Government so far. The Committee regret to note that despite a case of blatant irregularity having come to their notice, no action was taken by the Ministry and no consideration was given to the question of withholding further payment on account of subsidy till the matter was settled to their satisfaction.

[Sl. No. 13 Appendix III Para 105 of Seventy Second Report of PAC (10th Lok Sabha)]

While infringement of guidelines by any implementing agency does call for action to withhold subsidy, but keeping in view the interest of the weavers and the consumers it becomes essential some times to release the subsidy pending finalisation of enquiry. Reason being that if subsidy is not released for a long period of time production will automatically come to a stand still affecting thereby both weavers and the consumers. Action, has, however, been taken already to recover the entire subsidy of Rs. 9,00,04,254.00 (not Rs. 369.44 lakhs as maintained by CAG/PAC) as mentioned in detail under para 106.

[Ministry/Department of Textiles O.M. No. DCH/1(1)/94/Audit P&S
dated 3.5.1995]

Vetting comments on the Action Taken Notes

Specific action taken may be intimated alongwith the actual amount recovered so far.

[Principal Director of Audit No. RCC(34)/92-93/JCS/Vol. II/16 dated 03.07.1995.]

Reply to the vetting Comments

As the Government of India's decision to recover the entire subsidy for six months amounting to Rs. 9,00,04,254/- itself is a severe punishment, no other action has been taken. The actual amount recovered so far is Rs. 4,73,45,970/-.

DCH/1(1)/94-Audit-P&S dated 18.7.1995.

Recommendation

As regards regularisation of this "on account" payment, the Committee are surprised to note that the Government have decided to recover the amount only after a lapse of five years apparently as a follow-up to the audit para. The Committee have been informed that necessary action had been initiated to recover the entire subsidy amounting to Rs. 9,00,04,254 for the quarters January-March and April-June, 1988 released to the State Government. A decision was taken to recover this amount in ten quarterly instalments, each not exceeding Rs. 1 crore commencing from the claim for the quarter July-September, 1993. The Committee would like to be informed about the latest position of recovery.

[Sl. No. 14 Appendix III Para 106 of Seventy-Second Reort of PAC (10th Lok Sabha)]

Action Taken

As per the decision of Government of India, the following recoveries were effected from the subsidy releases to Government of Uttar Pradesh:

Sl. No.	Sanction No. & Date	Amount recovered (in Rs.)
1.	DCH/1(9)93-P&S dt. 18.2.1994	1,00,00,000/-
2.	DCH/1(9)93-P&S dt. 31.3.1994	1,00,00,000/-

Sl. No.	Sanction No. & Date	Amount recovered (in Rs.)
3.	DCH1(9)94-P&S dt. 7.7.1994	1,00,00,000/-
4.	DCH1(9)94-P&S dt. 28.10.1994	14,60,000/-
5.	DCH1(9)94-P&S dt. 31.03.1995	1,58,85,970/-

[Ministry/Department of Textiles O.M.No. DCH/1 (1)/94/Audit-P&S.
dated 3.5.1995].

Intimating the precise action taken in respect of the recommendations/ observations of the Committee as contained in the paragraphs (105 & 106), the Ministry of Textiles (Office of the Development Commissioner for Handlooms) in their communication dated 17.12.96 *inter-alia* stated:

“As far as U.P. is concerned the matter has been taken up with the Principal Secretary (Industries), Govt. of U.P. Principal Secretary has informed that they are analysing each and every paragraph of the Report and wherever procedural mistakes are involved, corrective actions will be immediately taken. In case of financial irregularities, recoveries will be resorted to.”

CHAPTER V
RECOMMENDATIONS OBSERVATIONS IN RESPECT OF WHICH
GOVERNMENT HAVE FURNISHED INTERIM REPLIES

-NIL-

NEW DELHI;
14 March, 1997

23 Phalgun, 1918 (Saka)

DR. MURLI MANOHAR JOSHI,
Chairman,
Public Accounts Committee.

APPENDIX

Statement of Conclusions / Recommendations

Sl. No.	Para No.	Ministry concerned	Conclusions / Recommendations
1	2	3	4
1	9	Ministry of Textiles	<p>The Committee are well aware of the fact that sometimes it becomes necessary on the part of the Government to release subsidy keeping in view the larger interests of the weavers and consumers. But considering the nature and extent of alleged irregularities under enquiry by the State Government which apparently resulted in not only large scale misuse of subsidy but also non-availment of benefits by the intended beneficiaries, the decision of the Government to release such a sizeable sum of subsidy (Rs. 9,00,04,254/-) pending enquiry was not prudent either in terms of the objectives of the scheme or sound financial management. Further though the subsidy thus released by Government was to be treated as "On account" payment, the State Government released the subsidy to the implementing agencies in violation of the prescribed conditions by Government. As regards the intended recovery of the entire subsidy from the State Government by March 1996, which was resorted to as a measure of punishment, the Committee regret to note that the actual amount recovered so far amounted to only Rs. 4,73,45,970/- as against the total amount of Rs. 9,00,04,254/-. It is further disquieting to note that while the recovery process was itself initiated after a lapse of five years, only about 50 per cent of the amount has since been recovered by the Government. <i>i.e.</i> after a lapse of another three and half years. What is further surprising to note is that the action taken note is completely</p>

1	2	3	4
			<p>silent about the status of submission of enquiry report of by the State Government. The Committee, therefore, cannot but express their dissatisfaction over the slow pace of recovery and inadequate action taken in the case of such a blatant irregularity. They, desire that urgent steps be taken to expeditiously recover the "on account" payment pending regularisation for the last eight years. The Committee would also like to be apprised of the status of enquiry report and the follow-up action taken thereon with a view to taking corrective measures.</p>
2	13	Ministry of Textiles	<p>The Committee note that the alternative schemes floated by Government pursuant to the decision to phase out Janata Cloth Scheme during Eighth Five Year plan are at different stages of implementation. These schemes were specifically introduced to take care of the extent of unemployment that the scrapping of Janata Cloth Scheme would eventually result in and other related interests of handloom weavers. Regrettably, the Committee have not been apprised of the precise impact of these schemes in terms of generation of employment and other objectives. However, the Ministry have now stated that the continuation of Janata Cloth Scheme during Ninth Five Year Plan is under consideration of the Government. The Committee desire that the decision be expedited keeping in view their earlier recommendation for introducing a revamped Janata Cloth Scheme with adequate monitoring arrangement and proper guidelines. While finalising the decision, Government should also take into account the need for effective utilisation of the large scale investment already made in the alternative schemes introduced by Government in anticipation of the possible phasing out of the scheme and also the wider interests of both the weavers and the consumers. The Committee would like to be apprised of the decision taken in the matter.</p>

PART II

MINUTES OF THE TWENTY-SECOND SITTING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 13 MARCH, 1997

The Committee sat from 1500 hrs. to 1545 hrs. on 13 March, 1997 in
Committee Room Room "B", Parliament House Annexe.

PRESENT

Dr. Murli Manohar Joshi —*Chairman*

MEMBERS

Lok Sabha

2. Shri Nirmal Kanti Chatterjee
3. Smt. Sumitra Mahajan
4. Shri Suresh Prabhu
5. Shri B.L. Shankar
6. Shri Ishwar Dayal Swami

Rajya Sabha

7. Shri Ajit P.K. Jogi
8. Shri R. K. Kumar

SECRETARIAT

1. Shri P. Sreedharan—*Deputy Secretary*
2. Shri Rajeev Sharma—*Under Secretary*

OFFICERS OF THE OFFICE OF C&AG OF INDIA

1. Shri I.P. Singh—*Addl. Dy. C&AG*
 2. Shri V. Srikantan—*Addl. Dy. C&AG*
 3. Shri Vijay Kumar—*Director General of Audit (P&T) Principal Director*
 4. Shri A.K. Thakur—*Principal Director (Reports—Central)*
 5. Shri Jayanti Prasad—*Director (AB)*
2. The Committee took up for consideration the following draft Reports;

i)	xxx	xxx	xxx
ii)	xxx	xxx	xxx
iii)	xxx	xxx	xxx

iv) Action taken on 72nd Report of PAC (10th Lok Sabha) on Janata Cloth Scheme

3. The Committee adopted the above mentioned draft Reports with certain modifications and amendments as shown in Annexures* I to IV respectively.

4. The Committee also authorised the Chairman to finalise these draft Reports in the light of verbal and consequential changes arising out of factual verification by Audit and present the same to the House in the current Session of Parliament. Some of the Members appreciated the quality of the draft Reports. Sharing their views the Chairman observed that the quality of drafting had to be appreciated particularly when the Secretariat were busy in the work relating to the conference of Chairmen of Public Accounts Committees of Parliament and State Legislatures

5.	xxx	xxx	xxx
6.	xxx	xxx	xxx

The Committee then adjourned

* Annexures I, II and III not appended.

Annexure—IV

**AMENDMENTS/MODIFICATIONS MADE BY THE PUBLIC
ACCOUNTS COMMITTEE IN THE DRAFT ACTION TAKEN
REPORT RELATING TO JANATA CLOTH SCHEME**

Page	Para	Line	Amendments/Modifications
9	13	7	Insert "Regrettably, the Committee have not been apprised of the precise impact of these schemes in terms of generation of employment and other objectives." after "handloom weavers".

LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA SECRETARIAT PUBLICATION

Sl. No.	Name of Agent	Sl. No.	Name of Agent
ANDHRA PRADESH		UTTAR PRADESH	
1.	M/s. Vijay Book Agency, 11-1-477, Mylargadda, Secunderabad-500 306.	12.	Law Publishers, Sardar Patel Marg, P.B. No. 77, Allahabad, U.P.
BIHAR		WEST BENGAL	
2.	M/s. Crown Book Depot, Upper Bazar, Ranchi (Bihar).	13.	M/s. Madimala, Buys & Sells, 123, Bow, Bazar Street, Calcutta-1.
GUJARAT		DELHI	
3.	The New Order Book Company, Ellis Bridge, Ahmedabad-380 006. (T.No. 79065)	14.	M/s. Jain Book Agency, C-9, Connaught Place, New Delhi, (T.No. 351663 & 350806)
MADHYA PRADESH		15.	M/s. J.M. Jaina & Brothers, P. Box 1020, Mori Gate, Delhi-110006. (T.No. 2915064 & 230936)
4.	Modern Book House, Shiv Vilas Place, Indore City. (T.No. 35289)	16.	M/s. Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi-110 001. (T.No. 3315308 & 45896)
MAHARASHTRA		17.	M/s. Bookwell, 2/72, Sant Nirankari Colony, Kingsway Camp, Delhi-110 009. (T.No. 7112309).
5.	M/s. Sunderdas Gian Chand, 601, Girgaum Road, Near Princes Street, Bombay-400 002.	18.	M/s. Rajendra Book Agency, 1V-DR59, Lajpat Nagar, Oid Dobule Storey, New Delhi-110 024. (T No. 6412362 & 6412131).
6.	The International Book Service, Deccan Gymkhana, Poona-4.	19.	M/s. Ashok Book Agency, BH-82, Poorvi Shalimar Bagh, Delhi-110 033.
7.	The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-400 001.	20.	M/s. Venus Enterprises, B-2/85, Phase-II, Ashok Vihar, Delhi.
8.	M/s. Usha Book Depot, Law Book Seller and Publishers' Agents Govt. Publications, 585, Chira Bazar, Khan House, Bombay-400 002.	21.	M/s. Central News Agency Pvt. Ltd., 23/90, Connaught Circus, New Delhi-110 001. (T.No. 344448, 322705, 344478 & 344508).
9.	M & J Services, Publishers, Representative Accounts & Law Book Sellers, Mohan Kunj, Ground Floor, 68, Jyotiba Fuele road Nalgaum, Dadar, Bombay-400 014.	22.	M/s. Amrit Book Co., N-21, Connaught Circus, New Delhi.
10.	Subscribers Subscription Service India, 21, Raghunath Dadaji Street, 2nd Floor, Bombay-400 001.	23.	M/s. Books India Corporation Publishers, Importers & Exporters, L-27, Shastri Nagar, Delhi-110 052. (T.No. 269631 & 714465).
TAMIL NADU		24.	M/s. Sangam Book Depot, 437B/4B, Murari Lal Street, Annari Road, Darya Ganj, New Delhi-110 002.

