

# **ESTIMATES COMMITTEE (1963-64)**

## **FIFTY-EIGHTH REPORT (THIRD LOK SABHA)**

### **MINISTRY OF INDUSTRY**

Action taken by Government on the Recommendations contained in the Hundred and Sixty-First Report of the Estimates Committee (Second Lok Sabha) on the late Ministry of Commerce and Industry—

**All India Handicrafts Board and Indian Handicrafts Development Corporation Ltd.**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 1964/Vaisakha 1886 (Saka)*

Price Re. 0.50 nP

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ESTIMATES COMMITTEE  
1963-64

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\*Elected w.e.f. 16th August, 1963 Vice Dr. K. L. Rao ceased to be a Member of the Committee on his appointment as a Minister.

## INTRODUCTION

I, the Chairman, Estimates Committee, having been authorised by the Committee to submit the Report on their behalf, present this Fifty-eighth Report on the Action Taken by Government on the recommendations contained in the Hundred and Sixty-first Report of the Estimates Committee (Second Lok Sabha) on the late Ministry of Commerce and Industry—All India Handicrafts Board and Indian Handicrafts Development Corporation Ltd.

2. The Hundred and Sixty-First Report was presented to the Lok Sabha on the 26th March, 1962. Government furnished their replies indicating the action taken on the recommendations contained in this Report between March 4, 1963 and November 18, 1963. The replies were examined by the Study Group 'E' of the Estimates Committee (1963-64) at their sitting held on the 17th April, 1964. The report was adopted by the Committee on the 27th April, 1964.

3. The Report has been divided into the following five Chapters:

I—Report.

II—Recommendations that have been accepted by Government.

III—Recommendations which the Committee do not desire to pursue in view of the Government's reply.

IV—Replies of Government that have not been accepted by the Committee.

V—Recommendations in respect of which final replies of the Government are still awaited.

4. An analysis of the action taken by Government on the recommendations contained in the Hundred and Sixty-First Report of the Estimates Committee (Second Lok Sabha) is given in Appendix III. It would be observed therefrom that out of 53 recommendations made in the report, 72 per cent have been accepted by Government and 17 per cent of the recommendations the Committee do not desire to pursue in view of the Government's reply. Of the rest, replies of Government in respect of 9 per cent of the recommendations have not been accepted by the Committee, while final reply to one recommendation (2 per cent) is still awaited.

NEW DELHI;  
April 27, 1964.  
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Vaisakha 7, 1886 (S).

ARUN CHANDRA GUHA,  
Chairman,  
Estimates Committee.

## CHAPTER I

### REPORT

#### *Constitution of the Board*

In paras 4—6 of their Hundred and Sixty-first Report (Second Lok Sabha) on the All India Handicrafts Board and Indian Handicrafts Development Corporation Ltd., the Estimates Committee noted that the All India Handicrafts Board was an advisory body. In actual practice, however, it had undertaken the implementation of certain central schemes formulated by it and was functioning as an executive wing of the Ministry. The Committee observed that it was not common for advisory Boards to be invested with executive functions as such a system was open to criticism on the grounds that neither the discipline of a Government Department nor the responsibility and accountability of a statutory or corporate body attached to it. In para 15 of the Report, the Committee further observed that the organisational set up of the Board did not conform to normal pattern and stood virtually *sui generis*. They, therefore, recommended that the question regarding the status and functions of the Board be examined by Government and placed on an acceptable pattern.

2. In reply, Government have stated that having regard to the functions of the Board, it should more appropriately be a statutory organisation like the Khadi & Village Industries Commission but the time is not yet ripe for this change. It has further been stated that the present arrangement has worked well. *In Committee's view the reply of Government is not quite satisfactory. The Board has been in existence since 1952. This period should have been adequate enough for Government to make up their mind regarding the appropriate form of organisation for such a body. It is desirable that public bodies are organised on an accepted pattern. The Committee would, therefore, reiterate their earlier recommendation and urge that the organisational set up of the Board should be placed on proper footing as early as possible.*

#### *Implementation of Schemes through private institutions*

3. In paragraphs 44—48 of the Report, the Committee noted that out of the total financial assistance of Rs. 55.61 lakhs given by the Board to the private institutions for various development purposes during the 2nd Plan period, the amount advanced to the Indian Co-operative Union alone was Rs. 34.94 lakhs. The main office bearers of the Board (i.e. its Chairman, Member-Secretary, one of the Vice-Chairmen etc.) on whose recommendations grants and loans were sanctioned by Government, were also the principal functionaries of the Union. The Committee observed that such an arrangement was not in keeping with the canons of financial propriety and recommended that the matter be examined by Government to ensure that there was no inhibition in the way of the Board performing its functions with the necessary objectivity.

4. In reply, Government have stated that the Board does not sanction any grant to the Indian Co-operative Union but refers all such proposals to Government which after due examination makes the grant. It is further stated that the financial assistance sanctioned to the Union is governed by normal rules and regulations. *The Committee consider that the present arrangement under which office bearers of the Board, which recommends financial assistance, are also holding office in the private institutions like Indian Co-operative Union etc., which receive it, is open to criticism and needs to be improved. They trust that the matter would be re-examined by Government.*

## CHAPTER II

### RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

#### Recommendation (Serial No. 2)

*It is seen that the handicrafts producers or artisans are not represented on the Board. To bring practical experience to bear on the policies and programmes of the Board, the Committee would suggest that the representatives of the Handicrafts producers should be associated with the Board. (Paragraph 7).*

#### REPLY OF THE GOVERNMENT

The suggestion of the Estimates Committee in this paragraph has been accepted. It has been decided to invite at least 5 representatives of the handicrafts producers to each of the meetings of the Board, in future.

[Ministry of Commerce and Industry O.M. No. 19(1)/62-HS(I) dated 4th March, 1963.]

#### Recommendation (Serial No. 3)

*The tenure of non-official members of the Board has varied from time to time. It is rather surprising to note that at the initial constitution of the Board in 1952 and its reconstitution in 1954, no tenure was fixed. In 1957, the tenure was prescribed at 3 years. In 1960, it was changed to two years. The Committee would recommend that a suitable tenure for the membership of the Board may be fixed which would also enable the introduction of fresh blood from time to time. The Secretary of the Ministry agreed that a definite tenure was desirable. (Paragraph 8).*

#### REPLY OF THE GOVERNMENT

The tenure of the membership of the All India Handicrafts Board has been fixed as two years.

[Ministry of Commerce and Industry O.M. No. 19(1)/62-HS(I), dated 4th March, 1963.]

#### Recommendation (Serial No. 4)

*The Board has a standing committee for the expeditious examination of schemes and proposals. This committee takes all decisions on behalf of the Board and is empowered to appoint sub-committees/panels of experts to deal with specific problems or groups of problems. The schemes and sanctions for expenditure accorded by the Chief Executive Officer under the powers delegated to him are also required to be approved by this Committee. No formal delegation of any powers has been made to it. It is not common for an advisory Board to have a Standing Committee nor is it common for*

such a Standing Committee to be appointed by Government and in practice to exercise powers which are not possessed by the parent body. The Secretary of the Ministry agreed that the position was to that extent anomalous and that it was not necessary for the Standing Committee to approve schemes sanctioned by the Chief Executive Officer. The Committee suggest that these anomalies should be removed. (Paragraphs 9-10).

#### REPLY OF THE GOVERNMENT

The suggestions of the Estimates Committee in these paragraphs have been accepted and action taken to remove the anomalies mentioned therein. It has however, been considered that there should be no serious objections to All India Handicrafts Board continuing to have a Standing Committee which will in future be appointed by the Board itself (and not by Government).

[Ministry of Commerce and Industry O.M. No. 19(1)/62-HS(I) dated 4th March, 1963.]

#### Recommendation (Serial No. 7)

Out of a total expenditure of Rs. 205.48 lakhs incurred by the Board during the Second Plan period, the expenditure on establishment alone was Rs. 45.12 lakhs i.e., 21.96 per cent. The annual expenditure on establishment has gone up from Rs. 2.72 lakhs in 1955-56 to Rs. 14.41 lakhs in 1960-61 i.e. a rise of 429 per cent. The increase is most marked under Pay of Officers. The Committee feel that the staff in the Headquarters Office is on the high side and that there is scope for reduction. Further there is no rationale in the nomenclature of various posts at the lower level. They, therefore, recommend that the establishment of the Headquarters Office may be reviewed with a view to placing it on a rational basis and eliminating unnecessary staff. (Paragraphs 18-19).

#### REPLY OF THE GOVERNMENT

The recommendations have been accepted and accordingly a review of the establishment of the Headquarters Office of the Board is being undertaken. The question of revising the nomenclature of various posts at lower level in the Board is also being examined.

[Ministry of Commerce and Industry O.M. No. 19(1)/62-HS(I) dated 4th March, 1963.]

#### Recommendation (Serial No. 8)

Since the States have strengthened their development organisations and the progress of their schemes could be watched through periodical reports and inspections, the continuance of the regional offices of the Board needs to be closely examined. (Paragraph 22).

#### REPLY OF THE GOVERNMENT

As suggested by the Estimates Committee, the need for the continuance of the Regional Offices of the All India Handicrafts Board is being examined.

[Ministry of Commerce and Industry O.M. No. 19(1)/62-HS(I) dated 4th March, 1963.]

### Recommendation (Serial No. 9)

There is a general tendency among the various all-India organisations to set up their own regional offices. Apart from entailing heavy expenditure by way of rent and contingent charges etc. the outlook of the regional offices is likely to be confined to looking after the interests of the areas where they are located rather than to those of the whole of their region. The Committee feel that with the strengthening of the State organisations and the availability of quick means of communications these days, it should not be difficult to do away with the regional offices and for the States to discharge all their functions. They would suggest that the matter may be examined by Government and the need for different regional offices set up by various organisations for development of industries may be reviewed. (Paragraph 23).

### REPLY OF THE GOVERNMENT

The Government accept the suggestion of the Estimates Committee to review the need for the different regional offices set up for the development of Industries.

[Ministry of Commerce and Industry O.M. No. 19(1)/62—HS (I) dated 4th March, 1963]

### Recommendation (Serial No. 10)

The Committee are not convinced of the necessity for setting up the two administrative units especially when there were regional offices of the Board at those places which could have performed their functions. As agreed to by the representative of the Ministry, the units could be merged with the regional offices of the Board at those places. The Committee trust that urgent steps would now be taken to merge these units with the regional offices. (Paragraph 24).

### REPLY OF THE GOVERNMENT

The administrative units set up by the All India Handicrafts Board at Bombay and Madras have since been merged with the regional offices of the Board at those places.

[Ministry of Commerce and Industry O.M. No. 19(1)/62—HS (I) dated 4th March, 1963]

### Recommendation (Serial No. 12)

The Central Government have been giving financial assistance to the States for handicrafts as also other small industries schemes since the beginning of the First Plan. The procedure of receipt and examination of development schemes for handicrafts had been in operation since 1952. The experience gained should have been adequate enough for the Board to indicate the lines on which the schemes were to be formulated by the States and submitted for approval. It is surprising that it took six years for the Government to simplify the procedure. The Committee trust that Government would take adequate steps to ensure that any procedural difficulties or problems that are thrown up in future are solved promptly. (Paragraph 30).

### REPLY OF THE GOVERNMENT

The Estimates Committee's observations have been noted.

[Ministry of Commerce and Industry O.M. No. 19(1)/62—HS (I) dated 4th March, 1963]

### Recommendation (Serial No. 13)

While the actual expenditure in the States of Andhra Pradesh and Madras has been equal to the allocation, in other States, especially Assam, Bihar, Kerala, Mysore and Orissa, it has been far below the allocation. Success in the small industries sector depends on the full cooperation of the State Governments, and their expeditious implementation of these schemes. The Committee hope that the Board would take special measures to assist and guide the States, particularly those which are still lagging behind in their programmes of development of handicrafts. (Paragraph 31).

### REPLY OF THE GOVERNMENT

This Ministry agrees with the suggestion of the Estimates Committee and appropriate action is being taken in this respect.

[Ministry of Commerce and Industry O.M. No. 19(1)/62—HS (I) dated 4th March, 1963]

### Recommendation (Serial No. 15)

The development priorities do not seem to have been followed at the time of examining the State schemes. The Committee feel that the Board should have a clear appreciation of the problems relating to the handicrafts in each State and on that basis should indicate, in consultation with the State Governments, the lines on which development of handicrafts ought to be achieved in the various States so that there is no haphazard formulation of the development schemes by the States. It is also necessary that physical and financial targets for schemes are laid down and the progress watched periodically. (Paragraphs 36-37).

### REPLY OF THE GOVERNMENT

This Ministry agrees with the views of the Estimates Committee and appropriate action is being taken to implement the suggestions contained therein.

[Ministry of Commerce and Industry O.M. No. 19(1)/62—HS (I) dated 4th March, 1963]

### Recommendation (Serial No. 19)

No targets of performance in respect of handicrafts have been fixed with reference to the objectives laid down in the Third Five Year Plan. The Committee trust that the Board would take necessary steps to lay down targets and to watch progress. (Paragraph 49).

**REPLY OF THE GOVERNMENT**

As suggested by the Estimates Committee, necessary steps are being taken to fix targets of performance in respect of handicrafts with reference to the objectives laid down in the 3rd Five Year Plan. The progress in regard to the achievement of these targets will also be watched from time to time.

[*Ministry of Commerce and Industry O.M. No. 19(1)/62-HS (I)*  
*dated 4th March, 1963]*

**Recommendation (Serial No. 20)**

*A large number of designs developed by the Design Development Centres lie without being utilised by the industry for commercial use. Even those passed on to the craftsmen are not being followed up to see the extent to which they have been successful commercially. It is somewhat difficult to assess the impact of these centres in improving and developing the designs of traditional crafts.* (Paragraph 52).

**REPLY OF THE GOVERNMENT**

The observations of the Estimates Committee have been noted.

[*Ministry of Commerce and Industry O.M. No. 19(1)/62-HS (I)*  
*dated 4th March, 1963]*

**Recommendation (Serial No. 21)**

*In addition to the four regional design centres of the Board, the various State Governments have also set up their own design centres with the financial assistance provided by the Board. Further, some of the Board's Pilot centres too are engaged in preparation of designs and grants have also been given to private institutions for this purpose. The Committee understand that in Japan there is one Central Design Institute and other design centres are in States. They feel that any kind of centralisation would not be favourable for the growth of the various kinds of design forms which have evolved in different parts of the country over a long period. The growth of crafts designing could take place in traditional places of the crafts and could best be fostered by the State Governments. The Committee recommend that the Board may undertake a detailed study of the design organisation in Japan with a view to profiting by their experience and evolving a suitable design development organisation in the country. The representative of the Ministry admitted that it was worthwhile to study the Japanese system.* (Paragraphs 53-55).

**REPLY OF THE GOVERNMENT**

This Ministry accepts the recommendations of the Estimates Committee.

[*Ministry of Commerce and Industry O.M. No. 19(1)/62-HS (I),*  
*dated 4th March, 1963]*

**Recommendation (Serial No. 22)**

*Apart from the Pilot Centres of the Board, the State Governments have also set up a number of training and production centres and*

their functions overlap to a certain extent. The representative of the Board stated that they were negotiating with the State Governments to take over their centres and that during the Third Plan period there would be no pilot centre under the direct supervision of the Board. The Committee welcome this action of the Board and hope that the various pilot centres would be handed over to the State Governments at an early date. (Paragraphs 57-58).

#### REPLY OF THE GOVERNMENT

The observation of the Estimates Committee has been noted.

[Ministry of Commerce and Industry, O.M. No. 19(1)/62-HS (I) dated 4th March, 1963.]

#### Recommendation (Serial No. 23)

In the nine centres for training, a total number of 511 trainees were trained during the Second Plan period. The total expenditure incurred on these centres was Rs. 7.73 lakhs (Rs. 7.12 lakhs recurring and Rs. 0.61 lakhs non-recurring)—which works out to Rs. 1,513 per trainee. The representative of the Ministry admitted that at present the expenditure per trainee was high. The Committee trust that till the Centres are transferred to the State Governments, the Board would take suitable steps to control effectively the expenditure on the various pilot centres and to ensure optimum utilisation of their capacity. (Paragraphs 59-60).

#### REPLY OF THE GOVERNMENT

This Ministry accepts the suggestion of the Estimates Committee.

[Ministry of Commerce and Industry, O.M. No. 19(1)/62-HS (I) dated 4th March, 1963.]

#### Recommendation (Serial No. 24)

The Committee note that there are various organisations imparting training in management of emporia/salesmanship and cooperation. The Committee feel that it would be desirable if the various organisations pooled their resources and provided such training on a common regional basis at different centres. They, therefore, recommend that the feasibility of having a joint programme of training in this regard may be examined by Government. (Paragraph 61).

#### REPLY OF THE GOVERNMENT

The recommendation of the Estimates Committee has been accepted and further necessary action is being taken.

[Ministry of Commerce and Industry, O.M. No. 19(1)/62-HS (I) dated 4th March, 1963.]

#### Recommendation (Serial No. 25)

The Committee regret that the Board should have taken about eight years in setting up the Research Centre and staffing it properly. (Paragraph 62).

## REPLY OF THE GOVERNMENT

No comments.

[Ministry of Commerce and Industry, O.M. No. 19(1)/62-HS(I)  
dated 4th March, 1963.]

### Recommendation (Serial No. 26)

*Apart from the Research Centre at Bangalore, research in improvements and innovations of certain specific crafts is also being carried out at some of the Pilot Centres of the Board. The representative of the Board agreed that the Bangalore Centre would be taking over the entire research works. The Committee trust that the Board would soon take necessary steps in this direction. (Paragraph 63).*

## REPLY OF THE GOVERNMENT

The Research Centre at Bangalore has been made responsible for effective coordination of the various types of technical research sponsored by the Handicrafts Board and this would ensure that there is no duplication of effort in the various Centres.

[Ministry of Commerce and Industry, O.M. No. 19(1)/62-HS(I)  
dated 4th March, 1963.]

### Recommendation (Serial No. 27)

*(i) The Committee recommend that the suggestions made by Shri N. Fukuoka in his survey Report (1959) and the International Labour Organisation in their Report (1961) regarding the introduction of partially mechanised production methods in handicrafts may be examined and effective steps taken to implement them. (ii) The feasibility of having common facility centres both for the handicrafts and the small scale industries, may be considered. (Paragraph 64).*

## REPLY OF THE GOVERNMENT

This Ministry accept the recommendation of the Estimates Committee and are considering the introduction of mechanised production methods in handicrafts to the extent possible and also the feasibility of having common facility centres for handicrafts and small scale industries.

[Ministry of Commerce and Industry, O.M. No. 19(1)/62-HS(I)  
dated 4th March, 1963.]

### Recommendation (Serial No. 28)

*The total financial assistance given to the various emporia/sales depots during the Second Plan period amounted to Rs. 97.15 lakhs (Rs. 51.84 lakhs as loan and Rs. 45.31 lakhs as grants), while the increase achieved in annual sales during the same period was Rs. 72 lakhs only. Thus compared with the funds advanced, the increase achieved in annual sales does not appear to be commensurate. (Paragraph 66).*

### Recommendation (Serial No. 29)

The low sales by the State-run depot compared to the sales by Cooperative Societies is striking. 98 of the State run emporia have only a sales of Rs. 105.43 lakhs—making an average of little over Rs. 1 lakh per emporia. While 8 emporia run by Cooperative Societies have sales of Rs. 59.16 lakhs which shows an average of over Rs. 7 lakhs per emporia. It has also to be noticed that the Central assistance to these Cooperatives is very much less than to the State run emporia. This poor performance of the State run emporia receiving substantial assistance by way of grants and loans needs immediate looking into and steps being taken to remedy the situation. (Paragraph 67).

#### REPLY OF THE GOVERNMENT

### Recommendations (Serial No. 28 and 29)

This Ministry accept the suggestion of the Estimates Committee. Accordingly, the All India Handicrafts Board is looking into the working of each of the State-run Emporia having poor performance and would consider measures to effect improvements in their sales with a view to making them self-supporting in the minimum possible time.

[Ministry of Commerce and Industry, O.M. No. 19(1)/62-HS(I) dated 4th March, 1963.]

### Recommendation (Serial No. 30)

Under the pattern of financial assistance for handicrafts 50 per cent of the recurring and 50 per cent of non-recurring expenditure of the emporia and sales depots is met by the Central Government as a grant. Their requirements of working capital are met by loan. The Committee are well aware of the importance of marketing in the development of the handicrafts industries but they feel that assistance in this regard should be directed towards stimulating a self sustained effort and making the emporia/sales depots self supporting within a reasonable time rather than extending protection indefinitely which may encourage stagnation. They trust that a review of the pattern of financial assistance will be carried out with this end in view. (Paragraphs 68-69).

#### REPLY OF THE GOVERNMENT

The patterns of assistance in respect of all schemes relating to handicrafts including those for emporia and sales depots have since been revised. Under the revised patterns for the State-owned emporia and sale depots for handicrafts the extent of expenditure to be incurred is left to the State Governments and only for the emporia and sales depots owned and managed by the industrial Cooperatives, patterns of assistance have been laid down. According to this pattern, expenditure on management of the emporia tapers off over a period of four years.

2. However, the observations of the Estimates Committee have been brought to the notice of the State Governments for appropriate action in the matter.

[Ministry of Commerce and Industry, O.M. No. 19(1)/62-HS(I) dated 4th March, 1963.]

### Recommendation (Serial No. 31)

*It is seen that out of 52 exhibitions 29 had been held in Delhi alone. No exhibition has so far been held in certain States like Punjab, Madhya Pradesh and Bihar. It is desirable that exhibitions should be held in different parts of the country from time to time and not largely confined to Delhi only. (Paragraph 70).*

#### REPLY OF THE GOVERNMENT

The suggestion of the Estimates Committee has been noted and will be kept in view while considering the venue of composite exhibitions of handicrafts, in future.

[Ministry of Commerce and Industry, O.M. No. 19(1)/62-HS(I) dated 4th March, 1963.]

### Recommendation (Serial No. 32)

*Though the Board has undertaken a number of surveys complete information about the total number of handicrafts, their activities, capital invested, production, employment, wages and levels of earnings of artisans etc. is still not available. The Committee would recommend that a comprehensive area-wise and craft-wise survey of the existing as well as potential handicrafts be undertaken. (Paragraph 71).*

#### REPLY OF THE GOVERNMENT

This Ministry accepts the suggestion of the Estimates Committee and are taking steps to undertake a comprehensive survey of handicrafts.

[Ministry of Commerce and Industry, O.M. No. 19(1)/62-HS(I) dated 4th March, 1963.]

### Recommendation (Serial No. 33)

*The credit facilities as present available to handicrafts especially from financial institutions are very meagre. In this connection the Committee understand that in Japan credit is easily forthcoming from financial institutions and no financial assistance is ordinarily given by Government Departments. The Committee hope that the measures being taken by the Board to facilitate flow of funds from cooperative and commercial banks would considerably enlarge bank lending facilities to handicrafts and that the provision of credit by Government Departments would be gradually done away with. (Paragraphs 73-74).*

#### REPLY OF THE GOVERNMENT

The observations of the Estimates Committee have been noted.

[Ministry of Commerce and Industry O.M. No. 19(1)/62-HS(I), dated 4th March, 1963].

### Recommendation (Serial No. 34)

*To facilitate supply of imported raw materials Government have now introduced two schemes under which raw material is made*

available against the export of finished goods manufactured out of them. As export trade in handicrafts is largely in the hands of people who are not actual manufacturers themselves and there is always a temptation to sell the imported raw material, which is in short supply, at a very high price, the Committee feel that a system should be devised whereby artisans will be able to obtain their requirement at reasonable prices. This purpose can best be achieved by setting up raw material depots by Cooperative Societies or associations of the artisans, as appears to be the case in Japan. They recommend that the matter may be examined by Government. (Paragraphs 75-76).

#### REPLY OF THE GOVERNMENT

This Ministry accepts the recommendations of the Estimates Committee.

[Ministry of Commerce and Industry O.M. No. 19(1)/62-HS(I), dated 4th March, 1963]

#### Recommendation (Serial No. 36)

The Committee are doubtful of the usefulness of the Craft Museums proposed to be set up by the Board in rural areas. The Secretary of the Ministry also admitted that these museums might not produce commensurate results. (Paragraph 80).

#### REPLY OF THE GOVERNMENT

The recommendation of the Estimates Committee has been noted.

[Ministry of Commerce and Industry O.M. No. 19(1)/62-HS(I), dated 4th March, 1963].

#### Recommendation (Serial No. 37)

So far there has not been much progress in introducing quality control for handicrafts. In a competitive market with an alert clientele, quality control, apart from its social and moral obligation, has become a practical necessity. The Committee hope that an early decision will be taken regarding the introduction of compulsory quality control, wherever it is possible. (Paragraphs 82-83).

#### REPLY OF THE GOVERNMENT

The observations of the Estimates Committee have been noted.

[Ministry of Commerce and Industry O.M. No. 19(1)/62-HS(I), dated 4th March, 1963].

#### Recommendation (Serial No. 38)

Considering the lakhs of craftsmen scattered all over the country, it would appear that the cooperative form of organisation in handicrafts has not so far made much headway. The Committee trust that the Board will formulate suitable programmes for accelerated development of industrial cooperatives for handicrafts and set forth annual targets to be attained. (Paragraph 84).

**REPLY OF THE GOVERNMENT**

The observations of the Estimates Committee have been noted.

[Ministry of Commerce and Industry O. M. No. 19(1)/62-HS(1) dated 4th March, 1963]

**Recommendation (Serial No. 39)**

*Most of the trade associations in handicrafts are of very recent origin and are small in number. It needs no emphasis that trade associations can play a leading role in providing various kinds of common services like supply of raw, materials, dissemination of technical and organisational know how etc. to their constituent members. The Committee feel that there is considerable scope to develop trade associations in the handicrafts and recommend that suitable measures may be evolved to encourage the formation of such associations.* (Paragraph 86).

**REPLY OF THE GOVERNMENT**

This Ministry accepts the recommendation of the Estimates Committee and action is being taken accordingly.

[Ministry of Commerce and Industry O. M. No. 19(1)/62-HS(1) dated 4th March, 1963]

**Recommendation (Serial No. 40)**

*That the Indian Handicrafts Development Corporation is being merged with the State Trading Corporation as its subsidiary, so soon after its constitution, clearly indicates that the need for it was not fully examined at the time of its setting up. However, the Committee welcome the decision to integrate the Corporation and the Handloom Export Organisation under the State Trading Corporation and hope that it will be implemented at an early date.* (Paragraph 90).

**REPLY OF THE GOVERNMENT**

The Indian Handicrafts Development Corporation has since been merged with the Handloom Export Organisation and a new Corporation under the name of Handicrafts & Handlooms Exports Corporation of India Ltd. has been set up as a subsidiary of the State Trading Corporation with effect from the 20th June, 1962.

[Ministry of Industry O.M. No. 19(1)/62-HS(1), dated 18th November, 1963]

**Recommendation (Serial No. 42)**

*The Committee suggest that the feasibility of associating the exporters with the working of the Corporation either directly or through advisory committees may be examined, so as to enable their problems and requirements to be fully appreciated.* (Paragraph 93).

## REPLY OF THE GOVERNMENT

This Ministry has accepted the suggestion of the Estimates Committee.

[*Ministry of Industry O.M. No. 19(1)/62-HS(I), dated 18th November, 1963*]

## Recommendation (Serial No. 43)

*The Committee hope that a review of the question of combining the regional centres of the Corporation and the Handloom Organisation and designating them as all-India show rooms will be taken without any delay. (Paragraph 95).*

## REPLY OF THE GOVERNMENT

Necessary action is being taken in this respect.

[*Ministry of Industry O.M. No. 19(1)/62-HS(I), dated 18th November, 1963*]

## Recommendation (Serial No. 45)

*The annual exports of handicrafts have fluctuated between about Rs. 6 to 8 crores during the last decade. The exports have at no time even reached the level of exports in 1951-52 when it amounted to Rs. 796.98 lakhs. There has, however, been an improvement in exports since the setting up of the Corporation in 1958. While the Committee note with some amount of satisfaction the upward trend in recent years, they feel that there is yet a large leeway to make up the vast market potential abroad. They hope that the Corporation would take more effective measures to boost up exports by a continuous study of foreign markets and their requirements. (Paragraph 99).*

## REPLY OF THE GOVERNMENT

The observation of the Estimates Committee has been noted.

[*Ministry of Industry O.M. No. 19(1)/62-HS(I), dated 18th November, 1963*]

## RECOMMENDATION (SERIAL NO. 46)

*The exports of woollen carpets from India to United Kingdom declined from 13,85,721 square yds. in 1959 to 12,72,372 square yds. in 1960. Since the carpets and druggets are the major items of exports, the Committee suggest that special measures may be taken to increase their export. (Paragraph 100)*

## REPLY OF THE GOVERNMENT

The suggestion of the Estimates Committee has been noted and action is being taken accordingly.

[*Ministry of Industry O.M. No. 19(1)/62-HS(I), dated 18th November, 1963*]

### Recommendation (Serial No. 47)

*The Committee suggest that information regarding the volume and value of exports of handicrafts should be published in the Annual Reports of the Corporation which are presented to Parliament (Paragraph 101).*

#### REPLY OF THE GOVERNMENT

The suggestion of the Estimates Committee has been noted and the Corporation have been advised accordingly.

[Ministry of Industry O.M. No. 19(1) 62-HS(I) dated 18th November, 1963]

### Recommendation (Serial No. 50)

*The Committee are doubtful of the propriety of granting a loan of Rs. 1 lakh to the Indian Co-operative Union in 1959 for working capital particularly when no such loan is being given to others. In this connection, they would refer also to para 47 of the Report (Paragraph 108).*

#### REPLY OF THE GOVERNMENT

The reasons for giving a loan of Rs. 1 lakh to the Indian Co-operative Union are that the Indian Co-operative Union has been carrying out regular export orders and during the period September, 1959 to July, 1961, they exported handicrafts to the tune of Rs. 16.65 lakhs. The I.C.U. had utilised the amount for production and procurement of handicrafts meant for export. From the Memorandum of Association of the Corporation, it is not inappropriate to render such assistance to organisations like the Indian Co-operative Union. The observations of the Estimates Committee have, however, been noted and will be brought to the notice of the Board of Directors of the Corporation with the suggestion that it might consider taking appropriate steps to ensure that no particular facility is afforded to a single party or a few selected ones and that such facilities should be made available to all after giving due publicity about the same.

[Ministry of Industry O.M. No. 19(1) | 62-HS(I) dated 18th November, 1963]

### Recommendation (Serial No. 51)

*At present inspection of handicrafts meant for export under the pre-shipment inspection scheme of the Corporation is purely voluntary. The Committee feel that to obviate complaints from foreign importers, pre-shipment inspection is necessary. They suggest that the desirability of making it compulsory for as many products as possible may be examined. (Paragraphs 109-110).*

#### REPLY OF THE GOVERNMENT

The suggestion of the Estimates Committee has been noted. An *ad hoc* Committee was set up in November, 1960, to examine the

question of imposing Quality Control on various goods exported from India. The Committee submitted its report in early June, 1961, and have, in general, recommended the maximum possible control of quality of export products. The Committee have also made specific recommendations in regard to the important items of handicrafts which are exported on a big scale *viz.* carpets and art brassware. They have recommended that exports of these items should be permitted only if they are marked with Indian Standards Institution mark and/or quality mark of a State Government. The All India Handicrafts Board is finalising specifications for different qualities of carpets, art brassware, etc. in consultation with the Indian Standards Institution. A Quality Control Bill has recently been introduced in the Parliament. [The Bill has since become an Act of Parliament under the title "The Export (Quality Control and Inspection) Act, 1963."]

[*Ministry of Industry O.M. No. 19(1) | 62-HS (I) dated 18th November, 1963*]

## CHAPTER III

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

#### Recommendation (Serial No. 11)

*The State-wise allocation made as a result of Annual Plan discussions did not conform to the original pattern. In the case of certain States the revised allocation was even larger than the original. The Committee suggest that the principles that should normally guide allocation and re-allocation of resources to the States need to be set out. (Paragraph 28).*

#### REPLY OF THE GOVERNMENT

The principles that normally guide allocation of resources to the various States are already set out. Briefly, the principal factors taken into account include the total five years cost of the States proposals, performance in the implementation of the programmes in the past, the present level and the potential of development of different industries in different States etc. Furthermore, the allocations for each State are decided on an Annual Plan basis so as to permit flexibility in working out the Five Year Plan and the changes according to the developmental needs of the economy.

[Ministry of Commerce and Industry O.M. No. 19(1)/62-HS(I) dated 4th March, 1963]

#### Recommendation (Serial No. 14)

*While the States of Assam, Bihar, Bombay, Madras, U.P. and West Bengal received nearly 60 per cent of grants and 40 per cent of loans from Central Government, the States of J. & K., Kerala and Orissa received about 60 per cent of loans and 40 per cent of grants. The Committee hope that the overall proportion of grants and loans fixed for various States will be maintained in actual practice during the Third Plan period and that the States will take full advantage of the revised procedure. (Paragraphs 33-34).*

#### REPLY OF THE GOVERNMENT

The question of maintaining the overall proportion of grants and loans fixed for various States in actual practice during the 3rd Plan, has been examined in consultation with the Planning Commission and it is cosidered that it is difficult to lay down a uniform percentage distribution of grants and loans in the allocation of Central assistance for all the States. The extent of expenditure by way of grants and loans tends to differ from State to State and from year

to year because it depends basically on the structure of the programme and, it will also be difficult to enforce a uniform grant-loan percentage for one particular sub-head in the State Plan. Further, under the present procedure which has been in force for the last 2 years, Central assistance to the States is not communicated separately for handicrafts but for the "Group Village & Small Industries" taken as a whole.

[Ministry of Commerce and Industry O.M. No. 19(1) / 62-HS(I) dated 4th March, 1963]

#### Recommendation (Serial No. 16)

*The total expenditure actually incurred on Central Schemes has been of the order of Rs. 205.48 lakhs. It has exceeded the Plan allocation by Rs. 35.48 lakhs. The Committee have discussed the various Central schemes in detail in the report later on. They have commented on the need and desirability for starting the various schemes by the Board. Since the development of small industries, including handicrafts, is the primary responsibility of the State Governments, the actual execution of the schemes relating thereto should be left to the State Governments as far as possible. (Paragraphs 38-39).*

#### REPLY OF THE GOVERNMENT

This Ministry generally agrees with the views of the Estimates Committee and are already following this policy to the extent possible. However, some of the developmental measures which are of all-India Character or regional in nature have to be undertaken by the Central Government.

[Ministry of Commerce and Industry O.M. No. 19(1) / 62-HS(I) dated 4th March, 1963]

#### Recommendation (Serial No. 35)

*The Committee recommend that the matter regarding housing the central crafts museums' exhibits in a wing of the National Museums may be examined further. In case the National Museums are not able to take over the exhibits, it is necessary that a separate building should be provided for the display of exhibits of the Crafts Museum. (Paragraph 79).*

#### REPLY OF THE GOVERNMENT

The recommendations of the Estimates Committee have been examined in consultation with the organisations concerned and it has been considered essential to provide a separate building for the crafts museum. The Director General of Archaeology, Ministry of Scientific Research & Cultural Affairs and the National Museum of India have also supported the proposal.

[Ministry of Commerce and Industry O.M. No. 19(1) / 62-HS(I) dated 4th March, 1963]

### Recommendation (Serial No. 41)

The Committee note that Government are not clear in their mind as to whose responsibility it is to be in charge of export promotion whether it should be left to the Handicrafts Corporation which may become subsidiary of State Trading Corporation or whether the Handicrafts Board should continue to administer export promotion. It is time that the Government decided one way or the other instead of allowing these two agencies to perform the same function. Now that the decision to merge the Handicrafts Corporation with the State Trading Corporation had been taken, the Committee feel that the work of export of handicrafts may well be left in the hands of the Corporation. In any case the Committee consider it is time for the Government to come to a definite decision in the matter and clearly demarcate the functions of the Board and the Corporation and avoid duplication of agencies. (Paragraph 91).

#### REPLY OF THE GOVERNMENT

The suggestion of the Estimates Committee has been examined. It was decided that only commercial aspect of export of handicrafts should be looked after by the Corporation and that the developmental and Government activities of handicrafts should continue to be looked after by the Handicrafts Board. Keeping this in view, it is considered that the present demarcation of functions between the All India Handicrafts Board and Handicrafts and Handlooms Export Corporation of India Ltd. in regard to export promotion of handicrafts, as in the attached statement (Appendix I) could continue.

[Ministry of Industry O.M. No. 19(1)/62-  
18th November, 1963]

### Recommendation (Serial No. 44)

The Committee are not happy about setting up separate development centres to meet export and internal requirements. They consider that the work relating to the organisation of production whether to meet internal or external demand should be done by the same agency which should naturally be the Board. (Paragraph 97).

#### REPLY OF THE GOVERNMENT

The suggestion of the Estimates Committee has been examined. There are two centres run by the Corporation viz. (a) Centre for manufacture of ladies handbags in Okhla & (b) Centre for manufacture of toys in Bangalore. These are being run mainly on commercial scale and since the Handicrafts Board, being purely a Government organisation, is not expected to undertake production of handicrafts on a commercial scale, it is considered that these Centres should continue to be run by the Corporation.

[Ministry of Industry O.M. No. 19(1)/62-  
H. S. (I) dated 18th November, 1963].

### Recommendation (Serial No. 49)

The financial assistance rendered by the Corporation constitute a very small fraction of the total exports. Further, the assistance has

been availed of by a few parties only and all others seem to have raised the necessary resources on their own. The Committee feel that the provision of financial assistance to the Industries should be left to the financial institutions. In this connection, they understand that Government have recently accepted the recommendation of a Working Group to enlarge bank lending facilities to the exporters. The Committee suggest that after this decision is implemented, Government should examine the need for the Corporation to operate its financial assistance scheme. Meanwhile, the scheme should be given the widest publicity so that more exporters may take advantage of it in augmenting the country's exports. (Paragraphs 105-106).

#### REPLY OF THE GOVERNMENT

The Working Group's recommendation to enlarge banking and lending facilities to the exporters has been accepted and steps are being taken to implement it.

The Corporation had to introduce this scheme of financial assistance to the exporters because the banks were not coming forward to advance loans on easy terms, against export orders for handicrafts. Handicrafts being hard selling commodities, all possible efforts have to be made to push up their exports. The facility of loans to the exporters against firm orders greatly helps the exporters in speedy execution of orders, and encourages exporters to accept orders for larger quantities even if they do not have sufficient funds of their own. It is, therefore, necessary to continue this facility till such time as the Working Group's recommendations are effectively implemented.

The Corporation have given publicity to the scheme through the various Regional Associations of Handicrafts Exporters and its Regional Centres at Bombay, Madras and Calcutta. The observations of the Estimates Committee that the scheme should be given widest publicity have been noted.

[Ministry of Industry O.M. No. 19(1)/62-H. S. (I) dated 18th November, 1963].

#### Recommendation (Serial No. 52)

There are various Government agencies and private institutions engaged on export promotion, such as the State Trading Corporation, the Indian Handicrafts Development Corporation, the National Small Industries Corporation, the All India Handloom Fabrics Marketing Co-operative Society and a number of Export Promotion Councils. Each of these organisations appears to be working in separate compartments and there does not seem to be a co-ordinated effort in the matter. The Committee recommended that Government may examine and review the working of various organisations operating in the field of export promotion with a view to reducing their multiplicity and bringing about co-ordination and thus effecting economy and efficiency. (Paragraphs 111-113).

### REPLY OF THE GOVERNMENT

In this connection attention is invited to the reply given by Government with reference to para 4 of the 86th Report of the Estimates Committee. As stated therein, the feasibility of reducing the number of organisations dealing with the promotion of exports is already being examined. However, as far as handicrafts and handlooms industries are concerned, the export promotion organisations set up for these commodities *viz.* the Indian Handicrafts Development Corporation and the Handlooms Exports Organisation have since been merged into one under the name of Handicrafts and Handlooms Exports Corporation of India Ltd., which is now functioning as a subsidiary of the State Trading Corporation.

[*Ministry of Industry O.M. No. 19(1) /62-H. S. (I) dated 18th November, 1963.*]

### Recommendation (Serial No. 53)

(i) *The Corporation is functioning as a developmental and promotional body. Its expenses are being met by Government grants and its working capital requirements are being met from out of the share capital, major portion of which remained unutilized till 1959-60. As admitted by the Secretary of the Ministry, the working capital requirements should have been financed by way of loans. There is thus no incentive for the Corporation to economise and operate on business principles.*

(ii) *The Committee do not appreciate why developmental and promotional functions should be entrusted to an organisation set up under the Companies Act, as performance of such an organisation can be evaluated only if it works on business and commercial principles. They feel that the Company form of Organisation, which has its own share capital, is not a proper device for undertaking developmental and promotional activities. In this connection they would also refer to para 7 of their 80th Report wherein they have suggested that the Company form should be resorted to for organisations of a specified nature. (Paragraphs 115—118).*

### REPLY OF THE GOVERNMENT

(i) The Indian Handicrafts Development Corporation has since been merged with the Handlooms Export Organisation and a new organisation set up with effect from the 20th June, 1962, as a subsidiary of the State Trading Corporation, under the name "Handicrafts and Handlooms Exports Corporation of India Ltd." The State Trading Corporation have accordingly purchased all the shares of the former Indian Handicrafts Development Corporation and the activities of the new organisation are now expected to be financed by the State Trading Corporation to the extent possible.

(ii) This Ministry agrees with the views of the Estimates Committee that the Organisations set up under the Companies Act should normally deal with commercial activities. The perusal of the functions at present entrusted to the Handicrafts Corporation in regard to export promotion of handicrafts will show that these are mostly

commercial in nature and as far as possible, developmental and promotional activities are now being undertaken by the All India Handicrafts Board. It may, however, be mentioned that handicrafts as also other cottage industries have special problems of their own and sometimes the promotional measures are linked with the commercial activities such as, import and distribution of raw-materials, short-term loans on easy terms for execution of export orders, etc., etc.

[*Ministry of Industry O.M. No. 19(1)/62-H. S. (I) dated 18th November, 1963*].

## CHAPTER IV

### RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

#### Recommendation (Serial No. 1)

*The All India Handicrafts Board is an advisory and consultative body. It has undertaken the implementation of certain central schemes formulated by it and is functioning as an executive wing of the Ministry. It is not common for advisory Boards to be invested with executive functions. If they are, the system is open to criticism on the grounds that neither the discipline of a Government Department nor the responsibility and accountability of a statutory or corporate body attaches to it. The Secretary of the Ministry admitted that it was not normal for an advisory Board to be invested with executive functions and that such an arrangement was open to a number of objections but the system had worked well in practice. The Committee recommend that the question regarding the status and functions of the advisory Board may now be examined by Government so that they conform to the normal and accepted pattern.* (Paragraphs 4—6)

#### REPLY OF THE GOVERNMENT

The recommendation of the Estimates Committee has been carefully examined. Strictly speaking, having regard to the functions of the All India Handicrafts Board, it should more appropriately be a statutory organisation like the Khadi and Village Industries Commission. However, the Government consider that the time is not yet ripe for this change. In actual practice the present arrangement has worked well.

*[Ministry of Commerce and Industry O.M. No. 19(1) /62-HS(I) dated 4th March, 1963].*

#### Comments of the Committee

*Please see paras 1-2 of Chapter I*

#### Recommendation (Serial No. 5)

*The Board has a non-official Member-Secretary and a Chief Executive Officer. The Member-Secretary acts as Secretary of the Board and its Committee and maintains contact and liaison with other all-India Boards and with State Governments at the ministerial level on behalf of the Board. The Chief Executive Officer is responsible for the implementation of the decisions of the Board and its proper functioning etc. The Committee feel that the system of having two parallel functionaries is not always conducive to smooth and harmonious working of any organisation and may on occasions cause avoidable delays. As the Secretary of the Ministry agreed, there could be deadlock in the present set up and it would be better to have an Assistant Secretary instead of the Chief Executive Officer.*

In this connection, the Committee understand that in the case of the small Scale Industries Board, the Member-Secretary of the Board is an official under the Development Commissioner, Small Scale Industries, who is the Chief Executive Officer of that body. The Committee regret that such an anomaly should have been allowed to arise and continue for so long and suggest that it may be remedied without delay. (Paragraphs 12-13).

#### REPLY OF THE GOVERNMENT

The recommendations of the Estimates Committee have been carefully examined. It is considered that while the present system of having a Secretary and a Chief Executive Officer of the Board may appear to be anomalous in actual practice it has worked exceptionally well all these years. The functions of the two offices have been clearly laid down and they do not overlap. On the basis of practical experiments the Government have decided to continue the existing arrangement. Similar arrangements also exist in the Khadi & Village Industries Commission which has a non-official Member Secretary as well as a Chief Executive Officer. The set up of the Small Scale industries Board whose Member Secretary is an official and works under the Development Commissioner, Small Scale Industries, is not really comparable with the All India Handicrafts Board.

[Ministry of Commerce and Industry O.M. No. 19(1)/62—HS(I) dated 4th March, 1963].

#### Comments of the Committee

*The reply of Government is not convincing. The present arrangement of having a Member Secretary and a Chief Executive Officer does not seem to be quite satisfactory. The Committee would reiterate their earlier recommendation.*

#### Recommendation (Serial No. 6)

*The organisational set up of the Board does not conform to normal pattern and stands virtually sui-generis. The Committee would urge that the organisational set up of the Board should be placed on a proper footing. (Paragraph 15).*

#### REPLY OF THE GOVERNMENT

The matter has already been dealt with in paragraphs 4-6 of the Report.

[Ministry of Commerce and Industry O.M. No. 19(1)/62—HS(I) dated 4th March, 1963].

#### Comments of the Committee

*Please See paras 1-2 of Chapter I.*

#### Recommendation (Serial No. 17)

*Some of the purposes for which grants have been given by the Board to various private institutions do not appear to relate exclu-*

sively to the development of handicrafts. Further grants have been given to meet the entire expenditure on various kinds of craft training to the private institutions which were not engaged in that type of training before. The Committee feel that there is no well defined criterion for the selection of private institutions for giving grants. The need for entrusting the training and other schemes to these institutions is not quite apparent, especially when the Board and the State Governments are already executing these types of schemes themselves. It is also likely that these institutions are receiving grants from various other sources for allied purposes. Further the meeting of entire expenditure by way of grant without a reasonable contribution by the institutions concerned does not appear to be sound. The Committee are, therefore, of the opinion that the selection of the institutions and the schemes to be entrusted to them should be done after careful thought and investigation so as to ensure that it fulfills a definite development programme and on recommendation of the concerned State Governments. The Committee suggest the need for a clear policy in this regard. (Paragraphs 42-43).

#### REPLY OF THE GOVERNMENT

The word 'handicrafts', covers a very wide range of articles. However, for working purposes, a list of items which should normally be considered as handicrafts and dealt with by the All India Handicrafts Board is enclosed (Appendix I). Its perusal will show that traditional dyeing of textiles, puppet making, articles of theatrical requisites are treated as items of handicrafts. As a matter of general policy, for the implementation of its developmental programme, the All India Handicrafts Board has been utilising to the maximum possible extent the services of Cooperatives, Voluntary Organisations and other non-profit making institutions having experiences in the same or similar lines. Where such institutions are not available, the schemes are implemented by the Board and the State Governments directly. This is also in accordance with the general approach of the Five Year Plans which laid emphasis on public cooperation and participation of voluntary organisations. The institutes are selected by the Board on the basis of their experience, implementing ability and the interest shown by them in the development of handicrafts. Such institutions have to be (a) registered bodies with (b) a properly constituted Managing Committee (c) practising no discrimination against any caste or community etc.

2. Grants have been given to these institutions for meeting the entire expenditure on the schemes entrusted to them, in accordance with the accepted pattern of financial assistance for such developmental schemes. Moreover, these Institutions are non-profit making organisations and do not have resources of their own for contribution towards expenditure on the schemes entrusted to them by Government, particularly when such schemes do not yield any commercial benefits to the Institutions.

The position explained above will show that the policy followed in this respect is fairly well-defined and clear.

[Ministry of Commerce and Industry O.M. No. 19(1)/62—HS(I) dated 4th March, 1963].

### Comments of the Committee

*The reply is not convincing. The need for entrusting developmental schemes to private institutions is not quite apparent, as the same could be undertaken by the agencies of the State Governments. Further, it seems that the schemes continue to be entrusted to private institutions without being duly recommended by the State Governments. The Committee would, therefore, reiterate their earlier recommendation.*

### Recommendation (Serial No. 18)

*Out of the total financial assistance of Rs. 55.61 lakhs given by the Board to the private institutions during the Second Plan period, the amount advanced to the Indian Cooperative Union alone was Rs. 34.94 lakhs—Rs. 21.35 lakhs as loan and Rs. 13.59 lakhs as grants. In this connection the Committee note that the main office bearers of the Board, on whose recommendation grants and loans are sanctioned by Government, are also the principal functionaries of the Indian Cooperative Union which is the main beneficiary. Such an arrangement is not in keeping with the canons of financial propriety. The Secretary of the Ministry also agreed that it was not a desirable pattern. The Committee recommend that government may examine the matter immediately to ensure that there is no inhibition in the way of the Board performing its functions with the necessary objectivity. (Paragraphs 44-48).*

### REPLY OF THE GOVERNMENT

It is a fact that some of the non-officials holding office in the All India Handicrafts Board are also functionaries of the Indian Cooperative Union which has been receiving financial assistance for the implementation of various schemes for the development of handicrafts. The All India Handicrafts Board, however, does not sanction any grant to this organisation and it refers all such proposals to Government which after due examination makes the grant. In actual practice, the present arrangement has not led to any difficulty. Furthermore, the financial assistance sanctioned to the Indian Cooperative Union is governed by the normal rules and regulations applicable to grants etc. to private organisations.

[Ministry of Commerce and Industry O.M. No. 19(1)/62—HS(I) dated 4th March, 1963].

### Comments of the Committee

*Please see paras 3-4 of Chapter I.*

## CHAPTER V

### RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

#### Recommendation (Serial No. 48)

*No general survey to determine export potential of Indian handicrafts in the various countries of the world has so far been conducted. The Committee feel that there is need for a comprehensive survey to find out the potentialities of foreign markets for Indian goods including handicrafts. The Secretary of the Ministry admitted the desirability of such a survey. The Committee suggest that necessary steps to conduct such a survey may be taken. (Paragraph 102).*

NEW DELHI;

April 27, 1964.

Vaisakha 7, 1886 (S).

ARUN CHANDRA GUHA,

*Chairman,  
Estimates Committee.*

## APPENDIX I

(Vide Sl. No. 41, Chapter III)

*Distribution of work between the All India Handicrafts Board and the Handicrafts and Handlooms Exports Corporation of India Ltd., in regard to export promotion of handicrafts.*

### I. ALL INDIA HANDICRAFTS BOARD:

- (1) Quality Control—Development.
- (2) Setting up of "Pilot Centres" for Production of handicrafts including those having an export potential;
- (3) Registration of exporters;
- (4) Publication of Directories;
- (5) Formation of Exporters' Associations;
- (6) Recommending grant of foreign exchange, licences etc. in favour of exporters;
- (7) To examine cases of draw-back of import duty;
- (8) To administer export promotion schemes in respect of handicrafts;
- (9) To consider items for inclusion under the Export Promotion Scheme.

### II. HANDICRAFTS AND HANDLOOMS EXPORTS CORPORATION OF INDIA LTD.

- (1) Participation in foreign exhibitions;
- (2) Setting up of Trade Centres abroad for permanent display of handicrafts;
- (3) Establishment of selling agencies abroad;
- (4) Setting up of Regional Centres in India for export purposes;
- (5) Rendering financial assistance to exporters by way of loans;
- (6) Pre-shipment inspection of export consignments.
- (7) Import and distribution of essential raw materials for the industry.

## APPENDIX II

(*Vide* Sl. No. 17, Chapter IV)

*List of items which should normally be considered as handicrafts and dealt with by All India Handicrafts Board*

Textiles:	Handprinting and traditional dyeing of textiles ; Brocades ; Himroo ; Carpets and druggets ; Rugs, gabbas and namdas ; Embroidery (Cotton, Silk, Wool and Zari) ; Lace and lace work including nakkhi and gotta making ; Shawls.
Metalware:	Silver and goldware, Bidri, Filigree, Brassware and copperware, Bronze work.
Wood Work:	Wood carving and inlay, Lacquer work including nirmal work, Decorative furniture.
Ceramics:	Pottery and earthenware.
Stonework:	Stone-carving including marble work and alabaster.
Toys:	Dolls, toys other than mechanical toys.
Leather:	Leather goods (artistic work).
Ivory:	Ivory carving.
Papier-machie:	Papier machie articles.
Horn:	Artistic articles.
Bone:	Artistic articles.
Cane, Bamboo, etc.:	Articles made of cane, bamboo, willow, straw and grass including mats and pithcraft.
Incense & Perfumery:	Incense and perfumery.
Flax & Fibre:	Handicraft articles made of flax and fibre.
Bangles & Beads:	Bangles and beads.
Musical Instruments:	Musical instruments.
Conch-shell and Semi-precious Stones:	Articles made of conch-shell and semi-precious stones.
Miscellaneous:	Miscellaneous traditional art objects such as Orissa, Mysore and Tanjore paintings ; handicraft products specially made for ceremonies ; articles of worship ; and theatrical requisites such as costumes, masks, puppets etc.

### APPENDIX III

#### (Vide Introduction)

*Analysis of the action taken by Government on the recommendations contained in the 161st Report of the Estimates Committee (Second Lok Sabha)*

1. Total number of recommendations made	53
2. Recommendations that have been accepted by Government (vide recommendation Nos. 2, 3, 4, 7, 8, 9, 10, 12, 13, 15, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 36, 37, 38, 39, 40, 42, 43, 45, 46, 47, 50 and 51)	
Number	38
Percentage to total	72%
3. Recommendations which the Committee do not desire to pursue in view of Government's reply (vide recommendation Nos. 11, 14, 16, 35, 41, 44, 49, 52 and 53)	
Number	9
Percentage to total	17%
4. Recommendations in respect of which replies of Government have not been accepted by the Committee (vide recommendation Nos. 1, 5, 6, 17 and 18)	
Number	5
Percentage	9%
5. Recommendations in respect of which final replies of the Government are still awaited (vide recommendation No. 48)	
Number	1
Percentage	2%

