

ESTIMATES COMMITTEE

(1978-79)

(SIXTH LOK SABHA)

THIRTY-FIRST REPORT

MINISTRY OF INDUSTRY

Action taken by Government on the recommendations contained in the Thirteenth Report of the Estimates Committee (Sixth Lok Sabha) on the Ministry of Industry—Handloom Industry.



Presented to Lok Sabha on 26 AUG 1979

LOK SABHA SECRETARIAT
NEW DELHI

April, 1979/Vaisakha 1901 (Saka)

Price : 4.65 paise

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

ANDHRA PRADESH

1. Andhra University General Co-operative Stores Ltd., Waltair (Visakhapatnam).

BIHAR

2. M/s. Crown Book Depot, Upper Bazar, Ranchi (Bihar).

GUJARAT

3. Vijay Stores, Station Road, Anand.

MADHYA PRADESH

4. Modern Book House, Shiv Volas Palace, Indore City.

MAHARASHTRA

5. M/s. Sunderdas Gianchand, 601, Girgaum Road, near Princess Street, Bombay-2.
6. The International Book House Pvt., 9, Ash Lane, Mahatma Gandhi Road, Bombay-1.
7. The International Book Service, Deccan Gymkhana, Poona-4.
8. The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-1.
9. M/s. Usha Book Depot, 585/A, Chira Bazar Khan House, Girgaum Road, Bombay-2.

10. M & J Services, Publishers, Representatives Accounts & Law Book Sellers. Bahri Road, Bombay-15.

11. Popular Book Depot, Dr. Bhadkamkar Road, Bombay-400001.

MYSORE

12. M/s. Peoples Book House, Opp. Jaganmohan Palace, Mysore-1.

UTTAR PRADESH

13. Law Book Company, Sardar Patel Marg, Allahabad-1.

14. Law Publishers, Sardar Patel Marg, P.B. No. 77, Allahabad--U.P.

WEST BENGAL

15. Granthaloka, 5/1, Ambica Mookherjee Road, Belgharia, 24-Parganas.
16. W. Newman & Company Ltd., 3, Old Court House Street, Calcutta.
17. Mrs. Manimala, Buys & Sells, 128, Bow Bazar Street, Calcutta-12.

DELHI

18. Jain Book Agency, Connaught Place, New Delhi.
19. M/s. Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE	(lii)
COMPOSITION OF THE STUDY GROUP 'J'	(v)
INTRODUCTION	(vii)
CHAPTER I Report	i
CHAPTER II Recommendations that have been accepted by Government	12
CHAPTER III Recommendations which the Committee do not desire to pursue in view of Government's replies	68
CHAPTER IV Recommendations in respect of which replies of Government have not been accepted by the Committee	83
CHAPTER V Recommendations in respect of which final replies of Government are still awaited	90

APPENDIX

Analysis of the action taken by Government on the recommendations contained in the 13th Report of the Estimates Committee.	104
--	-----

PARLIAMENT LIBRARY
 Library & Reference Serv
 Central Govt Publications
 Acc. No. B- 52253
 Date 30.4.74

ESTIMATES COMMITTEE

(1978-79)

CHAIRMAN

Shri Satyendra Narayan Sinha

MEMBERS

2. Shri V. Arunachalam *alias* Aladi Aruna
3. Shri Yashwant Borole
4. Shri Dilip Chakravarty
5. Shri K. S. Chavda
6. Shri Tulsidas Dasappa
7. Smt. Mrinal Gore
8. Smt. V. Jeyalakshmi
9. Shri S. Nanjesha Gowda
10. Shri Sarat Kar
11. Shri Basant Singh Khalsa
12. Shri Nihar Laskar
13. Shri Mahi Lal
14. Shri Mukhtiar Singh Malik
15. Shri Mritunjay Prasad
16. Shri Amrit Nahata
17. Shri M. N. Govindan Nair
18. Shri D. B. Patil
19. Shri S. B. Patil
20. Shri Mohd. Shafi Qureshi
21. Shri K. Vijaya Bhaskara Reddy
22. Dr. Saradish Roy
23. Shri N. K. Shejwalkar
24. Shri Annasaheb P. Shinde
25. Shri Ganga Bhakt Singh
26. Shri Ugrasen
27. Shri K. P. Unnikrishnan
28. Shri Shankersinhji Vaghela
29. Shri Roop Nath Singh Yadav
30. Shri Vinayak Prasad Yadav

SECRETARIAT

Shri H. G. Paranjpe—*Joint Secretary.*

Shri K. S. Bhalla—*Chief Financial Committee Officer.*

Shri H. C. Bahl—*Senior Financial Committee Officer.*

STUDY GROUP 'J'
ESTIMATES COMMITTEE
(1978-79)

1. Shri Satyendra Narayan Sinha—*Chairman*
2. Shri Mukhtiar Singh Malik—*Convener*
3. Shri Yashwant Borole
4. Shri Dilip Chakravarty
5. Shri Amrit Nahata
6. Shri M. N. Govindan Nair
7. Dr. Saradish Roy
8. Shri N. K. Shejwalkar
9. Shri Annasaheb P. Shinde
10. Shri Ugrasen
11. Shri K. P. Unnikrishnan

INTRODUCTION

I, the Chairman of the Estimates Committee, having been authorised by the Committee to submit the Report on their behalf, present this Thirty first Report on action taken by Government on the recommendations contained in the Thirteenth Report of the Estimates Committee (Sixth Lok Sabha) on the Ministry of Industry—Handloom and Powerloom Industries—Part I - Handloom Industry.

2. The Thirteenth Report was presented to Lok Sabha on 28 March, 1978. Government furnished their replies indicating action taken on the recommendations contained in that Report between 26 June, 1978 and 2 April, 1979. The replies were examined by the Study Group 'J' of Estimates Committee (1978-79) at their sitting held on 3 April, 1979. The draft Report was adopted by the Estimates Committee (1978-79) on 11 April, 1979.

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

I. Report.

II. Recommendations which have been accepted by Government.

III. Recommendations which the Committee do not desire to pursue in view of Governments replies.

IV. Recommendations in respect of which replies of Government have not been accepted by the Committee.

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

4. An analysis of action taken by Government on the recommendations contained in the 13th Report of the Estimates Committee is given in Appendix. It would be observed therefrom that out of 117 recommendations made in the report, 67 recommendations *i.e.* 57.25 per cent have been accepted by Government and the Committee do not desire to pursue 20 recommendations *i.e.* 17.10 per cent in view of Government's replies. Replies of Government have not been accepted by the Committee in respect of 5 recommendations *i.e.* 4.25 per cent. Final reply of Government in respect of 25 recommendations *i.e.* 21.40 per cent is still awaited.

NEW DELHI ;

April 23, 1979

Vaisakha 3, 1901 (S)

SATYENDRA NARAYAN SINHA,
Chairman,
Estimates Committee.

CHAPTER—I

REPORT

1.1. This Report of the Estimates Committee deals with the action taken by Government on the recommendations contained in their Thirteenth Report (Sixth Lok Sabha) on the Ministry of Industry—Handloom Industry.

1.2. Action taken notes have been received from Government in respect of all the 117 recommendations contained in the Report.

1.3. The action taken notes on the recommendations of the Committee have been categorised as follows:—

(i) *Recommendations/observations that have been accepted by Government:*

Sl. Nos. 1, 2, 3, 4, 5, 7, 8, 9, 10, 17, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44; 45; 46; 51, 52, 53, 54, 56, 58, 59, 61, 63, 64, 65, 67, 68, 69, 72, 73, 75, 76, 77, 78, 80, 81, 82, 84, 89, 93; 101; 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113 and 114.

(Total 67—Chapter II)

(ii) *Recommendations/observations which the Committee do not desire to pursue in view of Government's replies:—*

Sl. Nos. 6, 11, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 55, 79, 90 and 91.

(Total 20—Chapter III)

(iii) *Recommendations/observations in respect of which Government's replies have not been accepted by the Committee :*

Sl. Nos. 14, 60, 74, 87 and 88.

(Total 5—Chapter IV)

(iv) *Recommendations/observations in respect of which final replies of Government are still awaited:—*

Sl. Nos. 12, 13, 47, 48, 49, 50, 57, 62, 66, 70, 71, 83, 85, 86, 92, 94, 95, 96, 97, 98, 99, 100, 115, 116 and 117.

(Total 25—Chapter V)

1.4 The Committee will now deal with the action taken by Government on some of their recommendations.

Conversion of All India Handloom Board into a Statutory Body

Recommendation at Sl. No. 14, Para 1.17)

1.5. The Committee had recommended that in order that the Handloom Board performed its role more effectively, Government should take immediate action to convert the All India Handloom Board into a statutory body as recommended by the Sivaraman Study Team.

1.6. In their reply furnished on 2 April, 1979, the Ministry of Industry (Office of the Development Commissioner for Handlooms) stated that "the recommendation of the Committee for conversion of the All India Handloom Board into a statutory body has been carefully considered. It may be stated that the pattern of central assistance for the Development of the handloom sector in the country has undergone a change and the funds are now disbursed to State Governments by the Development Commissioner for Handlooms. The central plan provisions have also been substantially stepped up from an outlay of Rs. 10 crores in 1976-77 to Rs. 27.50 crores in 1978-79. The Development Commissioner, Handlooms implements the programme and also serves as a focal point for coordinated development of handloom sector. In view of the fact that a full time organisation has already been created for development of handloom sector there does not appear to be any extra advantage in having a statutory board. The Government, therefore, feel that there is no need to confer statutory status on All India Handloom Board at least for the present. However, the handloom sector will definitely benefit from All India Handloom Board functioning at an advisory level where guidance of experienced persons would be available to the Government in its endeavour to conserve and develop this important segment of the economy."

1.7. The Committee are not satisfied with the reply of the Government that "in view of the fact that a full time organisation has already been created for development of handloom sector there does not appear to be any extra advantage in having a statutory Board". The Committee feel that if the Handloom Board is to be brought back to its previous position as the eyes and ears of Government in the matter of handloom development and monitoring of Central Sector Schemes, it is necessary that it should be converted into a statutory body. The Committee, therefore, reiterate their earlier recommendation that Government should take immediate action to convert the All India Handloom Board into a statutory body.

Grant of Loans to Handloom Weavers by Nationalised Banks

Recommendations at Sl. Nos. 37, 47, 48, 49 and 50. Para 3.37, 3.49, 3.50, 3.51 and 3.55)

1.8. The Estimates Committee (1977-78) had noted that provision of adequate credit facilities to handloom weavers was one of the essential

requisites for the working and development of handlooms in the country. The Committee felt that if these handloom weavers were to be saved from exploitation, suitable channels of providing adequate credit facilities to them on liberal terms would have to be provided.

1.9. The Committee had further noted that the Reserve Bank Scheme of Handloom Finance was applicable only to the cooperative sector and as more than 70 per cent of the handloom weavers were outside the co-operative sector, the only sources of finance available to them were the nationalised banks or private money-lenders. However, the handloom weavers had not been able to get loans from the nationalised banks in large number because of the procedure adopted by these banks and also because the handloom weavers being uneducated and poor were not in a position to offer adequate security or fulfil other procedural formalities. The Committee had recommended that Government should impress upon the nationalised banks to simplify their procedure, so that the poor and uneducated handloom weavers might be able to get credit facilities from these banks.

1.10. There was a widespread feeling that the attitude of the bank officials was unhelpful to the handloom weavers. The Committee recommended that Government should make sure that bank authorities were made to adopt a helpful and favourable attitude towards weavers in the matter of grant of loans.

1.11. In para 3.51 of their 13th Report, the Committee had noted that at present while handloom weavers in certain districts where DRI rate was applicable were getting loans at 4 per cent rate of interest which turned out to be much higher in actual practice. The Committee recommended that as the handloom weavers throughout the country belonged to the weaker sections of society and as the development of handloom sector had been given priority in the country's economic programme, they might be granted loans more extensively by nationalised banks at the rate of 4 per cent. The Committee also recommended that the total bank credit to be given under the DRI Scheme should be raised in order to cover the handloom weavers in all the States.

1.12. In para 3.55, the Committee had noted that recently some State Governments like Haryana and U.P. had evolved a scheme known as Group Guarantee Scheme under which the handloom weavers were not required to give any individual security and loans were given to a group of 5 or 6 weavers on group guarantee basis. The Committee noted that in some of the States, loans had already been distributed to handloom weavers under the Scheme. The Committee felt that this was a useful

scheme. The Committee desired that Government should make a study in depth of the working of this scheme and evaluate its working and if the results were found encouraging steps should be taken to get similar comparable scheme introduced in other States also so that poor handloom weavers who could not offer individual security might be able to obtain loans from Commercial banks in large numbers.

1.13. The Ministry of Industry (Office of the Development Commissioner for Handlooms) have in their reply furnished in October, 1978, stated that "The recommendations of the Committee are noted. These recommendations relate to supply of credit to weavers outside the cooperative fold. This is especially so, because about 60-70 per cent of all the weavers in the country are still not covered by cooperatives. Realising the importance of this subject, a series of meetings were arranged between representatives of Commercial banks and Directors of Agriculture. The meetings were arranged region-wise and covered all the States in the country. The questions covered at these meetings were so complicated and the problems so vast that it was felt that special steps would be needed in order to tackle them."

The Ministry have further stated that "Unfortunately, Commercial banks do not keep statistics of advances given to handloom weavers separately. It is not possible, therefore, to estimate with any degree of accuracy, what is the exact amount of credit that flows to handloom weavers outside the cooperative sector. In order to assess the needs of handloom weavers outside the cooperative fold and to make recommendations about the problems and difficulties these weavers experience in getting their credit requirements, Government have recently constituted a Committee under the Chairmanship of the Chief Officer, Reserve Bank of India. All the points raised by the Committee with regard to the problems of handloom weavers are under the consideration of the Committee. Action to tackle these specific problems will be taken in the light of recommendations of the Committee."

1.14 The Committee regret to note that Government have not taken any conclusive action on the recommendations regarding grant of credit to handloom weavers on liberalised terms, simplification on procedure by nationalised banks for grant of loans to handloom weavers, extension of D. R. I. to handloom weavers throughout the country and study in-depth of the working of the Group Guarantee Schemes introduced in some States. The Committee, therefore, reiterate that concrete action in the light of their recommendations may be taken expeditiously.

*Working of Weavers Service Centres***Recommendation Nos. 57 and 60 Paras 4.33 & 4.36)**

1.15. The Committee had noted that no independent assessment of the Working of the Weavers Service Centres had been made by Government so far and only the progress reports of these Centres were being received in the Office of Development Commissioner for Handlooms. The Committee felt that it was high time that Government should get the working of these Centres evaluated by an independent body. It should be the task of this body to point out deficiencies and shortcomings in the working of these Centres so that remedial measures might be taken by Government to remove these deficiencies at an early date. The Committee further recommended that such evaluation of these Centres should be done at regular intervals.

1.16. In their reply (October, 1978), the Office of the Development Commissioner for Handlooms has stated that "Recommendation of the Committee has been forwarded to the Ministry of Industry for initiating suitable action."

1.17. In para 4.36 of the Thirteenth Report, the Committee expressed view that the Weavers Service Centres had not been successful either in their training programmes or in other sphere of their activities. In their opinion, therefore, a radical reorganisation of these Centres was called for, if the objectives for which they were set up were to be achieved.

1.18. In their reply furnished in October, 1978, the Ministry of Industry (Office of the Development Commissioner of Handloom) have stated "Weavers Service Centres have not merely expanded in number in the last two years but have also expanded their spheres of activities on training, research and development and extension service functions being performed by them. Since the last two years an attempt is being made to provide them with adequate staff, equipment and space so that they are able to function more effectively. More recently, new activities have been generated through some research and experiments on man-made and blended fibres/fabrics both in terms of loom technology, and in actual weaving and processing operations. A batch of 44 candidates from all over country has only recently been trained at Varanasi Institute of Handloom Technology on weaving polyester on handlooms. It may, therefore, not be justified to say that the Weavers Service Centre as a whole have not been successful either in the training programme or in any other sphere of activity."

1.19. The observations of the Committee that the Weavers Service Centres had not been successful either in their training programmes or in other sphere of their activities were based on the facts which were brought to the

notice of the Committee and which are enumerated in the Report which disclosed that weavers service centres had been able to impart training to a very small number of weavers only and these centres had not achieved significant success in carrying the designs evolved by them to the weavers in the field. The Ministry have not brought out any new facts except that, during the past few years there has been expansion in the number of centres and their sphere of activities. The Committee, therefore reiterate their earlier recommendations that Government should get the working of these Weavers Service Centres which have been in existence for a number of years, evaluated by an independent body. The Committee feel that such an independent evaluation is all the more necessary in the context of expansion of their sphere of activities, as this will help it to determine the area which need more attention.

Cooperative Coverage of Handloom Weavers

Recommendation No. 74 (Para 5.40)

1.20. The Committee noted that the High Powered Study Team on the problems of Handloom Industry had recommended that by the end of 1978-79, target for coverage of weavers in the active cooperative societies should be 60 per cent of the total and the recommendation had been accepted by Government. The Committee were, however, distressed to find that as against a target of Coverage of 60 per cent by the end of 1978-79 the coverage upto the end of 1976-77 was stated to be only 15 per cent. The Committee were very unhappy at this woefully slow progress in this important field and desired that the matter might be thoroughly investigated. The Committee also desired to fix time bound targets from year to year and monitor the progress in all the States and take timely measures to remove bottlenecks so as to avoid any further slippage.

1.21. In their reply (October 1978) the Ministry of Industry (Office of the Development Commissioner for Handlooms) have stated that the question of increasing Cooperative Coverage as recommended by the Committee has been under consideration for sometime. Concrete schemes have been evolved and some progress has already been registered. Under the scheme evolved by the Government of India, a weaver is given a loan of Rs. 90/- towards the purchase of a share in a cooperative society. He is expected to contribute Rs. 10/- of his own thus making a total of Rs. 1000. Of the Government loan of Rs. 90/- 50 per cent is intended to come from the Government of India and 50 per cent from the State Government. It is estimated by the Department that about one lakh weavers were brought into the Cooperative fold during the year 1976-77. In 1977-78, as a result of concerted efforts, it is estimated that about 4 lakh weavers were brought into the Cooperative fold. During the current year, it is hoped that about 8 lakh weavers can be brought into the Cooperative fold. According to the Department, in view of the above fact and figures, it would not be entirely correct to say that progress in this important field has been very slow.

Government have taken many steps to remedy the situation and some concrete results have emerged. It is hoped that the progress will be even baster in the years to come.

1.22. It has been further stated that "The question of supplementing Government's efforts in the field of extending cooperative coverage was taken up by the Hate Committee. In its consideration of the subject, the Hate Committee came to the conclusion that because of various financial constraints, the State Governments would not be able to participate in the share capital of primary societies to the desired extent. In order to remedy this situation, they recommended that National Cooperative Development Corporation should give loans to State Governments to strengthen the equity base of primary cooperative societies. This recommendation has been accepted and further action for its implementation is being taken."

1.23. The Committee are not satisfied with the Government's reply. They note that Government have taken measures to increase the Cooperative coverage of handloom weavers by giving them loan for purchase of a share in cooperative societies. Further action is also being taken in the light of recommendations of the Hate Committee to advance loans by NCDC to the State Govenrments to strengthen the equity base primary co-operative societies. But no concrete steps had been taken to implement the specific recommendations of the Committee for fixing time-bound targets in all the States and taking timely measures to remove bottlenecks so as to avoid any further slippage. The Committee, therefore, reiterate their earlier recommendation.

Rebate on the Sale of Handloom Cloth

Recommendation Nos. 87 and 88 (Paras 6.40 and 6.41)

1.24. The Committee had felt that the rebate system in the present form had failed to serve the objective for which it was introduced. The Committee had recommended that yarn at subsidised rate should be supplied to the handloom weavers directly through Apex Societies and the Cooperative societies and the weavers getting such yarn should be required to supply their end products to these Cooperatives to guard against the misuse of such subsidised yarn for other purposes. The Committee further noted that the Sivaraman Study Team, in their report submitted in July, 1974, recommended that the rebate should be gradually abolished within a period of three years. The Committee expressed surprise that although the recommendations of the Team had been accepted by Government in principle, no concrete action in this direction had been taken on the ground that as the market for handloom cloth had been sluggish, the abolition of the rebate would have an adverse effect on the sale of handloom cloth. The Committee recommended that steps should be taken to implement the Study Team's recommendation in right earnest at an early date.

1.25. In their reply the Ministry of Industry (Office of the Development Commissioner for Handloom) have stated that "The criticism of the Committee that irregularities have taken place in the grant of rebate is noted. The alternative suggested by the Committee viz. that yarn should be supplied to handloom weavers at subsidised rates so that the benefit of the rebate/subsidy reaches the actual weaver, is somewhat difficult to implement. Any attempt to supply yarn at subsidised rates to weavers covered by the cooperative fold and Handloom Corporations will be subject to the risk that raw materials so supplied will be misused and will actually be off-loaded on the open market at higher rates. In fact during the period of yarn control in 1973, the experience of State Governments was that yarn, given at controlled prices did not actually benefit the weavers but was used by unscrupulous elements to make large profit. It might not, therefore, be practicable to supply yarn at subsidised rates to weavers through Apex Society and Handloom Corporations. It is estimated that yarn supplied to the handloom sector actually costs about 30 per cent more than that supplied to the mill sector. This is because of factors like cost of reeling of hank yarn, transport, octroi etc. In view of this, it appears that, for some-time at least, the handloom sector will have to be assisted by grant of rebate, simply in order to put it on par with the powerloom and the organised mill sector. The recommendation to abolish rebate gradually should, therefore, be viewed in this light."

1.26. The Committee are not convinced with the argument advanced by Government that it would not be practicable to supply yarn at subsidised rates to weavers. The Committee feel that if adequate safeguards are taken, it should not be difficult to evolve a mechanism by which weavers could be supplied yarn at subsidised rates and the chance of irregularities eliminated. As pointed out by the Committee in their Thirteenth Report, even the present system of grant of rebate is leading to a number of irregularities and malpractices. Government admitted that yarn supplied to the handloom sector actually costs about 30 per cent more than that supplied to the mill sector. In view of these facts, the Committee reiterate their earlier recommendation that the grant of rebate on the sale of handloom cloth should be substituted by a scheme of supply of yarn to handloom weavers at subsidised rate through Apex Societies and Handloom Cooperatives.

Delay in the Reimbursement of Rebate

Recommendation No. 89 (Para 6.42)

1.27. The Committee had noted that in many of the States, the rebate granted by the cooperative societies had not been reimbursed to them so far and there were large outstandings on this account. This had adversely affected the financial position of these societies as a large portion of their working capital had been blocked. The Committee failed to understand

why there should be any delay in the reimbursement of this rebate when a decision to grant such rebate was taken by Government and the share of the Central Government had already been reimbursed. The Committee recommended that the Development Commissioner for Handlooms should take up the matter immediately with the State Governments and persuade the State Governments to reimburse the amount of the rebate to the cooperative societies at an early date.

1.28. In their reply (October, 1978), the Ministry of Industry (Office of the Development Commissioner for Handlooms) have stated "Meetings have been held with Directors of Handlooms of different States on different occasions, and they have been advised to submit their claims for reimbursement of the amount of rebate at an early date. In fact the anxiety of the Government of India to settle rebate claims in full was communicated to all Directors of Handlooms in two separate letters dated 10th January, 1978 and 4th October, 1978. Most States have already done so. Wherever there is delay in final settlement of rebate claims, it is because State Government are unable to send audited statements of rebate claims. Wherever audited statements are received, there is no delay in settling the matter finally at the level of the Government of India. States are being advised to submit audited accounts for rebate immediately."

1.29. The Committee note that there has been delay in final settlement of rebate claims because State Governments were unable to send audited statement of rebate claims. The State Governments are being advised to submit audited accounts for rebate immediately. Most of the State Governments have submitted their claims. The Committee would, however like the Development Commissioner for Handlooms to keep a constant watch in the progress and take up the matter with State Governments with a view to expediting the settlement of the rebate claims as the delay in the matter is adversely affecting the financial position of the cooperative societies.

Reservations for Handloom Industry

Recommendations Nos. 95 to 100 (Para 7.27—32)

1.30. The Committee recommended that the field staff of the Development Commissioner for Handlooms should take an active part in helping the State Governments to detect the violation of Reservation orders. They should take this up as a challenging and essential part of their duties and do their best to see that the Reservation Orders are observed in letter and spirit and those who flagrantly violate them, are brought to book with the help of the State authorities. The Committee further recommended that Government should make a comprehensive study of the entire position, legal and administrative, relating to the issue and enforcement of reservation orders and take necessary measures, including enactment of legislation,

if necessary about the legality of these orders so as to make them effective and binding and thus help the administrative agencies to enforce them without any difficulty.

1.31. In para 7.31, the Committee noted that the question of investing the Textile Commissioner or any other agency with powers to award summary punishment to powerloom owners for violation of the reservation orders was under the consideration of the Ministry of Commerce and Ministry of Law. The Committee desired this matter to be finalised expeditiously and adequate power vested in the Textile Commissioner or any other agency so as to enable him to enforce these reservation orders effectively and without any difficulty.

1.32. In para 7.32, the Committee noted that one of the measures taken by the Government for enforcement of Reservation Orders was that powerloom owners were required to stamp their permit number on the cloth produced by them. The Committee felt that there was imperative necessity of ensuring that the powerloom owners did in practice observe this order by invariably stamping their permit numbers on all varieties of cloth produced by them, particularly varieties which could be mistaken for those reserved for production on handlooms. The Committee also desired that a continuous watch should be kept in the matter so that powerloom cloth was not sold as handloom cloth.

1.33. In their reply (October, 1978), the Ministry of Industry (Office of the Development Commissioner for Handlooms) have stated that "one of the focal points for action contained in the Industrial Policy Statement of 23rd December, 1977 and the Textile Policy statement dated the 7th August, 1978 announced by the Government is the strict enforcement of Textile Control Orders in regard to items reserved for handloom industry and expansion of the scheme of reservation to other items. The cases challenging the Textile Commissioner's Reservation Orders are now before the Supreme Court and various High Courts. The Government has recently appealed to the State Governments to take effective steps to implement the reservation orders, both in letter and spirit. Government are also considering the question of setting up an enforcement machinery exclusively for enforcing the reservations orders."

1.34. The Committee note that Government have recently appealed to State Governments to take effective steps to implement the reservation orders, both in letter and spirit, and are also considering the question of the setting up of an enforcement machinery exclusively for enforcing the reservation orders. But the Government have not indicated the action proposed to be taken in respect of the other recommendations of the Committee which suggested taking necessary measures including enactment of legislation, if necessary, to make the reservation orders effective and binding.

vesting the Textile Commissioner or any other agency with powers to award summary punishment for violation of these orders and taking steps to ensure that powerloom owners actually stamp their permit number on the cloth produced by them to avoid powerloom cloth being sold as handloom cloth. The Committee, therefore, reiterate their earlier recommendations.

Implementation of Recommendations

1.35. The Committee would like to emphasise that they attach the greatest importance to the implementation of the recommendations accepted by Government. They would, therefore, urge that Government should ensure expeditious implementation of the recommendations accepted by them. In cases where it is not possible to implement the recommendation in letter and spirit for any reason, the matter should be reported to the Committee in time with reasons for non-implementation.

1.36. The Committee would also like to draw attention to their comments made in respect of the replies of Government to recommendations at Serial Nos. 9 and 65 (Chapter II). They desire that Government should take action in pursuance thereof and furnish the requisite information to the Committee, where specifically called for.

1.37. The Committee also desire that final replies in respect of the recommendation contained in Chapter V of this Report may be furnished to the Committee expeditiously.

CHAPTER II

RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Serial No. 1, Para 1.30)

The Committee note that the handloom industry occupies an important place in the economy of the country and from the employment point of view occupies a position next only to agriculture. The industry provides employment to more than 10 million people and produces 2200 million metres out of a total production of 8200 million metres of cloth i.e., more than 25 percent. It is, however, a matter of regret that the industry has still not been placed on a sound footing and continues to suffer in diverse ways. The Committee would like to point out that there is an ever increasing migration of the population from the rural areas to the urban areas as the employment potential in agriculture has reached a saturation point and the potential of growth of village industries is not being fully tapped. This has created considerable problems in urban areas, generating social tensions. If this trend is to be reversed, small scale and household industries in the rural areas will have to be encouraged on a big scale. The Committee feel that the handloom industry being predominantly a rural based industry, can play a vital role in providing gainful employment in the rural areas. The Committee have no doubt that if the handloom industry is put on a sound footing by providing adequate inputs, credit, protection from unhealthy competition from other sectors and marketing facilities etc., to the weavers, it can play a significant role in providing employment opportunities to the rural population thereby reducing their drift to the urban areas as well as meet the clothing requirements of masses.

Reply of Government

Noted.

[Ministry of Industry, Office of the Development Commissioner for Handloom O.M. No. 54012/1/78F&A dated 2nd April, 1979]

Recommendation (Serial No. 2, Para No. 1.10)

The Committee recommend that Government should immediately formulate an integrated textile policy clearing laying down the role assigned to the various sectors of the Textile industry, viz., organised mills, power-looms, handlooms and khadi etc. This policy while harmonising to the extent possible, the interest of the diverse sectors of the industry should

aim at meeting the clothing needs of the people particularly belonging to the weaker and vulnerable sections of the society at prices which are within the reach of the common man. The Committee further recommend that the draft of the integrated textile policy should be laid on the Table of the House of Parliament so that the members of Parliament may get a chance to discuss the same before its finalisation.

Reply of Government

Noted.

[Ministry of Industry, Office of the Development Commissioner for Handloom O.M. No. 54012/1/78-F&A dated 2nd April, 1979]

Recommendation (S. No. 3, Para Nos. 1.20 and 1.21)

1.20. The Committee regret to note that Government have no precise information about the number of active handlooms actually working, the various types of handlooms, quantity, varieties of production etc., as no statistics about the handloom industry have been collected since 1957. It is difficult to appreciate as to how planned measures for the development of the handloom industry could be taken in the best interest of the industry and the country in the absence of basic statistics.

1.21. The Committee, however, note that the schemes of development now being implemented for the handloom industry, census is being undertaken in each of the States by the State agency and that the census will cover information on items like number of looms, distribution of looms area-wise, pattern of production, wages earned by weavers, arrangements for supply of raw materials and marketing etc. It was earlier planned to complete the survey by December, 1976 but this date was later extended to March, 1977. However, the Committee find that even by November, 1977, the survey had been completed only in 11 States/Union Territories while the survey has yet to be completed in 16 States/Union Territories. The Committee recommend that Government should fix another target date for completion of the census and ensure that the census is completed by this revised date positively so that effective steps for the development of the handloom industry are undertaken in a planned manner.

Recommendation (S. No. 4, Para 1.22)

1.22. The Committee further note that no census proforma for the collection of information was circulated to the State Governments in advance and it is only now that the Government have drawn up a proforma for the collection of information. The Committee fail to understand why a proforma was not drawn up in advance and circulated to State Governments, so that the requisite information could be collected on a

uniform pattern. The Committee, therefore, recommend that the necessary information in respect of the handloom industry should be collected on an approved proforma and necessary follow-up measures taken for getting the information updated and analysed at regular intervals.

Reply of Government

No proforma for conducting survey/census was circulated in advance among States because the organisation of Development Commissioner did not have any Staff for this purpose when the States were asked to undertake a survey/census. As soon as the personnel joined the organisation, a model questionnaire was prepared and circulated among the States for guidance. So far the survey had been completed in 13 States/Union Territories, while the survey is yet to be completed in 14 States/Union Territories. The State Governments have been requested to complete the survey as expeditiously as possible and at any rate before March, 1979. As soon as the survey data are available in the first instance, arrangements would be made in consultation with States regarding periodical updating such data.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A, dated 26th October, 1978].

Recommendation (S. No. 4, Para 1.36)

1.36. The Committee are distressed to note that although Government have been taking various steps for the development of the handloom industry since the inception of the Five Year Plans and a sum of over Rs. 100 crores has been spent upto the end of the Fourth Five Year Plan for this purpose, no appreciable impact could be made to improve the working of the handloom industry and the condition of weavers engaged in this industry. The industry is still suffering from the same problems which were afflicting it at the beginning of the First Five Year Plan, namely lack of organisation strength, shortage of basic inputs like yarn, finance, dyes and chemicals, weak cooperative structure, marketing facilities, unhealthy competition etc. It appears that effective measures were not taken to remedy the basic ills which were coming in the way of sound development of the handloom industry with the result that this important sector of our economy is still in a very weak and unorganised state.

Reply of Government

The findings of the Committee are noted. In fact, steps are now being taken to remedy some of the defects pointed out by the Committee. Details about specific measures are given against the different replies given to the points raised by the Committee.

[Ministry of Industry, Office of the Development Commissioner for Handlooms O.M. No. 54012/1/78-F&A dated 15th November, 1978].

Recommendation (S. No. 5, Para No. 1.37)

The Committee note that before the commencement of the Fourth Plan, financial assistance to the State Governments for the development of handloom industry was provided by the Centre partly in the form of loans and partly in the form of grants. The Committee regret to note that during this period there have been wide disparities in the expenditure on handlooms in the various States with more or less equal number of handlooms. While an expenditure of Rs. 2179.41 lakhs was incurred in Tamil Nadu with 5.50 lakhs handlooms, expenditure incurred by Andhra Pradesh with 5.79 lakhs handlooms was only Rs. 1187.15 lakhs and by Uttar Pradesh with 5.09 lakhs handlooms Rs. 526.13 lakhs only. Similarly, while Maharashtra, with 1.05 lakh handlooms and West Bengal with 1.98 lakhs handlooms spent Rs. 573.77 lakhs and Rs. 442.21 lakhs respectively, the amount spent by Bihar, with 2.01 lakhs handlooms and Rajasthan, with 1.42 lakh handlooms was Rs. 393.71 lakhs and Rs. 66.25 lakhs respectively during the same period. The Committee are unable to appreciate such wide disparities. The Committee need hardly point out that in equity, the Central assistance to the States should have been given with reference to the number of handlooms and the enormity of the problems faced by each State in this regard. It may well be that the States which received larger financial assistance from the Centre were organisationally strong and had prepared schemes in time. In the opinion of the Committee, the Central Government should make special efforts to provide assistance and guidance to the organisationally weak States so that these States are enabled to progress rapidly and the imbalance in development is narrowed down. Central financial assistance should be provided and Central Schemes should be formulated with reference to the requirements and enormity of the problems in each State. The Committee have no doubt that in providing financial assistance and formulating Central schemes for the development of handloom industry in future, these aspects would be fully borne in mind.

Reply of Government

Noted. These aspects are being kept fully in mind.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A, dated 26th October, 1978].

Recommendation (Serial No. 7, Para No. 1.39)

The Committee need hardly stress that now that a separate Development Commissioner for Handlooms has been appointed, his hands should be sufficiently strengthened and it should be ensured that the development programmes for the handloom industry in the central sector as well as the various States receive the necessary fillip and the progress in their implementation should be closely watched and monitored and speedy and

timely corrective measures taken wherever the progress is not found to be satisfactory.

Reply of Government

Noted.

(Ministry of Industry, Office of the Development Commissioner for Handlooms O.M. No. 54012/1/78-F&A dated 2nd April 1979).

Recommendation (S. No. 8, Para No. 1.43)

The Committee note that Government had appointed a High Powered Study Team in 1973 under the Chairmanship of Shri B. Sivaraman, Member, Planning Commission to study in depth the problems of the Handloom Industry and the weavers and to suggest a programme for the development of this industry during the Fifth Year Plan period. The Study Team submitted its report in 1974 and made a number of recommendations for the development of the Handloom Industry, including appointment of a separate Development Commissioner for Handlooms, setting up of Intensive Development Projects and Export Promotion Scheme, etc. It is noted that while the recommendations of this Study Team have been largely accepted by the Government, effective measures to implement a number of important recommendations on matters like supply of inputs i.e. hand yarn, credit, marketing, arrangements have yet to be taken. The Committee have no doubt that if concerted measures are taken to meet the requirements of inputs and for marketing of cloth as highlighted in the Report of the Sivaraman Study Team, it should be possible to put before long the handloom industry on a firm footing. The Committee urge that Government should take definite decision on these matters and ensure their implementation in the field in letter and spirit, as per a time bound programme.

Reply of Government

Noted. Several decisions have been taken by Government and a number of projects/schemes have also been undertaken with a view to realising the objectives stated in this paragraph. Details of the action taken are given against the concerned recommendations of the Committee.

(Ministry of Industry, Office of the Development Commissioner for Handloom O.M. No. 54012/1/78-F&A dated 26th October, 1978)

Recommendation (S. No. 9, Para No. 1.51)

The Committee note that the High Powered Study Team on the Problems of Handloom Industry (Sivaraman Study Team) had recommended (1974) that if the handloom interest was to be served a handloom cess specifically on the powerloom sector should be imposed and the income

derived therefrom used the development of handlooms. The Study Team also suggested that the excise differential between the powerloom sector and handloom sector should be of the same order as existing between the composite mills and the handloom sector. In the Government Resolution on the report of the Study Team it was however stated that while the gap in the incidence of excise duties on the mill made cloth and powerloom cloth needed to be reduced, the excise duty on the powerloom cloth could not be fully at par with the mill made cloth. In the budget of 1977-78, excise duty has been imposed on the yarn consumed both by mills and powerlooms. Excise duty has also been levied on the powerloom at processing stage although its incidence is less than that levied on mill made cloth. The powerlooms are not required to pay duty on production of grey cloth which is exciseable in case of mills. On the mill sector, apart from the excise duty, an additional handloom cess at 1.9 paise per metre is levied. The handloom sector is exempted from excise duty at all the three stages. The Committee further note that the whole question of comparative incidence of duties as between these sectors and in relation to their impact on the handloom sector is expected to be gone into by the Working Group on Textiles which is considering the proposals for development of the three sectors during the next Five Year Plan. The Committee would like to emphasise that as the handloom sector suffers from a number of inherent disadvantages as compared to the mill and powerloom sectors, the problems of the handloom sector should receive serious attention while revising the tax structure on the textile industry with a view to ensuring that the competitive position of the handloom sector *vis-a-vis* powerloom and mill sectors is adequately protected.

Reply of Government

The Working Group on Textiles for 6th Plan formulation is already seized of this matter.

(Ministry of Industry, Office of the Development Commissioner for Handlooms O. M. No. 54012/1/78-F&A dated 26th October, 1978).

Comments of the Committee

A copy of the reports of the working group in Textiles for Sixth Plan, when finalised may be forwarded to the committee.

Recommendation (S. No. 10, Para No. 1.57)

The Committee note that in pursuance of the recommendations of the Sivaraman Study Team, Government have set up a separate Directorate under the Development Commissioner for Handlooms in the Ministry of Industry to deal exclusively with the problems of handloom industry. The Development Commissioner will coordinate the implementation of special plan schemes and the implementation of the schemes which are part of State Plans. The Institutes of Handloom Technology and the Weavers

Service Centres are also under the administrative control of the Development Commissioner. He has also been nominated as the Chairman of the All India Handloom Board and the Chairman of the Handloom Export Promotion Council. The Committee would like to point out that in view of the importance assigned to the development of the handloom industry, the Development Commissioner for Handlooms has to perform an important role in the development of the handloom industry. He is required to keep watch on the all round development of the handloom industry maintain liaison with the various authorities in the States, diagnose the ills and weaknesses of the industry and take timely remedial action. The Committee are glad to note that the Development Commissioner for Handlooms has already started a process of discussion and consultations with the authorities in the States etc. in this regard. The Committee have, in subsequent Chapters, pointed out in detail the important role which the Development Commissioner for Handlooms can play in solving the problems of the Handloom Industry. The Committee hope that the Development Commissioner will intensify his efforts in this direction and perform the functions entrusted to him effectively.

Reply of Government

The recommendations of the Committee have been noted.

(Ministry of Industry, Office of the Development Commissioner, Handlooms, O.M. No. 54012/1/78-F&A, dated the 15/11/78).

Recommendation (S. No. 17, Para 1.79)

The Committee further recommend that the Development Commissioner for Handlooms should maintain continuous liaison with the Handloom Development Corporations in the States so as to ensure that these corporations effectively perform their functions as they are the pivotal agency for the development of handloom industry in the concerned State.

Reply of Government

Noted.

(Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A, dated 26th October, 1978).

Recommendation (S. No. 30, Paras 2.43 and 2.44)

2.43. The Committee note that dyes and chemicals are among the important raw materials used in the production of handloom cloth. As handloom cloth is mainly popular among the people because of its exotic colour combinations, it is essential that the availability of requisite dyes and chemicals of assured quality should be ensured to the handloom weavers.

Although it has been claimed by Government that the indigenous capacity for production of dyes and chemicals is considered well over the demand, from the large number of representations received from persons connected with the handloom industry, the Committee note that the handloom weavers are facing considerable difficulty in getting their supplies of dyes and chemicals in time. It has also been represented that the quality of dyes and chemicals supplied to the handloom weavers is not satisfactory and in many cases adulterated.

2.44. The Committee note that at present there is no organised system for the supply of dyes and chemicals and there are no statistics in the states as to the requirements of dyes. They further note that the Development Commissioner for Handlooms has asked the State Governments to prepare estimates of requirements of dyes and chemicals. The Committee recommend that Government should collect reliable statistics regarding the requirements of various types of dyes and chemicals for the handloom weavers at an early date then take concerted steps to step up the production of these dyes and chemicals which are in short supply, if necessary, by creating additional capacity. The Committee further recommend that Government should introduce an organised system of supply of requisite dyes and chemicals to the handloom weavers by arranging bulk supplies from the manufacturers to the State Handloom Corporation and Apex Institutions and therefrom to the handloom weavers.

Recommendation (S. No. 31, Para 2.45)

The Committee suggest that in keeping with this Government objective and having regard to the requirements of the handloom weavers for dyes and chemicals in smaller quantities. Government may prescribe that the leading manufacturers of dyes and chemicals should market their products in small packages with ISI Specifications, date of manufacture, contents, etc. so as to make it possible for the handloom weavers to get guaranteed dyes and chemicals without having to buy them in smaller quantities from open packages which are liable to adulteration and other mal-practices.

Reply of Government

The bulk of requirement of dyes and chemicals is available from indigenous production. As indigenous production is well over demand there should not be any complaint about the availability of dyes. Only in respect of a few items, imports are still required and are permitted under the ITC Policy.

There is, however, no organised system for supply of dyes and chemicals to the handloom industry. In the case of the Special Projects, arrangements are being made for organising supplies along with yarn. As

the quality of dyes and chemicals supplied to the handloom weavers is reported at times to be of sub-standard quality and in a number of cases adulterated and the supply of right type of dyes and chemicals at reasonable rates is limited, there is need to evolve an arrangement for bulk supplies by manufacturers direct to apex institutions. Having regard to the requirement of handloom weavers for dyes and chemicals in small quantities, leading manufacturers should undertake supplies in small packages with specifications, date of manufacture, contents, etc. so as to facilitate supplies of guaranteed quality of dyes and chemicals to handloom weavers. The manufacturers have, however, been contending that if adulteration takes place it is at the level of dealers and small suppliers through mixing and by dilution in the dye houses and hence suitable arrangements should be made for the weavers obtaining quality dyes at reasonable prices. Adulteration and mixing could be largely avoided if direct supplies from the manufacturers to the projects and apex institutions are ensured. Government have already initiated action by having dialogue with the representatives of dyes manufacturers.

[Ministry of Industry, Office of the Development
Commissioner for Handlooms, O.M. No. 54012/1/78-
F&A, dated the 26th October, 1978).

Recommendation (S. No. 32, Para 2.53)

The Committee note that at present the handloom weavers are facing considerable difficulty in regard to processing facilities and these weavers particularly small handloom weavers have to get their yarn dyed through middlemen as a result of which there is a lot of exploitation of these weavers. The Committee feel that provision of dye-houses and other processing facilities is absolutely necessary for the promotion of handloom industry in the country. The Committee, therefore, recommend that Government should undertake a time-bound programme for setting up dye-houses and other processing facilities in all those areas where there is concentration of handloom weavers so that the handloom weavers could avail of these facilities at reasonable charges.

Recommendation (S. No. 33, Para 2.54)

The Committee have in Part II of their Report on Powerlooms discussed how in Maharashtra the Marathwada Development Corporation and its associate Textile Corporation of Marathwada Ltd. (TEXCOM) have provided all such facilities for powerlooms under their jurisdiction in Aurangabad. The Committee have also noted that similar facilities have been provided for the powerlooms on a cooperative basis in Ichalkaranji. The Committee recommend that Government should undertake a programme of providing such common facilities to the handloom sector also and incen-

tives could be provided to the handloom cooperatives in different States to set up their own dye-houses and processing houses on cooperative basis.

Reply of Government

It is recognised that the fabrics produced by the handloom industry should be upto the standard and quality and to the consumers' taste. The various development schemes undertaken by Government are aimed at better utilisation of the handlooms to produce cloth in larger quantity and better quality. It is recognised that the fabrics produced on handlooms should also have suitable finishing so that the marketing does not present problems; and to have timely processing at minimum additional cost, adequate processing facilities should be set up for the handloom industry. Hence, in the developmental schemes under implementation pre-loom and post-loom facilities are given great emphasis. During 1976-77 and 1977-78, funds amounting to Rs. 1.05 crores were sanctioned for schemes relating to the creation of pre-loom and post-loom facilities.

It is proposed to set up processing facilities near handloom clusters to a substantial extent in the coming years in order to improve the quality and marketability of handloom cloth.

As the Weavers Cooperative Societies have inadequate processing facilities, they have been depending on private agencies for processing. Under the schemes of assistance of the National Cooperative Development Corporation financial assistance is provided to the State Governments for assisting the apex/regional level weavers' cooperative societies for establishing processing units such as dyeing, sizing, calendaring, bleaching, finishing, printing, garment manufacturing units, etc. Of the total assistance amounting to Rs. 267 lakhs provided as on 7-6-1978 by NCDC to the apex weavers' societies, the amount sanctioned for processing units including readymade garment units totalled Rs. 132 lakhs which formed 50 per cent of the total sanctioned amount.

Apart from the Central and NCDC Schemes, the State Governments have themselves been taking measures to improve the processing facilities to the handloom weavers. For instance, Andhra Pradesh Government is setting up a processing cooperative society with a capacity of 50,000 metres per day, costing Rs. 2.10 crores for undertaking such processes as dyeing, mercerising, printing, etc. Similarly, projects are also on the anvil in U.P. and other States.

In the wake of various developmental programmes under implementation, a large quantity of yarn and cloth will require to undergo various types of processing either at the yarn stage or the cloth stage. While processing will add to the cost of the finished fabrics, it should however beca

ensured that the processed cloth of the handloom sector is not priced out of the market because of the relative cheapness of the processed powerloom and mill cloth. While large scale economy in production cost is possible in the case of textile mills, which have installed upto date and sophisticated processing plants, it is not a feasible proposition in the handloom sector because of the highly dispersed nature of the industry and the weak financial position of the weavers. Hence, one of the measures to be taken for narrowing the difference in the price of processed fabrics of handlooms *vis-a-vis* mills is by way of adjusting fiscal levies. In the last Budget, handloom fabrics produced by recognised processing houses have been exempted from the levy of excise duty.

The production of polyester cotton blended fabrics which has been taken up by the handloom sector recently, is in consonance with the multifibre approach. However, to improve the marketability of such fabrics, high class finishing is essential. A few processing plants called heat setting plants are being proposed to be set up initially in important blended fabrics producing States. The training of personnel in the production of blended fabrics has also been taken up by the Indian Institute of Handloom Technology, Varanasi.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A dated 26th October, 1978].

Recommendation (S. No. 34 to 36, Paras 2.55 to 2.57)

2.55. The Committee find that in some of the Weavers' Service Centres facilities for dyeing have been provided in an integrated manner. The Committee recommend that since dyeing is an essential process for improving the value of handlooms, it should be made an essential complement to the weavers service centres. Duty should also be cast on the service centres to encourage the setting up of processing and dyeing facilities in a cooperative manner in areas where handlooms exist in sufficiently large numbers.

2.56. Elsewhere in the Report, the Committee have dealt with the importance of extension services by the Weavers' Service Centre and evaluation of their work by this yardstick. Giving assistance to the weavers in the matter of processing and dyeing and in setting up of common processing and dyeing centres may also be considered as a part of this yardstick to evaluate their working.

2.57. The Committee also note that the Intensive Development Programme for handlooms makes a provision for setting up of common processing and dyeing facilities. The Committee stress that these processing and dyeing centre should be developed *ab initio* on scientific lines so as to make for the willing acceptance of the facility by the weavers and for its

being adopted as a model in other areas. The Committee cannot too strongly stress the need for ensuring that the processing and dyeing facilities provided there should be the latest, most modern and forward-looking and should be economical to encourage their fuller use.

Reply of Government

Processing and dyeing in Handloom Industry, both at the yarn and fabric stage, is one of the important activities undertaken by our Weavers' Service Centres and Institutes of Handloom Technology. Experiments on latest techniques to be adopted for dyeing and processing in this sector are constantly being conducted and the results of such experiments are passed on to the actual users in the field i.e., handloom weavers. Extension service and training are important components of the work being undertaken in the Weavers Service Centres who are attending to this important work in a scientific and technically competent manner. Recently, efforts have also been made to extend the area of operation from the hitherto traditional weaving and processing patterns undertaken for cotton, silk and woollen handlooms to experiments on weaving polyester and other mixed and man-made fibres on handlooms. In this regard the Union Government had set up a Committee on Centralised processing facilities for the handloom sector, both at the pre-loom and post-loom level and for natural and man-made fibres. The Report of the Committee has since been received and the recommendations are being examined in consultation with the State Governments.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-E&A, dated 26th October, 1978].

Recommendation (Sl. No. 37, Para 3.31)

The Committee, however, note that at present, the credit facilities to the handloom weavers are totally inadequate. Only a small percentage of the credit requirements of weavers are being met through organised channels like loans under the Reserve Bank of India Scheme for Handloom Finance and Commercial Banks etc. As has been admitted by the representative of the Department of Textiles in his evidence before the Committee, against an estimated annual credit requirements of Rs. 300 crores only Rs. 25 crores to 26 crores are being provided, Rs. 20 crores by the Reserve Bank of India and Rs. 5 crores by the Commercial Banks. The Committee are distressed to note that hardly 10 per cent of the credit requirements are being met by financial institutions and for the remaining credit, the handloom weavers have to depend on Master Weavers or money lenders. The Committee would like to point out that as the measures taken by Government for the removal of rural indebtedness are likely to dry up the credit from non-institutional sources, special arrangements will be required to meet the

credit needs of the weaker sections like handloom weavers and concerted efforts will have to be made to meet their requirements from the cooperative structure and the commercial banking sector, including regional rural banks. The Committee recommend that Government should step up considerably the present arrangements for providing credit facilities to the handloom weavers so that their credit requirements may be met by the financial institutions and the dependence of the handloom weavers on the master weavers may be greatly reduced if not altogether eliminated. The Committee would like Government to prepare a well-thought out detailed programme for meeting the credit requirements of the handloom weavers by institutional finance and evaluate the progress of this programme periodically.

Recommendation (Sl. No. 38, Para 3.32)

The Committee note that at present the main source of providing credit facilities to the handloom weavers is through the Reserve Bank of India Scheme of Handloom Finance under which Reserve Bank of India loans are given to handloom cooperative societies at $1\frac{1}{2}$ per cent below the bank rate. The Committee, however, regret to observe that a large majority of the cooperative societies in the country have not been able to take advantage of this facility for one reason or the other and as much as 97.2 per cent of the total loans granted have been availed of by four States only viz., Tamil Nadu, Andhra Pradesh, Kerala and Maharashtra.

Recommendation (Sl. No. 38, Paras 3.33 to 3.35)

3.33. The gross inequity and imbalance in the drawal of loan under RBI Scheme of Handloom Finance is evident from the fact that during the years 1971-72 to 1975-76 while Tamil Nadu and Andhra Pradesh with 5.50 lakhs and 5.97 lakhs handlooms drew Rs. 6643-85 lakhs and Rs. 2903-69 lakhs respectively, U.P. with 5.09 lakhs handloom drew Rs. 25.88 lakhs only under this Scheme. Further while Maharashtra with 1.85 lakhs handlooms drew Rs. 784.90 lakhs, Rajasthan and West Bengal with 2.01 lakhs and 1.85 lakhs handlooms drew Rs. 4.73 lakhs and nil respectively during the same period.

3.34. It was explained by the representative of the Reserve Bank of India that they had prescribed certain norms for giving credit like the operational efficiency of the handloom industry, the total production-cum-sales of the society, etc. They also felt that it was no use making finance available to sick units which may not be able to utilise properly the funds.

3.35. In this connection the representative of the Department of Textiles informed the Committee that this unevenness in the flow of Reserve Bank

finance is not peculiar to the handloom cooperative sector. In the agricultural cooperative sector, for instance, five States viz., Punjab, Maharashtra, Gujarat, Tamil Nadu and one more practically account for 80 per cent. The Committee are unhappy at the gross imbalance in the flow of Reserve Bank credit to the handloom weavers in the various States. As has been pointed out above there are a number of other States like Uttar Pradesh, Bihar, West Bengal and Rajasthan which have a very large number of operative handlooms but where the credit drawn is negligible. The Committee would have normally expected the Reserve Bank to evaluate, after a lapse of 5 years, the working of their scheme of handloom finance which was started in 1956, with a view to identify the reasons why the benefits of the scheme were availed of by a few States only and taken suitable remedial measures in consultation with the State Governments concerned to ensure that the credits made available under this scheme are equitably drawn by all the States more or less in proportion to the existence of operative handlooms in their areas particularly when finance has been a major bottleneck in the development of handloom industry. It is unfortunate that this was not done so far. It is distressing to note that similar position prevails in the flow of Reserve Bank finance in respect of other areas also, like agricultural Cooperative sector. The Committee would like Government/Reserve Bank of India to undertake an indepth study of the problem of uneven flow of their bank credits under the various schemes to the various States and ensure that the credit under these schemes are availed of by the various sectors in the different States in proportion to magnitude of the problem existing therein. Whatever remedial measures are required to achieve this end, like strengthening of infrastructure etc., should be taken in consultation & coordination with the State Governments concerned. The Committee are of the view that the States which are organisationally weak in taking advantage of the scheme floated by the Centre or the Reserve Bank etc., should receive special attention so as to remove this lacuna. The Committee would like to be informed of the specific steps taken to improve the condition in this regard particularly for the handloom sector within a period of three months.

Recommendation (S. No. 39, Para 3.36)

The Committee have in a subsequent Chapter discussed in detail the reasons for the handloom cooperative societies becoming sick or dormant and suggested measures for revitalising them. Now that the Government have undertaken a programme for revitalisation of the dormant and sick societies, the Committee recommend that Government should take concerted measures to help these societies and make credit available to them so as to make these societies financially viable and in a position to conform to the requirements of the norms prescribed by the Reserve Bank of India.

Recommendation (S. No. 41, Para 3.38)

The Committee further note that the Government of India have issued a circular in November, 1976 to State Government to form State-level committees consisting of Director of Handlooms, the Registrar of Cooperative, the Managing Director of State Cooperative Bank and the Managing Director of the Apex Handloom Society to review the implementation of the programme of providing finance to Handloom cooperatives. The Committee feel that the formation of such State-level Committees is a step in the right direction. The Committee recommend that Government should ensure that such Committees are set up in all the States immediately, if not already done and should hold regular meetings and review the progress made in the implementation of this programme so that bottlenecks in the way of providing such finance may be quickly identified and timely corrective measures to plug the loopholes taken. The Government should also look into the procedures laid down for grant of loans with a view to simplify them. The Committee would like to be informed of the progress made in this regard.

Reply of Government

The recommendations made by the Committee are noted. It is true that only a small percentage of the total credit requirements of the handloom industry is met by institutional finance. There are mainly two schemes under which weaver can get finance from banks. Under the first scheme, cooperative societies are given working capital finance at concessional rates of interest under the provisions of Section 17(2) (bb) of the Reserve Bank of India Act. Under the second, weavers outside the cooperative fold are required to get their working capital finance from commercial banks. Attempts have been made to ensure that such weavers are given the advantage of DRI rates of interest.

The Reserve Bank operates a scheme under which finance to handloom cooperative societies is now given at 2½ per cent below the bank rate. The Committee has noted that this finance was given at 1.5 per cent below has been witnessed in the amount of finance drawn under the Reserve Bank of India authorities however, it has now been decided that they will get the benefit of the finance at 2.5 per cent below the bank rate.

It is also true that in the past, the amount drawn under the scheme was negligible. Over the last two years however, a very large increase has been witnessed in the amount of finance drawn under the Reserve Bank Scheme. In the year 1973-74, limits sanctioned under the scheme amounted to only Rs. 14.48 crores and drawls stood at only Rs. 13.38 crores. These limits rose to Rs. 16.69 crores in 1974-75 and further rose to Rs. 20.12 crores in 1975-76. The limits rose of Rs. 26.43 crores in 1976-77. The highest increase however was witnessed in the year

1977-78. From a level of Rs. 26.43 crores in the previous year, the limit sanctioned rose to Rs. 42.61 crores. During the current year, it is hoped that this figure will further rise to more than Rs. 60 crores.

It will be seen from the above that there has been a considerable increase in the limits sanctioned to cooperative societies under the Reserve Bank Scheme of Handloom Finance. What is even more heartening is the fact that States like U.P., Rajasthan, Orissa, West Bengal, Pondicherry, Haryana and Punjab have now stalled drawing money under the scheme. Up to the year 1975-76, for example, West Bengal was sanctioned no limits under the scheme. In the year 1976-77 cooperative societies in the State were sanctioned a sum of Rs. 29.10 lakhs. This amount rose to as high as Rs. 69.83 lakhs in the year 1977-78. So also Orissa whose sanctioned limits never exceeded Rs. 6 lakhs upto 1975-76 were sanctioned limits of Rs. 126 lakhs in 1977-78. For the first time in the 1977-78, cooperative societies in Bihar were sanctioned limits of Rs. 12.90 lakhs. Co-operative societies in the State of Uttar Pradesh had never been sanctioned more than Rs. 8 lakhs upto the year 1975-76. In the year 1977-78, the amount sanctioned to them under the Reserve Bank of India Scheme was Rs. 98.22 lakhs.

It will be seen from this that a considerable amount of work has already been done, not only to increase the flow of credit under the Reserve Bank Scheme to cooperative societies, but also to see that the spread of funds is more even and that traditionally backward States are enabled to take advantage of this scheme. For many States, the year 1977-78 was the first time when they were able to draw funds under this scheme.

One reason for the increase in flow of Reserve Bank funds to cooperative societies and its more even spread among the different States, was that in accordance with the Estimates Committee's suggestion to evaluate the entire working of the Reserve Bank of India Scheme, Government appointed a Committee under the Chairmanship of Dr. Hate of the Reserve Bank to go into the entire question of supply of credit to the cooperative sector of the Handloom Industry. This Committee studied the question in great detail and analysed why certain States were not able to take advantage of the scheme. The findings of this Committee have been circulated to all State Governments for taking necessary action.

One other method by which increased flow of funds to cooperative sector has been ensured is by taking up a massive programme for re-organising and re-vitalising dormant cooperative societies in the States. Because of this programme, a large number of societies have been reorganised in such a way that they have become viable units and have qualified for assistance under the Reserve Bank of India Scheme of Handloom

Finance. In addition to this, Government of India and State Governments give loans to handloom weavers for purchase of shares in cooperative societies. During the year 1976-77, a sum of Rs. 50 lakhs was given to different States under this programme by the Central Government and matching contribution was made by the States. It is estimated that as a result of this, about one lakh weavers were brought into the cooperative fold with a share of about Rs. 100/- each. This naturally strengthened the cooperative movement, and enabled societies to raise funds under the Reserve Bank Scheme of Handloom Finance. In the year 1977-78, a sum of Rs. 235 lakhs was given by the State Governments. It is estimated that about 4 lakh weavers were brought into the cooperative fold as a result of this assistance. During the year 1978-79, it is proposed to spend a sum of Rs. 350 lakhs for this programme. It is hoped that States will make a matching contribution. By doing this, it is estimated that about 8 lakh weavers will be brought into the cooperative fold with the share of Rs. 100/- each. This naturally has the effect of increasing the borrowing capacity of the society and making it viable as per the norms laid down by the Reserve Bank of India. This is one of the factors that brought about such a dramatic increase in the amount of credit given to weavers under the Reserve Bank of India Scheme of finance.

Another factor responsible for the tremendous increase in the supply of Reserve Bank credit to the handloom cooperative sector has been the formation of State Level Committees under the Chairmanship of Director of Handlooms/Industries. We have written to all States to form such State level Committees to look after the interests of handloom weavers cooperative societies. These Committees have acted as watch-dogs for the interests of the primary Handloom Weavers' Cooperative Societies. They have been able to ensure that applications for working capital limits have been given by as many societies as possible and that all those applications that could be sanctioned under the rules, have actually been sanctioned. The institutionalisation of this Committee procedure, has helped to bring about a greater flow of credit to the handloom cooperative sector. Periodic meetings are held with Directors of Handlooms of all the States to monitor the progress of the Scheme. Wherever necessary, corrective action is taken. Meetings are regularly held with small groups of States on a regional basis to work out their requirement of funds. In addition, meetings are sometimes held with some small groups of States which have not been able to take full advantage of the scheme. The idea is to ensure that all of them get the benefit of the Reserve Bank Scheme of Handloom Finance.

Recommendation (S. No. 40, Para 3.37)

The Committee further note that one of the other reasons why the cooperative societies have not been able to avail of the credit scheme of

the Reserve Bank of India is that office-bearers of these societies are not acquainted with the procedure and norms for the grant of such loans. The Committee recommend that Government, in cooperation, with the Reserve Bank of India should initiate a time-bound programme of training for the office-bearers of these societies so as to acquaint them with the procedural formalities and norms prescribed by the Reserve Bank of India. The Committee further recommend that the field staff of the Directorate of Handlooms and the Cooperative Departments in the State Governments should also assist these cooperative societies in filling up the application forms and fulfil other procedural requirements so as to enable these societies to get loans from the Reserve Bank.

Reply of Government

The recommendation has been implemented. During the current years, Government have, in collaboration with National Cooperative Union of India, sanctioned a scheme for workers education programme. This programme is intended to benefit the members and office bearers of primary Handloom Weavers' Cooperative Societies. It is anticipated that an in-depth training programme for members and office bearers of primary cooperative societies will be undertaken by NCUI in order to acquaint them with details of the cooperative movement. The training is also expected to cover details about forms, procedures and other details of the various schemes intended for the benefit of the primary Handloom Weavers' Cooperative Societies. A sum of Rs. 10 lakhs has been sanctioned for this purpose.

Recommendation (S. No. 42, Para 3.39)

The Committee note that under the Reserve Bank of India Scheme for Handloom Finance, loans are being given by the Reserve Bank of India to State Apex Cooperative Banks at 7½ per cent and State Apex Cooperative Banks pass on these loans to Central Cooperative Banks at the same rate. The State Governments are, it is stated, giving subsidy to these banks to meet their cost and provision for this subsidy is made in the State annual plans. The Central Cooperative Banks are required to give finance to handloom weavers under RBI Scheme at 7½ per cent. Generally this rate is being charged but in certain States rate of interest charged is higher because of the incidence of interest tax which amounts to about 1 per cent. The Committee are informed that it has now been decided in consultation with the Planning Commission that higher subsidy may be given to the Apex and Central Cooperative Banks to off-set the incidence of interest tax being passed on to weavers. The Committee would like Government to keep this matter under constant watch to ensure that

the rate of interest charged from Handloom weavers under the RBI Scheme does not exceed the prescribed rate of 7½ per cent in any State.

Recommendation (S. No. 43 Para 3.40)

The Committee are, however, concerned to note that the rate of interest being charged by Central Cooperative Banks for loans advanced to weavers out of their "Own" funds is very high, the rate ranging from 9 to 16 per cent in certain States. The Committee feel that the Government should study this matter in depth in consultation with the States and persuade these Banks to bring down the rate of interest to a level which should be equitable and reasonable keeping in view the poor economic condition of the handloom weavers.

Reply of Government

Accepted. In fact, the tax on interest has now been removed by the Government of India. In addition, RBI have agreed to give refinance to primary handloom weavers cooperative societies at 2½ per cent below the bank rate. In addition, more State Governments give an interest subsidy of 3 per cent so that handloom weavers in the cooperative sector get working capital finance at 6½ per cent interest. In some States like Maharashtra, an interest subsidy of 4½ per cent is given so that the effective borrowing rate by Handloom Cooperative Society is only 5 per cent.

Sometimes cooperative banks choose to finance handloom weavers out of their own funds. There may be two reasons for this. If a handloom cooperative society does not qualify for finance under the RBI Scheme, cooperative banks sometimes lend them money out of their own funds. In such cases the interest charged is normally the rate at which the cooperative bank lends to other sectors. We have made attempts to persuade banks to charge lower rates of interest in such cases. The principle that we have tried to make banks accept, is that in such cases, the rate of interest charged should not exceed the cost of funds to the bank. In one case, it has been reported that the Maharashtra State Apex Bank has lent a Regional Apex Society (which does not qualify under the RBI Scheme of Finance) at a rate of interest equal to the cost of funds to the bank.

The second reason why banks lend out of their own funds may be that they have sufficient funds of their own and do not need to go to the Reserve Bank of India for refinance. In such cases, it is expected that banks will lend at the pool rate of interest, i.e., the rate prevalent under the RBI Scheme of Finance.

Recommendation (S. No. 44, Para 341)

The Committee note that at present Reserve Bank of India is granting loans at the rate of 25 per cent of the annual turnover of a society. It has been represented to the Committee that as the demand for handloom cloth is mostly, seasonal in nature, this limit should be increased to 40 per cent. The statistical information gathered by the office of the Development Commissioner for Handlooms also shows that by and large, the estimate of 4 times of turnover during a year is unrealistic. The Committee, therefore, recommend that the Reserve Bank of India re-examine the position in the light of statistical information collected by the office of the Development Commissioner for Handlooms and take steps, for increasing the credit limit to 40 per cent of the previous year's turnover.

Reply of Government

Accepted. The matter had been taken up with the Reserve Bank of India and they were asked to change the principle of granting loans on the basis of 25 per cent of the annual turnover of the society. The Reserve Bank of India accepted the recommendation and finance to handloom cooperative societies is now calculated at the rate of 33 1/3 per cent of the annual turnover of the society.

Recommendation (S. No. 45, Para 3.42)

The Committee recommend that steps should also be taken for providing credit on an *ad hoc* basis to the handloom cooperative societies during slack season so that the societies may tide over their temporary difficulties and the production may not suffer because of accumulation of stock and consequent shortage of capital.

Reply of Government

The recommendation of the Committee that credit should be provided on an *ad hoc* basis to cooperative societies during the slack season is a very important one. In view of the fact that the Committee had made a specific recommendation in this behalf, the matter was referred to the Hate Committee for consideration. In its report, the Hate Committee accepted that there was a very strong need to advance consumption loans to weavers through cooperative societies so that their dependence on master weavers could be reduced. The Committee recommended that Reserve Bank may allow Central Cooperative Banks to finance weavers societies for granting consumption credit to their members. This recommendation has been accepted by the Government of India and acceptance is communicated to Reserve Bank who will issue suitable instructions to State Cooperative Banks and State Governments.

Recommendation (S. No. 46, Para 3.43)

The Committee note that there have been considerable delays at the level of district cooperative banks in granting loans to handloom weavers societies as most of these banks are controlled predominantly by agricultural interests and the handloom sector is not given due importance by these district cooperative banks. The Committee therefore recommend that there should be a separate cell in every district cooperative bank under a separate officer to deal with the handloom weavers cooperative societies and this cell should ensure that there are no undue delays in the grant of loans to handloom weavers. The State Directorates of Handloom should maintain continuous liaison with Handloom Cells in the District Cooperative Banks to ensure that these cells function effectively and any difficulties experienced in the working of these cells are removed expeditiously.

Reply of Government

In view of the importance attached by the Committee to the need to open a separate cell in every District Cooperative Bank under a separate officer to deal with Handloom Weavers Cooperative Societies and in view of the specific recommendations in this behalf, the matter was referred to the Hate Committee. This Committee has recommended that wherever there are 5,000 or more looms either active or dormant in the area of operations of a Central Cooperative Bank a separate cell to deal exclusively with Handloom Weavers' cooperatives should be formed in the Bank. They have also laid down that the cell should be responsible for collection of data relating to weavers societies and should furnish these to the State Government authorities and the Reserve Bank of India. This recommendation has also been accepted by the Government and acceptance is being communicated to Reserve Bank and State Governments. They will be asked to issue suitable instructions to District Central Cooperative Banks.

In addition to the above, the Hate Committee further recommended that in any State where there are more than 30,000 handlooms, the State Cooperation Department should form a separate cell exclusively for the promotion, development and financing of weavers societies. This recommendation has also been accepted by the Government and State Governments and Reserve Bank of India are being asked to issue suitable instructions to State Cooperative Banks.

Recommendation (S. No. 51, Para 4.27)

The Committee note that most of the handloom weavers are still using obsolete and outdated techniques of production and designs and their products are not in accordance with the latest designs and market trends. The Committee feel that until and unless concerted measures are taken

for imparting know-how to the handloom weavers in the latest techniques of production and use of new designs, it may not be possible to raise the volume and value of products of weavers and assure them a living wage. The Committee are surprised to note that Government have not so far conducted any survey of the handlooms and the weavers in the country so as to devise a scientific plan for upgrading the technology and imparting know-how to the weavers. The Committee recommend that such a survey be conducted immediately and based on it a plan of action should be drawn up by the Central Government in conjunction with the State authorities at an early date.

Reply of Government

Action is being initiated to conduct the survey on a simple basis through our Weavers' Service Centres and State Governments.

(Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 45912/78-F&A, dated 26th October, 1978].

Recommendation (S. No. 52, Para 4.28)

The Committee note that Government have set up 14 weavers service centres and 2 Institutes of Handloom Technology to meet, *inter-alia*, the training needs of the handloom weavers and to evolve new designs and patterns. The Committee are surprised to note that only 7 out of 14 Weavers Service Centres are imparting short-term training to handloom weavers and all these centres have been able to train only 68 weavers during the year 1975-76. This clearly demonstrates that very little importance has been given to the training of handloom weavers in the activities of weavers Service Centres and hardly two or three weavers are being trained in these centres at one time. In view of the fact that there are as many as 35 lakh handlooms in the country, the Committee feel that the present training arrangements are woefully inadequate and have not been able to touch even a fringe of the problem of training of handloom weavers. The Committee recommend that Government should immediately take steps to introduce training courses in all the weavers Service Centres and substantially increase the intake of trainees in these centres so that a real impact may be made in meeting the training needs of the handloom weavers.

Reply of Government

Today there are 21 Weavers' Service Centres besides two Institutes of Handloom Technology where short-term training courses of about four months duration, are conducted. It is proposed to set up two more Centres in the current financial year which will also add to the training facili-

ties being offered for the benefit of handloom weavers. However, it may be essential to bring to the notice of the Committee that while imparting of training is one of the functions of our weavers Service Centres, they have primarily been engaged in the part in providing high level technical expertise in the field of designing, weaving, processing and printing of handloom fabrics. With this objectives in view the first Weavers' Service Centre which was set up in Bombay in 1956 had only a Design Section to assist the Handloom Industry in producing new designs suitable to the changing taste of the consumers. However, it was soon realised that the Industry had to keep pace with developments taking place in the field of weaving as well as processing and therefore two more sections viz., Weaving and Chemical processing were added to the Weavers Service Centre. The work of training of weavers was taken up at the later date and training was imparted to artisans/weavers who have some basic knowledge of the subject in which they were to be trained. We are now engaged in expanding and intensifying the Training activities, subject to limitations of buildings and staff.

Short-term Training Courses are now being conducted in all the three varieties of Weavers' Service Centres, viz., 'A', 'B' & 'C' Class in order to impart latest knowledge in the fields of processing, designing and weaving to handloom weavers. The training in 1975-76 was limited to approximately 68 weavers alone as training was being conducted only in a few select centres which had experienced staff and the necessary space and equipments for imparting training. The situation has since been improved and the latest up-to-date figures available for the year 1977-78 show that approximately 250 candidates under the stipendiary scheme had been selected for training in the short-term training course in various Weavers' Service Centres. Besides, many other trainees sponsored by Export Organisations, Processors, etc. have undergone training course. However, constant efforts will have to be made to enhance the training facilities in our Weavers' Service Centres to meet the genuine needs of handloom weavers.

(Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A dated 26th October, 1978].

Recommendation (S. No. 53, Para 4.29)

The Committee note that the Weavers Service Centres have been evolving new designs and samples, colour-combinations etc., for the use of handloom weavers and during the last year, the Weavers Service Centres had produce 7,900 new designs and 5,697 new samples. It has, however, been noted that Government have no ready information available regarding the number of new designs adopted by the weavers, production of fabric based on these new designs and increase in the earnings of weavers as a result of adoption of these new designs. However, it has been

noted from the representations received from the non-official organisations that adequate arrangements for encouraging the weavers to adopt these designs do not exist and most of the new designs and samples have not percolated to the actual weavers. The Committee would like to point out that Government are spending as much as Rs. 61.71 lakhs every year on the working of the weavers' service centres. The real utility of the working of these centres will be judged by the extent to which these designs are actually taken to the weavers in the field and used by them. The Committee, therefore, feel that weavers' service centres should not only lay emphasis on evolving new designs but should also ensure that designs are actually adopted by the weavers in the field.

Reply of Government

Weavers' Service Centres are not merely evolving and producing new samples and designs of various varieties and colour combination but also are able to sell these designs/samples to cooperative societies, individual weavers, State Handloom Development Corporations and private exporters. The figures available indicate that in the year/1976-77 about 12,298 designs/samples were sold and about 11,059 samples/designs were sold in 1977-78. These figures only indicate that no new designs/samples are evolved and produced in Centres but they are also being adopted in the field as per suggestion of the hon. Committee. However, recommendations of the Committee are noted to ensure that new designs and samples are actually adopted by weavers in the field.

(Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A, dated 26th October, 1978).

Recommendation (S. No. 54, Para 4.30)

The Committee note that at present the staff of the Weavers' Service Centres is not going out to actual weavers to render technical service but there is a proposal under consideration that in some of the Centres some members of the staff of the centres will work with specific group of weavers. The Committee would like to point out that provision of extension work by these centres is the heart of the matter and should receive top-most priority. The Committee, therefore, recommend that Government should make immediate arrangements for the staff to provide extension service to the weavers on the same line as is being provided by agricultural universities/farms to the farmers.

Reply of Government

The field service activities of Weavers' Service Centres have impact on areas with close proximity to the location of our Centres. Our field

staff in the Centres with the present constraints of lack of transport facilities, does undertake tours to provide on the spot assistance to weavers and other handloom interests to solve various problems on technical matters and also to introduce new designs. The type of technical assistance generally rendered during the last two years is indicated as below:

- (a) Direction of handlooms, jacquards etc. in societies and Intensive Development/Export-Oriented Projects;
- (b) Assistance the societies with regard to diversification in the production of new designs and new items of fabrics;
- (c) Assisting the handloom units in introducing new designs developed in the Weavers' Service Centres especially in regard to layouts, colour combinations etc;
- (d) Assisting the societies in dyeing methods, the proper use of dyes and chemicals;
- (e) Assisting banks in the selection of handloom weavers to whom loans were granted for production of new designs, etc.;
- (f) Assisting H.H.E.C. in new printing layouts in respect of their export orders.

Only in the current financial year a provision has been made to provide vehicles to six out of the 21 Weavers Service Centres. Our efforts would be to gradually provide transport facilities to all the Weavers' Service Centres so that they are able to undertake tours as necessary and effectively to provide extension service to their areas of operation.

(Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A, dated the 26th October, 1978].

Recommendation (S. No. 56, Para 4.32)

The Committee further recommend that the Weavers Service Centres should hold exhibitants and demonstrations of the latest designs and samples in all the clusters of handloom weavers where handloom weavers should be invited to come in large numbers and get themselves acquainted with these designs and samples.

Reply of Government

This recommendation of the Committee is being followed in recent years.

(Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A, dated the 26th October, 1978].

Recommendation (S. No. 58, Para 4.34)

The Committee are, however, concerned to note that the rate of interest in the working of these centres is that most of these centres are located in big cities which are situated far away from the cluster of handloom weavers. Moreover, as most of these centres are housed in rented buildings because of the difficulties in getting suitable accommodation in big cities, the present accommodations are not suitable for their purpose. The Committee recommend that Government should set up Weavers Service Centres in the localities where there is large concentration of handloom weavers. Government should also ensure that these centres are provided with suitable accommodation for the various activities undertaken by the Weavers Service Centres.

Reply of Government

It has been the deliberate and conscious policy of the Government to set up Weavers' Service Centres as far as possible in location where there is large concentration of handloom weavers. However, it is not always possible to get an ideal location or accommodation in terms of our actual needs in spite of the cooperation which we receive from the State Governments. Recently, there has been some thinking to purchase ready-made buildings or construct buildings after acquiring or purchasing private Government land through the assistance of State Governments. It is hoped that in the future we shall be able to provide reasonable accommodation to our Weavers' Service Centres so that they are able to function effectively to meet the genuine needs of handloom weavers, especially close to the areas of their location.

(Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/70-F&A, dated the 26th October, 1978.)

Recommendation (S. No. 59, Para 4.35)

The Committee note that one of the handicaps of the Weavers' Service Centres is that there are a number of vacant posts in these Centres, as suitable candidates are not available for appointment to these posts. The Committee recommend that Government should take immediate steps to fill up these posts by advertising widely in national newspapers etc. Moreover, immediate steps should be taken for training of students in the specialities, for which there is shortage of candidates in the Institute of Handloom Technology so that shortage in these specialities is removed as early as possible and sufficient number of suitable candidates are available in the country to fill up these posts.

Reply of Government

There is no doubt that in recent years we have faced paucity of trained technical staff to man our Weavers' Service Centres and Institutes of Handloom Technology. This has led to a number of vacancies, especially on the technical side remaining unfilled for sometimes. However, a concerted programme has been undertaken in the last few months to fill up all the vacant posts at gazetted or non-gazetted level, both technical and non-technical through direct recruitment and promotion from eligible officials within the Organisation. It may be relevant to mention here that the recruitment and promotion rules for the cadre of Weavers' Service Centres and Institutes of Handloom Technology are being framed afresh in consultation with the Department of personnel, Government of India and the Union Public Service Commission. This has become imperative ever since Development Commissioner Handlooms took over the administrative control of our Weavers' Service Centre and Institutes of Handloom Technology from the Textiles Commissioner. A number of posts particularly at the gazetted level may have to therefore be filled in accordance with the rules and in consultation with the U.P.S.C. which will take sometime.

(Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A, dated the 26th October, 1978).

Recommendation (S. No. 61 Para 4.46)

The Committee note that there are two Institutes of Handloom Technology at Varanasi and Salem run by the Government of India and these Institutes are importing short-term training for four months and a regular 3-year Diplomas Course. The Committee are surprised to note that although these two Institutes are catering to the training needs of the entire country, the number of students being admitted to these Institutes is very limited. For instance, although the Institute at Varanasi caters to the States, in Northern and Eastern India, the total number of students admitted is only 20 for the diploma course. Similarly, the Institute at Salem which caters to all the States in the South and Maharashtra and Gujarat admit only 32 students every year. The Committee feel that these Institutes are meeting only a fraction of the total requirements of the handloom industry. The Committee further note that there is a tremendous demand for these course in the country. The Committee, therefore, recommend that Government should take immediate steps to expand the admission capacity of these Institutes so that these may meet the training needs of the handloom industry to the maximum possible extent.

Reply of Government

Training facilities in the three-years Diploma Course being conducted in the Institutes of Handloom Technology at Salem and Varanasi have been expanded in the last two years. Against 32 seats allotted for Salem up to the year 1976, 48 seats have been allotted from 1977 onwards. Similarly against 20 seats allotted up to 1976 for Varanasi Institute, 40 seats have been allotted from 1977 onwards. the distribution of these 88 seats for each year of the Diploma Course is through recruitment of eligible candidates from all over the country. It would, therefore, be seen that training facilities in these Diploma Course have almost doubled in the last two years. This is a considerable achievement keeping in view of our limitations of technical staff, hostel accommodation buliding for Class Rooms which shall also be hopefully solved in the near future. ii

(Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A, dated the 26th October, 1978.)

Recommendation (S. No. 63, Para 4.48)

The Committee further note that although there are about 160 students belonging to different States in the Institute at Varanasi, the hostel has an accommodation for 32 students only. In the Salem Institute no hostel facilities are available. The Committee feel that as these Institutes are admitting students from different States, it is imperative that arrangements be made to provide hostel accommodation for the students. The Committee recommend that Government should take immediate steps to provide hostel facilities for the students at these Institutes.

Reply of Government

Action has already been initiated for providing hostel accommodation to the students of both Institutes, At Salem, construction works have already been started by the Central Public Works Department and at Varanasi, the necessary formalities are being completed in consultation with the C.P.W.D.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A, dated the 26th October, 1978)

Recommendation (S. No. 64, Paras 4.59 & 4.60)

4.59. The Committee note that use of obsolete and outdated looms and appliances is one of the main reasons for the low productivity and consequent poverty of the handloom weavers. The Committee are surprised to note that even today 80 to 90 per cent of the handloom weavers in the country are using pitlooms and most of these looms are being ope-

rated on throw shuttle where not only the productivity is low but considerable strain is put on the operator. The Committee are further surprised to note that Government have no statistics regarding the number of different types of looms used by the handloom weavers in different States and except isolated attempts made in some of the States for conversion of looms, no overall scheme has been formulated and implemented by Government for the conversion of looms into modern and upto-date looms so as to increase the productivity and the earnings of the large number of handloom weavers in the country. The Government have no statistics even about the number of weavers who have adopted new and modern types of handlooms.

4.60. The Committee agree that as the working conditions and the nature of products differ in different regions and States and as most of the handloom weavers work in their homes where there is limitation of space, it may not be possible to evolve a single design of loom which may be suitable throughout the country. The Committee would, however, like to point out that even by making slight modifications and alterations in the existing looms, production can be considerably increased and strain on the handloom weavers considerably reduced. For example, by converting throw shuttle looms into fly shuttle looms which occupy practically the same space, appreciable increase in production and reduction in strain on the handloom weaver, can be achieved. The Committee, therefore, recommend that as the Government is already conducting surveys of the handlooms in the country, authentic statistics regarding the number of various types of looms in the different States should be collected. After that a time-bound programme for effecting improvements in these looms as well as for conversion of looms according to local conditions should be prepared and implemented expeditiously so as to ensure increase the productivity and implemented expeditiously so as to ensure increase the productivity and income of the handloom weavers.

Reply of Government

Improvements to the existing looms and in the working conditions of weavers with a view to reducing the fatigue factor on the operative, and improving the texture and quality of fabrics are being given priority in the developmental schemes under implementation. The findings of the surveys as available from 13 States/Union Territories indicate that of the total number of Rs. 15.27 lakhs handlooms covered, 12.40 lakhs are pitlooms both throw shuttle and fly shuttle (*i.e.* 81.20 per cent), 2.36 lakhs frame looms (*i.e.* 15.50 per cent) and 0.51 lakh improved type of looms (*i.e.* 3.3 per cent). Thus it is seen that the pitloom type of looms predominate in the industry. As many States have not given separate figures for pitlooms, *i.e.* throw shuttle or fly shuttle, the exact share of those looms as existing at present is not known. However, it can be safely stated that

fly shuttle pitlooms should form the lion's share of the pitlooms, as may be observed from a "study of the handloom development programme" (1967) made by the Programme Evaluation Organisation of the Planning Commission according to which the distribution of looms by types was 3.4 per cent throw shuttle pitlooms, 83 per cent fly shuttle pitlooms, 11.9 per cent frame looms and 1.7 per cent other type of looms. It may be reiterated that any programme taken up for the modernisation of looms should give priority for reducing the fatigue factor on the operative improving the texture and quality of the fabrics, giving sustained activities to the weavers thereby leading to an increase in their gross earnings.

(Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A, dated 26th October, 1978).

Recommendation (S. No. 65, Para 4.61)

The Committee further recommend that Weavers Service Centres and Institutes of Handloom Technology in the country should conduct intensified research to evolve standard designs of looms suitable for local conditions in different regions which could ensure maximum productivity. After test-checking the designs of these newly evolved looms, Government should take concerted measures to popularise these looms among the handloom weavers by giving proper publicity, demonstrations and incentives so that the handloom weavers may be motivated to adopt these looms in the shortest possible time. Suitable training should also be arranged at the Weavers' Service Centres and Institutes for the weavers to make them acquainted with the working of these new looms. Arrangements should also simultaneously be made for the manufacture of such looms locally to ensure easy availability at competitive prices.

Reply of Government

There is a very useful recommendation. A Committee has been appointed by the Government of India to go into the suggestions raised in this recommendation.

(Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 51012/1/78-F&A, dated the 26th October, 1978].

Comments of the Committee

A copy of the findings of the Committee appointed by Government, when submitted and action taken thereon may be furnished for the information of the Committee.

Recommendation (S. No. 67 Para 5.24 & 5.25)

5.24. The Committee note that as most of the handloom weavers in the country belong to the economically weaker sections of society, they are at the mercy of the master weavers who exploit these weavers not merely

98 LS—4.

by charging exorbitant rate of interest on the loans advanced to them for purchases of various inputs but also by purchasing their products at cheap rates. It has been widely accepted that the best way in which the handloom weavers can be saved from the exploitation of the master weavers is by organising them into economically viable cooperatives which can serve both as production-cum-marketing units. The Committee, are, however, concerned to note that the cooperative structure in the handloom sector is not in a very healthy condition. Firstly the cooperative societies of the handloom weavers cover a small percentage of small weavers, and secondly majority of these cooperative societies are either defunct or dormant. The seriousness of the problem can be judged by the fact that as many as 94.5 per cent of the societies in Rajasthan, 81.05 per cent in Assam, 66.8 per cent in Uttar Pradesh, 66.6 per cent in Mizoram, 53.8 per cent in Nagaland, 51.9 per cent in Karnataka and 48.6 per cent in Bihar are dormant. It has also been admitted by the Development Commissioner for Handlooms in his evidence before the Committee that except in Tamil Nadu and to some extent in Andhra Pradesh, the cooperative societies in other States exist by and large on paper only. The Committee feel that this is an extremely unsatisfactory state of affairs and needs to be remedied immediately.

5.25. The Committee note that the main reason of the handloom weavers not coming forward to join the cooperative societies is that there are no additional benefits or substantial incentives available to the handloom weavers for becoming the members of the cooperative societies. The only benefit available to the handloom weavers for becoming the members of the cooperative societies is that these societies are able to get finance from the Reserve Bank of India at $1\frac{1}{2}$ per cent below the bank rate. However, as most of the societies are either dormant or not economically viable or their accounts are not audited in time these societies are not able to take advantage of the Reserve Bank of India Scheme of Handloom Finance. Moreover, it has been admitted by the Development Commissioner for Handlooms that the individual weavers in the Intensive Development Projects are getting more loans and greater facilities than the weavers under the cooperative sector. The Committee feel that until and unless the handloom weavers are offered sufficient incentives to become members of the societies and these societies provide an assured supply of inputs like yarn, finance, dyes and chemicals as well as marketing of their products, they would not be attracted to become members of these cooperative societies. The Committee recommend that the Government should prepare a package of incentives like supply of yarn and other inputs at liberal terms and assured marketing channels to the cooperative societies and above all facilitate the smooth and efficient working of these societies by encouraging them to become viable units and employing well trained persons of integrity and experience to work as Secretaries, Accountants etc.

Reply of Government

It is accepted that special measures will have to be taken to ensure that cooperative coverage in the handloom sector increases and that primary cooperative societies become effective vehicles of development of the industry. It is true that a large number of cooperative societies were defunct. In order to tackle this problem, Government started a special programme to assist weavers to become members of cooperative societies. A scheme was formulated under which a loan of Rs. 90/- was given to a weaver to enable him to purchase a share in a cooperative society. It is expected that the weaver should himself contribute Rs. 10/- thus making a total value of the share Rs. 100/.

In the year 1976-77, Government of India sanctioned Rs. 50/- lakhs to the States for implementation of the scheme. This was metched by an equal amount from the States. It is estimated that as a result of this as many as one lakh weavers were brought into the cooperative fold. In the year 1977-78, the Central Government sanctioned loans to the tune of Rs. 235 lakhs for assistance to weavers under this scheme. Here also, a matching contribution was made by State Governments. It is estimated that about 4 lakh weavers were brought into the cooperative fold as a result of this scheme. During the last year, the budget provision with the Government of India has risen to Rs. 350 lakhs and it is hoped that the States will make a matching contribution. This is expected to bring about 8 lakh weavers into cooperative fold.

In addition to this, special schemes have been started for giving assistance to Apex Societies of Handloom Weavers Primary Societies. Loans are given to increase share capital with a view to enabling the Apex Societies to increase their turnover. During the year 1976-77, a sum of Rs. 150 lakhs was sanctioned under this scheme to Apex Societies/Handloom Development Corporations. This sum was also matched by State Governments. In the year 1977-78, the figure of Central assistance rose to Rs. 330 lakhs for Apex Societies alone and States were requested to make a matching contribution. In the current year, it is expected that Apex Societies will be aided to the extent of Rs. 400 lakhs by the Government of India.

It is true that some special schemes will have to be considered to help weavers inside the cooperative fold. While working capital finance to weavers cooperative societies has undoubtedly increased, there is still a strong case for giving other benefits to weavers in the cooperative fold. It is now proposed to frame schemes under which improved tools and equipments like frame-looms, take-up motions etc. will be given to weavers in the cooperative fold at concessional terms. Some State Governments already have such schemes. In Maharastra for example, Government pro-

vides frame-loom and other improved tools and equipment to weavers societies on highly concessional terms. Part of the cost of the improved tools is given as grant and part as loan. A similar scheme operates in Uttar Pradesh and some other States. It is proposed to evolve a scheme that will cover all the States in the country with Central assistance.

It will be seen from this that concrete steps have been taken to implement the recommendations of the Committee in toto. By providing funds to weavers to become members of primary societies, not only does co-operative coverage increase, but the finances of a society are placed on a sound footing. The increased share capital made available acts as a margin against which borrowing is possible under the Reserve Bank of India scheme of finance. This has resulted in a considerable increase in the limits sanctioned to primary weavers cooperative societies under the Reserve Bank of India scheme of finance.

The limit sanctioned in the year 1976-77 under the Reserve Bank of India scheme of finance stood at Rs. 26 crores. It rose to Rs. 42.61 crores in the year 1978-79. Since increased finance was available to primary societies for working capital needs, it was possible for them to purchase inputs like yarn for use of their looms.

The other difficulty usually experienced by primary societies relates to marketing. Government of India have impressed on State Governments that Apex Societies should be prepared to procure at least 50 per cent of the produce of primary cooperative societies. The share capital assistance given by the Government of India to Apex Societies has helped considerably in increasing their turnover. The most striking results have been obtained in States like Andhra Pradesh where turnover has increased from Rs. 850 lakhs to Rs. 1600 lakhs in one year. So also in Orissa, sales turnover rose from Rs. 115 lakhs to Rs. 250 lakhs in a single year. The corresponding figures in West Bengal were Rs. 196 lakhs and Rs. 439 lakhs. In Uttar Pradesh, the turnover increased from Rs. 86 lakhs to Rs. 142 lakhs. When it is recalled that this increase took place within a period of only one year, it may be realised that a tremendous change has been brought about in the sales turnover of Apex Cooperative Societies. This has naturally proved to be of immense assistance to primary co-operative societies in helping them solve their marketing problems.

[Ministry of Industry, Office of the Development Commissioner for Hand-loom, O.M. No. 54012/1/78-F&A, dated the 26th October, 1978].

Recommendation (S. No. 68) Para 5.26

The Committee note that one of the main reasons for the unsatisfactory working of the weavers cooperative societies is that most of the office-bearers of these societies are not acquainted with the rules and regulations

and elementary economics regarding the working of these societies with the result that these societies run into losses and become dormant. While there are some arrangements for the training of the office-bearers of the cooperative societies, these facilities are inadequate and have been able to touch no more than the fringe of the problem. The Committee recommend that Government should draw up and implement training programmes for Managers, Secretaries and Accountants of the co-operative societies so as to provide training facilities for the requisite number of personnel as per a time bound programme and covering theoretical and practical aspects of the subjects of direct relevant to cooperatives.

Reply of Government

The recommendation is accepted. In fact, the National Council for Cooperative Training has already organised training programmes for office bearers of Handloom Cooperative Societies. This Council has been aided by grants received by Government of India and the NCDC. In view of the recommendation of the Committee however, it was felt that the training facilities offered were not adequate. During the current year, therefore, fresh training programmes were organised.

Th Vaikunth Mehta National Institute of Cooperative Management, Pune is conducting a training programme for senior officials of State Handloom Cooperative Societies and officers of the State Government connected with the development of the Handloom industry. For this purpose, a grant of Rs. 1 lakh was made available to this Institute during the last year. A provision for a further grant of Rs. 1 lakh has been made in the budget of the Development Commissioner for Handlooms during the current year.

In addition to the above, the Indian Institute of Management, Ahmedabad, conducted a training programme in September, 1978 for senior Managers of Handloom Cooperatives and Handloom Corporations and State Government officials concerned with the development of the handloom industry. For this purpose, financial assistance to the tune of Rs. 1 lakh was made available to the IIM, Ahmedabad, in the year 1977-78. During the current year, there is a provision for giving the Institute a grant of Rs. 75,000/- for conducting training for managers of the handloom industry. The National Cooperative Union of India has been entrusted with the training of ordinary members and office bearers of primary societies. During the current year, a grant of Rs. 10 lakhs has been given to the NCUI for arranging this programme, Member education training programmes will be undertaken in the entire country. As many as 60 training units with separate instructors will be established. By this means, a time-bound programme for the training of all members and office bearers of primary societies is being undertaken.

It will be seen from this that steps to implement recommendations of the Committee regarding training have already been taken. It is proposed to undertake more training programmes during subsequent years so that all persons connected with the development of the handloom industry will be fully trained not merely in the techniques and practice of management, but also in the intricacies of the cooperative movement.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. 54012/1/78-F&A, dated the 26th October, 1978].

Recommendation (S. No. 69, Para 5.27)

The Committee further recommend that the scheme for grant of managerial subsidy for the first 3-5 years of a cooperative needs to be implemented in letter and spirit so as to encourage the societies to employ qualified personnel from the very inception and thus place the organisation on healthy lines, if they are to be made really successful.

Reply of Government

The recommendation is accepted. In fact, some States already have a scheme for grant of managerial subsidy to cooperative societies of handloom weavers to help them, at least in the initial stages. Over the last three years, different States all over the country have given managerial assistance to 1373 societies. The amount of subsidy provided was Rs. 21.84 lakhs.

It is realised that this scheme needs to be implemented in a larger number of States. The benefits that arise from provision of managerial subsidy should be felt by as many societies as possible. It is, therefore, proposed to take up a Central scheme for provision of managerial subsidy alongwith the scheme for increasing cooperative coverage. Letters were addressed to all State Governments by the Government of India to find out whether they already had schemes for managerial subsidy, and if so how these were working. On the basis of the replies received, and the information gathered from the States, it is proposed to evolve a scheme for grant of managerial subsidy especially to weak societies in backward areas of the country.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. 54012/1/78-F&A, dated the 26th October, 1978].

Recommendation (S. No. 72, Para 5.30)

From the representations received from a number of non-official organisations and individuals connected with the handloom cooperatives,

the Committee note that another reason why handloom weavers are reluctant to join the cooperatives is that the procedure regarding the working of these societies is quite complicated and as the vast majority of the handloom weavers are illiterate, they are not able to follow this complicated procedure.

Reply of Government

The question of simplifying of the working of credit scheme for co-operative societies has already been studied by the Hate Committee and suitable instructions have already been issued. In view of the recommendation of the Estimates Committee however, a separate reference has been made to the Reserve Bank of India for their comments and suggestions about the simplification of the procedure regarding working of the co-operative societies. State Governments have also been addressed in this respect, so that their views could be made available to the Government of India.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A, dated the 26th October, 1978].

The Committee stress that the Government should attach utmost importance to the strengthening of Cooperative movement among the handloom weavers as it is only through Cooperatives that the lot of handloom weavers can be improved and they can be saved from exploitation. The Committee recommend that Government should not only provide all assistance and encouragement to the handloom cooperatives but also depute dedicated officers with missionary zeal to organise and guide the cooperatives and also enlist the active involvement of non-official agencies in the task.

Reply of Government

Noted.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. 54012/1/78-F&A, dated the 26th October, 1978].

Recommendation (S. No. 75, Para 5.41)

The Committee would like to point out that Government should make a detailed study to find out the reasons for the large number of handloom cooperative societies becoming inactive or dormant and take remedial measures to remove these deficiencies so that the same may be avoided in

future. The Committee feel that unless and until the cause of these societies becoming dormant are identified and remedial measures taken, no programme for revitalising the cooperative societies can become effective as there will be every likelihood of these new societies again becoming dormant or inactive in a few years. Government should also evolve a comprehensive programme for reorganising the existing dormant or inactive societies into viable units by amalgamating or reorganising these societies and bring them on sound economic footing. As any programme for the revitalisation of these societies will necessarily depend upon local conditions, the Committee recommend that the strategy involved for the revitalisation of the societies should take into consideration local conditions in each State.

Reply of Government

As part of the programme for extension of cooperative coverage, dormant and inactive societies are being revitalised. States have been asked to give greater emphasis to this task so that the problems of dormant and inactive societies can be tackled effectively. Some States have already taken action by amalgamating certain weak societies so that they become economically viable. The programme of revitalisation always takes into account local conditions prevailing in the area. Even in the scheme given to the States under the programme for extension of cooperative coverage, a model is drawn up and presented to the States. It is made clear however, that variations to this would be allowed in the context of local conditions.

[Ministry of Industry, Office of the Development Commissioner for Hand-loom, O.M. No. 54012/1/78-F&A, dated the 26th October, 1978].

Recommendation (S. No. 76, Para 5.42)

The Committee would like to point out that the main factors responsible for the cooperative societies becoming inactive are bad management, shortage of inputs and marketing facilities.

The Committee recommend that Government should have a sample survey conducted through an independent body of experts to find out the factors responsible for this state of affairs cooperative societies and ensure that such elements as are responsible for bringing these societies to such a sorry state should not be allowed to hold a position of responsibility in the cooperative societies. The Committee also feel that whenever, a society becomes inactive, the matter should be immediately investigated with a view to fixing responsibility. Government should also take suitable measures to ensure the supply of regular inputs and marketing channels

for these cooperative societies. Government should also ensure with the assistance of the National Cooperative Development Corporation and other financial institutions that the share capital of these cooperative societies is strengthened and brought on sound financial footing.

Reply of Government

The Hate Committee appointed by the Government of India to review the working of the Reserve Bank of India scheme for handloom finance to the cooperative sector, also went into the question of dormancy and inactivity of primary handloom cooperative societies. They have listed, in some detail, the reasons why cooperative societies become dormant and what steps need to be taken to remedy in the state of affairs. The Committee also recommended that NCDC should give assistance to State Governments to enable them to contribute to the share capital of primary societies. The recommendation of the Estimates Committee, therefore, has been covered.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54021/1/78-F&A, dated the 26th October, 1978].

Recommendation (S. No. 77, Para 5.50)

The Committee note that a number of State Governments have set up Handloom Development Corporations in the States for the development of handlooms. It has been represented that there is a fear in the minds of the cooperatives in these States that the setting up of these Corporations will adversely affect the growth of handloom cooperative as these Corporations will enter into competition with the cooperatives and retard the growth of the cooperative movement. The Committee further note that Central Government have not issued any guidelines to the Handloom Corporations with regard to their functioning *vis-a-vis* the handloom weavers cooperatives. The Committee feel that it is high time that Government should ensure that the working of these Handloom Development Corporations should not in any way affect the growth of cooperative movement in the handloom sector. The Committee, therefore, recommend that Government should immediately issue comprehensive guidelines regarding the working of these Handloom Development Corporations to ensure that these Corporations work in close liaison with the cooperative societies in the area and there is no avoidable duplication of efforts.

Recommendation (S. No. 78, Para 5.51)

The Committee further recommend that in all these areas where there is a strong cooperative structure, the implementation of the Intensive

Development Projects should also be undertaken with the help of the cooperative societies. In other areas where the Cooperative structure is weak, this responsibility may be passed on to the cooperative societies as soon as the cooperative structure is adequately strengthened.

Reply of Government

The recommendation of the Committee is noted. States have been repeatedly advised that there should be no competition at all between the cooperative sector and Handloom Corporations. It is a fact however that, at least for the next few years, it will not be possible to cover all the weavers in the country in the cooperative fold. Some arrangement therefore, will have to be made to look after the interests of the weavers outside the cooperative fold. Handloom Development Corporations are entrusted with the task of looking after such weavers. It has been repeatedly emphasised that the first preference should always be given to handloom weavers in cooperative societies and in strengthening the cooperative movement. Only when it is clear that it will not be possible to cover all weavers in the cooperative fold, Handloom Development Corporations are being encouraged to take up a production programme.

Intensive Development Projects were originally intended to cover those weavers outside the cooperative fold. In line with the recommendation of the Committee that where there is a strong cooperative structure, implementation of these projects should be through cooperative societies however, the export development project in Maharashtra has been entrusted to a cooperative society. So also the Intensive Development Project at Madurai is being handled by a cooperative society. In Kerala, industrial cooperatives execute the projects. In Tamil Nadu, the State Government has already taken steps to form cooperative societies among project weavers. A flexible approach is this being maintained.

[Ministry of Industry, Office of the Development Commissioner for Handloom, O.M. No. 54012/1/78-F&A, dated the 26th October, 1978].

Recommendation (S. No. 80, Para 6.18)

The Committee note that at present only 10 per cent of the handloom products are being marketed through organised channels and for the rest, the handloom weavers depend upon themselves with the result that considerable time has to be spent by them in the marketing of their products and more often than not they are faced with the problem of accumulation of stocks resulting in distress sales and considerable hardship to them. The Committee, therefore, recommend that Government should evolve a

strategy and prepare a time-bound programme to increase the marketing of handloom products through organised channels so that the handloom weavers may be assured of the marketing of their products. The Committee recommend that for this purpose an economic and business like mechanism should be evolved in which the Cooperative Societies of handloom weavers, should play a pivotal role in ensuring the supply of yarn to the handloom weavers at fixed rate and purchasing the finished products and arranging for its marketing at sales depots at various places. These sales depots should also keep the handloom weavers informed about the latest consumer preferences and demands so that their products conform to the market trends and no difficulty is experienced in the marketing of these products. The Committee further recommend that pilot projects on these lines in selected district towns with concentration of handloom weavers in the surrounding areas may be started in the first instance and the same may be extended to other places in the light of experience gained. Efforts should be made to maximise the turnover and reduce the marketing costs so that the price may be minimised and the products may be readily acceptable to the Consumers.

Reply of Government

The recommendation of the Committee that marketing arrangements for the handloom sector should be improved and that organised canals of marketing should be created is noted. In fact, a series of measures to improve the marketing arrangements for cooperative societies and weavers covered by Handloom Development Corporations have already been taken. These have been discussed at some length in replies given to some other paragraphs of the report of the Committee.

One way of improving the marketing of handloom products through organised channels is to give assistance to agencies like Apex Cooperative Societies and State Handloom Development Corporations. In the year 1976-77, a sum of Rs. 150 lakhs was given to Apex Societies and Handloom Development Corporations all over the country for increasing their equity. In the year 1977-78, Apex bodies were assisted to the extent of Rs. 330 lakhs and Handloom Development Corporations were given Rs. 192 lakhs. These figures represent funds provided by the Government of India. State Governments were expected to make matching contribution. During the year 1978-79, a sum of Rs. 550 lakhs has been earmarked for increasing the share capital of these bodies. This sum is also expected to be matched by the States. It is expected that this will result in substantial increase in the turnover of State Apex bodies/Handloom Development Corporations. Already these bodies have registered considerable progress in this field. Details of increase in turnover of State Apex Societies are given in the reply to paragraphs 5.24 and 5.25 of this report. The sales turnover of State Handloom Development Corporations

also increased proportionately. In U.P., the turnover in 1976-77 was Rs. 103 lakhs. This figure rose to Rs. 729 lakhs in the year 1977-78. So also in Maharashtra, a sales turnover of roughly Rs. 52 lakhs in the year 1976-77 rose to Rs. 226 lakhs in the year 1977-78.

NCDC also gives financial assistance to State Apex Cooperative Societies for opening retail show-rooms and outlets all over the country. Some States have already taken advantage of NCDC programme of assistance and more States are being encouraged to do so in the near future. NCDC is also being asked to assist State Governments to contribute to the share capital of primary cooperative societies.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A, dated the 26th October, 1978].

Recommendation (S. No. 81, Para 6.19)

The Committee note that one of the main reasons for frequent accumulation of stocks is that in many cases the production of cloth is not related to the market demand. The case of the weavers in Vidharba who are still producing eight metres coloured sarees in spite of the fact that these sarees are gradually going out of demand, is a clear instance how the production is not aligned to the demand. The Committee would like to point out that there are frequent changes in fashions and designs of cloth which affect the market demand of textiles. Until and unless the production of handloom cloth keeps pace with the changes in designs and fashions etc., the sale of these products is bound to suffer. This emphasises the importance of market intelligence and continuous feedback of information regarding changes in fashions and designs etc. to the actual producers of handloom cloth. The Committee, therefore, recommend that Government should organise a mechanism which should be inbuilt into the wholesale and retail system of marketing to find out the latest trends in designs and fashions etc. and consumer preferences. In addition, special surveys by highly trained persons wherever required should also be conducted at selected places to assess such changes in consumers demands and Handloom Corporations and the Weavers Service Centres should also play an important role to this mechanism of feed-back of market intelligence to the weavers.

Reply of Government

The recommendation that there should be an adequate feed-back to the weavers indicating the latest designs, fashions and consumer prefer-

ences is noted. Government are convinced that market intelligence is of prime importance in the handloom industry. While it is true that in the past, weavers continued to weave products that were not in very great demand, attempts are now being made to introduce the concept of market research into the handloom industry.

Recently the Government of Andhra Pradesh was given financial assistance by the Central Government to conduct a market survey into consumer tastes and preferences in the field of textiles. This survey is being conducted by the Administrative Staff college of India. So also Government have recently released a sum of Rs. 1.30 lakhs to the Government of Orissa for carrying out research into market trends in the handloom field in that State.

In addition to these, a special study has been commissioned by the Government of India to go into the whole range of problems of the handloom industry in North Bihar. A well known firm of consultants has been entrusted with the task of studying the organisational set up and the marketing arrangements of the handloom industry in this backward area of Bihar. It is expected that the results of this study will help considerably in the re-organisation of the handloom industry.

In addition to the above, regular studies on consumer preferences are made by the Textile Committee. At the instance of the Development Commissioner for Handlooms, special emphasis is now being laid on the handloom sector in the studies conducted by the Textile Committee. So also Vaikuntha Mehta Samarak Trust has been entrusted with the study of organisational and marketing arrangements of the handloom industry.

It will be seen from this that considerable progress has already been registered in the field of market survey by highly trained persons. This is expected to give a necessary feed-back to weavers. During the current year, a budget provision of Rs. 20 lakhs is available with Development Commissioner for Handlooms for conducting market surveys all over the country. It is hoped by this that the potential of the rural market can be fully tapped and handloom goods can find their way into this vast area of demand.

Recently attempts have been made by the Government of India to set up rural marketing centres all over the country for the purpose of co-ordinating, to the extent possible, the marketing activities in the rural and cottage industries sectors covering Khadi & Village Industries, Handicrafts & Handlooms. This is expected to go a long way to tap the vast potential for handloom goods in rural areas. A special study is being undertaken

by the National Productivity Council to identify possible avenues of increased marketing in rural areas. Development Commissioner for Handlooms is sharing the cost of this study.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 45012/1/78-F&A dated 26th October, 1978].

Recommendation (S. No. 82, Para 6.20)

The Committee further note that at present sufficient publicity is not being given to the handloom products. The Committee recommend that Government should, in consultation with the State Governments and State Handloom Corporations evolve a comprehensive strategy for adequate publicity of handloom products by display of hoardings at railway station and important public places, cinema slides etc.

Reply of Government

For propagating the salient features of handlooms, a national Publicity campaign was evolved keeping in view the magnitude of handloom programmes. A massive publicity programme was launched through various publicity media viz. TV, AIR, Documentary Films, Technical Publications. Hoardings etc. have covered all the State capitals with the installation of eye-catching and effective hoardings at vantage points. A handloom logo was introduced which has become popular throughout the country and in fact, some of the handloom products have been brought out with the eye-catching logo symbol. A monthly news letter entitled 'Handloom News' was also brought out disseminating news relating to the activities of Central and State organisations and Weavers Service Centres. The medium of exhibition as part of publicity was fully exploited. For the first time in April, 1977 a National Handloom Fair was held in New Delhi exhibiting the wide range of handloom brouchers under one umbrella. This was followed by our active participation in Agri-Expo/77 with the Handloom Theme Pavilion. A National Handloom Expo was held at Madras from December 22, 1977 to February 21, 1978. We had also put up a Handloom Tableau for the first time in the Republic Day Celebrations 1978. The colourful Handloom Spring Bazar was organised in New Delhi during March-April, 1978.

During the current year, a Handloom Pavilion in which practical demonstration of Weaving techniques was put up at the Indian National Exhibition at Moscow held from August 1st to 31st, 1978. National Handloom Fairs at Bombay, Calcutta and Lucknow are being planned. A mammoth Handloom Pavilion will be put up at the National Small Scale Industries Fair to be held in New Delhi from November 17th to December 16th this year. This is to project the commending role of the handloom

industry as a mainstay of the rural and semi-urban economy. It is proposed to organised/participate in some of the International Fair in various places abroad. This will be supplemented by organising fashion shows, pageants, beauty contests to popularise the effectiveness of the enchanting handloom production. Colour documentaries and Audio-Visual shows are also canvisaged. A handloom mini exhibition will be set up in the Office of the Development Commissioner for Handlooms for the information of both—visiors from our own country and abroad. A research-cum-evaluation unit is proposed to be set up to study the fashion trends for organising exhibitions and mould our programmes accordingly.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A dated October, 1978].

Recommendation (S. No. 84, Para 6.22)

The Committee recommend that stalls should be opened in festivals, fairs and exhibitions to encourage the sale of handloom products.

Reply of Government

We have already organised handloom exhibition-cum-sale bazars and participated in some of the prestigious fairs and exhibitions in the country. It is proposed to open a handloom sales depot in which all products from all over India will be made available. This is expected to benefit especially low-paid employees of the Government.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O. M. No. 54012/1/78-F&A, dated the 15-11-78].

Recommendation (S. No. 89, Para 6.42)

The Committee further note that in many of the States, the rebate granted by the cooperative societies has not been re-imbursed to them so far and there are large outstandings on this account. This has adversely affected the financial position of these societies as a large portion of their working capital has been blocked. However, the Department of Textiles has claimed that although the Central Government share had to be paid on receipt of audited accounts 90 per cent of the Central Governments' share has been paid on the basis of statements of sale received from the State Governments and the balance 10 per cent will be paid after receipt of statement of account and an amount of Rs. 2.23 crores has already been paid to 10 State Governments. The Committee fail to understand why there should be any delay in the reimbursement of this rebate when a decision to grant such rebate was taken by Government and the share of Central Government has already been reimbursed. The Committee recommend that the De-

velopment Commissioner for Handlooms should take up the matter immediately with the State Governments and persuade these State Governments to reimburse the amount of the rebate to the cooperative societies at an early date.

Reply of Government

Meetings have been held with Directors of Handlooms of different States on different occasions, and they have been advised to submit their claims for reimbursement of the amount of the rebate at an early date. In fact, the anxiety of the Government of India to settle all rebate claims in full was communicated to all Directors of Handlooms in two separate letters dated 10th January, 1978 and 4th October, 1978. Most States have already done so. Wherever there is a delay in final settlement of rebate claims, it is because State Governments are unable to send audited statements of rebate claims. Whenever audited statements are received, there is no delay in settling the matter finally at the level of the Government of India. States are being advised to submit audited accounts for rebate immediately.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A, dated 26th October, 1978].

Recommendation (S. No. 93, Para 6.61)

The Committee note that there is an increasing demand for the fabrics of mixed blends of cotton and synthetic yarn in the country and the use of garments of these mixed blends has spread to remote areas and villages etc. Moreover, in view of the shortage of cotton in the country due to fall in production and high price of cotton in the international market, increased use of synthetic yarn has become inevitable in the production of cloth. With the setting up of Indian Petro-chemicals Ltd., the Committee feel that it should be possible to meet the requirements of synthetic yarn/raw materials in the country to a great extent. The Committee have no doubt that the difficulties in the production of mixed fabrics would be overcome soon.

Reply of Government

Government have proposed a target of 200 million metres of blended fabrics to be produced in the handloom sector out of 3700 million metres of handloom cloth earmarked for production by 1982-83. The production of polyester cotton blended fabrics is in consonance with the multifibre approach and will be given all encouragement in the coming years.

[Ministry of Industry, Office of the Development Commissioner for Handlooms O.M. No. 54012/1/78-F&A, dated 26th October, 1978].

Recommendation (S. No. 101 and 102, Para 8.17 to 8.19)

8.17. The Committee note that handloom products have emerged as a major foreign exchange earner in recent years and the earnings from the export of handloom products have increased from Rs. 11.43 crores in 1967-68 to Rs. 188.5 crores in 1975-76. The Committee consider that the experience of the past years convincingly establish that the country has potential for achieving the rising level of exports of handloom products in the years to come, thereby earning the much needed foreign exchange as handloom products have found increasing consumer acceptance in the affluent countries. The Committee, therefore, urge that Government should evolve a comprehensive export strategy in respect of handloom products in order to ensure that not only the present quantum of exports continues, but there is also continuous increase in the export and foreign exchange earnings from the handloom products.

8.18. While the Committee are glad that the handlooms have found acceptance in the affluent countries, the Committee would like to remind the authorities that the existing demand is no guarantee that in the years to come it will continue at this level. In the sophisticated markets of foreign countries there has to be continuous study by knowledgeable and sensitive persons well versed in the field about the tastes and trends of fashion and consumer requirements and feed back to the handloom sector at home so that newer designs and innovations could be incorporated in the manufacturing programme to meet the demand and widen its acceptance by satisfying quality and design.

8.19. The Committee have no doubt that if earnest efforts are made to study the consumer requirements and marketing trends in USA and Germany, it should be possible not only to check the fall in exports of handlooms but to increase and improve upon them by increasing their consumer acceptance by quality and attractiveness of designs. It is, therefore, of the utmost importance that Government should devise in consultation with the handloom sector suitable mechanism for study and feed-back of the information of the market fashion and trends, in order to regulate and modify production accordingly.

Reply of Government

The recommendation of the Committee that the Government should evolve a comprehensive exports strategy in respect of handloom products is already receiving Government's attention. Due to the various promotion measures undertaken by the Handloom Export Promotion Council, Madras during the last three years, the exports have increased substantially from a figure of Rs. 188.5 crores in 1975-76 to a figure of Rs. 231 crores in 1977-78 (provisional). The promotional measures include study of various markets through Sales-cum-Study Teams and participation in International Exhibitions, Fairs and fashion shows.

The need to diversify our market is also kept in view and the Indian Institute of Foreign Trade is proposing market orientation tours in a number of Asian countries with a view to exploring the possibility for exports of Indian handloom furnishings and made-up articles.

Regarding the recommendation that Government should devise a suitable mechanism for study and feedback of information of market fashion and trends in order to regulate and modify production accordingly, some work is already being done at our Weavers Service Centres. The Handlooms & Handicrafts Exports Corporation and private Export Houses in collaboration with Fashion Designers from abroad have a close linkage with our Weavers' Service Centres. However, two important steps are also envisaged in this direction:

- (i) Setting up of an Institute of Fashion Design and Technology at the national level as recommended by the Working Group on Garments under the Chairmanship of Shri B. Ramadorai, the Managing Director of HHEC. The Working Group's recommendations are being examined by the Ministry of Commerce.
- (ii) Some selected designers, artists and other talented people working in our Weavers' Service Centres and other Institutes will have to be sent abroad for training, at the International Fashion Institutes located in Paris, London and New York.

Even the Sivaraman Committee appointed by the Government to look into the problems of the handloom sector, had recommended in its Report that our leading designers and artists should be sent abroad for participation in major international exhibitions and fairs as well as for intensive training in Institutes abroad so that they come in contact with other designers for learning about fashion trends, which is very important for our export market. Since the lead time in handloom sector is long for a fashion trend abroad to percolate to the actual production level in India, it is important that our own people such as designers and artists working in our Weavers Service Centres, State Handloom Development Corporation and other public sector Organisations dealing with handloom exporters should frequently visit these exhibitions abroad and transmit the knowledge gained to the production centres in the country. The idea is that no time should be lost in working on the looms to meet the fast changing fashion requirements abroad.

[Ministry of Industry, Office of the Development Commissioner for Handlooms O.M. No. 54012/1/78-F&A, dated 26th October, 1978]

Recommendation (S. No. 103, Para 8.20)

The Committee note that at present there is no satisfactory arrangement for the continuous survey of market demand and its flow-back to production units in the country. The Committee, therefore, recommend that Government should immediately introduce a mechanism for the study of consumer demands and changes in fashions of foreign consumers and its flow-back to the domestic producers on a continuous basis. The Committee recommend that our Trade Representatives in foreign countries and the staff of Commercial Attaches may be entrusted with the responsibility of keeping the authorities in India informed of all such developments in foreign markets and the flow-back of such information to the domestic producers. The Committee need hardly emphasise that this mechanism for flow-back of market intelligence should function in such a way that there is no time-lag in sending the information as in view of the frequent changes in fashions etc., and delay in flow-back to information, will prove detrimental to the exports of handloom products.

Reply of Government

We have been informed by the Ministry of Commerce that the commercial representatives in various countries have since been instructed to keep us informed from time to time about market conditions, consumer preferences, change of fashion, etc., so that our exports can keep pace with the fast changing requirements.

[Ministry of Industry, Office of the Development Commissioner,
Handlooms, O. M. No. 54012/1/78-F & A, dated
26th October, 1978].

Recommendation (S. No. 104, Para 8.21)

The Committee regret to note that in many cases the export of handloom products suffer because of the absence of a strong production base in the country with the result that the domestic producers are not able to meet the demands of foreign countries. Although there is considerable demand for ready-made garments in foreign countries, there is not enough production of the fabrics in the country. This clearly underlines the need to strengthen the production base of handloom products in the country particularly those which are required for meeting the export requirements. Now that the Government have launched a number of Export Production Centres in the country, the Committee feel that there should be no difficulty in running these production units in such a way that it would be possible to adjust the production in accordance with the changes in foreign demand and the foreign demand could be met in full without loss of time.

The Committee cannot too strongly stress the need for taking speedy action in this regard as timely and well coordinated action is the essence of the matter.

Reply of Government

The Recommendations of the Committee are useful and have been noted for guidance.

(Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A dated the 26th October, 1978]

Recommendation (S. No. 105, Para 8.22)

The Committee note that the main difficulties experienced by the production units engaged in the production of export varieties are the irregular supply of yarn and dyes and chemicals and frequent changes in their prices with the result that the producers are not able to quote stable prices for a period of time and are sometimes not able to supply goods for export in time earning a bad name of our exports. The Committee have, in an earlier Chapter, already emphasised the need for ensuring regular and timely supply of yarn and dyes and chemicals at fixed prices for the handloom industry. The Committee would like to point out that the need for these measures is still more necessary in the case of such units which are engaged in the production of exportable products. The Committee, therefore, recommend that Government should immediately ensure the supply of yarn and dyes and chemicals of requisite quality at fixed prices to such units so that the export of handloom products do not suffer.

Reply of Government

The 21 Export Production Handloom Projects functioning in the Country today attempt to provide a package deal to the weavers for the supply of all necessary inputs including yarn, dyes and chemicals of requisite quality as well as marketing of these products. Similarly, some of the leading handloom cooperative societies, both at the primary and apex level dealing with exportable varieties are also providing the necessary institutional support to handloom weavers in the form of supply of necessary raw-materials such as dyes and Chemicals and yarn as well as marketing of the finished products.

(Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A dated the 26th October, 1978).

Recommendation (S. No. 106, Para 8.23)

The Committee feel that as there is considerable increase in the demand for handloom products in the foreign markets, it is very necessary that suitable steps are taken to ensure that the quality of handloom products do not deteriorate and that only products of requisite quality and specifications are exported so that the reputation and good name of Indian handloom products in foreign countries does not suffer. The Committee note that some unscrupulous elements, taking advantage of the considerable increase in the export of handloom products, have entered the export market and there are already some complaints regarding the quality of handloom products exported and the powerloom cloth being passed on as handloom cloth. The Committee need hardly stress that a country can sustain her traditional markets and develop new markets only if it ensure that her exports are of dependable and proven quality and that the quality of goods exported conforms to the quality contracted for. The Committee suggest that Government should take all possible measures to generate deep-rooted quality consciousness in Indian exporters, who should be made to realise that only on the basis of quality of handloom exports, India would be able to sustain her traditional markets and develop new markets. The Committee would stress that quality control should not only apply to finished products but quality consciousness should be inculcated at all stages of production starting from raw-materials to designing, production and finish of products. This underlines the need for proper quality control and inspection. The Committee note that already such an inspection is compulsory in the case of all such exporters who want to get cash assistance for their exports.

Reply of Government

Most of the handloom exporters today are in the private sector. Government can, therefore, only emphasise the need for quality production through a dialogue with them, and laying down the general guidelines. The Textile Committee and the State Government Agencies primarily responsible for inspecting and clearing export items are already paying specific attention to quality of exportable varieties of handloom products. However, the matter will be further pursued in the light of the recommendations of the Committee, in consultation with the State Government other agencies concerned.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A dated the 26th October, 1978].

Recommendation (S. No. 106, Para 8.24)

The Committee would like Government to consult the handloom sector and devise an independent machinery for exercising effective quality check on all exports from handloom sector. In case where a serious complaint is received from foreign importer about the quality of handloom exported, Government should have the matter thoroughly investigated and take deterrent action where called for against the party. The Government may also consider whether in the case of those against whom persistent complaints are received, it may either be made obligatory for them to have their goods inspected by Government organisation before exports or they may be debarred from making any exports. The Committee need hardly point out that the arrangement would have to be such that the same are prompt and fair so as to win the confidence both of the exporters and the importers.

Reply of Government

The recommendation has been examined in consultation with the Ministry of Commerce which is directly dealing with the subject of exports. Government have already established an independent Agency viz., Textiles Committee for undertaking pre-shipment inspection with a view to ensuring quality of exportable products. The Committee is carrying out voluntary inspection in respect of bed-spreads and napkins/towels. Handloom silk products are, however, being inspected by Central Silk Board. Only a few complaints about the quality of the goods exported have been received and these have been sorted out. As a matter of general policy, more and more items are being brought under compulsory inspection. As soon as the scheme for compulsory inspection is introduced, it is hoped that there will be more discipline about the quality of goods exported.

(Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A, dated the 26th October, 1978).

Recommendation (S. No. 107, Para 8.25)

The Committee also stress the need for high quality attractive packing of exported goods so that such goods can catch the appreciative attention of the consumers abroad.

Reply of Government

This recommendation is being brought to the notice of State Governments, public sector marketing organisations such as H.H.E.C., All India Fabrics Marketing Cooperative Society for guidance and suitable necessary action.

(Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A, dated 26th October, 78].

Recommendation (S. No. 108, Para 8.26)

The Committee further note that there is great scope for increasing the export of woollen carpets in foreign countries. As the production of woollen carpets in Iran has been going down for many years, there is considerable scope for India to step up the export of woollen carpets. The Committee note that Government have taken certain measures like training of workmen, effecting improvement in quality and dyeing etc., to encourage the export of Indian woollen carpets to foreign countries. The Committee stress that Government should take concerted measures to take maximum advantage of the present situation and promote the export of Indian carpets to foreign countries.

Reply of Government

With a view to increase production and exports of carpets and thus to take advantage of the opportunities available in the International Market, the All India Handicrafts Board has taken up a programme to train craftsmen in the weaving of woollen carpets by launching a Massive Training Programme. This aims at bringing out an additional strength of about 45,000 trained weavers by the end of 1978-79. The training centres sanctioned so far cover 32,800 trainees. The proposal to open centres to train 12,200 weavers making a total of 45,000 is under the Governments consideration.

To bring improvements in the quality of production and in dyeing, an Institute of Carpet Technology is being set up in Bhadohi to advise the entire carpet industry in the country about the steps to be taken to maintain the quality of production for exports especially in designing, dyeing finishing etc. It is also proposed to set up Common Facility Centres in important craft pockets, wherever found necessary.

Ministry of Industry, All India Handicrafts Board, U.O. No. HB/Coord/
Est. Com./78-79.

Recommendation (S. No. 109, Para 8.27)

Apart from production of woollen carpets, India has developed expertise and the skill to manufacture carpets of most intricate design and exotic quality which can fetch high unit value. The Committee feel that with the fading out of Iran as a supplier of these quality carpets India with its traditional expertise, skill and manpower can benefit from the opportunity by expanding the supply of these carpets. The Committee would like the Government to have the matter studied in depth with the help of exporters and carpet manufacturers so as to devise package of measures to encourage export of high quality carpets. The Committee need hardly

point out that time is the essence of the matter and, therefore, it is imperative that the study is completed within a short period and that follow up action is also initiated without loss of time. The Committee need hardly emphasise that quality control should be built into the export promotion measures so as to make sure that in stepping up of exports, quality is in no way, diluted so as to win the confidence of the foreign markets.

Reply of Government

The All India Handicrafts Board has undertaken a Massive Carpet Weaving Training Programme, with the main aim of increasing production of carpets in the higher qualities comparable to those of Iran and other competing countries in the International Markets.

Present cash compensatory support for the exports of carpets has also been so devised as to encourage the manufacture of high quality carpets only by providing cash assistance up to 20 per cent in respect of carpets with f.o.b. value of Rs. 150/- and above. This has resulted in the progressive increase of unit value of realisation of exports. The unit value realisation of exports of carpets has been showing a rising trend from Rs. 101.90 for the year 1973-74 rising by 61.1 per cent to Rs. 164.52 for the year 1976-77. The Unit value realisation of exports of carpets further rose to Rs. 226.30 during the period April—July 1977.

Ministry of Industry, All India Handicrafts Board, U.O. No. HB/Coord./
Est. Com./78-79.

Recommendation (S. No. 110, Para 8.37)

The Committee note that at present the Committee of Administration of the Council does not have representation from the various interests and regions. The Committee have been informed that the reconstitution of the Handloom Export Promotion Council is already under the consideration of the Government. The Committee recommend that early steps should be taken to reconstitute the Committee of Administration of the Handloom Export Promotion Council in such a way that due representation may be given to the various interests representing major items of export; care being also taken to see that various regions of the country are adequately represented.

Reply of Government

The Committee of Administration of Handloom Export Promotion Council has been re-constituted. Due representation to various exportable

varieties has been given as detailed below :

(i) Cotton Handloom Fabrics Real Madras Handkerchiefs .	1
(ii) Cotton Handloom Fabrics—other than Real Madras Handkerchiefs	0
(iii) Cotton Handloom Garment.	4
(iv) Cotton Handloom Made-ups	3
(v) Silk Handloom Fabrics and Made-ups	3
	<hr/>
	17
	<hr/>

The members of the Committee of Administration represent various regions also.

Recommendation (S. No. 111, Para 8.38)

The Committee note that the headquarters of the Export Promotion Council are located in Madras, but there are no offices in the regions. In view of the fact that the handloom products are being exported in a big way from all over the country, the Committee suggest that adequate facilities for serving the Regional interests of handloom exports should be provided which may either be done by opening compact cells of the Council in leading regions or by designating a cell in the Directorate of the Development Commissioner for Handlooms.

Reply of Government

The Council has recently opened a regional office in New Delhi. A proposal to open regional office in Bombay and Calcutta to serve the Western and the Eastern regions is under their consideration.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A dated the 26th October, 1978].

Recommendation (S. No. 112, Para 8.39)

The Committee would like to point out that the Handloom Export Promotion Council has to play an important role in promoting the export of handloom products to foreign countries. The first and foremost task of the Council should be to evolve a mechanism for conducting market surveys and study of foreign tastes and changes in fashions etc. in these countries and to keep the domestic producers informed of these changes so that the domestic production may be aligned to the demand in the foreign markets. The Council should also ensure that the handloom pro-

ducts exported to other countries are of the requisite quality and specifications so that the handloom products may come to adverse notice in foreign markets.

Reply of Government

As already explained with reference to para 8.20 above, steps have been taken to apprise exporters of handloom products about the market conditions, change of fashions, etc. The results of market surveys and market studies are also communicated to them. Besides, with a view to exploiting the affluent markets of the West Asian Countries, the Council propose sending an exclusive 4 member silk delegation during the current financial year i.e. 1978-79. They also propose sending a delegation to EEC countries to study the market conditions and also devise measures to be taken to utilise the quota fully. Market conditions in East African countries and South East Asian Countries are also proposed to be studied in collaboration with the Indian Institute of Foreign trade.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, U.O. No. 45012/1/78-F&A dated the 26th October, 1978].

Recommendation (S. No. 113, Para 8.40)

The Committee further note that Handloom Export Promotion Council has been sending delegation Sales-cum-Study Teams to some of the countries to promote the export of handloom products in these countries. The Committee have been informed that the delegation/Sales-cum-Study Teams submit their reports to Government. The Committee need hardly point out that these reports should have been studied carefully soon after receipt in order to take proper follow up action. In case this has not been done, the Committee suggest that the reports received during the last two years may be thoroughly examined and follow up action taken thereon within three months. In future institutional arrangements may be made to ensure that as soon as a report of visiting team is received it is scrutinised as per a time bound programme and necessary follow-up action taken without loss of time.

Reply of Government

The Council takes follow-up action on the reports of the various study Teams sponsored by them. Reports and recommendations of the various Study Teams are also published in the Council's monthly so that exporters can be benefited.

[Ministry of Industry, Office of the Development Commissioner for Handlooms O.M. No. 54012/1/78-F&A dated 26th October, 1978.]

Recommendation (S. No. 114, Para 8.41)

The Committee note that although the Export Promotion Council was set up in 1965, no review of the working of the Handloom Export Promotion Council has been done so far. The Committee feel that a review of the working of the Handloom Export Promotion Council is overdue. The Committee recommend that Government should get the working of the Handloom Export Promotion Council evaluated by an independent body at an early date.

Reply of Government

The Working of the Handloom Export Promotion Council has been reviewed by the Ministry of Commerce. Two Committees appointed by the Government under the Chairmanship of Shri Bhagwan Singh and Dr. Sengupta have already reviewed the working of the Export Promotion Council including Handloom Export Promotion Council. However, observations of the Committee have been noted for guidance.

[Ministry of Industry, Office of the Development Commissioner for Handlooms O.M. No. 54012/1/78-F&A dated 26th October, 1978.]

CHAPTER III

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

Recommendation (S. No. 6, Paras 1.38 & 1.39)

1.38. The Committee note that since the beginning of the Fourth Plan, the pattern of financial allocation of funds to the States has undergone a change. Funds to the State Governments are now allotted in the form of block grants and loans. This has adversely affected the development of handloom industry in various States as not only lower priority was accorded to this industry in some States but the funds allotted for the handloom industry were diverted to other sectors.

1.39. The Committee note that considerable emphasis has been laid on the development of the handloom industry in the Fifth Five Year Plan and a provision of Rs. 99 crores has been made in the Fifth Plan for the development of handloom industry. The Committee, however, note that although it is widely recognised that the handloom industry can play a significant role in meeting the clothing needs of the people and also in providing employment in rural areas, the provisions for the handloom sector neither fall in the core sector nor these are treated as earmarked funds with the result that there is always an apprehension that the funds allotted for the handloom sector might be diverted to other sectors. The Committee further note that proposal of treating the funds allotted for handloom sector as earmarked funds has not yet been formally taken up with the Planning Commission. The Committee recommend that Government should ensure that funds allotted for the development of handloom industry during the plans are not only made available but it should also be ensured that these funds are spent for this purpose only and no diversion of funds takes place. The Committee further recommend that Government should take up with the Planning Commission the need for treating the allocation for handloom industry as earmarked funds and the Planning Commission should see that adequate funds for the industry are allocated and treated as earmarked funds so that no diversion of funds allotted to handloom sector may take place.

Reply of Government

The question of earmarking of funds for the Village & Small Industries sector, including handloom industry has been considered a number of

times. The main argument in favour of earmarking of funds for the VSI sector is that it would prevent diversion of funds from this head to other sectors of development. On examination, it has been observed that there has in fact been no diversion of funds from this sector particularly during the Fifth Plan period as will be seen from the following table :—

(Rs. in lakhs)

Outlay and Expenditure in State

Year	V.S.I. Sector (including handloom industry)		Handloom industry	
	Approved outlay	Expenditure	Approved outlay	Expenditure
1974-75 . . .	27.98	26.09	6.21	8.27
1975-76 . . .	33.41	32.49	9.25	10.03
1976-77 . . .	40.02	46.01	11.34	15.76
1977-78 . . .	52.34	55.49	14.55	15.09
TOTAL . . .	153.75	160.08	41.35	49.15

Under the draft Five Year Plan 1978—83, an outlay of Rs. 280 crores has been proposed for the development of the handloom industry as against the estimated expenditure of Rs. 80.6 crores during the four years 1974—78, which represents a step up of more than 3½ times. Thus adequate outlays have been provided for the development of the handloom industry during the Plan period 1978—83.

Under the Central Plan for the development of the handloom industry, Central assistance is being given to the States for a number of schemes on a matching contribution basis. These include Intensive Development Projects, strengthening of State Apex Societies/Corporations, cooperative coverage, setting up of weavers cooperative spinning mills through assistance by the NCDC, etc. In this process, the matching contribution to be made by the State Governments amounts to earmarking of outlays for some of the important schemes for the handloom industry.

In view of the foregoing, it is considered that there is no immediate need for earmarking of the outlays for the development of the handloom industry. The position will, however, be reviewed from time to time.

[Ministry of Industry, Office of the Development Commissioner for Handloom, O.M. No. 54012/1/78-F&A, dated 23-3-1979.]

Recommendation (S. No. 11, Para 1.58)

The Committee note that the Office of the Development Commissioner for Handlooms is situated in Delhi and there are no Regional Offices of this Organisation in any part of the country. The Committee feel that as the handloom industry is widely dispersed throughout the country, it may be difficult for the Development Commissioner to deal effectively with the problems relating to the development of the handlooms in the various States, from its headquarters at Delhi. Moreover, frequent tours of Officers from Delhi to the various States for discussing the problems of handloom industry are not only likely to involve considerable expenditure but may not be very effective and useful in solving the pressing problems of this industry. The Committee consider that it would be useful if small compact Regional Offices of the Development Commissioner of Handlooms are set up at appropriate centres to maintain close coordination and liaison with the State authorities in the concerned regions, regarding the development of handloom industry.

Reply of Government

At the present stage of development of the handloom sector, the major responsibilities for implementation of the field programme lies with the State Governments. The Development Commissioner's organisation serves as a focus point and in ensuring not only that these programmes are adequately financed, but also in monitoring and evaluating them. The structure of marketing is also being built up increasingly on an all India rather than a State or regional basis. The several aspects involved in the programme now call for close contact and coordination at the level of the State Government/Directors of Handlooms and the officers concerned in the Development Commissioner's organisation.

While the setting up of regional offices may become necessary at a later stage, it is felt that for the present, the system whereby the officers of Development Commissioner's organisation themselves maintain frequent contact and close touch with programme in the field could be continued. The Weavers' Service Centres, which are now located in various parts of the country (21 in number at present) serve a useful purpose in relation to the research and development aspects, as also extension activity and provision of training facilities.

Wherever required, these Centres are also being used to maintain the required liaison with State Government agencies concerned.

[Ministry of Industry, Office of the Development Commissioner for Handlooms O.M. No. 54012/1/78-F&A dated 26th October, 1978.]

Recommendation (S. No. 15, Para 1.77)

The Committee note that although the Sivaraman Study Team had recommended that wherever the handloom population was reasonably large there should be a separate Directorate to look after the handloom sector, no State has so far set up a Directorate to look after the handloom industry exclusively. In some of the States there is a combined Directorate to look after both the handlooms and powerlooms. In other States, the Directorate of Industries is looking after the handloom industry. The Committee feel that in view of the importance of handloom industry and in view of the recommendation made by the Sivaraman Study Team, a separate Directorate of Handlooms should be set up at least in those States where there is sizeable number of handlooms so that concerted attention may be given to the development of handlooms.

Reply of Government

In a number of States, accounting for a major share of the handloom industry, the separate Directorates covering handlooms and textiles/sericulture are in existence. While it may no doubt be desirable to have a separate Directorate exclusively to look after handlooms, the requirements of economy and administrative coordination are such that it may not be practically feasible. In those States where the number of handlooms is not large, the officer incharge of handloom development may also be incharge of certain other items of work, usually dealing with textiles or sericulture.

The matter has been discussed on a number of occasions with State Government representatives, and it has been felt by all of them that it will not be feasible to insist on Directorate for Handlooms exclusively. In the new textile policy, the role of the different sectors of the textile industry has now been clearly defined and it would be an advantage to have one agency of all three sectors and to ensure that while the development of handloom sector proceeds according to the policy objectives, the role of the other two sectors is limited to what has been assigned to them by Government policy.

[Ministry of Industry, Office of the Development Commissioner for Handlooms O.M. No. 45012/1/78-F&A dated 26th October, 1978]

Recommendation (S. No. 16, Para 1.78)

The Committee further note that 17 States have set up Handloom Development Corporations and in most of the States there is a common corporation for the Handlooms and Powerlooms. The Committee would like to point out that in view of the diversity of interests of handlooms and powerlooms, there is an apprehension in certain quarters that handlooms

may not receive adequate attention at the hands of a common corporation and that funds for handlooms may get diverted to powerlooms. The Committee consider that while setting up Corporation for the development of handlooms this aspect should be fully kept in view.

Reply of Government

It may be stated that in some of the States, there are separate Handloom Development Corporations, viz. Kerala, Tamil Nadu, Karnataka, Maharashtra, Orissa, Uttar Pradesh. In some of the other States, the Corporation is a combined one, but dealing with handlooms and handicrafts, which is in consonance with the policy of coordinated development of these two cottage industry sectors. Such States include Manipur, Himachal Pradesh, Gujarat, Tripura. In those of the remaining States which have Corporations, these are usually combined Corporations covering handlooms and powerlooms/textiles. The setting up of separate Corporations exclusively for handlooms for all such States is subject to the same remarks as has been made in respect of para 1.77 above.

[Ministry of Industry, Office of the Development Commissioner for Handlooms O.M. No. 54012/1/78-F&A dated 26th October, 1978.]

Recommendation (S. No. 18, Para 2.22 and 2.23)

The Committee note that bank yarn is one of the essential inputs for the production of handloom cloth and the availability of hank yarn of requisite counts, quality and in sufficient quantity is an essential prerequisite for the development of handloom industry in the country and for improving the condition of handloom weavers. However, from the large number of memoranda received from the non-official organisations connected with the handloom industry and the discussion held by the Study Group of the Committee with the representatives of the non-official organisations and State Governments during on-the-spot visits, it has been noticed that the handloom weavers have been experiencing a lot of difficulty in obtaining supplied of hank yarn at reasonable price. The main difficulties experienced by the handloom weavers in regard to supply of hank yarn are that there frequent shortage of hank yarn, the fluctuations in the prices are very frequent, the yarn supplied to the weavers is of inferior quality and there is large scale movement of hank yarn from one part to another part of the country resulting in heavy transport cost adding to the price of yarn.

The Committee are surprised to note that although yarn is the basic raw material required for the handloom industry, Government have no authentic statistics about the requirement of yarn for the handloom weavers and the actual requirements of the yarn for the handloom sector has not been cross-checked with reference to any census or survey of

active looms in the country. It has, however, been estimated on the basis of targets fixed for the production of handloom cloth that the present annual consumption of 220 to 230 million kg. of yarn is expected to go upto 300 million kg. per annum by the end of Fifth Plan. The Committee have already underlined the importance of undertaking a census of the active handlooms in the country on an urgent basis. The Committee further feel that until and unless concerted steps are taken to augment the production of hank yarn on the basis of a time-bound programme to achieve the production target of 300 million kg. of hank yarn by the end of the Fifth Plan, the difficulties of the handloom weavers in regard to availability of hank yarn will further aggravate and would have an adverse effect not only on the production of handloom cloth in the country but on the condition of handloom weavers also.

Recommendation (S. No. 19) Para 2.24

The Committee further note that in order to increase the production of hank yarn in the country, Government had planned for the setting up of 40 new spinning mills in the cooperative sector—25 of the weavers and 15 of the growers and also for expansion of capacity of 43 spinning mills to 25,000 spindles in the interest of making them viable. The Committee are distressed to note that due to constraints of resources, this programme has been scaled down and against the target of setting up 40 new spinning mills in the cooperative sector, only 7 new mills (4 of the growers and and 3 of the weavers) are now expected to be set up by 1978-79. This clearly shows that the question of augmenting the production of hank yarn in the country has not received the attention that it deserved and if concerted and determined measures are not taken by Government to set up the cooperative spinning mills as per targets already fixed, the handloom weavers will face greater difficulties in procuring the supplies of yarn and the development of handloom industry in the country will be adversely affected. The Committee, therefore, recommend that the programme of setting up of new cooperative spinning mills and expansion of the capacity of existing mills should receive urgent attention of Government and the targets originally fixed should be adhered to so that the programme for development of handloom industry is not adversely affected.

Recommendation (S. No. 20) Para 2.25

The Committee also recommend that in setting up new cooperative spinning mills, priority should be given to the weavers cooperative spinning mills and necessary action taken to ensure that these spinning mills are eligible and able to get the necessary finance and credit from the financial institutions.

Recommendation (S. No. 21) Para 2.26

The Committee further recommend that Government should look into the genuine difficulties of the existing cooperative spinning mills and take immediate action to remove their difficulties so as to help these spinning mills to function efficiently and fulfil the role for which these mills were set up.

Recommendation (S. No. 22) Para 2.27

Government should ensure that the cooperative spinning mills give priority to the handloom weavers in the matter of supply of yarn so that these handloom weavers may be able to get assured supply of yarn.

Recommendation (S. No. 23) Para 2.28

The Committee further note that there have been frequent shortages of hank yarn in the country resulting in considerable hardships to the handloom weavers. In many cases this shortage has been created by unscrupulous manufacturers, middlemen and traders in order to raise artificially the prices of yarn. The Committee further note that at present there are no restrictions on the price and distribution of yarn with the result that a situation of *laissez faire* prevails in respect of yarn. The Committee feel that in view of the difficulties being experienced in respect of availability of yarn, Government should take measures for bringing some discipline and stability in the availability of hank yarn to the handloom weavers. The Committee recommend that the Handloom Development Corporations where existing and the Apex Societies may be entrusted with the responsibility for distribution of yarn to the handloom weavers.

Recommendation (S. No. 24) Para 2.29 & 2.30

These Corporations and Apex Societies may also take suitable measures to constitute a "yarn bank" in respect of all types of yarn, which are frequent in short supply, but for which there is an established demand. The question of extending this pattern for distribution of yarn to other States and areas may be considered in the light of experience gained. The Committee cannot too strongly stress the need for managing the distribution of yarn and constitution of yarn bank on a most prudent and efficient manner so as to render the services at most competitive and economic cost to inspire and sustain confidence of the weavers and make possible extension of the arrangements to other areas/States on similar lines.

The Committee note that in the areas covered by Intensive Development Schemes, a beginning has already been made in the setting up of these yarn banks and Rs. 2 Lakhs have been provided in each project area as margin money for setting up these yarn banks. The Committee

stress that the yarn banks should be managed efficiently so as to subserve the underlying objective of making available yarn to the weavers at most economic and competitive price and provide a working model for extension of the scheme to other areas having concentration of handloom weavers.

Recommendation (S. No. 25) Para 2.31

The Committee recommend that Government should evolve a mechanism by which the prices of yarn required by the decentralised sector particularly the handlooms is fixed for a sufficiently long period, say, six months, so as to save the weavers from the hazards of frequent fluctuation in price.

Recommendation (S. No. 26) Para 2.32 and 2.33

The Committee further note that at present there is a large scale movement of yarn from one part of the country to the other resulting in heavy transportation cost and wastage of time. The phenomenon of weavers from Eastern States like Manipur, West Bengal and Bihar purchasing their supply of yarn from distant places like Coimbatore needs to be gone into in depth in order to take suitable remedial measures.

While admitting that some of the present imbalance may be due to historical and geographical factors, the Committee feel that Government should implement a time-bound programme to correct this situation. For this purpose, Government should ensure that the new spinning mills are located in those States only where there are a large number of handloom weavers and supplies of hank yarn are not locally available. In setting up these spinning mills, the requirements of weavers regarding the specific counts of yarn should be ascertained and provision made to meet these requirements fully.

Recommendation (S. No. 27) Para 2.34

The Committee desire that taking into account the requirements of yarn for the decentralised sector, a specific quantity, count-wise and quality-wise, should be earmarked from the existing spinning mills for being supplied to the handlooms. In earmarking the spinning mills for meeting the requirements of yarn in areas, care should be taken to avoid unnecessary cross movement which results in inflating transport charges.

Recommendation (S. No. 28) Para 2.35

The Committee further note that at present the entire work relating to the production and distribution of yarn is being dealt with by the office of the Textile Commissioner. This organisation has, however, not been

able to ensure the production and distribution of hank yarn in the country so as to ensure its availability to the large number of handloom weavers in the country. Now that a separate Development Commissioner for Handlooms has been appointed, the Committee recommend that the Development Commissioner for Handlooms should be associated with the office of the Textile Commissioner for ensuring the production of sufficient quantity of hank yarn of requisite quality and counts in the country and its availability to the handloom weavers. The office of the Textile Commissioner should continuously make a marketing survey of changes in the requirements of yarn for the handloom weavers, find out distortions in the supplies, if any, and take corrective steps in time.

Recommendation (S. No. 29) Para 2.36

The Committee note that the Working Group on Handlooms and Powerlooms in their Report submitted in December, 1972 had pointed out the fact that often the mills were producing inferior quality of yarn for supply to the handloom weavers and there was no law on the statute book under which such violation of quality could be punished. The Working Group had recommended that suitable legislation might be brought forward to plug this loophole. The Committee are greatly disturbed by the lack of conclusive follow-up action on the important recommendations of the Working Group and would like this matter to be thoroughly investigated with a view to fix responsibility. The Committee stress that no further time should be lost in devising adequate machinery for ensuring that not only the requisite quantity is produced by the spinning mills and made available to the handlooms and powerlooms etc. in the decentralised sector, but also that the quality is scrupulously maintained. If it is necessary, the Committee would also like that stringent action should be taken against any mill which infringes this provision so as to act as a deterrent to others. If legislative support is required for these measures, necessary action should be taken without further loss of time in order to plug all loopholes which come in the way of making available the requisite yarn in adequate quality and prescribed quality to handloom weavers.

Reply of Government

To meet the requirements of yarn for producing the additional quantum of production earmarked to the handloom sector for the next Five Year Plan period, series of measures are being taken. As there is a free market for cotton yarn, the handloom industry has no control over the fluctuations arising in its prices. The earlier attempts to regulate and stabilise yarn prices through arrangements such as voluntary pool scheme and Statutory Control on price and distribution of cotton yarn did not

succeed due to the complexities of yarn trade. A scheme for the direct linking of Apex Cooperative institutions with the mills for the bulk supply of yarn at ex-mill prices is under implementation to a limited extent. The scheme is expected to be expanded in the coming years so that the handloom industry may be ensured of a steady supply of cotton yarn of required counts, quantity and quality at reasonable price. The question of evolving a machinery by which yarn prices may be fixed for a sufficiently long period would depend upon imparting stability in the prices of raw cotton which itself depends on the cotton crepe in a particular season. The findings of the survey undertaken by the State Governments, as and when available, would enable us to have an idea of the requirement of yarn by quantity and quality according to States. The Working Group on Textiles set up for IV Plan formulation may suggest measures for augmenting the supply of hank yarn to the handloom industries which will enable the Government to take appropriate action in the matter.

The Textile Policy Statement of 7-8-78 deals among other things, with the measures to be taken for ensuring adequate supply of cotton yarn to the handloom sector and to enable it to fulfil the role designed to it in the industrial and employment policies of Government. In this connection the relevant paragraph of the Textile Policy is reproduced below:—

“Steps would be taken to bring into operation adequate new spindleage, so as to meet the full demand of the handloom sector for yarn. The National Textile Corporation would, in particular, give this aspect priority attention, and increased availability of yarn from the public sector would help to maintain reasonable prices. The Handloom units would also be registered, and such registered units would be given preference in the supply of yarn.”

We are in agreement with the suggestions made in Para 2.35 and 2.36 Material will, however be furnished by Textile Commissioner.

[Ministry of Industry, Office of the Development Commissioner, handlooms, O.M. No. 54012/1/78-F&A, dated 26th October, 1978.]

Recommendation (S. No. 55 Para 4.31)

The Committee note that at present there are no inbuilt incentives for the staff of the Weavers' Service Centres to encourage them to take these design to the actual weavers or in the field. The Committee recommend that Government should take immediate measures to provide such suitable incentives for the personnel working in the Weavers Service Centres to ensure that they carry the new designs and varieties evolved by them to the weavers in the field. The Committee further feel that the staff in these centres should be recruited in the first instance on contract|

tenure basis and their retention/confirmation should depend on their actual performance and the extent to which they are able to provide technical assistance to the actual weavers.

Reply of Government

It may be difficult to recruit staff in the Weavers' Service Centres, on contract and tenure basis as suggested by the Honourable Committee since this would not be in accordance with normal Government procedures and rules on recruitment. However, all the directly recruited staff of the Weavers' Service Centres is to be put on protection for a certain period before a decision is taken on their retention/confirmation in the organisation. To this extent, their continuation in their assignment for which they have been directly recruited from the U.P.S.C. or the Employment Exchange is dependent on merit and actual performance in the job.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 50412/1/78-F&A dated 26th October, 1978]

Recommendation (S. No. 79 Para 6.17)

Marketing may well be described as the most essential pre-requisite for successful implementation of the development programme of the handloom industry. The frequent crisis felt in the handloom industry due to accumulation of stocks of handloom cloth resulting in distress to handloom weavers clearly underlines the need for improving the marketing for the handloom products. As the production of handloom products is envisaged to be increased from the present level of 2200 million metres to 3000 million metres by the end of Fifth Five Year Plan and most of the increased production will be in varieties other than dhotis and sarees where the marketing problem is not so acute, the problem of marketing of handloom products will assume still more serious proportions until and unless a more energetic and well planned marketing strategy for the sale of handloom products is adopted. The Committee, therefore recommend that if any substantial improvement is to be made in the condition of handloom industry and lot of handloom weavers, Government should take concerted measures for improving the marketing arrangements for the handloom products and to so regulate the price structure that the handloom products do not suffer in competition from other products.

Reply of Government

The marketing arrangements for handloom products are being made in a number of ways. Both primary and Apex Institutions are being assisted through schemes for improving production and marketing. Details of the schemes have been given in replies to some of the other paragraphs

of the Estimates Committee's Report. The intricacies from which the handloom sector suffers arise largely from the fact that it has to purchase its yarn from the open market at prices generally higher than available to the mills, and that costs of production per metre tend to be higher than at lower productivity per loom as compared to a handloom, as compared to a powerloom or a loom in the organised mill sector. Due to the highly decentralised nature of the Industry, costs of transportation, processing etc. also tend to be weighted against the handloom sector. In the case of marketing, it may be that where purely local sales take place near the point of production, the handloom sector may have some slight advantage. As against this, however, is a fact that the organised channels of marketing are relatively less developed and that where a handloom product is to be sold at long distances from the production points, against it has disadvantage as compared to mill or a powerloom products.

Given this basic situation, every effort is being made to bring down the costs of production wherever possible, and also to regulate the price structure in certain lines of production. Augmenting the production of yarn in cooperative spinning mills owned by the handloom weavers, if it is complied with a pricing policy for cotton which ensures some stability, would no doubt go a long way towards assuring steady supply of yarn at reasonable prices to the handloom weaver. Until this can be achieved, this sector will continue to face price fluctuations arising out of play of the market forces. By the several measures indicated elsewhere, handlooms are being assisted towards producing better quality products and towards effecting reduction in costs wherever possible.

It may be mention that in the case of the janata cloth scheme, a specific policy of price regulation is in force. The prices are determined over the Textile Commissioner's price formula applicable to the mills controlled varieties, and a subsidy of one rupee per sq. metre is then paid to the implementing agency to compensate for this difference between the mills sector and the handloom sector. The benefit of the subsidy is passed on to the consumer in the form of the lower price. Thus both the consumer and the weaver are benefited and it has been possible to achieve a production of 82 million metres in 1978-79 which is expected to reach about 152 million metres in 1978-79 and progressively it will increase thereafter.

Over and above these measures, the State Governments as well as the Government of India sanction special rebates from time to time in order to clear accumulation of stocks. These rebates are so timed as to provide the benefits to the consumers during the festival seasons etc. The rebate mechanism is thus being used to regulate the selling prices of the

handloom cloth and to enable him to meet competition from the other sectors.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78/F&A, dated October, 1978]

Recommendation (Serial No. 90 & 91 Para's 6.53 to 6.54)

5.53. The Committee note that to make available some popular varieties of cloth required for mass consumption at reasonable prices. Government had introduced controlled cloth scheme in 1964. The Committee have also noted that the production of mills under the scheme has always fallen short of the agreed minimum and even now the weaker sections of society have not been able to get their requirements of controlled cloth. The Committee further note that the Government have partially transferred the production of controlled varieties of cloth especially dhoties and sarees to handloom sector to meet the requirements of vulnerable sections of society and some of the States have already started the production of Janata Dhotis and sarees from October, 1976. The Committee further note that a subsidy of Re. 1 per metre is being given for the production of these controlled varieties of cloth and it is expected that out of a total obligation of 400 million metres to be transferred to the handloom sector, the production will be about 25 to 30 million metres per quarter towards the end of 1977. Although the scheme is still in an experimental stage, there are already complaints of losses being suffered because of rise in yarn prices etc. The Committee feel that Government should have started the scheme in the first instance on a pilot basis and kept the progress of the scheme under strict review, to study the deficiencies in the scheme and take timely remedial measures.

The Committee would like to point out that the ultimate success of the scheme would depend upon the extent to which it would be possible to supply good quality cloth, acceptable to the people belonging to the vulnerable sections of society, at controlled price. The Committee, therefore, recommend that Government should keep a close watch on the implementation of this scheme and take suitable steps to ensure that the quality of products under the scheme does not deteriorate and adequate quality control is ensured. The Committee further recommend that no increase in the price of controlled variety of cloth should be allowed otherwise it will defeat the very objective of the scheme.

The Committee would like to point out that the transfer of the controlled cloth obligation to the handloom sector should not result in

allowing the textile mills to evade their statutory obligation of producing controlled cloth for the masses at fixed price and the obligation on the mills for compulsory statutory production of a minimum percentage of their produce in the form of controlled cloth should continue. The Committee recommend that the textile mills should not be allowed to get away from their obligation by payment of fine only.

Reply of Government

Para 6.53 to 6.55. The production of controlled varieties in the handloom sector has been undertaken on an experimental basis since the scheme was started in October, 1976. The scheme has been under periodical review. The main difficulty in operating the scheme has been the fluctuations in yarn prices. As the rate of subsidy, as also the maximum consumer price for cloth sorts under the scheme have been at fixed rates, the implementing bodies find it difficult to operate the scheme as a result of the undue rise in the price of cotton yarn. Either the fluctuations in the prices of yarn and other raw materials should be periodically taken into account and prices of janata cloth revised or the rate of subsidy adjusted periodically on the basis of prevailing differential between handloom cost and mill cost. In case no increase in price is allowed due to increase in the cost of yarn, the rate of subsidy should be adjusted suitably. Otherwise the implementing bodies will find the working of the scheme uneconomic and will have no interest to participate in its working.

Ever since the scheme is under implementation there has been sustained demand from weavers to expand it so as to ensure them regular and continuous work and make available at the same time cloth to the public particularly the weaker sections, on a modest price which is made possible by the subsidy allowed by the Government. Steps have been taken to ensure that the cloth produced and marketed under the scheme conform strictly to the expected quality and standards.

The statement on textile policy announced in Parliament by Government on 7th August, 1978 regarding, among other things, the proposal to entrust in a phased manner the production of cheap cloth to the handloom sector, has highlighted the following:—

- (i) The handloom sector, should to the maximum extent possible and in the shortest period of time, meet the requirements of cloth for the weaker sections of the population.
- (ii) The sale price of handloom cloth would be subsidised to the extent decided upon from time to time so that the social obligation of providing cheap cloth to the weaker sections can be adequately fulfilled.

- (iii) The financial burden for subsidising controlled cloth varieties in handloom sector will be borne by the textile industry; and
- (iv) Mill made controlled cloth to the extent of 400 million metres would be produced by NTC and private mills for the time being.

The scope of the scheme of production of controlled varieties in the handloom sector is being greatly expanded in the coming months and a target of an annual rate of production of 200 million metres has been proposed to be reached by March, 1979. Measures for expanding production of this order are being worked out.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A, dated 26th October, 1978]

CHAPTER IV

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

Recommendation (S. No. 14 Para 1.71)

In order that the Handloom Board performs its role more effectively Government should take immediate action to convert the All India Handloom Board into a Statutory body as recommended by the Sivaraman Study Team.

Reply of Government

The recommendation of the Committee for conversion of the All India Handloom Board into a statutory body has been carefully considered. It may be stated that the pattern of central assistance for the Development of the handloom sector in the country has undergone a change and the funds are now disbursed to State Governments by the Development Commissioner for Handlooms. The central plan provisions have also been substantially stepped up from an outlay of Rs. 10 crores in 1976-77 to Rs. 27.50 crores in 1978-79. The Development Commissioner, handlooms implements the programme and also serves as a focal point for coordinated development of handloom sector. In view of the fact that a full time organisation has already been created for development of handloom sector there does not appear to be any extra advantage in having a statutory board. The Government, therefore, feel that there is no need to confer statutory status on All India Handloom Board at least for the present. However, the handloom sector will definitely benefit from All India Handloom Board functioning at an advisory level where guidance of experienced persons would be available to the Government in its endeavour to conserve and develop this important segment of the economy.

Comments of the Committee

Please see comments under Chapter I.

Recommendation (S. No. 60 Para 4.36)

The Committee feel that the Weavers' Service Centres have not been successful either in their training Programmes or in other sphere of their activities. In their opinion, therefore, a radical re-organisation of these

Centres is called for, if the objectives for which they were set up are to be achieved.

Reply of Government

Weavers' Service Centres have not merely expanded in number in the last two years but have also expanded their sphere of activities on training, research and development and extension service functions being performed by them. Since the last two years an attempt is being made to provide them with adequate staff, equipment and space so that they are able to function more effectively. More recently, new activities have been generated through some research and experiments on man-made and blended fibres|fibrics both in terms of loom technology, and in actual weaving and processing operations. A batch of 44 candidates from all over the country has only recently been trained at Varanasi Institute of Handloom Technology on weaving polyester on handlooms.

It may, therefore, not be justified to say that the Weavers' Service Centres as a whole have not been successful either in the training programme or in any other sphere of activity. However, if the Committee has come across any specific shortcoming or lacuna in the programmes undertaken by the Weavers' Service Centres they may kindly bring them to our notice for expeditious remedial action.

[Ministry of Industry Office of the Development Commissioner for Handlooms, O.M. No. 45021/1/78-F&A dated the 26th October, 1978]

Comments of the Committee

Please see comments under Chapter I.

Recommendation (S. No. 74 Para 5.40)

Para 5.40. The Committee note that the High Powered Study Team on the problems of handloom industry (Sivaraman Team) had recommended that by the end of 1978-79, target for coverage of weavers in the active cooperative societies should be 60 per cent of the total and that the recommendation has been accepted by Government. The Committee were informed during evidence (December, 1976) that out of 35 lakh handloom in the country (nearly 40 lakhs according to latest figures till 1976-77), around 10 lakhs (12.4 lakhs according to latest figures) were covered by cooperatives "on paper at least", but the number of handlooms under active cooperative coverage was only 4.5 lakhs which works out to less than 15 per cent of the total handlooms in the country. Thus the actual programme for increasing the cooperative coverage amounts to increasing it from the present figures of 15 per cent to 60 per cent during

the two years 1977-78 and 1978-79 which is quite a colossal and challenging task. The Committee are distressed to find that, as against a target of coverage of 60 per cent weavers under the cooperative by the end of 1978-79, the coverage upto the end of 1976-77 was stated to be only about 15 per cent. From this the Committee cannot but conclude with regret that after accepting the target of 60 per cent, effective steps were not taken to achieve it. The Committee are very unhappy at this woefully slow progress in this very important field and desire that this matter may thoroughly be investigated with a view to identifying the reasons for this dismal progress and revitalising the organisational structure at Central and State levels and devising remedial measures so as to ensure that at least hereafter the rate of progress is high enough to achieve the target at the earliest. The Committee would also like Government to fix time bound targets from year to year and monitor the progress in all the States and take timely measures to remove bottlenecks so as to avoid any further slippage. Needless to say, the achievement of the target will call for redoubled efforts on the part of Governments at the Centre and the States as also the active cooperation of non-official organisations.

Reply of Government

The question of increasing cooperative coverage as recommended by the Committee has been under consideration for some time. Concrete schemes have been evolved and some progress has already been registered.

Under the scheme evolved by the Government of India, a weaver is given a loan of Rs. 90/- towards the purchase of a share in a cooperative society. He is expected to contribute Rs. 10/- of his own thus making a total of Rs. 100/-. Ideally, 100 weavers should come together to form a society with a share of Rs. 100/- each. This will mean that the society will have a sum of Rs. 10,000 as share capital from the weavers themselves. Of the Government loan of Rs. 90/-, 50 per cent is intended to come from the Government of India and 50 per cent from the State Government.

During the year 1976-77, a sum of Rs. 50 lakhs was sanctioned by the Government of India to State Governments for implementing the scheme. This was matched by an equal amount from the State Government. We estimate that about one lakh weavers were brought into the cooperative fold during the year 1976-77. In the year 1977-78, there was a substantial increase in the loan amounts given to weavers under this scheme. The Government of India advanced Rs. 235 lakhs to State Governments for increasing cooperative coverage and an equal amount was given by the States. As a result of this concerted effort, it is estimated that about four lakh weavers were brought into the cooperative fold. Dur-

ing the current year, the Government of India has earmarked a sum of Rs. 350 lakhs for this scheme. It is hoped that increased provision will be matched by the State Governments and that as a result about 8 lakh weavers can be brought into the cooperative fold.

In view of the above facts and figures, it would not be entirely correct to say that progress in this important field has been very slow. Government have taken many steps to remedy the situation and some concrete results have emerged. It is hoped that the progress will be even faster in the years to come.

One reason why cooperative coverage has not gone even faster, is the in-built resistance of the people to the philosophy of cooperation, in certain parts of the country. Cases have come to our notice where weavers have refused to become members of cooperative societies in spite of the fact that they were given all help and encouragement to do so. This aversion to the cooperative movement will have to be overcome before full progress can be achieved in this field. It might be mentioned that the question of supplementing Government's efforts in the field of extending cooperative coverage was taken up by the Hate Committee. In its consideration of the subject, the Committee came to the conclusion that because of various financial constraints, the State Governments would not be able to participate in the share capital of primary societies to the desired extent. In order to remedy this situation, they recommended that NCDC should give loans to State Governments to strengthen the equity base of primary cooperative societies. This recommendation has been accepted and further action for its implementation is being taken.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A dated the 26th October, 1978].

Comments of the Committee

Please see comments under Chapter I

Recommendation (S. No. 87 Para 6.40)

The Committee feel that the rebate scheme in the present form has failed to serve the objective for which it was introduced. The Development Commissioner for Handlooms in his evidence stated that the rebate on the sale of handloom cloth was not always reaching the weaver, so it was not desirable to continue it for long. Instead it was considered advantageous to give the raw material to weavers at a lower price. He stated that "what we want to do is, if possible, to give raw material at a lower rate-rather than giving a rebate on the sale of handloom cloth but

we have to do in consultation with the State". The Committee recommend that Government should consider this matter critically in consultation with the States and intimate alternative measures for helping the handloom weavers. The Committee feel that one such measure may be to supply yarn to the handloom weavers at subsidised rate as it will ensure that the benefit of the rebate reaches the active weavers and the sale of handloom cloth will increase considerably because of the consequent reduction in its price. The Committee recommend that yarn at subsidised rates should be supplied to the Handloom weavers directly through Apex societies and Handloom Cooperatives and the weavers getting such yarn should be required to supply their end product to these Corporations to guard against the misuse of such subsidised yarn for other purposes. The Committee are convinced that if the various measures being taken for the development of the handloom industry are implemented with real zeal and determination and in their true spirit, there may be no need for interim measures like grant of rebate etc. for ensuring the sale of handloom cloth.

Recommendation (S. No. 88 Para 6.41)

The Committee note that the High Powered Study Team on the Problems of Handloom Industry (Sivaraman Study Team) had recommended in their report submitted in July, 1974 that the rebate should be gradually abolished within a period of three years. The Committee are surprised to note that although the recommendation of the Study Team has been accepted by Government in principle, no concrete action in this direction has been taken on the ground that as the market for handloom cloth has been sluggish the abolition of the rebate will have an adverse effect on the sale of handloom cloth. The Committee are not convinced with this argument as the objective can be easily achieved by granting rebate to handloom weavers in some other form e.g. by supplying yarn at cheap rate etc. The Committee recommend that as Government have accepted the recommendation of the Sivaraman Study Team regarding the gradual abolition of rebate, steps should be taken to implement this recommendation in right earnest at an early date.

Reply of Government

The criticism of the Committee that irregularities have taken place in the grant of rebate is noted. That alternative suggested by the Committee, viz. that yarn should be supplied to handloom weavers at subsidised rates so that the benefit of the rebate/subsidy reaches the actual weaver, is somewhat difficult to implement. For one thing, any attempt to supply yarn at subsidised rates to weavers covered by the cooperative fold and Handloom Corporations will be subject to the risk that raw material so supplied will be misused and will actually be offloaded on the

open market at higher rates. In fact, during the period of yarn control in 1973, the experience of State Governments was that yarn given at controlled prices did not actually benefit the weavers but was used by unscrupulous elements to make a large profit. It might not, therefore, be practicable to supply yarn at subsidised rates to weaver through Apex Society and Handloom Corporations.

It is an admitted fact that the handloom weaver suffers from an intrinsic disadvantage when compared with powerloom or the organised mill sector. It is estimated that yarn supplied to the handloom sector actually costs about 30 per cent more than that supplied to the mill sector. This is because of factors like cost of reeling of hank yarn, transport, octroi etc. In view of this, it appears that, for some time at least, the handloom sector, will have to be assisted by grant of rebate, simply in order to put it on par with the powerloom and the organised mill sector. The recommendation to abolish rebate gradually should, therefore, be viewed in this light.

[Ministry of Industry, Office of the Development Commissioner, Handlooms, O.M. No. 54012/1/78-F & A, dated 26th October, 1978].

Comments of the Committee

Please see Comments under Chapter I.

Recommendation (S. No. 88 Para 6.42)

The Committee further note that in many of the States, the rebate granted by the cooperative societies has not been reimbursed to them so far and there are large outstandings on this account. This has adversely affected the financial position of these societies as a large portion of their working capital has been blocked. However, the Department of Textiles has claimed that although the Central Government share had to be paid on receipt of audited accounts 90 per cent of the Central Governments' share has been paid on the basis of statements of sale received from the State Governments and the balance 10 per cent will be paid after receipt of statement of account and an amount of Rs. 2.23 crores has already been paid to 10 State Governments. The Committee fail to understand why there should be any delay in the reimbursement of this rebate when a decision to grant such rebate was taken by Government and the share of Central Government has already been reimbursed. The Committee recommend that the Development Commissioner for Handlooms should take up the matter immediately with the State Governments and persuade these State Governments to reimburse the amount of the rebate to the cooperative societies at an early date.

Reply of Government

Meetings have been held with Directors of Handlooms of different States on different occasions, and they have been advised to submit their claims for reimbursement of the amount of the rebate at an early date. In fact, the anxiety of the Government of India to settle all rebate claims in full was communicated to all Directors of Handlooms in two separate letters dated 10th January, 1978 and 4th October, 1978. Most States have already done so. Wherever there is delay in final settlement of rebate claims, it is because State Governments are unable to send audited statements of rebate claims. Wherever audited statements are received, there is no delay in settling the matter finally at the level of the Government of India. States are being advised to submit audited accounts for rebate immediately.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A dated 26th October, 1978].

Comments of the Committee

Please see comments under Chapter I.

CHAPTER V

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

Recommendation (S. No. 12 Para 1.69)

The Committee note that Government have recently reconstituted the All India Handloom Board which has 40 members under the Chairmanship of Development Commissioner for Handlooms. The reconstituted Board has three sub-Committees to deal with finance and administration, marketing and for technological improvements respectively. The Committee are surprised to note that the board has no sub-Committee to deal with an important aspect like the timely availability and supply of basic inputs like yarn, dyes and chemicals which constitute the most pressing problem of the handloom weavers. The Committee recommend that a separate sub-Committee to deal with the availability and supply of inputs like yarn to the handloom weavers should be set up immediately.

Reply of Government

The recommendation is noted and will be placed before the All India Handloom Board when it is reconstituted.

Recommendation (S. No. 13 Para 1.70)

The Committee note that the All India Handloom Board was reconstituted in May, 1978 and till December, 1977 it has held only one meeting. No meeting was held during 1977. The Committee would like that the All India Handloom Board should be made an effective instrument for keeping constant watch on the implementation of the handloom development programme in various States, monitoring the actual progress made and finding out bottlenecks and gaps so as to ensure that remedial measures are taken in time. For this purpose the Committee are of the view that the All India Handloom Board should meet regularly and more frequently so that it can play a dynamic role to help the growth of handloom industry, evaluate the measures already taken and take corrective steps well in view to ensure speedy and effective development of the industry.

Reply of Government

The recommendation is noted. It will be placed before the All India Handloom Board when it is reconstituted.

Recommendation (S. No. 47 Para 3.49)

The Committee note that the Reserve Bank of India Scheme of Handloom Finance is applicable only to the cooperative sector and as more than 70 per cent of the handloom weavers are outside the cooperative sector, the only sources of finance available to them are the Nationalised Banks or the private money-lenders. Because of the various legislations passed by the Government, it is becoming increasingly difficult for the handloom weavers to obtain finance from private money-lenders and they have to depend increasingly on the nationalised banks for meeting their credit requirements. However, the Committee note that handloom weavers have not been able to get loans from the nationalised banks in large numbers because of the procedure adopted by these banks and also because the handloom weavers being uneducated and poor are not in a position to offer adequate security or fulfil other procedural formalities. The Committee further recommend that Government should impress upon the nationalised banks to simplify their procedure so that even the poor and uneducated handloom weavers may be able to get credit facilities from these banks. Moreover, the field staff of the Directorate of Handlooms in the States as well as the Banks should assist the handloom weavers in filling up the application forms and complying with other procedural formalities so that maximum number of handloom weavers may avail of the credit facilities from these banks.

Recommendation (S. No. 48 Para 3.50)

There is a widespread feeling that the attitude of the bank officials is unhelpful to the handloom weavers. The Committee recommend that Government should make sure that bank authorities are made to adopt a helpful and favourable attitude towards weavers in the matter of grant of loans.

Recommendation (S. No. 49 Para 3.51)

The Committee note that at present while handloom weavers in certain districts where DRI rate is applicable are getting loans at 4 per cent rate of interest, in other districts, the handloom weavers get loans at 12 to 14 per cent rate of interest which turns out to be much higher in actual practice. As handloom weavers belong to the weaker sections of society, and face similar problems throughout the country, the Committee fail to understand the logic behind this difference in the rate of interest charged.

from the handloom weavers. The Committee are not convinced with the argument advanced by the representative of the erstwhile Department of Banking that there has been similar demand from other sectors, and if the number of categories increase, it will be difficult for them to agree to this demand. The Committee recommend that as the handloom weavers throughout the country belong to the weaker sections of the society and as the development of handloom sector has been given priority in the country's economic programme, they may be granted loans more extensively by nationalised banks at the rate of 4 per cent. The Committee also recommend that the total bank credit to be given under DRI Scheme should be raised in order to cover the handloom weavers in all the States.

C. Grant of Loans to Handloom Weavers on Group Guarantee basis.

Recommendation (S. No. 50 Para 3.55)

The Committee note that as handloom weavers belong to the weaker sections of the society, they are not able to obtain adequate loans from the commercial banks as they are not always able to offer requisite security against these loans. The Committee are glad to note that recently some of the State Governments like Haryana and U.P. have evolved a scheme known as Group Guarantee Scheme under which the handloom weavers are not required to give any individual security and the loans are given to a group of 5 or 6 weavers on group guarantee basis. The Committee further note that in these States loans have already been distributed to handloom weavers under this scheme. The Committee feel that this is a useful scheme. The Committee would like Government to make a study in depth of the working of this scheme and evaluate its working and if the results are found encouraging, steps should be taken to get similar comparable schemes introduced in other States also so that poor handloom weavers who can not offer individual security may be able to obtain loan from commercial banks in large numbers.

Reply of Government

The recommendations of the Committee are noted. These recommendations relate to supply of credit to weavers outside the cooperative fold. While considerable progress has been registered in making credit available to weavers within the cooperative fold, it is realised that special attention must be paid to the credit needs of weavers outside the cooperative fold. This is especially so, because about 60-70 per cent of all the weavers in the country are still not covered by cooperatives.

Realising the importance of this subject, a series of meetings was arranged between representatives of commercial banks and Directors of Handlooms. These meetings were arranged region-wise and covered all

the States in the country. The questions thrown up at these meetings were so complicated and the problems so vast that it was felt that special steps would be needed in order to tackle them.

It was realised that the handloom cooperatives and the Development Corporations would not be able to cover all the weavers in the country in their production programme within the near future. Special attention, therefore, would have to be paid to those weavers who work either for master weavers or on their own.

Unfortunately, commercial banks do not keep statistics of advances given to handloom weavers separately. It is not possible, therefore, to estimate with any degree of accuracy, what is the exact amount of credit that flows to handloom weavers outside the co-op. sector. In order to assess the needs of handloom weavers outside the cooperative fold and to make recommendations about the problems and difficulties these weavers experience in getting their credit requirements, Government have recently constituted a Committee under the Chairmanship of Shri S. R. Avadhani, Chief Officer, Reserve Bank of India. All the points raised by the Committee with regard to the problems of handloom weavers outside the cooperative fold are under the consideration of the Committee. It is expected that the Report of this Committee will be available to Government after a few months. Action to tackle these specific problems will then be taken in the light of recommendations of the Committee.

Comments of the Committee

Please see comments under Chapter I....

Recommendation (S. No. 57 Para 4.33)

The Committee note that no independent assessment of the working of these Weavers' Service Centres has been made by Government so far and only the progress reports of these Centres is being received in the office of the Development Commissioner for Handlooms. The Committee feel that as some of these centres are quite old and well-settled, it is high time that Government should get the working of these Centres evaluated by an independent body. It should be the task of this body to point out deficiencies and shortcomings in the working of these centres so that remedial measures may be taken by Government to remove these deficiencies at an early date. The Committee further recommend that such evaluation of these Centres should be done at regular intervals.

Reply of Government

Recommendation of the Committee has been forwarded to the Ministry of Industry for initiating suitable action.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A, dated 26th October, 1978].

Comments of the Committee

Final action taken in the matter may be intimated to the Committee

Recommendation (S. No. 62) Para 4.47

The Committee further note that in the courses of these Institutes, more attention is being paid on the technical aspects with particular emphasis on practical training. While agreeing that emphasis should be given for practical training in the Institutes, the Committee recommend that the syllabus of training should be widened so as to include training in the fields of management, finance, cooperatives etc. so that the trainees may have a wide knowledge of different aspects of the handloom industry and provide leadership to the cooperative movement of handloom weavers.

Reply of Government

The Recommendation of the Committee are being examined by the Governing Body set up by the Government for the two Institutes of Handloom Technology.

[Ministry of Industry, Office of the Development Commissioner for Handlooms O.M. No. 54012/1/78-F&A, dated the 26th October 1978.]

Comments of the Committee

Final action taken in the matter may be intimated to the Committee.

Recommendation (S. No. 66 Para 4.62)

The Committee would like to emphasis that most of the handloom weavers are extremely poor and it is not possible for them to invest considerable amount of money for the purchase of these new looms. The Committee, therefore, recommend that Government may devise suitable practical scheme which would make it possible for a genuine poor weaver to go in for improved loom and pay for it in easy instalments. Arrangements may be made with the nationalised banks/State Handloom Corporations and other financial institutions for the grant of loans to handloom weavers on group guarantee basis for the balance amount to enable them to purchase these looms. The Committee have, no doubt, that with the adoption of improved looms and technology, assured marketing and enforcement of reservation orders it should be possible to provide continuous employment to handloom weavers which would result in increased productivity and ensure a fair and living wage to the vast majority of handloom weavers in the country.

Reply of Government

The recommendation is noted. In fact, the whole question supply of looms to loomless weavers is being referred to the Avadhani Committee. The Committee is examining the question and it is hoped that measures could be worked out whereby funds from commercial banks could be made available to weavers either to purchase new looms or to improve existing looms. Of course, the entire cost of purchasing the looms cannot be met by banks alone. Some kind of scheme, therefore, for provision of margin money to weavers will have to be worked out. This matter is under consideration with the Avadhani Committee and on the basis of their recommendations, a scheme can be worked out.

Comments of the Committee

Final action taken in the matter may be intimated to the Committee.

Recommendation (S. No. 70 Para 5.28)

The Committee further note that another reason for the unsatisfactory working of the handloom cooperative societies is that the accounts of these societies are not being regularly audited. The result is that these societies are not able to get finance from the Reserve Bank as submission of audit report is a pre-condition for the grant of such loans. Moreover, in the absence of regular and timely audit, the chances of irregularities including misappropriation and embezzlement are greatly accentuated. The Committee are surprised that the audit of accounts as many as 1,111 societies in the weavers sector alone were pending from more than 2 years and the number was very large in the case of other types of societies like marketing societies, credit societies etc. The Committee further note that in many cases, although the societies are ready to get their accounts audited, the auditors from the office of the Registrar of Cooperatives do not conduct the audit for considerable time. The result is that these cooperative societies suffer as in the absence of audited accounts, they are not able to obtain credit at concessional rate under the Reserve Bank Scheme. The Committee desire that this unsatisfactory state of affairs should be rectified urgently.

Recommendation (S. No. 71 Para 5.29)

Apart from organising the audit by Registrars more efficiently, the Committee would like Government to examine whether the large cooperative societies could not be allowed to have their accounts audited by Chartered Accountants who could be specifically approved if necessary, for this work. The Committee attach considerable importance to this matter and would like to be informed within six months of the concrete measures

taken to rationalise and expedite the auditing of accounts of weavers cooperative societies, so that this work do not remain in arrears.

Reply of Government

The views of the Committee have been noted. State Governments have already been addressed to ensure that audit of all societies is completed as early as possible so that cooperative societies do not suffer in the absence of audited accounts.

A reference has also been made to the Central Registrar of Cooperative Societies to get his opinion on the recommendation that large cooperative societies should be allowed to have their accounts audited by Chartered Accountants. The matter has also been referred to State Governments so that their views could be made available to the Government of India.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A, dated 26th October, 1978].

Comments of the Committee

Final action taken in the matter may be intimated to the Committee.

Recommendation (S. No. 83 Para 6.21)

The Committee note that in order to promote the marketing of handloom products, the All India Handloom Fabrics Marketing Cooperative Society was set up in 1955 and this society has set up Handloom Houses in Bombay, Madras, Calcutta, New Delhi, Bangalore and Ahmedabad. The Handloom House in Ahmedabad was the latest to be set up in 1969 and since then no Handloom House has been set up. It is, however, proposed to set up a Handloom House in Hyderabad. The Committee are surprised to note that although the All India Handloom Fabrics Marketing Cooperative Society is the only major body for the marketing of handlooms fabrics in the country, this society has been able to open only six handloom houses in the country and that also only in the metropolitan cities and since 1969 no new handloom house has been opened. The total sales of the society amount to Rs. 610 lakhs only which forms a very small fraction of the total turnover of handloom products in the country. The Committee note that the main inhibiting factor in the opening of more handloom houses is that these Handloom Houses are opened in spacious accommodation and are air-conditioned and thus require a lot of financial investment. The Committee fail to understand why the All India Handloom Fabrics Marketing Cooperative Society cannot open Handloom Houses in smaller accommodation to meet the demand of the people in smaller towns. The Committee recommend that the All India Handloom Fabrics Marketing

Cooperative Society should prepare a master plan for opening handloom houses on a modest scale in important district headquarters in a phased manner so that the handloom products can be marketed on a larger scale and the overhead expenses may be reduced to the minimum. It should be ensured that these handloom houses stock varieties of cloth from all over the country which are in local demand.

Reply of Government

Although the All India Handloom Fabrics Marketing Cooperative Society Ltd., had stepped up its sales during the last few years, its contribution as a national level trading organisation either in the domestic sales of the products of the entire handloom industry or in those of the cooperative sector has been relatively small. In the context of the all round developments taking place in the handloom sector and since the question of marketing its products will assume serious proportions in the coming years, the Society should, as a national level organisation, play a more useful and positive role.

With a view to studying the present pattern of working of the society and to suggesting modifications, if any, if the organisational and financial structure and measures for integrating the activities of the Society with the new developmental programmes in the cooperative sector and under the State Handloom Development Corporations, and for achieving the objective of a substantial increase in the turnover and improvement in marketing arrangements, both domestic and export, Government have recently set up a Committee. The Committee submitted their report on 31-8-1978 and their recommendations are under consideration. Action on the recommendations of the Committee will be initiated as soon as a decision is taken on them.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-F&A., dated 26th October, 1978]

Comments of the Committee

Final action taken may be intimated to the Committee.

Recommendation (S. No. 85 Para 6.23)

The Committee consider that there is a vast market for handloom cloth in rural areas and mofussil towns which has not been fully tapped. It is, therefore, of utmost importance that close attention is given to meet the clothing needs of these people by supplying them cloth of requisite quality, design and fashion to meet their local demand. It should be ensured that the quality of the cloth is good and the price is not only competitive but cheaper. The Committee recommend that a concerted drive should be

organised to tap the vast potential of the rural market in the country by demand survey of the various areas to ascertain their consumption pattern and by providing market outlets for stepping up the sale of handloom products.

Recommendation (S. No. 86 Para 6.39)

The Committee note that one of the steps taken by Government for promoting the sale of handloom cloth is the grant of rebate on the sale of cloth. The rebate is granted at the rate of 5 per cent throughout the year and 10 per cent for a total period of 15 days in a year. A special rebate of 20 per cent was also allowed for a period of three months viz., December, 1975 and January and February, 1976 to liquidate the accumulated stock of handloom products. However, from the representation received from a number of non-official organisations, the Committee note that there have been complaints of widespread malpractices in the working of this rebate system in collusion with Government officials. The House Committee of the Andhra Pradesh Legislative Assembly in their report submitted in July, 1976 has also pointed out grave irregularities like sale of powerloom cloth as handloom cloth and submission of false claims etc. for grant of rebate subsidy. The Committee are greatly concerned that such irregularities were allowed to take place in the working of the schemes.

Recommendation (S. No. 92 Para 6.60)

The Committee note that there is vast scope for marketing of ready-made garments in the country and abroad and with our large manpower, it would be possible to ensure production of ready-made garments in the handloom sector at competitive price to meet the clothing needs of the people. The Committee recommend that Government may evolve a scheme of production of ready-made garments in the handloom sector by utilising the spare time and capacity of house-wives etc., and arrange for the marketing of these ready-made garments through Apex Societies and Handloom Houses. The Committee recommend that the experience gained by Khadi and Village Industries Commission in this regard may be utilised and sale of ready-made garments organised accordingly.

Reply of Government

Since the State Governments are also concerned with these recommendations, their views are to be called for. It is, therefore, proposed to discuss these items in the forthcoming Conference of the State Directors of Handlooms. After consultation with them, final view will be taken on these issues and the Committee will be apprised of this in due course.

[Ministry of Industry, Office of the Development Commissioner, Handlooms, O.M. No. 54012/1/78-F&A., dated the 15-11-78].

Comments of the Committee

Final action taken in the matter may be intimated to the Committee.

Recommendation (S. No. 94) Paras 7.25 & 7.26

The Committee note that in order to protect the handloom industry from the more powerful powerloom and mill sector, Government have been following a policy of reservation of certain items of production in favour of handlooms and that at present production of ten items is exclusively reserved for the handloom sector only. The Committee are, however, distressed to note that these reservation orders are not being enforced effectively and that there are common complaints of large scale violations of these Reservation Orders by the Powerloom sector. The Committee feel that by allowing the violations to go unpunished, the very purpose of issuing these Reservation Orders were defeated. Prosecution was not launched even in a single case. The Committee have admitted that the enforcement of these Orders has not been really effective in certain areas so far. The Committee feel that this is a very distressing state of affairs and needs to be remedied without loss of time.

The Committee note that the enforcement of these Reservation Orders has been left to the State authorities. Although the State Governments have sufficient powers under the Essential Commodities Act to seize the goods and take action both against the sellers and the producers, there have been very few cases where such violations have been detected and deterrent action taken against the offenders. The Committee are surprised to note that although in some States hundreds of cases of violation of these Reservation Orders were detected prosecution was not launched even in a single case. The Committee cannot but reach the conclusion that the State authorities have not shown the necessary seriousness about enforcement of these Reservation Orders with the result that offenders have feeling that they can indulge in malpractices with impunity, thus harming the interest of handloom industry. The Committee recommend that the Central Government may immediately impress upon the State Governments and all other authorities concerned the imperative necessity and desirability of strict enforcement of the Reservation Orders, and taking deterrent action against all those found guilty of indulging in such violations.

Recommendation (S. No. 95) Para 7.27

The Committee feel that the field officers of the Development Commissioner for Handlooms should take an active part in helping the State authorities to detect violation of Handloom Reservation Orders. In this context, the Committee need hardly point out that the field organisation of Development Commissioner for Handlooms which is bound to be strengthened by transfer of staff from the Textile Commissioner, who was hitherto performing these duties, should take this up as a challenging and essential part of their duties and do their best to see that the Reservation Orders are observed in letter and spirit and those who flagrantly violate them are brought to book with the help of the State authorities.

Recommendation (S. No. 96) Para 7.28

The Committee have elsewhere in the report drawn specific attention to the findings of the Committee appointed by Andhra Pradesh Legislature

which has highlighted the fraudulent practice of passing of powerloom cloth manufactured in other States as handloom cloth in order to avail of the subsidy. This perhaps is representative of the malpractice which is being indulged in by other States. The Committee are not able to accept the reply of the Department of Textiles that it is not possible to check such violations as according to them, once a cloth is produced it becomes very difficult to determine whether the cloth is produced on handloom or powerloom.

Recommendation (S. No. 97) Para 7.29

The Committee were informed during evidence that apart from administrative difficulties, there were legal difficulties in the enforcement of the reservation orders before April, 1977. Those orders lacked force as people had challenged them in courts and obtained stay orders and the cases were pending in courts for several years. The Committee note that the Ministry have issued new reservation orders in April, 1977, removing some of the legal lacunae pointed out earlier in the orders. But certain other aspects of these orders, like their effect on the Fundamental Rights and the competence of Textile Commissioner to issue the orders, are still under dispute in courts. The Textile Commissioner, in his evidence before the Committee, expressed the view that "the administration as a whole is being asked to implement something which on the face of it has become extremely difficult to operate on the legal, enforcement and economic side."

He suggested that "we do need to maintain a legislation perhaps on the statute book but it will have to be much better considered legislation than it is today." The Committee would like that Government should make a comprehensive review of the entire position, legal and administrative, relating to the issue and enforcement of reservation orders and take necessary measures, including enactment of legislation, if necessary, to remove any doubts about the legality of these orders so as to make them effective and binding and thus help the administrative agencies to enforce them without any difficulty.

Recommendation (S. No. 98) Para 7.30

The Committee feel that the suggestion made by the Textile Commissioner before the Committee that, apart from reserving certain items for handloom sector, specific items of production should also be earmarked for powerloom sector, deserves a fair trial as it may thereby not be tempted to encroach upon the areas of production reserved for handloom.

Recommendation (S. No. 99) Para 7.31

The Committee also note that the question of investing the Textile Commissioner or any other agency with powers to award summary punish-

ment to powerloom owners for violation of the reservation orders is under the consideration of the Ministry of Commerce and Ministry of Law. The Committee would like this matter to be finalised expeditiously and adequate powers vested in the Textile Commissioner or any other agency so as to enable him to enforce these reservation orders effectively and without any difficulty.

Recommendation (S. No. 100 Para 7.32)

The Committee note that one of the measures taken by the Government for enforcement of Reservation Order is that powerloom owners are required to stamp their permit number on the cloth produced by them. Apart from the fact that there are still a very large number of unauthorised powerlooms which need to be brought within some regulatory network, there is imperative necessity of ensuring that the powerloom owners do in practice observe this order by invariably stamping their permit numbers on all varieties of cloth produced by them, particularly varieties which can be mistaken for those reserved for production on handlooms.

Strict and effective check should be exercised in that behalf by the field staff of the Textile Commissioner and the State authorities. The Committee would also urge that a continuous watch should be kept in the matter so as to take concerted and concrete measures to see that powerloom cloth is not sold as handloom cloth not only to the detriment of the interests of handloom weavers but also in getting inadmissible subsidy at public expense and defeating the very objective of reserving certain varieties for the handloom sector.

Reply of Government

One of the focal points for action contained in the Industrial Policy Statement of 23rd December, 1977 and the Textile Policy statement dated the 7th August, 1978 announced by the Government is the strict enforcement of Textile Control Orders in regard to items reserved for handloom industry and expansion of the scheme of reservation to other items. The cases challenging the Textile Commissioner's Reservation Orders are now before the Supreme Court and various High Courts. The Government has recently appealed to the State Governments to take effective steps to implement the reservation orders, both in letter and spirit. Government are also considering the question of setting up an enforcement machinery exclusively for enforcing the reservation orders.

[Ministry of Industry, Office of the Development Commissioner for Handlooms, O.M. No. 54012/1/78-P&A, dated the 26th October, 1978].

Comments of the Committee

Please see comments under Chapter I.

Recommendation (S. No. 115 Para 8.42)

The Committee further note that the Handloom Fabrics Marketing Cooperative Society is also engaged in promotion of exports of Handloom products in the foreign markets. In this connection, the Committee would like to invite the attention of Government to the recommendations made in their 163rd Report (1961-62) in which the Committee had stated that they were not quite convinced of the need for having two separate bodies for dealing with the export of Handloom products viz. Handloom Fabrics Cooperative Marketing Society Ltd. and Handloom Export Council. The Committee felt that one common organisation should be able to handle exports to all the countries. The Committee would like to emphasise that Government should ensure that there is no duplication of efforts in the field of export promotion between the Handloom Export Promotion Council and the Handloom Fabrics Cooperative Marketing Society Ltd.

Recommendation (S. No. 116 Para 8.43)

The Committee note that the Export Promotion Council has participated in a number of exhibitions and fairs to promote the export of handloom products. The Committee feel that exhibitions and trade fairs constitute a very powerful and effective means of projecting country's image and developing exports among various countries by attracting buyers from different parts of the world. They not only strengthen the already established links but also create new channels and possibilities for the growth of exports. The role of exhibitions and trade fairs in stepping up the country's export cannot be minimised. In the light thereof, Government may arrange for participation by the handlooms in other important trade fairs and exhibitions. The Committee would however, like to stress that participation should not be as a matter of routine but in every case a conscious decision should be taken after consideration of all relevant factors and there should be an in-built arrangement to evaluate the results achieved by way of increased exports after the fair/exhibition is over. The Committee recommend that Government should evaluate the increase in exports achieved in monetary terms as a result of participation in fairs and exhibitions abroad *vis-a-vis* expenditure incurred in such participation.

.. Reply of Government

The recommendations of the Committee are being examined in consultation with the Ministry of Commerce.

Comments of the Committee

Final action taken in the matter may be intimated to the Committee.

Recommendation (S. No. 117 Para 8.44)

The Committee would like to commend the example of International Trade Council of Japan which has played a significant role on behalf of the Japanese trade and industry in identifying the scope for promotion, feeding back significant information to the home manufacturers and thus acting as eyes and ears of the trade and industry. The Estimates Committee have, in their earlier reports on Export Promotion Measures etc. commended this organisation for emulation in our country. The Committee feel that in the case of handlooms such an organisation can play a significant part. The Committee would like to add that it is not their intention that yet an additional body should be set up abroad for this purpose. What they desire is that there should be a proper and well informed and well equipped compact organisation in export markets of interest of India so as to provide meaningful and timely information about the market trends, consumer preferences etc. There is no reason why such an organisation may not be multi-functionary in its coverage and interests so as to minimise the cost and maximise the benefits.

Reply of Government

There are at present four agencies, supported by Government, which are in the field of export promotion and marketing. These are the Handloom Export Promotion Council of India Ltd., the Handicrafts and Handlooms Export Corporation of India Ltd., the All India Handloom Fabrics Marketing Cooperative Society Ltd. and the Indian Institute of Foreign Trade. Even now they are being availed of for the purpose of obtaining market intelligence and also for export sales. However, it is recognised that there is need to considerably improve and expand their fields of activities to establish closer linkage with the domestic production base and generally evolve result oriented export promotion efforts.

The recommendation has been brought to the notice of the Ministry of Commerce, so that after suitable inter-ministerial consultations, steps may be finalised for expanding the production base for exports and setting up suitable procedures for the promotion and sale in foreign markets of handloom products and evolving a suitable export policy frame-work supporting these aims.

[Ministry of Industry, Office of the Development Commissioner,
Handlooms, O. M. No. 54012/1/78-F&A, dated 23-3-1979].

Comments of the Committee

Final action taken in the matter may be intimated.

NEW DELHI;

SATYENDRA NARAYAN SINHA,

April 23, 1979

Chairman,

Vaisakha 3, 1891 (Saka)

Estimates Committee.

APPENDIX

(Vide Introduction to the Report)

Analysis of Action taken by Government on the 13th Report of the Estimates Committee (Sixth Lok Sabha)

I.	Total number of recommendations	117
II.	Recommendations which have been accepted by Government (Nos. 1 to 5, 7 to 10, 17, 30 to 46, 51 to 54, 56, 58, 59, 61, 63, 64, 65, 67, 68, 69, 72, 73, 75 to 78, 80, 81, 82, 84, 89, 93, 101 to 114) .	
	Number	67
	Percentage to total	57·25%
III.	Recommendations which the Committee do not desire to pursue in view of Government's replies (Nos. 6, 11, 15, 16, 18, 19 to 29, 55, 79, 90 and 91)	
	Number	20
	Percentage to total	17·10%
IV.	Recommendations in respect of which replies of Government have not been accepted by the Committee (Nos. 14, 60, 74, 87 and 88) .	
	Number	5
	Percentage to total	4·25%
V.	Recommendations in respect of which final replies of Government are still awaited. (Nos. 12, 13, 47 to 50, 57, 62, 66, 70, 71, 83, 85, 86, 92, 94 to 100, 115 to 117) .	
	Number	25
	Percentage to total	21·40%