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**STANDING COMMITTEE ON LABOUR  
(2004-05)**

**(FOURTEENTH LOK SABHA)**

**MINISTRY OF TEXTILES**

**Action taken by the Government on the Recommendations/Observations  
contained in the Second Report of the Standing Committee on Labour on  
Demands for Grants-2004-2005 of the Ministry of Textiles.**

**FOURTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**March, 2005/Phalguna 1926 (Saka)**

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(2004-05)**

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**(Action taken by the Government on the Recommendations/  
Observations contained in the Second Report of the Standing  
Committee on Labour on Demands for Grants-2004-2005 of the  
Ministry of Textiles)**

**Presented to Lok Sabha on 22.03.2005**

**Laid in Rajya Sabha on 22.03.2005**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**March 2005, Phalguna, 1926 (Saka)**

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## COMPOSITION OF THE STANDING COMMITTEE ON LABOUR (2004-05)

**Shri P.K. Vasudevan Nair-CHAIRMAN**

### **MEMBERS LOK SABHA**

2. Shri Furkan Ansari
3. Shri Joachim Baxla
4. Shri Santasri Chatterjee
5. Shri Munawwar Hassan Chaudhary
6. Shri Sukhdev Singh Dhindsa
7. Shri Thawar Chand Gehlot
8. Dr. Satyanarayan Jatiya
9. Shri Virendra Kumar
10. Smt. Sushila Kerketta
11. Shri Rajesh Kumar Manjhi
12. Shri Ananta Nayak
13. Shri Bassangouda Patil (Yatnal)
14. Shri Lal Mani Prasad
15. Shri Chandradev Prasad Rajbhar
16. Shri Mohan Rawale
17. Dr. Dhan Singh Rawat
18. Shri Chandra Pratap Singh
19. Smt. C.S. Sujatha
20. Shri Parasnath Yadav

### **RAJYA SABHA**

21. Shri Gandhi Azad
22. Shri Lekhraj Bachani
23. Shri Jayanta Bhattacharya
24. Shri Debabrata Biswas
25. Ms. Pramila Bohidar
26. Shri Rudra Narayan Pany
27. Shri K. Chandran Pillai
28. Shri Dilip Ray

### **SECRETARIAT**

- |                           |   |                    |
|---------------------------|---|--------------------|
| 1. Shri P.D.T. Achary     | - | Secretary          |
| 2. Shri N.K. Sapra        | - | Joint Secretary    |
| 3. Shri R.S. Misra        | - | Deputy Secretary   |
| 4. Shri S.K. Saxena       | - | Assistant Director |
| 5. Shri C.Kalyanasundaram | - | Committee Officer  |

## INTRODUCTION

I, the Chairman of the Standing Committee on Labour having been authorised by the Committee to submit the Report on their behalf, present this Fourth Report on the action taken by the Government on the recommendations contained in the Second Report of the Standing Committee on Labour (Fourteenth Lok Sabha) on Demands for Grants-2004-2005 relating to Ministry of Textiles.

2. The Second Report was presented to Lok Sabha and also laid in Rajya Sabha on 19<sup>th</sup> August, 2004. The Ministry of Textiles furnished their replies indicating action taken on the recommendations contained in that Report on 22.11.2004. The report was considered and adopted by the Standing Committee on Labour at their sitting held on 17 March 2005.

3. The Report has been divided into the following chapters:-

- I. Report.
- II. Recommendations/Observations which have been accepted by Government.
- III. Recommendations/Observations which the Committee do not desire to pursue in view of Government's reply.
- IV. Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee and which require reiteration.
- V. Recommendations/Observations in respect of which replies of the Government are interim in nature.

4. An analysis of the action taken by Government on the recommendations contained in the First Report of the Standing Committee on Labour (Fourteenth Lok Sabha) is given in Appendix.

5. For the facility of reference recommendations/observations of the Committee have been printed in thick type in the body of the Report.

**New Delhi;**  
**17 March, 2005**  
**26 Phalguna, 1926 (Saka)**

**P.K. VASUDEVAN NAIR**  
**CHAIRMAN**  
**STANDING COMMITTEE ON LABOUR**

## CHAPTER I

### REPORT

1.1 This Report of the Committee deals with the action taken by the Government on the recommendations contained in the Second Report (Fourteenth Lok Sabha) of the Committee on Labour on Demands for Grants-2004-2005 of the Ministry of Textiles.

1.2 The Second Report was presented to Lok Sabha and also laid in Rajya Sabha on 19 August, 2004. It contained 22 recommendations. Replies of Government in respect of all recommendations have been examined and are categorised as under: -

- (i) Recommendations/Observations which have been accepted by the Government:  
Paragraph Sl. Nos. 1, 4, 7, 9, 10, 11, 13, 15, 19 and 22.

(Total 10 - Chapter II)

- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the replies of the Government:  
Paragraph Sl. Nos. 2, 12, 14, 17 and 18

(Total 4 - Chapter III)

- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:  
Paragraph Sl. Nos. 3, 16 and 20

(Total 3 - Chapter IV)

- (iv) Recommendations/Observations in respect of which replies are of interim in nature:  
Paragraph Sl. Nos. 5, 6, 8 and 21

(Total 4- Chapter V)

1.3 The Committee desire that action taken notes in respect of the recommendations contained in Chapter-I and final action taken notes in respect of recommendations contained in Chapter-V for which only interim replies have been given by the Government may be furnished to them at the earliest and in any case not later than three months of the presentation of this Report. The Committee will now deal with those action taken replies of the Government which need reiteration on merit comments.

**A. Rehabilitation of the workers of the closed Mills.**

**RECOMMENDATION (SL. NO. 3 PARA 3.8)**

1.4 The Committee noted that out of 151 textiles mills closed upto 31.3.2004, the workers of 101 private mills did not approach the Office of the Textile Commissioner to avail the benefits under the Textile Workers Rehabilitation Fund Scheme (TWRFS) due to reluctance on the part of concerned agencies to grant closure under Section 25(O) of the Sick Industrial Companies (Special Provisions) Act, 1985 and non-availability of records of eligible workers. The Committee viewed the situation very seriously and were of the view that the Ministry should address this vexatious issue in right earnest and while doing so, should convene a meeting of the representatives of State Governments and Trade Union leaders and find a solution. The Committee further recommended that pending a satisfactory resolution of the issue some reasonable fixed amount should be given as interim relief to the workers to make both ends meet.

1.5 The Ministry of Textiles in its action taken note furnished to the Committee had, inter-alia, stated as follows: -

- (i) Consequent to the Textile Policy of 1985 the Govt. of India formulated Textile Workers' Rehabilitation Fund Scheme (TWRFS), which came into force from 6.6.1985. The objective of the TWRFS is to give interim relief to the workers rendered jobless due to permanent closure of the mills. Relief under the scheme is available for three years on a tapering basis, 75% of the wage equivalent in the first year, 50% in the second year and 25% in the third year, to the workers of Closed Textile Mills in the Private Non-SSI sector. The consolidated guidelines for TWRFS prescribe certain eligibility criteria for a unit to be covered under the scheme. One of the mandatory conditions for becoming a closed mill eligible under TWRFS is that the mill should have been closed under section 25(O) of the Industrial Disputes Act, 1947, or alternatively an Official Liquidator has been appointed under the Companies Act 1956 by the High Court in the process of winding up of the unit. Unless the unit gets permission under 25(O) or Official Liquidator is appointed as above, the workers of the said mills

will not be covered for receiving relief under TWRFS. The scheme allows units having no reasonable scope for revival to wind up provided the workers' interest is protected. The present scheme therefore does not cover all the mills till it actually exhausts chances of revival/ reopening or legally declared closed under Section 25(O) of Industrial Disputes Act 1947. The legal and administrative process involved in the case of giving permission under 25(O) or appointment of Official Liquidator are very lengthy and time consuming as the concerned authority should hear all concerned before taking a final decision. Therefore, it takes some times two to three years to get the appropriate order and the units get covered under TWRFS. Therefore, as on date, only 42 closed Textile Mills are covered under the Scheme.

- (ii) Under the present scope of the scheme the above procedures cannot be dispensed with. However, Government is very keen to see that the relief to the eligible workers of the eligible mills is provided at the earliest. In this context the Regional Offices of the Textile Commissioner always work in tandem with the State Government departments for completing the formalities and disbursing the relief. As desired by the Standing Committee the Office of the Textile Commissioner / Ministry of Textiles will, as required, convene a meeting of the respective representatives of the State Government, Trade Union leaders on a case to case basis to sort out the bottlenecks.
- (iii) Regarding the recommendation of the Committee for providing some reasonable fixed amount as interim relief, it is to mention that once the closed Textile Unit meets the eligibility criteria, all other process can be speeded up and relief paid expeditiously on quarterly basis. Unless the unit itself meets such eligibility criteria the workers will not be eligible for any relief under the present scheme. There are 320 number of units closed due to various reasons like financial constraints, labour problem, disconnection of power supply, inadequacy of working capital, marketing problem, shortage of raw material, etc. in the non-SSI Private sector alone. Some of them have reasonable scope for re-opening/revival. However, any interim relief of a fixed nature to the workers of all the closed textile mills, may not be covered under the ambit of TWRFS. If Government comes forward to provide a lumpsum relief to the workers of all closed textile mills, it will amount to a sort of discrimination to the workers of units in other sector/industry.



**1.6 The Committee note with regret that only 42 closed textile mills are covered under the Textile Workers Rehabilitation Fund Scheme (TWRFS) when 320 textile mills remain closed in the private sector alone. The Committee find that the reasons for such a poor coverage of the Scheme is that it could be implemented only when the mills are declared closed down under section 25 (O) of the Industrial Disputes Act, 1947 or alternatively an official liquidator has been appointed under the Companies Act, 1956 by the High Court. The Committee feel that this procedure is very lengthy, rigid and time-consuming. The Committee are of the view that the very purpose of the Scheme is defeated as it could be availed of only for three years on a tapering basis and as such the Scheme does not protect the interests of the labour class. The Committee, therefore, reiterate their recommendation and urge the Ministry to have a fresh look into all the issues pertaining to TWRFS including bringing amendments to the relevant Acts and take expeditious steps to resolve those issues so as to ameliorate the sufferings of the workers of the sick textile mills.**

## **B. Production of Raw Silk**

### **RECOMMENDATION (SL.NO.16 PARA 7.10)**

1.7 The Committee were not happy to find that excessive import of raw silk from China has destabilized the domestic market since 2001 and many farmers have up rooted their mulberry as they were not able to get remunerative prices for their produce. Import of raw silk has increased by about 102% between 2000-01 and 2003-04 and hectareage under sericulture has declined by about 19% during the same period. The Committee felt that in such a situation domestic production of raw silk has been put to a disadvantageous position. The Committee, therefore, strongly recommended that Government should take necessary measures to increase the production of raw silk at competitive prices and farmers may be given some incentives for restoration of mulberry plantations. The Committee were also of the view that import of raw silk should not go against the interests of Indian farmers and suitable steps should be taken in this regard.

1.8 In its action taken note furnished to the Committee, the Ministry of Textiles had stated as follows: -

- (i) Central Silk Board has implemented a scheme in collaboration with the State Govt. to provide price support incentives to the farmers to compensate the loss incurred by them because of steep fall in the domestic market prices due to the dumping of Chinese silk. Under the scheme, price support incentive of Rs 10 per kg of green cocoons (Rs 15/- per kg of dry cocoons in J&K) was provided to the farmers in the States of Karnataka, Andhra Pradesh, J&K, Uttaranchal and Kerala. The expenditure towards payment of price support incentive was shared by CSB and States at 50:50 ratio in case of general states and 90:10 ratio in case of special status states like J&K and Uttaranchal. Central Silk Board has released an amount of Rs 6.94 crores to the States for providing price support incentive to the farmers during the year 2002-03.
- (ii) The Indian silk industry has been facing severe challenges due to import of huge quantity of Chinese silk at very cheap price which affected the domestic markets. To prevent dumping of Chinese silk into Indian markets, anti dumping investigations were undertaken by the Director General of Anti Dumping and Allied Duties (DGAD&AD) on a petition filed by the silk reelers and Departments of Sericulture. Anti dumping duty @ US\$ 27.97 per kg was imposed on all imports of mulberry raw silk of international grade 2A and below, originating in or exported from China P.R with effect from July 2003. This has helped in stabilizing the cocoon and raw silk prices in domestic markets.

1.9 During the recent study visit of the Committee to Bangalore and Mysore, Central Silk Board informed the Committee that this anti-dumping duty is not applicable for silk yarn of 3A and above grade. It was further informed that China has started dumping grey silk cloth for which also the provision of the anti-dumping duty was not made.

1.10 Committee also had interaction with silk reelers during their visit to Cocoon Market at Ramanagram, Karnataka. During the interaction, Karnataka State Multiend Silk Reelers Welfare Association and Ramanagaram Silk Reelers Association informed the Committee that Karnataka is producing a sizable quantity of silk but the imported silk yarn from China, Brazil, Korea, Vietnam, etc. is affecting the local market adversely. They requested that this has to be controlled under the provisions of Anti Dumping Act and in addition stringent vigil has to be maintained to check the illegal infiltration of grade less silkyarn through the borders of Nepal and Bangladesh.

**1.11 The Committee note that Central Silk Board is implementing a Scheme in collaboration with the State Governments to provide price support incentives to the farmers to compensate the loss incurred by them because of steep fall in the domestic market prices due to the dumping of Chinese silk. They also note that Director-General of Anti Dumping and Allied Duties has imposed an Anti-Dumping Duty @ US\$ 27.97 per kg. on all imports of mulberry raw silk of international grade 2A and below, originating in or exported from China. However, the Committee are of the view that these measures are not sufficient to protect the interests of domestic silk industry and recommend that the provisions of the Anti-Dumping Duty should also be extended to silk yarn of 3A and above grade and grey silk cloth. The Committee also urge the Ministry of Textiles to take up with the Ministry of Finance the issue of smuggling of gradeless silk yarn through the borders of Nepal and Bangladesh and to take necessary steps to curb the same.**

### **C. Modernisation of Jute Industry**

#### **RECOMMENDATION (SL.NO.20 PARA 8.21)**

1.12 The Committee were constrained to note that the Technology Upgradation Fund Scheme (TUFS) scheme has not picked up so well due to pervasive sickness of the jute sector and the practice of not availing bank finance by the entrepreneurs. The Committee were surprised to note that a similar scheme received a good response in the textile sector but has a lukewarm response from the entrepreneurs in the jute sector and desired that the Ministry should review and revise the Scheme and intensify their efforts for modernization of jute industry.

1.13 The Ministry of Textiles in its action taken note furnished to the Committee has stated that this scheme was not as successful as compared to the textile sector in lieu of the inherent conditions and overall state of the jute industry and that efforts will be made to give a thrust to this scheme to make it more successful.

**1.14 The Committee had categorically stated that the Technology Upgradation Fund Scheme for Jute sector has not received positive response from the entrepreneurs. They had, therefore, desired that the Ministry should review the Technology Upgradation Fund Scheme for modernization of jute industry so as to find out the lacunae in the Scheme due to which it could not achieve the desired results. The reply of the Government, however, is not satisfactory. The Committee are of the view that by giving thrust to an unsuccessful Scheme would not yield good results and, therefore, they reiterate their earlier recommendation and urge upon the Ministry to review and revise the Scheme so as to make it attractive and encouraging to the jute industry.**

## **CHAPTER-II**

### **RECOMMENDATION/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT**

#### **GENERAL PERFORMANCE RECOMMENDATION (SL.NO.1    PARA NO. 2.7)**

2.1    The Committee are concerned to note that the actual Plan expenditure has constantly been less than the budgetary estimates since 1993-1994. During 2003-2004, the unspent balance surrendered under Plan allocation was to the tune of Rs. 104.41 crore and Rs. 64.62 crore under the non-plan scheme in respect of Design Development and Training Programme, Apparel Export Textiles Parks and various other schemes of the Ministry. The reasons for surrender in most of the cases have been indicated as inaction on the part of the implementing agencies. The Committee feel that continuous unspent balances left with the Ministry year after year clearly indicate a serious flaw in the budgetary process resulting in unrealistic budgetary projections by the Ministry in each subsequent year ignoring the vital outputs of actual requirement of funds under different heads.

#### **REPLY OF GOVERNMENT**

2.2    The observations of the Standing Committee on Labour (14<sup>th</sup> Lok Sabha) on Demands for Grants (2004-2005) of the Ministry of Textiles have been noted for strict compliance.

2.3    In this direction a review meeting was taken by Secretary (Textiles) on 24-8-2004 with the officers of the Ministry of Textiles to review the progress of plan and non-plan expenditure during the current financial year.

**(Ministry of Textiles O.M.No.2(5)/2004-Parl. Dated:-22-11-2004)**

**NTC**

#### **RECOMMENDATION (SL. NO.4    PARA 3.17)**

2.4    The Committee note that out of 119 textile mills, 66 mills have been closed and the remaining 53 mills have been sanctioned a revival package at a cost of Rs.3937 crores. The Committee further note that the revival package which basically consisted of modernisation of the mills was to be funded from the sale of surplus lands. The proposed total modernisation cost is to the tune of Rs.1500 crore and resources for modernisation are to come from the sale of surplus land. Assets worth Rs.400 crore have been mobilised through sale of surplus land whereas Rs.72 crore has been released as working capital for modernisation in pursuance of the Revival Scheme. The Committee are not satisfied with the tardy pace of modernisation of the textile mills. The Ministry should

not only formulate an alternative plan to modernize the textile industry expeditiously but also intensify their efforts to sell the surplus land so that necessary funds could be mobilised for modernisation of the viable mills within a definite time frame.

### **REPLY OF GOVERNMENT**

2.5 The rehabilitation plan approved by BIFR for the NTC involved a projected cost of Rs.3900 crores, including Rs.1465 crores for modernisation and revival of the viable mills and Rs.1663 crores for VRS to close the unviable mills. The Government will incur huge liabilities if the rehabilitation scheme is implemented without disposal of surplus assets of the NTC mills valued at more than Rs.3800 crores. However, since sale of land is a time consuming process, the Government has permitted NTC to mobilise Rs.1580 crores through Government guaranteed bonds as a private placement for implementation of VRS in unviable mills. Further Government has also granted permission for raising Rs.200 crores more through similar bonds to clear the outstanding statutory dues of the workers.

2.6 The disposal of surplus assets amounting to Rs. 3800 crores of the NTC mills will not only fulfil the Government liabilities of Rs. 1780 crores already incurred but also enable NTC to raise resources for modernisation and revival of viable mills. Government has already taken expeditious steps for disposal of surplus assets and Rs.400 crores has been mobilised through sale of surplus assets. Nearly 2/3<sup>rd</sup> of the total proceeds from sale of assets is expected from sale of high value surplus land in Mumbai City. Initiatives have been taken at the highest level with Government of Maharashtra to resolve the deadlock.

(Ministry of Textiles O.M.No.2(5)/2004-Parl. Dated:-22-11-2004)

### **Modernisation of Powerloom Industry**

#### **RECOMMENDATION (SL. NO.7 PARA 4.7)**

2.7 The Committee are concerned to note that powerlooms in the country are made of outdated technology, marked by low productivity and manufacturing low-value fabrics. The Committee further note that there are 18.40 lakh powerlooms in the country employing about 45.9 lakh people but the amount released during 2003-04 for technology upgradation is only Rs. 9.67 lakh. Further the Ministry has announced induction of only 50,000 shuttle less looms and 2.5 lakh semi-automatic looms for the modernization of decentralised powerloom industry. The Committee feel that this modernization package is not sufficient considering the size of the industry. The Committee, therefore, urge the Government to make serious efforts to modernize the decentralized powerloom industry by enlarging the existing Technology Upgradation Fund Scheme (TUFS). The Committee recommend that sufficient funds should be made available for strengthening the social security schemes for powerlooms workers, improving infrastructural facilities and enhancing their competitiveness in the global market.

## REPLY OF GOVERNMENT

2.8 Having regard to the fact that the decentralised powerloom sector in the country has outdated technology, is marked by low productivity and manufactures low-value fabrics, Government has identified powerloom (weaving) as a critical segment of the textile sector. It has undertaken from time to time various programmes for modernisation of weaving capacities. As such, in the Budget 2001-02, a Textile Package was announced which included a major programme for modernisation of the powerloom sector by induction of 50,000 shuttle less looms and 2.5 lakh semi-/ automatic looms. The main instrument for attracting investments for this programme is TUFS. As per data obtained from the office of Textile Commissioner, Mumbai, the modernized weaving capacity of the country in the year 2003-04 is as follows:-

❖ Shuttle less looms	<b>20,000</b>
❖ Automatic looms	<b>34,780</b>
❖ Drop box semi automatic loom	<b>6,00,000</b>
❖ Plain loom with Jacquard for terry towel & furnishing	<b>1,00,000</b>
❖ Plain loom for silk, wool, carpet and heavy fabric	<b>1,00,000</b>

2.9 Though the above mentioned capacity is far less in shuttle less looms, in respect of semi- automatic looms the existing weaving capacity of the country is fairly satisfactory.

2.10 Government has been making sincere efforts to promote technology upgradation and consolidation of units in the powerloom sector, improve capacity utilisation and productivity with better infrastructure, easier access to credit, and skill upgradation and facilitation. As such, a powerloom package was announced in the Union Budget 2003-04 which included: -

- (i) Enlarging the existing technology upgradation Fund Scheme to cover modernisation of powerlooms;
- (ii) Introduction of a new Group Workshed Scheme together with the state Governments to create a better working environment and obtain higher productivity and improvement of other infrastructure facilities under the Textile Centre Infrastructure Scheme (TCIDS);
- (iii) Providing insurance cover to the powerloom workers against death, accident and disability under a special Group Insurance Scheme.

2.11 All the components of the powerloom package have been implemented in the last year itself under the following programmes :-

20% Credit Linked Capital Subsidy Scheme (CLCS - TUFS)  
 Group Workshed Scheme (GWS) for Powerloom Weavers  
 Welfare of Powerloom Workers through Group Insurance Scheme

2.12 20% Credit Linked Capital Subsidy Scheme (CLCS - TUFS) was approved on 6.11.2003. This provided for credit linked capital subsidy @20% for the benchmarked technology weaving machinery costing up to Rs. 60 lakh. This scheme is being implemented by the Office of Textile Commissioner, Mumbai. As on 15.9.2004, 102 cases have been received from banks / manufacturers / units with a total investment in machinery of Rs. 19.87 crore. The subsidy amount for the cases works-out to be Rs. 3.97 crore. Out of 102 cases, a subsidy amount of Rs. 2.06 crore has been disbursed in respect of 53 units. The applications of 21 units having the investment of Rs. 3.55 crore were not considered due to non-availability of the benchmarked prices, items not falling under the scheme and not following the proper procedure as per the guidelines. The rest of the cases are at different stages of examination. The Government has undertaken a number of awareness programmes at major powerloom clusters to popularize this programme and it has also received positive response. The Government has adequate funds for this Scheme under TUFS. The initial response to the scheme has been encouraging and it is expected that this Scheme will play a key role in modernization of decentralised powerloom sector.

2.13 Group Workshed Scheme (GWS) for Powerloom Weavers was introduced on 29/7/2003. Budget provisions for X<sup>th</sup> Plan for this Scheme is Rs. 19.27 crore. It provides for 25% subsidy of the unit cost of construction and has linkage with TCIDS for high tech weaving parks. Salient features of the Scheme are as follows:-

- (i) Amount of subsidy: - 25% of the unit cost of construction subject to a maximum of Rs. 80/- per sq.ft. which is lower. Maximum subsidy is limited to Rs. 11.52 lakh for 14,400 sq.ft.
- (ii) Promoter's contribution: - 10% and remaining 65% may be raised as loan from financial institutions.

As on date, this scheme has not been able to receive any viable project.



2.14 Welfare of Powerloom Workers through Group Insurance Scheme was introduced from 1<sup>st</sup> July 2003. There are two separate components of this Scheme (1) Janashree Bima Yojana (JBY) and (2) Add – On - Group Insurance Scheme (GIS). In case of JBY, the total premium is Rs.200/- of which Rs. 100/- shall be paid from the Social Security Fund of Govt. of India through Life Insurance Corporation of India (LIC) and balance of Rs.100/- shall be shared between Govt. and beneficiaries @60:40. In case of Add-on-GIS, the total premium is Rs.180/-, which will be equally shared by Govt. of India and beneficiaries 50:50 basis. Benefits under the scheme are as follows:-

Component	Natural death	Accidental Death	Total Permanent Disability	Partial Permanent Disability
<b>JBY</b>	Rs. 20,000/-	Rs. 50,000/-	Rs. 50,000/-	Rs. 25,000/-
<b>Add-On-GIS</b>	Rs. 30,000/-	Rs. 30,000/-	--	--
<b>Both</b>	Rs. 50,000/-	Rs. 80,000/-	Rs. 50,000/-	Rs. 25,000/-

A beneficiary will have the option of choosing either of the Scheme or both. In addition to the above, a worker under JBY will also be entitled the education grant of Rs.300/- per child / per quarter for two children studying in IX to XII standard, under LICs Shiksha Sahayog Yojana.

The progress of the scheme is as under: -

Year	JBY		Add on GIS		Govt. Contribution (in Rs.)		
	Target	Achievement	Target	Achievement	JBY	Add on GIS	Total
2003-04	25000	49498	250	10840	2969880	975600	<b>39,45,480</b>
2004-05 (up to September )	100000	26841	15000	4965	1610460	446850	<b>20,57,310</b>

2.15 Tenth Plan allocation under the Scheme is Rs. 200.00 lakh. The Budget allocation in the current year (2004-05) is Rs. 50.00 lakh out of which upto the month of September Rs. 20.57 lakh has been spent. It may be noted that fund availability for this Scheme is sufficient to meet the requirement of the remaining period of the current year.

(Ministry of Textiles O.M.No.2(5)/2004-Parl. Dated:-22-11-2004)

### **Production of cloth in the Handloom Sector**

#### **RECOMMENDATION (SL. NO.9 PARA 5.14)**

2.16 The Committee observe that budgetary allocation of Rs.156.77 crore has been projected at BE stage for the Handloom Sector which was reduced to Rs.137.31 crore at RE stage during the year 2003-2004. The actual expenditure for the year 2003-2004 is Rs.128.46 crore. For the year 2004-2005, BE of Rs.156.56 crore has been projected. The Committee also note that the actual expenditure during the year 2000-2001, 2001-2002 and 2002-2003 were Rs.70.66 crore, Rs.112.70 crore and Rs.130.66 crore respectively.

The Committee feel that non-utilization of funds allocated for handloom sector would seriously affect the production of handloom cloth and workers welfare activities being undertaken by the Ministry for this Sector. The Committee desire that keeping in view the overall development of the handloom sector, budgetary support should be increased, particularly for the welfare activities being undertaken by the Government for the handloom weavers. The Committee further desire that the Government should also ensure that the funds allocated for various schemes are fully utilized.

### **REPLY OF GOVERNMENT**

2.17 During the year 2003-04, a sum of Rs.37.57 crore was booked at BE stage under Design Development and Training Programme (DDTP) in anticipation of expenditure to be incurred under the proposed Integrated Handloom Training Project (IHTP). However, IHTP got approved by the Competent Authority only during December, 03. Therefore, a sum of Rs.25.29 crore had to be reduced at RE stage from the BE amount of Rs.37.57 crore under DDTP. This, alongwith modifications in other schemes, resulted in the total annual plan outlay for 2003-04 being reduced from Rs.156.77 crore at BE stage to Rs.136.97 crore at RE stage. The actual expenditure during the year (2003-04) was Rs.130.28 crore vis-à-vis RE allocation of Rs.136.97 crore. The gap in the actual expenditure is largely accounted for by the States in NER. Infact, the general reason for shortfall in the expenditure under different schemes in NER States is that viable proposals from the NER States are not being received. During the zonal meetings and various review meetings conducted by the Office of DC (Handlooms), the governments of NER States are urged from time to time to submit viable proposals under different schemes and submit the utilization reports in respect of earlier releases. However, despite several efforts, an adequate number of proposals from NER States are not received and UCs in respect of earlier releases are not submitted. Hence, the level of expenditure in the NER States by way of release of central funds has been unsatisfactory. There is a need for the State Governments in the North Eastern region to activate their machinery to take the benefit of various schemes implemented by GOI for handloom development.

2.18 Further, the implementation of various centrally sponsored handloom schemes and the release of funds there under is contingent upon the release of state share. However, due to poor financial condition, most of the states do not release their share requisite for release of central funds under various schemes. Therefore, the expenditure level under different schemes has been falling short of the projections at BE/RE stage. Despite several efforts to impress upon the states to act in this regard, the results are not coming forth.

2.19 However, the total plan expenditure has increased from Rs.360.05 crore during VIII Plan to Rs.473.88 crore during IX Plan. The same during the X Plan has also proportionately increased during first two years vis-à-vis the expenditure during IX Plan. Further, in the Mid-term Appraisal of the X Plan, an increase in the Plan outlay has been proposed under the existing schemes as well as the proposed "Integrated Cluster Development Programme".

(Ministry of Textiles O.M.No.2(5)/2004-Parl. Dated:-22-11-2004)

## **Production of Cloth in the handloom sector**

### **RECOMMENDATION (SL.NO.10 PARA 5.15)**

2.20 The Committee are constrained to note that from the year 1998-99 onwards, there has been a constant decline in the production of cloth in the handloom sector as compared to the targets set for each year. The Committee take further note of the argument of the Ministry that no proper assessment study has been conducted to ascertain the factors responsible for decline in production of cloth due to highly decentralized nature of the handloom industry. The Committee feel that the factors responsible for the decline in the production of handloom cloth since 1998-1999 need to be properly assessed as also the impact of the fiscal changes announced recently in the excise duty on hank yarn on the overall production of handloom cloth have to be properly studied. The Committee, therefore, recommends that a comprehensive study be conducted to identify the factors responsible for the decline in production of handloom cloth so that necessary corrective measures could be taken to augment the production of cloth.

### **REPLY OF GOVERNMENT**

2.21 The handloom sector is a highly decentralized segment of the textiles industry as per the 1995-96 Census, there are 65.51 lakh persons engaged in weaving and allied activities and 2542063 number of units. Of these 2524512 units are in the nature of household units. Further, out of the 34.17 lakh handloom weavers, about 11.9 lakh are part time weavers which means that they may be weaving in addition of other occupation such as agriculture or agricultural labour, or they may be serving only during certain periods of the year. In view of this highly decentralized nature of the handloom sector, it has been difficult to obtain accurate and up to date data on production of handloom cloth.

2.22 Cotton yarn packed in hank form is the principal raw material in the Indian handloom sector. This cotton hank yarn is produced by spinning mills which are in the organized sector. Therefore, the data regarding production of hank yarn is available from the spinning mills are being calculated by the office of the Textiles Commissioner. The Textiles Commissioner has been estimated the production of handloom cloth based on the amount of hank yarn delivered in the domestic market, by applying a conversion factor. The conversion factor being applied is of 12.5 sq. mtrs. of cloth per kg. of hank yarn. This conversion factor was fixed in 01/04/1990 and has not been revised since.

2.23 Based on the above method of estimating the production of handloom cloth, the data generated by Textiles Commissioner in the last 7 years has been follows :-

<b>Year</b>	<b>Cotton Hank Yarn delivery in domestic market (In million Kgs.)</b>	<b>Handloom cloth production in million square meters.</b>
1998-1999	473	6792
1999-2000	514	7352
2000-2001	530	7506
2001-2002	540	7585
2002-2003	411	5980
2003-2004	366	5536

2.24 It may be seen that there is a sharp fall in production of handloom cloth in 2002-03. The factors which can be said to be responsible for this decline are explained below. The spinning mills produce cotton yarn packed both in cone and hank form. Prior to 1<sup>st</sup> March, 2002, hank yarn was exempted from levy of excise duty. It is believed that there was alleged mis-declaration by spinning mills of cone yarn as hank yarn, in order to avail of the benefit of this exemption. In order to counter this evasion, the exemption to hank yarn was withdrawn w.e.f. 1<sup>st</sup> March 2002 and the hank yarn and cone yarn were both brought under the purview of excise duty regime. The incentive to mis-declare cone yarn as hank yarn was thus removed and the more accurate data of packing of cotton yarn in hank form started to emerge in 2002. Since the data of handloom cloth production is directly linked to data of hank yarn production, there was a shift in the level of handloom cloth production also from this year. This may be the main reason for reduction in the handloom cloth production in recent years. Another reason is the shift in consumption of yarn by handloom sector from finer varieties to coarser varieties in last few years. For example the main handloom production in Karur, in Tamilnadu has shifted from saris made of fine count yarn to home furnishings made of coarser count yarn. Efforts are being initiated to gather evidence for this perceived shift in consumption of yarn. One kilogram of coarse count yarn will give less handloom cloth than one kilogramme of fine count yarn. Hence the quantity of handloom cloth production in square meters has fallen in recent years. Apart from these factors, it cannot be denied that cost disadvantage to handloom sector vis-à-vis the powerloom sector has reduced the market of handloom cloth and there may be migration of weavers from handloom weaving to other forms of employment.

2.25 The Ministry has decided to get a study conducted into the factors influencing the trends in handloom cloth production and a Committee has been set up to work out the modalities and terms of references for this study.

(Ministry of Textiles O.M.No.2(5)/2004-Parl. Dated:-22-11-2004)

### **Weavers' Welfare Scheme**

#### **RECOMMENDATION (SL.NO.11 PARA 5.16)**

2.26 The Committee observe that a provision of Rs.755.00 lakh was made during 2003-2004 for Weavers' Welfare Scheme but the Plan allocation for the scheme has been reduced to Rs.600 lakh in the BE 2004-2005. The Committee note that the Government of India has been implementing various welfare schemes viz. Workshed-cum-Housing Scheme, Health Package Scheme, Thrift Fund Scheme, New Insurance Scheme etc. for handloom weavers. The Committee feel that with the reduced allocation of funds, the welfare schemes undertaken by the Government would not be implemented effectively. The Committee take further note that under the Workshed-cum-Housing Scheme, the components of Common Workshed, Separate Workshed and Community Centre are also being added. The Committee are of the view that construction of workshed/workshed-cum-houses for the weavers would enable them to increase the production of handloom for meeting the export and domestic orders. The Committee desire that the workers

should be provided with suitable workplace along with the houses, with all the necessary infrastructure, in both rural and urban areas for better working environment and productivity. The Committee, therefore, recommend that increased budgetary allocations should be made for the scheme and implementation of the relevant schemes should be properly monitored and periodically reviewed.

### **REPLY OF GOVERNMENT**

2.27 The Government of India is implementing the Workshed-cum-Housing Scheme, the Weaver's welfare schemes namely Health Package Scheme, Thrift Fund Scheme and New Insurance Scheme and Bunkar Bima Yojana for the benefit of handloom weavers.

2.28 The objective of the Workshed-cum-Housing Scheme is to provide suitable work place and dwelling units for weavers both in rural and urban areas for providing a better working environment. The budgetary allocation for the year 2003-04 was Rs.17.00 crore including NER, against which Rs.17.97 crore was released under the scheme to various States. For the current year 2004-05, there is a budget allocation of Rs.20.00 crore including the allocation for the NER, which is more than the allocation for the previous years.

2.29 The Government of India is also implementing the Weavers Welfare Scheme, which include Health Package scheme, Thrift Fund Scheme and New Insurance Scheme for the benefit of handloom weavers. The welfare schemes are implemented with the objective of providing health care facilities, creation of a fund in the nature of provident fund and protection for the handloom weavers from various types of risks such as loss of life, limbs, eyes etc. due to accident, damages to the dwelling units & raw materials due to natural calamities such as fire, lightning, flood, cyclone etc., reimbursement of expenses of treatment towards injury, disease and illness, eye-testing and maternity benefits. There was a provision of Rs.7.55 crore including NER for the year 2003-04 and for the current financial year 2004-05 there is a budget allocation of Rs.10.00 crore including NER which is also more than the allocation for the previous years.

2.30 The Government of India has introduced another welfare scheme called Bunkar Bima Yojana in December 2003 in place of the earlier Group Insurance Scheme for providing enhanced insurance cover in the case of natural as well as accidental death. For this there was a provision of Rs.1.50 crore for the year 2003-04. For the current financial year i.e. 2004-05, there is a budgetary allocation of Rs.5.50 crore for this scheme.

2.31 The total allocation for the Welfare schemes, which include Workshed-cum-Housing Scheme, Weavers' welfare scheme and Bunkar Bima Yojana, was Rs.26.05 crore during 2003-04 and for the current year the budget allocation for these schemes is Rs.35.50 crore. Thus there is not only an increase in the budget allocation for welfare schemes but also the percentage share for these schemes has gone up from 18.98% in 2003-04 to 23.00% in 2004-05 of the total allocation for the handloom sector schemes.

2.32 As regards monitoring and review of welfare schemes, it is mentioned here that the State Governments are asked to submit physical and financial progress reports on the implementation of the schemes and review meetings with the State Secretaries/Directors in charge of Handlooms are also taken by the Development Commissioner for Handlooms on the implementation of the schemes apart from undertaking field visits by the Officers of the Development Commissioner for Handlooms.

(Ministry of Textiles O.M.No.2(5)/2004-Parl. Dated:-22-11-2004)

### **Employment Scenario**

#### **RECOMMENDATION (SL.NO. 13 PARA 6.13)**

2.33 The Committee noted that the handicrafts sector assumes special significance in the country's economy in terms of employment generation and foreign exchange earned through exports. The value of handicraft goods produced during the years 2002-2003 and 2003-2004 stood at Rs.10933 crore and Rs.20356 crore respectively. Also the handicrafts sector provides employment to 48.20 lakh artisans. For generating further employment opportunities and developmental activities in the handicrafts sector, the Government have introduced various schemes like Baba Saheb Ambedkar Hastshilp Vikas Yojana, Design and Technology Upgradation Scheme, Special Handicrafts Training Projects (SHTP), etc. The Committee feel that for effective implementation of these schemes additional budgetary support would be required and therefore, they recommend that sufficient budgetary allocation should be made for proper implementation of the existing as well as proposed developmental and employment generating schemes under the handicrafts sector. The Committee expect that the Ministry of Textiles, being the nodal Ministry, would coordinate and supplement the efforts of State Governments in this regard.

### **REPLY OF GOVERNMENT**

2.34 The allocation under various schemes in the handicraft sector is assessed on the basis of past performance and feedback from the field organization about future requirement.

2.35 However the observation of the committee for providing additional budgetary support for proper implementation of existing as well as proposed developmental and employment generation scheme under handicraft sector has been noted for compliance. The enhanced allocation for various schemes during the remaining period of 10<sup>th</sup> Plan is being worked out and shall be taken up with competent authority for making enhanced provision in the budget allocation.

2.36 Regarding committee recommendation that Ministry of Textiles being nodal Ministry would coordinate in supplementing the efforts of the State Government, it is stated that handicrafts is a state subject. Central Government however supplements the efforts of the State Government for promotion and development handicrafts by

implementing Central Sector Plan Schemes through out the country through implementing agencies like state Handicrafts Development Corporation/Apex Societies, NGO's etc. These schemes are being implemented in close coordination with State Government.

(Ministry of Textiles O.M.No.2(5)/2004-Parl. Dated:-22-11-2004)

### **Export of Handicrafts**

#### **RECOMMENDATION (SL.NO.15 PARA 6.15)**

2.37 The Committee are dismayed to note that targets fixed for Market Development Programmes were never achieved during the last five years. The Committee are not satisfied with the explanation given by the Ministry that paucity of funds was the reason for not achieving the targets. The Committee are of the opinion that Market Development Programmes are very essential for boosting the sales of handicrafts products in national as well as foreign markets. The Committee, therefore, recommend that the matter of providing adequate funds should be taken up with the Planning Commission with all sincerity and efforts should be made for achieving the targets fixed for the Market Development Programmes.

#### **REPLY OF GOVERNMENT**

2.38 The committee recommendation that the matter of providing adequate fund should be taken up with the Planning Commission with all sincerity and efforts should be made for achieving the targets fixed for the Market Development Programmes has been noted for future compliance as stated in reply to Para 6.13. The enhanced allocation under the scheme during the remaining period of 10<sup>th</sup> Plan is being worked out and matter of increased allocation of funds shall be taken up with competent authority of RE & BE Stage.

(Ministry of Textiles O.M.No.2(5)/2004-Parl. Dated:-22-11-2004)

### **Modernization of Jute Industry**

#### **RECOMMENDATION (SL.NO.19 PARA 8.20)**

2.39 The Committee note that various schemes are being implemented by the Ministry of Textiles for modernization of Jute Industry. The Committee further noted that a new scheme namely, Jute Manufactures Development Council (JMDC) Incentive Scheme for the modernization of Jute industry has been implemented with effect from 8<sup>th</sup> July 2002. Under the scheme, all eligible jute mills are entitled to get subsidy for procurement of eligible items of machinery/equipment /ancillary items for modernization. The machinery can be purchased from approved vendors using the loan from financial institutions. The committee has been further apprised that so far machinery worth Rs.52.88 crore has been installed in the jute sector. The committee recommend that the process of modernization

under the JMDC Incentive Scheme has to be intensified with a view to improving significantly productivity, quality of products and making jute industry internationally competitive.

### **REPLY OF GOVERNMENT**

2.40 The process of modernization and upgradation in jute industry has picked up fairly due to operation of JMDC Incentive Scheme for Modernization of Jute Industry which is in place till July 2005. For further sustenance and intensification of this scheme for improving significantly productivity, quality of products and making the jute industry internationally competitive the matter regarding further continuation of this scheme beyond July 2005 will be considered by this Ministry.

(Ministry of Textiles O.M.No.2(5)/2004-Parl. Dated:-22-11-2004)

### **Development regarding dilution of Compulsory Packaging**

#### **RECOMMENDATION (SL.NO.22 PARA 8.23)**

2.41 The Committee note that the Inter-Ministerial Committee (IMC) constituted on the basis of the recommendation of the Standing Advisory Committee (SAC) in its recommendations dated 31.8.2001 had advocated a road map for progressive dilution of compulsory packaging norms for food grains and sugar under the Jute Packaging Materials (Compulsory Use in Packing Commodities) Act, 1987. The Committee further note that the Government issued a notification dated 12.7.2002 specifying certain percentage of packaging of food grains and sugar in jute packaging material which was challenged by the Indian Jute Mills Association (IJMA) and others in the Court, as the said notification provided for dilution of the level of mandatory jute packaging material for food grains and sugar. The Committee have been informed that the rationale given for such dilution was that dilution will enable the jute industry to modernize and diversify, making it cost and quality competitive in domestic and international markets. The Committee are given to understand that the Government is in the process of firming up a view on the recommendation of the Standing Advisory Committee (SAC) for fresh percentage of measures with regard to compulsory jute packaging for the year 2004-2005. The Committee apprehends that any such dilution might adversely affect the jute industry and also the interests of the workers. The Committee, therefore, strongly recommend that the Jute Packaging Material (Compulsory use in Packing Commodities) Act, 1987 should be reviewed in such a manner so that the Jute Industry is able to sustain itself in the competitive economy and interests of the workers are protected.

### **REPLY OF GOVERNMENT**

2.42 Based on the recommendations of the Standing Advisory Committee (SAC), the Ministry of Textiles sent a proposal to the Cabinet Committee on Economic Affairs (CCEA) for deciding the norms of compulsory packaging in jute bags for the year 2004-2005. Accordingly, on the basis of the approval given by the CCEA, this Ministry issued



a Notification vide No.S.O.1057(E) dated 28.9.2004. As per this order, Food grains and Sugar are to be compulsorily packed in jute bags to the extent of 100% & 90% respectively of their total production during the current jute year 2004-2005, ending on 30.6.2005. Thus, due care was taken by the Government for the benefit of the jute industry while deciding the norms of packaging for the current jute year 2004-2005.

(Ministry of Textiles O.M.No.2(5)/2004-Parl. Dated:-22-11-2004)

### **CHAPTER-III**

#### **RECOMMENDATION/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF THE GOVERNMENT**

##### **GENERAL PERFORMANCE**

##### **RECOMMENDATION (SL.NO.2    PARA NO. 2.8)**

3.1 The Committee take further note that the Ministry is blaming the implementing agencies and the NGOs for non-availing of second instalments of earmarked funds. The reasons given by the Ministry for the unspent balance viz. late receipt of incomplete nature of proposals and delay in release of State share are of routine nature. In the opinion of the Committee, the monitoring mechanism of the Ministry is not up to the mark. The Committee, therefore, recommend that the Ministry should intensify its monitoring work and take corrective measures such as creating awareness of the schemes by holding periodical review meetings with the State Governments/ users also sensitizing the NGOs in a systematic manner so that the funds earmarked are fully utilized. The Committee trust that the budgetary allocations under different heads will be fully utilized by the Ministry at least during 2004-2005.

#### **REPLY OF GOVERNMENT**

3.2 It was observed in the Review Meeting that the utilization of funds under J&K Package is very low in the areas of handloom and handicrafts. Secretary (Textiles) have directed both the Development Commissioners, namely, Development Commissioner (Handlooms) and Development Commissioner (Handicrafts) to have discussions with the officers of J&K Government and concerned organizations implementing the projects for accelerating the implementation of the approved projects.

3.3 Similarly, the utilization of funds allocated for NER is very low. It is obligatory for the Ministries to allocate 10% of the overall plan budget for spending in NER. The utilization of funds for NER is mainly in 3 sectors of handloom, handicrafts and sericulture. A substantial percentage of the allocation has been allocated for these three sectors only which itself remains unutilized. Secretary (Textiles) has directed that efforts should be made to make marketing programmes for NER projects in handlooms. Similarly, NEHHDC and other organizations should be activated to implement more projects in handicrafts sector. The possibility should also be explored to utilize 10% plan funds in other sectors.

3.4 As regards utilization of budgetary allocation (both plan and non-plan) for 2004-05 a target of 66% utilization by December, 2004 has already been fixed. The balance amount will be utilized in the last quarter of the year.

(Ministry of Textiles O.M.No.2(5)/2004-Parl. Dated:-22-11-2004)

## **Deen Dayal Hathkargha Protsahan Yojana (DDHPY)**

### **RECOMMENDATION (SL.NO.12 PARA 5.17)**

3.5 The Committee take note that the Deen Dayal Hathkargha Protsahan Yojana was launched to provide assistance to the handloom weavers in an integrated and comprehensive manner. The Committee further note that under this centrally sponsored scheme, the funding patter between the Centre and States is 50:50 for all the States, excepting the States falling under NER, Sikkim, J&K, Uttaranchal and Himachal Pradesh where the sharing ratio is 90:10. The Committee observe that the scheme is not performing well because in some cases only the first instilment has been released and the State Governments are not able to provide the matching share. The Committee, therefore, recommends that efforts should be made to persuade the State Governments to bear their responsibility of providing the matching share. The Ministry should also gear up their monitoring and coordination machinery over the schemes through periodical review meetings with the implementing agencies and NGOs and ensure timely release of funds to the implementing agencies.

### **REPLY OF GOVERNMENT**

3.6 It may be stated that the Office of the Development Commissioner for Handlooms has been from time to time informing the State Governments about the necessity for implementation of the Deen Dayal Hathkargha Protsahan Yojana (DDHPY) especially since this scheme provides to the handloom weavers assistance in a comprehensive manner. The scheme since envisages matching contribution, it is impressed upon the State Governments in the beginning of each financial year the necessity to make adequate budgetary provisions in the State for the scheme. In fact, project proposal is only approved on receipt of conformation from the State that adequate budget provision has been made in the State budget to match its share. In the cases where 1<sup>st</sup> installment has been released, the State Governments are requested to pass on the Central as well as State assistance to the implementing agencies in time and monitor the progress of the sanctioned projects at regular intervals. During the field visits of Senior officials from the Office of the Development Commissioner for Handlooms, the need for timely completion of the project is stressed upon the State Governments.

3.7 The projects sanctioned under the scheme are also periodically reviewed by a State Level Project Committee (SLPC). The implementation of the project is also monitored by the Department at various levels and by holding regular review meetings.

3.8 The above efforts have helped in gearing up the progress and implementation of the sanctioned projects under the DDHPY.

(Ministry of Textiles O.M.No.2(5)/2004-Parl. Dated:-22-11-2004)

## **Marketing and Market Development Support for Handicrafts**

### **RECOMMENDATION (SL.NO.14 PARA 6.14)**

3.9 The Committee observe that the handicraft sector has vast export potential. The Committee are of the opinion that active participation in international fairs, exhibitions, buyer-seller meets and foreign publicity will be of great help in the promotion of the handicrafts sector. The Committee have also noted that the market Development Assistance (MDA) is available for promoting exports to Latin American, African, ASEAN and CIS countries which are potential markets and have not been fully explored yet. The Committee, therefore, recommend that the Government should identify and explore more exportable handicrafts markets, particularly in Latin American, African and ASEAN countries and assist the artisans in their marketing efforts on sound commercial lines.

### **REPLY OF GOVERNMENT**

3.10 It is submitted that prior to year 2002, there has been negligible efforts towards exploration of markets in Latin American, African and ASEAN & CIS countries. In the year 2002, the Ministry of Commerce has launched Focus Area Programme with a view to increase bilateral trade between India and Latin America, African and ASEAN & CIS countries. Since then Export Promotion Councils, namely Export Promotion Council for Handicrafts (EPCH) has been organizing participation in Buyers Seller Meet/ International Fair etc. in these countries with a view to develop export trade. During the year 2004-05 the following participation is being organized:

#### **LAC:**

Buyer Seller Meet, Brazil & Chile (1<sup>st</sup> -3<sup>rd</sup> July & 5<sup>th</sup> -7<sup>th</sup> July, 2004)  
 XIV Exportasian 2004, Bogota, Colombia (5-18 December, 2004)  
 Mexican Gift Fair (January, 2005)  
 Regalo Argentina (March, 2005)

#### **CIS:**

Consumer Expo 2004, Almaty, Kazakhstan (25-28 May, 2004)  
 Décor & Gifts, Kyiv, Ukraine (November, 2004)  
 Buyer Seller Meet, Belarus, Ukraine & Kazakhstan (March, 2005)

#### **ASEAN:**

1. Buyer Seller Meet, Australia & New Zealand (November, 2004)

(Ministry of Textiles O.M.No.2(5)/2004-Parl. Dated:-22-11-2004)

## **Employment of Women in Sericulture**

### **RECOMMENDATION (S.NO.17 PARA 7.11)**

3.11. The Committee regret to observe that about 50 % of the total work force in the sericulture industry are women and yet no scheme has been formulated specifically for them. The Committee further noted that the research institutes of Central Silk Board focus on developing women – friendly technologies, including freedom from the painful traditional method of thigh reeling and elimination of pupae smell. The Committee feel that mere availability of technology is not sufficient for the welfare of the poor women workers engaged in the sericulture industry. The Committee recommended that a comprehensive welfare scheme for women workers should be formulated and implemented in a time bound manner in the sericulture industry.

### **REPLY TO GOVERNMENT**

3.12 It is not a fact that the Central Silk Board has not formulated any scheme for the development of women stake holders of sericulture industry. The Central Sericultural Research & Training Institute of Central Silk Board at Mysore has been implementing a project entitled “Establishment of Seri-technology Complex for women” with financial assistance to the tune of Rs. 81.30 lakh from Department of Bio-technology, Govt. of India commencing from February 2004 initially for a period of 5 years. Under the programme, women sericulturists are being selected from the States of Karnataka, Andhra Pradesh, Tamil Nadu, Kerala and Maharashtra and imparted hands on training for skill development in the following areas of sericulture :

- a. Integrated nutrient and disease management in mulberry by eco-friendly approach.
- b. Skill development in rearing young-age silkworms
- c. Skill development in composite silkworm rearing by adopting the proven technologies which are cost effective, less strenuous and users eco-friendly.
- d. Integrated pest and disease management, an eco-friendly approach with bio-pesticides, bio-fungicides, botanicals etc.
- e. Quality Silkworm seed production using appliances / improved tools
- f. Silk development for generation of value added products in sericulture
- g. Drudgery reduction through ergonomically sound appliances / hand tools.

3.13 Besides this the Central Silk Board has been implementing following schemes for the development of Women in Sericulture:

1. The Catalytic Development Schemes being implemented by the Central Silk Board in collaboration with the State Sericulture Departments aims towards

promotion of women friendly technology packages developed by the research institutes of Central Silk Board.

2. The following Catalytic Development Programmes implemented by Central Silk Board focus on women development
  - a. Support to agencies for the up-gradation and popularization of improved reeling and spinning devices for non mulberry. Under this scheme the improved reeling cum twisting devices and spinning wheels developed by the research institutes of Central Silk Board are being supplied to the NGOs, Women groups, individual women reelers / spinners at 50% subsidy. Training programmes have been organized to impart training to the women reelers / spinners on the operation of these improved devices. These improved devices helped to reduce drudgery and manual labour and improved the economic and working conditions of the women working in this sector.
  - b. The Central Silk Board is helping the states to implement Cluster Development Projects by the integration of CDP schemes wherein support is provided to the women Self Help Groups.
3. The SGSY sponsored special projects being implemented mainly in the non-mulberry producing states focus on women development through sericulture.

(Ministry of Textiles O.M.No.2(5)/2004-Parl. Dated:-22-11-2004)

## **Production of Jute**

### **RECOMMENDATION (SL.NO.18 PARA 8.19)**

3.14 The Committee note that during the year 2003-04, April-March) total production of jute goods was 15713 thousand million tonnes (including 1386 thousand million tonnes of jute diversified production of jute goods) as against 1621.8 thousand million tonnes (including 104.8 thousand million tonnes of diversified production of jute goods) in the corresponding period of 2002-03. The reasons put forth by the Ministry that although the total production of jute goods has declined during 2003-04 but the production of diversified jute goods has increased during this year are not very convincing.. The Committee feels that though there is an increase in the production of diversified jute goods, it constitutes a very nominal percentage of the overall total production of jute goods which has considerably gone down during the said period. The Committee recommends that the Ministry should intensify their efforts for increasing the overall production of jute goods by providing all the necessary financial as well as non-financial assistance by way of skill development, design support etc. to the production centers. The Committee desire that steps should also be taken for intensified research and development in jute and also for providing the latest technology for increasing productivity in the manufacturing sector.

### **REPLY TO GEVERNMENT**

3.15 The following steps are taken for increasing the overall production of jute goods and for undertaking intensified research and development in jute –

#### **JMDC**

- (i) Formulation of productivity norms for the jute industry for increasing efficiency in production processes, productivity and reducing costs in jute industry.
- (ii) Implementation of JMDC Incentive Scheme for Modernization and Upgradation of Jute Industry.
- (iii) Extending design support to the jute industry in association with NIFT towards standardization of designs in jute tune with latest international requirements.
- (iv) Extending financial support to the IJT, Kolkata towards HRD in jute sector.
- (v) Extension of External Market Assistance (EMA) to units registered with JMDC which greatly assists in enhancing production of jute products eligible for export assistance under this scheme.
- (vi) Development and application of Rice Bran Oil (RBO) technology on Food Grade Jute Products by IJIRA. A technological break through has been

achieved in processing of jute sacks and Hessians with RBO. The products thus processed fully comply with the requirements of the international specification – IJO Standard 98/01 and is toxicologically safe. FGJP hold out bright prospect for the jute industry with excellent export potential.

- (vii) Standardization of Jute Geo – Textiles (JGT) to be used in Rural Road applications under PMGSY as also in other civil engineering applications. JGT has emerged as a mostly promising product for the jute industry holding out bright prospect for export.
- (viii) Development of Low Cost Jute carry bags by IJIRA aimed at substituting plastic bags use of which has been banned in many states. To encourage production of low cost jute carry bags, JMDC organizes workshops, Seminar cum Awareness programmes and holds interactive meetings with prospective manufacturers in association with Pollution Control Boards and local municipalities.

### **NCJD**

- (i) NCJD has been making all efforts to increase production centers across the country through its Jute Service Centers (JSC) Scheme. It has also recognized the need for proliferating into newer areas and carrying out human development programmes. With a view to accommodate more activity to give coverage to more people and in more places, a proposal to set up additional JSCs and extension Centers is under consideration of this Ministry. Similarly in order to augment the corresponding support provided by the Jute Raw Material Banks(JRMBs) to the areas where jute diversification activity has taken off, a proposal for increasing the number of JRMBs is under consideration of this Ministry.
- (ii) NCJD has evolved a scientific package of support to beneficiaries in jute diversified area through its financial and non-financial support. Under the non-financial support NCJD provides continuous skill upgradation programmes and design development workshops. Partnership with various institutions from time to time has yielded fruitful results in this field. As a result of efforts, today innumerable products ranging from designer bags, floor coverings, decoratives, home furnishing, footwears and ornaments of varied designs are available in the market. The market awareness programmes have also resulted in creation of demand of these products within and outside the country.
- (iii) As these skill development programmes are accomplished the beneficiaries are linked to technical and financial assistance which are in the nature of - :



Micro Finance as an interest free loan assistance to entrepreneurs and SFGs and grant to NGOs.

Capital subsidy assistance to projects upto Rs.5 Crores

Linkage with banks for assistance under the REGP Scheme of the KVIC.

Linkages with DIC/ DRDA for seeking necessary financial assistance.

Assistance of State Financial packages of respective State Government.

(Ministry of Textiles O.M.No.2(5)/2004-Parl. Dated:-22-11-2004)

## **CHAPTER-IV**

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

#### **Rehabilitation of the workers of the closed Mills.**

#### **RECOMMENDATION (SL. NO. 3 PARA 3.8)**

4.1 The Committee note with anguish that out of 151 textiles mills closed upto 31.3.2004, only 45 mills were registered with BIFR and the workers of 101 private mills closed did not approach the Office of the Textile Commissioner to avail the benefits under the Textile Workers Rehabilitation Fund Scheme (TWRFS). The reasons put forth are reluctance on the part of concerned agencies to grant closure under Section 25(O) of the Sick Industrial Companies (Special Provisions) Act, 1985 and non-availability of records of eligible workers. The Committee views this situation very seriously. They are of the view that the Ministry should address this vexatious issue with right earnest and while doing so, should convene a meeting of the representatives of State Governments and Trade Union leaders and find a solution. The Committee further recommend that, pending a satisfactory resolution of the issue some reasonable fixed amount should be given as interim relief to the workers to make both ends meet.

#### **REPLY OF GOVERNMENT**

4.2 The TWRFS is being implemented by the Office of the Textile Commissioner, Mumbai. As per the information furnished by that office the 45 closed mills, registered with BIFR, have been closed for various reasons including financial constraints. As per the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), it is up to the management, lead bankers and other stake holders of a company whose financial position is critical due to accumulated loss and thereby the networth is eroded considerably, to register with BIFR to get themselves declared sick undertaking and for considering revival packages. All the closed mills may not approach BIFR immediately on closure as the circumstances and legal provisions may not warrant so.

- (i) Consequent to the Textile Policy of 1985 the Govt. of India formulated Textile Workers' Rehabilitation Fund Scheme (TWRFS), which came into force from 6.6.1985. The objective of the TWRFS is to give interim relief to the workers rendered jobless due to permanent closure of the mills. Relief under the scheme is available for three years on a tapering basis, 75% of the wage equivalent in the first year, 50% in the second year and 25% in the third year, to the workers of Closed Textile Mills in the Private Non-SSI sector. The consolidated guidelines for TWRFS prescribe certain eligibility criteria for a unit to be covered under the scheme. One of the mandatory condition for becoming a closed mill eligible under TWRFS is that the mill should have been closed under section 25(O) of the Industrial Disputes Act, 1947, or alternatively an Official Liquidator has been appointed under the Companies

Act 1956 by the High Court in the process of winding up of the unit. Unless the unit gets permission under 25(O) or Official Liquidator is appointed as above, the workers of the said mills will not be covered for receiving relief under TWRFS. The scheme allows units having no reasonable scope for revival to wind up provided the workers' interest is protected. The present scheme therefore does not cover all the mills till it actually exhausts chances of revival/ reopening or legally declared closed under Section 25(O) of Industrial Act 1947. The legal and administrative process involved in the case of giving permission under 25(O) or appointment of Official Liquidator are very lengthy and time consuming as the concerned authority should hear all concerned before taking a final decision. Therefore, it takes some times two to three years to get the appropriate order and the units get covered under TWRFS. Therefore, as on date, only 42 closed Textile Mills are covered under the Scheme.

- (ii) Under the present scope of the scheme the above procedures cannot be dispensed with. However, Government is very keen to see that the relief to the eligible workers of the eligible mills is provided at the earliest. In this context the Regional Offices of the Textile Commissioner always work in tandem with the State Government departments for completing the formalities and disbursing the relief. As desired by the Standing Committee the Office of the Textile Commissioner / Ministry of Textiles will, as required, convene a meeting of the respective representatives of the State Government, Trade Union leaders on a case to case basis to sort out the bottlenecks.
- (iii) Regarding the recommendation of the Committee for providing some reasonable fixed amount as interim relief, it is to mention that once the closed Textile Unit meet the eligibility criteria, all other process can be speeded up and relief paid expeditiously on quarterly basis. Unless the unit itself meets such eligibility criteria the workers will not be eligible for any relief under the present scheme. There are 320 No of units closed due to various reasons like financial constraints, labour problem, disconnection of power supply, inadequacy of working capital, marketing problem, shortage of raw material etc. in the non-SSI Private sector alone. Some of them have reasonable scope for re-opening / revival. However, any interim relief of a fixed nature to the workers of all the closed textile mills, may not be covered under the ambit of TWRFS. If Government comes forward to provide a lumpsum relief to the workers of all closed textile mills, it will amount to a sort of discrimination to the workers of units in other sector/industry.

(Ministry of Textiles O.M.No.2(5)/2004-Parl. Dated:-22-11-2004)

Comments of the Committee

(Please see Para 1.6 of Chapter-I of the Report)

### **Production Raw Silk**

### **RECOMMENDATION (SL.NO.16 PARA 7.10)**

4.3 The Committee take a serious view on the demand and supply position of raw silk in the country. The Committee are not happy to find that excessive import of raw silk from China has destabilized the domestic markets since 2001 and many farmers have up

rooted their mulberry as they were not able to get remunerative prices for their produce. Import of raw silk has increased by about 102% between 2000-01 and 2003-04. Hectarage under sericulture has declined by about 19% between 2001-02 and 2003-04. The Committee feel that in such a situation domestic production of raw silk has been put to a disadvantageous position. The Committee, therefore strongly recommend that Government should take necessary measures to increase the production of raw silk at competitive prices and farmers may be given some incentives for restoration of mulberry plantations. The Committee are also of the view that import of raw silk should not go against the interests of Indian farmers and suitable steps should be taken in this regard.

### **REPLY OF GOVERNMENT**

4.4 Central Silk Board has implemented a scheme in collaboration with the State Govt. to provide price support incentives to the farmers to compensate the loss incurred by them because of steep fall in the domestic market prices due to the dumping of Chinese silk. Under the scheme, price support incentive of Rs 10 per kg of green cocoons (Rs 15/- per kg of dry cocoons in J&K) was provided to the farmers in the states of Karnataka, Andhra Pradesh, J&K, Uttaranchal and Kerala. The expenditure towards payment of price support incentive was shared by CSB and States at 50:50 ratio in case of general states and 90:10 ratio in case of special status states like J&K and Uttaranchal. Central Silk Board has released an amount of Rs 6.94 crores to the states for providing price support incentive to the farmers during the year 2002-03.

4.5 The Indian silk industry has been facing severe challenges due to import of huge quantity of Chinese silk at very cheap price which affected the domestic markets. To prevent dumping of Chinese silk into Indian markets, anti dumping investigations were undertaken by the Director General of Anti Dumping and Allied Duties (DGAD&AD) on a petition filed by the silk reelers and Departments of Sericulture. Anti dumping duty @ US\$ 27.97 per kg was imposed on all imports of mulberry raw silk of international grade 2A and below, originating in or exported from China P.R with effect from July 2003. This has helped in stabilizing the cocoon and raw silk prices in domestic markets.

4.6 Central Silk Board has taken following measures to increase production of import substitute quality silk at competitive price:

- a] During X Plan period under the Catalytic Development Programme a provision of Rs 181 crores has been made for providing assistance to sericulture farmers / reelers to encourage them to adopt improved technology aiming towards improvement in quality and productivity.
- b] The Central Silk Board has evolved new bivoltine breeds with assistance from the Japan International Co-operation Agency (JICA). Commercial exploitation of these breeds has resulted in improving the silk quality and productivity.
- c] The Central Silk Technological Research Institute (CSTRI) under Central Silk Board has developed improved devices, new machines and equipments which have helped improvement in silk quality and productivity.

d] Through R&D efforts Central Silk Board has made break through in tropicalizing the bivoltine silkworm and development of host plants with higher yields resulting in significant improvement in silk productivity.

e] Following specific collaborative projects are being implemented in different states to exploit the region specific potentialities for sericulture development to enhance silk production.

1. Special SGSY project for tasar and eri culture in Bihar and Jharkhand
2. Development of eri culture in Andhra Pradesh
3. Micro project for introduction of eri culture in Punjab, Tamilnadu and Uttar Pradesh
4. Special SGSY project for the development of mulberry sericulture in Mizoram
5. Project for the development of oak tasar in Uttranchal and Manipur
6. Chattisgarh Sericulture Project and Manipur Sericulture Project.

(Ministry of Textiles O.M.No.2(5)/2004-Parl. Dated:-22-11-2004)

Comments of the Committee

(Please see Para 1.11 of Chapter-I of the Report)

## Modernization of jute industry

### **RECOMMENDATION (SL.NO.20 PARA 8.21)**

4.7 The Committee further note that another scheme Technology Upgradation Fund Scheme (TUFS) for modernization of jute industry is in operation since 1<sup>st</sup> April 1999. The Committee are constrained to note that the scheme has not picked up so well due to pervasive sickness of the jute sector and the practice of not availing bank finance by the entrepreneurs. The committee are not happy with the performance of the Scheme. As per the guidelines of the Scheme, the entrepreneurs should have a bankable scheme and should avail loan for modernization projects. The Committee are surprised to note that a similar scheme received a good response in the textile sector but has a lukewarm response from the entrepreneurs in the jute sector. The Committee desires that the Ministry should review and revise the Scheme and intensify their efforts for modernization of jute industry.

### **REPLY OF GOVERNMENT**

4.8 This scheme was not as successful as compared to the textile sector in lieu of the inherent conditions and overall state of the jute industry. Efforts will be made to give a thrust to this scheme to make it more successful.

(Ministry of Textiles O.M.No.2(5)/2004-Parl. Dated:-22-11-2004)

Comments of the Committee

(Please see Para 1.14 of Chapter-I of the Report)

## **CHAPTER-V**

### **RECOMMENDATION/OBSERVATIONS IN RESPECT OF WHICH REPLIES ARE OF INTERIM IN NATURE**

#### **NTC**

#### **RECOMMENDATION (SL. NO.5 PARA 3.18)**

5.1 The Committee note with deep concern that the issue of modernisation of mills has been linked with the process of sale of surplus land but unfortunately the sale of surplus land of Textile mills both in Mumbai and Ahmedabad has not yet materialized. The Committee, while expressing its serious concern urge the Ministry to exhibit seriousness in the matter and augment their efforts through high level meeting with the State Governments so that the Sick units could be revived at the earliest.

### **REPLY OF GOVERNMENT**

5.2 The Minister of Textiles held a meeting with the Chief Minister of Maharashtra on 24.6.04 to resolve the issue regarding grant of permission by Bombay Municipal Corporation for sale of surplus land of NTC mills measuring 182.49 acres in Mumbai. Following the meeting the BMC has been directed by CM, Maharashtra to give approval for sale of land of 5 mills as per the provisions of revised DC Regulation 58. Meanwhile, Government has appointed a Committee for selection of reputed consultants for efficient marketing of NTC lands in Mumbai city. The Committee has given its recommendations and NTC has been directed to select 5 top consultants to formulate strategy for sale of surplus land of 5 NTC mills in Mumbai City to achieve maximum realisation.

5.3 NTC (Gujarat) has submitted before the State Government a proposal for surrendering entire land of its unit Fine Knitting mills and a portion of Ahmedabad Jupiter mills in terms of provision of General Development & Control Rules (GDCR) or surrendering 20% to Ahmedabad Municipal Corporation (AMC). The State Government has been requested to give an early clearance to the proposal.

(Ministry of Textiles O.M.No.2(5)/2004-Parl. Dated:-22-11-2004)

#### **Labour Reforms**

#### **RECOMMENDATION (SL. NO.6 PARA 3.20)**

5.4 The Committee take note of the fact that the textile industry plays a significant role in the Indian economy as it provides employment to around 35 million people. The Committee are apprehensive that the proposed labour reform by the Second Labour Commission in the Industrial Disputes Act, would facilitate the managements of the textile industry which are employing less than 1000 workers to indulge in retrenchment, lay-off and closure of the mill without taking the permission of the appropriate authority. The ceiling at present is 100 workers. Such a situation would definitely render a number of workers jobless which would severely affect the well-being of their families. The

Committee do not endorse the argument of the Ministry that the present labour environment in the Textile Industry and the existing structure of labour laws do not encourage flexibility in workers redeployment. In the opinion of the Committee textiles being the oldest industry employing a large workforce should be made more competitive by encouraging technology upgradation and modernisation. The Committee, therefore, consider the proposed labour reforms anti-labour and are not in favour of such a law for the textile industry which give blanket powers to the employers for retrenchment of employees and arbitrary closure of mills.

### **REPLY OF GOVERNMENT**

5.5 The Ministry of Textiles maintains that reforms and flexibility in labour laws would facilitate growth of textile industry. Apparel and textile industries are among the most labour intensive manufacturing industries in the country. As labour constitutes large components of manufacturing cost in the textile sector, India has a competitive wage rates as compared to international. However, India is losing on this advantage due to lack of flexibility in labour laws, which has resulted into poor productivity of labour and absence of benefits of economies of scale. Modernisation and technology upgradation has suffered because industry is feeling shy of consolidation and expansion because of perceived labour issues. It is more pertinent in case of garmenting industry, which is highly seasonal in nature and fashion driven with a short life span. Rigid labour laws do not allow the required flexibility in hiring workers according to the business requirement and make labour cost a fixed cost in a seasonal industry. The Ministry maintains that there is an urgent need to look into the labour laws to ensure flexibility especially in the following:-

- (i) The present labour law environment has often inhibited investments in modernisation of large units and installation of high-tech big capacities. The present structure of labour laws does not encourage intra-unit flexibility by way of re-training and re-deployment of workers, and places severe restrictions on employment of contract labour.
- (ii) The labour reforms announced in the 2001-02 budget needs to be implemented quickly. The limit of 1000 workers for applicability of these reforms should also be removed, at least for the textile industry as a special case, in recognition of its status as the oldest industry saddled with large labour force which is incompatible with modern technology of equivalent capacity. This would encourage technology upgradation of the viable composite mills.
- (iii) A framework in which contractual labour can be employed by the industry in times of seasonal demand, needs to be put in place

5.6 All out efforts are being made to encourage technology upgradation and modernisation of textile industry through Technology Upgradation Fund Scheme of the Ministry. The scope of the scheme has been enlarged to accommodate the decentralised powerloom sector in a big way.

(Ministry of Textiles O.M.No.2(5)/2004-Parl. Dated:-22-11-2004)

### **Powerloom Service Centres (PSCs)**

#### **RECOMMENDATION (SL. NO.8 PARA 4.8)**

5.7 The Committee are dismayed to note that out of 23 Powerloom Service Centres which have to be modernized during the Tenth Plan, only 2 PSCs have been modernized so far. With such a tardy pace the Committee are doubtful whether the Ministry would be able to complete the modernization of all the remaining PSCs by 2006. The Committee recommended that a review should be conducted on the modernization programme and all the remaining PSCs should be modernized with the latest technology as per the need of the powerloom industry in a time bound manner. The Committee further recommend that an action plan should be framed for training the powerloom workers in the effective use of equipment given.

#### **REPLY OF GOVERNMENT**

5.8 The Programme of Modernisation of Powerloom Service Centres (PSCs) is being implemented by the Office of the Textile Commissioner, Mumbai. Ministry of Textiles had set up an Implementation Committee to monitor the modernization of the Powerloom Service Centres during the IX Plan as well as X Plan. Out of the 23 PSCs to be modernized during the X Five Year Plan, the Committee decided to take up modernization of only 14 PSCs, on the basis of experiences of modernization of PSCs during 9<sup>th</sup> Plan and keeping in view the location of the PSC, status of the Powerloom clusters under their jurisdiction, infrastructure and man power available in the respective PSC as well as the demand for modernization of the PSCs from the local industry. Though modernization of only two PSCs have been completed so far after their re-location and change of management, efforts are being made to complete the physical process of modernisation by the end of December 2005. Remaining 9 PSCs are to be modernized after the decision of Implementation Committee. These PSCs are relatively small and therefore, it would be possible to ensure purchase, delivery, installation and commissioning by the end of the X Plan. All modernized PSCs have been given specific targets on different parameters such as training (HRD), testing (quality assurance), technical consultancy services, design development.

(Ministry of Textiles O.M.No.2(5)/2004-Parl. Dated:-22-11-2004)

### **Closure/revival of the Jute Mills**

#### **RECOMMENDATION (SL.NO.21 PARA 8.22)**

5.9 The Committee are deeply concerned to note that there are 76339 number of workers who have been affected due to closure of sick jute mills. The Committee have been apprised that the matter regarding payment of compensation and payment of statutory dues to affected workers of closed private mills pertains to the Ministry of Labour and the concerned State Governments and the same has also been brought to their notice. The Committee regret to note that the board of Industrial Finance and



Reconstruction (BIFR) has ordered the winding up of NJMC and has referred the matter to the High Court of Calcutta for appointment of a Liquidator. The committee are of the firm view that it is due to mismanagement, corruption, lack of proper planning, etc.. that all these mills employing large number of workmen have been closed or going to be closed and there is no fault of the workers. The Committee desires that the issue regarding payment of statutory dues in jute mills should be addressed in all earnestness. The Committee further desire that the Ministry of Labour and Finance should be approached to take urgent concrete action of payment of statutory dues and any other compensation to the affected workers in coordination with the respective State Government. The Committee may be apprised of the action taken in this regard.

### **REPLY OF GOVERNMENT**

5.10 The Sickness of NJMC mills dates back to the pre-nationalisation period. Main reasons for sickness of these mills are lack of working capital, obsolete machinery resulting in low productivity and surplus work force. The BIFR has ordered winding up of the company after listening to all the stake holders since the net worth of the company would not turn positive within the stipulated period. However this Ministry is examining the issue afresh in order to explore the possibility of running a few mills of NJMC. The issue regarding liquidation of outstanding statutory dues of PSUs has already been considered by the Government and as per guidelines circulated the matter has been taken up with Ministry of Finance for providing Government guarantee to raise funds from the market.

(Ministry of Textiles O.M.No.2(5)/2004-Parl. Dated:-22-11-2004)

**New Delhi;  
17 March, 2005  
26 Phalguna, 1926 (Saka)**

**P.K. VASUDEVAN NAIR  
CHAIRMAN  
STANDING COMMITTEE ON LABOUR**

## APPENDIX-I

**MINUTES OF THE EIGHTH SITTING OF THE STANDING COMMITTEE ON LABOUR HELD ON 17<sup>th</sup> MARCH 2005.**

**The Committee met from 15.00 hrs. to 16.30 hrs. in Committee Room  
`139' Parliament House Annexe, New Delhi.**

Shri Debabrata Biswas - Acting Chairman

**MEMBERS**  
**LOK SABHA**

2. Shri Furkan Ansari
3. Shri Thawar Chand Gehlot
4. Dr. Satyanarayan Jatiya
5. Shri Virendra Kumar
6. Shri Rajesh Kumar Manjhi
7. Shri Ananta Nayak
8. Shri Lal Mani Prasad
9. Shri Chandradev Prasad Rajbhar
10. Shri Mohan Rawale
11. Shri Chandra Pratap Singh
12. Smt. C. S. Sujatha

**RAJYA SABHA**

13. Shri Lekhraj Bachani
14. Shri K. Chandran Pillai

**SECRETARIAT**

1. **Shri R.S. Misra** - **Deputy Secretary**
2. **Shri S.K. Saxena** - **Assistant Director**

Contd...2/-

- The Committee then adjourned.*

## APPENDIX-II

### ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE SECOND REPORT OF THE STANDING COMMITTEE ON LABOUR (FOURTEENTH LOK SABHA)

		Total	Percentage
I.	Total number of Recommendations	22	
II.	Recommendations/Observations which have been accepted by Government (Sl. Nos. 1,4,7,9,10,11,13,15,19 & 22)	10	45.45%
III.	Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies (Sl. Nos. 2,12,14,17 and 18)	5	22.73%
IV.	Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee and which requires reiteration (Sl. Nos. 3,16 and 20)	3	13.64%
V.	Recommendations/Observations in respect of which final replies of Government are of interim in nature (Sl. Nos. 5,6 and 21)	4	18.18%
			----- 100% -----