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**STANDING COMMITTEE ON LABOUR**

**(2009-2010)**

**FIFTEENTH LOK SABHA**

**MINISTRY OF TEXTILES**

**[Action taken by the Government on the Recommendations/Observations contained in the Thirty-Fifth Report (Fourteenth Lok Sabha) of the Standing Committee on Labour on 'General conditions of weavers in the country – A case study of Sircilla concentration zone of weavers']**

**SEVENTH REPORT**



**LOK SABHA SECRETARIAT**

**NEW DELHI**

*December, 2009/ Agravahana, 1931 (Saka)*

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Presented to Lok Sabha on 17<sup>th</sup> December, 2009

Laid in Rajya Sabha on 17<sup>th</sup> December, 2009



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## 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 Seventh Report on the action taken by the Government on the recommendations contained in the Thirty-Fifth Report of the Standing Committee on Labour (Fourteenth Lok Sabha) on 'General conditions of weavers in the country – A case study of Sircilla concentration zone of weavers'.

2. The Thirty-Fifth Report was presented to Lok Sabha and also laid in Rajya Sabha on 12.12.2008. The Ministry of Textiles furnished their replies indicating action taken on the recommendations contained in that Report on 31.3.2009. The Report was considered and adopted by the Standing Committee on Labour at their sitting held on 11.11.2009.

3. An analysis of the action taken by Government on the recommendations contained in the Thirty-Fifth Report of the Standing Committee on Labour (Fourteenth Lok Sabha) is given in Appendix-II.

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

New Delhi;

**HEMANAND BISWAL**

**11<sup>th</sup> November, 2009**

**CHAIRMAN,**

**20 Kartika, 1931 (Saka)**

**STANDING COMMITTEE ON LABOUR.**

## **CHAPTER I**

### **REPORT**

This Report of the Committee deals with the action taken by the Government on the recommendations contained in the Thirty-Fifth Report (Fourteenth Lok Sabha) on 'General conditions of weavers in the country - A case study of Sircilla concentration zone of weavers' pertaining to the Ministry of Textiles.

2. The Thirty-Fifth Report was presented to Lok Sabha, and also laid in Rajya Sabha, on 12.12.2008. It contained 15 recommendations. Replies of Government in respect of all the recommendations have been received and have been categorized as under:-

- (i) Recommendations/Observations which have been accepted by the Government--Paragraph Sl. Nos. 1, 3, 4, 6, 7, 10, 11, 12, 13, 14 and 15.
- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's reply - NIL.
- (iii) Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee and which require reiteration--Paragraph Sl. Nos. 8 and 9.
- (iv) Recommendations/Observations in respect of which replies of the Government are interim in nature--Paragraph Sl. Nos. 2 and 5.

3. The Committee desire that action taken notes in respect of 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 3 months of the presentation of the Report.

4. The Committee will now deal with the action taken replies of the Government which need reiteration or merit comments.

## **Recommendation( Sl. No.2, Para 29)**

### **Conducting of Census**

5. The Committee in their Thirty-Fifth Report on 'General conditions of weavers in the country - A case study of Sircilla concentration zone of weavers' found that there were no authentic figures with regard to the number of weavers and allied workers engaged in handloom and powerloom sectors and the policies of the Government are formulated on the assumptions based on the estimated data. Resultantly, not only the policy and programme formulations become unrealistic, the Government is not in a position to exactly assess the impact of implementation of these policies and programmes on the weavers, not to say of the benefits whether these weavers have actually got or not. The Committee recommended that urgent steps should be taken, in a time bound manner, to conduct a survey of weavers and other workers engaged in the handloom and powerloom sector in the country not only to ascertain their figures but also to identify the real problem plaguing the weavers' community.

6. In their action taken reply regarding handloom sector, the Ministry stated as follows:

'The work of conducting the third "national census of handlooms and issue of Photo Identity Cards (PIC) to all the eligible weavers and workers" has been entrusted to the National Council of Applied Economic Research (NCAER), New Delhi on 19.3.08 and it is scheduled to

be completed by September 2009. It is felt that the census, on completion, will help and assist the Government of India in modifying and revising the schemes and programmes to suit the present day requirements of the handloom sector and the weavers engaged in it.'

As regards powerlooms sector, the Ministry stated as follows:

'Necessary initiative has already been taken to conduct a baseline survey of the powerloom units covering unit's name, type of machinery, no. of workers employed category-wise such as SC /ST/OBC/Minority/Women alongwith their salary/wages, working hours, utility, problems faced by units, sale of finished product, purchase of raw material, import and export components etc. The additional aspects as suggested now by the Committee (Economic status, dependant family members, self dwelling space, education to children etc which could form the basis of formulating plans/schemes for development of the weavers) would be added for coverage during the survey. As per the agreement, the agency identified for conducting the survey (M/s. Technopac Advisors Pvt. Ltd.) would complete the survey within 6 months from the date of release of 20% amount of the total charges of Rs.3.281 crore. The Ministry has also agreed in principle for release of the fund required for this purpose.'

7. The Committee note that, pursuant to their recommendation, the work of conducting census for handloom weavers has been assigned to the National Council of Applied Economic Research (NCAER) which as scheduled, would complete it by September, 2009. The Ministry have, however, not clarified about the inclusion of issues like gender proportion, production capacity, economic status, education to children, dependent family members, self dwelling space etc. in the ongoing census operations. The Committee are of the view that a mere head counting would not address the problems of weavers. The Committee, therefore, emphasize that the accurate data covering all these aspects needs to be gathered as it will play a very pivotal role in formulation of integrated schemes for the welfare of weavers and development of textile sector as a whole.

As regards the powerloom sector, the Committee note that the work of conducting survey has been given to M/s Technopac Advisors Pvt. Ltd. and the agency would complete the survey within six months from the date of release of 20% amount of the total charges of Rs.3.281 crore estimated for the purpose. However, the time of release of the 20% funds by the Ministry and subsequently the date of commencement of survey by the agency has not been mentioned. The Committee, believing that the selection of this particular agency would have been done after following the prescribed procedure and considering its infrastructural position, experience and expertise in the particular field, urge upon the Ministry that the work of survey should start at the earliest and completed within the stipulated time-frame. The Committee also expect that the entire survey should be

completed within the current financial year *i.e.* 2009-10 so that the intended benefits of all the schemes may reach to all the weavers engaged in powerloom sector from the beginning of next financial year.

## **Recommendation( Sl. No.5, Para 32)**

### **Loan to weavers**

8. In order to protect the poor weavers from the clutches of micro finance units/individual money lenders and to end their exploitation, the Committee in their Thirty- Fifth Report recommended that it will be most appropriate if formation of Handloom Bank on the pattern of NABARD and SIDBI is given thought of. To start with, specialized branches could be set-up in the highly concentrated zone of weavers from amongst nationalized/cooperative banks. Loan to weavers from these banks should be made available on soft terms. Some mechanism should also be devised to waive the existing loan of the weavers who are heavily indebted and are not in a position to repay the loan to the local money lenders.

9. In their action taken reply regarding handloom sector, the Ministry stated as follows:

‘A High Level Committee headed by MD, NABARD was formed by this Ministry to look into the problems of debt and high cost of working capital in the Handloom Sector. The Committee submitted the financial package to this Ministry which has been sent to Ministry of Finance for consideration. The Committee recommended one time waiver of overdue loans and extending the credit at concessional rates of 7% per annum to the weavers. The size of the financial package is Rs. 2600 crores. Response of Ministry of Finance is awaited. Any further action in the

matter will be taken once the decision is taken by the Ministry of Finance. It is felt that this package will help in opening up the credit lines and flow of working capital in the handloom sector, which in turn will help revival of production cycle and sustenance of handloom weavers in the sector.'

10. The Committee are happy to note that in order to provide one time waiver of overdue loans and thereafter to extend the credit at concessional rates of 7% per annum to the handloom weavers, the Ministry have sent a proposal of financial package of Rs.2600 crore to the Ministry of Finance for their consideration and approval. This indeed is a commendable step taken by the Ministry for the welfare of handloom weavers and will definitely help the poor weavers to emerge out of the grip of indebtedness and poverty. Considering the importance of the matter, the Committee reiterate that the Ministry of Textiles should pursue the matter with the Ministry of Finance conclusively with the same unremitting zeal which inspired the formulation of the financial package.

The Committee further desire that the Ministry should meanwhile, prepare the data of handloom weavers who are in debt and are eligible to receive the benefits of the aforesaid package so that after the approval of Ministry of Finance, the assistance could be extended to them expeditiously.

## **Recommendation( Sl. No. 8, Para 35)**

### **Working/living condition of weavers**

11. Considering the dismal working condition of weavers in their Thirty-Fifth Report, the Committee urged the Ministry to increase budget allocation under the workshed scheme so that proper changes may be brought in the working condition of the weavers and they are provided with basic minimum requirements of working/living. Cluster development programme should necessarily include creation and maintenance of houses and basic amenities like provision of drinking water, toilets, bathrooms, proper ventilation in the working space, etc. This will also help in improving the productivity and competitiveness of the sector.
  
12. In their action taken reply regarding handloom sector, the Ministry stated as follows:

‘Under the Integrated Handlooms Development Scheme (IHDS), financial assistance for construction of workshed has been enhanced to Rs. 25,000/- per weaver for BPL while for non-BPL, the assistance is Rs. 18,750/- per weaver. The assistance towards construction of houses may be availed by the weavers under Indira Awas Yojana of the Ministry of Rural Development. Provision of basic amenities is the subject matter of the

State Govt., therefore, the State Govts. have been requested to take steps in this regard.'

As regards powerlooms sector, the Ministry stated as follows:

'The Ministry of Textile has taken up a proposal to set up 6 Mega Clusters including 2 Powerloom Mega Cluster at Bhiwandi and Erode as per budget speech (2008 - 09) of the Finance Minister. The EFC on Mega Cluster has already been considered by the Expenditure Finance Committee. However, the Detailed Project Report (DPR) would be prepared after necessary Cabinet approval. While preparing the DPR, the requirement of weavers like housing, drinking water, toilet, bathroom, proper ventilations in working space etc would be taken care of.'

13. The Committee find that the Ministry are providing financial assistance of Rs.25,000 per weaver for BPL and Rs.18,750 per weaver for non BPL category for construction of worksheds under Integrated Handlooms Development Scheme (IHDS). The Committee are of the opinion that this amount is on the lower side as it is virtually not possible to construct a workshed unit with such a meagre amount due to steep rise in the prices of construction material. The Committee, therefore, urge that this amount under Integrated Handloom Development Scheme be appropriately hiked.

As regards the powerloom sector, the Committee note that two powerloom clusters would be set up by the Ministry at Bhiwandi and Erode to provide workplace to powerloom weavers. Considering the enormity of the workplace problems of powerloom weavers of the entire country, the setting up of two mega clusters would be far from adequate. The Committee desire that similar clusters should also be set up in all the concentrated areas of powerloom weavers throughout the country with adequate facilities in a time bound manner.

### **Recommendation( Sl. No. 9, Para 36)**

#### **Wage revision of weavers**

14. In the light of the fact that the wages of weavers have not been revised for the last many years, the Committee in their Thirty-Fifth Report recommended that minimum wages to weavers across the country be ensured and it should be revised from time to time taking into consideration the price index and other related factors.

15. In their action taken reply regarding handloom sector, the Ministry stated that 'Implementation of Minimum Wages Act is the responsibility of the concerned State Government. This has been brought to the notice of the State Governments.'

As regards powerlooms sector, the Ministry stated that 'Implementation of Minimum Wages Act is the responsibility of the concerned State Government.'

16. The Committee are unhappy that their earlier recommendation for payment of minimum wages to weavers across the country has met the stock reply of the Ministry that the implementation of minimum wages Act is the responsibility of the concerned State Government and that the matter has been brought to their notice. Such a reply only reveals the languid approach of the Ministry towards the welfare of weavers who are the backbone of entire textile industry and without whose contribution the all round development of the textile sector would remain a distant dream. The Committee are unanimously in this considered view that by merely bringing the matter to the notice of the State Governments will not address the long prevailing problem of weavers without the effect intervention of the Union Government. The Committee, therefore, reiterate their earlier recommendation and strongly urge the Ministry to play the role of a catalyst by taking proper initiatives in ensuring payment of minimum wages, wherever applicable, to the weavers by State Governments. The Ministry may also interact with the weavers and ascertain the position of their wages while monitoring the central schemes throughout the country, if need be.

## CHAPTER-II

### RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### Recommendation( Sl. No.1, Para 28)

#### Suicide by Weavers

The Committee note that there are 2,50,805 handlooms and 45,064 powerlooms in the State of Andhra Pradesh. Sircilla is predominantly a powerloom center as there are 22,168 powerlooms whereas the number of handloom units there is only 220. 13,500 weavers are working as powerloom weavers in Sircilla and there is no figure of handloom weavers. During their visit to Sircilla, the Committee were informed that over a period of time handloom units have been converted to powerloom units and consequently the weavers have shifted to powerloom units. There have been greater and unusual incidents of suicides by the powerloom weavers in Sircilla and the reasons attributed for these suicides are (i) lack of regular jobs, (ii) inadequate wages, (iii) indebtedness and resultant harassment by the micro-finance companies, (iv) closure of powerloom units on account of piling of unlifted stock, (v) ill health and other domestic reasons (vi) prolonged addiction to alcohol. Out of the reported 314 cases of suicides, 161 cases of assistance have been rejected and 8

cases are pending decision. Reasons for rejection of cases have been stated to be (i) natural death, (ii) accidental death, (iii) suicides due to family disputes etc. etc. However, an amount of Rs. 25,000/- has been released to 122 cases from CM Relief Fund as a special case. Other benefits sanctioned to suicides families are 70 widow pensions, 54 houses, 47 upgradation of powerlooms, 122 AAY Cards, 18 old aged pensions, 49 sewing machines and 25 IAY houses. As far as the assistance to powerloom weavers is concerned, Group Insurance Scheme for powerloom workers appear to be the only scheme which is directly related to them. No other meaningful scheme exists which can provide succor to powerloom weavers at the time of their need. The Central Government provided fund of about Rs. 52 crores to the State Government of Andhra Pradesh during last three years for running various plan and non-plan schemes for the weavers. The State Government also *inter-alia* initiated the various measures viz. (i) 50% power tariff concession, (ii) upgradation of powerloom with grant of Rs. 30,000/- for 2 powerlooms, (iii) sanction of 2 Textile Parks, (iv) sanction of Rs. 21,00,000/- to an NGO, NETHA Cheyutha Trust, (v) coverage of 5,954 powerloom workers under Health Insurance Scheme, (vi) sanction of ex-gratia of Rs. 1.5 lakh to each one of the suicide case fulfilling the norms etc. etc. Besides the Government propose to conduct awareness programme for the benefit of textile industry around Sircilla to make weavers aware about the various subsidy schemes implemented by the Government. They are Technology Upgradation Fund Scheme (TUFS), 20% Margin Money Subsidy Scheme for powerlooms, 15% Margin Money Scheme for SSI units, Modified Group Workshed Scheme, Scheme for Integrated Textile Park (SITP) and Integrated Textile Cluster Development Programme etc. The Committee, however, feel that these schemes are in vogue in one form or the other for last

many years. However, the primary and direct beneficiary of most of these schemes have been mainly the owners of the powerlooms and textile industry rather than the poor weavers/workers. Delay in implementation, improper implementation, lack of monitoring, procedural wrangles etc. have deprived the weavers from the intended benefits of all these schemes. Had the intended benefits actually reached them, the conditions of weavers in Sircilla might not have been what it is today. The suicide cases are the result of severe distress wherein weavers are left with no hope but to resort to such an extreme step. The conditions of weavers, whether in powerloom or in handloom more or less, remains shaky and lacking very essential minimum requirements of life, threatening the very survival of the community. The Committee, therefore, strongly recommend that the incidents of suicides by weavers should be an eye-opener to the Government to become pro-active in protecting the interests of the weavers both from handloom and powerloom sector. Instead of distributing ex-gratia after the suicides and salvaging actions, it will be in the fitness of things if suo-motto initiatives are taken in right earnest to promote weavers' welfare while formulating policies and schemes for the textile sector as a whole.

## **REPLY**

### **HANDLOOMS:**

At the outset, it may be mentioned that various welfare and developmental measures, to be implemented during the XI Plan, by the Government of India have been recast and modified keeping in view the felt needs of the handloom sector as well as of the weavers in the country. These schemes are implemented through the concerned State Governments especially in view of the fact that the Government of India does not have the wherewithal to implement them directly and also in view of the fact that the State Governments have their field offices at the regional and district levels, which is abreast with the problems confronting the handloom sector and the weavers engaged in the sector. Proposals for grant of assistance under various schemes of the Government of India are therefore, formulated by the Field Officers of the State Government in accordance with the requirements of the weavers in their region/district. Central assistance is in turn extended on the basis of viable proposals received, duly recommended, from the State Governments.

It is pertinent to mention here that the schemes and programmes implemented by the Government of India have resulted in an increase in the production in the handloom sector and sustenance of employment of handloom weavers. The declining trend in the production figure had not only been arrested but also improved in that the production figures of 5493 million

sq. meters in the year 2003-04 went up to 6536 million sq. meters in the 2006-07. In the year 2007-08, the handloom cloth production registered a figure of 6947 million sq. meters, which is 6.29% over the figure of 2006-07.

In order to make the weavers aware of the benefits emanating out of the welfare and developmental schemes implemented by the Government of India, extensive publicity is carried out from time to time.

The Office of the Development Commissioner for Handlooms is also implementing Handlooms Weavers Comprehensive Welfare Scheme for covering health and life risk of the weavers. The health risk of the weaver is covered under the Health Insurance Scheme, implemented by ICICI Lombard.

In the last three years, 98.92 lakh weavers have benefited under the scheme. Moreover, this scheme provides unique health benefits of cashless OPD and IPD facilities in as many as 2261 empanelled hospitals and 751 OPD clinics. This benefit is available not only to the weavers but to his wife and two children as well as ancillary handloom workers. The scheme covers all pre existing diseases and has a substantial provision of Rs.7,500/- out of the annual limit of Rs.15,000/- per family. Claims worth Rs. 121.04 crore have been settled in these three years. Therefore, the benefits of this scheme are percolating down to the weavers.

Similarly, the benefit of life risk is covered under **Mahatma Gandhi Bunkar Bima Yojana**, implemented by LIC of India. Under this scheme, as many as 5.99 lakh (both new and renewal) weavers have been enrolled since October, 2005 to March, 2007. During the 11<sup>th</sup> Plan w.e.f. 2007-08, 9.54 lakh weavers (including renewals) have been covered upto Dec, 2008. Under this scheme, natural/ accidental death claims worth Rs.22.67 cr. have been settled in 2008-09 (upto Dec, 2008). In addition to this, scholarships worth Rs.6.1 crore have been given @ Rs.300/- per quarter per child to students studying in standard IX to XII for a maximum period of four years to two children of the enrolled weavers.

Therefore, the initiatives taken w.r.t. the welfare of handloom weavers are truly reaching the family of the weavers.

However, the observations and suggestions made by the Committee have been noted and the State Governments have also been directed to initiate immediate steps in their States to make aware the benefits accruing out of the schemes implemented by the Government of India.

## **POWERLOOMS**

As one of the steps to promote the weavers welfare, the Group Insurance Scheme already under implementation for the powerloom sector since July 2003 was further modified to provide added benefits from 1<sup>st</sup> January 2008 onwards. According to the modified Scheme, the benefits to the powerloom weavers are as under:-

Natural death	-	Rs. 60,000/-
Accidental death	-	Rs.1,50,000/-
Permanent disability	-	Rs.1,50,000/-
Partial disability	-	Rs. 75,000/-

In addition to the above, a worker under the Scheme will also be entitled to the Scholarship of Rs.600/- per child / per half year for two children studying in Std IX to XII for a maximum period of 4 years under Shiksha Sahayog Yojana (SSY).

In addition to the Group Insurance Scheme, Health Insurance Scheme is also available for the handloom weavers. However, the Health Insurance Scheme is not available for the powerloom weavers so far.

A new scheme namely “Powerloom Weavers Distress Relief Fund Scheme” including assistance for setting up a telephone helpline for powerloom weavers, ex-gratia grant to the family of powerloom weavers who committed suicide due to economic distress, provision for revolving fund for powerloom weavers in distress, publicity and training to dependant of distressed powerloom weavers has been proposed and sent to the Planning Commission for their in-principle approval.

**(Ministry of Textiles O.M. No. 2/28/2008-Parl., dated 31/3/2009)**

## **Recommendation( Sl. No.3, Para 30)**

### **Organising Weavers**

The Committee find that handloom sector is a highly decentralized and dispersed sector. Handloom weavers can be found all over the country and majority of them are operating as household units. However, their large concentrations are located in about 200 clusters in the country. Against the total estimated 34, 87,146 units, only 1,98,590 units are working as commercial units. This shows that handloom weaving is still not a commercial activity and is practiced more as a vocation lacking entrepreneurship and profit motive. Only about 17% of their total population is stated to be within the cooperative fold as of now. Moreover, many of the cooperatives are defunct due to one reason or the other. As assistance under central schemes is routed through cooperatives, it is anybody's guess whether such assistance really reach the intended class of people. The cooperative structures need a revisit so as to make it weaver friendly. Besides, the weavers should also be encouraged to act more as a self help group and the Government assuming the role of a catalyst in such an endeavour. The objective behind such a move should be to unite the weavers for availing the benefits of the various schemes of the Government. The Committee would also like to underline that the welfare schemes of the Government aimed at weavers should not be regimented as the conditions of the weavers working in handloom or in powerloom are equally miserable, as many places handloom units are being converted to powerloom units and

workers/weavers remain the same. Moreover, developmental schemes for powerloom sector are meant for upgradation of the powerlooms thereby benefiting the powerloom owners. There is no denying the fact that weavers working there hardly get even the prescribed minimum wages. With the existing schemes of the Government for powerloom sector, the sector as such may grow but the conditions of weaver/worker working there may not improve. Hence, regimentation of schemes between handloom weavers and powerloom weaver/worker will deprive one segment of weavers/workers for the benefits which they strongly deserve. Therefore, the weaver community should be identified as one irrespective of the sector they are working in. Accordingly, the Committee strongly recommend that efforts should be made to form cooperatives, Associations and Self Help Groups of the weavers with a view to covering the maximum number of weavers so that the benefits of various welfare schemes are ensured to them and there should be no classification of weavers (between handloom or powerloom) as far as the benefits of the Government schemes to the individual weavers are concerned.

## **REPLY**

### **HANDLOOMS**

It is stated that under the Integrated Handloom Cluster Development Scheme (IHCDs) introduced in 2005-06, 20 clusters have been taken up in 12 States. Each cluster is being developed at an upper cost of Rs. 2.00 crores in a

time frame of four years. The development of these clusters is still in progress. Under this Scheme, 1236 Self Help Groups have been formed so far.

It is clarified that as per the last census i.e. 1995-96, the number of commercial looms in household and non-household units are 14,59,822.

“Integrated Handlooms Development Scheme (IHDS)”, introduced during the XI Plan as a centrally sponsored plan scheme, lays emphasis on formation of weavers group as a visible entity, develop the Handlooms Weavers Groups to become self-sustainable, an inclusive approach to cover weavers both within and outside the Cooperative fold etc. Under this scheme, clusters covering 300 – 500 looms under each are being taken up. So far 382 clusters have already been taken up for development at an upper cost of Rs.60.00 lakh per cluster.

Till the X Plan, the implementation of the Schemes was mainly through the State Govt. for Handloom Co-operatives and Handloom Corporations. While in the XI Plan, Integrated Handlooms Development Scheme (IHDS) has been introduced. Under the scheme, handloom weavers, who are not covered by clusters, are benefited by a “Group Approach”. Each Group will have preferably 10 weavers or more, which can be in the form of Self Help Group/Primary Weavers Cooperative Society/other independent/ individual weavers. 462 Group approach projects have been sanctioned so far throughout the country.

The clusters developed under this scheme will facilitate the handloom weavers located in and outside the clusters not only to become a cohesive and self managing socio economic unit but will also help them to avail the benefits

of the various developmental and welfare schemes of the Government of India in a coordinated and concerted manner.

## **POWERLOOMS**

Since the distribution of work relating to handloom and powerloom is already in force [DC(Handloom) dealing with handloom sector and Textile Commissioner with the Powerloom Sector], the same may be continued. Efforts are being made to homogenize the welfare schemes presently implemented separately for the weavers of handloom and powerloom sector. As far as powerloom sector is concerned, at present, there is only one welfare scheme being implemented through this office i.e. Group Insurance Scheme for powerloom workers, which is similar to the Mahatma Gandhi Bunker Bima Yojana Scheme (MGBBY) for the Handloom weavers. The handloom weavers also have the Health Insurance Scheme, which is not available to the powerloom weavers as of now.

**(Ministry of Textiles O.M. No. 2/28/2008-Parl., dated 31/3/2009)**

## **Recommendation( Sl. No.4, Para 31)**

### **Formulation of welfare schemes**

The Committee take note of the fact that there are multiple schemes aimed at improving the conditions of weavers. They vary from training projects to workshed-cum-housing, cluster developments, weavers comprehensive welfare inclusive of health insurance, mill gate price scheme, marketing and export promotion, strengthening of weavers service centre, etc. etc. The primary objective of all these schemes is to improve the condition of weavers. With the sizeable presence of Government machinery throughout the country and handsome expenditure of public money on this Governmental set-up as well as on the schemes framed in this regard, the condition of common weavers in the country has remained desperate and distraught. Schemes are introduced without proper spade work and thereafter withdrawal, modifications and merger of schemes with other schemes keep going on and every time some or the other excuse is put forward for such display of incompetence and unimagination. The worst sufferer for this kind of goof-up is the poor weaver who is not even aware as to what is being done by the Government for weavers in the country. Moreover, because of the procedural difficulties most of the weavers remain outside the reach of the system. The Government should appoint a high level Committee to evaluate the performance of the existing welfare schemes for the workers. Based on findings by such Committee necessary follow-up action should be taken by the Government. The thrust of

such schemes should be on the problem of weavers relating to minimum wages, sickness, maternity, housing, education of children, employment injury, unemployment, subsistence allowance when owners are not giving work on account of temporary closure of units, invalidity, old age and death.

### **REPLY**

#### **HANDLOOMS:**

It may be stated that the schemes being implemented during the XI Plan have been formulated after assessment of the impact of the developmental and welfare schemes implemented during the X Plan through an Independent Agency and also in consultation with various State Governments.

As per the evaluation of the Health Insurance Scheme conducted by National Institute of Small Industry Extension Training (NISIET), the performance of this scheme during the X Plan was found to be highly satisfactory. Therefore, it was recommended to be continued in XI Plan also. Thereafter, the Handloom Weavers Comprehensive Welfare Scheme was introduced with the two components of Health Insurance Scheme and Mahatma Gandhi Bunkar Bima Yojana (MGBBY) for Life Insurance. These welfare measures have proved as highly successful as the number of beneficiaries has multiplied in last three years and 98.92 lakh weavers have benefited under the Health Insurance Scheme. This scheme has various unique components such as OPD cover of Rs.7,500/- (which is available in 751 clinics all over the country); maternity benefits per child worth Rs.2,500/- with a baby coverage of Rs.500/-;

dental treatment (Rs.250/-); eye treatment (Rs.75/-); spectacles (Rs.250/-). Moreover, Ayurvedic/ Unani, Homeopathic, Siddha treatment worth Rs.4000/- can also be availed under this scheme by the beneficiary. Pre and post hospitalization treatment worth Rs.15,000/- are available on cashless basis in 2261 empanelled hospitals; whereas the beneficiaries can get the treatment in any other hospital on a reimbursement basis.

Similarly, in the life insurance cover given under MGBBY scheme, the benefits of the schemes have been enhanced w.e.f. 1.10.2007 as follows:-

Benefits during 10 <sup>th</sup> Plan		w.e.f.1.10.07
Natural death	Rs.50,000	Rs.60,000
Accidental death	Rs.80,000	Rs.1.50 lakh
Total disability	Rs.50,000	Rs.1.50 lakh
Partial disability	Rs.25,000	Rs.75,000

In addition to above, scholarship of Rs.300/- per quarter per child is available to students studying in standard IX to XII for a maximum period of 2 years to two children of the enrolled weavers.

Various other Ministries are also implementing schemes for the benefit of weaker sections of the society, including handloom weavers also. These schemes redress various problems. However, in view of the observations made by the Committee, a letter has been addressed to the State Governments requesting them to initiate necessary steps to ensure welfare of the weavers.

## **POWERLOOMS**

It is to inform that Office of the Textile Commissioner had assigned The Synthetic & Art Silk Mills Research Association (SASMIRA), Mumbai to carry out a detailed study for evaluation of the various Powerloom sector schemes including Group Insurance Scheme.

Accordingly, SASMIRA had evaluated the scheme and recommended continuation of the scheme with certain modifications. The Group Insurance Scheme has now been modified. As regards coverage of welfare schemes for education of children, employment injury, invalidity and death suggested by the Committee, the Group Insurance Scheme includes these components in varying degree. With regard to minimum wages, housing, education of children, unemployment, subsistence allowance when work not given due to temporary closure, old age etc. the subject matter comes under the concerned State Governments.

**(Ministry of Textiles O.M. No. 2/28/2008-Parl., dated 31/3/2009)**

## **Recommendation( Sl. No.6, Para 33)**

### **Raw material to weavers**

Another area where the Committee would like to pin-point is inadequate access to raw material in handloom sector. Hank yarn availability has been the principal problem since decades. To overcome the problem, it will be appropriate to encourage development and grounding of decentralized spinning technology which would enable the production of hank yarn at places where cotton is produced. This will also establish direct linkage between cotton farmers and handloom weavers enabling availability of hank yarn at competitive rates. As the Mill Gate Price Scheme has failed to meet the objective of supplying yarn either through its depot or through mobile vans, it will be purposeful to develop a network of yarn depots which can ensure the supply of yarn to Handloom clusters. National Handloom Development Corporation (NHDC) has grossly and squarely failed in meeting the demands of hank yarn for the handloom sector. There is an urgent need for revamping the work of NHDC making it more efficient in supply of yarn to weavers and also making it accountable for any lapse in this regard. The Committee strongly recommend that to ensure the availability of raw material to clusters and to individual weavers, raw material depots should be opened on the lines of shops of public distribution system so that individual weavers may also avail the facility of getting yarn at reasonable prices from these shops. This will also end of the

reported unholy nexus among the officials of NHDC, master weavers and other unscrupulous persons to manipulate the supply of raw material to weavers.

### **REPLY**

#### **HANDLOOMS:**

National Handloom Development Corporation Ltd., Lucknow has been set up to ensure adequate availability of the hank yarn, dyes and chemicals at reasonable prices to the handloom weavers. Under the Mill Gate Price Scheme of this Office implemented by NHDC Ltd., there is a provision inter-alia to set up yarn depots in the cluster or otherwise. The details of the yarn supplied and yarn depots set up are as follows :

Year	Quantity (lakh kg.) of yarn supplied	Value (Rs. in crores) of yarn supplied	Number of depots
2005-06	226.37	235.63	110
2006-07	452.61	398.34	383
2007-08	682.13	567.48	622
2008-09 (as on 20.01.2009)	647.99	611.18	639

## **POWERLOOMS**

Ministry of Textiles has constituted Hank Yarn Price Monitoring Committee under the Chairmanship of the Textile Commissioner. The Committee is meeting once in 3 months and monitoring the price fluctuation/increase of hank yarn, availability of hank yarn and taking corrective/remedial measures as deemed fit.

**(Ministry of Textiles O.M. No. 2/28/2008-Parl., dated 31/3/2009)**

## **Recommendation( Sl. No. 7, Para 34)**

### **Institutional structure**

The Committee note that the Government have introduced many schemes and established institutions like Weavers Service Center (WSC), Indian Institute of Handloom Technology (IIHT), National Handloom Developmental Corporation (NHDC) and National Institute of Fashion Technology (NIFT) etc. to provide base support for the growth of handloom sector in the country. Despite such a wide-ranging infrastructure there is no improvement as far as growth of handloom sector is concerned. Besides, the conditions of weavers have become more miserable from every yardstick. The institutional structure established for promotion of handloom sector has squarely failed in responding to the needs of the sector in general and weavers in particular. NHDC and NIFT have been unable to inspire the sector. It will, perhaps, not be out of place to mention that NIFT has become the spring board for self promotion and self aggrandizement despite the fact that the growth of NIFT has been enabled by the Government in the name of handloom promotion and development. Similarly, NHDC has not been able to respond to the expectations of the weavers in supplying yarn to them on time. There is a strong need of a thorough review of these institutions with the objective to re-dedicate their efforts for promotion of the sector and make them effective in promoting handloom sector by addressing the sector's problems. Local, traditional and indigenous designs need to be promoted through training programmes,

exposure visits, scholarships and other incentives. The Committee therefore, strongly recommend that the performance of WSC, IIHT, NIFT and NHDC needs a thorough reappraisal so as to make them accountable as far as the performance of their responsibility towards weaver and handloom sector is concerned. A comprehensive, sensitive and result oriented institutional network be set up with a view to improving working/living conditions of weavers.

### **REPLY**

#### **HANDLOOMS:**

These institutions have been set up to cater to the different requirements of the handloom sector. Presently, there are 25 Weavers Service Centres (WSCs), generally 1 or 2 WSCs in the main States. WSCs are the technical wing of the Office of the DC Handlooms and provide technical inputs like designs, weaving technique, dyeing methods, skill up-gradations etc. to the handloom weavers, exporters, designers etc. Indian Institute of Handloom Technology provides technically qualified man power by awarding three years diploma in Handloom Technology. NHDC caters to the raw materials i.e. yarn, dyes & chemicals etc. requirements of the handloom sector. The progress of these Institutions is reviewed from time to time by the authority concerned so as to ensure effective functioning.

## **National Institute of Fashion Technology (NIFT) :**

The Textile Design Department at NIFT is first and foremost academic institution for human resource development in the area of Textile Design for Fashion and Apparel Industries , Textile Clusters, Home Fashion Industries and Handloom Sectors. The Textile Design students from NIFT generally contribute design intervention for fabric development through cluster research projects as a part of course curriculum. NIFT alumni work as freelance designer or designer for various organizations as well as through DC(Handlooms) work as a designer for handloom cluster.

**(Ministry of Textiles O.M. No. 2/28/2008-Parl., dated 31/3/2009)**

## **Recommendation( Sl. No. 10, Para 37)**

### **Market development and handloom promotion**

The Committee note that despite the fact that a number of events organized under marketing and export promotion scheme, the conditions of handloom sector is not improving. National Handloom Expos, Special Handloom Expos, District level events, Craft Mela etc. have not yielded the desired results. The allocations for organizing these events in Andhra Pradesh during the last three years is to the tune of Rs.120.17 lakh in the year 2006-07, Rs.95.78 lakhs in the year 2007-08 and Rs.111.85 lakhs in the year 2008-09. The Committee are not convinced that incurring an expenditure of about Rs. 1 crore annually for such events in a major handloom cluster State like Andhra Pradesh, has really helped the handloom sector in any manner not to speak of the weavers. Innovations is left to be much desired in the marketing of handloom products. NHDC and other concerned wings of the Government should devise more innovative schemes for promotion of the handloom sector. The proposed activities should *inter-alia* include catchy advertisements, new designs, developing trend images to promote handloom in the country and abroad. Such steps will retain the existing consumer base. The cost of production of handloom cloth is more than the cost of production in powerloom and hence the concept of 20% rebate on sale of production of weavers cooperatives, individual weavers be continued with.

**REPLY**

**HANDLOOMS**

In order to augment marketing of handloom products particularly in the wake of stiff competition with textile products of powerloom and mill sectors, the Government of India had re-introduced 10% rebate Scheme for a period of three years i.e. w.e.f. 1.4.2006 to 31.3.2009. The scheme is entirely funded by the Central Government with a total budgetary provision of Rs. 100 crore. The Scheme has been able to market handloom products worth over Rs.1000 crore so far. In view of the pivotal role played by the scheme in marketing of handloom products, a proposal has already been initiated for continuation of the scheme for a period of another 3 years to be co-terminus with the XI Plan period.

The National Centre for Textile Design (NCTD) under the office of Development Commissioner (Handlooms) is also providing innovative, ethnic and contemporary designs to the textile sector through its website [www.designdiary.nic.in](http://www.designdiary.nic.in) . Both domestic and international trends and color forecasts are collated and provided on the website for the benefit of the whole textile sector so that they can respond in a timely fashion to the market requirements.

To promote the innovative schemes of Handloom Sector, catchy ads have been given in national and regional newspapers and magazines in English,

Hindi and regional languages vide a comprehensive media plan devised for this purpose. The Handloom Mark is being promoted through TV commercials and radio spots on major TV and Radio Channels at prime time.

**(Ministry of Textiles O.M. No. 2/28/2008-Parl., dated 31/3/2009)**

### **Recommendation( Sl. No. 11, Para 38)**

The Committee understand that Kerala Government at the behest of Handloom Cooperative has advised the schools in the State to ask the students and teachers to wear handloom dress at least once a week. The Committee desire that Central Government may send similar advisory requests to all the States/UTs. This will go a long way in inculcating the use of handloom clothes in the Country.

### **REPLY**

### **HANDLOOMS**

The observation of the Committee is acknowledged. A letter has accordingly been addressed to all the State Governments requesting them to initiate similar steps in their States too.

**(Ministry of Textiles O.M. No. 2/28/2008-Parl., dated 31/3/2009)**

### **Recommendation( Sl. No. 12, Para 39)**

#### **Formulation of proper economic policies of the Government for handloom sector**

The Committee find that handloom sector is not getting the due attention of the Government. Despite its contribution, handloom sector is not acknowledged in various reports related to GDP, Exports, Development and Economic Policies as a distinct sector. Moreover, due to the duality of administration, overlapping responsibilities between the Union and State Governments even the existing schemes and policies do not deliver the desired results. Recognizing its potential in employment generation and contribution to Gross Domestic Product, handloom sector has to be recognized appropriately and this recognition should help in formulation of appropriate policy responses. Being environmental friendly products, Government should consider providing subsidy and incentives to handloom sector on the lines it is provided to powerloom in the form of 20% margin money subsidy scheme and also under Technology Upgradation Fund Scheme available to textile sector. This will help not only in the development of handloom but also enable it to compete successfully with powerloom sector. The Committee, therefore, recommend that handloom sector should get the attention of the Government it merits so that it is provided with the thrust it requires for its development by making provisions for appropriate incentives and subsidies whenever necessary.

## **REPLY**

### **HANDLOOMS:**

The observations made by the Committee have been noted. However, it may be stated that the schemes and programmes for the handloom sector for the XI Plan has been modified and revised on the basis of feed back received from the field and after deliberations with the State Governments. These schemes are in the midway of its implementation. Impact of these schemes would be assessed in the coming year. Enumeration of handloom weavers would also be completed through the handloom census. Schemes and programmes for the handloom sector would be revised and modified further in keeping with the findings of the outcome of the assessment of the impact of the scheme in the field and the handloom census report.

### **POWERLOOMS**

Under the TUF Scheme there is a provision to provide 25% capital subsidy on purchase of new machinery and equipments for the pre-loom and post-loom operations, handlooms / upgradation of handlooms and testing and quality control equipments for handloom production units, as against 20% subsidy for the powerloom units in the SSI sector.

### **Recommendation( Sl. No. 13, Para 40)**

#### **Protection to handloom markets**

The Committee note that handloom markets are under threat from unscrupulous business practices. Reportedly powerloom products are being extensively sold as handloom products. This is impinging not only the consumer confidence but also preventing the genuine handloom products in entering the market. To obviate this, there should be strict implementation of the Handloom (Reservation of Articles for Production) Act, 1985 and proper machinery should be set up for its enforcement. There should also be proper labeling of the handloom products and powerloom products so that these have distinct identities.

To sustain the market and to give a fillip, if necessary, some buy back arrangements by the Government should also be made for the products of handloom. This will help in reducing the monopoly of a few to manipulate and influence the handloom market according to their whims and fancies. The Committee, therefore, recommend that appropriate and necessary steps should be taken to protect the handloom market from the invasion of other non-handloom products. Besides, more and more articles should be reserved for

production in handloom sector along with the institutional buy back arrangements by the Government.

## **REPLY**

### **HANDLOOMS:**

The Government of India promulgated the Handlooms (Reservation of Articles for Production) Act, 1985 dated 29.3.1985 with a view to protecting the interests of the handloom weavers in the country from the encroachment of the Powerloom and Mill sector on their livelihood. Under the Act, protection to the handloom sector was extended by way of reserving certain textile articles for exclusive production by handlooms. Initially 22 textiles articles were reserved for exclusive production by handlooms Subsequently based on the recommendation of the Advisory Committee, these 22 articles were reduced to 11 vide Reservation Order Notification No. S.O. 557(E) dated 26.7.96 which further amended vide notification No. S.O. 2160(E) dated 3.9.2008.

The 11 reserved textile under the Handloom Reservation Order are (1) Saree, (2) Dhoti, (3) Towel, Gamcha and Angawastaram, (4) Lungi, (5) Khes, Bedsheet, Bedcover, Counterpane, Furnishing (including tapestry, upholstery), (6) Jamakkalam Durry or Durret, (7) Dress Material, (8) Barrack Blankets, Kambal or Kamblies, (9) Shawl, Loi, Muffler, Pankhi etc., (10) Woollen Tweed, (11) Chaddar, Mekhala/Phanek.

The Reservation of any articles or class of articles is considered by the Advisory Committee constituted under Section 4 of the Act for the purpose of examining the need of such reservation based on the demand of reservation from textiles industry.

To protect the handloom market from the invasion of non-handloom products, widespread inspections of powerlooms are done through the Enforcement Wing; their Regional Offices; Weavers' Service Centres and the Enforcement Machinery of the State Governments set up for this purpose. As a consequence of these inspections, 37 FIRs were lodged in 2006-07 which resulted in 9 convictions; 12 FIRs in 2007-08 which resulted in 11 convictions and in 2008-09 (upto Dec'08) one FIR has been lodged.

Further, Handloom Mark has been introduced which distinguishes a handloom product from the powerloom/mill made products. The Handloom Mark is being used for brand building of handloom products in India and will also be used for abroad. So far, 109.83 lakhs labels have been sold and 689 retail outlets are selling Handloom Mark label products.

The Handloom Mark logo has been registered as a Certification Trade Mark under the Trade Marks Act, 1999, meaning thereby that its use is strictly restricted to the Licensed users. Random verification of Handloom Mark label products is carried out at retail outlets. Wherever non handloom-products are found to be sold as handloom product, it shall attract penal action including imprisonment for a term not less than six months and extendable for three years and with a fine of not less than Rs.50,000 but which may extend to Rs.2.00 lakh and be enhanced on second and consequent conviction. Serious action is taken wherever any doubt on the authenticity of handloom products is raised.

Besides, the Government in order to protect the traditional handloom items provides financial assistance for registration of such items under the Geographical

Indication Act. For this purpose, financial assistance of Rs. 1.50 lakhs is provided per item. So far, financial assistance has been released for registration of 20 handloom items.

## **POWERLOOMS**

The monitoring and implementation of the Handloom (Reservation of Articles for Production) Act 1985 is the responsibility of the DC(Handlooms).

**(Ministry of Textiles O.M. No. 2/28/2008-Parl., dated 31/3/2009)**

## **Recommendation( Sl. No. 14, Para 41)**

### **Campaign for social awareness among weavers**

The Committee during their recent visit to Sircilla noticed that entire weaving community is under heavy debt and is being exploited by local money lenders. The Committee are of the view that besides the ongoing problems like lack of continuous work for weavers, non-lifting of finished products, non-receipt of minimum wages etc., their exploitation by money lenders followed by social humiliation coupled with lack of medical facilities have compounded the problems gravely. To save the poor and hapless weavers from this self destructive vicious circle of poverty, it is essential that proper social awareness campaign at appropriate level be launched forthwith. This should be introduced in all concentration zones of weavers. The Committee, therefore, recommend that simultaneously with other policies and programmes for weavers, social awareness campaign about the ill effects of the liquor be initiated. The cooperation of local administrative set up should be enlisted to dismantle such network which is detrimental to the weavers and which is exploiting the weavers/workers for their own end.

## **REPLY**

### **HANDLOOMS**

The office of the Development Commissioner has written to the State Govts..

### **POWERLOOMS**

The Ministry would write to all the State Governments to dismantle such network, which is detrimental and exploiting the weavers/workers for their own end.

**(Ministry of Textiles O.M. No. 2/28/2008-Parl., dated 31/3/2009)**

### **Recommendation ( Sl. No. 15, para 42)**

In the foregoing paragraphs, the Committee, have recommended various measures for welfare and uplift of the weavers. The Committee also recommend that following steps are essential for the overall improvement in the conditions of weavers throughout the country :

- (i) Issue of identity cards to all the eligible weavers.
- (ii) Scholarship to school going children from class I onwards as against class IX as of now.
- (iii) Bridge school for school drop outs.
- (iv) Anthodaya ration cards for households with adequate ration.
- (v) Health care centers in major handloom clusters.
- (vi) Housing sites/Houses.

(vii) Review of insurance schemes with a view to have minimum ensured amount of Rs. One lakh for health insurance and life insurance, respectively, to increase age of weavers for eligibility upto 72 years and adequate enhancement in, widow pension and old age pension.

(viii) Encourage genuine NGOs to work in weavers clusters.

(ix) Regular mechanism to review/monitor the schemes for taking corrective / remedial measures.

(x) Presence of ESI/EPFO in handloom/powerloom clusters.

### **REPLY**

#### **HANDLOOMS :**

(i) The work of conducting the “Third National Census of Handlooms and issue of Photo Identity Cards (PIC) to all the eligible weavers” has been entrusted to the National Council of Applied Economic Research (NCAER), New Delhi on 19.3.08 and it is scheduled to be completed by end of this year.

(ii) Normally the State Governments provide free education to children from class 1 to class VIII. Further, besides insurance coverage, the additional benefits of scholarship under the Mahatma Gandhi Bunkar Bima Yojana are available to the children of the member of the MGBBY from Class IX to XII for two children.

(iii) & (iv) This is a State subject. Letters have, however, been addressed to all the State Governments for initiating necessary remedial steps.

(v) The Government of India has already given directions to the ICICI Lombard to ensure that under the Health Insurance Scheme, the weavers have an access to empanelled hospitals and OPD centres in or near vicinity of the handloom clusters.

(vi) For construction of the houses, the assistance will be availed by the weavers under the Indira Awas Yojana, Ministry of Rural Development. While assistance towards construction of the workshed is provided under Integrated Handlooms Development Scheme of this office.

(vii) A review of Health Insurance scheme was done by NISIET, Hyderabad in 2005. The scheme was found to be a boon to the weavers at large and was therefore, recommended to be continued in the 11<sup>th</sup> Plan and beyond.

A proposal to cover seven critical illnesses under the Health Insurance Scheme, in addition to the existing benefits, is under active consideration.

The Health Insurance component of the Handloom Weavers Comprehensive Welfare Scheme for the XI Plan has been approved by the Cabinet Committee with the benefits of Rs.15,000/- per annum per family. The benefits under Mahatma Gandhi Bunkar Bima Yojana have been substantially enhanced during the XI Plan as under:-

Sl.No.		Earlier Benefits	Benefits from 1.10.2007
(i)	Natural death	Rs.50,000/-	Rs.60,000/-
(ii)	Accidental death	Rs.80,000/-	Rs.1,50,000/-
(iii)	Total Disability	Rs.50,000/-	Rs.1,50,000/-
(iv)	Partial disability	Rs.25,000/-	Rs.75,000/-

As regards increase in the age limit under the MGBBY, the Government of India is already considering the proposal to increase the age limit upto 70 years.

The Government of India does not have any scheme for widow pension or old age pension.

(viii) Under the Integrated Handloom Development Scheme, various agencies have been authorised to become an implementing agency. One of the eligible implementing agencies for Cluster Development Programme is the NGO, which should fulfil the norms for its eligibility as per the guidelines of the Scheme.

(ix) & (x) Recommendations made by the Committee have been intimated to the State Governments with a request to initiate necessary action as the subject matter comes under their purview.

## **POWERLOOMS**

The Ministry of Textiles would refer these recommendations at Point (i), (ii), (iii), (iv), (v), (vi), (viii), (ix), (x) to various State Governments for initiating necessary decisions in the matter as the subject matter comes under their purview.

The Group Insurance Scheme for Powerloom worker is already being implemented with an added benefit w.e.f. 1.1.08.

**(Ministry of Textiles O.M. No. 2/28/2008-Parl., dated 31/3/2009)**

## **CHAPTER-III**

**RECOMMENDTIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT  
DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLY**

**NIL**

## CHAPTER-IV

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

#### Recommendation( Sl. No. 8, Para 35)

##### Proper working/living condition

In most of the handloom clusters, handloom weavers, workers are working in dismal conditions and are living in extreme inhospitable conditions. Many families with more than two couples have been staying in one room for years. Workshed-cum-housing scheme has not been able to address the problem of weavers in this regard. It is high time that Government should increase allocation under the scheme so that proper changes may be brought in the dwelling pattern of the weavers and they are provided with basic minimum requirements of living. Unlike, in any other housing schemes, weavers tend to hold on to their houses given by the Government and as such it is only one time affair to settle the weavers as far as their housing is concerned. Cluster development programme should necessarily include creation and maintenance of houses and basic amenities like provision of drinking water, toilets, bathrooms, proper ventilation in the working space, etc. This will also help in improving the productivity and competitiveness of the sector.

## **REPLY**

### **HANDLOOMS**

The Workshed-cum-Housing Scheme implemented during the X Plan was evaluated through an Independent Agency. On the basis of its recommendations, the quantum of central assistance for the workshed component has been enhanced during the XI Plan. Under the Integrated Handlooms Development Scheme (IHDS), financial assistance for construction of workshed has been enhanced to Rs. 25,000/- per weaver for BPL while for non-BPL, the assistance is Rs. 18,750/- per weaver. The assistance towards construction of houses may be availed by the weavers under Indira Awas Yojana of the Ministry of Rural Development.

Provision of basic amenities is the subject matter of the State Govt., therefore, the State Govts. have been requested to take steps in this regard.

### **POWERLOOMS**

The Ministry of Textile has taken up a proposal to set up 6 Mega Clusters including 2 Powerloom Mega Cluster at Bhiwandi and Erode as per budget speech (2008 - 09) of the Finance Minister. The EFC on Mega Cluster has

already been considered by the Expenditure Finance Committee. However, the Detailed Project Report (DPR) would be prepared after necessary Cabinet approval. While preparing the DPR, the requirement of weavers like housing, drinking water, toilet, bathroom, proper ventilations in working space etc would be taken care of.

### **Comments of the Committee**

**(Please see Para No.13 in Chapter-I of the Report)**

**(Ministry of Textiles O.M. No. 2/28/2008-Parl., dated 31/3/2009)**

### **Recommendation( Sl. No. 9, Para 36)**

#### **Wage Revision**

The Committee find that weavers are one of the most exploited segment of workers in the country. Lack of proper working conditions, non-payment of minimum wages wherever applicable, non-regulation of working hours etc. are the most rampant form of exploitation they are subjected to. Reportedly, debt related wage bondage is also most prevalent form of exploitation in the sector. Stipulated minimum wages are not being paid to weavers. Their indebtedness is so baneful that it does not allow them to come out of the vicious circle of poverty. Their wages have not been revised for the last many years.

Implementation of Minimum Wages Act is a statutory requirement and these should be revised periodically taking into account various factors relating to price index. As women constitute a major workforce in the handloom and powerloom sector, and at times they are discriminated in term of wage payment it becomes more essential that minimum wages to them are also ensured. Similarly, their need revolve around access to proper health care, education, housing, food and work security. The Committee, therefore, strongly recommend that minimum wages to weavers across the country be ensured and it should be revised from time to time taking into consideration the price index and other related factors.

## **REPLY**

### **HANDLOOMS**

Implementation of Minimum Wages Act is the responsibility of the concerned State Government. This has been brought to the notice of the State Govts.

## **POWERLOOMS**

Implementation of Minimum Wages Act is the responsibility of the concerned State Government.

**(Ministry of Textiles O.M. No. 2/28/2008-Parl., dated 31/3/2009)**

### **Comments of the Committee**

**(Please see Para No.16 in Chapter-I of the Report)**

## CHAPTER-V

### RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT ARE INTERIM IN NATURE

#### Recommendation( Sl. No.2, Para 29)

#### Conducting of Census

Handloom sector is one of the largest employer in the country. However, there are no authentic figures with regard to the number of weavers and allied workers engaged in this sector. Like all informal sectors in the country, especially the rural non-formal sector, information about the statistical base on handloom sector is based more on estimates or assumptions, which could be incorrect. However, the policies of the Government are formulated on the assumptions based on this data. Resultantly, not only the policy and programme formulations become unrealistic, the Government is not in a position to exactly assess the impact of implementation of these policies and programmes on the weavers, not to say of the benefits whether these weavers have actually got or not. As per the census conducted in 1995-96, about 65 lakh persons are engaged in weaving and associated activities in the Handloom

sector. The Working Group of Textile Industry for X Plan indicated 120 lakh persons engaged in handloom weaving and allied activities. Considering 100% difference between the two estimates by the Government, immediate action is required to determine the number of persons directly or indirectly involved with this sector. This exercise should not be restricted to counting of heads only but other issues like gender proportion, their economic status, dependent family members, self dwelling space, education to children and all related issues which could form basis of formulating plans/schemes for development of the weavers, be taken into account. This will also help in preparing a data base about the weavers and other persons engaged in this sector so as to enable the Government to frame new schemes, recast existing schemes and synchronising them with the need of the weavers. The Committee, therefore, strongly recommend that with an identified objective, urgent steps should be taken to conduct a survey of weavers and other workers engaged in the handloom and powerloom sector in the country not only to ascertain their figures but also to identify the real problem plaguing the weavers' community. Needless to emphasise this exercise should be done in a time bound manner under intimation to the Committee.

## REPLY

## **HANDLOOMS:**

The work of conducting the “Third National Census of Handlooms and issue of Photo identity cards (PIC) to all the eligible weavers and workers” has been entrusted to the National Council of Applied Economic Research (NCAER), New Delhi on 19.3.08 and it is scheduled to be completed by September 2009. It is felt that the census, on completion, will help and assist the Government of India in modifying and revising the schemes and programmes to suit the present day requirements of the handloom sector and the weavers engaged in it.

## **POWERLOOMS**

Necessary initiative has already been taken to conduct a baseline survey of the powerloom units covering unit's name, type of machinery, no. of workers employed category-wise such as SC /ST/OBC/Minority/Women alongwith their salary / wages, working hours, utility, problems faced by units, sale of finished product, purchase of raw material, import and export components etc.

The additional aspects as suggested now by the Committee (Economic status, dependant family members, self dwelling space, education to children etc which could form the basis of formulating plans/schemes for development of the weavers) would be added for coverage during the survey.

As per the agreement, the agency identified for conducting the survey (M/s. Technopac Advisors Pvt. Ltd.) would complete the survey within 6 months from the date of release of 20% amount of the total charges of Rs.3.281 Crore. The Ministry has also agreed in principle for release of the fund required for this purpose.

**(Ministry of Textiles O.M. No. 2/28/2008-Parl., dated 31/3/2009)**

#### **Comments of the Committee**

**(Please see Para No.7 in Chapter-I of the Report)**

#### **Recommendation( Sl. No.5, Para 32)**

#### **Loan to weavers**

The Committee note that self investment or private investment in the handloom sector has been the mainstay for production of handloom. As most of the weavers belong to very poor section of the society, they manage finances from the private parties/credit companies at great cost in terms of the interest. Because banks do not finance them or provide loans without counter

guarantees or due to weak repaying capacity of weavers, they do not have any option but to take money from private finance companies for raising their working capital or to run their household. Private micro finance units exploit poor weavers to the hilt and sometimes they even work under wage bondage to these private companies. Cooperative system has also failed miserably in terms of arranging finances to the individual weavers. Even informal system of marketing did not help in attracting public investment into the sector due to its inherent shortcomings like risk of defaults and renegeing of promises, etc. Therefore, the Committee strongly recommend that with a view to overcoming the problem, it will be most appropriate if formation of handloom bank on the pattern of NABARD and SIDBI is given thought of. To start with specialized branches could be set-up in the highly concentrated zone of weavers from amongst nationalized/cooperative banks. Loan to weavers from these banks should be made available on soft terms. Some mechanism be devised to waive the existing loan of the weavers who are heavily indebted and are not in a position to repay the loan to the local money lenders. This will not only go a long way in bringing out the poor weavers from the clutches of micro finance units/individuals ending their exploitation, but will also pave the way for the healthy growth of textile sector as well as of the weavers in the country.

## **REPLY**

### **HANDLOOMS:**

A High Level Committee headed by MD, NABARD was formed by this Ministry to look into the problems of debt and high cost of working capital in the Handloom Sector. The Committee submitted the Financial Package to this Ministry which has been sent to Ministry of Finance for consideration. The Committee has recommended one time waiver of overdue loans and extending the credit at concessional rates of 7% per annum to the weavers. The size of the financial package is Rs. 2600 crores. In this regard, response of Ministry of Finance is awaited. Any further action in the matter will be taken once the decision is taken by the Ministry of Finance. It is felt that this package will help in opening up the credit lines and flow of working capital in the handloom sector, which in turn will help revival of production cycle and sustenance of handloom weavers in the sector.

**(Ministry of Textiles O.M. No. 2/28/2008-Parl., dated 31/3/2009)**

### **Comments of the Committee**

**(Please see Para No.10 in Chapter-I of the Report)**

### **Recommendation( Sl. No. 11, Para 39)**

#### **Formulation of proper economic policies of the Government for handloom sector**

The Committee find that handloom sector is not getting the due attention of the Government. Despite its contribution, handloom sector is not acknowledged in various reports related to GDP, exports, development and economic policies as a distinct sector. Moreover, due to the duality of administration, overlapping responsibilities between the Union and State Governments even the existing schemes and policies do not deliver the desired results. Recognizing its potential in employment generation and contribution to Gross Domestic Product, handloom sector has to be recognized appropriately and this recognition should help in formulation of appropriate policy responses. Being environmental friendly products, Government should consider providing subsidy and incentives to handloom sector on the lines it is provided to powerloom in the form of 20% margin money subsidy scheme and also under Technology Upgradation Fund Scheme available to textile sector. This will help not only in the development of handloom but also enable it to compete successfully with powerloom sector. The Committee, therefore, recommend that handloom sector should get the attention of the Government it merits so that it is provided with the thrust it requires for its development by making provisions for appropriate incentives and subsidies whenever necessary.

## **REPLY**

### **HANDLOOMS:**

The observations made by the Committee have been noted. However, it may be stated that the schemes and programmes for the handloom sector for the XI Plan has been modified and revised on the basis of feed back received from the field and after deliberations with the State Governments. These schemes are in the midway of its implementation. Impact of these schemes would be assessed in the coming year. Enumeration of handloom weavers would also be completed through the handloom census. Schemes and programmes for the Handloom sector would be revised and modified further in keeping with the findings of the outcome of the assessment of the impact of the scheme in the field and the handloom census report.

## **POWERLOOMS**

Under the TUF Scheme there is a provision to provide 25% capital subsidy on purchase of new machinery and equipments for the pre-loom and post-loom operations, handlooms / upgradation of handlooms and testing and quality control equipments for handloom production units, as against 20% subsidy for the powerloom units in the SSI sector.

**(Ministry of Textiles O.M. No. 2/28/2008-Parl., dated 31/3/2009)**

**New Delhi;**

***HEMANAND BISWAL***

**11<sup>th</sup> November, 2009**

**CHAIRMAN,**

**20 Kartika, 1931 (Saka)**

**STANDING COMMITTEE ON LABOUR.**

**MINUTES OF THE SITTING OF STANDING COMMITTEE ON LABOUR HELD ON 11<sup>TH</sup> NOVEMBER, 2009.**

The Committee met from 1400 hrs. to 1545 hrs in Committee Room No. '139', Parliament House Annex, New Delhi to have oral evidence of the representatives of the Ministry of Labour and Employment on 'The Industrial Disputes (Amendment) Bill, 2009' and 'The Employees' State Insurance (Amendment) Bill, 2009' and to consider and adopt draft Action Taken Reports.

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8. The Chairman then informed the Members regarding consideration and adoption of following draft Action Taken Reports:

- (i) Action taken by the Government on the Recommendations/Observations contained in the Thirtieth Report of the Standing Committee on Labour on the 'Functioning of the Employees' Provident Fund Organisation'.
- (ii) Action taken by the Government on the Recommendations/Observations contained in the Thirty-Third Report of the Standing Committee on Labour on the 'Development Schemes for Handicrafts Sector'.
- (iii) Action taken by the Government on the Recommendations/Observations contained in the Thirty-Fifth Report (Fourteenth Lok Sabha) of the Standing Committee on Labour on 'General conditions of weavers in the country - A case study of Sircilla concentration zone of weavers'.

9. The Committee, then, took up the draft Reports for consideration. The Committee adopted the draft Reports without any amendments/modifications.

10. The Committee also authorized the Chairman to present the same to the Parliament.

**The Committee then adjourned.**

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**xx Not pertain to this Report.**

## APPENDIX-II

(Vide Para No. 3 of the Introduction)

### ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON RECOMMENDATIONS CONTAINED IN THE THIRTY-FIFTH REPORT OF THE STANDING COMMITTEE ON LABOUR (FOURTEENTH LOK SABHA)

	Total	Percentage
I. Total number of Recommendations	16	
II. Recommendations/Observations which have been accepted by Government (Sl. Nos. 1,3,4,6,7,10,11,12,13,14 and 15)	11	73.33%
III. Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies	NIL	NIL
IV. Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee and which requires reiteration-(Sl. Nos. 8 and 9)	2	13.33%
V. Recommendations/Observations in respect of which final replies of Government are of interim in nature (Sl. Nos.2 and 5)	2	13.33%
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		100%



## **CHAPTER I**

### **REPORT**

1. This Report of the Committee deals with the action taken by the Government on the recommendations contained in the Thirty-Third Report (Fourteenth Lok Sabha) on 'Development Schemes for Handicrafts Sector' pertaining to the Ministry of Textiles.

2. The Thirty-Third Report was presented to Lok Sabha and also laid in Rajya Sabha on 24.10.2008. It contained 12 recommendations. Replies of Government in respect of all the recommendations have been received and have been categorized as under:-

- (v) Recommendations/Observations which have been accepted by the Government--Paragraph Sl. Nos. 1, 3, 4, 5, 7, 10 and 12.
- (vi) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's reply - NIL
- (vii) Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee and which require reiteration--Paragraph Sl. No. 8.
- (viii) Recommendations/Observations in respect of which replies of the Government are interim in nature--Paragraph Sl. Nos. 2, 6, 9 and 11.

3. The Committee desire that action taken notes in respect of 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 3 months of the presentation of this Report.**

4. The Committee will now deal with the action taken replies of the Government which need reiteration or merit comments.

## A. Census of artisans

### Recommendation (Sl. No. 2 Para 13)

5. The Committee in their original Report observed that the existing process of conducting census for handicraft artisans by covering 20% districts every year, was cumbersome and skewed as it would not bring out the exact figures of artisans in the country because by the time census of last phase took place, the figure in areas wherein the census was carried out in the first phase might have changed drastically. The Committee, therefore, recommended that it would be in the fitness of things if a one time survey was carried out to cover the entire strength of artisans all over the country and the current process of covering 20% of the districts every year should be continued thereafter to keep the data updated.

6. In their action taken reply, the Ministry stated that :

‘The recommendation of the Parliamentary Standing Committee to have one time survey i.e. 100% census conducted, has been referred to the competent authority, for approval. Since the methodology of conducting 100% census is a shift from the existing policy of conducting census of 20% districts every year, the change in policy has to be decided by the competent authority and requires subsequent approvals including from the Planning Commission. This process will take more time. It has, therefore, been decided to carry on with the census on the basis of present policy covering further 20% districts in the country this year i.e. 2008-09 and the recommendation of the Parliamentary Standing Committee to conduct 100% census, shall be implemented w.e.f. the next financial year i.e. 2009-10 after the acceptance and approvals of the competent authority as aforesaid. A proposal in this regard has been submitted to the Internal Finance Wing and will be taken up thereafter with the Planning Commission and Ministry of Finance etc.’

7. The Committee take note of the Ministry’s assurance that the census operations shall be undertaken throughout the country in the next financial year i.e. 2009-10, after the subsequent approvals of the Planning Commission and Ministry of Finance. The Committee desire that entire census needs to be conducted within the

current financial year so that realistic targets could be fixed under various developmental and welfare schemes well before implementing them in the next financial year *i.e.* 2010-11.

## B. Low coverage under the schemes for Handicrafts Sector

### Recommendation (Sl. No. 3 Para 18)

8. The Committee in their Report, considering the very low coverage under the developmental and welfare schemes of handicrafts sector recommended that all out efforts should be made to cover the entire strength of artisans within the current Five Year Plan, particularly under the welfare schemes. For the purpose, the targets under each of the schemes should be revised accordingly and if needed be, the Ministry of Finance and Planning Commission should be urged to enhance the budgetary allocations to meet the increased targets.

9. In their action taken reply, the Ministry stated that :

‘The recommendations of the Committee have been noted. It will be the sincere efforts of the Government to cover large number of handicraft artisans through the six plan schemes approved for the 11<sup>th</sup> Plan. The Committee’s recommendations with specific reference to coverage of larger number of artisans under the Welfare Scheme has also been noted. In first 2 years of the plan period, physical coverage under the welfare schemes has been achieved more than what had been envisaged in the projections under the welfare scheme submitted for approval before the beginning of the 11<sup>th</sup> Plan. The increased physical coverage had been due to the reason that the actual annual premium under the health scheme determined after a competitive bidding process at the beginning of the Plan period had come out to be significantly lower than what was assumed while making physical and financial projections under scheme submitted for approval at the beginning of 11<sup>th</sup> Plan.’

10. The Committee take note of the assurance given by the Ministry to cover large number of handicrafts artisans under the developmental and welfare schemes during the remaining period of 11<sup>th</sup> Five Year Plan. The Committee, while appreciating the efforts of the Ministry for achieving the physical targets more than the initial projections under Janashree Bima Yojana and Rajiv Gandhi Shilpi Swasthya Bima Yojana during the first two years of the plan period, urge them to demonstrate similar performance under other developmental and welfare schemes also so that the needy artisans can also receive benefits of these schemes and sustain in the sector progressively.

#### C. Travel assistance to artisans

##### Recommendation (Sl. No. 6 Para 39)

11. The Committee in their Report further recommended that the limit of distance considered for providing travel assistance to the artisans who wished to take part in various handicraft exhibitions, should have been reduced from existing 500 kms. to at least 100 kms so that it did not prove an obstacle for the needy artisans to exhibit their skills. Similarly, some arrangements like plying

special buses should have been arranged for the artisans residing/working within the radius of 100 kms. of the exhibition venue.

**12. In their action taken reply, the Ministry stated that :**

‘During the 11<sup>th</sup> Five year Plan the facility of payment of TA/DA to artisans which earlier was paid to artisans from some identified and difficult localities has been extended to all the artisans who come to participate in a market related activity from a distance of and more than 500 kms. from and to their place of residences. The acceptance of the recommendation of the Standing Committee on Labour to relax the rules for payment of TA/DA to artisans participating in Market related programmes of this office reducing the distance from approved 500 Kms to 100 Kms. requires the approval of the competent authority. A proposal in this regard has been submitted to the Planning Commission.’

**13. The Committee note that the Ministry have submitted the proposal to reduce the limit of distance from 500 kms. to 100 kms. for the purpose of paying TA/DA to artisans who participate in the marketing events relating to handicrafts, to the Planning Commission for approval. The Committee are of the opinion that as it is a welfare measure, the Ministry should take up the matter with the Planning Commission with top priority and expeditious approval. The Committee also reiterate their earlier recommendation and desire that some local transport arrangements at the time of conducting**

marketing events should also be made for the artisans residing/working within the radius of 100 kms. of the exhibition venue as such step will not only encourage the artisans to participate in these exhibitions but will also help spread awareness of handicrafts products/Industry among the common masses.

## **D. Training and financial assistance to artisans**

### **Recommendation (Sl. No. 8 Para 55)**

14. The Committee in their Report, while noting the lower coverage of artisans under training programmes recommended that training of artisans was of utmost importance for their sustainable growth and to achieve this, though in a phased manner, a proper and well thought out strategy might be devised to continue it on a regular basis. The publicity of such programmes be adequately given amongst the artisans for achieving maximum coverage and to make them aware about the benefits of these trainings. The proposal for soft loan to artisans under Design and Technological Upgradation Scheme should have been also mooted with the provision of buy back arrangements of finished products against such loan.

15. In their action taken reply, the Ministry stated that:

‘This is already taken care of, under different components of the existing Human Resource Development Scheme implemented by this office. The range of these trainings provided varies from skill development under the tutelage of Master craftsperson and specialized institutional trainings. A wide publicity of all the schemes including that of the HRD Scheme is regularly ensured through press advertisement for creating awareness among the stakeholders. As regards soft loan to artisans under Design & Technology Upgradation Scheme, it is submitted that as of now there is no such enabling provision in the existing approved schemes of this office. However, under the Ambedkar Hastshilp Vikas Yojana there is a component of Credit Guarantee Scheme through which the Government of India bears the cost of Guarantee Fee and Annual Service Charges, which is paid to Credit Guarantee Fund Trust for micro, medium and small enterprises for obtaining guarantee cover in respect of the credit sanctioned to the handicraft artisans by different Member Lending Institutes (MLIs) *i.e.* Banks. This arrangement is applicable in respect of credit sanctioned to both artisans and Self Help Groups (SHGs).’

**16. The Committee notice that the Ministry/Office of Development Commissioner (Handicrafts) are providing training to artisans under different components of ‘Human Resource Development Scheme’ and wide publicity of all the Schemes is regularly ensured through press advertisement for creating awareness among the stakeholders. However, reply of the**

Ministry is silent regarding fixing periodicity of various training programmes being organized by them. Since the major population of artisans belongs to an unorganized sector and are working in individual capacity, they cannot afford to go for training unless they get time to plan for the same well in advance. The Committee are of the firm opinion that the artisans can avail the benefits of training programmes in a better way and in larger number if they are aware of the schedule of such programmes in the very beginning of the year. The Committee, therefore, reiterate their recommendation and urge upon the Ministry to prepare a definite schedule of training programmes to be organized under different schemes throughout the year. The Committee further desire that the credit guarantee scheme which is a component of Ambedkar Hastshilp Vikas Yojana, and under which loans are provided to the artisans, should be restructured and the provision of buyback arrangements of finished products against loans availed by artisans, should also be suitably incorporated into it.

## **E. Raising ceiling under Rajiv Gandhi Shilpi Swasthya Yojana**

### **Recommendation (Sl. No. 9 Para 62)**

17. The Committee, keeping in view the ever increasing medical expenses recommended that the ceiling under the Rajiv Gandhi Shilpi Swasthya Yojana should be raised from Rs.15,000 to atleast Rs.1,50,000 per annum per family. The Committee also recommended that the critical illnesses like cancer, heart problems, brain surgery etc. should also have been brought within the ambit of the scheme with appropriate financial ceiling.

18. In their action taken reply, the Ministry stated that:

‘The recommendations concerning raising the ceiling of coverage as well as inclusion of critical illness has been examined. It is felt that these enhancements in the coverage of benefits may yield in substantial hike in the annual premium, which at present is Rs.800/- per annum per artisan. Out of this, the general category artisan contributes Rs.150/- and an artisan belonging to NER, SC, ST & BPL categories contributes Rs.75/-. The Government of India contributes the balance annual premium and Service Tax on the total premium. If the sharing of the future premium between the artisan and GOI is kept in the existing proportion, there would be an apparent hike in the artisan’s share of the annual premium as well, which all artisans may not be able to afford. Therefore, in view of the recommendation, action has been initiated for a new add-on feature to be introduced in the scheme for covering 10 critical illnesses *viz.*, Cancer, Paralysis, Myocardial Infarction (Heart Attack), Bye pass Surgery, Kidney failure, Stroke, Tuberculosis etc., with a financial cap of Rs.1.5 lakh per annum per artisan family. Artisan who is willing to pay the higher premium could opt for this feature. A suitable proposal in this regard has been submitted to the Planning Commission.’

19. The Committee find that in order to cover critical illnesses under Rajiv Gandhi Shilpi Swasthya Yojana, the Ministry have proposed to introduce a

new add-on feature with a financial cap of Rs.1.5 lakh per annum per artisan/family. The Ministry have further stated that the artisan who is willing to pay the higher premium could opt for this feature. The Committee are astonished to note such business like attitude of the Ministry where the poor artisans are being treated as customers. Instead of providing them adequate health coverage, which is a part of social security measure, the Ministry are, in a way, trying to sell insurance policy to them. The Committee observe that such a cursory approach of the Ministry does not reflect the seriousness of the issue it merits. The plea of the Ministry that enhancing financial ceiling from the existing Rs.15,000/- to Rs.1,50,000/- for providing general health coverage and covering critical illnesses under the scheme, may yield in substantial hike in the annual premium which all artisans may not be able to afford, is not acceptable to the Committee. At present, the premium is being shared by the Government of India and the artisan. Life Insurance Corporation (LIC), through which the scheme is being implemented being a public sector company, should not shirk its social responsibility towards the handicrafts artisans who are from the disadvantaged strata of society. The Committee, therefore, reiterate their recommendation and urge upon the Ministry to act in a positive manner and extend the critical illness cover to the handicrafts artisans and also enhance

the financial ceiling to atleast Rs.1,50,000/-. With regard to sharing of premium, the Committee desire that Government of India and LIC may share the hiked premium on the lines of welfare schemes being implemented in Handloom Sector. Such a philanthropic step will not only extend the desired insurance coverage to the needy artisans but they will also be spared of the extra financial obligations arising due to the extended coverage.

## **F. Enhancement of age of artisans under Bima Yojana**

### **Recommendation (Sl. No. 11 Para 69)**

**20. The Committee, in the light of the fact that the artisan of higher age group were also contributing to the development of the handicrafts sector and the life expectancy in our country has also considerably gone up in their Report, recommended that the age for the purpose of insurance coverage under the Bima Yojana should be enhanced at least upto 70 years.**

**21. In their action taken reply, the Ministry stated that :**

**‘Based on the recommendations of the Committee, a proposal was made to LIC of India on 22.08.2008, requesting consideration of, among others, the following issues:**

- Enhancing the age limit from 60 years to 70 years**
- Increase in Children Education Allowance from Rs.300 per quarter per child to 2 children to Rs.500.**

**On the issue of increasing the age limit to 70 years, LIC has asked for likely number of persons to be covered under the scheme. The same is being furnished to them.’**

**22. The Committee are happy to note that the Ministry have on the recommendation of the Committee have submitted a proposal to LIC for the welfare of the artisans of higher age group, who were, so far, deprived of Life Insurance cover and similarly, LIC has requested the Ministry to provide likely number of persons to be covered under the Scheme. The Committee desire that the Ministry should provide the requisite data to LIC at the earliest so that, after completing other necessary procedural formalities, the artisans upto the age of 70 years may also get the benefits of the Scheme.**

## CHAPTER-II

### RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### Recommendation (Sl. No. 1, Para 8)

The Committee take note of the fact that formulation of various schemes in handicraft sector and corresponding budgetary allocations are just not adequate to tap full potential of the artisans in the country. Based on the census of artisans conducted in the year 1995-96, the schemes framed cover only minuscule of artisans and the relative allocation under the schemes is also not fully utilized. The expenditure under the schemes which cover common artisans like Training and Extension, Design and Technology Upgradation, Marketing Support and Services and Research and Development has been far from satisfactory during the entire Tenth Plan. After noticing the trend of less budgetary utilization, a series of measures were stated to be taken by the Government including rationalization of planning schemes and introduction of 11 generic schemes. Despite all these measures, even from the lesser allocation of Rs.425 crore for the handicraft sector during the Tenth Plan Period, approximately Rs.50 crore could not be spent due to lack of proper and adequate planning of the schemes. Identical reasons like non- receipt of viable proposals from implementing agencies, non settlement of pending utilization

certificates, non completion of SIDC projects, less demand from implementing agencies etc. have been given for non fulfillment of targets and less utilization of budgetary allocations repeatedly.

The allocation for the 11<sup>th</sup> Plan period is Rs.1257 crore practically trebling it from the one allocated during the Tenth Plan Period. As the Government has been unable to undertake any census of artisans after the last census done in 1995-96, schemes for development and welfare of handicraft sector and artisans will have to be formulated on the basis of the figures of last census. Taking cue from the past experience the Government should ensure that reasons cited for non fulfillment of targets resulting in less budgetary utilization are pre-empted before the formulation of schemes for artisans and handicraft sector during the current Plan Period. The Committee also recommend that enhanced targets alongwith the matching budgetary allocations under each of the scheme having impact on wider segment of artisans should be fixed. The Committee also expect that wide publicity of the schemes would be given among the targeted groups and the monitoring of the schemes be done at regular intervals to ensure that the targets fixed for the schemes are achieved in a time bound manner and funds allocated are gainfully utilized.

### **Reply of the Government**

The targets are fixed on year-to-year basis and are subject to periodical review and assessment to determine if any revision is required. The budgetary allocation in the first two years of the 11<sup>th</sup> Five Year Plan namely 2007-08 and 2009-10 is as per the amounts approved in the SFC/EFC & CCEA note of the respective schemes.

Every scheme has now a component of publicity and separate budget is earmarked for it. Wide publicity of the schemes amongst the target groups through newspaper advertisements at National, Regional and local levels is a regular and continuous feature now. Publicity of schemes is also made through workshops/seminars being organized at local, State and National levels. The monitoring of the schemes being implemented is regularly undertaken through field officers and the officers from the Headquarter Office. These efforts are being initiated to ensure proper implementation of the schemes and to strengthen the implementation further.

**As regards full utilization of the allocated outlays, it is submitted that as a result of measures taken concerning monitoring and publicity of the schemes, it is hoped that outlays in the handicraft sector will be fully utilized under each of the schemes.**

With regard to the recommendation regarding coverage of the schemes having impact on wider segment of artisans, it is submitted that additional measures like taking up theme based clusters (five theme based craft categories already finalized) and Mega Clusters such as at Moradabad and Narsapur would result in delivery of services through these schemes to a significantly larger artisanal base in the entire country.

**(Ministry of Textiles O.M. NO.2/26/2008-Parl. dated 24.2.2009)**

**Recommendation (Sl. No. 3 Para 18)**

The Committee note that there have been numerous schemes for the welfare of artisans. Even though the Government has harped on increasing budget allocations year after year, the Committee are not satisfied as most of these schemes have not been able to come up to the expectations of artisans as the benefits of these schemes have not reached to the majority of them. The Committee are unable to understand the reasons for fixing the targets on lower side under the Schemes. During the entire Tenth Five Year Plan, only 1.48 lakh artisans under the Ambedkar Hastshilp Vikas Yojana, 1.17 lakh artisans under Marketing and Support Promotion Scheme/Export Promotion Scheme, 2.93 lakh under Bima Yojana, 0.50 lakh under Design Scheme and 1.54 lakh artisans under the ID card Scheme could be covered. The reason given by the Ministry that the coverage under these schemes is directly proportional to the budgetary outlays approved by the Ministry of Finance and Planning Commission and hence the small percentage of total artisans covered is attributable to the outlays approved under these Schemes, contradicts with their version as there have been under utilization of funds during each plan year of the last Five Year Plan.

The Committee are of the strong view that adequate spadework should be done ensuring that benefits of the developmental and welfare schemes reach the maximum number of beneficiaries. Considering the enhanced allocations during 11<sup>th</sup> Plan, the Committee recommend that all out efforts should be made to cover the entire strength of artisans within the current Five Year Plan, particularly under the welfare schemes. For the purpose, the targets under each of the schemes should be revised accordingly and if need be the Ministry of Finance and the Planning Commission should be urged to enhance the budgetary allocations to meet the increased targets.

### **Reply of the Government**

The recommendations of the Committee have been noted. It will be the sincere efforts of the Government to cover large number of handicraft artisans through the six plan schemes approved for the 11<sup>th</sup> Plan.

The Committee's recommendations with specific reference to coverage of larger number of artisans under the Welfare Scheme has also been noted and it is submitted that in the first 2 years of the plan period, physical coverage under the Welfare Scheme has been achieved more than what had been envisaged in the projections under the Welfare Scheme submitted for approval before the beginning of the 11<sup>th</sup> Plan as indicated below:

Year	Physical target projected in CCEA Note(lakhs)	Actual physical target prescribed/ achieved (lakhs)

	Janashree Bima Yojana (JBY)	Rajiv Gandhi Shilpi Swasthya Bima Yojana (RGSSBY)	JBY	RGSSBY
2007- 08	1.00	8.00	0.98	8.82
2008- 09	1.00	8.00	9.82	10.10

The increased physical coverage had been due to the reason that the actual annual premium under the Health Scheme determined after a competitive bidding process at the beginning of the Plan period had come out to be significantly lower than what was assumed while making physical and financial projections under scheme submitted for approval at the beginning of 11<sup>th</sup> Plan.

**(Ministry of Textiles O.M. NO.2/26/2008-Parl. dated 24.2.2009)**

### **Comments of the Committee**

**(Please see Para No. 10 in Chapter-I of the Report)**

### **Recommendation (Sl. No. 4 Para 28)**

The Committee note that the handicraft sector is a highly decentralized and dispersed sector. As per the census conducted in the year 1995-96, a total number of 45.83 lakh artisans are working as household units out of the total strength of 47.61 lakh artisans. The strength of artisans in the country at present is estimated to be 67 lakh. The Government did not sought a separate data of artisans working by forming Cooperative Societies/Clusters in the last census and hence their data is not available. This reflects the non seriousness of the Government regarding organizing the handicraft artisans. Although, efforts are being made by the Government to organize the artisans, yet these efforts are limited and half hearted considering the total strength of artisans in the country. During the last three years 267 clusters have been formed as a result of Government efforts covering only, 1,06,974 artisans which is a small portion of the Government data of 65 lakh artisans in the country. The Committee feel that the Government assistance can be better channelised and utilized through Cooperative fold vis-à-vis targeting the individual artisan. For the purpose, handicrafts sector needs to be organized by bringing maximum number of artisans under the Cooperative fold. The Committee, therefore, strongly recommend that a well planned strategy be chalked out to form Cooperative Societies/Clusters all over the country in a time bound manner so as to bring the benefits of various welfare schemes to the artisans in a cohesive and assured way. It will be more appropriate if the work on the formation of Cooperatives is taken up simultaneously with the census operations by launching proper awareness programmes among the artisans regarding benefits of joining the Cooperatives.

### **Reply of the Government**

This recommendation of the Committee has already been accepted and adopted. Accordingly, the enumeration questionnaire has been suitably modified whereby data/information on Cooperative Societies and Clusters of the artisans shall also be captured. Upon the census findings becoming available, requisite strategies would be formed and implemented in such a manner that the recommendations of the Committee concerning formation of Cooperative Societies and clusters for the handicraft artisans all over the country could be implemented.

**(Ministry of Textiles O.M. NO.2/26/2008-Parl. dated 24.2.2009)**

### **Recommendation (Sl. No. 5 Para 35)**

The Committee note that the role of NGOs in the implementation of developmental schemes for handicraft sector is very vital. According to the Government, their involvement is essential due to the fact that they have their presence through out the whole country at the grassroot level and are well familiarized about the issues relating to the artisans in the entire country and particularly in far flung areas. For implementing the welfare and developmental schemes aimed at welfare of artisans, these NGOs are provided financial assistance and are required to submit utilization certificates after spending it for the purposes it was released to them. The Committee are dismayed to note the lack of proper monitoring mechanism on the functioning of these NGOs to ensure that the amount released to NGOs is spent purposefully. Besides, situation regarding receipt of utilization certificate from NGOs is far from satisfactory. The NGOs are one of the eligible agencies entrusted with the responsibilities of implementing the various Schemes in the handicraft sector. Therefore, not only the verification of the amount spent by them is essential but the achievement of physical target set out for each of the NGO by the Government will ensure their accountability in fulfilling their obligation towards handicraft sector. Non submission of utilization certificate by NGOs is indicative of the fact that the fund released to them have either being not utilized properly or could have mis-utilised. Despite the pendency of about 835

utilisation certificates for submission by different NGOs since long time, no NGO has been taken to task or blacklisted for its act of omission. This is a very serious lapse on the part of the Government as it involves the public money about which no accountability is being ensured. The non-receipt of utilization certificates on time restricts the timely release of further funds and hampers the growth of the sector. The Committee, therefore, strongly recommend that a thorough scrutiny of the proposals of NGOs should be done before involving them as implementing agencies. Their past performance, infrastructure, technical expertise and financial position should also be taken into consideration before entrusting any offer to them. The Committee further recommend that the submission of the utilization certificate alongwith the evaluation of the target achieved should be responsibilities of field formations of Office of DC (Handicrafts). They should also be held responsible alongwith the defaulting NGOs against whom punitive action be initiated including blacklisting them.

### **Reply of the Government**

The recommendations of the Committee contained in this para are being followed in the Office of DC (Handicrafts). To illustrate, it is submitted that the proposals of NGO as well as the competence of the NGO are scrutinized and ascertained at the application stage and at the field level itself. There is an elaborate grading system through which the capacity and capability of the NGO is ascertained by awarding a score against different identified performance parameters. A cut-off grade has also been prescribed to ensure that only capable NGOs are shortlisted as implementing partners for different schemes. While assessing their capability, their past performance, infrastructure, technical expertise and financial position are also taken into account.

There are suitable standing instructions to the field formations making them responsible for physical inspection of the activity under implementation and to ensure not only proper utilization of the funds released but also for arranging scrutiny of their utilization certificates and other related documents. To ensure compliance with the guidelines and standing instructions by the implementing agencies/NGOs, no reimbursement proposal is considered unless it is accompanied with field inspection reports by the Assistant Director. Besides, additional checks have also been introduced to ensure proper utilization of grants by the NGOs. As an example, each applicant NGO under the Marketing Support Scheme & Design and Technology Upgradation Scheme is expected to disclose the list of artisans in advance at the stage initial proposal itself. The presence of the pre-disclosed artisans during the implementation stage is physically verified during the field inspection. A minimum presence of 80% pre-disclosed artisans during the implementation of the activity has been prescribed to become entitled for reimbursement of balance grants. Reimbursements are made, curtailed or recoveries made according to the actual number of artisans who participated in the activity. This arrangement ensures that the NGO really caters to the pre-identified artisans who shall receive prescribed benefits under the Schemes.

The NGOs in whose case the actual presence is 50% or below, are black listed, apart from action for recovery of the first installment released.

**(Ministry of Textiles O.M. NO.2/26/2008-Parl. dated 24.2.2009)**

### **Recommendation (Sl. No. 7, Para 44)**

The Committee observe that our country produces varieties of handicrafts items marked by area specific characteristics. The artisans of different regions give special dimensions prominently featuring their local artistic creations in the making of different crafts. However, in the absence of an appropriate identification mark it becomes difficult for a buyer to distinguish it from rest of the handicrafts made by machines or imported depriving the artisans of the rightful and legitimate dues worth their products. The Indian traditional crafts do have the recognition all over the world since long. Our handicraft products are being exported to all the major countries in the world. Yet, our share of exports of handicrafts in the world's is only 1.6% which is very low. Considering the total artisanal population and vast range of products manufactured in the country, there is a tremendous scope for increasing our handicrafts exports ensuring that the benefits also percolates down to the artisans. On one hand, the artisans are unaware about the worth of their product due to their lack of proper exposure to the markets while on the other hand they are being exploited by the agents and middlemen for want of identification mark having the price value of the product in it. Even though the Government maintains that handicraft represents a very wide range of products made out of a diverse range of raw materials and combination thereof and employing a variety of processes, tools and technologies, it has not taken initiative to develop a generic trademark for the handicrafts. The quality of the raw material of different handicraft items can be quantified, the products can be labeled after these meet the laid down criteria for the eligibility of the Handicraft mark. The Committee are of the opinion that there is need for proper identification of the handicrafts products to give a thrust to the exports and for ensuring that the artisans get a good value of their produces. They, therefore, strongly recommend that expeditious steps should be taken by the Government to develop a trademark namely 'Handicraft Mark' for handicraft items and, if possible, also displaying its price in it. Such a trademark would definitely enable handicraft products to develop a niche with a distinct identity both in domestic and international markets.

### **Reply of the Government**

Suitable proposals for undertaking the work for developing modalities for handicrafts trade mark, in case of feasibility, have been invited from competent organizations. The services of NID Ahmedabad have requisitioned to undertake the exercise for Handicrafts Mark.

**(Ministry of Textiles O.M. NO.2/26/2008-Parl. dated 24.2.2009)**

**Recommendation (Sl. No. 10 Para 63)**

The Committee observe that under Rajiv Gandhi Shilpi Swasthya Bima Yojana, efforts have been made to enable the artisans community to have access to the health care facilities. However, not only the identification of ailments and the amount earmarked for their treatment speak volumes about the shortsightedness of the Government on such an important issue, but the limit of four persons of a family for benefits under the Scheme has raised questions about the thinking of the Government in so far as concept of the family in our society is concerned. Under the Scheme, four persons of a family comprising self and any other three members of the family from amongst the dependent parents, spouse and children are covered. The choice between the parents and children, at times may be very difficult to make. The Committee are unable to understand the logic behind this concept as it may obliquely alter the edifice of the family bondage. The Committee, therefore, strongly recommend that the ceiling of four persons of a family for benefits under the Scheme be done away with henceforth. The concept of a family should invariably include dependent parents and thus taking into account the two children, self and spouse, the ceiling should atleast be extended to six persons for the purpose of insurance coverage under the Scheme.

**Reply of the Government**

It is submitted that after the first 2 years of implementation of RGSSBY with a provision of covering an artisan with 3 family members i.e. total 4, the average family size has been reported to be as under:-

2006-07	-	2.92 members
2007-08	-	3.12 members

Thus, it is evident that even the existing provision of 4 family members has not been optimally availed by the beneficiary artisans.

Therefore, keeping in view the recommendations of the Parliamentary Committee, it is proposed to introduce an additional add-on feature in the existing scheme wherein the family size for the purpose of availing benefits under the scheme, in those cases where parents will be included as family members, shall be additional to the approved family size of 1+3. That is, if both the parents are included, then the family size for the beneficiary artisan shall be 6 (1+5) as has been recommended by the Committee.

A suitable proposal in this regard has been submitted to the Planning Commission.

**(Ministry of Textiles O.M. NO.2/26/2008-Parl. dated 24.2.2009)**

**Recommendation (Sl. No. 12, Para 70)**

The Committee observe that Shiksha Sehyog Yojana is one of the components of the Bima Yojana for the handicraft artisans. Under the Scheme educational assistance in the form of scholarship at the rate of Rs.300/- per quarter per child, for maximum to two children, studying in class 9<sup>th</sup> to 11<sup>th</sup> Standard is given to the children of insured artisans. The Committee

appreciated the objective of the Scheme, but express their apprehension regarding its practicality. Although it aims at promoting education among the children of artisans, yet pegging it for students of class 9<sup>th</sup> to 11<sup>th</sup> makes it unrealistic and impractical. It is common knowledge that the percentage of children of artisans reaching upto class 9<sup>th</sup> and beyond is very low and hence the purpose of launching schemes largely remain unfulfilled. To make the Scheme meaningful with the intent to upgrade the education of artisans offsprings, it should be made applicable from the beginning of the schooling of the student i.e. from the 1st standard to the 12<sup>th</sup> standard. The Committee, therefore, recommend that the scholarships should be provided at the initial stage of schooling, i.e. from 1<sup>st</sup> Class onwards so that the artisans are motivated to start the schooling of their children and are encouraged to continue till their wards become conscious enough to pursue their career profession.

Reply of the Government

**Based on the recommendations of the Committee, a proposal was made to LIC of India on 22.08.2008, requesting consideration of, among others, the following issues:**

- For enhancing the age limit from 60 years to 70 years
- To increase Children Education Allowance from Rs.300 per quarter per child to 2 children to Rs.500.

Before the response of LIC of India is described, it is imperative to mention here that Janashree Bima Yojana is not a scheme specifically for the handicraft artisans.

**On the issue of increasing the age limit to 70 years LIC has asked for likely number of persons to be covered under the scheme. The same is being furnished to them.**

As regards providing scholarships under Shiksha Sahayog Yojana from the initial stage of schooling i.e. from Class 1<sup>st</sup> onwards as against Class 9<sup>th</sup> to 12<sup>th</sup> as at present, LIC has responded that the change in the classes to which scholarship is provided under Shiksha Sahayog Yojana or the quantum of scholarship cannot be decided by LIC of India. This is a Central Government

Scheme managed by LIC and any change in the scheme cannot be done in isolation to any scheme but would be applicable to all the Janashree Bima Yojana scheme. The LIC has further intimated that the JBY scheme would be reviewed again in next year and depending upon claim experience the benefits can be reviewed. In view of the above response from LIC, it would be the endeavor of the Office of DC (Handicrafts) to again pursue with LIC to accept the proposals emanating from the recommendations of the Committee, at the time of review in the next financial year.

**(Ministry of Textiles O.M. NO.2/26/2008-Parl. dated 24.2.2009)**

## **CHAPTER-III**

**RECOMMENDTIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLY**

**NIL**

## CHAPTER-IV

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

#### **Recommendation (Sl. No. 8, Para 55)**

The Committee observe the emphasis of the Government on the Human Resource Development of artisans is extremely lop-sided keeping in view the number of artisans in the country *vis-à-vis* training activities undertaken. During the year 2005-06 1,100 participants in 11 events, 300 participants in 3 events in the year 2006-07 and 2,460 participants in 18 events in the year 2007-08 were imparted training. Under Special Handicraft Training Project, training imparted to artisans declined every succeeding year as 2,660 participants were trained during the year 2005-06, 760 during the year 2006-07 and 600 during the year 2007-08. But the position under the schemes Training in Innovative Designs and Training of artisans/SHG leaders/NGO in capacity building is extremely poor as for the years 2005-06, 2006-07 not a single person was trained under both the schemes. Similarly, during the year 2007-08 not a single person was trained under the scheme Training through Guru Shishya Parampara. There has also been no fixed periodicity of these trainings as they were stated to be organized on a need based manner. In future also, workshops and seminars are proposed to be organized only in such a fashion. The manner in which need for such workshops/seminars is decided and what is the criteria for such a decision has not been explained. Training to artisans is given primarily to upgrade their skills and make them aware about the conditions prevailing in the sector and how to cope with the fast growing and ever changing market requirements. Hence, an *adhoc* approach on this important aspect of artisans activity will not make our artisans competitive and sustainable. Besides, our artisans also face resource crunch in carrying out their vocation. Under no scheme of the Government financial assistance, subsidy or loan is provided to artisans to enhance their professional skills. The Committee, therefore, strongly recommend that training of artisans is of utmost importance for their sustainable growth and to achieve this, though in a phased manner, a proper and well thought out strategy be devised to continue it on a regular basis. The publicity of such programmes be adequately given amongst the artisans for achieving maximum coverage and to make them aware about the benefits of these trainings. The proposal for soft loan to artisans under Design and Technological Upgradation Scheme be also mooted with the provision of buy back arrangements of finished products against such loan.

### **Reply of the Government**

This is already taken care of, under different components of the existing Human Resource Development Scheme implemented by this office.

The range of these trainings provided varies from skill development under the tutelage of Mastercraftperson and specialized institutional trainings. A wide publicity of all the schemes including that of the HRD Scheme is regularly ensured through press advertisement for creating awareness among the stake-holders.

As regards soft loan to artisans under Design & Technology Upgradation Scheme, it is submitted that as of now there is no such enabling provision in the existing approved schemes of this office. However, under the Ambedkar Hastshilp Vikas Yojana there is a component of Credit Guarantee Scheme through which the Government of India bears the cost of Guarantee Fee and Annual Service Charges, which is paid to Credit Guarantee Fund Trust for micro, medium and small enterprises for obtaining guarantee cover in respect of the credit sanctioned to the handicraft artisans by different Member Lending Institutes (MLIs) i.e. Banks. This arrangement is applicable in respect of credit sanctioned to both artisans and SHGs.

**(Ministry of Textiles O.M. NO.2/26/2008-Parl. dated 24.2.2009)**

**Comments of the Committee**

**(Please see Para No.16 in Chapter-I of the Report)**

## CHAPTER-V

### RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT ARE INTERIM IN NATURE

#### Recommendation (Sl. No. 2, Para 13)

The Committee find that the last census to ascertain actual number of handicrafts artisans was conducted in the year 1995-96 and thereafter no fresh survey has been carried out even after a gap of more than a decade. Now, in the 11<sup>th</sup> Plan the Office of the DC (Handicrafts) has decided to conduct a fresh survey in which 20% districts will be covered every year. Based on the outcome of the census of 20% districts each year, estimated/projected population of artisans will be determined. In this way, it is proposed to get the actual data of artisans by the end of the Eleventh Five Year Plan. This process of census is cumbersome and skewed as it will not bring out the exact figures of artisans in the country because by the time census of last phase takes place, the figure in areas wherein the census was carried out in the first phase might have changed drastically. The present decision of the Government has perhaps not considered the very fact that the number of artisans in the country may not be more than a crore and the pockets of their concentration are also easily identifiable. Hence, to prolong the census of artisans during the entire 11<sup>th</sup> Plan period defies all logic. The implementation of developmental and welfare schemes based on assumption of figures of artisans will not be of any consequence as the quantum of money and machinery cannot be determined in the absence of correct data resulting in non fulfillment of the target fixed under the schemes. The Committee, therefore recommend that it will be in the fitness of things if a one time survey is carried out to cover the entire strength of artisans all over the country and the current process of covering 20% of the districts every year should be continued thereafter to keep the data updated. Since the artisans are scattered across the country including in far flung and hilly areas. The existing set up in the Ministry of Textiles may not have adequate infrastructure and expertise, the services of other specialized agencies, like National Sample Survey Organization (NSS) may be requisitioned for conducting a realistic

scientific census operations. This will not only help in expediting the work of census, but a region wise data base will also be prepared for implementation of the schemes effectively in future.

### **Reply of the Government**

The recommendation of the Parliamentary Standing Committee to have one time survey i.e. 100% census conducted, has been referred to the competent authority, for approval. Since the methodology of conducting 100% census is a shift from the existing policy of conducting census of 20% districts every year, the change in policy has to be decided by the competent authority and requires subsequent approvals including from Planning Commission. This process will take more time. It has, therefore, been decided to carry on with the census on the basis of present policy covering further 20% districts in the country this year i.e. 2008-09 and the recommendation of the Parliamentary Standing Committee to conduct 100% census, shall be implemented w.e.f. the next financial year i.e. 2009-10 after the acceptance and approvals of the competent authority as aforesaid.

A proposal in this regard has been submitted to the Internal Finance Wing and will be taken up there-after with Planning Commission and Ministry of Finance etc.

**(Ministry of Textiles O.M. NO.2/26/2008-Parl. dated 24.2.2009)**

### **Comments of the Committee**

**(Please see Para No. 7 of Chapter-I of the Report)**

**Recommendation (Sl. No. 6, Para 39)**

The Committee observe that the Government has introduced a new provision in the 11<sup>th</sup> Plan paving the way for providing travel assistance to the artisans who participate in the marketing events organized by the Office of the DC (Handicrafts) from time to time and are coming from the distance of more than 500 kms. Although this is a welcome step as it will encourage the artisans of distant areas to take part in the marketing events, yet the proposal is bereft of ground realities and will perhaps act as dampener to the local artisans where the Expo is being organized. The distance limit of more than 500 kms is impracticable. Keeping in view the poor financial position of the artisans and escalating transport expenses due to continuous hike in fuel prices, the distance of even 100 kms. is beyond the reach of artisans to travel at their own cost. The Committee, therefore, recommend that the limit of distance considered for providing travel assistance to the artisans should be reduced to at least 100 kms so that it does not prove an obstacle for the needy artisans to exhibit their skills. Similarly, some arrangements like plying special buses can be arranged for the artisans residing/working within the radius of 100 kms. of exhibition venue. These steps will help in maximizing the participation of artisans benefiting them.

**Reply of the Government**

During the 11<sup>th</sup> Five year Plan the facility of payment of TA/DA to artisans which earlier was paid to artisans from some identified and difficult localities has been extended to all the artisans who come to participate in a market related activity from a distance of and more than 500 kms. from and to

their place of residences.

The acceptance of the recommendation of the Parliamentary Standing Committee on Labour to relax the rules for payment of TA/DA to artisans participating in Market related programmes of this office reducing the distance from approved 500 Kms to 100 Kms. requires the approval of the competent authority.

A proposal in this regard has been submitted to the Planning Commission.

(Ministry of Textiles O.M. NO.2/26/2008-Parl. dated 24.2.2009)

**Comments of the Committee  
(Please see Para No.13 in Chapter-I of the Report)**

**Recommendation (Sl. No. 9, Para 62)**

The Committee observe that the Rajiv Gandhi Shilpi Swasthya Bima Yojana was launched by the Government in March, 2007 with the objective to financially enable the artisans community to have access to the health care facilities at an annual premium of Rs.150 for artisan of the general category and Rs.75/- for artisans belonging to SC/ST/BPL/NER. The Scheme is being implemented through Life Insurance Corporation of India (LIC). The annual coverage per family is four persons comprising self and any other three members of the family from amongst the dependent parents, spouse and children. The annual coverage per family is Rs.15,000 under the Scheme. The Committee are of the opinion that the cap of Rs.15,000 per family under the Scheme is, however, too meagre taking in account the present day medical expenses. There have been classification of various ailments and the monetary

ceiling for their treatment. However, the classification of ailment and provision of money is far from satisfactory. Provision for Rs.75/- for eye treatment, Rs.250/- for dental treatment and Rs.500/-for baby coverage are few illustrations highlighting the casual approach in deciding these issues. Although, the Committee understand the limited scope of maneuverability due to financial constraints, yet earmarking of the paltry sum is an exercise in futility keeping in view the procedure involved in getting reimbursement and the cost of treatment. The Committee feel that the artisans belong to the disadvantaged strata of the society and most of them are very poor. Due to their improper, unhygienic working conditions and poor life style, they are more prone to occupational diseases including critical illness not to say of normal diseases. The Health Scheme, currently in operation, ignores a very vital aspect of the health care as it does not include treatment for critical illnesses. The Committee, therefore, strongly recommend that keeping in view the ever increasing medical expenses, the ceiling under the scheme should be raised to atleast Rs.1,50,000 per annum per family. The Committee further recommend that the critical illnesses like cancer, heart problems, brain surgery etc. should also be brought within the ambit of the Scheme with appropriate financial ceiling.

### **Reply of the Government**

The recommendations concerning raising the ceiling of coverage as well as inclusion of critical illness has been examined. It is felt that these enhancements in the coverage of benefits may yield in substantial hike in the annual premium, which at present is Rs.800/- per annum per artisan. Out of this, the general category artisan contributes Rs.150/- and an artisan belonging to NER, SC, ST & BPL categories contribute Rs.75/-. The Government of India contributes the balance annual premium and Service Tax on the total premium. If the sharing of the future premium between the artisan and GoI is kept in the existing proportion, there would be an apparent hike in the artisan's share of

the annual premium as well, which all artisans may not be able to afford.

Therefore, in view of recommendation of the Parliamentary Committee, action has been initiated for a new add-on feature to be introduced in the scheme for covering 10 critical illnesses such as Cancer, Paralysis, Myocardial Infarction (Heart Attack), Bye pass Surgery, Kidney failure, Stroke, Tuberculosis etc., with a financial cap of Rs.1.5 lakh per annum per artisan family. Artisan who is willing to pay the higher premium could opt for this feature.

A suitable proposal in this regard has been submitted to the Planning Commission.

**(Ministry of Textiles O.M. NO.2/26/2008-Parl. dated 24.2.2009)**

#### **Comments of the Committee**

**(Please see Para No.19 in Chapter-I of the Report)**

#### **Recommendation (Sl. No. 11, Para 69)**

The Committee note that Bima Yojana for Handicraft artisans has been launched by the Government to provide Life Insurance protection to handicraft artisans in case of natural/accidental death or total/partial disability due to accident. This Scheme is being implemented through Life Insurance Corporation (LIC) of India. The artisans between the age group of 18 to 60 years are eligible to be covered under the Scheme. The annual premium under the Scheme is Rs.200/- of which Rs.40/- is to be contributed by the artisan, Rs.60/- by the Government of India, and Rs.100/- by LIC. The Committee are of the opinion that the handicrafts is an art and even the artisans of higher age groups

are also practicing their skills and are contributing to the development of the sector. More so, they also work as trainers for the young generations using their vast experience and traditional skills. Hence, to exclude them from the coverage of insurance not only negates their past contribution to the sector but also harbours the misplaced presumption that the artisans beyond the age of 60 are incapable of any work. This notion will undermine the efficacy, talent, resourcefulness and innovations of the sector because primarily all the activities here revolve around the person and his skill. Nonetheless, life expectancy in our country has also considerably gone up and hence restricting it to the age of 60 in such circumstances will not be beneficial to the artisans. The Committee, therefore strongly recommend that the age for insurance coverage under the Scheme should be enhanced at least upto 70 years as this will also enable the Government to fulfill its socio-economic obligations. The Committee also desire to be apprised of the concrete steps taken in this regard at the earliest.

### **Reply of the Government**

**Based on the recommendations of the Committee, a proposal was made to LIC of India on 22.08.2008, requesting consideration of, among others, the following issues:**

- For enhancing the age limit from 60 years to 70 years
- To increase Children Education Allowance from Rs.300 per quarter per child to 2 children to Rs.500.

Before the response of LIC of India is described, it is imperative to mention here that Janashree Bima Yojana is not a scheme specifically for the handicraft artisans.

**On the issue of increasing the age limit to 70 years LIC has asked for likely number of persons to be covered under the scheme. The same is being furnished to them.**

As regards providing scholarships under Shiksha Sahayog Yojana from the initial stage of schooling i.e. from Class 1<sup>st</sup> onwards as against Class 9<sup>th</sup> to 12<sup>th</sup> as at present, LIC has responded that the change in the classes to which scholarship is provided under Shiksha Sahayog Yojana or the quantum of

scholarship cannot be decided by LIC of India. This is a Central Government Scheme managed by LIC and any change in the scheme cannot be done in isolation to any scheme but would be applicable to all the Janashree Bima Yojana scheme.

The LIC has further intimated that the JBY scheme would be reviewed again in next year and depending upon claim experience the benefits can be reviewed.

**In view of the above response from LIC, it would be the endeavor of the Office of DC (Handicrafts) to again pursue with LIC to accept the proposals emanating from the recommendations of the Committee, at the time of review in the next financial year.**

**(Ministry of Textiles O.M. NO.2/26/2008-Parl. dated 24.2.2009)**

#### **Comments of the Committee**

**(Please see Para No.22 in Chapter-I of the Report)**

**New Delhi;**

***HEMANAND BISWAL***

**11<sup>th</sup> November, 2009**

**CHAIRMAN,**

20 Kartika, 1931 (Saka)

STANDING COMMITTEE ON LABOUR.

**MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON LABOUR HELD ON 11<sup>TH</sup> NOVEMBER, 2009.**

The Committee met from 1400 hrs. to 1545 hrs in Committee Room No. '139', Parliament House Annexe, New Delhi to have oral evidence of the representatives of the Ministry of Labour and Employment on 'The Industrial Disputes (Amendment) Bill, 2009' and 'The Employees' State Insurance (Amendment) Bill, 2009' and to consider and adopt draft Action Taken Reports.

**PRESENT**

**Shri Hemanand Biswal - CHAIRMAN**

**MEMBERS**

**LOK SABHA**

2. Shri M. Anandan
3. Shri P. Balram
4. Dr. Shafiqur Rahman Barq
5. Shri Sudarshan Bhagat
6. Shri Hassan Khan
7. Shri Kaushalendra Kumar
8. Shri P. Lingam
9. Shri Hari Manjhi
10. Shri P.R. Natarajan
11. Shri Chandu Lal Sahu

**RAJYA SABHA**

12. Shri G. Sanjeeva Reddy
13. Shri Rajaram
14. Smt. Renubala Pradhan
15. Shri G.N. Ratanpuri

**SECRETARIAT**

1. Shri Devender Singh	-	Joint Secretary
2. Shri B.S. Dahiya	-	Director
3. Shri Ashok Sajwan	-	Additional Director
4. Smt. Bharti S. Tuteja	-	Under Secretary

2.	xx	xx	xx
3.	xx	xx	xx
4.	xx	xx	xx
5.	xx	xx	xx
6.	xx	xx	xx
7.	xx	xx	xx

8. The Chairman then informed the Members regarding consideration and adoption of following draft Action Taken Reports:

- (i) Action taken by the Government on the Recommendations/Observations contained in the Thirtieth Report of the Standing Committee on Labour on the 'Functioning of the Employees' Provident Fund Organisation'.
- (ii) Action taken by the Government on the Recommendations/Observations contained in the Thirty-Third Report of the Standing Committee on Labour on the 'Development Schemes for Handicrafts Sector'.
- (iii) Action taken by the Government on the Recommendations/Observations contained in the Thirty-Fifth Report (Fourteenth Lok Sabha) of the Standing Committee on Labour on 'General conditions of weavers in the country - A case study of Sircilla concentration zone of weavers'.

9. The Committee, then, took up the draft Reports for consideration. The Committee adopted the draft Reports without any amendments/modifications.

10. The Committee also authorized the Chairman to present the same to the Parliament.

**The Committee then adjourned.**

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**xx Not pertain to this Report.**

APPENDIX-II

**(Vide Para No. 3 of the Introduction)**

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON RECOMMENDATIONS CONTAINED IN THE THIRTY-THIRD REPORT OF THE STANDING COMMITTEE ON LABOUR (FOURTEENTH LOK SABHA)**

	<b>Total</b>	<b>Percentage</b>
I. Total number of Recommendations	12	
II. Recommendations/Observations which have been accepted by Government (Sl. Nos. 1,3,4,5,7,10 and 12)	7	58.33%
III. Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies-	NIL	NIL
IV. Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee and which requires reiteration-(Sl. No. 8)	1	8.33%

V. Recommendations/Observations in respect of which  
final replies of Government are of interim in nature

4	33.33%
(Sl. Nos.2,6,9, and 11)	-----
	100%