

**FIFTEENTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC ACCOUNTS  
(2021-2023)**

**TENTH REPORT**

**On**

**Action Taken by Government on the Recommendations  
contained in the Twelfth Report of the  
Committee on Public Accounts(2011-2014)**

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**COMMITTEE ON PUBLIC ACCOUNTS (2021-2023)**  
**COMPOSITION**

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Shri Sunny Joseph.

*Members :*

Shri Manjalamkuzhi Ali

DR. K. T. Jaleel

Shri C. H. Kunhambu

Shri Mathew T. Thomas

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Shri P. S. Supal

Shri Thomas K. Thomas

Shri K. N. Unnikrishnan

Shri M. Vincent.

*Legislature Secretariat :*

Shri S. V. Unnikrishnan Nair, Secretary

Shri Reji B., Joint Secretary

Shri R. Venugopal, Deputy Secretary

Smt. Shamy J., Under Secretary.

## INTRODUCTION

I, Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report, on their behalf present the Tenth Report on Action Taken by Government on the Recommendations contained in the Twelfth Report of the Committee on Public Accounts (2011-2014).

The Committee considered and finalised this Report at the meeting held on 11th March, 2022.

Thiruvananthapuram,  
11th March, 2022.

SUNNY JOSEPH,  
*Chairman,*  
*Committee on Public Accounts.*

## **REPORT**

This Report deals with the Action Taken by Government on the recommendations contained in the 12th Report of the Committee on Public Accounts (2011-2014).

The 12th Report of the Committee on Public Accounts (2011-2014) was presented to the house on 26th June, 2012. The Report contained 17 recommendations relating to Industries Department. The report was forwarded to Government on 4-7-2012, to furnish the Statement of Action Taken on the recommendations contained in the report and the final reply received on 20-1-2020.

The Committee considered and approved the Action Taken Statements on the recommendations contained in the 12th report of the Committee (2011-14) at its meetings held on 21-6-2017 and 11-3-2022. These recommendations and Government replies are included in this report.

### **INDUSTRIES DEPARTMENT**

#### **Recommendation**

*(Sl. No.1, Para No.64)*

The Committee finds that the Industries Department failed in maintaining a reliable and authentic database that enable the successful implementation of various Central and State Schemes for the proper functioning and upliftment of Handloom Sector. The Committee also laments the lacklustre approach adopted by the Department which did not publish the report of survey conducted by Economics & Statistics Department in the Handloom sector about the number of societies functioning, the percentage of active weavers etc. Above all, the Committee is disappointed to note that the Department did not implement the recommendations of the Handloom Advisory Committee made in the year 2007 for the survey and issuing of identity cards to members of societies throughout the State mainly because the officials did not have a time bound programme or action plan for the collection of required data.

### **Action Taken**

(1) An amount of ₹ 2.5 crore is proposed for conducting a detailed survey about the Handloom sector during the financial year 2013-14. The survey is aimed to collect the complete details regarding the members of Handloom societies from private, public, co-operative and corporate sectors.

(2) Director of Handlooms and Textiles has already published the report of survey conducted by Economics and Statistics Department in 2009.

(3) Regarding the recommendations of the Handloom Advisory Committee made in the year 2007 for issuing ID cards to the members of the societies, the Department has done a task to issue identity cards supplied by the NCAER (National Council for Applied Economic Research) during this period. Nearly fifteen thousand cards were issued as such.

Now through the proposed survey complete data of the members from the societies would be collected during the year 2013-14 itself. The time bound completion of survey will help to issue new identity cards to the members at the earliest.

The survey is nearing completion. Director of Handloom and Textiles has reported that final report with all details will be submitted by 31st January 2016.

### **Recommendation**

*(Sl. No.2, Para No.65)*

The Committee expressed its displeasure over the Internal Audit Wing of the Industries Department which totally disregarded the task of collection of data and maintenance of records in Handloom sector. The Committee directs the officials to submit to them the exact details such as number of registered & non-registered weaving societies, number of active weavers, their percentage, etc. across the State with immediate effect. The Committee urges the Department to check whether the Societies were properly utilising the allotted funds. The Committee recommends the Department to maintain a reliable, authentic and accurate data pertaining to Handloom Sector and update it periodically to serve as a useful tool for planning projects.

### **Action Taken**

To ascertain both physical as well as financial societies of the handloom sector in Kerala, a detailed study on handloom industry in Kerala in consultation with the State Planning Board was announced in 2013-14 Kerala Budget by the Government of Kerala. As per GO (Rt) No.1211/2013/ID Administrative Sanction was accorded for conducting Handloom Survey. Centre for Management Development (CMD) is selected to conduct the Handloom Survey covering 14 districts. Now the work of handloom survey is in progress. Handloom survey has completed in the districts Thiruvananthapuram, Idukki and Wayanad. The Survey is in progress in the districts Kollam, Thrissur, Kannur, Kozhikode and Kasargode.

### **Recommendation**

*(Sl. No.3, Para No.66)*

The Committee notes that the Department failed in preparing proper charts and plans for various projects resulting in under utilisation of allotted funds. The Department converted the allotted fund into working capital without permission which ultimately resulted in the issuance of false utilisation certificates. The Committee recommends the Department to chalk out an effective mechanism to ensure that the Government of India assistance for various schemes is availed of in full and utilised within the prescribed time limit.

### **Action Taken**

The assistance received from Government of India was utilized for the purpose during the last years, as per the guidelines of Government of India and Government of Kerala. Presently Directorate of Handloom and Textiles is reviewing and monitoring the utilisation of funds every month for ensuring the smooth and proper implementation of the schemes.

Directorate of Handloom and Textiles have reviewed the mistakes arisen in the utilisation of funds in the previous years. They are monitoring the plan projects in accordance with the Government rules and regulations. For this they have adopted adequate monitoring measures.

### **Comments on Para No.66**

The Committee views that the world wide acceptance of Khadi and Handloom product was because they are handwoven using modern technology. The Committee directs that a detailed study should be conducted in order to evolve suitable modernisation in Khadi and Handloom Industries by appointing a special Committee.

### **Recommendation**

*(Sl.No.4, Para No.67)*

The Committee understands that the Department diverted marketing incentive, a primary component of the Centrally sponsored scheme, 'Deen Dayal Hatkargha Prothsahan Yojana (DDHPY)' for giving rebate to Hantex and Hanveev which was originally targeted for improving infrastructure facilities of societies and agencies. The Committee deprecates the action on the part of the officials which flouted all the rules thereby largely affecting the competitiveness of handloom sector, improvement of quality of products and enhancement of productivity. The Committee urges that the marketing incentive should be used as assistance by implementing agencies for creating an atmosphere conducive for the marketing of handloom products. The Committee also recommends that the Government should not sanction diversion of funds available with the implementing agencies for specific components of the scheme/projects for other purpose, even temporarily.

### **Action Taken**

The Director of Handloom and Textiles has informed that the files related to this Audit Para is in the custody of Vigilance and Anti Corruption Bureau from 17-1-2007. Hence they are not in a position to furnish a specific report for this audit para. The copy of the receipt of the files from the Directorate of Handloom and Textiles by Vigilance and Anticorruption Bureau is enclosed herewith. (Appendix - I)



### **Recommendation**

*(Sl. No. 5, Para No. 68)*

The Committee infers that during the implementation of DDHPY scheme, out of total 295 projects, 270 projects undertaken by PHW co-operative societies were a total failure. At the same time the Committee appreciates the 25 remaining projects run by Mahila Samajams who successfully and efficiently carried out projects under cluster scheme and utilised the scheme fund. The Committee criticises the Department for its poor budgeting and implementation of the Government of India scheme through various PHWCSs and also for the failure in the effective utilization of Jacquard & Dobby system of weaving.

### **Action Taken**

Under DDHPY Scheme 270 PHWCS and 25 Self Help Groups (Mahila Samajams) were given financial assistance. Among the 270 PHWCS a substantial number of societies are working satisfactorily. A number of societies have been effectively utilizing Jacquard and Dobby system of weaving sanctioned under DDHPY Scheme. Out of 270 PHWCS, 196 PHWCS are working.

### **Comments on Para No.68**

The Committee opined that most of the Co-operative weaving Societies in Thiruvananthapuram district were bogus and were working only for namesake. The Committee recommends that effective measures should be taken to ensure that only real and active weavers were given Society membership and benefited under the Government Schemes. The Committee recommends to take stringent steps to eliminate bogus Societies in Handloom Sector.

### **Recommendation**

*(Sl.No. 6, Para No. 69)*

The Committee stresses the need for the implementation of better marketing methodologies in weaving societies. The Committee recommends for providing funds in State Government Budget for carrying out several schemes in the light of non-receipt of financial aid from Banks and other institutions. The Committee

recommends that the debts of the PHW co-operative societies be either waived off by the Government or converted to share capital as a step towards boosting the operational output of societies.

### **Action Taken**

Since last two financial years effective steps are already taken by the Director of Handloom and Textiles for marketing the products of societies. Besides National Handloom Expo, District Level Expo, Special Handloom Expo, Regional Handloom Expo are being conducted during main festival seasons like Vishu, Onam, Christmas, Ramsan, etc. Moreover Expos in connection with local festivals are also being conducted in various districts. Financial assistance is given to societies as grant subject to maximum of ₹ 10,000 for meeting expenses. Director of Handloom and Textiles is organizing Buyer-Seller Meet and does provide rent free stalls to societies who are willing to participate in major events like IITF, IIHF. During festival season State Government is providing rebate to beneficiaries to promote the sale of handloom cloth. Now there is ample opportunities to societies to market handloom cloth, even through on-line marketing agents.

Director of Handloom and Textiles has reported that no order for waiver or conversion of debts of PHWC Societies to share capital was sanctioned.

### **Comments on Para No.69**

The Committee directs the department that budget provision should be included in the coming years for converting debts of PHW Co-operative Societies to share capitals or to provide suitable waiver.

### **Recommendation**

*(Sl.No. 7, Para No. 70)*

While doing an on-the-spot study and analysis of one of the Mahila Samajams, ECOTEX consortium, Manjavilakam, the Committee understands that the present situation of the said society was not as profitable as it was before and was currently running on loss due to various financial constraints and issues related to wages.

### **Action Taken**

ECOTEX is a consortium formed by representing 625 weavers selected from 25 Mahila Samajams. It is located at Manjalivilakam in Kollayil Grama Panchayath in Thiruvananthapuram District. It is implemented as a part of DDHPY project. Their selling price of the product is mismatching with cost price of raw material. They bought raw material at high cost and sold finished products at low price. This leads to low profitability and low rate of wages. The Directorate of Handloom and Textiles has requested NHDC, Kannur to supply sufficient raw materials to the consortium. The Hanveev and Hantex are directed to make necessary arrangements to purchase the products from SHGs of consortium. The Secretary of the consortium is also informed to participate in the Handloom Expo organized by Directorate of Handloom & Textiles.

### **Recommendation**

*(Sl. No.8, Para No.71)*

The Committee feels that this institution primarily required to repay the loan amount through any of the 'one time settlement schemes' and necessitates the allocation of a separate grant in the State Budget. Apart from this the Committee stresses the need of another grant for infrastructure development. The Committee adds that for the next five years, Government should give 25% of the total expenditure as 'Managerial Grant' and each year the amount for infrastructure development should be allocated in the Budget, considering this as a model women institution for handloom products. Secondly, for each new unit having strength of 20 or more, the Government should provide a minimum wage along with funds for supplying machinery and providing marketing facilities. The Committee also opines that since ECOTEX consortium being a model institution, a special consideration in the form of a rebate could be given to such institutions from Government.

### **Action Taken**

ECOTEX consortium is an organization registered under Charitable Societies Act. Defective Management System prevailed in the area of marketing, purchase etc. NHDC, kannur is directed to provide raw materials to the

consortium. Hanveev and Hantex are directed to procure finished products from the SHGs of consortium. The Secretary of consortium is directed to take necessary steps to participate the SHGs in the Handloom Expo organized by the Directorate of Handloom & Textiles. Moreover, more action is to be initiated in future to support the consortium in accordance with the directions and policies of the State Government. ECOTEX consortium was not given any financial assistance, as a vigilance enquiry was pending against the institution. Since the enquiry has not been completed, steps will be taken to assist the consortium as suggested by the Committee.

### **Recommendation**

*(Sl. No.9, Para No.72)*

The Committee condemns the action on the part of the Industries Department which diverted the funds released for Handloom Societies and used it for purposes not mentioned in the projects such as working capital needs. Moreover utilisation certificates issued in respect of societies in Ernakulam District showed similar expenditure in seven out of eight societies which underlines the fact that either funds were not properly used or if utilised, no proper utilisation certificates were submitted. The Committee warns the Department against such pathetic management of Government funds and directs the officials to patch up all the shortcomings, so that in future handloom projects are handled prudently.

### **Action Taken**

Advertisement charges are one of the components of DDHPY scheme. This component remained unutilized irrespective of the repeated directions from the Department. So the unutilized portion of the advertisement charges was permitted to be utilized as working capital to the societies as per G.O(Rt)No.914/2006/ID dated 26-8-2006 as interest free loan on the condition that the repayment will be made as and when their economic condition would become better.

232 societies availed margin money as per this order. The amount released as margin money loan is ₹ 1,16,00,000 An amount of ₹16,72,500 was collected from 46 societies. An amount of ₹ 52,93,854 was recovered from 123 societies as and when their rebate were released.

### **Recommendation**

*(Sl. No.10, Para No. 73)*

The Committee slams the action of Industries Department which directed the funds allotted to Handloom & Textile Projects for giving interest free loans to PHWCSs and later ended up depleted with the amount not being refunded. Making matters worse was the inability of the officials to comply with the instruction of the Committee given during witness examination to submit to them the details such as the balance amount to be refunded from societies out of ₹ 70.05 lakh, the reason for the delay in getting the money back, the number of societies that did not avail the amount, the number of societies that utilized the amount etc. Exhorting to take action against the delinquent, the Committee directs the Department to submit the relevant details at the earliest. The Committee also recommends that undue delay in payment of claims of primary societies shall be avoided and arrangement be made to ensure that all claims are scrutinised and settled expeditiously.

### **Action Taken**

As reported in Para 66 as per Government Order No. G.O(Rt)No.914/2006/ID dated 26-8-2006 Government have accorded sanction to extend interest free loan @ ₹ 50,000 each to the PHWCS as working capital loan. They have to clear the loan amount in 10 equal installments within a period of two years. Necessary steps have been taken to direct the societies to repay the amount. But the societies are running on loss. Hence they have informed that they are not able to refund the amount. Hence it is decided to take necessary steps to recover the amount from the future payment to the concerned societies by way of rebate/Marketing Incentive. Though such an inprinciple decision was taken, no amount was deducted from the future payment to concerned societies by way of rebate/marketing incentives by Director of Handloom and Textiles. A direction was given to Director of Handloom and Textiles to realise amount immediately. (Appendix-III).

### **Comments on Para No.73**

The Committee opines that while allotting the funds, the Government should take initiative to monitor the progress of work in weaving societies, in order to avoid delay in the repayment of loans.

#### **Recommendation**

*(Sl. No.11, Para No. 74)*

The Committee understands that the designs adopted from agencies like Weavers' Service Centre and Institute of Handloom and Textile Technology by spending ₹ 1.19 crore could not be used at all mainly because the design works were done without proper study and without ascertaining the taste of the customers of our State. The Committee remarks that it is a clear lapse on the part of the Department in not formulating proper action plan nor studying the taste of customers before venturing into such an important aspect of weaving industry. The Committee recommends that new designs should be adopted only after studying the aptitude and taste of the people of Kerala.

#### **Action Taken**

The Directorate of Handloom and Societies have developed new designs and new products in the sector considering the taste and present trend of the customers of our State. The newly designed and value added products have very good demand in the market. All newly designed products have been sold out.

Directorate of Handloom and Textiles has implemented the Design and Development Training with the technical help of National Institute of Design, Ahammadabad. The project of Design and Developments implemented at clusters. The cluster would have weavers who have specialized knowledge of weaving. Most of the weavers were engaged in the traditional method of weaving limited to conventional product like dhotis and sarees. The programme enables the weavers to produce different range of products. Design and Development Programme implemented at 3 phases.

The first phase included a survey which identified the traditional skill of weavers at grass-root level. The second phase involved a concept development based on the fact findings during the survey. The third phase covered interactive and participatory training programme. Master trainers were selected from each cluster. They were trained by NID. The master weavers trained the rest of weavers. The programme enabled the weavers to enhance their efficiency and competitiveness in the area of production, marketing etc.

### **Recommendation**

*(Sl. No.12, Para No. 75)*

The Committee recommends that the Government should review the performance of apex organisations Hantex and Hanveev, as their role in the development of handloom sector has declined over the years, despite being the receipt of bulk of the Government funding in the sector. Considering the objections raised by the Government of India in the project proposals for restructuring of Hantex and Hanveev, State Government should convert the loan amount of Hanveev and Hantex, as share capital.

### **Action Taken**

A scheme named Revival and Restructuring package for the Handloom sector is launched by Government of India to wipe out the debts of apex organisation and Primary Handloom Societies. Hantex is under the purview of the scheme, the claim of Hantex has been forwarded to Development Commissioner of Handloom, New Delhi for sanctioning fund.

Financial and Physical Achievement (Benefited) under Revival, Reform and Restructuring Package for Handloom sector as below:

|             |                  |            |                  |
|-------------|------------------|------------|------------------|
| 1           | PHWCSs'          | 355 Nos.   | ₹ 132.6 Crore    |
| 2           | Individual Units | 1117 units | ₹ 1.9883 Crore   |
| 3           | Hantex           |            | ₹ 55.57 Crore    |
| Total       |                  |            | ₹ 190.1583 Crore |
| NCDC Loan   |                  |            | ₹ 17.00 Crore    |
| Gross Total |                  |            | ₹ 207.1583 Crore |

### **Recommendation**

*(Sl. No.13, Para No. 76)*

Regarding training in weaving sector, the Committee urges the Department of Handloom and Textiles to have exclusive trained staff with expertise in technical matters at District and lower levels to provide advice and guidance to weavers and Societies. The Committee recommends the Government to take action for improving the working condition of weavers so as to retain existing weavers and attract youngsters into handloom sector.

### **Action Taken**

Various training programmes are being conducted to increase the productivity and to improve the quality of weaving. Funds are provided by State Government each year. Last year onwards a scheme has been introduced to impart training to new comers to attract youngsters also to this field and to overcome the problem of shortage of weavers.

### **Recommendation**

*(Sl. No.14, Para No. 77)*

Even though the Secretary, Industries Department agreed to submit before the Committee, the details of action taken based on the evaluation report submitted to Government by Hanveev on the DDHPY and whether the report was approved or not, the current position etc. It was not complied with. Expressing dissatisfaction over the irresponsibility shown by the official in the matter the Committee directs the Department to do the needful at the earliest.

### **Action Taken**

Deen Dayal Hathkargha Prothsahan Yojana (DDHPY) was a comprehensive central scheme for the handloom sector implemented during 2000-2007. Under DDHPY scheme 270 primary handloom societies and 25 self employed groups (Mahila samajams) were given financial assistance. Hanveev a public sector undertaking in the handloom sector of the State, as per the instruction of



Government conducted an evaluation of the DDHPY scheme in the primary handloom societies in four districts and submitted the report. The main findings were non-implementation of various components, diversion of funds towards working capital etc.

Based on the evaluation report, all irregular sanction of funds to primary handloom societies were recovered to the extent possible. While formulating new schemes, extra efforts were taken to fix the components so that diversion of funds are minimal. More cluster/consortium/self help group type initiatives were undertaken namely kritika, Thanima clusters under integrated handloom development scheme, national handloom development programme etc. In all bankable projects, release of funds were made on components basis, i.e only on utilisation of funds for one component, funds for other components were released as suggested in the DPR. To meet the working capital shortage and to take over financial crisis of primary handloom weaver societies, majority of the weaver's societies were given financial assistance under the revival, reform and restructuring (RRR) package of Government of India in 2014 to clear the pending dues.

### **Recommendation**

*(Sl.No.15, Para No. 78)*

Based on the informations collected through random interviews on weavers across selected PHWCSs, the Committee understands that the minimum wages to employees were on the lower side. The Committee also notes that the funds allotted were not disbursed to primary societies in time and about ₹ 25 crore was undisbursed. Expressing dissatisfaction on the lacklustre approach of the Department officials, the Committee directs to clear old dues at the earliest and simultaneously take steps to increase the wages.

### **Action Taken**

The fixation of the minimum wages of Handloom weavers is coming under the control of Labour Department.

An amount of ₹ 10 Crore was sanctioned as income support scheme to support the weavers. Entire amount was directly distributed among the weavers. Additional fund is necessary to clear all the pending dues. Government have directed Director of Handloom and Textiles to submit the claim before the Labour Commissioner immediately.

### **Further Information sought**

The Committee recommended to expedite necessary actions to clear all the pending dues and directed the Labour Department to take immediate steps to increase the wages of weavers at the earliest.

### **Action Taken**

Government of Kerala have revised the minimum rates of wages payable to the employees/workers engaged in the Handloom Industry Sector in the State wide Notification No. GO(P)67/2018/LBRD Dated 9-8-2018 (SRO No.575/2018). During the period 2011-2012 an amount of Rs.1,09,60,000 was sanctioned to Handloom Welfare Board under Income Support Scheme from Labour Department through Labour Commissioner. No fund was released under the Scheme during the years 2012-2013 and 2013-2014.

### **Recommendation**

*(Sl. No.16, Para No. 79)*

The Committee strongly believes that present situation in Handloom Industry is heading towards a crisis and struggling to find its feet mainly because the Department was directing the funds to other needs instead of utilising for training, marketing and production of quality goods. This also resulted in the non-issuance of proper utilisation certificates and created trouble for the smooth functioning of many other related schemes. The Committee feels that a proper revival package needs to be implemented. The Committee recommends the Department for a comprehensive revival scheme for the upliftment of Handloom sector and rejuvenate the otherwise sagging image of Hantex and Hanveev, as it would seriously affect the economy of Kerala's rural population.

**Action Taken**

A revival, Reform & Restructuring package for Handloom sector was approved by Government of India on 24-11-2011 and guideline were accordingly issued on 28-11-2011, whereby viable and potentially viable Apex Societies and PHWCS based on the audit 2009-10 were eligible to avail benefit under the package. As a result in the I phase 124 PHWCS were found eligible for the assistance. The amount was released through NABARD which was the implementing agency.

**Comments on Para No-79**

The Committee recommends that effective measures should be taken for the economical financial restructuring, revamping as well as developing modernisation schemes and conducting proper training methods for the weaving societies.

**Recommendation**

*(Sl. No.17, Para No.80)*

The Committee recommends to merge both Hantex and Hanveev into one institution in order to avoid duplication and wastage of expenditure like establishment expenditure since they are one and the same.

**Action Taken**

Hantex and Hanveev have separate legal entity ie, Hantex is the apex society and Hanveev is a corporation. Hence merging of both institutions are not practical.

Thiruvananthapuram,  
11th March, 2022.

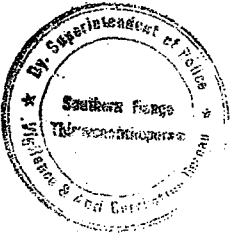
SUNNY JOSEPH,  
*Chairman,*  
*Committee on Public Accounts.*

## APPENDIX - I

RECEIPT

Received the following files from Smt.Prasannakumari, SCI, Directorate of Handloom & Textiles, Thiruvananthapuram on 17.1.2007 for the enquiry in VE 8/2006/SRT.

1. File No.HL-C4-2553/04 ( Vol-I) - Note file page 1 to 36  
Current file page 1 to 703
2. File No.HL-C4-2553/04 (Vol-II) - Current file page 1 to 637
3. HL-C4-3741/04 - Note file page 1 to 7  
Current file page 1 to 73
4. HL-C4-619/04 - Note file page 1 to 24  
Current file page 1 to 275
5. HL-C4-6742/04 - Note file page 1 to 25]  
Current file page 1 to 358



*[Signature]*  
17.1.07  
C.SURESH BABU  
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