



**THIRTEENTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC UNDERTAKINGS  
(2014-2016)**

73

**FIFTY SECOND REPORT**  
(Presented on 11th December, 2014)

**SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM  
2014**

## INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to present the Report on their behalf, present this fifty second Report on the Action Taken by Government on the Recommendations contained in the Eighty Fifth Report of the Committee on Public Undertakings (2004-2006) on the working of the Kerala State Handloom Development Corporation Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2001 (Commercial).

The Statement of Action Taken by the Government included in this Report were considered by the Committee constituted for the year 2011-2014.

This Report was considered and approved by the Committee at the meeting held on 3-9-2014.

The Committee place on record their appreciation of the assistance rendered to them by the Accountant General (Audit), Kerala, in the examination of the statements included in this Report.

Thiruvananthapuram,  
11th December, 2014.

K. N. A. KHADER,  
*Chairman,*  
*Committee on Public Undertakings.*

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THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE  
ON  
PUBLIC UNDERTAKINGS  
(2014-2016)**

**FIFTY SECOND REPORT**

**on**

**The Action Taken by Government on the Recommendations contained in the  
Eighty Fifth Report of the Committee on Public Undertakings (2004-2006)  
relating to Kerala State Handloom Development Corporation Limited  
based on the Report of the Comptroller and Auditor General of India  
for the year ended 31st March, 2001 (Commercial)**

## **REPORT**

The Report deals with the Action Taken by Government on the recommendations contained in the Eighty Fifth Report of Committee on Public Undertakings (2004-06). The Eighty Fifth Report relating to Kerala State Handloom Development Corporation Ltd. is based on the report of the Comptroller and Auditor General of India for the year ended 31st March, 2001 (Commercial) was laid on the Table of the House on 15th March, 2002.

The report contained three recommendations. Government have furnished replies to all the recommendations. The Committee (2011-14) considered the replies received from Government at it's meeting held on 10-10-2012.

The Committee accepted the reply to the recommendation No. 1(4) without any remark. This recommendation, it's reply and the remark of the Committee form Chapter I of the Report.

The replies to the recommendations No. 2(11), 3(12), were accepted by the Committee with remarks. These recommendations, their replies and the remarks of the Committee form Chapter II of the Report.

CHAPTER I

REPLY FURNISHED BY GOVERNMENT ON THE RECOMMENDATION OF THE COMMITTEE WHICH HAS BEEN  
ACCEPTED BY THE COMMITTEE WITHOUT REMARK

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department concerned</i>	<i>Conclusion/Recommendation</i>	<i>Action Taken by Government</i>
1	4	Industries	<p>The Committee feels that it is not morally right and is totally unfair to disburse the funds given by the Central Government at the interest rate of 11.75% to 12% to the beneficiaries at an interest rate of 19.5% per annum. The action of the State Government had helped only to add to the financial burden of the beneficiaries by charging higher rate of interest since the beneficiaries were weavers from SC/ST, minority, women, people below poverty line etc., funds should not have been disbursed at high interest rates. The Committee expresses its serious concern over this and recommends that the State Government should disburse the loan amount at the same interest rate as it gets from the Central Government and not try to make any profit from these transactions, as the beneficiaries are people living below poverty line.</p>	<p>Government have already issued orders [G.O. (Rt.) No. 1592/2010/ID dated 16-11-2010], reducing the rate of interest charged for the loan amount of ₹ Rs. 6.26 crore sanctioned so far to Hanveev for implementing the project package to weavers during the period from January 1994 to November 1998 from 19.5% to 12% per annum.</p>

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## CHAPTER II

## REPLIES FURNISHED BY GOVERNMENT ON THE RECOMMENDATIONS OF THE COMMITTEE WHICH HAVE BEEN ACCEPTED BY THE COMMITTEE WITH REMARKS

Sl. No.	Para No.	Department concerned	Conclusion/Recommendation	Action Taken by Government
(1)	(2)	(3)	(4)	(5)

2

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Industries

The Committee finds that sale of the Company's products has increased only when rebate in price is allowed. Also, if the rebate is declared at the beginning of the year, the Company can make required arrangements to get maximum sales during the festival seasons. The Committee therefore recommends that rebate rates should be allowed for 78 days in a year and that the same should be declared in the beginning of the year itself.

The Government of India have decided to discontinue the Rebate allowed for the sale of Handloom Products with effect from April 2009. As this decision would negatively affect the sale of Handloom Products in the State, the State Government have allowed 20% rebate, which includes an additional 10% central rebate with effect from April 2009. As this additional 10% rebate will be an added burden to the State exchequer and also the fact that the non-plan expenditure need to be cut short, the Government is not in a position to enhance the rebate days from the present 56 days.

Remarks of the Committee:—The Committee wants to be furnished with the details of the sales turnover for the last 3 years, and also the method of utilisation of funds received as market incentive.



(1) (2) (3)  
3 12 Industries

(4)

The Committee finds that the Company has been facing severe financial problems right from its inception and that efforts are being made by the Company to provide employment to the weavers on a regular basis. The Committee also understands that Health Department, Tribal Welfare Department, Tourism Department and Legislature Secretariat are the only Government Departments making purchases from the Kerala State Handloom Development Corporation. The Committee learns that this is a very sorry state of affairs, as it defeats the very purpose of setting-up the company. At a time when cheap synthetic fabrics produced in plenty, sincere and whole-hearted support at Government level is essential to revive the traditional handloom sector which can provide more employment opportunities to a number of village bound artisans. Hence the Committee recommends that all Government/Quasi Government Departments and agencies should meet their requirement of

(5)

The Government from time to time issued orders allowing relaxation to para 57 (a) (ii) of the Stores Purchase Manual and this relaxation has enabled Hanveev and Hantex to supply their textile goods directly to all Government Departments, PSUs, etc.; without following the tender formalities. Thus it is expected that the sale of handloom goods manufactured by Hanveev and Hantex would enhance and thereby improve the financial position of these companies. The Government have envisaged a state wide campaign to enhance the sale of handloom products including uniform cloth for school children. Due to this the sale of handloom goods have increased considerably.

cloth only from the Kerala State Handloom Development Corporation. This earnest measure will provide employment opportunity to a large number of weavers and at the same time improve the financial position of the Company, thereby reducing its dependence on Government funds and bank loans for its survival.

*Remarks of the Committee:*—The Committee wants to be furnished with the details of year wise purchase made by various Government departments from Hanveev and Hantex after the amendment of Stores Purchase Manual was made and that if the purchase made by the Government departments during the said period was below the expected target, a performance Report of these institutions should be made available to the Committee after taking evidence from the concerned Secretary. The Committee also wants a detailed report on the action taken to increase the incentive and sales turnover of these institutions.

Thiruvananthapuram,  
11th December, 2014.

K. N. A. KHADER,  
*Chairman,*  
*Committee on Public Undertakings.*