

CHAPTER XX : MINISTRY OF TEXTILES

National Jute Board

20.1 Failure to implement scheme objectives on disbursement of capital subsidy

Subsidy of ₹ 3.80 crore to 16 jute units by National Jute Board was in violation of Acquisition of Plants and Machineries (Capital subsidy) scheme guidelines.

In terms of the “Acquisition of Plants and Machineries (Capital subsidy) scheme” implemented by Ministry of Textiles through the National Jute Board (NJB), jute mills are eligible for subsidy of 20 *per cent* of the procurement cost of new plant and machinery. NJB disbursed ₹ 104.36 crore as subsidy under the scheme to 120 jute mills between the period 2007-08 and 2013-14. A team comprising of officials from Audit, the office of the Jute Commissioner, Kolkata and NJB conducted (during March-April 2015 and July-August 2016) a joint inspection of 21 jute units which had received ₹ 24.21 crore as subsidy between 2007-08 and 2013-14. Audit found that payment of subsidy of ₹ 3.80 crore to 16 jute units was in violation of scheme guidelines, as elaborated below:

Subsidy paid for old machines

In 10 out of the 21 inspected units, subsidy amounting to ₹ 1.92 crore was released on old machines based on wrong certification by NJB inspectors.

Subsidised machines not found on mill floor

As per the scheme, jute mills would not be allowed to dispose of the machineries on which subsidy had been disbursed, within a period of five years from the date of receipt of subsidy. The joint inspection of 21 units revealed, that 34 machines on which subsidy amounting to ₹ 0.88 crore had been released were not found on the mill premises.

Subsidy disbursed on non-jute producing machines

In one case, it was found that the firm had received capital subsidy amounting to ₹ one crore in March 2008 even though it produced only cotton yarn, and all the machines on the premises were used for production of cotton yarn only.

Despite this, NJB inspectors had certified the machines under the scheme. In another case, it was found that except one machine, all the other machines on which subsidy of ₹ 6.32 lakh was disbursed were synthetic fabric producing machines and not jute producing machines.

NJB replied (June 2015) that the subsidies had been released based on the certificates of the concerned inspectors. The reply is not acceptable, since it is NJB's responsibility to ensure that the conditions of the scheme are implemented properly.

The matter was reported to the Ministry in December 2015; their reply was awaited as of January 2017.