

CHAPTER XIII : MINISTRY OF TEXTILES

13.1 Non-establishment of Raw Material Bank for Silk Carpets in Jammu & Kashmir

Even after five years of approval, the Ministry failed to ensure completion of a project for setting up a raw material bank for silk carpets in Jammu & Kashmir for direct distribution of silk and other raw materials to artisans and weavers, which would have enabled them to come out of the shadow of big yarn dealers and obtain full-time employment opportunities. Instead of setting up a society for direct distribution of raw materials to artisans, the implementing agency in Jammu & Kashmir identified two private firms in Kashmir, who were already enjoying a monopoly, and one firm in Jammu, which used the entire material for its own use which defeated the objectives of the scheme.

In September 2003, the Ministry of Textiles approved a project, under the Prime Minister's Special Employment Package for Jammu & Kashmir, for setting up of a Raw Material Bank (RMB) by a state level society to be opened by the State Government, at a cost of Rs 2.50 crore, to provide raw material (silk) of the required quality to artisans and weavers at their doorstep, to enable them to produce silk carpets for the international markets at competitive cost and quality. It was the Ministry's expectation that the project would enable about two lakh carpet weavers to earn better returns through full-time employment and escape exploitation by big yarn dealers. The project had envisaged that while undertaking distribution of good quality raw material directly to the artisans, the society would run the RMB on commercial lines and would generate operational funds from user artisans and weavers on account of interest, administrative, overhead charges as also from other sources such as banks/financial institutions. The Ministry released Rs. 1.00 crore as seed money in January 2004 to the J&K Small Industries Development Corporation (SICOP) in anticipation of setting up the proposed society, with the expectation that the project would be completed by January 2006 (which was later extended to January 2007).

However, the State Government did not set up any society for the RMB. Instead, SICOP selected three private firms for distributing raw material procured under Raw Material Bank Scheme. In Kashmir, two private firms viz., M/S Lotus Textiles and M/S Silk Enterprises, owned by the same family played the role of distributors. They procured the raw material from SICOP and further supplied the material down to other producers/manufacturers associated with them, who in turn, passed it on to various artisans/weavers for

getting the carpets manufactured. In Jammu region, the entire raw material was supplied by SICOP to a single party, viz. Shalimar Carpet Industries, who used the material for captive consumption in manufacture of carpets in their own factory. An evaluation study commissioned at the instance of the Ministry in March 2006 had brought out these facts. The evaluation study report had also pointed out three major deficiencies in the operation of the scheme viz. (i) over dependence on the three private parties for distribution of raw material (ii) lack of awareness among user groups, and (iii) lack of direct benefits to the artisans. Further, utilisation certificates, audited statement of expenditure, details of sales, procurement and accountal of raw material, generation of funds for the project, and identity of the artisans, etc., who received the raw material could not be obtained from SICOP by the Ministry against the central grant of Rs. 1 crore, as of April 2008. The Ministry did not release the remaining installment of Rs 1.50 crore to SICOP. The Office of the Development Commissioner, in response to an audit enquiry, stated (October 2008/ January 2009) that disturbed conditions in the Kashmir Valley had delayed the implementation of the scheme and that they had asked SICOP to take appropriate corrective action. The reply of the office of the Development Commissioner is not acceptable as the State Government did not set up the society for Raw Material Bank, as envisaged under the scheme. No action was taken to address the deficiencies pointed out in the evaluation study report. The scheme was being run by the monopolistic dealers from whose clutches the scheme had intended to extricate the poor weavers and artisans. Further, the argument of disturbed conditions in the Kashmir valley cannot be applied to misutilisation in the Jammu region.

The matter was referred to the Ministry in July 2008; their response was awaited as of March 2010.

13.2 Deficiencies in setting up Common Facility Centres (CFCs) under Babasaheb Ambedkar Hastashilp Vikas Yojana (BAHVY)

There were serious deficiencies in setting up CFCs under the BAHVY. Out of the 95 CFCs sanctioned between 2001-02 and 2007-08, 61CFCs were yet to be completed despite release of Rs. 21.15 crore, and Rs. 8.18 crore lying unspent was yet to be refunded. There were also serious systemic deficiencies in the processes for control and monitoring of working of these CFCs.

13.2.1 Introduction

The Development Commissioner (Handicrafts), under the Ministry of Textiles, introduced the Babasaheb Ambedkar Hastashilp Vikas Yojana

(BAHVY) in 2001-02 for integrated development of potential clusters of handicraft artisans, with the objectives of creating centres of excellence with forward and backward linkages; upgrading artisans' skills, and ensuring self-sustained and self-managed clusters of artisans. The package of support for artisan clusters included social, technological, marketing, and financial and infrastructure interventions.

One of the components of BAHVY was the creation of Common Facility Centres (CFCs) at the cluster level to enhance production quality and quantity by using modern tools, equipment and techniques and increase economies of scale. Each CFC was estimated to cost Rs. 60 lakh, to be fully funded by the Government of India. The funds were to be released in three installments, namely 50 *per cent* in advance as the first installment, 40 *per cent* as the second installment on receipt of audited expenditure statement for the first installment and satisfactory progress report, and the remaining 10 *per cent* to be released as reimbursement on receipt of audited expenditure statement for the entire project alongwith performance and inspection report, duly vetted by the State agency, within one month of setting up of the CFC.

The BAHVY projects were required to be implemented through reputed NGOs, Apex Co-operative Societies, DRDAs, Central/ State Handloom and Handicraft Development Corporations and other Government agencies.

The Regional Screening Committee (RSC) headed by the concerned Regional Director of DC (H) was to scrutinize and forward only viable projects to the DC (H) for clearance, after reckoning their viability, and release of funds.

The progress of implementation of the Scheme and its components was to be monitored periodically by designated Committees at the national, state, and district levels.

13.2.2 Funds flow for setting up of CFC and physical progress.

Between 2001-02 and 2007-08, the DC (H) sanctioned setting up of 95 CFCs under BAHVY at a cost of Rs. 35.27 crore as under:

Table 1 : Status of Projects as of October 2009*(Rs. in crore)*

Year of Sanction	No. of CFCs during the year	Amount sanctioned for the projects	Status of sanctioned projects ending October 2009				No. of completed CFCs	No. of incomplete CFCs	Projects closed midway/recast
			Amount released	Amount utilized	Amount refunded	Unspent balance lying with implementing agencies			
2001-02	17	8.44	4.38	3.88	0.21	0.29	5	11	1 recast
2002-03	Nil	-	-	-	-	-	-	-	-
2003-04	27	7.54	5.38	3.60	-	1.79	14	13	-
2004-05	17	6.45	4.31	2.26	0.50	1.55	7	7	3
2005-06	10	2.49	1.52	0.88	-	0.63	2	8	-
2006-07	4	1.65	1.01	0.37	-	0.64	1	3	-
2007-08	20	8.70	4.55	1.27	-	3.28	1	19	-
Total	95	35.27	21.15	12.26	0.71	8.18	30	61	4

13.2.3 Audit findings**13.2.3.1 Status of CFC projects.**

The status of 95 CFC projects as of October 2009 was as under:-

(i) Completed CFCs

Thirty CFCs involving sanctioned assistance of Rs. 7.83 crore were reported as completed. Out of Rs. 7.41 crore released, Rs. 7.35 crore was reported as utilized and Rs. 0.06 crore was refunded. During test check, it was observed that the DC (H) had not obtained the details of artisans trained and the benefits derived by the artisans/clusters in any of the 30 completed CFCs. The DC (H) prematurely treated those CFCs as completed, merely on the basis of release of last installment, without ensuring that the projects were physically completed and were functional. Further, it was seen during audit that:

- For two projects, sanctioned at a cost of Rs. 0.75 crore, the first installment of Rs. 0.37 crore was released. The projects were shown as completed after incurring an expenditure of Rs. 0.31 crore. Evidently, the project requirements were either inflated, or the projects were not fully completed.

- In respect of three CFCs being implemented by the Export Promotion Council for Handicrafts (EPCH), New Delhi; Artisan Self Help Society, Tamil Nadu; and Nagaland Handloom and Handicrafts, Nagaland, for which Rs. 1.84 crore were sanctioned and released and reported as fully utilized, the last installment of Rs. 0.34 crore was released without obtaining the completion certificate and final performance-cum-achievement report from the Regional Office of the DC (H). In response, the DC (H) stated that the balance amount had been released after verifying all documents and obtaining clarifications. However, necessary documents in support of this claim were not provided to Audit.

(ii) CFCs not taken up

Three CFCs project were not taken up, and Rs. 0.50 crore was refunded by the two Implementing Agencies after lapse of more than three years from the date of release; refund from one closed CFC amounting to Rs. 0.05 crore was awaited.

(iii) Recast CFC

One CFC project sanctioned at a cost 1.79 crore had been recast with a revised budget of Rs. 0.72 crore, suggesting over estimation of the cost of the project.

(iv) Incomplete CFCs

For 61 CFCs, sanctioned at a cost of Rs. 24.10 crore, an amount of Rs. 13.05 crore was released, Rs. 4.87 crore was reported as utilized, and Rs. 0.04 crore refunded. The balance of Rs. 8.14 crore was lying unspent with various Implementing Agencies. These CFCs remained incomplete even after lapse of periods ranging from one year to seven years against the sanctioned time schedule of three to six months required for completion of the CFCs. The setting up of the CFCs comprised mainly construction of buildings, water tanks for the sites and purchase of tools, machines and equipment, etc. While the completion period of three to six months prescribed under the sanction order appeared too restrictive, the delays ranging from one to seven years were excessive. Further, test- check revealed that:

- For the 42 incomplete CFCs, Rs. 7.75 crore was released. The NGOs/Cooperative Societies executing the projects had not come up for grant of subsequent installments after obtaining the first installment. In nine CFCs, the DC (H) had released funds between Rs. 0.05 crore and Rs. 0.10 crore, against the sanctioned amount ranging between Rs. 0.15 crore and Rs. 0.53 crore. The funds released were, prima facie, too insignificant to complete any project. The DC

(H) had also not obtained the status of utilization of released funds and physical progress reports and audited accounts in respect of these CFCs.

- The Implementing Agencies of 13 CFCs, to whom Rs. 3.49 crore was released through first and second installments, did not request for the third installment alongwith the completion report/audited accounts/performance cum achievement reports, indicating failure of DC (H) to follow up/monitor the project.
- In the remaining six CFCs, to whom Rs 1.77 crore was released, three CFCs were not released further grant after release of first installments and three CFCs were not provided with grant after receipt of second installments, despite obtaining the requisite reports, indicating lackadaisical approach and arbitrariness in release of grants by the DC(H).

(v) Other Audit findings

- In three CFCs (Chhattisgarh Khadi Gramdyog Board, Raipur; Chamba, Chattisgarh; Khadi Gramdyog Board, Jagadapur, Chattisgarh and M/s Khadi and Gramdyog Board, Ektal, Chhatisgarh), the unspent amount of Rs 0.10 crore was irregularly transferred/diverted to another institution (Chhattisgarh Hastshilp Vikas Board) by these three Implementing Agencies, without the formal approval of DC (H).
- In six CFC projects, Rs. 0.32 crore (for two CFCs), Rs. 0.34 crore, Rs. 0.22 crore, Rs. 0.22 crore and Rs. 0.23 crore were released to four Delhi based NGOs for setting up of CFCs in Mahakalpar and Lunukua (Orissa), Jaisalmer (Rajasthan), Kulu (H.P.), Konkan (Maharashtra) and Kotwa (U.P.), instead of to the local Societies in the concerned CFC area, thereby rendering monitoring of the sanctioned CFCs by these NGOs difficult.
- A CFC at Amingaon, Kamrup district was sanctioned in January 2005 at a cost of Rs. 41.80 lakh, to be set up by July 2005. The first installment of Rs. 20.90 lakh was released to the implementing agency, Assam Silk Development Centre, Guwahati, Assam. Audit scrutiny revealed that despite the Regional Director (NER) reporting in October 2006 that there was no space for installation of the machinery and no activity had been undertaken by the NGO, no action for blacklisting of the NGO and/or legal action was taken by DC (H) for recovery of the outstanding amount of Rs. 20.90 lakh

- Incidentally, the same NGO had been sanctioned Rs. 15.43 lakh (March 2004 and January 2005) for various activities viz. survey, skill up gradation training, design and craft bazaar, against which Rs. 9.14 lakh had been released. Only one activity i.e. survey had been reportedly completed at a cost of Rs. 2.85 lakh, and the balance of Rs. 6.29 lakh had not been refunded.
- In November 2007, the Superintendent of Police, Bureau of Investigation (Economic Offences), Assam, had requested the Regional Director (NER) to stop further payments to the NGO, as it was found issuing false bills/ vouchers/ documents in respect of a grant of Rs. 15.02 lakh for organizing craft bazaars/ seminars in another case.
- In response, the DC (H) in May 2009 stated that the organization had not refunded the amount. FIR was lodged during March 2009 with the Hatigaon Police Station, Guwahati. Further, Regional Director (NER) was requested to file a civil suit against the organization. However the recovery had not been made.
- A CFC at Karimganj District was sanctioned at a cost of Rs. 49.80 lakh in 2003-04. Rs. 24.90 lakh was released during 2003-05 to the North Eastern Federation of International Trade, Shillong, Meghalaya, which was reportedly fully utilized. Audit scrutiny, however, revealed that the development of clusters of artisans/ craftsmen was not included as one of the objectives, in the Memorandum of Association of the NGO. Further, the NGO submitted the audit report and utilization certificate directly to the DC (H), without inspection by the Regional Office. While the DC (H) had directed the Regional Office in Guwahati to submit the relevant documents after inspection, these were awaited as of October 2008. The expenditure of Rs. 24.90 lakh was, thus, doubtful.

In response, the DC (H) in May 2009 stated that the machinery had been procured. The organization had expressed its inability to run the CFC and suggested transferring the CFC to Cane and Bamboo Technology Centre, Guwahati to manage its day-to-day functioning. The request of the organization was being examined by the DC (H), failing which recovery proceedings would be initiated. Further progress was still awaited (October 2009)

Details of the above are indicated in **Annex-I**.

13.2.3.2 Monitoring of the Implementation of the Scheme

Financial management and control over the execution of the Scheme was inadequate and lax, as brought out above. The contemplated periodical monitoring through inspection was not carried out. Test-check revealed that in 35 incomplete CFCs, field inspections had not been conducted and in seven incomplete CFCs, only one or two inspections were conducted, although the inspections were required to be invariably conducted before release of further installments. Further, in three incomplete CFCs, even when the inspection reports indicated that these were not working, funds were still released to the implementing agencies. The contemplated National and State Level Committees for monitoring of CFC projects had not been constituted. In response, the DC(H) stated that monitoring was done by the regional and field offices and overall monitoring at the Headquarters. However, details of the monitoring purportedly being conducted were not provided to audit.

The main thrust of the DC (H) was preponderantly on releases of funds under the Scheme rather than on ensuring achievement of the end objectives of qualitative production and enhancing the technical skill of the artisans to generate adequate income to make them self sufficient and outcomes from the investments being made under the Scheme. The DC (H) continued to release funds for setting up of new CFCs without reckoning the experience gained from earlier sanctioned CFC projects.

The matter was referred to the Ministry in April 2009; their reply was awaited as of March 2010.

13.3 Non-recovery of Grant under Scheme for Setting up of Handloom Development Centres (HDCs) and Quality Dyeing Units (QDUs)

A Scheme for setting up 3000 HDCs and 500 QDUs was initiated in 1993-94 and Rs. 95.70 crore was released to 20 States up to 2001-02. The Scheme was discontinued in 1997-98, but committed liabilities up to 2001-02 were accepted. No information regarding Year-wise/State-wise physical progress/outcomes of the scheme was on record. The office had received UCs of Rs. 73.74 crore and recovered Rs. 10.75 crore and the balance of Rs. 11.22 crore, besides penal interest of Rs. 13.39 crore, was to be recovered (October 2009). Audit scrutiny also revealed numerous deficiencies and defects in UCs, affecting their reliability for validation of expenditure incurred out of central releases.

13.3.1 Introduction

The Development Commissioner (Handlooms) (DC (H)), implemented a Central Sector Plan Scheme from 1993-94 for setting up 3000 Handloom

Development Centres (HDCs) and 500 Quality Dyeing Units (QDUs) in areas identified by the concerned State Governments through Primary Handloom Weavers Co-operative Societies having good track record of performance and infrastructure in terms of building, administrative and technical staff, transport facilities, etc. Each HDC was to cover about 250 looms and 1000 weavers, and each QDU was required to cater to the dyeing requirements of about 1000 weavers. The scheme was intended to ensure timely supply of yarn of the requisite quality and counts, essential inputs such as dyes, chemicals to the weavers covered by the HDCs, marketing of the cloth produced by the members of HDCs in the domestic and export markets and adequate provision of working capital to sustain long term production, system for design development and their dissemination to primary societies and weavers, facilities for quality dyeing and training in improved dyeing practices, etc.

The scheme also contemplated providing of training to the weavers in improved/latest dyeing practices and also new designs and additional employment to the handloom weavers, etc.

The Scheme envisaged central assistance of Rs. 27 lakh per HDC (Rs. 17 lakh as grant and Rs. 10 lakh as loan from NABARD/ banks). Each QDU was entitled to central assistance of Rs. 7.83 lakh (Rs. 4.265 lakh as grant, and Rs. 3.565 lakh as loan). The total cost of 3000 HDCs and 500 QDUs was estimated at Rs. 849.15 crore, with Rs. 321.33 crore through grant and Rs. 527.82 crore as loan. The State Governments were to provide the guarantee for availing credit from NABARD and make budget provisions for the interest subsidy. The DC (H) was to accord approval to the projects on the basis of information provided by the State Government.

The State Government and the DC (H) were responsible for effective periodical monitoring of performances of HDCs/QDUs by setting up of a High Level Monitoring Committee.

The Scheme was implemented originally up to 1996-97 and was extended to 1997-98; thereafter the Scheme was discontinued but the committed liabilities were entertained up to 2001-02. Between 1993-94 and 1997-98, 1848 HDCs and 391 QDUs were sanctioned in 20 States/ one UT and grants of Rs. 95.70 crore were released during 1993-94 to 2001-02. State wise/year-wise break up is given in **Annex-II**.

13.3.2 Audit findings

Audit findings are based on the perusal of the records relating to the Scheme and information furnished by DC (H) as well as test check of records in Assam, Tamil Nadu, Orissa and Uttar Pradesh. The main findings are detailed as under:

- As per the records in the O/o the DC(H) and information furnished to audit (January 2007), none of the State Governments had completed any project under the Scheme. The physical targets of completion of the projects were not monitored as of October 2009. However, test-check of records at the field disclosed that in Tamil Nadu out of 324 HDCs sanctioned, 218 HDCs were reported functioning and 106 were non-functioning and were under liquidation as of March 2010. Out of 36 QDUs sanctioned in Tamil Nadu, 10 QDUs were functional and 26 QDUs were non-functioning mainly due to non-grant of permission by Pollution Control Board. In Orissa out of 83 HDCs sanctioned, 65 were functioning and 18 were under liquidation as of January 2010. This evidently suggests that sanctions were granted without taking adequate care and verification. This also reveals that there was lack of information in the office about the actual implementation of projects.
- As revealed from the records of the DC(H), the Scheme did not function satisfactorily and most of the sanctioned projects were left incomplete by the implementing agencies reportedly due to inadequate follow up and interest taken by the State Government for accomplishment of the fixed targets, dispersal of projects in far flung areas, inadequate flow of credits through cooperative banks and most of the Primary Weavers Cooperative Societies having less loom-age than prescribed under the Scheme.
- Due to the failure of the State Governments to implement the projects sanctioned under the Scheme, the DC (H) directed the State Government (January 2003) to refund the entire Central assistance released, along with penal interest thereon. However, out of the total release of Rs. 95.70 crore, only Rs. 10.75 crore was recovered (**Annex-III**). Of this, Rs. 8.53 crore pertaining to Manipur was recovered through adjustment at source by the Ministry of Finance against the Normal Central Assistance due to Manipur (August 1999 installment). Adequate attempts were evidently not made to ensure refund of the central assistance in the remaining cases. Out of the balance amount of

Rs. 84.95 crore, Utilization Certificates (UCs) for Rs. 73.74 crore were submitted by the States by 2001-02, leaving Rs. 11.22 crore unutilized by them (**Annex-III**). The DC (H) intimated (October 2009) that penal interest of Rs. 13.39 crore was also recoverable for the period from 1 January 2002 to 31 March 2008 from the States. A scrutiny of UCs amounting to Rs. 73.74 crore submitted by the States, revealed the following:

- UCs amounting to Rs. 8.02 crore from Tamil Nadu were omnibus UCs, which did not give details of how and where the amount was actually utilized. Even the names of Weavers' Cooperative Societies, which were assisted by the grants, were not mentioned. Only the number of such Societies was given.
 - UCs for Rs. 4.92 crore from the States of Assam, Tamil Nadu, Orissa and Uttar Pradesh were received beyond the cut off year (2001-2002).
 - UCs for Rs. 34.80 crore from Andhra Pradesh, Bihar, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Nagaland, Orissa and West Bengal were un-dated.
 - UCs amounting to Rs. 0.10 crore from Tripura were not even signed in token of correctness of the same.
 - It was noticed in audit that the DC (H) continued to release funds without ensuring receipt of proper UCs/expenditure account duly certified and audited. The main thrust was on release of funds rather than ensuring proper utilization thereof. There was no mechanism evolved for watching the proper utilization of funds released.
- In Assam against Rs. 6.74 crore released by the Government of India (GOI), the State Government released Rs. 5.29 crore to the Director Handloom and Textiles, Assam, and the balance of Rs. 1.45 crore had been retained for more than 12 years. Though the Scheme was credit linked (Loan: Rs. 17 lakh and Grant: Rs. 10 lakh), surprisingly, none of the selected implementing agencies had taken loans from banks. The absence of loan component may have contributed to projects becoming unviable and consequently not getting completed. Details of raw materials procured by the HDCs for supply to weavers and cloth

produced therefrom were required to be shown to the Directorate office, Assam but the same had not yet been collected.

- In Orissa, Assistant Director of Textiles, Berhampur was not in a position to utilize or refund the outstanding amount of Rs. 2.31 lakh as the said amount had been debited by the Berhampur Central Co-operative Bank from the account of the Weavers' Co-operative Society (Kanteikoli) in adjustment of another cash credit (loan) outstanding against the Society.

13.3.3 Monitoring of the scheme

In Audit's view, despite release of Rs. 95.70 crore for setting up 3000 HDCs and 500 QDUs, no watch had been exercised to ensure that the funds were utilized for completion of the HDCs/QDUs. The actual physical progress of completion had not been monitored. The recovery of GoI's grants along with interest thereon had not been enforced. In April 2002 and January 2003, the DC(H) had directed all the State Governments to refund the entire amount of Central assistance with interest, in all such cases where the sanctioned projects had not been completed by March 2002, but had failed to follow up on this directive. Logically, therefore no UCs should have been accepted in such cases, where the HDCs/QDUs had not been completed by March 2002.

The DC (H), referred (October 2008) the cases to all the State Governments directing them to furnish copies of UCs, duly attested, by the end of October 2008, failing which the entire amount of Central share would be recovered from the allocation made by the Planning Commission with the concurrence of the Ministry of Finance. The DC (H) again reminded (September, 2009) the State Governments for refunding the assistance by 30 October 2009, instead of effecting recovery from the defaulting States from the annual plan allocations (as indicated earlier).

13.3.4 Evaluation of the Impact of implementation of Scheme

Evaluation of the impact of implementation of the scheme was got conducted (November 2000) only in one State (Uttar Pradesh) out of 20 States through Development Consultancy Services (DCS), New Delhi. The DCS had observed that the marketing of products continued to be a problem and the weavers were facing a lot of problems because of pendency of payment by the state owned handloom agencies. No evaluation in other States was got conducted.

The DC (H) stated (October 2009) that no records relating to monitoring were available and traceable due to time gap, and it also did not have the wherewithal to implement and monitor the project(s) at regional level. The extent of monitoring and technical guidance, assessment of the performance of the sanctioned project, details of raw materials procured by the HDCs for supply to weavers and the cloth produced there from, details of handloom weavers assisted was also not ascertainable. The lack of adequate follow up and interest taken by the State Government, besides inadequate flow of credit through cooperative bank, resulted in non accomplishment of the targets under the scheme.

The shortcomings/weaknesses as pointed out above evidently suggest that the scheme was implemented in a lackadaisical manner and the main thrust of the implementation of the Scheme was found to be oriented towards incurring of expenditure/releases of funds, rather than on outcomes/results from the investments being made. Thus, Rs. 11.22 crore released by the DC (H) to the State Governments along with penal interest of Rs. 13.39 crore, still remained blocked with them since 1993-94.

The matter was referred to the Ministry in September 2008; their reply was awaited as of March 2010.

13.4 Non-receipt of Utilisation Certificates

Lack of adequate and effective monitoring by the Development Commissioner (Handicrafts) resulted in non-receipt of 1355 Utilisation Certificates (UCs) for Rs. 70.44 crore of grant-in-aid released upto 2006-07 to 808 organizations, which were to be submitted before March 2008. Further, in contravention of the General Financial Rules, the DC (H) released more grants to 161 organisations, despite non-receipt of UCs for the previous years, resulting in accumulation of outstanding UCs of Rs. 46.23 crore.

The General Financial Rules¹ stipulate that for any non-recurring grant released to an institution or organization, a Utilization Certificate (UC) is required to be obtained, to ensure that the grant was utilized only for the purpose for which it was sanctioned. The UC is to be submitted within 12 months of the closure of the financial year; receipt of the UC is to be watched by the Ministry/ Department, and in case of non-receipt of UCs, the Ministry/ Department can blacklist the institution or organization for sanction of future grants. Further, the Ministry/ Department is required to release sanctioned

¹ Rule 212(1) of GFR, 2005 and Rule 151(1) of GFR, 1963

amounts for future financial years only after receipt of provisional UCs for the previous financial year.

Audit scrutiny of the records of the Development Commissioner (Handicrafts) (D.C (H)) and analysis of electronic data supplied by his office revealed that 1355 UCs for Rs. 70.44 crore of grant-in-aid released before 2006-07 were pending. The Utilization Certificate for these grants were required to be submitted before March 2008. An age wise analysis of pendency of UCs is given below:

Table-2

Pendency Period	No. of Pending UCs	Grant-in-aid involved (Rupees in crore)
20 to 29 years	24	0.71
10 to 19 years	125	3.86
5 to 9 years	117	3.90
2 to 4 years	567	32.22
Less than 2 years	522	29.75
Total	1355	70.44

Further, detailed analysis of the outstanding UCs revealed that out of the total outstanding UCs amounting to Rs. 70.44 crore, 25 UCs amounting to Rs. 11.55 crore for the years 2004-05 to 2006-07 pertained to just three organizations—the Indian Institute of Carpet Technology, Bhadoi; J&K Handicrafts (S&E) Corporation Ltd., Srinagar; and National Building Construction Corporation Ltd., New Delhi.

A classification of outstanding UCs by the nature of the grantee organizations where the amount was Rs. 20 lakh or more reveals the following position:

Table-3

Nature of organization	No. of organisations	Amount of Outstanding UCs (Rupees in crore)
Government organizations	51	38.18
NGOs	16	4.75
Unidentified	3	1.03

Further, audit scrutiny revealed that despite non-receipt of UCs for previous financial years, the D.C (H) released further grants to 161 organisations/institutions for succeeding years. This resulted in accumulation of outstanding UCs amounting to Rs. 46.23 crore, of which Rs. 35.35 crore pertained to 45 Government organizations and Rs. 10.88 crore pertained to 116 NGOs.

The matter regarding non-receipt of UCs was pointed out in earlier Annual audits for 2004-05 and 2005-06. The D.C (H), therefore, directed (October

2006) its Regional Directors to take suitable action on this issue. However, no concrete steps were taken, resulting in the amount of outstanding UCs increasing steeply from Rs. 26.33 crore in June 2005 to Rs. 70.44 crore in July 2008. On being pointed out yet again in audit, the D.C (H) directed the Regional Directors in June 2008 to take immediate action and furnish a consolidated report by July 2008, failing which no further grants would be released to the organizations. As a result of repeated pursuance by Audit, the outstanding UCs for the period 1978-2007 got reduced to Rs. 38.30 crore. However, as on September 2009, 1527 UCs for the period upto 2007-08, (which were due for submission before March 2009) amounting to Rs. 72.25 crore were pending as per records of the Development Commissioner (Handicrafts).

A test check of outstanding UCs was also got conducted by Audit in December 2009 in the state of Jammu & Kashmir, Uttar Pradesh, Delhi and Assam. The State- wise findings are detailed below:-

Jammu & Kashmir

In a test check of sanctions issued for Rs. 8.02 crore during 2003-08, it was noticed that:

- UCs for an amount of Rs. 2.17 crore (Rs. 0.15 crore for the year 2005-06, Rs. 2.02 crore for 2007-08) had not been submitted till October 2009, although the expenditure had been incurred. Besides, Audit also noticed diversion of funds of Rs. 0.35 crore, besides extra/irregular/unfruitful expenditure of Rs. 0.23 crore by two grantees.
- Rs. 1.25 crore was lying unspent with the grantee for releases made during 2007-08, which revealed that the funds were released in excess of requirements.

Uttar Pradesh

In a test check of sanctions issued for Rs. 7.52 crore from 2005-06 to 2007-08, out of which Rs. 1.34 crore pertained to the period upto 2006-07, it was noticed that:

- An amount of Rs. 2.02 crore (Rs. 1.83 crore for 2007-08 and Rs. 0.19 crore for 2006-07) was lying unspent and it was reported in UCs that the same would be adjusted towards grant in aid payable during the next year. It was indicative of the fact that funds were released in excess of requirements.

- UCs for Rs. 4.00 crore pertaining to 2007-08 had not been submitted by the Moradabad Development Authority and the authority stated that the UCs would be submitted after completion of the work. This was in contravention of GFRs, as the same was to be submitted within 12 months of release and balances refunded.

Delhi

For grants released of Rs. 0.85 crore to Delhi Tourism and Transport Development Corporation, New Delhi for the years 2005-06 to 2007-08, it was seen that the agency had already submitted UCs for grants of Rs. 0.70 crore and for the balance of Rs. 0.15 crore (June 2005), records were not available with the agency.

Assam

A test check of sanction issued for Rs. 4.70 crore from 2005-06 to 2007-08, out of which Rs. 1.45 crore pertained to the period upto 2006-07, it was noticed that:

- UCs for Rs. 1.41 crore (Rs. 0.10 crore for 2007-08 and Rs. 1.31 crore prior to 2007-08) had been submitted, whereas UCs for Rs. 0.62 crore (Rs. 0.02 crore for 2006-07 and Rs. 0.60 crore for 2007-08) had not been submitted.
- Unspent balances worth Rs. 0.37 crore were lying with the grantees (Rs. 0.04 crore; 2005-06; Rs. 0.02 crore; 2006-07; Rs. 0.31 crore; 2007-08) who had also refunded an amount of Rs. 0.22 crore for sanctions issued in 2007-08. Evidently, excess release of funds was made without assessing requirement.
- No grant had been stated to be received by the agency in respect of sanctions issued for Rs. 0.08 crore in 2007-08.
- As per the records of agencies, UCs were reported for an amount of Rs. 0.25 crore, out of which Rs. 0.24 crore pertained to 2007-08. However, in the absence of forwarding letters, their actual receipt by the sanctioning authority could not be confirmed.
- UCs for Rs. 29 lakh were being exhibited as outstanding by DC(H). However, audit examination of agency records revealed that UCs for the same had already been submitted; this also included UC for an amount of Rs. 22.36 lakh in respect of sanctions issued to Desh Bandhu Club, Cachar in 2004-05 for which the UC was submitted in September 2006.

The above field scrutiny revealed that the records were not updated on an ongoing basis in respect of UCs submitted, so as to ascertain the correct status of outstanding UCs.

In response to an audit enquiry, the D.C (H) stated in October 2008 and again in December 2008 that the regional offices had earlier been instructed to initiate criminal/ civil cases against the defaulting organizations, and that the action regarding blacklisting of organizations / units for future grants would be undertaken after receipt of reports from the original offices. Audit, however, observed that such instructions were issued by D.C (H) in October 2006, followed by instructions issued by Ministry of Finance, Department of Expenditure forwarded in December 2007 and June 2008. The fact remains that despite issue of these instructions, utilisation certificates for Rs. 72.25 crore for the funds released upto 2007-08, which were required to be furnished before March 2009 were still pending.

This was also indicative of the fact that either the DC(H) was not having complete / confirmed data about the correctness of the outstanding UCs, or it was not able to ensure compliance with the requirements as per the GFRs and other instructions after the funds were released. It was also noticed that there was lack of monitoring and control mechanism to ensure that the grants released were utilized fully and correctly by the grantee units / organizations for achievement of financial and physical targets. Cases of excess releases, non receipt of grant shown as released and absence of necessary action in respect of defaulters were also noticed. In many cases, the UCs had been furnished by the grantees to whom the money was released but the amounts still continue to be outstanding as per the records of D.C (H).

Recommendations:

The matter may be reviewed departmentally and a detailed cross verification carried out to arrive at the exact position of the releases made for which outstanding UCs were not received and action taken to recover the outstanding dues. In the absence of timely receipt of UCs, there was a strong possibility of misuse of these GoI grants. Further, with the passage of time, the chances of recovery or adjustment of the grant-in-aid may become remote.

It also needs to be ensured that DC(H) and its regional offices should take immediate action on:

- Ascertaining the exact status of defaulting organization / NGOs and to ensure that none of the grantee units were closed down. For such units,

the requisite action for filing of criminal / civil cases needed to be taken, besides fixing responsibility for release of funds to such units.

- The system regarding sanction, release and utilization of funds need to be rationalized so that the funds are spent as per rules and in time and balances got refunded.

The matter was referred to the Ministry in September 2008; their reply was awaited as of March 2010.

13.5 Non-establishment of National Centres for Design and Product Development at Delhi and Moradabad

A project for setting up two National Centres for Design and Product Development at Delhi and Moradabad at an originally estimated cost of Rs. 5.37 crore was nowhere near commencement even after 10 years of approval. Despite even the land for the centres not having been allotted, Rs. 2.45 crore had been utilized at temporary locations, without ensuring delivery of the intended benefits to artisans and industry, while Rs. 1.55 crore of GoI funds were lying unspent.

In October 1998, the Ministry of Textiles approved a proposal for setting up two National Centres for Design and Product Development (NCDPD) at Delhi and Moradabad at a cost of Rs. 5.37 crore. The objective of establishment of these centres was to assist in development of new designs, improve the quality of handicraft items produced by artisans, enrich and orient the industry to the finer aspects of design, and ensure acceptability of exportable handicrafts in international markets. While the Moradabad centre would essentially be servicing craftsmen, manufacturers and exporters of Moradabad and adjoining areas, the Delhi centre was to work like a “hub-and-spoke” arrangement by constantly disseminating design related inputs all over the country.

During the period from March 1999 to March 2006, an amount of Rs 4.00 crore, out of a sanctioned amount of Rs. 5.37 crore, was released as grant-in-aid to NCDPD, which had been registered in November 1999.

Audit scrutiny, however, revealed that the two centres at Delhi and Moradabad had been set up on a temporary basis on the premises of other offices of the Ministry – RDTDC², Okhla and MHSC³, Moradabad – in February 2001 and July 2000 respectively, but had not yet been established on a permanent basis. No progress towards allotment of land, let alone construction of buildings, was made till January 2005, when the Ministry approached the Delhi Development

² RDTDC: Regional Design and Technical Development Centre

³ MHSC: Metal Handicraft Service Centre

Authority (DDA) for allotment of one acre of land in Delhi. As of February 2009, however, no land had been allotted for either the Delhi or Moradabad centres.

Releases of funds were made in several installments between March 1999 and March 2006 without proper need assessment and ensuring availability of land for the two centres. In fact, when NCDPD requested the Ministry in May 2005 to approve carry forward of unspent funds of Rs. 0.88 crore to 2005-06, they were directed to refund the amount with interest. However, without ensuring such refund, another installment of Rs. 1.43 crore was released on 31 March 2006, evidently to avoid lapse of funds. The Ministry rejected the proposal of NCDPD for carry-forward of unutilized grants of Rs. 1.55 crore for 2004-05 and 2006-07; however, the amounts had not been refunded.

Out of the total funds released of Rs. 4 crore, NCDPD had reportedly incurred expenditure of Rs. 2.45 crore on various items – setting up of temporary infrastructure, acquiring fixed assets, setting up of office etc. – without establishment of permanent centres. Instead, in February 2008, NCDPD submitted a revised proposal for infrastructure development at an estimated cost of Rs. 10 crore, which had not been approved as of February 2009.

Field visit by audit to the temporary locations of the NCDPD centres at Okhla, Delhi and Moradabad revealed the following:

- In Okhla, Delhi, some computers meant for trainees and office equipment were lying unutilized due to lack of space at the temporary location.



Office equipment and computers lying unutilized at NCDPD Okhla Centre

- The Moradabad centre was non-functional since 2004, and the furniture and fixtures were lying dumped in a store.



Thus, despite release of Rs. 4 crore for setting up two NCDPD centres at Delhi and Moradabad for solving the design problems of artisans and industry, construction of these centres had not even started after ten years of sanction. Further, Rs. 2.45 crore had been spent on various items without ensuring permanent infrastructure, and the balance Rs. 1.55 crore was lying unspent.

The matter was referred to the Ministry in October 2008; their reply was awaited as of March 2010.

13.6 Delay in Construction of Office Building at Srinagar

The Ministry approved construction of office building for Development Commissioner (Handicrafts) at Srinagar at a total cost of Rs. 2.60 crore and released Rs. 1.69 crore in March 2006. Due to the abnormal delay in taking possession of the land after making advance payment, the cost of the project has already risen to Rs. 8.16 crore.

In March 2006, the Ministry of Textiles approved construction of office building at Srinagar, Jammu & Kashmir for the Field Administrative Cell and the Marketing/ Service Extension Centre of the Development Commissioner (Handicrafts), which were hitherto housed in rented buildings. Huge rental payments and security risk with the rented buildings at Srinagar were the two reasons cited for justifying construction of the office building. The total approved cost of the project was Rs. 2.60 crore consisting of Rs. 1.20 crore for purchase of land (four kanals⁴) and Rs. 1.40 crore for construction of the building. The Ministry made advance payment of Rs. 1.20 crore in March 2006 to Srinagar Development Authority for purchase of the land and Rs. 0.49 crore between June 2007 and May 2008 to the Central Public Works Department (CPWD) for land development, site demarcation and construction of boundary wall.

⁴ One kanal is equal to 506 square metres.

Audit in March 2007 observed that no significant progress had taken place toward construction of the office building and in the meantime the project cost had also increased enormously. The details of the case are discussed below:

- a. The Ministry could not take possession of the land even after four years of making full advance payment in March 2006. The revised cost of project as approved by the Department has also escalated to Rs. 8.16 crore. Of this, the cost of the construction of the building increased from Rs. 1.40 core to Rs. 5.97 crore.
- b. Government of Jammu & Kashmir (GoJK) did sanction allotment of land on lease hold basis in August 2007, initially for a period of forty years with effect from 29 August 2007 which was extendable for a further period of not more than forty years. However, the lease deed on record was undated and there was no record of the registration of the same (February 2010).
- c. The Ministry released Rs. 0.49 crore to Central Public Works Department between June 2007 and May 2008, although the land had not been demarcated.
- d. The work of boundary wall and approach road was reported to be nearing completion, but the construction work of the building was yet to start as of September 2009.
- e. Due to delay in construction of office building, the Field Administrative Cell and the Marketing Service Extension Centre continued to incur avoidable expenditure of Rs. 2.28 lakh *per annum* towards rental charges for their office buildings.

Thus, the lackadaisical attitude of the Ministry in acquiring the land for construction of office building for Field Administrative Cell and Marketing/Service Extension Centre at Srinagar resulted in abnormal time and cost overrun. The cost of project increased by more than 200 *per cent* from Rs. 2.60 crore to Rs. 8.16 crore. Besides, the objective of housing these offices in their own building, avoiding security risks involved in rented building had not been achieved.

The matter was referred to the Ministry in July 2008; their reply was awaited as of March 2010.

13.7 Recovery at the instance of Audit

An amount of Rs. 27.75 lakh was recovered at the instance of Audit out of Rs. 160.27 lakh including penal interest released under Development of Exportable Products and Marketing (DEPM)/ Handloom Export Scheme (HES).

The Office of the Development Commissioner (Handlooms) (DC(H)) has been implementing the “Development of Exportable Products and their Marketing” (DEPM) Scheme since 1996-97. This scheme was aimed at giving assistance to the handloom agencies for building and marketing of export worthy handloom. The scheme continued during the X plan with a modified nomenclature “Handloom Export Scheme (HES)”.

Audit scrutiny of the scheme revealed that the DC (Handlooms) had sanctioned 86 projects at a cost of Rs. 19.29 crore during the IX plan period (1997-2002), against which Rs. 19.29 crore was released to the implementing agencies. However, only 67 projects had been completed as of December 2008, and 19 projects involving central funds of Rs. 165.95 lakh had either been terminated or closed.

As per a clause of sanctions to release of Central Assistance, it was envisaged that in the event of non fulfillment of any one or more of the terms and conditions of the Scheme, the implementing agency would be liable to refund the assistance along with interest thereon as per the rates prescribed under the provisions of the GFR. However, it was seen in audit that out of the 19 terminated/ closed projects, in 10 projects, Rs. 160.27 lakh, including penal interest, was yet to be recovered.

This was repeatedly pointed out in audit during the period from 2001-02 to May 2008, and an amount of Rs. 27.75 lakh was recovered by DC(H) during 2005-07. The defaulting agencies had also been debarred from further grants, till refund of the principal amount along with penal interest. However, the balance amount of Rs. 132.52 lakh was still pending recovery (June 2009).

Annex-I
(Referred to in Paragraph 13.2)
Details of Common Facility Centre Sanctioned under BAHVY from 2001-2002 to 2007-08
(Position as of October 2009)

Sl no.	Name of the NGO/ Government Agency	Period	Name of the craft/location	Amount sanctioned	Amount released	Utilized	Amount Refunded	Amount Unspent	Status
1	DRDA Mandi	2001-02	Bamboo craft. Metal, carpet, Mandi, H.P.	179.46	15.00	5.00	10.00	—	Funds refunded on 8/2004 after 2 years and 5 months. Further recast into two projects in 2004-05.
2	M.P Hastship Vikas Nigam Limited	2001-02	Cane, Bamboo & Wood crafts, Gvndpur, Bhopal.	45.00	22.50	16.11	6.39	—	Shown Completed on 7/2/2004 within the first installment
3	DRDA Villipuram	2001-02	AI Thenkeeranur, T.N.	29.60	14.80	14.80	—	—	Shown completed in 7/2007 within the first installment
4	EPCH, New Delhi	2001-02	Photo and Picture framing, Sharanpur, U.P.	111.00	111.00	111.00	—	—	Shown completed in 11/2006, required document at the time of completion was not obtained.
5	Nutan Sangha, Kolkata	2001-02	Bamboo product crafts Jalpaiguri, W.B.	44.43	39.99	22.21	—	17.78	Incomplete, amount lying unspent for last 4 years 2 months.
6	Chhattisgarh Khadi Gramdyog Board, Raipur, Champa Raipur, Chhattisgarh.	2001-02	Wapping House, Die House, Champa, Raipur	20.00	10.00	8.06	1.94	—	Incomplete, amount lying unspent for last 3 years 10 months.
7	Arisan Self help society, Tamil Nadu	2001-02	Muthi crafts, villumpur, T.N.	23.15	22.25	22.25	—	—	Shown completed on 12/2008
8	Chhattisgarh Khadi Gramdyog Board Chhattisgarh (Jagadapur)	2001-02	Wood craft at Jagadapur, Bastar	49.80	10.08	4.08	—	6.00	Incomplete, amount lying unspent for last 3 years 4 months.
9	M/s Khadi & Gramdyog Board, Bastar	2001-02	Bell metal craft at Kondagaon, Bastar	49.80	5.00	2.55	2.45	—	Incomplete, amount lying unspent for last 6 years 2 months.
10	Nagaland Handloom & Handicraft Corporation Limited, Dimapur	2001-02	Cane & Bamboo craft at Diezephe, Dimapur.	49.80	49.41	49.41	—	—	Shown completed on 12/2008.
11	VEDHA, Nagpur	2001-02	Bamboo crafts, Nagpur	32.24	10.00	5.00	—	5.00	Incomplete, amount lying unspent for last 3 years 8 months.
12	VITAI, New Delhi	2001-02	Pottery and Bamboo craft, Orissa.	35.54	31.99	31.99	—	—	Incomplete, no correspondence made after June 2006.
13	Sathi Samaj Seva Sansithan, Kuntiharpara Kondagaon, District Bastar, Chhattisgarh	2001-02	Bell metal crafts, at kondagaon, Bastar	51.63	5.00	5.00	—	—	Incomplete, no correspondence made after July 2005.
14	Gramodaya Sangh Bhadravati, District Chandrapur, Maharashtra	2001-02	For Terracotta and ceramics crafts at Bhadravati.	15.00	7.5	7.5	—	—	Incomplete, no correspondence made after Oct 2004.
15	INTACH, New Delhi	2001-02	Stone carving embroidery, Jaisalmer, Rajasthan.	37.50	33.75	33.75	—	—	Incomplete
16	Nutan Bunkar Sahakari Smithi, Maryadit, M.P	2001-02	Wooden crafts. Astha, Disst. Sipote, M.P.	45.8	37.78	37.78	—	—	Incomplete, no correspondence made after May 2006
17	Society for overall rural development, Vijayavada	2001-02	Kalamkari craft, pendana krishana, Disst. A.P.	24.12	12.06	12.06	—	—	Incomplete, no correspondence made after May 2005
18	M.P. Laghu Udyog Nigam Ltd, Bhopal (M.P)	2003-04	Stone carving craft	17.00	15.00	15.00	—	-	Settled
19	DASTAKAR Shalpur, New Delhi	2003-04	Block Printing, Tie & Dye and patch work	44.06	36.44	36.44	—	-	Report received for final settlement (Incomplete)

Report No. 9 of 2010-11

Sl no.	Name of the NGO/ Government Agency	Period	Name of the craft/location	Amount sanctioned	Amount released	Utilized	Amount Refunded	Amount Unspent	Status
20	Centre Indian Bamboo Resource and Technology for Bagh New Delhi	2003-04	Bamboo craft at Kulu (IIP)	43.09	21.54	Nil		21.54	Report awaited for 2 nd installment (Incomplete)
21	Centre Indian Bamboo Resource and Technology for Bagh New Delhi	2003-04	Bamboo craft at Konkarn (MAH)	43.09	21.54	Nil		21.54	Report awaited for 2 nd installment. (Incomplete)
22	UTTHAN, Centre for sustainable Development & Poverty Alleviation New Delhi	2003-04	Bamboo craft at KOTWA village U.P	45.00	22.50	Nil		22.50	Report awaited (Incomplete)
23	Association of Jute and Handicrafts Entrepreneurs of Eastern India Kolkata W.B.	2003-04	Sital pati, Jute, Wood & bamboo, Golden grass Madhyamgram cluster	49.74	24.87	Nil		24.87	Report awaited (incomplete)
24	Burdwan Jute Based Garments & Co-op Ind. Society Burdwan, W.B.	2003-04	Dhokara Malkits Village	38.14	19.07	Nil		19.07	Report awaited (incomplete)
25	VELUGU DRDA Godawari Disstt, A.P	2003-04	Lacc Craft Narasapur, A.P.	59.40	59.40	59.40		-	Settled
26	APHDC, Hyderabad A.P.	2003-04	Multi Craft Hyderabad	35.17	35.17	35.17		-	Settled
27	APHDC, Hyderabad A.P.	2003-04	Veena Craft Bubbli	6.97	6.97	6.97		-	Settled
28	Chaitanya Jyothi Welfare Society Nellore	2003-04	Palm leaf craft, Venkateshwara Nagar	9.25	9.25	9.25		-	Settled
29	Chaitanya Jyothi Welfare Society Nellore A.P.	2003-04	Wooden Cuttlery, Udaigiri	10.35	10.35	10.35		-	Settled
30	Chaitanya Jyothi Welfare Society Nellore A.P.	2003-04	Fabric painting, Naidu Petra	7.30	7.30	7.30		-	Settled
31	Chaitanya Jyothi Welfare Society Nellore A.P.	2003-04	Leather pupper D.C	5.80	5.80	5.80		-	Settled
32	Deshbandhu Club, Behra Bazar, Cachar, Assam.	2003-04	Cane & Bamboo Shito Pate & Jute craft at Cachar	32.82	29.52	29.52		-	Report received for final settlement (Incomplete)
33	North Eastern Federation on International trade Shillong Meghalaya	2003-04	Cane & Bamboo craft Karim Kanj.	49.80	24.90	24.90		-	Report awaited (incomplete)
34	Punjab Memorial Charitable Trust, Golpur, Assam	2003-04	Cane & Bamboo craft at Sonitpur	23.49	21.14	21.14		-	Report received for final settlement (incomplete)
35	The Kishkinda Trust, Karnataka	2003-04	Natural Fibre Craft at Anegundi	15.10	14.51	14.51		-	Settled
36	MYRADA, Mysore, Karnataka	2003-04	Terracotta at Dorea Village	4.34	3.95	3.95		-	Settled
37	Karnataka State Handicrafts Dev. Corpn. Karnataka	2003-04	Messore/ Chennapatna, Wood craft.	15.17	15.17	15.17		-	Settled
38	Bharatiya Mahila Grammodityog, Allahabad U.P.	2003-04	Bamboo craft	45.45	45.39	45.39		-	Settled
39	Bansakanta DWCR Mahila Sewa Assn. Bansakanta Gujarat	2003-04	Embroidery, Fabric & Block printing Banaskantha.	49.80	24.90	Nil		24.90	Report awaited(Incomplete)
40	SEWA Ahemadabad Gujarat	2003-04	Multi craft CFC at Komdapur	49.80	24.90	Nil		24.90	Report awaited Incomplete)
41	Ultranehal Bamboo & Fibre Dev. Board, Dehradun Ultranehal	2003-04	Bamboo & Fibre craft	29.83	14.90	Nil		14.90	Report awaited Incomplete)
42	M/s Centre for Social and Research, Agartala, Tripura	2003-04	Bamboo craft at Malermath	5.00	4.50	Nil		4.50	Report awaited Incomplete)

Report No. 9 of 2010-11

Sl no.	Name of the NGO/ Government Agency	Period	Name of the craft/location	Amount sanctioned	Amount released	Utilized	Amount Refunded	Amount Unspent	Status
43	NaniSala Foundation, Arunachal Pradesh	2003-04	Ziro, A.P. Bamboo Craft	9.48	9.48	9.48	-	-	Settled
44	Mizoram Handloom & Handicraft Dev. Corpn. Aizawl, Mizoram	2003-04	Bamboo craft at Aizawl.	10.00	10.00	10.00	-	-	Settled
45	Dev. Corpn. Aizawl, Mizoram	2004-05	Bamboo Craft, Taragram, M.P.	55.18	5.00	Nil	-	5	Project closed by DC(H) on 9.6.08 refund awaited.
46	Dev. Jhansi, M.P.	2004-05	Hand Embroidery Bead Work, Bamboo Work & pottery at Sangam Vihar, Delhi	46.85	23.43	Nil	-	23.43	Report awaited (incomplete)
47	Bishnoli Sarvodaya Gramodaya Sewa Sanstha Chirag Delhi, New Delhi	2004-05	Horn Craft	49.70	24.85	Nil	24.85	-	Project closed by DC(H) amount refunded after more then 3 year (2/2009) Penal interest Rs. 6.09 lakh still awaited
48	Federation of India Export Organization FICO Kolkata, W.B.	2004-05	Sabang Debra & Pingla, Midnapur W.B. Bamboo & Mat Weaving	27.00	27.00	27.00	-	-	Settled
49	M/s Child & Social Welfare Society, Midnapore	2004-05	Ceramic, Terracott, Cane & Bamboo, Enamelling & Glass Barasar	49.30	49.30	49.30	-	-	Settled
50	SIIRISTI, Chittranjan Park, New Delhi	2004-05	Pine Craft	18.97	18.97	18.97	-	-	Settled
51	Kerala Rural Dev. Agency, Kollam Distt. Kerala	2004-05	Jute craft	10.69	10.69	10.69	-	-	Settled
52	Youth Club of Bijipuram, Srikakulam Distt. A.P	2004-05	Cane & Bamboo, Nalbari	45.40	45.40	45.40	-	-	Settled
53	Assam Apex Weavers & Artisans Co-op, Federation, Ambari, Guwahati	2004-05	Amingaon, Kamrup, Assam	41.80	20.90	-	-	20.90	Report awaited (incomplete)
54	Assam Silk Development Centre, Guwahati Assam.	2004-05	Jute craft, Distt. Nagaon	10.00	10.00	10.00	-	-	Settled
55	North Eastern Centre for technology, Application and Rural Development, Nagaon, Assam	2004-05	Bamboo craft	24.65	24.65	24.65	-	-	Settled
56	MFDA Industrial & Credit Co-op Society Ltd, Distt. Dharwad, Karnataka	2004-05	Panja Dari	44.72	40.25	40.25	-	-	Report awaited for final settlement (incomplete)
57	India Institute of Natural Resources and Management, Noida, U.P	2004-05	Glass Handicrafts	49.80	24.90	-	24.90	-	Project closed by DC(H) refunded the amount after more then 3 years(2/09) Penal interest Rs. 4.86 still awaited.
58	Centre for Development Glass Industry, Firozabad, U.P	2004-05	Woolen Shawal	48.38	44.00	Nil	-	44.00	Report awaited (Incomplete)
59	Janjagan Samity Almora, Uttaranchal	2004-05	Bamboo, Mandi	32.90	16.45	Nil	-	16.45	Report awaited (incomplete)
60	DRDA Mandi H.P	2004-05	Bamboo craft at Aizawl	45.00	22.50	Nil	-	22.50	Report awaited (incomplete)
61	Bamboo Development Agency, Aizawl, Mizoram	2004-05	Board Craft at Aizawl.	45.00	22.50	Nil	-	22.50	Report awaited (incomplete)
62	Bamboo Development Agency, Aizawl, Mizoram	2005-06	Pillow lace and hand embroidery	21.01	21.01	21.01	-	-	Settled

Report No. 9 of 2010-11

SI no.	Name of the NGO/ Government Agency	Period	Name of the craft/location	Amount sanctioned	Amount released	Utilized	Amount Refunded	Amount Unspent	Status
63	Association, Kanyakumari T.N Pulicat Women Palm Leaf, Cane & Bamboo Allied Product Society Pulicat T.N	2005-06	craft Palm Leaf craft, Pulicat	4.91	4.42	2.46		1.96	Report awaited (incomplete)
64	Annavoor Mahila Samajam, Trivandrum, Kerala	2005-06	Palm leaf, palm stcm, banana and bamboo craft	19.48	19.48	19.48		-	Settled
65	Evangical Social Action Forum, Trichur, Kerala	2005-06	Bell Metal Craft	22.88	20.59	11.44		9.15	Report awaited (incomplete)
66	Jawaharlal Memorial Social Welfare Public Co-op, Centre Thalajulaperambu, Kerala	2005-06	Screw Pine Craft	18.83	16.95	9.42		7.53	Report awaited (incomplete)
67	Christian Agency for Rural Development, Kerala	2005-06	Bamboo craft	13.15	11.84	6.58		5.26	Report awaited Incomplete)
68	Kala SrustiPeta, Srikalahashti, Chittor A.P	2005-06	Kalamkari & Wood carving craft	36.17	32.55	8.00		24.55	Report awaited (incomplete)
69	Ad-hoc Pacifist Organization, Guwahati, Assam	2005-06	Bell & Brass metal craft	53.07	9.90	9.90		-	Report awaited (incomplete)
70	IDPMS, Bangalore, Karnataka	2005-06	Sisar Fibre Craft	20.49	10.24	NIL		10.24	Report awaited (incomplete)
71	DRDA, Mandi H.P	2005-06	Leather craft Sundarnagar, Mandi	38.65	5.00	NIL		5.00	Report awaited (incomplete)
72	DRDA, Kanchipuram, TN	2006-07	Zari embroidery craft, Kandigai.	49.86	24.93	NIL		24.93	Report awaited (incomplete)
73	Walajpet Cane workers Co.op Cottage Ind. Society Vellore, T.N	2006-07	Cane craft at Walajpet	45.68	22.84	NIL		22.84	Report awaited (incomplete)
74	M/s Fine Wood Carvers Audyogik Utpadan Sahkari Samitee Ltd. Saharanpur U.P	2006-07	Wood carving at Saharanpur U.P	36.75	36.75	36.75		-	Settled
75	CRRD, Bhubaneshwar, Orissa	2006-07	Stone Carving craft at Puri	32.42	16.21	NIL		16.21	Report awaited (incomplete)
76	Integrated Women development Institute, Chennai, T.N	2007-08	Zari Embroidery craft at Gummitipoudi	21.93	19.74	10.97		8.77	Report awaited (incomplete)
77	Handicrafts artisans welfare Assn. Warrangal A.P	2007-08	Artistic leather warc at Fort Warrangal	16.51	14.86	8.26		6.60	Report awaited (incomplete)
78	Solmar Hindi Vidyapeeth & Welfare Society, Nagaon, Assam	2007-08	Brass & aluminium metal at Nagam	15.62	7.81	7.81		-	Report awaited (incomplete)
79	Swaraj Gramin Loksewa Parishad, Kamrup, Assam	2007-08	Artistic Textiles & cane & bamboo at Kamrup	49.73	24.87	NIL		24.87	Report awaited (incomplete)
80	Karnataka State Small Industries Development Co.op Ltd, Bangalore, Karnataka	2007-08	Other wooden craft at Thagechegere	48.20	24.10	NIL		24.10	Report awaited (incomplete)
81	Karnataka State Small Industries Development Co.op Ltd, Bangalore, Karnataka	2007-08	Wooden lacquaireware craft at Thagechegere	48.20	24.10	NIL		24.10	Report awaited (incomplete)
82	State Institute for development of Art & Culture, Handicrafts Complex, Khurda, Orissa	2007-08	Applique craft, Kendubliwa	33.31	16.66	NIL		16.66	Report awaited (incomplete)
83	State Institute for development of Art & Culture, Handicrafts	2007-08	Palm leaf and painting Kendubliwa	35.42	17.71	NIL		17.71	Report awaited (incomplete)

Report No. 9 of 2010-11

Sl no.	Name of the NGO/ Government Agency	Period	Name of the craft/location	Amount sanctioned	Amount released	Utilized	Amount Refunded	Amount Unspent	Status
84	Complex, Khurda, Orissa State Institute for development of Art & Culture, Handicrafts	2007-08	Stonecarving Kondubilwa	38.59	19.29	NIL		19.29	Report awaited (incomplete)
85	Complex, Khurda, Orissa Sikkim Handloom & Handicrafts Development corporation, Gangtok, Sikkim	2007-08	Cane & Bamboo, North Sikkim	57.50	28.75	NIL		28.75	Report awaited (incomplete)
86	Sikkim Handloom & Handicrafts Development corporation, Gangtok, Sikkim	2007-08	Wood carving, South Sikkim	57.50	28.75	NIL		28.75	Report awaited (incomplete)
87	Manipur Handloom & Handicrafts Development Corporation, Imphal, Manipur	2007-08	Cane & Kauna & bamboo craft at Imphal	60.00	30.00	NIL		30.00	Report awaited (incomplete)
88	People Edu. For Awareness & comm. Empow. Orgn. Imphal, Manipur	2007-08		10.00	10.00	10.00		-	settled
89	Rajiv Gandhi Charitable Trust, Amethi, U.P	2007-08	Leather craft Amethi	60.00	30.00	NIL		30.00	Report awaited (incomplete)
90	DRDA, Dibang Valley, Arunachal Pradesh	2007-08	Bamboo craft, Annini, Dibong Valley-	59.90	29.95	29.95		-	Report received (incomplete)
91	DRDA, Dibang Valley, Arunachal Pradesh	2007-08	Bamboo craft, Annini, Dibong Valley	59.90	29.95	29.95		-	Report received (incomplete)
92	DRDA, Dibang Valley, Arunachal Pradesh	2007-08	Bamboo craft, Annini, Dibong Valley	59.90	29.95	29.95		-	Report received (incomplete)
93	Bharitiya Gramothan Sansthan, Utranchal	2007-08	Carpet craft	55.10	27.55	NIL		27.55	Report awaited (incomplete)
94	State Institute for development of Art & Culture, Handicrafts Complex, Khurda, Orissa	2007-08	Terracotta, Kendubilwa	43.97	21.98	NIL		21.98	Report awaited (incomplete)
95	State Institute for development of Art & Culture, Handicrafts Complex, Khurda, Orissa	2007-08	Brass Metal, Kendubilwa	38.54	19.29	NIL		19.29	Report awaited (incomplete)
			Total	3526.82	2115.38	1226.48	70.53	818.36	

Annex-II
(Referred to in paragraph 13.3.1)

HANDLOOM DEVELOPMENT CENTRE/QUALITY DYEING UNIT SCHEME (STATUS OF FUNDS RELEASED FROM 1993-94 TO 2000-01)
(Rupees in lakh)

S.No	State	1993-94			1994-95			1995-96			1996-97			1997-98			1999-2000		2000-01		2001-02		Total			
		HDC	QDU	Amount	HDC	QDU	Amount	HDC	QDU	Amount	HDC	QDU	Amount	HDC	QDU	Amount	Balance only	Balance only	Balance only	HDC	QDU	Amount	HDC	QDU	Amount	
1.	Andhra Pradesh	50	24	246.95	30	13	414.09	47	3	217.82	159	49	671.67	111	62	460.34	13.69	27.89		397	151	2052.45				
2.	Assam	45		100.00	58	12	489.24			84.50										103		673.73				
3.	Bihar				14		74.48	35	4	114.41	1		4.00	3	3	16.97				53	19	209.86				
4.	Gujarat				6		20.42			8.25	1		0.15							7		28.82				
5.	Haryana							1		4.00										1		9.00				
6.	Himachal Pradesh	1		2.00	4		30.36	5	1	26.20	1	2	24.00				2.84	5.10		11	3	90.49				
7.	Jammu & Kashmir				2		6.08	1		3.04										3		9.12				
8.	Karnataka	6	1	17.50	15	3	84.69	2		26.70	7		12.51							30	4	141.40				
9.	Kerala	8		29.37	36	3	261.00	18	5	116.05	9	4	86.95	1		4.06	16.00			72	12	513.41				
10.	Madhya Pradesh	5		20.00	12	6	82.07	11		31.87										28	6	133.94				
11.	Maharashtra	1	1	6.00	14	1	53.39	5	1	26.48										20	3	85.87				
12.	Manipur	41		113.74	96	7	607.53			132.00										137	7	853.27				
13.	Nagaland							2		8.00	60	1	239.91	80	6	315.63	61.40	78.84		142	7	703.77				
14.	Orissa	38	26	178.30	48	8	278.28	55	1	153.84	57	5	84.43	16	2	24.11				214	42	718.96				
15.	Rajasthan						3.04			2.24										1		7.05				
16.	TamilNadu	30	6	124.85	119	17	805.83	99	5	449.11	38	4	114.20	38	4	116.07	290.08			324	36	1900.14				
17.	Tripura				13	10	48.01			17.88										13	10	65.89				
18.	Uttar Pradesh				76	42	404.89	7	8	140.13	2		2.38	4	1	19.09	12.19			89	51	579.28				
19.	West Bengal	42	8	161.29	56	12	336.64	38	8	165.86	55	12	104.82	7		6.66				198	40	775.27				
20.	Pondicherry				5		18.50													5		18.50				
	Total	267	66	1000.00	605	134	4018.50	326	36	1728.34	390	77	1345.01	260	78	968.53	396.18	111.83		1848	391	9570.22				

Annex-III
(Referred to in paragraph 13.3.2)
State-wise details of outstanding UCs

(Rupees in lakh)

Sl.No	Name of the State	No.of HDC/QDU		Amount Released	Amount of UCs Received	Amount Refunded	Amount pending
1.	Andhra Pradesh	HDC 397	QDU 151	2052.45	1981.12	70.60	0.73
2.	Assam	103		673.73	171.90	-	501.83
3.	Bihar	53	19	209.86	26.44	-	183.42
4.	Gujarat	7		28.82	14.53	10.03	4.27
5.	Haryana	1		9	-	-	9
6.	Himachal Pradesh	11	3	90.49	63	-	27.49
7.	Jammu & Kashmir	3		9.12	-	1.58	7.54
8.	Karnataka	30	4	141.40	53.38	42.08	46.93
9.	Kerala	72	12	513.41	448.03	0.5	64.88
10.	Madhya Pradesh	28	6	133.94	6.034	3.86	124.04
11.	Maharashtra	20	3	85.87	76.79	-	9.08
12.	Manipur*	137	7	853.27	-	853.27	-
13.	Nagaland	142	7	703.77	601.58	-	102.19
14.	Orissa	214	42	718.96	661.95	39.69	17.32
15.	Rajasthan	1		7.05	-	-	7.05
16.	Tamil Nadu	324	36	1900.14	1900.14	-	
17.	Tripura	13	10	65.89	65.89	-	-
18.	Uttar Pradesh	89	51	579.28	526.39-	52.89	
19.	West Bengal	198	40	775.27	758.15	-	17.11
20.	Pondicherry	5		18.50	18.50	-	-
	Total	1848	391	9570.19	7373.82	1074.50	1121.88

*entire amount of central assistance released to Govt. of Manipur has been adjusted from the state budget 1999 by the Ministry of Finance.