

CHAPTER XV : MINISTRY OF TEXTILES

15.1 Non-completion of Urban Haats

The scheme for setting up of ‘Urban Haats’ in various states, launched in 1999, with a view to provide permanent marketing outlets to the local artisan community, suffered from poor planning, lack of monitoring and inefficient execution, resulting in 71 per cent of the Haats approved during 1998-99 to 2003-04 costing Rs. 9.33 crore still remaining incomplete and un-operationalised even as of July 2007. This not only denied opportunity to the local artisans to sell their wares but also resulted in blocking of capital.

A plan scheme titled “Setting up of Urban Haats” was launched by the Government of India (GoI) in 1999, on the pattern of Dilli Haat, to provide permanent marketing outlets to the artisan community. These Haats were to be set up in various metropolitan cities of the country, with 40-50 stalls in each Haat for artisans to sell their wares directly to the consumers without involving any middlemen. There was also a provision for two exhibition halls/museums in the Haat. The built up stalls were to be allotted in a transparent manner to artisans on a fortnightly rotation basis at nominal daily rentals. This scheme is being implemented through State Handicrafts/Handloom Development Corporations/Tourism Development Corporation/Non-Government Organisations in consultation with the concerned State Governments. The responsibility for providing developed land at a suitable location would be that of the concerned State/Implementing Agency (IA). Expenditure on the scheme is to be shared by GoI and the State Government in the ratio of 70:30, with Central assistance restricted to Rs. 1.40 crore per Urban Haat. Further, any cost escalation would be borne by the State Government/implementing agencies.

Government of India had approved 41 Urban Haats in 22 States /Union Territory¹ and released Rs. 18.48 crore during 1998-99 to 2006-07. The year-wise position of sanction of Haats and their status of operation is given in the table below:

¹ Gujarat, Uttar Pradesh, Orissa, Andhra Pradesh, Haryana, Jammu & Kashmir, Jharkhand, Rajasthan, Madhya Pradesh, Chattisgarh, Uttarakhand, Kerala, Punjab, Karnataka, Maharashtra, Goa, Bihar, Tamil Nadu, Delhi, Assam, Tripura, Nagaland.

Sl. No..	Year of approval	No. of Urban Haats approved	Amount of funds released (Rs. in crore)	No. of operational Urban Haats	No. of Urban Haats withdrawn	No. of Urban Haats still not operational
1.	1998-99	2	1.87	1	-	1
2.	1999-00	4	3.51	3	-	1
3.	2000-01	2	1.40	1	1	-
4.	2001-02	9	6.41	2	1	6
5.	2002-03	7	1.54	1	3	3
6.	2003-04	4	2.35	-	-	4
7.	2004-05	4	-	-	-	4
8.	2005-06	4	0.70	-	-	4
9.	2006-07	5	0.70	-	-	5
	Total	41	18.48	8	5	28

Audit examination disclosed following inadequacies/slippages in the implementation of this scheme:

- (i) As per the sanctions, the projects were to be completed in a time bound manner i.e. within 18 months from the start of construction. However, out of 28 projects approved up to 2003-04, only eight projects had become operational, while five projects were withdrawn due to various reasons e.g. location of site being under reconsideration, layout plan awaited, project under litigation etc. As regards remaining 15 projects approved up to 2003-04, funds amounting to Rs. 8.84 crore had been released between March 1999 and February 2007 but remained unfruitful, as the projects have still not become operational. Hence, 71 per cent of the projects sanctioned during 1998-2004 have still not become operational even as of July 2007.
- (ii) Audit selected 26 incomplete/withdrawn Urban Haats in respect of 17 states for detailed examination. The status of their completion and reasons for slippages are given in the **Annex**. Audit analysis indicated:
 - In five cases (Patiala, Thiruvananthapuram, Surat, Agartala and Kanpur), the projects were either withdrawn or cancelled. A sum of Rs. 48.50 lakh released for these projects was yet to be recovered from the states/implementing agencies concerned as of July 2007.
 - In six cases (Patna, Delhi (Pitampura & Mehrauli), Panaji, Navi Mumbai and Indore), projects were approved during 2004-07, but grants could not be released by the Ministry due to non-finalisation of lay-out plan/architectural designs, non-availability of appropriate site etc.

- In seven cases (Raipur, Ranchi, Puri, Ajmer, Dehradun, Bareilly and Lucknow), central grant of Rs. 3.56 crore was released during 1999-2000 to 2006-07, but physical and financial progress was 'Nil' and the entire funds were lying unutilised with the IAs. As per provisions of the scheme, if the grantee failed to utilise the grant for the purpose for which it was sanctioned, it was required to refund the amount along with interest at the rate of six *per cent* per annum. Despite considerable delays on the part of states/implementing agencies in taking up the project, Ministry did not recover the amount of unutilised grant.
- In eight cases (Agra, Bhuj, Dimapur, Guwahati, Hazaribagh, Jaipur, Rampur and Varanasi) funds amounting to Rs. 4.88 crore were released, but physical and financial progress was not fully known to the Ministry. This indicated lack of monitoring and control in implementation of the scheme. Poor monitoring was also reflected from the fact that the Ministry was only requesting the status of the project from the State/implementing agency and no penal action was either envisaged or taken.

The Office of the Development Commissioner (Handicrafts) in its reply of October 2007 stated that the Haat at Agartala had been revived in September 2007 after reconsideration and two more Haats at Konark and Ahmedabad had become operational in August and September 2007 respectively. While no time limit was mentioned in the scheme, such limits were to be mentioned in the sanctions.

The reply is not tenable, as the projects were to be executed in a time bound manner. Non-completion of projects sanctioned as early as 1998-99 to 2003-04, reflects poorly on the efficiency of planning, monitoring and implementation of the scheme. Further, the sanctions were defective, since these specified a time limit of 18 months from the start of construction, without specifying a definite time limit for starting the construction after approval of the project and release of funds.

Hence, poor planning, lack of effective monitoring and deficient implementation of the scheme resulted in denial of opportunity to the local artisans to sell their wares in the Haats and also led to blocking of capital on incomplete projects.

The matter was referred to the Ministry in August 2007; their reply was awaited as of January 2008.

15.2 Deficient property management

Poor planning by the Ministry of Textiles resulted in a plot of land lying idle for more than 10 years, on which a total expenditure of Rs. 6.22 crore was incurred between November 1989 and March 2006; in addition, avoidable expenditure of Rs. 0.31 crore was incurred on payment of rent of hired building.

In November 1989, the Ministry of Textiles purchased a plot of land measuring 10 acres in the institutional area of New Okhla Industrial Development Authority (NOIDA) for setting up the Office of the National Centre for Jute Diversification (NCJD) between November 1989 and March 2006. A total expenditure of Rs. 6.22 crore was incurred on this plot, as summarised below:

- Rs. 1.66 crore between November 1989 and April 1990 towards the cost of the plot.
- Rs. 1.60 crore towards development charges in December 1994.
- Rs. 1.68 crore towards penal interest in November 1995 on account of delay in depositing development charges.
- Rs. 0.21 crore towards the cost of construction of boundary wall in March 2000.
- Rs. 1.07 crore up to March 2006 towards pending lease rent up to November 2005.

Of the above amount, Rs. 1.66 crore, representing cost of the plot was contributed by the Government of India, while the rest was invested out of the corpus of NCJD.

Audit scrutiny revealed that the land remained unutilised and the NCJD Office continued to function from rented premises, on which it incurred expenditure of Rs. 0.31 crore on the rent from January 1998 to December 2006. Further, NOIDA authority issued notice in February 2006 for furnishing the completion certificate of the building, failing which it would initiate action for resumption of the plot of land.

In response to the audit observations, the Ministry stated (January/August 2007) as follows:

- Land was initially purchased for setting up the Headquarters of NCJD. However, this was set aside, as Headquarters of NCJD was set up in Kolkata for administrative reasons.

- The possession of land was handed over only in December 1997, and any construction should have been planned only thereafter.
- The construction time limit, as per the lease, was December 2001.
- In 2002, it was decided to establish the NIFT-NCJD R&D Centre. However, due to inability to fund the construction, the Council of Governors of NCJD suggested disposal of the land.
- In March 2006, the earlier decision to sell land was reversed and the Ministry of Textiles decided to utilise the plot for locating regional offices of jute-related bodies, as well as for establishing the proposed National Institute of Natural Fibre. However, this could not progress due to funds constraints.
- Now, the Ministry and NCJD had decided to take up the project through public sector partnership, so that the selected partner could provide the required funding for the project.
- With the passage of time, there had been changes in administrative requirements of the NCJD and the Ministry, and the decisions at various points of time reflected unavoidable circumstances due to which the project envisaged could not materialise.

The reply of the Ministry is not tenable for the following reasons:

- The Ministry and NCJD should have properly planned the utilisation of the plot so that construction should have taken place at least by the stipulated time limit of December 2001.
- Availability of funds should have been appropriately considered as part of the planning process.
- The changes in decisions and requirements reflect an *ad hoc* approach, which are indicative of poor long term planning.

Thus, inadequate planning of the Ministry resulted in the plot remaining unutilised for nearly 10 years after handing over, for which a total payment of Rs. 6.22 crore was made between November 1989 and March 2006.

15.3 Outstanding contingent advances

The Ministry failed to ensure timely submission of adjustment bills in respect of contingent advances aggregating Rs. 57. 51 lakh, drawn four years earlier.

Rules² provide that drawals in abstract contingent bills (AC bill) require presentation of detailed countersigned contingent bills (DCC bills) to the Controlling officer (CO) and transmission to the Accounts Officer. A certificate shall be attached to every AC bill to the effect that the DCC bills have been submitted to the CO in respect of AC bills drawn during the month previous to that in which the bill in question is presented for payment.

A test check of the contingent advance register for the year 2003-04 of the Weavers Service Centre, Delhi revealed that in 22 cases an amount of Rs.80.36 lakh on account of contingent advances for different purposes was outstanding for want of adjustment bills and this was pointed out to the Department (March 2005). Further scrutiny in audit revealed that an amount of Rs. 57.51 lakh in four cases still remains unadjusted, the details of which are given below:

Sl. No.	Date of drawal of the AC bill	Brief subject for drawing advance	Amount Unadjusted (Rs. in lakh)	Remarks
1.	24/3/2004	Organisation of trainings under Integrated Handloom Training Project (IHTP) in the North Zone	5.84	As per the sanction, amount was required to be adjusted within 30 days after the completion of trainings which were completed in 2004-05.
2.	25/3/2004	For payment of stipends to trainees taking part in trainings under Integrated Handloom Training Project (IHTP).	19.67	- Do -
3.	29/3/2004	To Association of Corporation of Apex Societies for Handloom (ACASH) for renovation and civil works in Handloom Pavilion Pragati Building New Delhi.	30.00	As per Government of India Decision (4) below Rule 258(2) of GFR 1963, adjustment was required to be done within 30 days from the date of drawal (March 2004) of advance.
4.	3/12/2003	To Association of Corporation of Apex Societies for Handloom (ACASH) for local arrangement of organisation of TANTAVI- 03 held from 11 to 16 December, 2003.	2.00	As per Government of India Decision (4) below Rule 258(2) of GFR 1963, adjustment was required to be done within 30 days from the date of drawal (December 2003) of advance.
Total			57.51	

² Rules 117-118 of Central Government Receipt and Payment Rules

Thus the Drawing and Disbursing officer concerned failed to submit adjustment bills for nearly four years in respect of contingent advances amounting to Rs.57.51 lakh. The case highlights weakness of internal controls and oversight in the Ministry with regard to expenditure monitoring and control.

In response, Ministry stated (December 2007) that the cases were under process and the balances would be adjusted after receiving sanctions of the competent authority and necessary payments vouchers. Reply of the Ministry confirms that the amounts drawn have still not been adjusted. The Ministry should take adequate measures to ensure that the amounts drawn from the Government accounts as contingent advances are spent within the prescribed time limits and adjustment bills with proof of expenditure i.e., vouchers are submitted without delay to eliminate any possibility of misappropriation, fraud or misuse of Government funds.

Annex

(Referred to in Paragraph No. 15.1)

State-wise analysis of incomplete Urban Haats

Sl. No.	State	Location & Implementing Agency	Total approved project cost (Rs. in crore)	Amount released by GOI (Rs. in crore)	Reasons for delay and remarks, if any
1	Assam	Guwahati (Assam Govt. Marketing Corpn., Guwahati)	1.98	0.74	The project was approved in 2001-02 but delayed due to encroachment of land by various local agencies and a case was filed by these unauthorised encroachers in Guwahati High Court. Accordingly, construction work of the project was suspended by the Court.
2	Bihar	Patna (Bihar Industrial Area Development Authority)	2.00	-	Approved in principle in July 2006. However, no funds had been released for this project so far.
3	Chhatisgarh	Raipur (Chhattisgarh Khadi Gramodyog Board, Raipur)	1.60	0.35	Though the project was approved in 2001-02 and 1st instalment of Rs. 35.00 lakh released to the Implementing Agency by DC(HC) in November 2006, IA had requested for escalation in the project cost from Rs. 1.60 crore to Rs. 2.00 crore. Besides, the site was under litigation.
4	Delhi	Mehrauli (Haryana Tourism, Chandigarh)	-	-	This project was approved in August 2004 and no funds released as lay-out plan/architectural design with other relevant documents were awaited from IA
5	-do-	Pitampura (DTTDC Ltd., Delhi)	2.00	-	Though the project was approved in 2004-05, funds were still not released. Proposal for releasing funds was under consideration. M/o Tourism had also released Rs. 4.00 crore for this project.
6	Gujarat	Bhuj (Bhuj Indl. Extn. cottage, Gandhi Nagar)	1.42	0.50	Though the project was approved in 2002-03 and funds released in July 2005 due to increase in price of material, the party to whom the work was allotted, did not turn up. Consequently, the revised estimated cost increased to Rs. 2.14 crore.
7	-do-	Surat (Surat Indl. Extn. Cottage INDEXT-C, Gandhi Nagar)	2.00	-	This project was approved in January 2003, but was under litigation. Hence the project was withdrawn/cancelled in September 2006.

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Sl. No.	State	Location & Implementing Agency	Total approved project cost (Rs. in crore)	Amount released by GOI (Rs. in crore)	Reasons for delay and remarks, if any
8	Goa	Panji (Goa HC Rural & Small Scale Ind. Dev Corpn., Goa)	2.00	-	This project was approved in Dec. 2005. However, the Finance Deptt. of State Govt. objected to the proposal at the existing site, since another urban haat project had been sanctioned by MORD-GOI for the Rural Development Agency, North Goa located within 5 Kms radius of the proposed urban haat site. Due to unavailability of alternative land, the project had been delayed.
9	Jharkhand	Ranchi (Ranchi Indl. Dev. Authority, Ranchi)	1.81	0.52	Though this project was approved in 1999-2000 and funds worth Rs. 51.68 lakh were released up to March 2004, the site of the project was under litigation and no progress was reported by the IA.
10	-do-	Hazaribagh (Hazaribagh Kala Evam Sanskriti Vikas Parishad, Hazaribagh)	2.00	0.70	This project was approved in January 2003, but the project could not be completed due to failure of district authority to make available cement as per the approved rate contract.
11	Kerala	Thiruvananthapuram (Kerala State Dev. Corpn. Ltd, Kerala)	-	-	This project was approved in principle in May 2003, but layout plan and architectural design were not submitted by IA. Consequently, the project was withdrawn in September 2006.
12	Maharashtra	Navi Mumbai (CIDCO, Mumbai)	-	-	Though the project was approved in principle in 2004-05, it was delayed due to want of clarifications regarding availability of land, selection of IA etc. Subsequently, the IA had requested for enhanced grant of Rs. 2.1 crore
13	Madhya Pradesh	Indore (MP HC & HL Dev. Corpn., Bhopal)	2.00	-	Though the project was approved in 2004-05, it was delayed as the supporting documents regarding acquisition of land and release of funds by the State Govt. were awaited. The project was finally approved in Aug. 2007 at an escalated cost of Rs. 2.67 crore.
14	Nagaland	Dimapur (Nagaland HL & HC Dev. Corpn., Dimapur)	2.00	0.70	Though the project was approved in 2003-04, the Progress report, UC, SOE and latest status were awaited from the IA.

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15	Orissa	Puri (Orissa Indl. Infrastructural Dev. Corpn., Bhubaneswar)	2.40	0.66	Though the project was approved in 2003-04, it was delayed due to problems in location of site. IA intimated that there was a <i>nallah</i> in front of the available site for the Urban Haat.
16	Punjab	Patiala (INTACH, New Delhi through Deptt. of Culture, Govt. of Punjab)	1.96	-	This project was approved in 2002-03, but the location of the project site was under reconsideration by the State Govt. As no progress reported by the IA, the project was cancelled in September 2006.
17	Rajasthan	Ajmer (Udhyam Protsahan sansthan)	2.00	0.35	Project was approved in April 2006 and the first instalment of Rs. 35.00 lakh was released in August 2006. The bill amounting to Rs. 35.00 lakh received from IA was returned several times from the CPAO with the remarks that the clearance of pending UCs in the Ministry may be done first.
18	-do-	Jaipur (Udhyam Protsahan Sansthan, Jaipur)	2.00	0.88	The project was approved in 2001-02 and total funds of Rs. 87.50 lakh released in January 2007. The delay in release of funds by the Ministry was due to the fact that initial formalities i.e. lay-out plan, architectural design, land allotment by State Govt etc were not completed by the IA.
19	Tripura	Agartala (Tripura Handloom & Handicrafts Dev. Corpn, Tripura)	1.35	0.14	The project was approved in 2000-01 and Central grant of Rs. 13.50 lakh was released in February 2003. As no progress was reported by IA, the project was cancelled in September 2006, but subsequently revived in September 2007 after reconsideration
20	Uttarakhand	Dehradun (State Industrial Corpn. of Uttaranchal)	1.81	0.63	The project was approved in 2001-02 but could not be completed as there was delay in getting permission for converting agricultural land to community (Urban) facilities land.
21	Uttar Pradesh	Agra (UP State Tourism Corpn. Ltd., Lucknow)	1.05	0.49	This project was approved in 2001-02 and funds released, but the IA had not reported status of the project to the Deptt..

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Sl. No.	State	Location & Implementing Agency	Total approved project cost (Rs. in crore)	Amount released by GOI (Rs. in crore)	Reasons for delay and remarks, if any
22	Uttar Pradesh	Bareilly (Bareilly Dev. Corpn., Bareilly)	2.00	0.35	This project was approved in 2005-06 but the construction work had not been started. The IA had intimated that the number of shops were not appropriate to fulfil the aims of Urban Haat and hence the sanction order did not seem to be appropriate in respect of the number of shops, food plaza, exhibition hall and their sizes.
23	-do-	Kanpur (Kanpur Dev. Authority)	2.00	0.35	The project was approved in September 2002 and funds released. As no progress reported by the IA, the project was cancelled/withdrawn in September 2006
24	-do-	Lucknow (Awadh Haat Samiti, Lucknow)	2.00	0.70	Though, the project was approved in 2001-02 and funds released, implementation was delayed due to land problem as lay-out plan was not approved by the Lucknow Dev. Authority. Besides, approval for conversion of land use was also not given. Subsequently, the land allotted for Haat was handed over to an Education Institute.
25	-do-	Rampur (State Urban Dev. Agency)	2.00	0.53	This project was approved in Dec. 2005. Construction work was reported to be under progress.
26	-do-	Varanasi (UP Tourism Development Corpn, Varanasi)	1.95	0.34	This project was approved in 2002-03. IA reported that the work was stopped from April 2007 due to non-receipt of funds for the project. Actually, the IA had not submitted the SOE, UC and latest status of the project for release of further funds.