



**FOURTEENTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC UNDERTAKINGS  
(2019-2021)**

**NINETY THIRD REPORT  
(Presented on 18th June, 2019)**

**SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM**

**2019**

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**COMMITTEE  
ON  
PUBLIC UNDERTAKINGS  
(2019-2021)**

**NINETY THIRD REPORT**

On

**The Action Taken by the Government on the Recommendations contained in  
the Eighth Report of the Committee on Public Undertakings (2016-2019)  
relating to Kerala State Handloom Development Corporation  
Limited (HANDVEEV), based on the Report of the  
Comptroller and Auditor General of India  
(Commercial) for the year ended  
31st March, 2012.**

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**COMMITTEE ON PUBLIC UNDERTAKINGS (2019-2021)**

**COMPOSITION**

***Chairman :***

Shri C. Divakaran.

***Members :***

Shri K. B. Ganesh Kumar

Shri C. Krishnan

Shri Thiruvanchoor Radhakrishnan

Shri P. T. A. Rahim

Shri S. Rajendran

Shri Raju Abraham

Shri Sunny Joseph

Shri C. F. Thomas

Shri M. Ummer

Shri P. Unni.

***Legislature Secretariat:***

Shri V. K. Babu Prakash, Secretary

Shri P. B. Suresh Kumar, Joint Secretary

Shri G. Harish, Deputy Secretary

Smt. Reji D. O., Under Secretary.

## INTRODUCTION

I, the Chairman, Committee on Public Undertakings (2019-2021) having been authorised by the Committee to present the Report on their behalf, present this Ninety Third Report on the Action Taken by the Government on the Recommendations contained in the Eighth Report of the Committee on Public Undertakings (2016-2019) relating to Kerala State Handloom Development Corporation Limited (HANDVEEV) based on the Report of the Comptroller and Auditor General of India (Commercial) for the year ended 31<sup>st</sup> March, 2012.

The Statement of Action Taken by the Government included in this Report was considered by the Committee constituted for the year (2016-2019) at its meeting held on 10-10-2018.

This report was considered and approved by the Committee at its meeting held on 15-5-2019.

The Committee place on record its appreciation for the assistance rendered to them by the Accountant General (Audit), Kerala, officials of Industries Department and HANDVEEV who were present during the consideration of the Action Taken Statements included in this Report.

Thiruvananthapuram,  
15th May, 2019.

C. DIVAKARAN,  
Chairman,  
Committee on Public Undertakings.

## **REPORT**

This Report deals with the Action Taken by the Government on the recommendations contained in the Eighth Report of the Committee on Public Undertakings (2016-2019) relating to Kerala State Handloom Development Corporation Limited (HANDVEEV) based on the Report of the Comptroller and Auditor General of India (Commercial) for the year ended 31<sup>st</sup> March, 2012 .

The Eighth Report of the Committee on Public Undertakings (2016-2019) was presented to the House on 8<sup>th</sup> November, 2016. The Report contained 6 recommendations from para number 9 to 14 to which the Government had furnished Action Taken Statements. The Committee (2016-2019) considered the Action Taken Statements furnished by the Government at its meeting held on 10-10-2018.

The Committee accepted the replies to the recommendations from Para No. 9 to 14 with remarks.

CHAPTER I

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

Sl. No.	Para No.	Department Concerned	Conclusions/Recommendations	Action Taken by the Government
(1)	(2)	(3)	(4)	(5)
1	9	Industries	<p>The Committee observes with concern the lacklustre performance of the Corporation and its high operating cost. It is seen that the Corporation is following an irrational policy of purchasing fabrics from other states and selling them through Corporation showrooms at exorbitant prices thereby alienating a vast majority of customers. The Committee therefore, recommends that the policy of procuring handloom fabrics from other states should immediately be disposed off and instead, the Corporation should devise a plan to procure good quality handloom fabrics directly from weavers.</p>	<p>The Government have issued an Order No. G.O.(Rt.)No. 364/2008/ID dated 4-4-2008 allowing the Corporation to procure handloom sarees from outside states after the approval of Board. Accordingly Corporation had been procuring handloom sarees from Apex Societies of Government and primary societies of various states. Government has also clarified that the Corporation is free to procure 20% of total production for trading purpose. Corporation is only procuring well within the limit and that too, sarees only which cannot be produced by their weavers in the state. Since Corporation is expecting to sell 60%</p>

				<p>of the items procured in 1<sup>st</sup> phase which is normal norms in Textile industry, the profit margin is fixed at 60% to 70% so that by selling 60% of procured items, the cost price is absorbed and by selling the balance of 40% in different phases by allowing suitable discounts, the Corporation will not incur trading loss on account of procurement. At present the Company is taking steps to device its own production of sarees by conducting suitable training to their own selected weavers and there by the procurement of sarees from outside state would be dispensed with.</p>
2	10	„	<p>The Committee learns that the weavers are not being compensated adequately. This has paved the way for the weavers dropping out from the weaving industry. The Committee, therefore urges that the Corporation should execute some prudent plans to entice the services and skills of the traditional weavers by providing them with ample remuneration.</p>	<p>The wages of the weavers in the state is fixed by the minimum wages committee in handloom sectors of Kerala and this is applicable to all handloom sectors such as Handloom Corporation, Apex Societies and Primary Weavers Societies. Corporation is not free to enhance the remuneration on its own capacity.</p>



(1)	(2)	(3)	(4)	(5)
<b>Remarks of the Committee</b>				
<p>The Committee suggests that the Corporation should consider weaving new fabric items like shirting cloth, hospital sanitation cloth etc. as the market pertaining to dhothies is currently highly competitive.</p>				
3	11	Industries	<p>The Committee is also aware of situations where though there is high demand for certain handloom like Kannur handloom in world market the production of the same doesn't match its huge demand. When the supply does not meet the demand for a prolonged period, demand for its slows down and product gets wiped out from the market. The Committee is of the view that thrust must be given to profit assured products/schemes in order to revive the handloom industry. Therefore the Committee opines that immediate steps must be taken to revive Kannur handloom by attracting more weavers by giving them incentives, loans etc.</p>	<p>The Company is fully depending on domestic market and is producing items which have demand in the market and at the same time profit is also assured on the product. At present Hanveev is the only agency giving direct work to unorganized handloom weavers in Kannur and by assuring them continuous wages linked with incentive schemes like additional production incentive, special production incentive, thrift/CTF etc.</p>

### Remarks of the Committee

The Committee strongly voices its view that the Corporation should explore the possibility of incorporating powerloom in addition to handloom as well as value addition of new existing product line so as to make the Corporation profitable. The Corporation should efficiently and properly interfere in the marketing activities. For increasing the efficiency of the Corporation new projects should be devised and such projects submitted to the Government.

4	12	..	It has come in to the notice of the Committee that owing to utter laxity in fixing a sagacious sales target, a large number of showrooms are running at a loss. Moreover, the burden of excess staff has worsened the situation. The Committee, therefore, suggest that the Corporation should formulate and fix an objective sales target for each showroom and entrust showroom persons to achieve the sales target. The Committee firmly opines that, even after taking all earnest efforts to make profit, if a showroom fails to achieve the	Corporation had taken earnest efforts to fix the target for showrooms. It has also identified unviable showrooms and prepared a scheme for closure of unviable showrooms. During the year 2014, 10 Nos. of unviable showrooms were closed down. Steps are also taken to downsize the number of staff by redeployment/VRS.
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(1)	(2)	(3)	(4)	(5)
			<p>proposed target, such a showroom should be shut down permanently. The Committee therefore recommends to close all unviable showrooms and to curtail the number of staff.</p>	
5	13	Industries	<p>It is also found that eventhough the Corporation had already launched some sales promotion programmes, nothing has brought a result as expected. The Committee noted with displeasure the laxity from the part of Government to implement the Government Order to purchase school uniform from handloom and recommends to implement the Government Order atleast in the next academic year. The Committee recommends the Government to insist all Departments to purchase clothes for Government purpose from handloom only. The Committee also recommends that a proactive awareness programme, highlighting the</p>	<p>Government have launched free school uniform scheme at a total project outlay Rs.82 crore during the year 2016-17. Corporation has produced free school uniform fabrics for the value Rs.3.68 crore during the financial year 2016-17. The Scheme is expected to familiarise the use of handloom textiles among the students and teachers, which can generate more man days to the employees engaged in the industry. Corporation is planning to produce school fabrics worth Rs.10 crore for free school uniform for the year 2017-18.</p>

			<p>use of handloom products should be implemented among school children and Government servants and earnest efforts should be taken to popularise the use of handloom clothes.</p>	
6	14	..	<p>It is a time when the world is turning to handmade, ecologically and environment friendly items including fabrics. Quality handmade products are in high demand world wide. Handloom should explore that opportunity by coming up with innovative products and developing a global customer base. The Committee further suggests that the Corporation should approach the Central Government for assistance in gaining access to the international markets for the export of handloom products. The Corporation should also explore the possibility of a tie-up with Tourism Department which has been successfully conducting tourism promotional</p>	<p>Corporation is participating in national and international trade fairs where lot of foreign buyers are expected to visit. On the basis of that participation, Corporation is getting trade enquiries and Corporation is hopeful of entering into international market in a phased manner. Government have introduced handloom Village in Kannur district especially in Azheekode panchayath where lot of weavers are working for the Corporation. Possibilities of linking handloom weaving with heritage tourism so as to boost up the marketing efforts will be examined.</p>

(1)	(2)	(3)	(4)	(5)
			<p>activities internationally, for publicising and promoting handloom products in international markets. As a part of Heritage Tourism activities it may be possible to introduce tourists to villages dedicated to the handloom weaving industry that in turn, may boost up the direct marketing efforts of the handloom sector.</p>	
<p style="text-align: center;"><b>Remarks of the Committee</b></p> <p>The Committee suggests that the Corporation should explore the marketability of Kasavu Mundu and Kasavu Saree in the tourist sector, and that adequate and result oriented advertising methods should be devised and executed to attract the maximum number of customers.</p>				

Thiruvananthapuram,  
15<sup>th</sup> May, 2019.

C. DIVAKARAN,  
Chairman,  
Committee on Public Undertakings.

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**Kerala Legislature Secretariat**  
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