

**ANDHRA PRADESH LEGISLATIVE ASSEMBLY**

**COMMITTEE OF THE HOUSE**

**To Enquire into the Activities of  
Handloom Co-operative Organisations  
Relating to the Misuse of Rebate**

**REPORT**

**ANDHRA PRADESH LEGISLATURE  
(ASSEMBLY SECRETARIAT)  
HYDERABAD.  
1976**

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COMPOSITION OF THE COMMITTEE OF THE HOUSE  
TO ENQUIRE INTO THE ACTIVITIES OF  
HANDLOOM CO-OPERATIVE ORGANISATIONS  
RELATING TO THE MISUSE OF REBATE.

*(Constituted on 12th March, 1976)*

*Chairman :*

1. Sri M. Narayan Reddy

*Members :*

2. Sri V. Srikrishna
3. Sri A. Veerappa
4. Sri P. Rajaratna Rao
5. Sri K. Ranga Das
6. Sri H. Satyanarayana
7. Sri A. Sreeramulu<sup>3</sup>
8. Smt. T. E. S. Ananda Bai
9. Sri J. Narsinga Rao

*Legislature Secretariat:*

Sri G. Ramachandra Naidu, Secretary.

Sri E. Sadasiva Reddy, Deputy Secretary.

Sri M. Viswanatham, Assistant Secretary.

Sri J. V. Ramana Murthy, Assistant Secretary.

## PREFACE

I, the Chairman of the Committee of the House appointed by the Hon'ble Speaker, Andhra Pradesh Legislative Assembly, to enquire into the activities of Handloom Co-operative Organisations relating to the misuse of Rebate, having been authorised by the Committee on 21st July, 1976 to submit this report on their behalf, present the Report of the House Committee.

HYDERABAD  
Dated 21st July 1976.

M. NARAYAN REDDY,  
*Chairman,*  
*Committee of the House.*

REPORT OF THE COMMITTEE OF THE HOUSE TO  
ENQUIRE INTO THE ACTIVITIES OF HANDLOOM  
CO-OPERATIVE ORGANISATIONS RELATING TO THE  
MISUSE OF REBATE

CHAPTER—I

INTRODUCTION

1.1. The House would recall that in response to a notice (under Rule 341 of the Rules) given by Sri Kudupudi Prabhakara Rao regarding seizure of some cloth on 13-2-1976 by some officials of the Directorate of Handlooms and Textiles in some retail shops managed by the Andhra Apex and Hyco, Minister for Handlooms and Textiles made a statement in the House on 16-2-1976.

1.2. The substance of the Minister's statement made out four irregularities alleged to have been committed by two Apex Co-operative Societies namely, Apex Society at Vijayawada and Hyco at Hyderabad in relation to sale of handloom cloth during the 20% special rebate period as noticed on 13-2-1976 in some of the retail shops located in Lakdika-pool in Hyderabad city.

1.3. For facility of understanding we may extract below the four allegations (originally made in Telugu).

(i) With a motive to earn profit they got cloth from outside, instead of procuring the same within our state and to sell it and to allow 20% rebate on the sale is one charge.

(ii) Despite a condition to get cloth from the affiliated societies by violating it and to purchase from private parties is another charge.

(iii) Under no circumstances the handloom weavers co-operative societies shall sell powerloom cloth. Bringing such powerloom cloth and getting 20% rebate on it is yet another charge.

(iv) To issue sale receipts without customers' name or/and their signatures on them is fourth charge.

1.4. The Minister further stated that in view of the above circumstances a detailed enquiry into the matter has been ordered.

1.5. On 12-3-1976 the above matter was again raised in the House by a notice (under Rule 341 of the Rules) given by Sarvasri V. Sri-

krishna and Vanka Satyanarayana and in response to this notice Sri K. V. Keshavulu, Minister for Handlooms, and Textiles made a statement in the House to the following effect:—

(i) It has been proved that cloth was purchased from outside the State by both the Apex societies.

(ii) As regards allowing rebate on sale of powerloom cloth the Minister clarified that Andhra Apex Society was not concerned with this charge as there are no powerlooms with them. And as such only Hyco Fabrics alone is involved as far as this charge is concerned, as they own and operate 24 powerlooms under their control.

(iii) As regards the charge that the names of the parties were not written on the cash memo and signatures are not obtained on them, the Minister stated that Government issued orders in the year 1959 dispensing with this requirement and hence this is accepted.

(iv) Finally the Minister stated that further enquiry will be made and action will be taken on the persons responsible for the irregularities.

1.6. During the debate that followed the statement of the Minister, some Members urged that a House Committee should be appointed to enquire into the entire episode of misuse of rebate by the societies during the last 5 years and suggest measures for giving relief to the weavers etc. During the course of debate Sri Konda Lakshman Bapuji challenged the correctness of the statement of the Minister and stated that he was prepared to resign from the membership of the House if the Minister would prove the allegations which he (Minister) stated *as proved*. He (Sri Lakshman) alleged that the Minister for Handlooms and Textiles mischievously levelled the allegations at a time when the Chief Minister was seized of the matter. He added that the statement given by the Minister was false and baseless. At the end he too demanded that a House Committee should be set-up to enquire into the matter.

1.7. In the above context the demand for the appointment of the House Committee was accepted by the Government and the Hon'ble Speaker was requested to constitute a House Committee to probe into the alleged misuse of rebate on sale of handloom cloth, etc. The Minister for Handlooms and Textiles while welcoming the appointment of the House Committee desired that the House Committee instead of confining itself to the incident on 13-2-1976 should be asked to enquire into the allied matters relating to handloom industry, etc.

1.8. Pursuant to the above the Hon'ble Speaker constituted a Committee of the House on 12-3-1976 and made an announcement on



the same day about the appointment of the Committee consisting of the following members:—

*Composition of the Committee :*

1. Sri M. Narayana Reddy, M.L.A.	∴ <i>Chairman.</i>
2. Sri V. Srikrishna, M.L.A.	∴ <i>Member.</i>
3. Sri A. Veerappa, M.L.A.	∴ <i>Member.</i>
4. Sri A. Sriramulu, M.L.A.	<i>Member.</i>
5. Sri K. Rangadas, M.L.A.	∴ <i>Member.</i>
6. Sri H. Satyanarayana, M.L.A.	∴ <i>Member.</i>
7. Sri P. Rajaratna Rao, M.L.A.	∴ <i>Member.</i>
8. Sri J. Narasinga Rao, M.L.A.	∴ <i>Member.</i>
9. Smt. T.E. S. Ananda Bai, M.L.A.	∴ <i>Member.</i>

*Terms of Reference :*

1.9. The terms of reference given to the Committee are as under:—

(i) Misuse of rebate by Handloom Co-operative Institutions and other irregularities made in the statement of the Minister for Handlooms and Textiles on 16-2-1976; and

(ii) Functioning of the Primary and Apex Co-operative Institutions during the last five years.

1.10. Further the Hon'ble Speaker directed the Committee to submit a "Preliminary Report" on or before 27-3-1976; but this date was later extended upto 30-3-1976 by the Hon'ble Speaker on the request of the Chairman of the Committee.

*Preliminary Report :*

1.11. In pursuance of the above direction this Committee submitted a Preliminary Report on 30-3-1976 to the House.

*Meetings of the Committee :*

1.12. The Committee held in all 39 meetings. A statement showing the dates and places of meetings is appended in Appendix No. I.

*Study Tours by the Committee:*

1.13. In order to make on-the-spot study of working of Primary Societies and Apex organisations the Committee undertook tours to visit the offices and show rooms, i.e., Hyco in Hyderabad and Andhra Apex in Vijayawada and several primary societies in different districts of the State. The Committee also planned to visit Rayalaseema region to visit Yemmiganur primary society and some other societies in Cuddapah

district. But for want of time the tour in Rayalaseema region could not be undertaken by the Committee. In view of the reputed development of Handloom industry in Tamilnadu, the Department was of the view that it would be helpful if the Committee could visit Madras city and some parts of Tamilnadu for a first hand study of various aspects of handloom industry in Tamilnadu. But due to limitations of time we regret for missing a good opportunity to have a first hand knowledge of development of handloom industry in Tamilnadu in general and working of weavers societies in particular.

*Memoranda :*

1.14. During the course of enquiry the Committee received 84 representations and memoranda as indicated in Appendix No. II. The Committee also interviewed and examined many witnesses consisting of officials and non-officials during their visits to districts and thereby obtained a valuable information concerning the working of handloom weavers societies in different parts of the State.

*Examination of witnesses :*

1.15. The Committee examined 139 witnesses (officials: 23—non-officials:116) as shown in Appendix No. III. These witnesses gave very valuable evidence which mainly forms the basis for the report of the Committee.

*Meetings of Sub-Committee :*

1.16. On 15th May 1976, a Sub-Committee was constituted with the following members to scrutinise the accounts of the Apex Societies and to examine witnesses, if necessary.

- |                         |    |              |
|-------------------------|----|--------------|
| 1. Sri M. Narayan Reddy | .. | .. Chairman. |
| 2. Sri A. Sriramulu     |    | .. Member.   |
| 3. Sri A. Veerappa      |    | ... Member   |
| 4. Sri K. Rangadas      |    | .. Member.   |

1.17. The Sub-Committee held in all 8 meetings. A statement showing the dates of the meetings is appended in Appendix No. I.

1.18. The proceedings of the Sub-Committee were adopted by the Committee on 19-6-1976.

1.19. The draft report of the Committee was considered on 19-7-1976 and 20-7-1976 and the same was approved on 21-7-1976. The Committee also authorised the Chairman to sign and present the Report to the House.

*Reports of Expert Bodies :*

1.20. The Committee had the benefit of studying many reports given by Expert Committees and working groups as indicated below:—

1. Report of the High Powered Study Team on the problems of Handloom Industry 1974 popularly known as "Shivaraman Committee".
2. Report of the Handloom Committee appointed by the State Government in 1974 under the Chairmanship of Sri P. L. Shivaram.
3. Report of the Working Group on Handloom 1964 (Appointed by the Central Government).
4. Report of the Working Group on Handloom 1965.
5. Study of Handloom Development Programme 1967 (Planning Commission).
6. Several Reports and publications of the All-India Handloom Board.

1.21. These reports contained a mine of information and data on handloom industry. The reports of the two expert bodies noted under Serial No. 1 and 2 have been submitted recently and contained latest information and data on the problems faced by the handloom industry in the country as well as in our State.

1.22. As a result of our study and examination of the above reports we gained much insight into the working of handloom industry and hence we record our deep sense of appreciation of the contribution made by the above expert bodies on the subject.

*Acknowledgements :*

1.23. It is gratifying to note that all those persons who gave evidence before the Committee had shown keen interest in presenting their views in a free and frank manner on different aspects of the misuse of rebate and working of the handloom weavers co-operative societies. The Committee is therefore, grateful to all those individuals and organisations for their valuable contribution.

*Secretariat Staff :*

1.24. The Committee wish to place on record their appreciation of the assistance received from the Secretariat of the Committee *Viz.*, Sri E. Sadasiva Reddy, Deputy Secretary, Legislature, Sri M. Vishwanatham, and Sri J. V. Ramanamurthy, Assistant Secretaries and as well as devoted members of the staff. We also wish to commend the valuable assistance given by Sri S. R. Rama Murthy, Secretary Industries Department, C. Sreeram Bhoopal, Director of Handlooms and Textiles and C. Narayanaswamy, Joint Director of Handlooms and Textiles.

## CHAPTER - II

### HISTORICAL BACKGROUND

#### *Historical Background:*

2.1. The Handloom Industry is, by far, the largest Cottage Industry in the country. It is also an important traditional rural industry spread in all parts of the country. Its employment potential is very high compared to any other cottage industry. It employs nearly 10 million people and is second only to Agriculture in providing livelihood to large masses. Nearly  $\frac{1}{3}$  of the total cloth requirement of the Country is provided from Handloom Industry.

2.2. The History of the Handloom Industry dates back to the Epic Ages. The Gossamer Silk of Varanasi, Fine Muslin of Dacca and Patola of Baroda and other fabrics of Assam, Manipur, Orissa and South India have been famous for ages. The country used to export handloom textiles of quality to Middle East and European Countries.

2.3. With the advent and growth of textile mills, handloom industry has faced competition from them. The consumers' preference to Mill made cloth, which was superior in quality for the price paid for, resulted in reduction in demand for handloom products. The mode of production of handloom cloth was old and outmoded. Added to this there was no effective organisation amongst the handloom weavers to lead them towards their economic rehabilitation and betterment.

#### *Royal Commission on Agriculture, 1928:*

2.4. In the year 1928 the Royal Commission on Agriculture, for the first time, focussed attention on the plight of village industries in general and expressed the opinion that there is a need to develop them on co-operative lines to save them from competition from organised industries. No steps were, however, taken by the Government to develop the Handloom Industry until 1934.

#### *Subvention Scheme of 1935:*

2.5. For the first time in the year 1935, the Government of India formulated a scheme known as "Subvention Scheme". Under this scheme Rs. 5 lakhs were provided to each State for the improvement of

handloom industry. Eventhough the subsidy was meagre it aroused considerable interest amongst the weavers towards the Co-operative movement. Some of the State Governments supplemented the subsidy by contribution from their own resources. For the administration of this scheme, the Co-operative Societies were utilised. Unfortunately, the scheme was later withdrawn.

*Fact Finding Committee of 1941:*

2.6. At the beginning of the Second World War the Industry received severe set-back; exports dwindled and shortage of yarn became more acute; as a result many weavers became idle.

2.7. Eventually on a recommendation made by the Handloom Conference held in 1940, the Government of India appointed 3-Member Fact Finding Committee in 1941 to make a comprehensive survey of handloom industry and to report on the marketing organisation and on the nature of extent of competition between Mill and Handloom scheme, etc.

*Report of the Committee:*

2.8. The Report of this Committee was the first authoritative Report containing valuable and exhaustive information on the various aspects of the handloom industry. The Committee endorsed the grievances of the handloom weavers and recommended amongst other things, creation of the *All India Handloom Board*.

*All India Handloom Board of 1945:*

2.9. Pursuant to the above recommendation, Government of India constituted the first All India Handloom Board in 1945 with the following as its main functions:

- (i) to provide the raw materials to weavers;
- (ii) to arrange for marketing of handloom products; and
- (iii) administration of grants-in-aid.

2.10. The All India Handloom Board constituted the following two sub-committees to deal with some of the main activities entrusted to the Board, viz.,

- (a) Raw materials Committee; and
- (b) Marketing and Research Committee.

2.11. It is strange but true that the first All India Handloom Board has functioned only for a period of 2 years as it ceased to function from 1947 onwards. Notwithstanding the short duration of the Board, it is gratifying to note that the Handloom industry witnessed significant progress on co-operative lines immediately after the formation of All India Handloom Board.

*Standing Handloom Committee of 1948:*

2.12. In the year 1948 the Government of India set up the Standing Handloom Committee under the Cottage Industries Board in place of All India Handloom Board to look after the interests of Handloom Industry. This Committee recommended that the Central Grant-in-aid should not only be revived but it should be placed at the disposal of the Committee for disbursement to the States. Accordingly the Government of India agreed to create a fund called the Handloom Development Fund to the tune of Rs. 10 lakhs. They placed this fund at the disposal of the Standing Handloom Committee for the disbursement to the States as "grant" for the approved schemes. This fund was augmented by Rs. 5 lakhs in 1950.

2.13. It is interesting to note that the Standing Handloom Committee also made many important recommendations for the development of handloom industry as described below:

- (i) Formation of Handloom Co-operative Societies by giving financial help to the weavers;
- (ii) Reduction of a number of intermediaries in the yarn distribution; and
- (iii) Exemption of handloom cloth from the levy of S. T.

*Re-constitution of Handloom Board:*

2.14. The Handloom Industry faced a major crisis in the later half of 1951 due to the sharp decline in the demand of handloom cloth; unsold stocks mounted in many places; many employees were idle resulting in widespread unemployment among the weavers. It was an unprecedented crisis for the Handloom Industry.

2.15. Under the circumstances the Government of India were very much concerned with the prevailing crisis. They therefore, launched the programme of assistance for rehabilitating the industry initially and

place it on sound lines in the long run. The programmes consist the following measures:—

- (i) Setting up of an All India Handloom Board with comprehensive functions;
- (ii) Levy of an additional excise duty on mill-made cloth for the purpose of developing the khadi and handloom industries and promoting the sale of khadi and other handloom cloth;
- (iii) Appointment of a Textile Enquiry Committee to make a detailed enquiry into the various sectors of the cotton textile industry, *viz.*, the mills, powerlooms and *handlooms with a view to determining the place of each in the national economy and their inter-relationship*; and
- (iv) Enforcement of certain interim measures directed towards ensuring an assured market for the products of the handloom industry *e. g.*, restrictions on the production of dhoties by the mill industry to 60% of the average monthly packings of this variety of cloth during the 12 months ending March 1952, prohibition of piece-dyeing of dhoties and sarees by the mills.

2.16. In pursuance of the above recommendations the Handloom Board was set up in October 1952. With the setting up of the All India Handloom Board a new era of the handloom industry began and a massive programme aimed at developing this industry on sound co-operative lines and at increasing production and marketing of handloom cloth was undertaken on a continuing basis.

*Additional Excise Duty on Mill Cloth:*

2.17. For the purpose of meeting the development of khadi and handloom industries, the Government of India decided in February 1953 to levy an additional excise duty on cloth produced by the textile mill industry. The additional excise duty was levied on all cloth produced by the mills except that which was exported out of India. The proceeds of the duty were to be utilised for meeting the cost of such schemes and measures as the Government considered necessary for the development of handloom industry, etc.

*Cess Fund:*

2.18. At the beginning, the proceeds of the additional excise duty on mill cloth were credited to a fund commonly known as "cess fund". In due course the proceeds were found to be insufficient to meet the expenditure. The cess fund had, therefore, to be augmented by contribution from the general revenue from time to time. On account of some serious difficulties encountered in the operation of this fund the Government of India abolished the cess fund in the year 1960. Since then the

proceeds of the additional excise duty on mill cloth were being credited to the General Revenue fund and expenditure on handloom development schemes was being met from the Consolidated Fund of India.

*The Textile Enquiry Committee of 1954:*

2.19. The Textile Enquiry Committee submitted its report in 1954. The Committee, *inter-alia*, recommended a phased programme of conversion of handlooms into powerlooms. By planning in this manner for a phased conversion the Committee expected that the twin objectives of maintaining employment in short-term and securing the best possible efficiency in the long run would be achieved. The All India Handloom Board did not, however, accept the recommendations of this committee on the issue of conversion of handlooms.

2.20. Soonafter its constitution the All India Handloom Board felt that the solution for the problems of the handloom industry lay in organising the industry on sound co-operative lines and in providing proper marketing facilities.

*Organisation of Co-operatives:*

2.21. At that time there were nearly 7 lakhs of handloom weavers in the co-operative fold. The State Government agreed with the view that a proper type of organisation for the handloom industry would be *Co-operative Pattern*.

2.22. For the above reasons the Board decided to *confine the financial assistance to the handloom industry organised on co-operative basis*. The Board with the concurrence of Government of India, evolved number of schemes and also, the pattern of assistance admissible for each type of Scheme.

*General Principles:*

2.23. The principles evolved are commonly known as General Principles. A ceiling for the share of *financial assistance for each State was fixed for each year*. The total amount sanctioned to the States during the years 1953-54 to 1955-56 was Rs. 1,071.81 lakhs out of which the State Governments spent Rs. 969.52 lakhs.

2.24. The main lines of development of handloom industry from the angle of organisation was the formation of weavers co-operatives. Soonafter the enactment of Co-operative Societies Act in 1904 efforts were made to organise by the weavers to form co-operative societies so as to enable them to obtain the facility of credit. Accordingly the first



Weavers Co-operative Society was formed in the year 1905. The Government had first utilised this agency for the distribution of grant-in-aid and later, as the media for distribution of yarn. As the yarn was in short supply, the distribution of sale through weavers co-operatives gave a fillip to the movement and by September 1953 there were as many as 6.82 lakhs looms in the co-operative fold.

*Decontrol of Yarn:*

2.25. With the lifting of the Control over the distribution of yarn in 1952-53 many of the co-operative weavers societies had considerable stocks of yarn. They incurred heavy losses in disposing off these stocks. Later with the establishment of the All India Handloom Board, the Co-operative Societies received substantial encouragement and assistance in as much as the schemes and measures suggested by the Board, for the benefit of weavers were wholly confined to co-operatives only. The All India Handloom Board has laid down that weavers co-operative societies should be organised on production-cum-sales pattern with the following as their main functions:

- (i) The societies must procure and distribute yarn and other raw materials to their weaver members;
- (ii) to take back the finished goods from them on payment of wages; and
- (iii) to market the goods on the society's own responsibility.

*Co-operatives in the Plan:*

2.26. The programme of development of handlooms under plans envisaged the strengthening of co-operatives through:

- (a) financial assistance;
- (b) supply of raw materials;
- (c) supply of improved implements; and
- (d) appliances.

2.27. The first and second five-year plans stressed the importance of organising weavers into co-operative societies because the co-operative form of organisation offered an excellent opportunity for the establishment of a non-exploitable, self-employed and self-reliant rural community.

## CHAPTER - III

### HANDLOOM INDUSTRY IN INDIA AND THE PLANS

#### *First Plan:*

3.1. In the First Five-Year Plan, assistance was canalised through the State Governments and a ceiling of assistance was fixed for each year in respect of each State. The ceiling was fixed on the basis of loomage and the amount of yarn consumed by the handloom industry in each State. The ceiling shares, the amount sanctioned as well as the expenditure incurred Statewise during the years 1953-54 to 1955-56 were Rs. 1,190 lakhs, Rs. 1,071.81 lakhs and Rs. 969.52 lakhs respectively.

#### *Second Plan:*

3.2. In the Second Five-Year Plan, as against the allocation of Rs. 16.30 crores during the first three years of the Plan, the actual sanction during that period amounted to Rs. 14.89 crores and the expenditure amounted to Rs. 16.67 crores. With a view to improving the economic conditions of handloom weavers, a programme for conversion of handlooms into powerlooms on a co-operative basis was undertaken early in the Second Plan period. This envisaged the installation of 35,000 powerlooms during the two years of 1956-1958. However, it could be possible to instal only 3,500-4,000 looms.

#### *Third Plan:*

3.3. During the Third Plan period, the principal aim of the handloom programme was to bring about expansion through fuller employment of handloom weavers and the introduction of improved techniques. Loan assistance on a more liberal scale was provided to weavers, higher priority was accorded to the supply of improved appliances, weak co-operative societies were revitalised and steps to stimulate exports were undertaken. An outlay of Rs. 34 crores for handloom industry and Rs. 4 crores for powerlooms in the handloom sector were provided. The production in the handloom sector was 2,013 million metres in 1968. The number of handlooms in the co-operative sector increased from 1.32 million in 1960-61 to 1.41 million in 1966-67 and the number of powerlooms from about 145,000 to 217,000. The industry provided employment to nearly 3 million weavers. The value of exports of handloom fabrics and products increased from Rs. 5 crores in 1960 to about Rs. 12.6 crores in 1965 but declined to about Rs. 8.2 crores in 1968.

*Fourth Plan:*

3.4. The Fourth Plan envisaged an outlay of Rs. 27.08 crores for the States and Union Territories. Under this plan, greater efforts were to be made to obtain credit from the State Co-operative Banks for the handloom co-operatives. Steps to arrange regular supply of yarn and other essential raw materials at reasonable rates were to be undertaken. Training in improved appliances and enforcing effectively the restrictions on production of special varieties of cloth were reserved exclusively for the handloom sector. The value of handloom exports were estimated to increase from about Rs. 8.2 crores in 1968 to about Rs. 15 crores by 1973-74. Most of the aims of this period could not fully be achieved due largely to the rapid growth of unauthorised powerlooms, shortage of yarn, inadequacy of credit facilities, high percentage of dormancy among handloom weavers societies and marketing difficulties.

*Fifth Plan:*

3.5. The programme for the development of the handloom industry consists of Central and State Schemes. Under the draft Fifth Plan an outlay of Rs. 11.80 crores has been made in the Central sector. Besides, the outlays included in the draft Fifth Plans of States and Union Territories for the schemes relating to the development of handlooms industry totaling to Rs. 43.52 crores. These tentative outlays are subject to revision when the Fifth Five-Year Plan is finalised.

3.6. A number of schemes have been formulated for development of the handloom sector, under the Central Plan, in accordance with the inclusion of this programme in the 20-Point Economic Programme. An initial outlay of Rs. 5 crores has been provided for these schemes during the year 1976-77 but further amounts will be provided as may be necessary subject to availability. The Central Plan schemes will be continued during the Fifth Plan period.

3.7. In addition to the direct outlays by the Central and State Governments, a sizeable volume of institutional finance is expected to be raised. For a Five Year period, the programme of development envisages a total expenditure of Rs. 60 crores by the Central and State Governments supplemented by Rs. 240 crores from institutional sources. A statement showing tentative outlays made under the Draft Fifth Plan of State Governments/Union Territory Administrations for development of handloom industry is appended as Annexure No. I.

3.8. It would thus appear that even though, there have been alternative boom and slump in the fortunes of the handloom industry since the commencement of planned development, the industry, on the whole has not done badly for itself.

3.9. Today the total number of handlooms in the country stands at about 35,63,363. Table below indicates the number of handlooms in the various States of the country.

**TABLE**  
*Number of Handlooms in the States*

Name of the State	No. of Handlooms
1. Andhra Pradesh .. .. .	5,97,000
2. Assam .. .. .	5,90,480
3. Bihar .. .. .	2,00,820
4. Gujarat .. .. .	34,069
5. Haryana .. .. .	8,991
6. Himachal Pradesh .. .. .	2,136
7. Kerala .. .. .	71,325
8. Madhya Pradesh .. .. .	52,738
9. Maharashtra .. .. .	1,85,000
10. Manipur .. .. .	2,00,259
11. Mysore (Karnataka) .. .. .	1,37,000
12. Nagaland .. .. .	50
13. Punjab .. .. .	18,000
14. Rajasthan .. .. .	1,41,750
15. Orissa .. .. .	87,281
16. Tamilnadu .. .. .	5,50,000
17. Tripura .. .. .	10,000
18. Uttar Pradesh .. .. .	5,09,400
19. West Bengal .. .. .	1,60,030
20. Dadra Nagar Haveli .. .. .	..
21. Delhi .. .. .	2,800
22. Goa .. .. .	187
23. Pondichery .. .. .	4,047
<b>Total</b> .. .. .	<b>35,63,363</b>

## CHAPTER-IV.

### 20-POINT ECONOMIC PROGRAMME

#### *New deal for Handloom Industry.*

4.1. The vital importance of the handloom industry in economy has been amply recognised by the Prime Minister in her 20-Point Programme which promises a *New deal* for the development of handlooms. In her broadcast to the Nation on July 1, 1975, Smt. Indira Gandhi said :

“The Handloom Industry is next only to the agriculture in the number of people employed. Supplies of inputs will be ensured to weavers at reasonable prices. A separate Development Commission for handlooms is being appointed. The policy of reservation for handlooms is being nationalised to give greater protection to weavers”.

4.2. In pursuance of the above policy, the Government of India decided to undertake a comprehensive programme for revitalisation and development of handloom industry. The broad details of the programme and the steps being taken in this regard are indicated below :

(i) To expand the co-operative coverage in the handloom sector from 30% to 60% by the end of the Fifth Plan.

(ii) Setting up of 13 intensive development projects, covering 10,000 handlooms in each project and 20 export-production centres covering 1,000 looms in each centre modernisation of the handlooms not covered by the intensive development and export-production targets.

(iii) To ensure adequate supply of inputs at reasonable prices, the following steps have been and/or are being taken :—

(a) The production of yarn in hank yarn form is being increased from 220 million kgs. to 300 million kgs.

(b) Setting up of new spinning units as well as expansion of existing spinning units upto a level of 50,000 spindles has been de-licensed, except in the case of MRTP units and in certain metropolitan areas.

(c) A programme of strengthening the production base of the co-operative spinning sector has also been initiated through the aegis of the National Co-operative Development Corporation to which financial assistance is being made available.

(iv) The limits for financing working capital requirements have been raised from Rs. 700 to Rs. 1,000 per handloom in the case of cotton looms and to Rs. 2,000 in the case of non-cotton looms.

(v) Reservation of five more items for the handloom sector and more effective enforcement of the reservation orders.

(vi) To strengthen the State Apex Co-operative Societies, State Handloom Development Corporations and also the All India Handloom Fabrics Marketing Co-operative Society to provide more marketing outlets ; and

(vii) The Development Commissioner's Organisation is being set up to pay adequate and exclusive attention to the further development of the handloom sector and successful implementation of the aforesaid development programmes. The Handloom Development Commissioner has already been appointed.

4.3. Making an overall assessment of the progress in the implementation of the 20-Point Economic Programme in the states, Sri I.K. Gujral, Minister of State for Planning informed the Parliament on 10th March, 1976 about the measures taken to meet the immediate problems of the handloom industry in the following terms :

1. Loans totalling Rs. 4.70 crores were given by the Centre to clear the accumulated stocks of handloom cloth during the year 1975 in the following manner:

<i>States</i>	<i>Rs. in crores</i>
(i) Andhra Pradesh ..	1.20
(ii) Tamilnadu, ..	1.80
(iii) Karnataka, ..	0.70
(iv) Uttar Pradesh. ..	0.70
(v) Kerala ..	0.30

2. A subsidy of 10% from the Centre along with a matching subsidy by the State Governments was provided for the implementation of a 20% Special Rebate scheme from 22nd December, 1975 to the end of February, 1976.

4.4. When all these measures are put to operate in a co-ordinated and purposive manner, the handloom industry, it is felt, would assume its rightful place in the spectrum of industrial activity, and the handloom weavers would find themselves in circumstances very much more in consonance with the importance of their contribution to the economy of the country. The magnitude of the task is no doubt heavy and requires sustained and co-ordinated efforts by the state Governments, organisations of weavers and other agencies concerned, so that they can play their full part in achieving a significant acceleration in the tempo of development of the handloom sector.

## CHAPTER-V.

### HANDLOOM DEVELOPMENT IN ANDHRA PRADESH

#### *Genesis of Co-operative movement in Andhra Pradesh:*

5.1. The Handloom Weavers Co-operative Movement in Andhra area of the State started in *Thirties* as in other parts of the erstwhile Madras State. The pattern of development of these societies was the same as adopted in other parts of the Madras State in those days. The area of operation of these societies was limited to one or two villages in a radius of less than 5 miles.

#### *Production Centres;*

5.2. From the very beginning these societies were meant *to be production as well as sales organisations*. In such a set-up they would supply yarn to all members and procure finished goods and arrange marketing. In this system, the weaver-members of the societies were paid wages for the cloth produced by them as the raw material belonged to the society. Evidently, this system created close relationship between the society and its members as it fostered a feeling of inter-dependence for mutual benefit.

#### *Handloom industry in Hyderabad State;*

5.3. The Handloom industry in the erstwhile State of Hyderabad was well organised and supported by the State Government. There were more than 4 lakh weavers with 1,11,098 looms in the State as recorded in the Census of 1931, according to the report given by late Sri Reghbhai-Sahai on the survey of the Handloom and Dyeing Industry in the Nizam's Dominion. The Chief centres of the Handloom production in Telangana region, as per this report, were as follows :—

#### *Nizamabad District:*

1. Nizamabad town.
2. Armur.
3. Ramreddypet.



*Mahabubnagar District.*

1. Alampur.
2. Amanagal (near Kalvakurthi)
3. Devarkadra
4. Makthal.
5. Narayanapet.

*Nalgonda District.*

1. Alairu
2. Ankshpur (near Bhongir)
3. Bhongir.
4. Deverkonda.

*Warangal District :*

1. Hasanparthy.

*Medak District :*

1. Jogipet.
2. Medak.

*Karimnagar District :*

1. Jagtial.
2. Koratla.

5.4. In those days the weavers were classified into 5 categories according to their work as shown below :—

- (i) Shavkars or Master weavers.
- (ii) Independent Weavers.
- (iii) Middlemen.
- (iv) Wage Weavers.
- (v) Hired labourers.

*Facilities for Weavers :*

5.5. The then State Government provided several facilities including that of the Training Institute in Hyderabad city. This Institute was known as *Cottage Industries Institute located at Musheerabad in Hyderabad town.* The object of the Institute was to impart up-to-date

instructions and practical demonstration in the art of weaving and dyeing. The Institute also provided training for the "demonstration staff" before they were sent for demonstration in districts. Besides, the Government also made arrangements for the sale of handloom cloth by opening a large *sales depot at Hyderabad under Government control*. But at the Government level not much had been done to promote and organise Weavers Societies in Forties.

5.6. It is thus seen that the State Government recognised the importance of the Handloom Industry in the economy of the State in those days.

*Telangana Region:*

5.7. In Telangana area the growth of Handloom Co-operative movement is comparatively of recent origin. The pattern adopted in this region for the organisation of Handloom Weavers Co-operative Societies was *somewhat different compared to the system in Andhra region*. In this region, the societies were organised in early fifties when there was *serious shortage of yarn and consequent control over its distribution*. In view of the non-availability of yarn, weavers in general felt the need for the formation of co-operative societies for procurement and distribution of yarn to the members on payment of price of the yarn without any obligation to procure and arrange the sale of cloth produced by the members. Hence the area of operation of these societies was much wider extending over either one entire taluk or even a district.

5.8. In January 1948 the control over the distribution of cloth and yarn was removed by the Government of India and the yarn became freely available in the market. Consequently there was no difficulty in the availability of yarn either for the societies or for the members. In such a situation, the societies had no other option than to change the entire pattern of their working by switching over to procurement and marketing of cloth produced by the members to the extent possible. However, after the formation of Andhra Pradesh, these societies have been completely transformed into production and sales societies on the model of societies operating in Andhra region.

5.9. The distinguishing features noticed between the Primary Co-operative Weavers Societies in Telangana and Andhra regions are given below:—

- (i) The bye-laws of Primary Weavers Co-operative Societies in Andhra area envisage production of cloth on payment of wages to members while in Telangana region the bye-laws also permit purchase of cloth from the members;

(ii) In Andhra region the area of operation of a Society is limited to one or two villages while in Telangana region it extends to entire taluk or even a district in some cases ;

(iii) In Telangana region a very large number of members are without looms which is not the case with many societies in Andhra region.

5.10. The Handloom industry in the State is carried on by the following sectors :

(i) Co-operative Sector,

(ii) Individual weavers and small scale industrial units, and

(iii) Master Weavers.

5.11. There are about 6.00 lakhs of handlooms in the State as will be seen from the table given in Chapter III. Out of them 2.31 lakhs are in the Co-operative Sector. The remaining looms are with the individual weavers, small scale industrial units and Master weavers.

*Structure:*

5.12. The Handloom Weavers Co-operative Institutions in Andhra Pradesh are modelled on two-tier system. At the village level, there are primary weavers co-operative societies while at the regional level there are the Apex Weavers Co-operative Societies. At present, there are 1015 Primary Weavers Co-operative Societies in the State while until 6-7-1976 there were three Apex Weavers Co-operative Societies; one for the Telangana area covering nine districts, another for coastal districts excluding Nellore and the third one for Rayalaseema region including Nellore district. These three Apex Societies were popularly known by the following names and designations.

1. HYCO, Hyderabad.
2. Andhra Apex Weavers Co-operative Society, Vijayawada.
3. Rayalaseema Apex Weavers Co-operative Society, Kurnool.

*Affiliated Societies :*

5.13. The following is the number of Primary Weavers Co-op. Societies affiliated to the three Apex Weavers Co-op. Societies:—

	Affiliated.	Not-affiliated.	Total.
(i) Hyderabad Handloom Weavers Central Coop. Association Ltd., (HYCO) ..	214	47	261
(ii) Andhra Handloom Weavers Coop. Society Ltd., Vijayawada. ..	520	23	543
(iii) Rayalaseema Apex Weavers Co-op. Society, Kurnool. ..	194	17	211
Total ..	..	..	1,015

*Amalgamation of Apex Societies:*

5.14. For some time past the issue of amalgamation of the three Apex Societies was said to be under consideration of the Government with a view to have a single state level organisation. Eventually on 6-7-1976, the Government have issued an Ordinance (No. 14) amalgamating these three Apex organisations into one single society known as "ANDHRA PRADESH STATE HANDLOOM WEAVERS' CO-OPERATIVE SOCIETY Ltd." with headquarters at Hyderabad.

5.15. In terms of the above Ordinance all the existing Primary Societies which were affiliated to the erstwhile Apex Societies in different regions stand affiliated to the newly created society.

*Salient Features of the Newly Formed State Level Society :*

5.16. The salient features of the newly formed State-level society are indicated below:-

- (i) The new society called "the Andhra Pradesh State Handloom Weavers' Coop. Society limited.," will be registered under the provisions of Co-operative Societies Act 1964 as an Apex Co-operative Organisation.

- (ii) The Registrations of the three amalgamated societies shall stand cancelled and the said societies shall be deemed to have been dissolved.
- (iii) The area of operation of the new society shall comprise of the entire state.
- (iv) The assets and liabilities of every description of the amalgamated societies shall stand transferred to the new society.
- (v) The Government and the primary and other Co-operative societies which are members of, or affiliated to, the amalgamated societies, shall be deemed to be the members of, and affiliated to, the new society.
- (vi) The authority of the new society shall vest in the General Body of the new society.
- (vii) The services of officers and other employees of the amalgamated societies shall stand transferred to the new society with full protection of conditions obtaining to them as on date of the amalgamation.
- (viii) The provisions of the ordinance shall have effect notwithstanding anything inconsistent with the Co-operative Societies Act.
- (ix) The Government may, by notification, make the rules to carry out all or any of the purposes of the ordinance.

## CHAPTER VI.

### THE ORIGIN AND IMPLEMENTATION OF REBATE SCHEME

#### *Crisis of 1952 :*

6.1. As noticed in chapter II the Handloom Industry faced an unprecedented crisis in the year 1952. This situation led the Government of India to think in terms of long term relief to the handloom industry. Accordingly, the Government of India initiated several important measures as noticed below:

#### *Remedial Measures :*

1. *Setting up of an All India Handloom Board :*
2. *Imposition of additional excise duty on mill-made cloth for the purpose of developing handloom industry; and*
3. *Appointment of Textile Enquiry Committee to make a detailed enquiry into the various sectors of handloom industry and other sectors.*

6.2. As stated earlier, the 2nd All India Handloom Board was constituted by the Government of India in 1952.

#### *Sub-Committee Recommendations:*

6.3. Soon after its constitution, the All India Handloom Board appointed a Sub-Committee to go into the question of revival of the handloom industry on a continuing basis. This Committee submitted a report in the year 1953 suggesting among other schemes, *the introduction of the REBATE SCHEME*. The Sub-Committee concluded that the difference in the cost of a yard of handloom cloth and the mill-made cloth for coarse variety was nearly 20 ps. The Committee expressed the view that the levy of excise duty on mill-made cloth at the rate of 11 ps. per yard has not provided full relief to the handloom cloth as there was still a *difference of 9 ps.*

6.4. In the circumstances, the Committee suggested that *this difference of 9 ps. per yard must be met by the introduction of Rebate Scheme*. Apart from realising the gap between mill cloth and handloom cloth, the Rebate Scheme was intended to be a consumer incentive to improve marketing of handloom cloth.

*Introduction of Rebate Scheme.*

6.5. Accepting the recommendation of the Board, the Central Government approved a rebate on handloom cloth towards the end of 1953. Necessary instructions were issued by the Central Government to the State Governments for the implementation of this scheme in their respective States for clearing the accumulated stocks of handloom cloth. Eversince, the Governments have been utilising the provision made in the handloom development plans for the payment of rebate. Nearly, half of the total plan allocation was spent on rebate.

6.6. As noticed above, the rebate at 9 ps. in a rupee was allowed since 1953-54 onwards until 30-11-1957. From 1-12-1957, the Rebate was allowed at rates of 6 ps. on retail sales. This scheme continued upto 30-6-1959.

*Modification of the Scheme.*

6.7. The working of the Rebate Scheme on sales of handloom cloth prior to 1959 had shown that expenditure on the scheme had tended to *exceed considerably the amount sanctioned resulting in the creation of Arrear-Rebate Claims of substantial nature.* The delay in settling the rebate claims by the Department had put the Weavers Societies to considerable hardship and difficulties. In this context, the Government of India decided to introduce *certain modifications in the Rebate Scheme which will have the effect of minimising the expenditure on the rebate scheme.*

6.8. Pursuant to the above decision, the Central Government, issued a circular letter on 29-6-1959 introducing the modified scheme from 1-7-1959. The salient features of the modified scheme are noticed below :—

- (i) The State Governments were requested to ensure that ceiling fixed for each State for expenditure on Rebate Scheme for the year 1959 were adhered to strictly ;
- (ii) The State Governments were also given the discretion *to further modify the scheme, if necessary, in order to limit the expenditure to the ceilings fixed and to plug loopholes which result in abuses;*
- (iii) That no rebate will be allowed on categories of sale other than those mentioned at item 1-iii of the above circular letter; and
- (iv) All other categories on sales of handloom cloth on which such rebate might have been allowed uptill now *will cease to have the benefit of the rebate with effect from 1-7-1959.*

*Another Modified Scheme in 1960:*

6.9. Subsequently, the All India Handloom Board in its 15th meeting held on 9-4-1960 examined the issue arising out of the implementation of the modified scheme of Rebate and suggested that a flexible scheme of rebate within the range of 10 ps. and 5 ps. should be put up to the Government of India for acceptance and implementation.

6.10. Pursuant to the above recommendation, the Government of India further *modified the Rebate Scheme with effect from 1st September, 1960* and issued instructions to all the State Governments through their circular letter No. 4 (18) TEX (c)/60, dated 18-8-1960. A copy of this letter is appended as Annexure II.

6.11. The above modified scheme continued from 1-9-1960 until 1-6-1967 the date from which the normal *Rebate Scheme was kept in abeyance*. Although the normal Rebate of 5% was kept in abeyance from 1967 onwards the *Special rebate of 10% was allowed during the*

*following occasions :*

- (a) During celebration of Handloom Week;
- (b) On festival occasions; and
- (c) For the purposes of clearing accumulated stocks of handloom cloth.

6.12. But the duration of the special rebate periods however varied from year to year.

6.13. It is thus seen that special rebate was in existence even during the years when normal rebate of 5% was not in force.

*Quantum of Rebate.*

6.14. As stated above, the quantum of rebate at the time of introduction in the year 1952-53 was 9 ps., in a rupee which continued upto 30-11-1957. This was reduced later as shown below:

(a) 6 ps. from 1-12-57 to 31-8-60 on retail sales and 3 ps. from 1-12-57 to 31-8-60 on whole-sale sales;

(b) 5 ps. from 1-9-60 to 31-5-67 on retail sales and 2 ps., from 1-9-60 to 31-5-67 on whole-sale sales.

*Normal Rebate still in Abeyance.*

6.15. The normal rebate discontinued in December, 1967 continued to be in abeyance and inoperative until this date. But the special rebate is being allowed on occasions as stated above from year to year on



ad-hoc basis. Consequently, the special rebate that was allowed in recent times was the popular 20% rebate on retail sales of handloom cloth for the period between 22-12-75 to 29-2-76. The latest scheme was introduced on 11-12-75 by the Government of India by their telegram No. 15012/1/75/TEX-IV, issued by the Ministry of Commerce.

6.16. In this behalf, it is significant to note that 20% rebate allowed in December, 1975 was the highest ever subsidy provided in the sale of handloom cloth. This scheme however envisages the reimbursement of 50% only by the Central Government while the *balance 50% has to be borne by the State Government.*

*Working group on Handlooms for 4th Plan.*

6.17. Before dealing with the different phases of implementation of Rebate Scheme in Andhra Pradesh, we feel, it may be helpful to know the views of various State Governments and the Reserve Bank of India to the continuance of the scheme of rebate.

6.18. The Working Group on Handloom appointed for the 4th Plan by the Government of India in the year 1964 had discussions with the representatives of different State Governments on the question of whether or not the rebate scheme should be continued in the 4th Plan. Many State Governments informed the Working Group that some abuses were noticed in the working of the scheme.

*Working Group Appointed by Madras Government.*

6.19. The Working Group appointed by the Govt. of Madras was of the view that grant of rebate all through the year was so routinised as to rob rebate of *all psychological attraction.* It, therefore, suggested that *higher quantum of rebate may be given restricting to a few weeks in a year to achieve a greater sales at less cost* so that the money saved can be directed to other schemes of assistance to weavers such as Thrift Fund.

*Views of Andhra Pradesh Government.*

6.20. In this context it is interesting to note that the Andhra Pradesh Government had expressed the view in those days that the general feeling in the State was that the *rebate scheme was no longer necessary and-*

have suggested its abolition and replacement by alternative scheme. These schemes included:

- (i) Matching contribution to the Reserve Fund of the Societies to meet establishment and contingent charges in certain proportion.
- (ii) Subsidising entire interest on loans taken by the societies, etc.

6.21. Notwithstanding with the above views the majority of the State Governments were, however, unanimous in their demand for continuance of the rebate scheme in the 4th Plan. The Reserve Bank of India was also in favour of the continuance of the scheme as they feared fall in sales, accumulation of stocks and general slackening of production.

6.22. In view of the above the Working Group recommended that the *Rebate Scheme should be continued in the present form during the 4th Plan period*. The group also strongly recommended that the rebate should be given only in respect of *Handloom cloth produced by the weavers cooperative societies from the yarn supplied by such societies to their members*.

*Rebate Scheme as Implemented in Andhra Pradesh.*

6.23. It is seen from the information furnished by the Department that the implementation of the rebate scheme in Andhra Pradesh had been *different from what was adopted in other States*. It is understood that in other States rebate of 5% on sales of handloom cloth was allowed throughout the year and special rebate of 10% for 15 days at festival occasions.

6.24. In Andhra Pradesh instead of allowing rebate at 5% throughout the year *special rebate at 10% on sales of Handloom cloth on festival occasions, covering longer periods* in a year had been allowed. On an average Rs. 32 to 35 lakhs was being spent by the State Government annually in implementing the rebate scheme. This has been going on from the year 1954 onwards. So far an amount of *Rs. 9.23 crores has been spent on the implementation of rebate scheme in Andhra Pradesh*.

The following table indicates the amount spent under each plan towards payment of rebate:-

TABLE.

*(Rs. in lakhs.)*

<i>Sl. No.</i>	<i>Plan.</i>		<i>Amount spent on rebate</i>
1.	First Plan (2 years only )	.. ..	20.77
2.	Second Plan	..	229.73
3.	Third Plan	.. ..	213.01
4.	Three Annual Plans	.. ..	95.48
5.	Fourth Plan	.. ..	188.01
6.	Fifth Plan (one year)	.. ..	176.56
		Total ..	923.56

6.25. A statement showing the year-wise expenditure from 1954-55 to 1974-75 is appended as Appendix No.IV.

## CHAPTER VII

### PART-A

#### 1ST TERM OF REFERENCE

##### (i) MISUSE OF REBATE

###### *Introduction :*

7.A.1. As stated under Chapter I the "Terms of Reference" of House Committee consisted of two parts *viz.*, first term relates to the misuse of rebate by handloom co-operative institutions while the second term pertains to working of the primary and apex co-operative institutions, etc. In this Chapter we propose to deal with the "First term of the reference" and the same is reproduced below for ready reference.

###### *First Term of Reference :*

7.A.2. "Misuse of rebate by handloom co-operative institutions and other irregularities made in the statement of the Minister for Handlooms and Textiles on 16th February 1975".

7.A.3. In the above connection, it may be recalled that this Committee submitted a "Preliminary Report" on 30th March 1976 to the House in which this issue was discussed in great detail with reference to four allegations levelled by the Minister for Handlooms & Textiles in his statement made on the floor of the House on 16th February 1975. These allegations are described in detail in Chapter I of this Report.

7.A.4. Having regard to the above allegations of the Minister, the Committee framed the following issues :—

(1) Whether the Apex Weavers Co-operative Societies namely Hyco of Hyderabad and Andhra Handloom Weavers' Co-operative Society have purchased cloth from outside the State and sold the same at 20% special rebate commencing from 22nd December 1975 ;

(2) Whether these Apex Societies purchased cloth from private persons within the State but outside the Co-operative Sector and sold the same during the above rebate period ;

(3) Whether the Hyco have purchased powerloom cloth prior to rebate period and offered the same for sale during the rebate period in violation of the rules and instructions ;

(4) Whether the aforesaid societies have committed default of not obtaining the names and signatures or thumb-impressions of the customers on the sale receipts.

7.A.5. In the above context reference may be made to the "Preliminary Report" in which the above issues were examined in the light of the evidence available at that time. Based on such examination this Committee gave their findings on all the four issues. The substance of these findings is described below :

*Issue No. 1 :*

7.A.6. The findings of the Committee on this issue were :

(a) That both Apex bodies viz., Andhra Apex of Vijayawada and Hyco of Hyderabad procured handloom cloth from outside the State prior to the commencement of 20% rebate on such sales ;

(b) That the cloth so procured was sold during the special rebate period by allowing 20% rebate on such sales ;

(c) That on the point of "Such sale amounting to an irregularity", the Committee reserved their opinion for further probe and final report.

*Issue No. 2 :*

7.A.7. The findings of the Committee on this issue were as under :

(a) That both the Apex bodies namely Hyco at Hyderabad and Andhra Apex Society at Vijayawada procured handloom cloth from private persons within the Andhra Pradesh but outside the co-operative fold.

(b) That the cloth so procured was sold during this special rebate period by allowing 20% rebate on such sales.

(c) That on the point of "Such sale amounting to an irregularity", the Committee reserved their opinion for further probe and final report.

*Issue No. 3 :*

7.A.8. The findings of the Committee on this issue were as under :

(a) The sale of powerloom cloth (produced by the Hyco in their Karimnagar Production Centre) in some sales centres during the 20% special rebate period was beyond any doubt.

(b) The circumstances under which such sales were effected require to be probed in order to ascertain the motive for such sales and the persons responsible for such sales etc. Hence the Committee reserved its findings on this aspect of the issue until further probe and for their final report.

(c) In regard to the "Mull printed saree" being handloom or powerloom and the source of its purchase the Committee also reserved *its opinion until further enquiry and for final report.*

*Issue No. 4 :*

7.A.9. The findings of the Committee on this issue were :

(a) "The opinion of the Committee on the 4th allegation regarding failure of obtaining the names and signatures of the customers on the sale receipts did not constitute any violation of any subsisting Government order as the Minister and the Secretary, Industries Department conceded that the requirement was dispensed with by the Government in the year 1959 or so".

(b) In regard to the question whether the Minister had any justification in making this allegation in his statement made on the floor of the House on 16th February 1976 the Committee observed that the Government Officials in their evidence before the Committee stated that the fact of relaxation was not brought to the notice of the Minister on or before 16th February 1976 due to which this discrepancy has crept into the statement of the Minister which was later corrected in a subsequent statement made on 12th March 1976.

(c) Before dealing with those aspects on which the Committee reserved their opinion in the Preliminary Report, we deem it necessary to make some passing observations on the aspect which has been noted under Clause (b) of Issue No. 4 supra.

7.A.10. In the above context Shri Konda Lakshman Bapuji, M.L.A., and few others represented to the Committee that this allegation was deliberately made by the Minister for Textiles & Handlooms with a view to malign weavers societies and mislead the House, although it was known to the Minister that there was no such obligation cast on the societies to obtain names and signatures of the customers.

7.A.11. As already stated in our Preliminary Report the Committee was told by the Secretary, Industries Department and other officials of the Department that the attention of the Minister was not drawn to the fact of waiver of the requirement before the Minister made the statement in the House, which means, that the Minister was not personally aware of the waiver made by the Government in the year 1959. In the circumstances we were of the view that there was no attempt, deliberate or otherwise, on the part of the Minister to mislead the House with any incorrect statement on this point.

7.A.12. But having regard to the importance of the subject and the circumstances under which the statement was made by the Minister, there was every need for taking proper care by the officials at the Secretariat level to ensure that the statement of the Minister was based on such facts which reflect the latest position and policy of the Government in the matter. Hence there was a failure on the part of Government Officials who had not verified the latest position before giving their advice to the Minister with respect to the statement made by him in the House on 16th February 1976.

7.A.13. In the light of the above circumstances the Committee is convinced that the handling of legislative business at the Secretariat level appears to be more casual than serious and often times perfunctory putting the Ministers in an embarrassing position of having to correct inaccuracies even in respect of factual details.

7.A.14. The Committee is therefore, of the view that the Government should take a serious note of this situation and issue suitable instructions to avoid recurrence of such lapses.

7.A.15. Coming to the issues on which the Committee reserved their opinion, we propose to deal the issue Nos. 1 & 2 together as they are identical in nature and character. The purport of these two issues is whether the aforesaid Apex bodies have committed any irregularity in allowing and claiming 20% special rebate on the sale of handloom cloth procured from outside the State as well as Private parties within the State.

7.A.16. Before referring to the evidence pertaining to these issues we deem it necessary to examine the particulars regarding procurement of handloom cloth by the two Apex bodies.

7.A.17. The information given by the Department indicates that Hyco Fabrics, Hyderabad procured Handloom cloth valued at Rs. 670 lakhs during the year 1975-76 (upto 29th February 1975) from outside the State only with no procurement whatsoever from any private parties within the State, during this period. In the case of the Andhra Apex the situation is somewhat different inasmuch as this society procured handloom cloth both from outside the State as well as from the private parties within the State during 1975-76 (upto 29th February 1975). The details of both these procurments are indicated below :—

(1) Rs. 6.29 lakhs value of handloom cloth procured from outside the State.

(2) Rs. 4.05 lakhs value of handloom cloth from private parties within the State.

In other words Rs. 10.34 lakhs worth handloom cloth was procured by the Andhra Apex body under both categories. The details of procurement of handloom cloth by both the above apex societies from outside the fold of their primaries during the last 5 years *i.e.* 1971-72 onwards is indicated in Table below :

TABLE

(Rupees in lakhs)

Year	Andhra Handloom Weavers Co-operative Society, Vijayawada			Hyderabad Handloom Weavers Central Co-operative Association Ltd., Hyderabad		
	Outside Co-op. Sector	Outside the State	Total	Outside Co-op. Sector	Outside the State	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1971-72	.. 2.02	0.95	2.97	Nil	1.16	1.16
1972-73	.. 1.51	..	1.51	Nil	2.56	2.56
1973-74	.. 10.09	0.12	10.21	Nil	6.12	6.12
1974-75	.. 3.06	..	3.06	Nil	5.53	5.53
1975-76	.. 4.05	6.29	10.34	Nil	6.75	6.75
(upto 29-2-1975)	20.73	7.36	28.09	Nil	22.12	22.12

7.A.18. It will be seen from the above that the Hyco Fabrics had not procured any cloth from private parties in any year of the Five years period and all its procurements amounting to Rs. 22.12 lakhs was confined to first category *i.e.*, outside the State only. Whereas the Andhra Apex procured cloth both from outside the State as well as Private persons within the State. What is significant is that nearly 75% procurement made by Andhra Apex during the period of 5 years was from private parties within our own State.

7.A.19. In view of the above factors the allegation of procurement of Handloom cloth from the private parties is not applicable in so far as the Hyco Fabrics Hyderabad is concerned. Hence there is no need for us to consider this allegation with respect to Hyco, Hyderabad. But in respect of Andhra Apex both the issues are applicable.



7.A.20. During the course of our enquiry the officials of both the aforesaid Apex bodies gave evidence before the Committee touching our terms of enquiry. During the evidence these officials accepted the fact of procurement of handloom cloth from outside the State and in respect of Andhra Apex Society from private parties within the State. They have, however, asserted that their act of procurement and sale of handloom cloth during the rebate period did not amount to any irregularity.

7.A.21. In the light of the above acceptance there is no need for us to make any further comment on this aspect of the issue.

7.A.22. For the above reasons the only question remains to be answered is whether *their acts of procurement and sale during the rebate period amounted to an irregularity as contended by the Department.*

7.A.23. In order to appreciate the evidence on this subject from a proper perspective it is necessary to refer to the background and circumstances under which the subsidy in the form of rebate has been introduced and implemented from time to time by the Central and State Governments.

7.A.24. As stated earlier under Chapter VI the scheme of rebate was introduced for the first time in the year 1953-54. In this connection we examined the Evaluation Study No. 48 of the "Study on the Working of the Handloom Rebate in the State" released in April 1972 and found that the rebate has been allowed on the sale of handloom cloth produced in co-operative fold only since 1953-54 onwards in our State. Relevant paragraph is to be found on page 6 and para 16 of the Report, which is reproduced below :

"As per the Handloom Rebate Scheme, rebate has to be allowed to primary societies producing handloom cloth, Apex Co-operative Societies, Emporias and other institutions selling co-operative fabrics".

7.A.25. Apart from the above there have been many directions and guidelines issued by the Central and State Governments from time to time in connection with the implementation of the rebate scheme which make it abundantly clear that the rebate is to be allowed only to *co-operative societies and on the sale of cloth produced by the Co-operative Societies.* And we therefore propose to discuss this aspect in some detail in the following paragraphs.

7.A.26. As noticed under Chapter VI the Government of India modified the scheme of rebate from 1st July, 1959, as a result of certain draw-backs noticed in the working of the rebate scheme on

sales of handloom cloth prior to 1959. The salient features of the modified scheme are noted below:—

(i) State Governments were requested to ensure that ceilings fixed for each State for expenditure on rebate scheme were adhered to strictly.

(ii) The State Governments were also given the descretion to further modify the scheme, if necessary, in order to limit the expenditure to the ceiling fixed and to plug loopholes which result in abuses.

7.A.27. Subsequently in the year 1960 the modified rebate scheme has undergone further modification with effect from 1st September, 1960, with the issue of further instructions by the Government of India to all the State Governments. A copy of the circular letter containing these instructions is appended as Annexure No. II for ready reference. Eversince there has been no change in the guidelines issued by the Government of India in regulating the implementation of the rebate scheme. And as such these instructions coupled with the State Governments's directions are to be taken *as the basis for determining the alleged irregularities committed during the last rebate scheme period commencing from 22nd December, 1975, onwards to 29th February, 1976.*

7.A.28. On perusal of the instructions of the Government of India as contained in the circular letter three important considerations are discrenable as discussed below :

(i) (a) Rebate is to be allowed on retail sales of handloom cloth from weavers co-operative societies and/or state owned depots; and

(b) Consumer Co-operative Societies which purchase cloth *only from Weavers Co-operative Societies.*

(ii) That the ceilings fixed by the Government of India for each state for expenditure on their rebate scheme are to be adhered to strictly. If considered necessary the State Government may further modify the scheme of rebate either wholly or in partly so as to keep the expenditure within the prescribed ceilings.

(iii) The State Government have to ensure that the rebate is made admissible only in respect of production by weavers co-operative societies from the yarn supplied by such societies to their members.

7.A.29. It is thus clear that it is the State Government which is vested with the powers of regulating the implementation of the rebate scheme. And for this purpose the State Government is fully empowered to issue such instructions or guidelines as it may deem fit for the purpose of effective regulation as well as realization of all the objectives underlying the rebate scheme.

7.A.30. The other aspect is that the rebate is admissible on the sale of handloom cloth *produced by the Co-operative Societies within the State and the amount of the rebate is to be paid from the funds of the State Government within the ceilings fixed by the Government of India.* In such a situation the State Government has no option but limit the payment of rebate to the sales of handloom cloth produced by the Co-operative Societies within the State only.

7.A.31. In relation to 20% Special rebate permitted from 22nd December 1975 onwards in our State it is to be noted that before the introduction of the scheme Government of India issued a telegram dated 11th December, 1975, to the State Governments informing them about the proposed introduction of 20% rebate all over the country from 22nd December, 1975, onwards etc. In this telegram it was clearly mentioned that the instructions issued by the Government of India in August 1960 in connection with the introduction of modified scheme of rebate from 1st September, 1960 were to be taken as the basis for permitting the rebate during the 20% special rebate period.

7.A.32. In regard to the terms and conditions for the entitlement of rebate the Central Government has advised the State Government to apply the same conditions as were envisaged in the modified scheme of August 1960. On the basis of the above communication from the Government of India the State Government have agreed to grant 10% rebate on their own and implement the special scheme of 20% rebate in the State from 22nd December, 1975 onwards. Accordingly the State Government advised the Director of Handlooms and Textiles to initiate the action for implementation of the scheme. In pursuance of Government order the Director of Handlooms and Textiles issued a circular No. 32377/75-M, dated 22nd December, 1975 addressed to all Assistant Directors of Handlooms and Textiles in the State and Apex Weavers Co-operative Societies, Super Bazars, Lepakshi Emporia, Zilla Parishad Emporias in the State etc., informing them about the implementation of the 20% special rebate scheme in the State and the conditions on which the rebate is to be allowed etc. Sometime later the State Government also issued orders in G.O. Ms. No. 1146, Ind. & Comm. (HL) Department, dated 26th December, 1976.

7.A.33. It is noticed from para 2 of the Circular letter Rc. No. 32377/75-M, dated 22nd December, 1975, issued by the Director, Handlooms and Textiles that the *grant of 20% special rebate was subject to the following conditions:*

(a) The conditions stipulated and instructions issued from time to time in respect of the implementation of the Rebate Scheme shall be complied with ;

(b) And further stipulation that the special rebate shall not be allowed on sale of handloom cloth procured outside the State of Andhra Pradesh.

7.A.34. In addition to the above, there is another condition stipulated in the last para of the above circular letter which stipulates that the Assistant Directors must append certificates along with the rebate claims *failing which the claims will be rejected*. What is significant to note is that the Director also enclosed a full set of these certificates along with the circular letter. Some of the columns in these certificates make it clear that the compliance with the instructions issued by the Director is made a *condition precedent for claiming the rebate from the Government*. Besides, the instructions given by the Director in the past on similar occasions indicated that the rebate *was limited to handloom cloth produced and procured from Co-operative Weavers Societies within our State only*. In this behalf the instructions issued by the Director on 27th August, 1960 in his letter Societies within the State only.

7.A.35. Apart from the above it is interesting to note that the description of Apex Co-operative Societies is not to be found in the instructions issued by the Government of India under the modified scheme of 1960. What is recorded in these instructions is that "The rebate is admissible only in respect of production of cloth by Weavers Co-operative from yarn supplied by such societies to their members". It is thus clear, that the rebate is permissible on the sales of cloth produced by the Primary Societies only. Since the Apex Society is in the nature of federation of Primary Weavers Societies affiliated to it, therefore they can not claim anything more than what a Primary Society is entitled to.

*Finding:*

7.A.36. For the above reasons, we are of the view that no rebate is admissible on the sale of handloom cloth procured either outside the State or from private parties within the State. And as such, we hold that the Andhra Apex Society, Vijayawada and Hyco of Hyderabad have committed irregularity and violation of the conditions imposed and instructions issued by the Central and State Governments for the grant of 20% special rebate on sales of handloom cloth procured from outside as well as from private parties during that period.

7.A.37. In the light of our above finding, we hold that the conditions of rebate, as explained and interpreted by us in the above paragraphs are equally applicable to the sales made during the 20% special rebate period by other organisations like Textile Development Corporation, Lepakshi, Government Emporiums and Z. P. Emporiums, etc. In other words, these institutions also cannot claim any rebate if

they have procured any handloom cloth either from outside the State or from private parties within the State and allowed rebate on the sales of such cloth during the 20% special rebate period:

7.A.38. As such, the Department should take action for the rejection of such claims, if any, submitted by any of these organisations etc.

7.A.39. Having given finding on the issues No. 1 and 2 against the apex bodies, we propose to deal with No. 3 regarding allowance of rebate on sale of powerloom cloth during the rebate period etc. As stated earlier, this issue is confined to Hyco only.

7.A.40. In connection with the determination of this issue it may be recalled that in the evidence given before the Committee the Management of the Hyco admitted the sale of powerloom cloth in some of their sales centres in Hyderabad during the 20% Special Rebate period. They, however, contended that such sales might have occurred due to the mistake on the part of salesmen and NOT due to any deliberate attempt or design of the Management to claim rebate on sales of powerloom cloth.

7.A.41. After a close examination of the records and evidence on this issue, we found the following incriminating circumstances against the Hyco.

7.A.42. (a) As stated earlier the Hyco had its own powerlooms in their production centre in Karimnagar town. From the data furnished by Hyco it is seen that during the period from 1st July, 1975 to 31st March, 1976 the centre produced powerloom cloth worth Rs. 7,78,800-00.

(b) On examination of the relevant records of the Karimnagar Production Centre, we found that powerloom cloth produced at this centre was invariably sent to their Marketing Zonal Centres including Secunderabad Centre through G. T. Bills. At the time of despatch both powerloom and handloom cloth were found to have been sent mixed in one and the same bundles. What is significant is that the powerloom cloth did not have any identification mark like P. L. G. or any other mark to facilitate segregation later. In the absence of such mark the Zonal Marketing Centres, have not been in a position to maintain separate stocks of powerloom cloth in their godowns and racks.

(c) Similarly the Zonal Marketing Centres, in their turn, have not maintained any separate records indicating the value and volume of powerloom cloth received by them at different times. In this

context we were told that this practice has been in vogue for past several years. What is more important that these zonal centres have been sending powerlooms cloth to retail sales depots of Hyco mixed with handloom cloth under a common bill. In other words the salesmen of these sales depots had no means to know powerloom cloth from Handloom cloth after opening the bundles sent by their zonal offices.

7.A.43. It may be seen from the above that there is no question of any mistake on the part of the salesmen when they themselves had no knowledge about the receipt of any powerloom cloth along with handloom cloth under common bills and bundles. Besides no salesman came forward to own his mistake in this behalf.

(d) Another important factor is that the Hyco had been regularly receiving from different sales centres a single copy of "Sales abstract" showing the total sales in all their depots on individual basis. In other words these "Sales abstracts" did not disclose sale of powerloom cloth separately from that of handloom cloth.

7.A.44. These circumstances leave no room for any doubt whatsoever that the sale of powerloom cloth during the above period of rebate was done with full knowledge of the Management of the Hyco.

7.A.45. *For the above reasons we find this issue against the Hyco and hold that it has committed a serious irregularity knowingly that such sales amount to violation of the conditions imposed by the Government for the grant of rebate. And as such they are liable for action under law.*

#### (ii) MISUSE OF REBATE IN GENERAL.

7.A.46. After disposing of the above issues we now propose to deal with the instance of misuse in general during the period under review.

7.A.47. A close examination of the relevant records pertaining to misuse of rebate by primary societies, during last four years, indicate that the extent of misuse was more in the years 1973-74 and 1974-75. The data shown in the following table indicates the extent of misuse of rebate among the primary societies over a period of four years.

TABLE

(Rs. in lakhs)

Sl. No.	Year	Total amount of the claims.	Amount of the claims with-held.	Amount of the claims considered for the sanction.	Amount disallowed by the Dept.	Percentage of disallowance to the totals of Column No. 5
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	1971-72	42.92	1.68	41.24	4.42	10.72%
2.	1972-73	14.07	0.17	13.90	2.31	16.61%
3.	1973-74	82.28	1.30	80.98	17.75	21.92%
4.	1974-75	30.74	0.52	30.22	9.80	32.43%

7.A.48. In this context it is to be noted that the data pertaining to 1975-76 was not made available on the ground that many rebate claims have to be settled.

7.A.49. It may be observed from the above data that the Department disallowed several lakhs of rupees every year. And except this disallowance *no action has been taken either against the concerned primary societies or the officials of the Department who have issued certificates in respect of bogus claims.* In the absence of any deterrent action there was no end to the bogus claims being submitted from year to year. *This aspect of the procedure in this behalf appears to be very odd and extra-ordinary and hence needs change.*

7.A.50. In regard to Apex Societies the Committee was told that the incidence of misuse was less than one per cent which is negligible. Hence there is no need for any elaboration on this point.

*Modus Operandi for misuse:*

7.A.51. Our enquiries with the Director of Handlooms and Textiles and others, have revealed the following modes and tactics adopted by the office-bearers of the primaries for claiming rebate on bogus claims.

(i) Without making any production before or during the rebate period, the entire figures of production are manipulated in the records of the society and based on such false entries bogus claims are submitted to the Department. This mode is said to be prevalent in Cuddapah district on a large scale.

(ii) Showing exaggerated production when in actual fact there was very little production in the society.

(iii) Manipulation of records by compressing of scales, that is to say the sales made either before and after the rebate period are compressed into the rebate period. This is said to occur during festival periods.

(iv) The sales made in bulk to merchants are shown in bills as retail sales to several customers.

(v) Office bearers of some societies inflate the cost of production as well as sale price with a view to make an increased claim of rebate.

(vi) Cloth procured from the weavers working under the Master weavers is shown as production by the society for claiming rebate.

7.A.52. These are some of the common methods and devices used by several societies in making bogus claims. But what is astonishing is that all such claims are supported and recommended by the Field Officers of the Department with impunity.

7.A.53. In the above context we have noticed that each rebate claim is to be certified by the Senior Inspector before it is submitted to the Assistant Director. The number of certificates prescribed are 15 as noted from the proforma of certificates enclosed with the Proceedings Rc. No. 32377/75-M, dated 22nd December 1975.

7.A.54. It was further stipulated by the Director that Rebate claims will be rejected if they are unaccompanied by these certificates.

7.A.55. On perusal of the contents of these certificates one would find that they are as fool proof as one could possibly make for the purpose. And there would be no scope for any misuse when there is substantial compliance by the officials supposed to certify. In other words there has to be either connivance or wanton carelessness on the part of the certifying officials for forwarding a bogus or suspect rebate claim to the Assistant Director and later to the office of Director, Handlooms and Textiles. When such is the case, there is hardly any scope for misuse of rebate even by the shrewdest among the weavers.



7.A.56. We, are, therefore, of the opinion that in the absence of any deterrent and penal action against the claimants and as well as certifying officials many of these weavers could not resist the temptation of making some easy money by submission of bogus claims, etc.

7.A.57. In these circumstances we are of the firm opinion that there is a definite and urgent need for improving and streamlining the procedure with a view to make the above acts not only irregular but also punishable under law.

7.A.58. We therefore recommend that Government may take action accordingly to tighten the procedure in this behalf to make the claimant as well as certifying official accountable for the correctness of the claim.

7.A.59. We also recommend that in relation to 20% Special rebate allowed recently, the Department should take appropriate action against all those officials who may be found to have issued false certificates in support of bogus claims made by several primaries.

*Specific cases of mis-use :*

7.A.60. Now we shall refer to three specific cases which were selected by us on random sample. Each one of them relates to different regions of the State, i.e. Srikakulam, Kurnool and Nalgonda.

*Specific cases :*

7.A.61. During the course of examination by the Committee into cases of misuse of rebate by primary societies, the Committee came across three typical cases, which are not only symptomatic of the prevailing malpractices in respect of rebate claims but also to what extent the lower echelons of the Department have colluded with the societies in supporting the bogus claims.

*Srikakulam District :*

7.A.62. In their special report for the year 1969-70, the Auditors who went into the records of the Kanimetta Cotton Weavers' Co-operative Society, Srikakulam District observed that there were alleged fictitious yarn issues and handlooms to members, that open market purchase of yarn was resorted to without permission; and that there was heavy production and sales during the rebate period only etc.

7.A.63. In 1975, a Senior Inspector was asked to conduct an enquiry under section 51. In his 19 page report, the Senior Inspector found that there was nothing fictitious in the issue of yarn or handlooms to members inasmuch as yarn was issued to wives and children of members who had temporarily gone out of town or who had died;

and that it was common practice to issue yarn to survivors in the names of deceased members. He further defended the heavy production during rebate periods which are October and November of the year on the plea that eligibility of quantum of loans is dependent on production and therefore the weavers worked extra time to produce more. Lastly he defended that cases of purchases of yarn made in the open market without permission have now been submitted to higher authorities for ratification.

7.A.64. The Committee observed that the above report of the Senior Inspector is contrary to the findings of the Auditors. Moreover his assertions were not supported by any credible evidence. Hence there is a need for a full-fledged enquiry by the Department into the affairs of the Kanimetta Weavers' Society in the light of the observations made by the Audit. The Committee noted with considerable surprise that it took four years for the Department to decide upon an enquiry on the basis of audit report given in the year 1971-72.

*Kurnool District:*

7.A.65. The second is the case of Uyyalawada Weavers' Co-operative Society in Kurnool District. The Society is alleged to have shown over production during rebate periods, and purchased yarn worth Rs. 54,153-00 (out of total yarn purchase of Rs. 70,943-90) in open market without permission. If the same arguments advanced by the Senior Inspector who enquired into the affairs of Kanimetta Weavers' Society are reiterated here, there is no irregularity. To recall his arguments, over production is necessary to inflate the eligibility of the society to take loans from Banks. Purchases of yarn in open Market without permission can be condoned by seeking post-facto ratification.

7.A.66. The Committee observed that double standards are observed by the Department as a result the claim of the Uyyalawada Weavers' Society for rebate of Rs. 9,395-00 was disallowed.

*Nalgonda District:*

7.A.67. In the third case, that of Koyalagudem Cotton Weavers' Co-operative Society, Nalgonda District, fictitious sales were alleged in 1974. In a total claim of rebate of Rs. 22,382-04 a sum of Rs. 9,957-55 was disallowed. *The enquiry officer recommended criminal action against those who were responsible for manipulating records to show fictitious sales. The price prosecuting Officer was of the opinion that a criminal case cannot be filed in view of the records before him.*

7.A.68. These three cases show that standard guidelines to officers of the lower echelons who initially examine the claims of rebate by primary societies are woefully lacking. From the statements furnished to the Committee, it is seen that in nineteen cases, claims of rebate certified and recommended by the Assistant Directors and other officers at lower level were later found to be irregular for the following reasons.

(1) In 8 cases wholesale sales were included;

(2) In other cases the sales during the rebate period of few days exceeded the total sales in the whole month or exceeded the opening stock plus production made by the society.

7.A.69. We find it difficult to appreciate as to how the Assistant Director and other officers who recommended and certified those cases missed the fact that wholesale sales were included or that the total sales exceeded their production in the claims. In the light of the above material it is really necessary to see as to what extent the Departmental officials are involved in the said bogus claims by ordering an investigation. The Department may accordingly take action to fix up the responsibility on all such officials who may be found to have certified the bogus claims of rebate as genuine. A statement showing district-wise rebate claims of the societies wherein 50% and above of the claims of rebate are disallowed at the Directorate level during the period 1971-72 to 1974-75 is appended as Appendix V.

## PART B

### II<sup>ND</sup> TERM OF REFERENCE: FUNCTIONING OF PRIMARY AND APEX CO-OPERATIVE SOCIETIES

#### *Introductory:*

7.B.1. After having given our findings on the First of the Terms of reference in the previous part of this chapter, we now propose to deal with the 2<sup>nd</sup> of the Terms of reference in this part. And the contents of this reference read as follows:

#### *2nd Term of reference :*

“Functioning of the Primary and Apex Co-operative Institutions during the last Five Years”.

7.B.2. In view of the special nature of the reference, we felt that it would be proper and convenient to discuss the functioning of Primaries and Apex Societies in separate parts as indicated below:

#### *(i) Primary Societies:*

- (a) General functioning.
- (b) Complaints of mismanagement, etc.

#### *(ii) Apex Institutions:*

- (a) General functioning.
- (b) Complaints of mismanagement, etc.

7.B.3. We would therefore consider different aspects of the 2<sup>nd</sup> reference in the above order.

#### (i) GENERAL FUNCTIONING OF PRIMARY WEAVERS CO-OPERATIVE SOCIETIES:

##### *Strength of Primary Societies:*

7.B.4. The number of Primary Weavers Societies which was 807 during 1971-72 increased to 1015 societies by the end of 1975-76. But due to this increase there was no corresponding increase in membership as the increase in the number of societies was mainly due to reorganisation of societies in Telangana Region maintaining the same strength of Membership.

7.B.5. The position of share capital of the above societies beginning from 1971-72 to the end of 31st March 1976 is as indicated in the Table below:

TABLE

Period	No. of societies and membership	Share capital <i>in lakhs (Rupees)</i>
1971-72	808 societies 2.3 lakh members	116.89
1972-73	814 societies 2.29 lakh members	114.23
1973-74	882 societies 2.21 lakh members	15.96
1974-75	980 societies 2.23 lakh members	129.90
1975-76	1015 societies 2.24 lakh members	133.70

7.B.6. It will be seen from the above Table that there are 1015 primary weavers co-operative societies with a share capital of Rs. 133.70 lakhs during the year 1975-76. Among them 404 societies are shown to be dormant which constitute about 40% of the total number of societies.

*Reserve Fund:*

7.B.7. In addition to the above the societies built up Reserve Fund to the extent of Rs. 116 lakhs by the end of 31-3-1976. This has been created out of the profits earned by the societies. To augment the resources towards meeting the working capital requirements the societies have to depend on Banks and they are able to borrow between Rs. 140 to Rs. 318 lakhs. As a result of increased borrowings, the societies were able to increase the production which was significant.

7.B.8. The production of these primaries during 1971-72 was about 724 lakhs which has gone up to Rs. 1,118 lakhs at the end of 1975-76, indicating an appreciable improvement of about Rs. 394 lakhs. The sale of cloth during 1971-72 were Rs. 749 lakhs which

have increased to Rs. 1,122 lakhs during 1975-76. The year-wise production and sales are indicated in the Table below:

TABLE

(Rs. in lakhs)

Period	Production	Sales
1971-72	723.82	749.17
1972-73	791.98	826.07
1973-74	1,051.49	14,05.56
1974-75	1,213.53	1,216.67
1975-76	1,117.63	1,122.44

7.B.10. The year-wise working results of primary weavers societies reduction in the sales during 1974-75. This reduction is said to be mainly due to the total number of rebate days allowed to primaries being only 18. The sales performance in 1975-76 was also not very satisfactory despite special rebate of 20% allowed for 51 days from 22nd December 1975 to 15th February 1976 and this was reported to be due to slump in yarn prices during the year and the resultant accumulation of cloth produced out of yarn purchase at higher rates prior to the slump in yarn purchases.

*Results:*

7.B.10. The year-wise working results of primary weavers societies during the past 4 years is as under:

TABLE

Year	PROFIT		LOSS		No profit no loss No. of societies	Total No. of societies
	No. of societies	Amount in lakhs	No. of societies	Amount in lakhs		
1971-72	204	15.99	552	52.24	52	808
1972-73	238	26.41	517	49.19	59	814
1973-74	331	55.13	479	41.10	72	882
1974-75	219	31.63	643	60.16	118	980

7.B.11. The number of societies which earned profits has increased to 331 in 1973-74 but decreased again in 1974-75. It is observed that more than 50% of the societies have been sustaining losses.

*Dormant Societies :*

7.B.12. The Table given below indicates the region-wise dormant and active societies.

TABLE

Name of the region	Dormant Societies	Active Societies	Total
Andhra .. ..	224	319	543
Rayalaseema .. ..	100	111	211
Telangana .. ..	80	181	261
	404	611	1,015

7.B.13. The table given below indicates the increase or decrease in the number of dormant societies:

TABLE

Year	Total No. of societies	No. of Dormant	% of dormancy to total No.
1971-72 .. ..	808	344	42.5
1972-73 .. ..	814	347	42.6
1973-74 .. ..	882	328	37.1
1974-75 .. ..	980	349	35.6
1975-76 .. ..	1,015	404	39.8

7.B.14. It is noticed from the above Tables that as against the total number of 1015 societies in the State during 1975-76 the active societies were 611 only and balance 404 were dormant societies which constitute 39% of the total strength of societies. The region-wise percentage of dormant societies during that particular year in Coastal Andhra, Rayalaseema and Telangana was about 41%, 47% and 31% respectively. The year-wise percentage reveals improvement from year to year which is evident from 42% in 1971-72 reduced to 35.6% in 1974-75.

7.B.15. The reasons for the societies becoming dormant have been discussed in detail in Chapter VIII dealing with the revival of dormant societies.

*Observations:*

7.B.16. During our enquiry we noticed some peculiar features which characterized several Societies in Telangana region. Some of these features are described below:

(1) The area of operation of Weavers Societies in Telangana area is much larger compared to Andhra area.

(2) It is observed that there are far more members under each Primary Society in Telangana region in relation to the looms owned by such Society.

(3) The wages paid to weavers by the Societies in Telangana region are much less compared to Andhra region.

(4) The Primary Societies were allowed less than 10% towards profits and overheads on sales of their stocks to the Apex bodies.

(5) That persons not owning any looms are found to be office bearers and members of the Executive Committees exercising under influence and domination.

(6) Many Societies have not yet adopted Model Bye-laws.

*Recommendations:*

7.B.17. For remedying the above deficiencies we recommend the following:—

(1) There is an urgent need for adoption and enforcement of Model Bye-laws among all the Societies in the entire State in general and in Telangana region in particular.

(2) In order to prevent persons not owning looms from becoming members and thereby wresting control of the Society there is a definite and urgent need for prescribing following qualifications for members:—

(a) Residence within the jurisdiction of the society for a period not less than 9 months in a year in aggregate;

(b) Possession of loom and knowledge of weaving; and

(c) The Management or Executive Committee must consist of not less than 2/3rd members who own and operate looms of their own.

(3) Firm measures to be taken for the strict implementation of minimum wages notified by the Government.



(4) The Apex Society must allow margin of profits to primaries on par with Andhra Region Societies.

7.B.18. After closely studying the general performance and functioning of primaries in all regions of the State, we feel that the following measures are required for healthy development and rapid growth of Handloom Co-operative Societies in our State:—

(1) Strengthening of share capital structure of the Weavers Co-operative Societies.

(2) Immediate steps must be taken to cover more number of weavers under the Co-operative fold so as to attain 60% coverage in the next 3 years.

(3) Introduction of improved appliances and Techniques in the production of handloom cloth.

(4) Exercise of close supervision by the Field Staff of the Department.

(5) Steps should be taken for separation of Powerloom from the Handlooms Societies by promoting and organizing separate Societies for powerlooms.

(6) Establishment of a Weavers Service Centre in Karimnagar district for the benefit of Weavers living in Telangana.

(7) The Primary Societies should be encouraged to build reserve fund, and the Government may release a matching contribution to the reserve fund built up by the Society every year.

(8) Once the share capital contribution has reached the maximum limit prescribed under the bye-laws, the members must be encouraged to join a Contributory Provident Fund Scheme.

(9) Steps should be taken for the progressive increase in the number of members as well as working looms in Primary Societies.

(10) The Department should ensure effective supervision by the field staff and timely audit of the societies so that there is no impediment for financing institutions in sanctioning and releasing credit to the societies.

(11) The Department may formulate a scheme whereby supervisory and audit staff could be appointed on a specified scale for a group of societies in different regions of the State.

(12) The District Co-operative Central Banks should also have special cadre of Inspectors to safeguard their interests in relation to advances made by them to weavers societies.

13. The Assistant Directors of the Department should be made responsible for the preparation of loan applications and submission of the same to the Co-operative Central Banks before due in respect of societies located in their jurisdiction.

14. It should be made obligatory on the societies to furnish monthly stock statements to the Central Co-operative Banks with copies to the Assistant Directors of the area.

15. Arrangements must be made to supply forms to the primary societies in Telugu language so that they could be filled by the staff of the society without depending on the assistance of the Field Staff or outsiders.

16. The Department must ensure working capital either from the Textile Development Corporation or from the Andhra Pradesh State Co-operative Bank directly to such societies which are denied credit facility of working capital by the District Co-operative Central Banks in any particular district or districts.

17. The Government should constitute a Review Committee consisting of the following officials:

(1) Director of Handlooms (Convenor).

(2) Managing Director, Andhra Pradesh State Textile Development Corporation—Member.

(3) Managing Director, Andhra Pradesh State Co-operative Bank—Member.

The above committee should conduct quarterly review of the entire situation in relation to credit requirements of the primary societies in the State and the accommodation and facilities granted by different financial institutions so that prompt and effective action at higher level could be taken in case of default or delay.

(ii) COMPLAINTS AGAINST INDIVIDUAL PRIMARY SOCIETIES :

*Issue of Press Note :*

7.B.19. During the course of the enquiry the Committee issued a press note on 25th April 1976 inviting information and suggestions in connection with the misuse of Rebate and working of the Weavers' Co-operative Societies.

*Complaints against mismanagement :*

7.B.20. In response to the above press note, 84 representations were received by the committee containing serious allegations against

the functioning of the Apex and Primary Societies, besides narration of various hardships and problems faced by the Primary Societies and the weavers in general. The Committee has carefully analysed the contents of the representations and conducted suitable enquiry into most of them.

*Complaints against Primaries:*

7.B.21. Nineteen of the representations received by the Committee referred to certain malpractices pertaining to the Primary Societies. The Committee enquired into specific allegations and verified records besides obtaining oral evidence on the issues involved. These allegations are discussed below seriatum.

(1) *Complaint against Chirala H. W. C. S.:*

ALLEGATION:

7.B.22. Sri G. Venkateswarlu and 37 members of Chirala Weavers' Co-operative Production and Sales Society alleged that the entire yarn of the Society is got dyed in a factory owned by the President. The President, Sri Karyampudi Venkateswarlu is maintaining incorrect accounts of dyes and chemicals used. In support of this contention the Representationists cited that on 21st February 1976 when the records in the sales section were seized under the orders of the Court 5.2 Kgs. of dyes were found and they were not accounted for in stock register.

ENQUIRY AND FINDINGS:

7.B.23. Sri K. Venkateswarlu, President of the Society who appeared before the Committee admitted that he owns a dye factory in Chirala. He explained that 5.2 Kgs. of dyes seized on 21st February 1976 belonged to a merchant from Mangalagiri and they were kept in the sales section. He was not able to convincingly explain as to why the dyes belonging to a private merchant of Mangalagiri should be kept in the Sales Section of the Society. With regards to the other allegations that the entire yarn of the Society is got dyed in his own factory, he had no satisfactory explanation.

7.B.24. In regard to stock of cloth in the Society, shortages noticed on 21st February 1976, Sri Venkateswarlu explained that the stock registers are posted once in two-three days and on the date of inspection *i.e.*, 21st February 1976 the entries in the register were not up-to-date. Hence there has been a discrepancy in regard to actual stocks of the entries in the stock register.

7.B.25. The representation *inter-alia* alleged that:

(i) Sri B. Veeraswamy, Manager, works only for 10 days in a month and he receives only a half of the salary while the balance is appropriated by the President.

(ii) the former Manager who was removed from service on 28th December 1972 was ordered to be reinstated into service by the Court on 30th April 1975. The President did not heed the order of the Court and on an appeal filed against the employee in Court of Sub-Judge a decree for a sum of Rs. 5,744.15 was granted against the Society.

#### ENQUIRY AND FINDINGS:

7.B.26. Sri B. Veeraswamy, appeared before the Committee and denied the allegations that he was paid only half the month's salary for his part time service. When questioned Sri K. Venkateswarlu, President of the Society stated that on account of differences between his predecessor and the former Manager the removal had been ordered. The decision of the lower Court was in favour of the Manager removed from the service and that is how the order of seizure of records was secured on 21st February 1976. The President said that he had no knowledge of the decision of the higher Court *i.e.*, the Court of the Sub-Judge which issued a decree for Rs. 5,744.15

7.B.27. The above illustrative examples are sufficient to show that the Society is fraction ridden and its affairs are not satisfactorily managed. The Committee considers that a through enquiry should be conducted by the Department into the affairs of the Society.

#### (2) *Complaint against Manager, Yarn Depot, Chirala:*

7.B.28. Sri Deverapalli Aseervadam of Chirala made the following allegations against Sri Kurapati Subba Rao, Manager, Yarn Depot, Chirala.

#### ALLEGATION:

7.B.29. Yarn Depot, Chirala is a part of the organisational set up of A. H. W. C. S., Vijayawada. The allegations are:

(i) That the Yarn Depot Manager forged Bills bearing Nos. 2148, dated 13th July 1974 and 64508, dated 20th April 1974 in the name of Chilakaluripet Weavers' Co-operative Society and sold yarn worth Rs. 7,627 to private parties.

(ii) That he also forged another Bill No. 64506 dated 24th July 1974 in the name of Pothavaram Weavers' Co-operative Society and disposed off yarn worth Rs. 2,529 to private parties. That he forged another Bill No. 64507, dated 24th July 1974 in the name of Brahmana Nidamanuru Weavers' Co-operative Society and sold the yarn worth Rs. 7,647 to private parties.

## ENQUIRY AND FINDINGS:

7.B.30. The Regional Marketing Officer of Vijayawada Apex Society conducted an enquiry into this matter and found that the three Societies, viz., Chilakaluripet, Pothavaram and Brahma Nidamanur were dormant and that the Bills were forged by the Yarn Depot Manager. The Director of Handlooms and Textiles directed the Person-in-charge of the Apex Society on 11th December 1975 to suspend the erring Yarn Depot Manager.

7.B.31. The Yarn Depot Manager is stated to be on Medical leave from 15th December 1975 and as such the direction to effect the suspension could not be implemented. Verification of records shows that the file belonging to this issue was put up to the former person-in-charge who marked in the file "Pl. Speak". The file was not again put up to the present person-in-charge. Sri G. Suryam, Business Manager contends that suspension orders cannot be given effect when the employee is on medical leave.

7.B.32. The allegations are indeed serious. Forging of Bills in the name of dormant societies and selling of yarn to private parties is a grave charge demanding immediate deterrent action. The Yarn Depot Manager seems to have cleverly avoided the penal action and proceeded on medical leave. The Management should have taken other measures to compel him to resume duty or force the employee for a second medical opinion. Neither of the courses of action has been pursued.

7.B.33. The Committee recommends that the person-in-charge should immediately deal with this case.

(3) *Complaint against Bejjanki H. W. C. S.:*

## ALLEGATION:

7.B.34. Sri M. Kanakaiah and other Members of the Bejjanki Handloom Weavers' Co-operative Society of Karimnagar district represented that one Sri Byri Ramachandram, the Manager of the Society, had misused yarn worth Rs. 42,000 sanctioned in 1974-75 and had sold it in the open market. This Manager is alleged to have fabricated accounts and made money at the cost of the Society.

## ENQUIRY AND FINDINGS:

7.B.35. Verification of records relating to the Society has revealed that yarn worth Rs. 40,792.50 was allotted to this Society by the Federation of Co-operative Spinning Mills, Hyderabad against rebate payable to it. Sri Ramachandram lifted yarn worth Rs. 40,792 from the Federation of Co-operative Spinning Mills, Hyderabad. This yarn

should have been distributed to the members of the Society. This does not seem to have been done. Records show that this yarn has been issued to non-existing persons and thumb impressions have been taken against their names. Verification of the distribution statements has revealed that some of the persons whose names are written are dead while others are not traceable.

7.B.36. The Department has ordered a statutory enquiry into the affairs of the society. The report of the Enquiry Officer is still awaited. The Committee urges that the enquiry should be completed early and action taken on the persons responsible.

(4) *Complaint against H.W.C.S. Gudem village, Sircilla taluk:*

ALLEGATION:

7.B.37. Sri Ch. Hanumantha Rao, Sarpanch, Gudem Village, stated that Sri Myna Rajalingam and Sri Myna Venkatanarsaiah both brothers are running the entire show of this society. There are no looms, no share-holders, no production and no records worth the name. These brothers are alleged to have manipulated the records relating to production and sales, and claimed rebate from the Government with the connivance of local Co-operative officials.

ENQUIRY AND FINDINGS:

7.B.38. The Committee has verified the records and found that Myna Rajalingam was the President of the Society for two-terms from 15th September, 1971 to 28th June, 1974; and from 29th June, 1974 to 28th June, 1976. The society was dormant from 1966-72. Nevertheless the society preferred a rebate claim for Rs. 12,154.30 for the period from 5th January 1973 to 13th January 1973 and this claim was sanctioned by the Department in August, 1974. The Department is of the view that there has been no serious irregularities in the sanction of this rebate claim. The Committee is unable to share this view of the Department particularly when the Society was dormant for a period of nearly six years and this fact was known to the Department. It is curious that the officials of the Department did not scrutinise the rebate claim particularly against this background. This indicates that scrutiny of rebate claims is not thorough. The Department should examine the circumstances in which the claim was recommended and initiate suitable action against persons responsible for the slipshod work.

(5) *Complaint against Toopran H.W.C.S.:*

ALLEGATION:

7.B.39. Sri Thati Venkateswarlu, Secretary, Padmasali Yuvajana Sangham, Thupran alleged that the President of the Society, Sri Balaiah

and Secretary, Sri Boddu Venkatanarasaiah, have been claiming rebate without production of cloth. It is stated that these persons purchased cloth from others and show the same as having been produced in the society.

**ENQUIRY AND FINDINGS:**

7.B.40. Sri Venkatanarasaiah, Secretary of the society appeared before the Committee and refuted the allegations. He asserted that 38 members of the society had looms and cloth was being produced. A list of these 38 members was given to the Committee. It was got verified. The verification disclosed that only 5 out of these 38 members have looms and the production by these five members cannot be said to be significant. The genuineness of rebate claim of the society is not free from doubt.

7.B.41. The Committee recommends that the department should examine the question afresh and take appropriate action.

**(6) Complaint against Utoor H.W.C.S.:**

**ALLEGATION:**

7.B.42. Sri Guda Mallesha and other Members of Utoor H.W.C.S. alleged that the President of the Society and his brothers-in-law misappropriated a sum of Rs. 1,06,441.50 said to be rebate earned for the year 1970-71 to 1st July 1975. It was also stated that bogus accounts are being maintained by the Society.

**ENQUIRY AND FINDINGS:**

7.B.43. The Department admitted that rebate of Rs. 1,11,003.41 for the period in question was sanctioned and a sum of Rs. 38,314.91 was paid in cash and the balance in the shape of yarn. It is further stated that this society is group-ridden and there have been rival groups. The Department ordered a statutory enquiry into the whole affair on 3rd March 1976.

7.B.44. The Department must have taken expeditious action to seize all the records and complete enquiry without any loss of time, since even according to the Department the possibility of revitalising the society is remote.

**(7) Complaint against H.W.C.S. Vemulawada:**

**ALLEGATION:**

7.B.45. Sri Pasupula Laxminarayana and ten other members of Vemulawada represented that the management of the society has been in shambles. The president in collusion with the Master Weavers of the place has been making illegal profits at the expense of the society and its members,

## ENQUIRY AND FINDINGS:

7.B.46. When questioned, the Department stated that Sri Nagula Limbaiah was the President of the society from 11th October 1968 to 10th November 1972, and from 9th January 1975 to a further period of three years, that a representation was received by the Divisional Co-operative Officer, Jagtial on 9th September 1971 and he immediately ordered an enquiry into the matter. Since the person appointed as Enquiry Officer was in-charge of Yarn Sales Depot., he cannot take up the enquiry. Later the Department appointed Assistant Directors, so that an effective control over the functioning of these societies could be achieved. Even after the formation of an Assistant Director's Office the Department cannot institute a statutory enquiry and the matter was allowed to continue. On 18th March 1976, *i.e.*, after the setting up of the House Committee the Department ordered a fulfilled enquiry into the affairs of the society. This again leads one to the conclusion that the Department has not been able to exercise any effective control over the functioning of the primary societies despite additional offices being started.

7.B.47. The Committee recommends that the Director of Hand-loom should enquire into the cause for this abnormal delay and deal with persons responsible.

(8) *Complaint against Bharat Texry Cotton and Zari Border P.S.C.S., Jangaon:*

## ALLEGATION:

7.B.48. Sri M. Krishnahari, Assistant Secretary, Taluk Weavers' Congress, Jangaon, represented that Sri Chintakindi Siddi Sreeramulu *alias* Papaiah has been maintaining this society and manipulating records to claim rebate. This person is not an office-bearer of the society. He is probably the Manager and he is controlling the entire show by bringing Presidents of his choice and removing them at his will.

## ENQUIRY AND FINDINGS:

7.B.49. Sri Kundarapu Narayana, who is supposed to be the present President of the society appeared before the Committee and stated that he was induced by Sri Siddi Sreeramulu to attend a meeting where he was declared to have been elected President. Previously one Sri Gadelli Lakshminarayana was made the President on 18th February 1974 who was replaced by Sri Siddi Sreeramulu on 18th August 1974. The Department when questioned about the force of allegations, contended that both Sri G. Lakshminarayana and Sri Kundarapu Narayana were newly elected in the normal course. It is indeed curious that the Department should accept and reconcile with the



manipulation of this type by a paid Manager of the society in nominating Presidents and replacing them according to his own convenience.

7.B.50. The evidence of Sri Kundarapu Narayana is simply revealing as to how autocratic the paid Manager had grown. The Department admitted that a sum of Rs. 1,700 was sanctioned as rebate to the society.

7.B.51. The Committee observed that this Society claimed a rebate of Rs. 32,121-70 between 19th March 1976 to 16th February 1976 and a sum of Rs. 25,800 was recommended by the Assistant Director of Handlooms. As against this recommendation of the Assistant Director of Handlooms, the Director had admitted a sum of Rs. 1,700 for the claim and Rs. 15,200 is still pending with the Director of Handlooms and Textiles. The Committee is unable to understand as to how the Assistant Director of Handlooms recommended the rebate claim of the society without effectively going into its affairs.

7.B.52. The Committee is of the view that an effective enquiry into the working of the society is essential, and accordingly recommends a statutory enquiry.

(9) *Complaint against H.W.C.S., Miryalguda:*

**ALLEGATIONS:**

7.B.53. Sri A. Vaikuntam, Sri Papaiah, Sri P. Yadaiah, Sri R. Satyanarayana and other members of Weavers Co-operative Society, Miryalaguda levelled allegations against Uppala Ramulu, Ex-Manager, Sri Punna Saidulu, Ex-President, and Sri R. Satyanarayana, Ex-Secretary. The allegations related to :

(i) misappropriation of a sum of Rs. 47,501/—

(a) by utilising imprest cash :

(b) by not accounting for the sale proceeds of yarn sold; and

(c) by selling ten looms worth Rs. 10,000 and several other manipulations.

(ii) that one Sri Chandraiah, part-time in-charge Weavers Inspector drew a sum of Rs. 4,000 being developmental loan from the Co-operative Central Bank on 1st July 1974 and kept it with him till Sri Saidulu was elected as President.

(iii) that Sri Saidulu was indebted to the Society to the tune of Rs. 3,800. But he managed to manipulate the records to show that such amount he owes to the society is salary payable to the Manager. The Ex-President did not deposit the Society's amount of Rs. 22,000 being the sale proceeds of the shop sites and balance of cloth stocks.

(iv) that Sri Rapole Satyanarayana, Ex-Secretary, misappropriated a sum of Rs. 10,200 by utilising the 80,000 bricks of the society and by retaining the Society's amount of Rs. 25,000 without depositing it in the Bank.

#### ENQUIRY AND FINDINGS:

7.B.54. According to the evidence that is given before the Committee it is gathered that a preliminary enquiry into the affairs of the society has already been conducted by the Department. According to the report of the preliminary enquiry, the Ex-Manager Sri U. Ramulu is answerable for a sum of Rs. 1,383. The records revealed that the Ex-President Sri Saidulu has since paid off his dues to the society. It is ascertained that a statutory enquiry has since been ordered into the affairs of the society.

7.B.55. The Committee recommends that this enquiry should be expedited and suitable action taken to remedy the situation.

#### (10) *Complaint against H.W.C.S., Yemmiganur:*

7.B.56. Sri B. Papanna Goud, President of the Yemmiganur Handloom Weavers Co-operative Production and Sales Society Members Association submitted a written representation levelling serious allegations against the Yemmiganur Weavers Co-operative Society. He also appeared before the Committee and tendered oral evidence.

7.B.57. The following is a summary of the allegations levelled.

#### ALLEGATIONS:

##### 1. *Excessive Establishment:*

The ratio as between the employees of the society and its members is very high.

##### 2. *Profit added to cost price:*

The society is charging nearly 40 per cent profit over the cost of production.

##### 3. *Discount on Sales:*

The society is indulging in giving fantastic rates of discount on cloth sales ranging between 50 per cent to 75 per cent.

##### 4. *Quality cloth sold as damaged cloth:*

The society has sold quality cloth as damaged cloth.

##### 5. *Transport of goods by M. G. Bros. Lorry Service:*

The entire transport of goods of the society is being done through M. G. Brothers Lorry Service.

6. *Purchase of Yarn from Rayalaseema Mills & Yemmiganur Mills:*

Yarn required by the society is being purchased only from Rayalaseema Mills and the Spinning Mills of Yemmiganur.

7. *Purchase of spare parts & repairs to vehicles from M.G. Bros.:*

Spare parts, tyres and tubes and motor vehicles have been purchased from M.G. Brothers and repairs are being got done at their workshop.

8. *President's disqualification:*

The President of the society is disqualified to hold the office in view of his being the General Manager and partner of M.G. Brothers and having interest in Rayalaseema Spinning Mills and Yemmiganur Spinning Mills as their Managing Director.

9. *Allotment of quarters:*

Houses built for the benefit of weavers have been indiscriminately allotted in the colonies.

10. *Drawal of T.A. by Auditors:*

The Auditors of the society have drawn T.A. without entitlement.

11. *Appointment of relatives of President in the society:*

Relatives of the President have been appointed to fill up vacancies in the society.

12. *Embezzlement of funds in Sales Emporia:*

The Branch Managers of Amalapuram, Yemmiganur, Hyderabad,, Ongole and Bellary Sales emporia have misappropriated amounts ranging Rs. 3,000 to Rs. 6,000.

13. *Discount on Yarn and Dyes purchases:*

Discount on the purchase of yarn and dyes is not brought to account.

14. *Group Insurance Scheme:*

The amounts collected towards group insurance scheme have not been paid back to the policy-holders.

15. *Irregularities in claims of rebate:*

The Managers of the various emporia including the Head Office keep the sales in suspense and bring them to book-when rebate scheme comes into existence.

Cloth worth thousands of rupees is supplied to M.G. Brothers for the use of their employees during the month of September and this sale is brought to books to claim rebate every year.

The society just before the announcement of the Rebate Scheme increases the prices of cloth so as to earn higher amounts of rebate.

The society, for example, enhanced the prices of all varieties of cloth on 20th October 1973 while the rebate scheme came into effect from 21st October, 1973.

16. *Transfer of Shares:*

Shares of the members of the society have been transferred in the names of their wives.

17. *Bogus claims of repair to a lorry No. APQ 566:*

An amount of Rs. 2,950 was said to have been spent for repairs of the lorry which is alleged to have been met with an accident. A person by name Syed Peera of Kurnool has signed the Bill where the lorry is said to have been repaired. The entire story relating to the expenditure on this lorry and the subsequent repairs is fictitious.

18. *Commission on Insurance Policies:*

An amount of Rs. 645.35 being the commission earned on the Insurance of Fabrics was credited by adjustment to Sri M. Shaik Saheb's account instead of crediting to common good fund account.

19. *Re-employment of a retired officer:*

Sri V. Venkataswamy, Secretary of the society who retired in 1974 was re-employed as Secretary with the same scale of pay of Rs. 1,500 p.m.

20. *Misuse of powers by the Secretary:*

The Secretary has issued a circular to all Managers and Branch Managers asking them to take shares in M/s. Deccan Wires Limited, Bangalore of which Shri Sivanna, President of the Society is the Managing Director.

ENQUIRY AND FINDINGS:

7.B.58. In respect of the above allegations, the Committee examined the representationist and other records produced by him and also the note furnished by the Department which are discussed below:—

1. *Excessive Establishment:*

According to the Audit report of the society for 1973-74, the number of members of the society as on 30th June 1974 is 2,656 while the number of employees is 433. The total turnover for this year is Rs. 1,10,04,378 and the expenditure on establishment is Rs. 17,15,455. In the case of Andhra Apex Society for the same year, the business turnover is Rs. 2,45,44,052 and the establishment charges are Rs. 15,27,112. Similarly, in the same year the Hyco had a business turnover of Rs. 2,33,54,300 and the expenditure on establishment

was Rs. 15,48,513. These figures make it clear that establishment charge incurred by the Yemmiganur society are on the high side when compared with the two Apex Bodies whose turnover and the number of Depots are much higher than that of the Yemmiganur Society.

*2. Profit added to cost price:*

The Committee after verification of the costing registers found that the society has been charging 30 to 35 per cent profit over the cost of production on all sales made through emporia outside Yemmiganur. It is stated that the prices of the various varieties of cloth are being fixed depending upon the market conditions at that time. The procedure in regard to the sale of the society's cloth requires a thorough examination since a detailed scrutiny of the costing schedule and the procedure adopted in this behalf is necessary.

*3. Discount on sales:*

A verification of the counterfoils of the cash memos produced by the petitioner revealed that according to the cash Memo. No. 2284 to 2287, dated 5th March 1976, a discount of 75 per cent has been allowed on goods worth Rs. 5,182.51 sold to Sri K. Viswanatham, District Co-operative Audit Officer, Kurnool. Similarly, a discount of 50 per cent was allowed in Bill No. 2274, dated 18th November 1975 on goods worth Rs. 659.25 sold to one Mr. M. K. Shankarappa. There are several such instances where disproportionate discount was allowed on purchases of cloth mostly made by officials of the Government Departments. The Committee is convinced that this is a malpractice to induce Government officers to do certain out of the way things.

*4. Quality cloth sold as damaged cloth:*

The lists of damaged goods furnished by various Sales Emporia are not kept separately and there is no other record maintained for this purpose. Fixation of selling rates of damaged goods and cut-pieces is being done by two of the Directors and the Secretary together. This needs further enquiry.

*5. Transport of goods through M.G. Bros. Lorry Service:*

It is stated that the society is preferring M.G. Brothers for transport of its goods solely on account of its efficient service. The comparative rates of the two transport services available at Yemmiganur are as follows:

M.G. Brothers—Rs. 4.75 per quintal per k.m. A discount of 25% on this rate upto October, 1975 and 20% after that date.

SRMT Lorry Service—Rs. 3.25 per quintal per k.m. and no discount is shown.

From the rates quoted above, it is seen even after allowing discount of 25%, the rate per k.m. per quintal by M.G. Brothers is higher than that of the other Transport service *i.e.*, S.R.M.T. Preferences shown to M.G. Brothers does not seem to be justified in view of the comparative rates quoted above.

*6. Purchase of yarn from Rayalaseema Mills and Yemmiganur Mills:*

The society has obtained permission for purchase of yarn from Yemmiganur Spinning Mills according to G.O. Ms. No. 983, Industries and Commerce Department, dated 23rd September 1974 for a period of three years from 23rd September 1974. In para 3 of this G.O., the Director of Handlooms and Textiles was requested to examine the rates at which the yarn was being purchased by the society and compare these rates with others and make a report. The Department has stated that there is no recorded evidence to ascertain the rates of different counts of yarn in different mills at the time of purchase. It is stated that the Yemmiganur Mills and Rayalaseema Mills are giving one per cent commission and also extending credit purchase facility.

In view of this statement of the Department, the Committee is unable to come to any definite conclusion. But the Committee is of the view that the matter needs further investigation.

*7. Purchase of spare parts and repairs to vehicles from M.G. Brothers:*

In G.O. Ms. No. 983, dated 23rd September 1974 exemption was granted to the society to purchase spare parts and petrol for the society's lorry and propoganda van from M.G. Bros. and also to have its vehicles serviced and repaired by M.G. Brothers. This will exempt the society from the operation of rule 24 (1)(c) of the Co-operative Societies Rules. In para 3 of the G.O. the Director of Handlooms and Textiles has been directed to examine the rates at which the society was obtaining services from M.G. Bros. and compare them with similar concerns outside and send a report. Evidently, this directive of the Government has not been complied with. The Department has not given any convincing explanation for not complying with this specific directive of the Government.

*8. President's disqualification:*

In the same G.O. No. 983 previously quoted, exemption has been granted to the society from the operation of Rule 24 (1)(c) of the Co-operative Society Rules for a period of three years *i.e.*, upto 23rd September 1977. Thus Sri Sivanna, President of the Society has been able to over come the disqualification envisaged in the Co-operative Rules.

The Committee is not able to understand as to why the Government have granted the special exemption to enable Sri Sivanna to continue as President. Neither the Government nor the Department of Handlooms and Textiles has been able to provide any rational explanation when enquired by the Committee.

9. *Allotment of Quarters:*

In regard to allotment of quarters a detailed enquiry is necessary to pin-point irregularities alleged.

10. *Drawal of T. A. by Auditors:*

In regard to the T. A. claims of Auditors, it is seen from records that during 1974-75, in respect of the 39 cases, T. A. ranging between Rs. 80.90 to Rs. 267.90 was claimed. These T. A. bills have been countersigned by the District Co-operative Officer. A document purporting to have been written by one M. S. Adeppa, Manager of the Depot at Kakinada was produced before the Committee. This letter indicates that the records of the Depot were being sent to the Auditor for his check. The dates specified in this letter and the dates covered by the T. A. claims are exactly the same. This suggests that the Auditors perhaps did not undertake the journey and with the help of the records furnished by the Manager of the Depot, completed their work and claimed the T. A. Nevertheless, this matter will have to be gone into in greater depth.

11. *Appointment of relatives of President in the Society:*

In regard to the appointment of relatives of the President in various positions of the Society, a further probe is essential.

12. *Embezelement of funds in Sales Emporia:*

About the alleged misappropriation by the Business Managers of Amalapuram and Yemmiganur, action has been taken against the persons responsible. In Hyderabad and Ongole, it is stated that deficits were detected. In respect of Bellari Emporia, it is stated that a deficit of Rs. 1,452.13 was noticed and the same was fully made good from the persons responsible. The connected records in this case was not produced for verification.

13. *Discount on yarn and dyes:*

This needs further examination since the Committee did not have an opportunity to probe into this matter for want of time.

14. *Group Insurance Scheme:*

In regard to the group insurance scheme records show that all claims received by the Society were satisfactorily settled.

15. *Irregularities in claiming rebate:*

In regard to this allegation further enquires are necessary since the allegation is fairly serious.

16. *Transfer of Shares:*

According to the audit report for 1974-75, an objection was raised that staff members should not be allowed to continue as members of the Society. Just to get over this difficulty, shares standing in the name of staff members have been later transferred in the names of their wives.

17. *Bogus claims of repair to a Lorry No. APQ 566:*

18. *Commission on Insurance Policies:*

19. *Re-employment of a retired officer:*

20. *Misuse of powers by the Secretary:*

These allegations will have to be verified further to get at truth.

7.B.59. On account of paucity of time, the Committee could not visit the place and conduct a detailed enquiry into the above allegations. Nevertheless, the Committee is convinced that these allegations warrant a detailed investigation. The Committee therefore recommends that the matter should be entrusted to an impartial agency preferably an officer of the rank of a head of the Department for detailed investigation and report. And for this purpose we direct that the entire records and evidence produced before the Committee on the above subject may be compiled and tabulated separately for handing over the same to the Enquiry Officer or agency in future.

7-B.59.A. Before we conclude, we would like to observe that our discussion on Primary Societies does not include Yemmiganur Weavers Co-operative Society in Kurnool District for the reason that this society has been treated, for all practical purposes, on par with any Apex Society in the State. Besides the Committee also wanted to visit the society to study its working in detail. But for want of time, the Committee could not undertake such study. Therefore, there was not much scope for us to discuss the working of this Society in detail in this Chapter. However, we wish to refer to the figures furnished



by the Society with regard to their performance in terms of profit & loss account for the year 1973-74 as given below :

			Rs.
Business Turnover	..	..	1,10,04,378
Establishment charges	..	..	17,15,455
Gross Profit	..	..	33,67,128
Net Profit	..	..	8,25,067

7-B-59-B. The above data would indicate the size of the Society as well as the extent of business transacted by it in a single year. Since the Committee recommended for an independent enquiry into the allegations levelled against the society, they also suggested that the Department may take early action for examining the working of the society thoroughly during the last five years to carry out the wishes of the House. And the Government may cause the Report on the outcome of such examination before the House within the next six months

7.B.60. In addition to the above ten representation containing allegations against the Primary Weaver's Co-operative Societies, which have been examined by the Committee, there are the following Eight representations containing certain allegations or observations which could not be examined by the Committee for want of time:—

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*Description of representation. Allegations or observations made.*

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1. Sri B. Krishnaiah, Venkateswara Handloom Co-op. Society is  
Mulasali Street, controlled by Sri P. Chenchu Munu-  
Venkatagiri Town. swamy and brothers, Master Weavers  
who disposed of bunaccounted private  
cloth and claimed rebate.

2. Sri G. Vishnumurthy Hyderabad Handloom Co-operative Central  
Trimurti Medical Association sold cloth to private  
Service, Marriguda, merchants but manipulated bogus  
Nalgonda. bills showing sales to individuals.

Sri Yashala Gowraiah (i) Sri Konda Lakshman, MLA. claims  
Showkar, Karwan, his trunk call bills on HYCO.  
Hyderabad.

(ii) Bye-laws of Hyco are in Urdu but  
amendments were made in English.

(iii) The funds of Hyco are spent on 60th  
Birth Day Celebrations of Sri Konda  
Lakshman, etc.

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Description of representation.	Allegations or observations made.
4. Sri Pandita Sivalingam (i) President, Nizama-abad Dist. Weavers Congress.	Thirty lakhs worth tickets for the Film Artists Show were sold forcibly to Weavers Co-operatives.
	(ii) Hyco supplied Rs. 18,000/- worth handloom cloth for presentation to foreign delegates and Rs. 14,000/- worth cloth for decoration of auditorium at World Telugu Conference for which no payments were made.
	(iii) Hyco was also made to bear the cost of a party given to foreign delegates attending World Telugu Conference.
	(iv) Cost of party given by the Minister for Handlooms to his counterparts from Southern States was borne by Hyco.
5. Sri Devulpalli Rajaiah, Jt. Secy. Dist. Weavers Congress, Warnagal	(i) Textile Development Corporation has been entrusted with procurement of cloth for the needs of Govt. Deptts. which was formerly entrusted to the three Apex Weavers Societies.
	(ii) Cloth sold by T.D.C. is not only eligible for 20% rebate but also 5% commission.
	(iii) Against the orders of Govt. of India not to encourage Master Weavers, the Govt. has encouraged the formation and registration of Dist. Producers Co-op. Societies in August, 1975.
6. Sri Akurathi Rama Subbiah and other members of Vijayalakshmi Weavers Co-op. Production & Sales Society, Ghantasala.	The present management of the Vijayalakshmi Weavers Society should be superseded and elections should be held to constitute a fresh committee.

Description of representation.	Allegations or observations made.
7. Sri Gatta Koteswara Rao, President Perala Weavers Co-op. Society.	Appeals that depending on the partial report of Sri Waheed who is in the camp of Sri Pragada Kotiah and Sri Akkala Kotiah, who are prejudiced against him, no harm should be done to the Perala Weavers' Society and the show cause notice may be withdrawn.
8. Sri Macherla Koteswara Rao, Member, Tenali Weavers Co-op. Production & Sales Society, Tenali.	Tenali Weaver Society is maintaining false accounts of sales of cloth declared as "damaged" and the amount misappropriated. There are deficits in stocks and cash balances which may be verified physically.

7.B. 61. In respect of all these petitions, the Committee directed that these petitions may be forwarded to the Government for enquiry and necessary action.

(iii) GENERAL FUNCTIONING OF APEX SOCIETIES:

*Introduction:*

7.B.62. There were two separate Apex Societies, one for Andhra and another for Telangana Region until 31st July 1975. These Societies are popularly known as Andhra Apex Society for Andhra Area and Hyco for Telangana Region.

7.B.63. From August, 1975 the area of operation of Andhra Apex was limited to Coastal Districts except Nellore as a consequence of formation of another Apex body for Rayalaseema Region covering 4 districts of Rayalaseema plus Nellore district.

*Primary Societies in Andhra Area:*

7.B.64. There were 496 Primary Weaver's Co-operative Societies in Andhra Region with a total paid up share capital of Rs. 48.34 lakhs of which the Government contribution was Rs. 34.03 lakhs constituting 70.4 per cent to the total paid up share capital of all these primaries.

*Primaries in Telangana:*

7.B.65. Similarly 261 Primary Weavers' Co-operative Societies functioned under Hyco' in the Telangana Region with a paid-up share capital of Rs. 40.17 lakhs of which the Government contribution was Rs. 31.14 lakhs constituting 77.5 per cent to the total paid-up share capital.

*Reserve and Working Capital:*

7.B.66. The Societies of both the areas i.e., Andhra and Telangana were maintaining working capital and reserve funds to the tune of Rs. 235 lakhs and Rs. 161 lakhs respectively as on 31st March 1976.

*Procurement and Production:*

7.B.67. The following table indicates the regional and year-wise particulars of production of Handloom cloth and their procurement from the Societies:

TABLE A.

Year	Production by the Apex Societies		Procurement by the Apex Societies	
	ANDHRA	TELANGANA (HYCO)	ANDHRA	TELANGANA (HYCO)
	(Rupees in Lakhs)			
1971-72	344.26	248.34	134.33	58.99
1972-73	320.03	314.45	146.53	80.79
1973-74	488.75	318.18	231.78	162.78
1974-75	599.39	370.62	224.74	178.49
1975-76	295.00	265.00	149.60	221.66
(Estimated upto 31.1.1976)				
Total:	2047.43	1516.59	887.03	702.71

7.B.68. It can be observed from the above details that the percentage of procurement to the total production in Andhra Area recorded 43.3 per cent whereas in Telangana it was 46.3 per cent.

7.B.69. The following Table indicates the year-wise sales of the cloth procured from various societies in the respective areas.

TABLE B.

Co-op. Year	Sale of finished goods	
	Andhra	Telengana (Hyco)
	( <i>Rupees in Lakhs</i> )	
1971-72	167.22	115.22
1972-73	180.76	131.05
1973-74	245.26	232.32
1974-75	239.94	254.89
1975-76	318.25	271.29
(Upto Feb, 1976)		
	Total :	
	1151.43	1004.77

7.B.70. It will be seen from the comparative year-wise sales of the two Apex Societies with special reference to production by the Primary Weavers' Co-operative Societies in their respective areas and the procurement of stocks from such Primary Societies are not at all impressive. It is observed from the details that the Hyderabad Handloom Weavers' Co-operative Association (Hyco) has procured less than 50 per cent of production while it is much worse with the Andhra Apex Society.

7.B.71. In fact the Apex Societies are supposed to lift the maximum stocks produced from the affiliated Societies.

*Outside procurement:*

7.B.72. From the data given in the above Table-A it is noticed that the procurement by the Andhra Apex in Andhra Area during 5 years was to the tune of Rs. 887 lakhs while their sales constituted Rs. 1151 lakhs in value. Thus there is a difference of 264 lakhs indicating some procurement from outside their affiliated primaries.

7.B.73. Similarly the procurement made by the 'Hyco' in Telangana Region was to the tune of Rs. 703 lakhs whereas the value of cloth sold by them was Rs. 1,005 lakhs. The difference in this case is more than Rs. 302 lakhs. In view of this wide disparity there is room for suspecting procurement from outside affiliated Societies.

7.B.74. In the above context it is to be noted that several members of the primary societies represented to the committee that Apex Societies are helping the private weavers by way of selling the yarn at cheaper rate and procuring cloth from them with a view to confer undue benefit to those Weavers for obvious reasons.

7.B.75. From the sales position it appears that the Apex Societies are not having a definite pricing policy in regard to purchases of the stocks from the Primary Societies. Even if they have such a policy it was not properly followed. The pricing policy followed by the Apex Societies should have enabled the Primary Societies to reap the maximum benefits for which purpose these Apex bodies have been created.

7.B.76. During the enquiry several Weaver members told the Committee that price paid by Apex bodies for the procurement made from Primaries is very arbitrary and unrealistic. Consequently the primaries and their members are being put to loss and hardship.

*Administrative Expenses:*

7.B.77. In order to procure the cloth from the production centres and to arrange its sale in the market the Apex Societies at Vijayawada and Hyderabad incurred sizeable expenditure on the maintenance of Sales Depots staff and contingencies etc. The expenditure so incurred varied from year to year depending on the magnitude of procurement and sales. In this context the Committee noted that establishment charges which stood at Rs. 29.25 lakhs in 1971-72 shot up to Rs. 63.90 lakhs in 1974-75 under Andhra Apex while the same charges under Hyco which were Rs. 23.22 lakhs in 1971-72 rose to Rs. 45.57 lakhs in the year 1974-75.

7.B.78. It is thus seen that in both the regions the amounts spent on establishment were quite disproportionate to the procurement as explained below in percentage figures for the 4 years from 1971 to 1975 taking 1971 as "base year".

	ANDHRA	TELANGANA (HYCO)
Growth in procurement	74%	49%
Establishment Growth	120%	100%

7.B.79. This disproportion in growth was mainly due to heavy expenditure on contingencies and sales depots as shown in the Table below:

TABLE C.

Year	Contingencies		Sales Depots	
	Andhra	Telangana (HYCO)	Andhra	Telangana (HYCO)
1971-72	15.30	12.63	10.41	8.04
1972-73	16.97	17.55	12.34	9.19
1973-74	22.97	21.72	16.29	11.06
1974-75	42.49	29.79	16.29	12.36

*Financial Analysis:*

7.B.80. The following data indicates the net profits of both the Apex Societies:—

TABLE D.

Year				Andhra	Telangana (HYCO)
				(Rs. in lakhs)	
1971-72	..	..	..	3.02	4.40
1972-73	..	..	..	4.42	2.59
1973-74	..	..	..	5.91	19.15
1974-75	..	..	..	4.02	8.03
1975-76	..	..	..	3.63	14.65
* [ ]					
(Upto 31-12-1976).					

7.B.81. It will be seen from the Table-D above that the expenditure under contingencies in 1974-75 in respect of Andhra Apex is stated to be inclusive of *rebate allowed to the extent of Rs. 13.18 lakhs out of their own resources* and if this sum is excluded for the purpose of comparison then the actual increase under contingencies *comes to Rs. 21.47 lakhs*. In the case of 'Hyco' in Telangana Region the increase for the above period is Rs. 17.95 lakhs only.

7.B.82. It is thus seen that the quantum of expenditure under establishment and contingencies in Andhra Apex was higher than in 'Hyco' in Telangana on the basis of turnover due to which the proportion of net profits to the turnover in 'Hyco' is on high side than is the case in Andhra Apex.

*Working of Rayalaseema Apex Body :*

7.B.83. The Rayalaseema Apex Society was maintaining 232 Primary Societies located in Rayalaseema Region and Nellore district until its amalgamation on 6th July 1976 with newly formed State Apex Organisation. The Rayalaseema Apex Handloom Weavers' Co-operative Society had functioned for a very brief period during which it could procure stocks to the extent of 15.4 per cent of the total production of its affiliated societies and the sales were of the order of Rs. 20.44 lakhs. According to the proforma account as on 31st December 1975, it also earned a profit of Rs. 28,000.

7.B.84. Since the above Society existed and functioned for a short period of a few months, there is no scope for any further comments on the working of this Society.

*Observations:*

7.B.85. During the course of the enquiry, many weavers in both the regions have referred to some of the deficiencies seen in the functioning of the Apex Bodies. Some of these grievances are noticed below :

1. The role played by the Apex Societies in the procurement of cloth produced by the Primary Societies was neither impressive nor inspiring. It is strange but true that their procurement was always below 50 per cent of the production of primaries, which was regarded as minimum obligation to be fulfilled by the Apex Bodies.

2. The Apex Societies have been selling yarn to Primaries at rates higher than the market rates while purchasing cloth from the primaries at comparatively low rates. Thus the primaries were put to double disadvantage on many occasions.

3. The Apex Bodies showed special considerations to some select societies in the matter of supplying INPUTS and procurement of cloth while neglecting other societies in these matters.

4. In regard to sale of cloth procured from primaries, the Apex Bodies have been adding their margins ranging between 20 per cent to 40 per cent while restricting the primaries to limit these margins varying from 3 per cent to 10 per cent only when they sell cloth to Apex Societies. Obviously by applying these double standards the Apex bodies made huge profits at the cost of primaries for whose benefit the Apex Societies were supposed to function.

*Formation of Single Apex Society:*

7.B.86. Although there is much to be considered in the complaints made by the weavers, but in the light of the "liquidation of the Apex Societies", we feel that no useful purpose will be served in making further comments on them. However, we expect that the "New Apex Society" will take note of the alleged lapses in the past and pay special attention to the needs and problems of the Primary Societies.

7.B.87. As stated earlier an important development took place towards the fag-end of our enquiry with the issue of an ordinance on 6th July 1976 proclaiming the liquidation of the existing three Apex Societies and formation of a single State Apex Society for the entire State.



7.B.88. In our considered opinion there was a long felt need for such an integrated organisation for the entire State and we also expressed our view to this effect in course of our enquiry.

7.B.89. In the circumstances, we appreciate the action taken by the Government in the above connection. In this context we feel impelled to observe that new hopes and aspirations have been aroused among weavers in co-operative sector as a result of formation of the New Apex Body, and they may be naturally looking forward to a kind of regime and administration which will not only avoid the deficiencies often noticed in the functioning of the erstwhile regional Apex Bodies but it would also act with utmost imagination and enterprise in dealing with the primaries. And we have every reason to hope that the new organisation and its functionaries will earn the goodwill as well as gratitude of all weavers by making vigorous efforts to give them a New Deal in keeping with the spirit and objective underlying the 20-Point Economic Programme for Handloom Industry.

#### (iv) COMPLAINTS AGAINST APEX SOCIETIES.

7.B.90. There are three representations received by the Committee containing allegations against the two Apex Societies viz., Andhra Apex Society and Hyco.

##### *Complaints against Andhra Apex Society:*

7.B.91. Two of these representations are one from Sri P. Venkata-subbaiah of Indukurpet, W. C. S., of Nellore district and another from Sri N. Gopalakrishnaiah, Ex-Chairman, Nellore Spinning Mills containing allegations against the functioning of the Andhra Apex Society.

##### ALLEGATIONS :

7.B.92. The following are the allegations contained in the above two representations concerning Andhra Apex Society.

##### 1. *Renovation of Showrooms:*

It is alleged that the former President *late* Sri T. Ramakrishnaiah and the Business Manager Sri G. Suryam, jointly undertook the work of renovation of 17 showrooms of Apex Society and engaged 2 carpenters of their choice to do the work. Tenders were not called for. Estimates were not prepared.

##### 2. *Purchase of Dummies:*

The President and the Business Manager in collusion purchased Dummies from Bombay far in excess of requirement and they have been lying idle.

### 3. *Excessive expenditure on Cars:*

A second Ambassador Car was purchased and the maintenance charges of the 2 Cars have mounted up resulting in excessive expenditure to the Society.

### 4. *Drawal of T. A. by the President:*

The President *late* Sri Ramakrishnaiah on an average draw a sum of not less than Rs. 3,000 per month, either as T. A., or Taxi charges or both.

### 5. *Foreign tour of the President:*

The President of the Apex Society went on a Foreign tour and took along with him costly sarees as samples for presenting them to the dignitaries abroad.

### 6. *Serious irregularities in purchase of yarn:*

The Society has been in the habit of purchasing its yarn requirements from private merchants and through brokers,

### 7. *Bonus to the Business Manager:*

Sri G. Suryam, the Business Manager, has drawn a huge amount as Bonus in contravention of the provisions of the Bonus Act.

### 8. *Mis-use of furniture:*

The President has been in the habit of misusing the properties of the Society. A typical example of this misuse is seen in his transferring 9 Ceiling Fans to Nellore and other Depots but the entries relating to the receipt of the fans were not found in the Stock Registers of any of these Depots.

### 9. *Encashment of leave by the Business Manager:*

The Business Manager drew a sum of Rs. 20,000 as encashment of leave in contravention of rules on the subject applicable to State Government Employees.

### 10. *Write-off of loans given to Madras Bleeding Centre, Nellore:*

Loans given to 9 Centres in Nellore for production of Madras Bleeding were written-off at the instance of the President.

### 11. *Sale of Yarn to private merchants:*

Stock of super-fine yarn procured by the Andhra Apex Society were diverted to Nellore from all other Yarn Units of the State. The entire stock was sold to private merchants in 1972-73 despite the fact that there was yarn control at that time. In addition, yarn purchased by the Apex Society was sold to private merchants at rates lower than those charged to Primary Societies.

## 12. *Art Silk Yarn:*

During the period 1970-76 the Andhra Apex Society was allotted Art Silk yarn for distribution to societies. The society was expected to distribute this yarn on the specific recommendation of the Assistant Director of Handlooms. In spite of this stipulation, the Apex Society sold Art Silk Yarn of 7,867 Kgs., worth Rs. 1,94,925 (Rupees One lakh Ninety four thousand Nine hundred twenty five only) without the recommendation of the Assistant Director. The Society thus violated the stipulation prescribed.

## 13. *Sale of exportable Handloom Fabrics:*

The former President, Late Sri Ramakrishnaiah, was responsible for the sale of exportable handloom Fabrics to one Sri Belgamwalla of Madras.

## ENQUIRY AND FINDINGS :

7.B.93. In respect of the above allegations the committee examined the person-in-charge of Andhra Apex Society and also verified the connected records to ascertain the truth or otherwise of these allegations. Each of these allegations is examined below in detail in the light of the evidence produced before the Committee.

### 1. *Renovation of Showrooms :*

It is a fact that the showrooms were renovated at a cost of Rs. 4,51,601 and the entire work was done by two persons namely Sri Shakthival and Sri Raja Rao who are natives of Nellore and Visakhapatnam Districts respectively.

These two persons are only Carpenters and not registered contractors. The location of the showrooms selected for renovation is shown below:

- (1) Ongole
- (2) Machilipatnam
- (3) Kavali
- (4) Guntur TB Depot
- (5) Bangalore
- (6) Cuttack
- (7) Vijayawada
- (8) Guntur
- (9) Visakhapatnam
- (10) Vizianagaram
- (11) Srikakulam
- (12) Kakinada and 11 other showrooms.

Details of work contemplated were not worked out and no estimates were prepared in advance to know the nature of work to be undertaken.

The person-in-charge stated that he could not trace either the estimates or the connected sanctions for the work. He further added that after he furnished this information to the Committee, the Business Manager Sri G. Suryam, brought certain papers supposed to be the estimates of the work. These papers are not dated. The person-in-charge affirmatively stated that tenders for the work were not called for.

It is thus clear that the entire work of renovation of the show-rooms has been done without proper estimates, tenders and necessary sanction. Sri G. Suryam through his written representation to the Committee has asserted that quotations for the work were called and the lowest was accepted.

This is not supported by any contemporaneous record of the society and hence cannot be accepted.

Hence the Committee is of the view that the procedure followed was not only irregular but also motivated. In the circumstances there is a need for further probe by the new society to assess the value of the work executed for taking appropriate action in the matter.

## 2. *Purchase of Dummies:*

On verification of records the Committee observed that 71 Dummies at a cost of Rs. 53,724.50 were purchased. No quotations were called for. As on today it is gathered that 13 out of the 71 Dummies purchased are lying idle in the yarn godowns. Sri G. Suryam in his written statement admitted that no quotations were called for before effecting the purchase of these dummies.

The Committee considers the expenditure on the purchase of dummies as irregular as well as wasteful. Hence action has to be taken against those responsible for the deal.

## 3. *Excessive Expenditure on Cars:*

The records reveal that a resolution was passed on 29-8-1970 for the purchase of a second car. Accounts relating to the maintenance of cars show that during the period 1971-72 to 1975-76 the expenditure came to Rs. 1,72,653. This approximately works out to Rs. 35,000 per annum and this appears to be excessive and should be curbed in future.

#### 4. *T. A. drawn by the President:*

The records relating to drawal of T. A., by the Ex-President late Sri Ramakrishnaiah show that on an average he drew a sum ranging between Rs. 12,000 to Rs. 15,000 as T. A., per annum. In almost all his claims, the purpose of journey was described as visits to sales depots. A close scrutiny of the T. A. claims reveal that the President was virtually on tour almost on all days of the month which is something uncommon and incredible.

The Committee observed that there should be a proper check on such items of expenditure in future.

#### 5. *Foreign tour of the President:*

A sum of Rs. 10,966.76 was spent by the society on the foreign tour of late Sri Ramakrishnaiah the Ex-President. Two Zari Silk Sarees costing Rs. 342 were taken by him from Handloom House, Vijayawada through Credit Bill No. 6016, dated 5-9-1976 for presentation to foreign dignitaries. No information was available as to how these sarees were later disposed off and accounted for.

The Committee feels that a detailed enquiry should be conducted as to the necessity or otherwise of this item of expenditure and steps should be taken for recovery of such expenditure which may be found wasteful.

#### 6. *Serious irregularities in Purchase of Yarn*

A verification of accounts and records relating to purchase of yarn shows that during the period 1971-72 to 1975-76, yarn worth Rs. 2,71,23,397 was purchased from private dealers and through brokers. The purchases were made solely on the authority of either the President or the Business Manager. Purchase of yarn has been an important item of activity of the Apex Society and as such it must have been regulated by well defined principles and procedures. The relevant records of the society show that no procedure worth the name was prescribed for purchase of yarn. In view of the huge amount being spent on purchase of yarn, absence of principles and procedure is bound to lead to malpractices. The person-in-charge stated before the Committee that according to records either the President or the Business Manager has not been authorised by the Board through any resolution to purchase yarn from the private dealers. It is therefore surprising that purchases of yarn from private merchants were not even taken to the notice of the Board of Directors. The practice is said to be that the President of the Society places orders through Dealers and Brokers for supply of Yarn and these Brokers write to the Business Manager for confirmation of the purchase orders made by the President. The Business

Manager confirms the purchase order and furnishes the distribution statement showing the places to which the yarn is to be supplied. According to bye-law No. 29 it is the duty of the Business Manager to arrange for the purchase of raw material and appliances required by affiliated Societies and others. This implies that the Business Manager has to secure the approval of the Board of Directors in regard to the purchase policy to be pursued. Sri G. Suryam states that purchase of Yarn through Brokers is a normal trade practice. He says that this was never objected to in the past.

The Committee considers that the purchase of yarn through private dealers and brokers is highly improper in as much as there was every scope for malpractices in such an arrangement. The Committee regrets that this undesirable practice should have been allowed unchecked over the past several years. Business deals of this type are contrived to benefit individuals at the cost of the primary societies and their members.

#### *7. Bonus to Business Manager:*

The Records of the Society show that a sum of Rs. 5,980.03 was drawn as Bonus by the Business Manager during 1972-73 to 1975-76 without the sanction of the Board of Directors or the approval of the Department of Handlooms and Textiles. Since this is a financial commitment, the Business Manager should have taken the approval of the Board. Sri G. Suryam, Business Manager contends that Board's approval was obtained along with the monthly statements of accounts.

The Committee is unable to appreciate as to how the approval of monthly statements of accounts can be construed to be approval of the expenditure on account of Bonus.

#### *8. Mis-use of Furniture:*

The society is not maintaining any stock book of Furniture and in the absence of such a record it is not possible to verify or to trace the missing items of furniture or stationery. After careful examination of the records available, the Committee has found that 9 ceiling Fans were repaired and sent to Selling Depots. No acknowledgement from the receiving Depots are forthcoming. The records of the concerned Societies do not contain entries of receipt of these fans. The Managers of the concerned depots have stated that they had not received the fans.

The Committee therefore desires that this may be enquired into and action taken to recover the cost of the missing fans from the concerned.

9. *Encashment of Leave by the Business Manager:*

According to the records verified by the Committee, the Business Manager drew Rs. 22,828.16 for the leave surrendered on the strength of Resolution No. 17 approved by the Board of Directors of the Society at its meeting on 7th November 1973. It is ascertained that the Director of Handlooms and Textiles was also present at this meeting.

The Committee feels that there should be set procedures and rules for regulating such claims.

10. *Write-off of Loans given to Madras Bleeding Centre, Nellore:*

The original file relating to Madras Bleeding Centre at Nellore is traceable. It is stated that 9 Centres were functioning prior to 1964 and they collectively owed the society a sum of Rs. 10,283.54.

The Committee was unable to understand as to how the files relating to the loans granted to the 9 centres in Nellore are not forthcoming. The Committee therefore, considers that a further probe into the subject by the Department of Handlooms and Textiles is essential so that responsibility for the loss of records and also for the circumstances that led to the write off of the amounts can be fixed and suitable action taken against the persons responsible and involved.

11. *Sale of Yarn to private Merchants:*

The records pertaining to sale of Yarn show that 138 bundles of 100 count Yarn were transferred to Yarn Unit at Nellore in 1972-73 and they were sold to private merchants at the rate of Rs. 224 and Rs. 240 a bundle through Bills 64125, dated 7th March 1974 and 64128, dated 7th March 1974 respectively while the same variety of sold to the Primary Societies at Rs. 280.50 and Rs. 250.50 a bundle respectively. Further enquiries into the sales of Yarn reveal that A.H.W.C.S. transferred 106 Half Bales and 18 Bundles of 100 count Yarn to Nellore Yarn Depot and they were sold at Rs. 245 to Rs. 266 a bundle while the same type of yarn was sold to societies at Rs. 300.50 and 301.35 per bundle. Sri G. Suryam, the Business Manager in his written representation, contends that the discrepancy in the rates of Yarn sold to private merchants and Societies is mainly due to the fact that the president enters into a contract of sale with private merchants on the rates ruling on that particular day of contract and are to be charged to the merchants, while the societies are to be charged the market rates prevailing on the day of the actual sale. The Committee is unable to appreciate the logic in this argument. The fact however is that the Society incurred a loss of Rs. 2,06,028.40 on account of these transactions during the last 4 years.

The Committee is of the view that this is a dubious practice of benefitting private merchants at the cost of the affiliated primary societies. Undoubtedly it seems to be a clever device adopted by the persons in-charge of sales to make some easy money. Apart from huge loss sustained by the Apex Society such transactions are bound to defeat the very purpose for which the Apex Society was constituted. Hence the Committee has no doubt whatsoever that these transactions were motivated by selfish interests of those who are responsible for these deals.

#### 12. *Art Silk Yarn :*

The committee found that 10 count to 120 count Art Silk Yarn were booked by Nellore Yarn Unit to Esplanade, Madras (vide way bill No. 20550, dated 4th February 1974). The Manager of Nellore Yarn Unit stated before the Committee that Art Silk Yarn was shown as sale to primary societies, Kasumuru, Talakurapadu, Dampuru and Marlagunta in Nellore area. These societies are dormant and are not in a position to purchase art silk yarn. The total cost of yarn said to have been sold to these societies was paid by the President himself. It is thus obvious that the art silk yarn was despatched to Madras for disposal by writing up bills in the names of dormant societies.

A way-bill bearing No. 20350, dated 4th February 1974 issued by the Southern Roadways Private Limited was produced before the Committee. On close scrutiny the committee found the entries in the way-bill as conclusive proof that the entire stock of art silk yarn was despatched to Madras in actual fact while bills in the names of dormant societies were made out to suppress the real designs and motives. According to the statement of the person-in-charge of the Apex Society the rate of art silk yarn is shown in the bills made out by the yarn depot, Nellore was Rs. 23.20 paise per k.g. while the prevailing market rate in Madras stated to be nearly Rs. 60 per K.G. Thus there was a difference of nearly Rs. 40 per K.G as between the rate in the bill and the market rates in Madras. Thus the disposal of 1,000 K.G. of yarn in Madras should have easily fetched a profit of nearly Rs. 40,000. The Ex-President late Shri Ramakrishnaiah could not resist the temptation of making a small fortune overnight. And for this purpose he made few dormant societies as scape goats by fabricating the record. The Committee deplors such fraudulent attempts on the part of the Ex-President who was supposed to strive for the welfare of weavers.



13. *Sales of exportable Handloom Fabrics :*

The records prove that exportable varieties of cloth worth Rs. 14,96,816 produced in 17 societies in Nellore district and procured from private parties was sold to Handloom Export Corporation (worth Rs. 5,99,507) and the balance to private parties through Madras Esplanade depot as per the instructions of the President on rates varying from Rs. 4 to Rs. 6.50 paise per metre. The sale amount involved in these transactions was more than Rs. 6 lakhs. The relevant records do not disclose any sanction of the Board for such a disposal. The entire transaction appears to have been done by the President on his own responsibility. The whole transaction is shrouded in mystery and hence needs detailed probe to assess the loss sustained by the society. Action may be taken accordingly.

The Committee recommends that a thorough investigation by the Department of Special Branch (C. I. D.) should be conducted into shady deal so that persons responsible for the fraud can be prosecuted and punished.

*Excess expenditure on Printing and Purchasing of Stationery Execution of work through private press and purchase of Stationery without proper procedure:*

7.B.94. In the course of enquiry the Committee had the occasion to observe that without calling for tenders or quotations the Management of Andhra H. W. C. S., Vijayawada has been in the habit of getting all its work executed through private presses.

7.B.95. One illustrative example of such irregularity is pertaining to printing work which was entrusted in 1975-76 to one or two selected Printing Units. The general allegation in regard to either printing or purchase of stationery is that the Business Manager has been patronising a few selected persons, with whom his personal interests are indirectly linked up.

7.B.96. A sum of Rs. 1,59,708.49 has been spent on purchase of stationery for the period 1971-72 to 1975-76. The Society has not called for open tenders though the amount involved is pretty heavy. The quotations that were obtained by the Business Manager were scrutinized by himself and final orders were placed.

7.B.97. The Committee feels that these quotations should have been placed before the Board of Directors and their sanction obtained. The procedure adopted in regard to purchase of stationery without proper budget provision and without sanction of competent authority is highly irregular.

*Handloom Week Celebrations:*

7.B.98. Similarly a sum of Rs. 1,80,879.43 has been incurred by the Society in connection with the celebrations of All India Handloom week from 1971 onwards.

7.B.99. Even in this case there has been no budget provision for the expenditure. All payments were made by the Business Manager on his own responsibility without approval of the Board except that an expenditure of Rs. 34,889.45 relating to celebrations in 1975 which was approved by the Board.

7.B.100. The Committee feels that the approval of the Board should have been taken for such expenditure and the failure to obtain the approval of the Board is highly reprehensible.

*Drawal of T. A.*

7.B.101. Sri Pragada Kotaiah drew a sum of Rs. 2,390.76 from the A. H. W. C. S. as T. A. for his visit to Delhi and other places between 1971-72 to 1974-75.

7.B.102. The Committee has checked up this particular allegation with reference to records. Sri Pragada Kotaiah is not a Member of the Board of Directors. According to the Resolution No. 16, dated 23-7-1972 of the Board of Directors the President and the Secretary of the Society are authorised to invite any person as a special invitee in regard to problems of the Handloom industry. The President is however not authorised to entrust any business activity of the Society to other persons or depute them to attend conferences and conventions. Yet the Society incurred this expenditure towards the T. A. of Sri Pragada Kotaiah without any specific authorisation of the competent authority.

7.B.103. The Committee is of the view that such unauthorised expenditure from year to year in connection with T. A. & D. A. of persons not officially connected with the society is improper and unwarranted.

*Fire accident in the Exhibition Stalls:*

7.B.104. In 1970 there was a fire accident in the Exhibition conducted at Vijayawada wherein the H. W. C. S. had put up 20 Stalls. It is alleged that Sri Pragada Kotaiah celebrated the marriage of his daughter in the same year and in that connection he purchased sarees and dhoties from the stall put up by the Apex Society in the Exhibition just a day before the date of the fire accident. It is alleged that certain transfers of stocks from one stall to other were made subsequent to the date of fire accident. It is also apprehended that the possibility of the cloth purchased by Sri Pragada Kotaiah from the stalls might have been transferred to the Stall which was destroyed by fire.

7.B.105. The person-in-charge has stated in a written note that stall Nos. 18 to 19 met with fire accident at Vijayawada Exhibition on 12-4-1970. According to the records the loss sustained in stalls No. 18, 19, 20 and 23 was of the order of Rs. 3,533.29. In stall Nos. 25 and 26 the loss was estimated to the order of Rs. 42,378.18. The A. P. H. W. C. S. has written off the loss sustained on Stall Nos. 18, 19 and 20 and claimed a compensation of Rs. 59,505.98 from the Insurance Company for loss sustained on stall Nos. 23, 25 and 26. The Insurance Company admitted the claim for a sum of Rs. 40,438.26. Stocks valued at Rs. 867.02 and Rs. 70.60 were shown in the records as having been transferred to Stall Nos. 26 and 25 respectively on 11th April, 1970. There has been no written authorisation either from the Business Manager or the President for the transfer of stocks from other Stalls. It is also stated that there has been no such directions on transferring of stocks from one stall to the other.

7.B.106. The Committee is of the opinion that this issue needs a through probe by the Department to know the truth and accordingly recommends that a thorough investigation should be conducted into the

transfer of stocks from one stall to the other.

*Insurance Commission:*

7.B.107. A. H. W. C. S., Vijayawada has taken Insurance Policies against fire, burglary with the South India Fire & General Insurance Society, through Sri B. Adeyya of Ipurupalem who works under the Inspector Sri P. Venkateswarlu who is said to be the son-in-law of Sri Pragada Kotaiah. Mr. Venkateswarlu was formerly the employce of the Society. He later left the Society and took up Insurance Business.

7.B.108. The Society is eligible to act as an Agent of the Insurance Compvny and claim discount raaging from 5 to 10% on the premiums paid to the Society. Such discount claims by the Society are to be utilised for the welfare of the Employees. But the discount running into several thousands of rupees for the past 20 years has gone into private hands. On enquiry the Committee has found that as early as 4-1-1966 the Society was advised to take up Agency and utilise the discount for the welfare of the employees. The discount earned during the 5 year period 1971-1976 is of the order of Rs. 11,495.22.

7.B.109. The Committee has noted that the practice of entrusting the Insurance Agency to private parties has since been discontinued.

**HYDERABAD HANDLOOM WEAVERS CENTRAL CO-OPERATIVE ASSOCIATION.**

*Complaint by Sri Pantam Papaiah against Hyderabad Handloom Weavers Central Co-operative Association Limited, Hyderabad:*

7.B.110. Sri Pantam Papaiah, Ex-President, Hyco sent a representation to the Committee listing out certain irregularities in the management of Hyco.

7.B.111. The following points raised by him are discussed below:

**ALLEGATIONS:**

1. *Alleged supply of Mill Cloth as Handloom Cloth:*

The Hyco supplied 25,000 meters of grey, mill made cloth, purchased from Siva Subrahmanyam Handloom Weavers Co-operative Society, Ekambarakuppam, got it dyed in Khaki and supplied to the Central Purchasing Department against an order of 25,000 meters of Khaki handloom cloth.

2. *Supply of powerloom cloth to Rehabilitation Centre, Isagaon, Kagaznagar:*

Against an order for Handloom Dhotics, Sarees and dress material from the Rehabilitation Centre, Isagaon, Kagaznagar, HYCO

supplied powerloom cloth which was purchased from M/s. P. Balaji & Sons, Bakaram, Musheerabad, Hyderabad and had it billed in the name of Koyalagudem Handloom Weavers Co-operative Society.

3. *Purchase of Powerloom Cloth from Madhu Textiles, Illendu:*

One Sri Iga Srihari has 7 powerlooms at Illendu (Warangal). It is stated that powerloom cloth produced there, is being procured by Hyco in the name of Illendu Handloom Weavers Co-operative Society.

4. *Purchase of Powerloom cloth to avail rebate:*

In order to avail the facility of rebate the Hyco has been purchasing powerloom and mill made cloth and maintaining in-accurate accounts of the Handloom, powerloom and mill cloth. In support of this contention the representation cited the illustrative example of Karimnagar District. According to the Representationist, value of cloth procured as per Hyco records from Karimnagar District namely the Primary Societies, Kothapalli, Sircilla, Markandeya, Jagtial, and Jammikunt comes to Rs. 3,07,637.20., while according to the records of the respective Societies the total value of cloth procured by Hyco was only Rs. 2,04,307.20 thus leaving a gap of Rs. 1,03,330.

5. *Mis-use of trade expenses:*

It is alleged that one percent commission is allowed on value of cloth supplied to various Government Departments and this is known as trade expenses. Accumulation of this amount, it is alleged, will be utilised to grease the palms of persons in-charge of Stores and purchase branches of Government Departments. A sum of Rs. 954.03 shown as donation is alleged to be a sort of bribe to the officials of the Rehabilitation Project Office, Isagaon.

6. *Misuse of Furniture, etc.:*

It is stated that Sri Konda Lakshman Bapuji was provided with Fans, furniture, typewriters, car with Petrol and Driver, services of a Manager and two peons, Trunk Call facility, T. A., and D. A., to go to Delhi, expenditure on parties given at Delhi, etc.

7. *Expenditure on Jeep:*

A new Jeep was purchased by Hyco for Rs. 25,000 on which a sum of Rs. 5,000 was spent on repairs. It was later sold to M/s. Sekhar Soap Factory, Hyderabad for a sum of Rs. 3,000. It is alleged that Sri Konda Lakshman subsequently purchased this Jeep.

8. *Drawal of T. A., and D. A., by the President and expenditure on this private Car:*

As envisaged under Bye-law No. 53, a Managing Director was not appointed. As a result the duties assigned to the Managing Director are being performed by the President and the Secretary. The President was permitted by the Board to draw in 1970-71 a sum of Rs. 13,109 towards T. A., and D. A., i.e., Rs. 20 per day while at Headquarters and Rs. 30 per day outside the Headquarters. House rent, Electricity charges and Telephone bills are paid by the Hyco. In addition he is provided with P. A., and peons at the residence.

9. *Foreign Tour of President:*

Mr. B. Sree Ramulu, the President of Hyco visited USSR and other countries in 1971. An expenditure of Rs. 14,916 was incurred for his tour. In addition a sum of Rs. 4,000 is alleged to have been spent on send-off and reception. It is also alleged that the President carried costly fabrics with him as samples.

10. *Favouritism in the allotment of drought relief fund:*

That the Hyco received a sum of Rs. 16,43,000 in June, 1973 to be distributed to Weavers as drought relief. It is alleged that the amount was spent contrary to the instructions contained in the G. O. Ms. No. 1151, dated 28-10-1972.

11. *Allegations against the Secretary:*

(i) The Petitioner also referred to the malpractices of the Secretary Mr. Venkata Narsaiah. It is stated that Sri Venkata Narsaiah was trained in Germany and thus he virtually became a depot.

(ii) It is alleged that Sri Venkata Narsaiah frequently visited Pedapendyala in July, 1972 with relatives, friends and staff members of the Society, in connection with the matrimonial arrangements of his daughter and claimed T.A. The Secretary, deputed Sri R. Venkataswamy, Manager, Sales Emporium, Narayanaguda to Pochampalli to purchase silk sarees at concessional rates. and allowed T.A.

(iii) That Sri Venkataswamy, Depot Manager went to Pedapendyala to bring the Secretary's Son-in-law to Hyderabad. For the journey he was allowed T. A., and D. A.

(iv) That several Officers of the Society working at various place like Secunderabad, Vijayawada, Warangal, Kakinada, Tirupathi, etc were called to Headquarters to assist the Secretary in connection with the marriage of his daughter.

(v) That Secretary Mr. Venkatanarsaiah visited Karimnagar very frequently in 1971-72 to perform the ceremonies of his deceased mother. He drew T. A., and D. A., from the Hyco.

12. *Netha Patrika:*

A sum of Rs. 25,000 per annum is shown as loss on account of the publication of Netha Patrika weekly. Subscriptions are not being collected regularly. The paper is being utilised by Sri Konda Lakshman Bapuji to publicise his activities.

13. *Neta Printing Press:*

It is alleged that Sri Konda Lakshman Bapuji got all his Pamphlets, hand-bills, posters, circulars and other literature Printed at the Neta Printing Press run by Hyco. An amount of Rs. 10,000 is said to be due from Hyderabad City Congress in 1952 and later written off by Hyco.

ENQUIRY & FINDINGS:

7.B.112. The Committee has carefully examined all the points raised in the Representation with reference to records and also oral evidence recorded in the course of enquiry. The above allegations are discussed below seriatum.

1. *Supply of Mill Cloth as Handloom Cloth:*

It is seen from the records that the Handloom Weavers Society, Ekambarakuppam, supplied Handloom cloth in the year 1971-72, 1973-74 and 1974-75 to the tune of Rs. 2,09,613.98. All the cloth procured by Hyco including the cloth purchased from Siva Subrahmanyam, HWCS, Ekambarakuppam was got dyed at the Modern Dye House. Unless the accounts and records of the Handlooms Weavers Society, Ekambarakuppam are thoroughly checked up it is not possible to establish whether mill made cloth was supplied by the Society. The Secretary Sri Venkata Narsaiah contends that the Hyco placed orders on Ekambarakuppam Society for supply of White Drill, Blue Drill and Khaki Drill along with other orders placed on other sources. All these stocks were mixed up and it is not possible to categorically state whether the drill procured from Ekambarakuppam was supplied to the Stationery Department. He also argues that the Hyco has regular dealing with Ekambarakuppam Society and as such it cannot be said that mill made cloth was procured and it was got dyed in Khaki.

The Committee is not in a position to state whether the contention of the Secretary is correct. Similarly the Committee feels that unless thorough check of accounts of Ekambarakuppam is conducted the truth or otherwise of this allegation cannot be established.

2. *Supply of Powerloom Cloth to Rehabilitation Centre, Isagaon, Kagaznagar:*

The Records show that cloth worth Rs. 2,56,584.86 was supplied by Hyco to the Rehabilitation Centre, Isagaon, Kagaznagar in the years 1970-71 to 1975-76. The Koyalagudem Handloom Weavers Co-operative Society from where the cloth was said to have been purchased is stated to have supplied the cloth. But according to records the dates of issue of yarn and the date of receipt of dhoties did not agree, thus giving scope for suspicion that this Society might not have produced the cloth supposed to have been supplied by it. The supply of cloth by the Society was effected much earlier than the date of receipt of Yarn. This discrepancy in regard to receipt of yarn and supply of cloth suggests that the supposed supply is a fabricated one. The Secretary of Hyco argues that Hyco procured cloth not only from Koyalagudem but from other societies of Kattangur, Huzurabad, Domakonda and Kothapalli and pooling up these stocks, the Hyco supplied them to the Rehabilitation Centre. This argument appears to be an after thought to cover up what is obvious.

The Committee feels that it is clear that the Hyco utilised the Koyalagudem Society as a conduit for effecting the sale of powerloom cloth as Handloom cloth.

3. *Purchasing Powerloom cloth from Madhu Textiles, Illendu :*

Sri K. Tirupathiah of Illendu, Secretary of Illendu H.W.C.S. appeared before the Committee and stated that the society has 4 power Looms.

The Society had an order from Hyco for supply of 6,695 Shamlas. The Society supplied Yarn valued at Rs. 23,720 to Ega Madhu Textiles and got the fabrics manufactured by them. The Society purchased from Madhu Textiles 3,087 Shamlas and supplied them to Hyco. The Secretary practically admitted that he purchased from Madhu Textiles 3,087 Shamlas and got the balance manufactured by his Society.

The Committee feels that it is clear that the Illendu Society was also used as a conduit for marketing the products of Madhu Textiles.

4. *Purchase of Powerloom cloth to avail Rebate:*

A scrutiny of the accounts of the 5 Societies from which cloth is supposed to have been procured by Hyco has revealed that the Hyco has inflated its figures since the discrepancy in regard to total value of cloth sold by the Societies is not reconciled. The Committee is convinced that the Hyco with a view to avail itself of the opportunity of



rebate, inflated the figures and put up a corresponding inflated claim for Rebate. The Secretary of Hyco admits that there is a discrepancy in regard to this transaction and that the matter is being enquired into. He is not able to say as to how this discrepancy has crept in.

The Committee has no choice left except to conclude that this is an inflated figure.

5. *Mis-use of Trade Expenses:*

The records verified by the Committee show that 1% commission is allowed by HYCO through Resolution No. 18, dated 5-2-66 to employees who canvas for orders and procure them. This commission is obviously meant to benefit the employees as a sort of incentive for sales promotion so that the Employees will be enthused to put in greater effort to canvas for orders and increase sales. The expenditure incurred by HYCO for 1971-72 to 1974-75 is Rs. 24,308.25. The Hyco has obtained Vouchers from the employees for this item of expenditure.

The Committee has a feeling that the amount is spent towards tips to persons in Govt. Departments dealing with purchase of Handloom cloth. Sri Venkatanarsaiah, the Secretary asserts that no such tips or bribes were given.

The Committee therefore feels that a further probe may be made into this to ascertain the veracity of the allegation.

6. *Mis-use of Furniture etc.*

The person-in-charge stated before the Committee that an Office Manager and Peons were provided to Sri Konda Lakshman during the period 1-7-72 to 31-5-74. The total expenditure incurred on this particular facility is stated to be Rs. 12,762.57. The General Body of HYCO at its meeting held on 31-7-1972 ratified the provision of this facility of personnel staff being posted at the residence of Sri Konda Lakshman. The Audit Officers commented that it is not in conformity with the provisions in Bye-Laws of the Act and Rules. These facilities of personal staff being posted at the residence of Sri Konda Lakshman are withdrawn on 1-6-1974. The person-in-charge admitted that the Trunk-call Bills relating to calls booked to New Delhi in 1971-72 and Madras and New Delhi in 1972-73 and to New Delhi in 1973-74 by Mr. Konda Lakshman were paid by HYCO. It is also proved that a sum of Rs. 1,472.40 claimed by Sri Konda Lakshman as T.A., and D.A., for his journey to New Delhi for the purpose of meeting the Prime Minister to explain her the hardships of the Weavers was accepted by HYCO.

The expenditure incurred on lunch parties at the A.P. Guest House and Moti Restaurant besides Taxi charges, local conveyance charges

amounting to Rs. 727.85 were paid out of the funds of Hyco through the Manager, Sales Emporium, New Delhi. These items of expenditure are not authorised by the Board nor are they permissible under the Bye Laws of the Society.

The Committee is of the view that such unauthorised expenditure from year to year in connection with T.A., and D.A., personal staff and parties given by persons not officially connected with the society is improper and unwarranted.

#### 7. *Expenditure of Jeep.*

The person-in-charge stated before the Committee that a Willys Jeep was purchased for Rs. 17,450.70 on 26-10-1964. In 1971 a sum of Rs. 5,000 was spent on repairs. In 1972 the Jeep was offered for sale. The highest quotation was from M/s. Sekhar Soap Works for Rs. 4,750/- After a little bargaining it was sold for Rs. 5,000/-. The records further show that a sum of Rs. 3,884.90 was spent on repairs in the year 1971. The Accountant-General recommended that investigation into the huge amount spent on repairs in a short time should be conducted. But no such investigation was ever conducted. The Committee feels that the amount spent on repairs is an avoidable expenditure particularly in the context of the price for which this Jeep has been subsequently sold.

The Committee is therefore of the opinion that the transaction relating to repairs and subsequent sale of the jeep is somewhat fishy and should have been thoroughly enquired into as suggested by the Accountant-General. Even now such investigation seems to be necessary and it must be held.

#### 8. *T.A. and D.A. by the President & Expenditure on Private Car:*

It is agreed by the person-in-charge that according to Bye-Law 53(a) the Director of Handlooms and Textiles should appoint a person of the rank of Joint Director as the Managing Director of the Hyco. But this was not done. The records show that the President has drawn on an average a sum of Rs. 13 to 20 thousands during the years 1971-72 to 1975-76 towards T.A. and D.A., Electricity Charges, Telephone charges and House rent. This expenditure has been approved by the Board of Directors and later ratified by the General Body. The President was provided with P.A., and Peons at the residence.

The Committee considers that the expenditure of Rs. 6,745/- towards repairs and running expenses of the President's private car during 1971-72 & 1972-73 is unjustified particularly in view of the fact that

T.A. and D.A. and other allowances claimed by him for each year varied from Rs. 13,000 to Rs. 20,000/-. The Committee therefore, recommends that the cost of the repairs of the President's personal car should be recovered and credited to the society.

9. *Foreign Tour of President:*

The President of the Hyco attended the 40th International Co-operative Seminar in Moscow in 1971. The Board of Directors of Hyco permitted him to visit London, Paris, Amsterdam, Brussels, Frankfurt, Cairo and Beirut to study the Co-operative Movement and market potential for Handloom Cloth. An amount of Rs. 14,916 was spent on account of travelling expenses, Seminar fee, lodging, outfit expenses maintenance of family etc. This expenditure was ratified by the General Body on 31-7-1972. In addition a sum of Rs. 2,881.21 was spent to obtain the Visa 'P' Form, handling charges, Photos, cable charges and garlands. The President took samples worth Rs. 707.10 for distribution and rendered the account for the same.

The Committee considers that it was highly improper on the part of the Management to have spent huge funds of an institution, like Hyco which is intended to serve the interests of weaker sections of the society, in such extraordinary manner. The entire expenditure incurred on the foreign tour appears to be excessive specially in view of the fact that the society did not derive commensurate benefits from the tour.

It is astounding to note that the society should have allowed an expenditure of Rs. 2,881.21 for obtaining the VISA and P Form in connection with the foreign tour. It is incomprehensible that the society should have paid a sum of Rs. 1,000 p.m. towards family allowance for the family of the President who was going on foreign tour. The Committee considers these items of expenditure as highly objectionable and recommends that the amount should be recovered from the persons responsible.

10. *Favouritism in Allotment of Drought Relief Funds*

The verification of the records relating to distribution of drought relief funds shows that amounts far in excess of those permitted by Government were distributed to certain societies while other societies were given a raw deal. The Records do not contain any reasons for this

deviation. The Committee is of the opinion that the HYCO has evidently favoured certain societies and contravened the instructions of the Government in this behalf.

11. *Allegations Against the Secretary :*

(i) Sri B. Venkata Narsaiah was appointed as Secretary on 17-4-1974. He was deputed for Institutional training at Co-operative College, Bankenburgh (GDR) for 12 months. He was again sent to Germany for referresher course from 15-10-1970 to 16-12-1970.

The Committee feels that the allegation on account of this training Mr. Venkata Narasaiah has become despot, is frivolous.

(ii) The Committee feels that this allegation regarding the frequent tours of the Secretary to Karimnagar needs further probe.

(iii) The records show that Sri R. Venkataswamy went to Pochampally to purchase silk sarees and drew T.A., from the Society. It is possible that this visit of Sri Venkataswamy might be in connection with the marriage of the Secretary's daughter. Similarly Sri Venkataswamy went to Pedapendyalā at the instance of the Secretary for his private work and he was allowed T.A., and D.A. It is further not free from doubt that staff of the Society were used for his personal work and allowed them T. A. and D.A., from the Society's funds.

(iv) The person-in-charge admitted that a large contingent of Officers came to Hyderabad in the month of May, 1972 obviously to attend the marriage of the Secretary's daughter and drew T.A., and D.A., Some officers in whom the Secretary was interested were temporarily transferred to Hyderabad and after a little while they were reposted back to their places.

(v) This allegation needs further probe.

12. *Netha Patrika :*

It is ascertained through the person in-charge that a Sub-Committee was constituted by the HYCO to consider the publication of this journal and the loss accruing therefrom. The Sub-Committee has recommended that this journal can be converted into a fortnightly instead of a weekly as at present. The Committee was of the view that this journal has not been helping the society either in the promotion of sales or in the spread of knowledge among the weavers.

The Committee therefore recommends that the publication of this journal be discontinued immediately so that the annual loss of Rs. 25,000 can be averted.

13. *Netha Printing Press :*

A scrutiny of records has revealed that the Board of Directors of Hyco at its meeting held on 24-4-1973 appointed a Sub-Committee to examine the question of writing off irrecoverable arrears due to Hyco. This Committee recommended the writing off of an amount of Rs. 86,276.93 as irrecoverable dues. The report of this Committee was considered by the Board of Directors on 11-8-1973, and write off of the said amount was sanctioned. It was later placed before the General Body for its approval. The General Body ratified the action of the Board of Directors. Out of this amount of Rs. 86,276.93, written off a sum of Rs. 15,046.94 was due to Netha Printing Press and also other institutions named below :

	Rs.	Ps
Hyderabad Regl. Handloom Congress .. .. .	248.38	.
Pradesh Congress Committee .. .. .	977.14	
Telangana Congress .. .. .	692.78	

Amongst the individuals the name of Sri Konda Lakshman is also shown in the following manner :

Sri Konda Lakshman Bapuji .. .. .	129.50
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The write-off of amounts does not seem to have taken into account the question of recoverability since some of the institutions and individuals have resources enough to pay the dues. Besides the records of Netha Printing Press could not be seen by us to know the nature of work done by the Press for which these amounts were due. In the circumstances there is a lurking suspicion that this matter has not been properly dealt with by the concerned authorities at different times and stages. We, therefore, suggest that the present Management and the newly constituted Apex Society may go into these aspects with reference to all the available records in Netha Printing Press and former Hyco and take such action as may be found necessary after such examination and enquiry.

## (v) SUGGESTIONS MADE IN THE REPRESENTATIONS.

7.B.113. During the enquiry we received fourteen representations which contained many suggestions which deserve consideration. Some of them are summarized below with a view to know the nature of problems faced by the Societies.

## SUGGESTIONS.

(1). *Rebate :*

- (a) Rebate was used by the Government to clear unsold yarn from the Co-operative Spinning Mills to the primary and apex societies which must be avoided in future,

- (b) Rebate claims are not being sanctioned promptly due to which Societies are deprived of working capital.
  - (c) In lieu of rebate the Co-operative Yarn Mills Federation were supplying yarn that was available with them to the Primary Societies. The Primary Societies not being able to get yarn of the required count have to sell it in the open market at reduced rates and purchase the yarn of the required count at exorbitant prices.
  - (d) When this was brought to the notice of the Minister for Handlooms he promised to reimburse the difference between the cost price and sale price of the yarn. He also promised to give 10% rebate on sales of cloth produce from the yarn purchased at high cost. But so far they have not received anything in this behalf.
  - (e) Even the sanctioned amounts of rebate are not paid to the Societies. The amounts due from the Societies are deducted from this amount and the balance is credited in the banks through the Assistant Director. As a result many of the Primary Societies have become dormant.
  - (f) There is corruption in the Department in the matter of sanction of claims for rebate.
  - (g) The amounts allotted by the Government for sanction of claims for rebate are not commensurate with the actual claims.
- (2). *Primary societies :*
- (a) The Primary Societies must be helped to produce such varieties of cloth which is in demand.
  - (b) Financial Assistance given to Primary Societies must be substantial. Now each society has been given only Rs. 3,000 These funds are required on a scale of atleast one thousand per loom.
  - (c) All the stocks now lying with primaries should be procured by the Apex Bodies. If funds are not available with them the T.D.C. should purchase the stocks immediately ;
  - (d) Each Weaver should be given Rs. 500 grant to purchase new equipment for preparing cloth in new designs.
  - (e) Loans from Central Banks should be on the basis of stock as at the end of June and 100% loan should be sanctioned on them.
  - (f) 60% of the Weavers should be brought under Co-operative Societies by granting them share capital and loans.

(g) Short term loans should be sanctioned to primaries during lean periods.

(3). *Apex Societies :*

(a) The Apex Societies must supply yarn to the Primary Societies as advance and procure from them atleast 60% of their production.

(b) The Apex Societies should permit themselves a profit of only 10% instead of 45% now being charged.

(c) The procedure of adjusting 0.50 per every Rs. 100/ towards shares suspense account should be stopped.

(4). *Power Looms :*

(a) The installation of powerlooms must be encourage because powerlooms can produce 50 meters of cloth a day At the rate of 20 paise per meter. the Weaver can earn Rs. 10 per day. In the case of handloom cloth a weaver cannot produce more than 6 meters a day.

(b) In the case of powerlooms, raw material required being large quantities he can procure them at a premium.

(c) The pattern and designs could be changed readily according to the tastes of the consumers.

(d) Govt. help can be obtained for selling its products and securing raw materials. There is no competition between the handlooms and powerlooms if the Govt. were to earmark the areas of production for each.

(e) The unemployed youth among weavers should be allotted necessary funds for the purchase of powerlooms.

(f) These looms should be exempted from taking licences from Textile Development Corporation or Excise Department.

(g) Powerlooms should be segregated from Handloom Weavers Societies only after returning the capital invested on them and expenditure incurred by the Societies.

(h) Powerlooms should be allotted only to *the workers now employed on them by the Societies.*

(i) Working Capital @ Rs. 5,000 per loom should be sanctioned to the allottees.

(5). *General :*

- (a) Ready made garment centres must be opened in every Society.
- (b) Where the stock requisitioned by the Govt. or the cloth sold to Govt. employees on credit at the instance of the Govt. the primary societies must be paid the amount equal to the interest which they are required to pay to banks.
- (c) In the light of the known defects in the working of the Weavers Co-ops. the bye-laws and the rules made under the Act must be suitably amended.
- (d) Since the Yarn producing Mills have their own sales organisations they should be allowed to deal with the federation directly without the intervention of the Government.
- (e) Variations in the price of yarn must be checked by the Government.
- (f) Grant of loans should be sanctioned for purchasing modern equipment.
- (g) Full time organisers should be appointed to help the primaries and organize new primaries.
- (h) Saree reservation for Handloom Sector should be enforced strictly.



## CHAPTER VIII.

### A. REVIVAL OF DORMANT WEAVERS CO-OPERATIVE SOCIETIES

8.1. According to the information furnished by the Director, Handlooms and Textiles, there are 404 dormant weavers co-operative societies as against the present total number of 1015 weavers co-operative societies in our State. A statement showing the district-wise number of active and dormant societies in break-up figures in different regions of Andhra Pradesh during 1975-76 is appended as Appendix No. VI

#### *Causes for Dormancy:*

8.2. After close examination of the information and material furnished by the Department and A.P. State Co-operative Bank and the views of those who appeared before the Committee, we find the following causes as mainly responsible for the dormancy of many Societies :—

- (1) There is no trained managerial staff to look after the day-to-day business of the society on sound business lines;
- (2) Lack of adequate working capital;
- (3) Lack of main in-puts like yarn and dyes through a proper agency;
- (4) Lack of support from the Apex and other agencies in marketing their products ;
- (5) Lack of close supervision by the officials of the Department over the functions and the utilisation of funds by the Primary Societies.
- (6) Mismanagement of the affairs and misappropriation of funds by the office-bearers coupled with failure to take prompt action against the persons responsible for such mismanagement , etc ;
- (7) Many of the Societies are facing keen competition from the Master Weavers in marketing their products.

- (8) Members of many societies are not inclined to work for the society by receiving yarn and wages from their respective societies. On the contrary they are approaching the Master Weavers in order to get funds even in the periods when there is no production and work.
- (9) Members of many societies were found to be in the habit of making default in payment of yarn prices to the society. Even then, no action was taken by the management of the society against such members leading to accumulation of arrears and outstandings.
- (10) The price of yarn supplied by the Apex bodies was generally found to be higher than the prices prevailing in the local market. Thus, the societies are put at a disadvantage in competing with others who procure yarn on fair prices. Besides in some cases Apex bodies supplied yarn to private parties at lesser rates compared to the rates charged to the primaries.
- (11) In many cases, Primary Societies received delayed payments from Andhra Apex Society for the goods supplied to them. Due to such delays, the societies could not pay back their dues to the banks and thus suffer in the long run.
- (12) Failure on the part of the members in electing proper persons to manage the affairs of the societies. It is observed that most of the Directors are elected either Master Weavers or they are under the direct influence of the Master Weavers.
- (13) Lack of honesty among the office-bearers of many societies. These office-bearers have misused the yarn supplied to them and failed to repay the advances due to the societies.
- (14) Lack of technical guidance to the societies in bringing out new designs which will help sale of products.
- (15) Long delays in the settlement and arrangement of payment of rebate by the Department.

8.3. The Department has informed the Committee that it has already taken action for the revival of 80 dormant societies by providing financial assistance as shown hereunder: A statement showing the list of 80 dormant societies is shown as Appendix No.VII

- (a) Share capital contribution subject to a maximum of Rs. 10,000 per Society;
- (b) Working capital loan of Rs. 5,000 per society;

(c) Subsidy to wipe off losses to the extent of difference between realisable assets and dischargeable liabilities; and

(d) Managerial subsidy.

*Recommendations :*

8.4. The Committee therefore recommends that *Financial assistance should be provided on the same pattern for the revival of all the remaining dormant societies before 31-3-1977.*

8.5. It is also seen from the material furnished by the Department that there are as many as 201 Societies which are beyond redemption and revival. A statement showing the list of such societies is appended as Appendix No. VIII

8.6. In regard to these Societies, the Committee makes the following recommendations:—

(i) Immediate steps should be taken for liquidation of these Societies before 31-12-1976; and

(ii) Simultaneous action by the Department either for organisation of new Societies in the place of liquidated ones or for extending the area of operation of the neighbouring societies to provide employment to the erstwhile members of the liquidated societies.

8.7. In order to prevent future dormancy affecting primary societies, the Committee makes the following recommendations :

(i) The Department should provide separate staff to supervise the Weavers Co-operative Societies.

(ii) Immediate action should be taken against those office-bearers who are found to be responsible for mismanagement and misappropriation.

(iii) Members of the Society should be persuaded to avoid production of cloth to Master Weavers. They must be given all facilities in the matter of inputs and credit to create a sense of belonging in them.

(iv) Steps should be taken to ensure uniform rates of wages to all the weavers who are producing cloth and to whom uniform yarn is supplied by the societies.

- (v) The Department should guide the Societies at every stage and see that proper financial discipline is imposed in management of the funds of the society.
- (vi) The new provisions must be incorporated in the bye-laws to prevent non-weaving and non-working weavers from becoming members or holding any post of office-bearers in the Society.
- (vii) Dyeing and calendering factories on co-operative basis should be organised and their services should be made available to the societies at reasonable cost.
- (viii) Close supervision and periodical inspection of the societies should be ensured by the Department.
- (ix) Free technical advice and guidance should be made available to the societies by the Department.
- (x) Immediate steps should be taken up by the department in enrolment of new members and activation of sick looms.
- (xi) The Director of Handlooms and Textiles Department should make it an obligation on the part of his field officers arranging to prefer the credit applications of all the societies in the respective areas.

## B. CREDIT FACILITIES

### *Historical Background :*

8.8. One of the chief requirements of the handloom industry is working capital for production and marketing of handloom cloth. In the absence of any recognised agency, the working capital needed by each loom used to be provided by the weaver himself from his own meagre resources. Later the class of "Master Weavers" came into being who provided employment for the weavers and arranged the marketing of finished goods produced by them. Thus the weavers became mere wage earners. This state of affair continued for a long time. Later the weavers were persuaded to organize themselves into co-operative societies for availing easy credit from co-operative banks.

### *Reserve Bank of India :*

8.9. Since April 1952, the Reserve Bank of India had been agreeable to provide financial accommodation to the handloom industry through the State Co-operative Banks under Section 17 (2) (d) of the Reserve Bank of India Act. But this credit facility was limited to 90 days period and that too for the purchase and sale of yarn only. In 1953, a new sub-section (bb) was added to Section 17 (2) of Reserve

Bank of India Act which enabled the Reserve Bank of India to provide credit to handloom industry for a period of 12 months in respect of production and marketing of handloom cloth.

8.10. In September 1956, the Government of India laid down the new policy for granting credit by Reserve Bank of India to handloom Industry. The broad details of this policy are stated below :

(i) From 1-4-1957 credit facilities for working capital to the Weavers' Co-operative societies will be made available by the Reserve Bank of India THROUGH the Apex and Central Co-operative Banks.

(ii) The loan will be made available by the Reserve Bank of India at  $1\frac{1}{2}\%$  below the Bank Rate.

8.11. The above scheme which is popularly known as "Reserve Bank Scheme of Handloom Finance" came into operation from 1-4-1957. The Reserve Bank of India had set up an ad-hoc Advisory Committee on Handloom Finance for reviewing the progress made with the scheme from time to time.

8.12. Under the above scheme Andhra Pradesh and Madras are understood to have received bulk accommodation from the Reserve Bank of India.

*Norms for Securing Loans Through Central Co-operative Banks :*

8.13. According to the information given by A. P. State Co-operative Bank, the following are the "norms" for sanctioning credit by Co-operative Banks to Weavers Societies:—

(a) *Fixing of Cash Credit Limits* :—Cash Credit limits to Societies are determined on the basis of annual production and sales turnover in the previous year.

(b) *Conservation of Resources* :—The Societies have to keep their surplus balances in the current account and not to invest in fixed deposits. Further they should not lock up their resources by way of wage advances and stocking raw materials. In short, they will have to act and regulate their operations in a business like manner and by doing so they can have maximum accommodation from banks.

(c) *Cover for advances* :—Advances are sanctioned on secured basis *i.e.*, hypothecation of goods etc. For this the societies have to send a monthly statement indicating the details of stocks of various goods as coverage.

(d) *Valuation of yarn and finished cloth* :—The valuation of yarn is made based on the age of the stock, ranging from 0 to 100% for periods varying between 3 months to 3 years ; while in regard to finished cloth the valuation ranges from 60 to 90% for periods ranging from 6 months to 24 months on the stocks held. In the case of yarn stocks held for less than 3 months valuation is 100% and in the valuation of cloth stocks held for less than 6 months, the cost is fixed at purchase price or production cost.

(e) *Relaxation of standards for estimating working capital requirements and maintaining margins* :—According to the revised pattern a Society's financial requirement for production and marketing of cloth shall be estimated in the ratio of 1 : 4. When sales are less, the ratio will get reduced proportionately. In the case of handloom weavers, normally it may not be possible to provide 10% margin money to avail cash credit accommodation. In such cases, advances are made by taking the other assets as margin money. They are cash and bank balances, reserve funds, buildings, machinery etc., provided they are unencumbered. Under this arrangement a society with an annual production of Rs. 1.00 lakhs and sales of Rs. 65,000 can be sanctioned a cash credit limit of Rs. 25,000.

#### *General Observations :*

8.14. The Committee received many representations regarding the financing of primary weavers' co-operative societies to the effect that several district co-operative central banks were not taking the requisite interest in financing the weavers co-operative societies by providing adequate working capital.

8.15. It was also represented that in the following cases the Co-operative Central Banks were not financing the Co-operative Societies the required working capital :—

(i) The Societies whose share capital, reserve funds, etc., were in excess of the loan facilities received by them :

(ii) The weavers societies which enjoy a relatively strong resources position and were operationally efficient.

8.16. According to the information provided by the department, attempts were made in the past to impress on the Reserve Bank of India to create separate banks exclusively to cater to the needs of the weavers societies of the above category. But Reserve Bank did not favour for the reason that it is not economical and viable to create separate banks to cater to the needs of weavers societies *only* on exclusive basis.

8.17. It has also been observed that in certain cases the weavers co-operative societies were not able to raise 10% margin money. In such cases the difficulty noticed was that the societies were not holding properties free of encumbrances to enable them to mortgage the same to the Banks for getting margin money.

8.18. In certain other cases the societies failed to satisfy the norms prescribed by Reserve Bank relating to remittances of sale proceeds etc., in the Bank. Consequently such Societies became dormant for want of drawals from Banks.

*Recommendations :*

8.19. In view of the weaknesses inherent in weavers societies in regard to management of financial matters and resources the committee make the following recommendations :—

- (i) The Department should ensure effective supervision by the Field staff and timely audit of the societies so that there is no impediment for financing institutions in sanctioning and releasing credit to the societies ;
- (ii) The Department may formulate a scheme whereby supervisory and audit staff could be appointed on a specified scale for a group of societies in different regions of the State.
- (iii) The District Co-operative Central Banks should also have special cadre of Inspectors to safeguard their interests in relation to advances made by them to weavers societies.
- (iv) The Assistant Directors of the Department should be made responsible for the preparation of cash credit applications and submission of the same to the Co-operative Central Banks before due date in respect of societies located in their jurisdiction.
- (v) The District Co-operative Central Banks, which have sizeable number of weavers co-operative societies in their area of operation, should have a Deputy Manager to look after the needs of these societies on exclusive basis.

- (vi) Having regard to frequent delay at the Governmental level to complete the procedural formalities of guarantee to the Reserve Bank and the execution of guarantee bond by the State Govt., the Committee recommends that the Govt. may issue a continuing guarantee for a period of atleast three years at a time.
- (vii) It should be made obligatory on the societies to furnish monthly stock statements to the central co-operative banks with copies to the Assistant Directors of the area.
- (viii) Arrangements must be made to supply Forms to the primary societies in Telugu language so that they could be filled by the staff of the society without depending on the assistance of the Field Staff or outsiders.
- (ix) The Department must ensure working capital either from the Textile Development Corporation or from the A.P. State Co-operative Bank directly to such societies which are denied credit facility of working capital by the District Co-operative Central Banks in any particular district or districts.
- (x) The Government should constitute a Review Committee consisting of the following officials :
  - (i) Director of Handlooms (Convenor)
  - (ii) Managing Director, A. P. Textile Development Corporation—Member
  - (iii) Managing Director, A. P. State Co-operative Bank—Member

The above Committee should conduct quarterly review of the entire situation in relation to credit requirements of the primary societies in the State and the accommodation and facilities granted by different financial institutions so that prompt and effective action at higher level could be taken in case of default or delay.



## CHAPTER IX.

### POWERLOOMS

#### *Introduction:*

9.1. As stated earlier, the Textile Enquiry Committee of 1954 recommended a vast programme of conversion of handlooms into powerlooms. On the basis of this recommendation, the Government of India decided to allow installation of powerlooms in the handloom sector *under a scheme of conversion of handlooms into powerlooms during the Second Five-Year Plan period*, in order to improve the economic conditions of the handloom weavers. The main features of the scheme were that powerlooms should be introduced only in the Co-operative fold. The co-operative units should normally be of small size say 25, powerlooms and the powerlooms should be located in the rural areas with a population of 30,000 or less.

9.2. In August, 1961 on a review of the progress of the programme the Government of India *decided to discontinue the scheme except in respect of irrevocable commitments made by State Governments.*

#### *Suspension of conversion scheme:*

9.3. While the scheme of conversion of handlooms into powerlooms was suspended, two factors helped the growth of unauthorised powerlooms as noticed below :

1. The first was the fiscal policy adopted from 1955 in regard to mills, *vis-a-vis* the powerlooms. The excise duty levied on mill made fabrics underwent sharp increase over the years.
2. The second factor was the reservation of fields of production.

#### *Powerloom enquiry committee 1963:*

9.4. While on the one hand Government revised the policy of introduction of powerlooms in the handloom sector on the basis of anticipated unemployment of weavers, *the haphazard growth of unauthorised powerlooms posed a major problem.* The Government of India, therefore, appointed a Powerloom Enquiry Committee in 1963. The Powerloom Enquiry Committee recommended the introduction of 60,000 powerlooms in the entire country during the first 2 years of the Fourth Plan. These powerlooms were intended to be given only to handloom weavers in the co-operative fold. The allotment to the States was made

in proportion to the number of handlooms in each State taking into consideration the powerlooms already existing. While doing so, a condition was imposed to see that no unauthorised powerlooms come up.

*Powerloom development in Andhra Pradesh:*

9.5 In the early years, powerlooms developed in Andhra Pradesh mostly in the private sector, without any licence from the Industries Department. There is, however, no authentic data available about the precise number of powerlooms that operated prior to 1956.

9.6. In the year 1957 when the Handloom Directorate was formed they found about 1900 unauthorised powerlooms in operation in the State.

9.7. In order to develop the powerlooms in the State, the first step taken by the State Government was to prevent growth of unauthorised powerlooms and to regularize those powerlooms which were owned by persons possessing "Quotas" under the new policy.

9.8. Prior to the creation of separate Directorate of Handlooms, the entire activity relating to regulation and development of powerlooms was under the control of the Director of Industries, on account of which, no data was readily available to know when the powerlooms were introduced for the first time in Andhra Pradesh.

*Performance during the IV Plan period:*

9.9. During the Fourth Five-Year Plan, Government of India had allotted 12,400 powerlooms to Andhra Pradesh for which permits covering 11, 983 looms were stated to have been issued by the Textile Commissioner, Madras and permits for the balance of 417 powerlooms have been issued by the Director, Handlooms & Textiles, Govt. of Andhra Pradesh in his capacity as State Textile Authority. As such, there is no short fall in allocation of powerlooms allotted to this State. The powerlooms allotted by the State Government under various sectors are as indicated below :

1. Co-operative Sector .. ..	..	..7,561 looms.
2. Private Sector. .. ..	..	..2,316 looms.
3. Educated unemployed. .. ..	..	.. 560 looms.
4. Unauthorised looms regulated .. ..	..	..1,963 looms.
		—————
	Total	12,400 looms.
		—————

9.10 It will be seen from the above that out of 7,561 looms allotted to Co-operative sector, 6,246 looms were with 249 powerloom co-operative societies, while the remaining 1,315 powerlooms were with 68 Handloom co-operative weavers societies.

9.11. It is curious to note that out of 550 looms allotted to educated unemployed 360 Looms were transferred to Powerloom Societies and the balance 200 taken to private sector.

*Financial Assistance :*

9.12. 1738 Powerlooms allotted to Co-operative Societies were financed from the loans sanctioned by nationalised banks against the guarantee of Government for Rs. 100 lakhs. Funds for 2,814 powerlooms in the Co-operative sector were arranged through A. P. Textile Development Corporation, A.P. Backward Classes Corporation and A.P. State Financial Corporation. Finances for 3,009 powerlooms in the Co-operative Sector could not be arranged.

9.13. As the Co-operative Societies or their members were unable to contribute any portion of amount required for purchase of powerlooms, the entire amount was made available by Government under Plan for sanctioning assistance to the Co-operatives.

9.14. It appears, that due to limited Plan allocation, the requisite funds could not be provided to cope with the large number of permits issued to co-operatives. In the circumstances the Department thought it fit to make necessary alternate arrangements.

9.15. In view of the above 4,552 powerlooms in Co-operative sector were financed as detailed below:

<i>I. Financed.</i>	<i>No. of looms</i>
1. Powerlooms financed under plan scheme by Govt.	.. 799
2. Powerlooms financed under Rs. 100 lakhs against Govt. guarantee (Rs. 33.90 lakhs)	559
3. Powerlooms financed with Govt. security through nationalised banks.	
(a) Andhra Pradesh State Financial Corporation	.. 112
(b) Canara Bank	.. 60
(c) Financed from own Funds of the Societies	.. 178
(d) Financed by State Bank of Hyderabad (in Nalgonda dist.)	.. 30
<b>Total-I.</b>	<b>1,78</b>

II: <i>Finance arranged</i>	No. of looms.
(a) 10% margin money released to A.P.S.T.D.C.	700
(b) 20% margin money released to A.P.S.F.C.	.. 36
(c) Proposed to finance by APTDC. against the balance of (Rs. 100—33.90) Rs. 66.10 lakhs Government guarantee.	.. .. . 918
(d) Proposed to finance through A.P. Backward Classes Co-operative Society.	.. .. . 272
(e) From out. of 10% margin money remitted by the societies to the A.P.S.T.D.C.	.. .. . 888
Total-II.	<hr/> 2,814
Total : I & II—1,738+2814=	<hr/> 4,552
III. Finance yet to be arranged :	3,009
Total looms allotted.	<hr/> 7,561

9.16. It may be seen from the details given in Appendix No. XI that a sum of Rs. 39 lakhs was made available under Plan to assist 69 societies for purchase and installation of 799 powerlooms.

9.17. During our visit to Karimnagar and Nizamabad districts several weavers represented to us about the various difficulties faced by them in organising and operating the powerlooms and some of these difficulties are described below :

- (i) That the individual weavers as well as societies are facing serious difficulty in getting electricity connections to the powerlooms as the electricity department is insisting on the payment of deposits, minimum charges, etc., which the consumers are unable to pay.
- (ii) That they are not getting working capital to run the powerlooms from any agency and the Department has not been helping them at all in securing the working capital from any source due to which their powerlooms have remained idle for years causing deterioration of the equipment and loss to the societies and the individuals.

- (iii) That they are not in a position to pay the margin money for obtaining the block capital or working capital and as such they need help from the Department and the Textile Development Corporation in this matter.
- (iv) That the local officials of the Handlooms and Textiles Department are not at all helping them to overcome their difficulties.
- (v) That the local bank managers of the State Bank of Hyderabad and District Co-operative Central Bank are not giving any help and sympathetic consideration to their demands for credit facilities and release of loans.
- (vi) That the Department has not formulated any scheme or taken any measures to arrange for the marketing of powerloom cloth produced by the various powerloom societies, etc.

9.18. In several places like Metpally in Karimnagar district and Armur in Nizamabad district the Committee was told by a large number of weavers that many powerlooms acquired and installed some three years and four years ago in these places could not be put to use for want of working capital. And the Department has not made any efforts to arrange working capital to atleast prevent rusting of idle machinery and payment of interest charges on the block capital given by financial institutions. In some places like Jakarampally and Ankapur in Nizamabad district the powerloom weavers societies were forced to produce cloth on piece-wage rate under a contract to the D.B.R. Mills of Secunderabad as a temporary measure to avoid serious loss on account of large number of powerlooms remaining idle over a long time. In the above connection the Committee was told by the officer of the Department that they have tried their best to arrange the working capital but they could not succeed on account of certian procedural difficulties with the financial institutions, etc.

9.19. After our return to Hyderabad we wanted to discuss the above matter with the representatives of the concerned banks and the Textile Development Corporation to know their stand and view points in this matter. Accordingly we held a meeting on 17-5-1976 to record the views of the representatives of the various banks as noticed below:

*Andhra Bank :*

9.20. Sri Arvind Reddy, Assistant General Manager of Andhra Bank stated before the Committee that the programme of assistance to powerlooms was not done in a systematic manner prior to the formation of Textile Development Corporation in our State. Most of the assistance in this sector until 1974 was confined to the individuals. He informed the Committee that at the instance and initiative of the

Textile Development Corporation, the Andhra Bank had financed 260 powerlooms involving an amount of Rs. 18 lakhs. Out of this amount, Rs. 16 lakhs was released towards block capital and the balance of Rs. 2 lakhs for working capital. He assured the Committee that the entire amount of Rs. 18 lakhs will be disbursed before the end of June 1976. He added that the pattern of assistance adopted in this behalf is to the following effect:—

- (i) 80% loan from the bank.
- (ii) 10% given by the Textile Development Corporation towards 50% margin money.
- (iii) 10% given by the Societies themselves.

9.21. On further enquiry from the Committee, Mr. Reddy stated that the Andhra Bank would be able to finance to the extent of Rs. one crore for powerlooms schemes sponsored by the Textile Development Corporation. He added that Andhra Bank is not getting any refinance from the Reserve Bank of India for financing powerlooms.

*State Bank of Hyderabad :*

9.22. Sri Chalapathi Rao, Development Officer of the State Bank of Hyderabad informed the Committee that his bank had sanctioned credit to the tune of Rs. 66 lakhs for 800 powerlooms upto the end of 1975 for powerlooms organised in co-operative sector. He added that his bank has released major part of the block capital. But there was some delay with regard to release of working capital. He further stated that the disbursement of block capital to various powerlooms societies in Telangana region upto 30th April, 1975 were as follows:—

1. *Nizamabad District :*

	Rs.
(a) Powerloom Weavers Co-operative Societies, Kisan Nagar, (Armur taluk). .. .. .	1,40,400.00
(b) P. W. C. S. Jakrampally, Armur taluk. ... ..	3,13,417.00
(c) P. W. C. S. Isapalli, Armur taluk. ... ..	1,37,293.00
(d) Padkal P. W. C. S. .. .. .	1,22,343.00

2. *Warangal District :*

(a) Devendra P. W. C. S. Hasanparthy. .. .. .	70,000.00
(b) Markandeya P. W. C. S. Hanamkonda. .. .. .	1,20,800.00
(c) Natraj P. W. C. S. Abbalikunta. .. .. .	1,28,658.00
(d) Srinivasa P. W. C. S. .. .. .	58,888.00
(e) Nagarjuna P.W.C.S. Jangaon. .. .. .	1,45,643.00

3. <i>Medak District :</i>		
(a) Bapuji P. W. C. S. Sadashivpet. .. ..	.. ..	30,784.00
(b) Balaji P. W. C. S. Sadashivpet. .. ..	.. ..	96,608 00
4. <i>Adilabad District:</i>		
(a) Sirpur Kagaznagar P.W. C. S. .. ..	.. ..	74,001.00
5. <i>Karimnagar District:</i>		
(a) Bhavani P. W. C. S. .. ..	.. ..	79,792.00
(b) Bapuji P. W. C. S., Sircilla .. ..	.. ..	1,65,680.00
(c) Venkateshwara P. W. C. S., Metpalli ..	.. ..	61,041.00
(d) Srinivasa Co-operative Production Society, Sircilla. . . . .		94,898.00
(e) P. W. C. S., Kottapalli .. ..	.. ..	2,36,997.00
(f) Baktha Markandeya P. W. C. S. .. ..	.. ..	2,37,584.00

9.23. In the above context Sri Chalapathi Rao informed the Committee that the State Government originally asked the Bank to provide block capital only and as such they could not take action for the sanction and release of working capital. In this connection Sri Yanadaiah, Jr. Director of Handlooms & Textiles Department stated that the understanding with the State Bank of Hyderabad was that the working capital was to be given by the Co-operative Central Bank and the Block capital was to be provided by the State Bank of Hyderabad. He further stated that in some of the cases the Co-operative Banks provided working capital also but in many cases they had not released any working capital due to which many powerlooms remain idle.

9.24. On further enquiry the Development Officer told the Committee that the Director of Handlooms & Textiles requested the State Bank of Hyderabad in August 1975 asking for provision of working capital also for which the bank has agreed. He assured the Committee that his bank would urgently arrange to release the remaining block capital and also working capital wherever it is asked by the societies.

*A. P. State Co-operative Bank:*

9.25. Sri Raju, Deputy Secretary, A. P. State Co-operative Bank stated in his evidence before the Committee that their bank was financing both working capital and block capital to the powerlooms. He further stated that in the year 1975-76 the bank financed in 3 districts in the following manner:

1. East Godavari District ..	: 367 Powerlooms
2. West Godavari District ...	: 163 Powerlooms
3. Nizamabad district	: 90 Powerlooms

9.26. In the above connection, the Department informed the Committee that steps were taken by the Government in overcoming the difficulties by finding margin money by way of getting the loans sanctioned from the State Bank of Hyderabad, Syndicate Bank, Indian Bank, and Andhra Bank to the extent of Rs. 1 crore towards block capital to be financed against Government guarantee.

9.27. Under the above arrangement 23 weavers co-operative societies were able to avail loan assistance to the extent of Rs. 33.90 lakhs for purchase and installation of 569 powerlooms, as given in Appendix No. X

9.28. Details of Powerlooms Weavers' Co-operative Societies to whom block capital was provided by the A. P. State Financial Corporation and Canara Bank without Government guarantee as indicated below:—

(Rs. in lakhs)						
Name of the Society.	No. of looms for which permit was issued.	Amount.	Year	Acquired	Installed	Commissioned.
Karim-nagar ..	199	112	1974	112	10	10
Details of Powerlooms financed by Canara Bank (Block & working capital)						
Warangal	60	60	1973	60	60	60
Details of Powerlooms financed towards Block capital under plan schemes.						
Nalgonda	48			48	48	48
Hyderabad	30			30	..	..
Karim-nagar ..	100			85	85	85
Total	178			163	133	133



9.29. On the basis of the data noted earlier in this chapter, the Committee is of the view that the policy laid down by the Government of India in allocation of looms has not been followed in true sense inasmuch as *some looms have been allotted to outside the co-operative fold and this is contrary to the principles laid down by the Government of India at the time of reviving the Powerlooms Scheme.*

9.30. In regard to looms allotted to Co-operative Sector, the Committee noted that the Department has not made any vigorous efforts in implementing the scheme with the aim of achieving the targets. The district-wise data furnished in Appendix No. IX reveals that permits to a total number of 1,745 looms were issued distributing the same among 69 societies. Out of them 799 looms only received loans to the tune of Rs. 39.12 lakhs thereby leaving 956 looms unutilised for want of capital.

9.31. Further, the authorities never bothered to watch the progress in regard to acquisition of looms as well as their installation and commissioning for which *loans were sanctioned and released by the State Government from out of plan funds.* This fact is evident from the following data :—

1. Looms acquired	..	..	769
2. Looms installed	..	..	704
3. Looms commissioned		..	676
Difference between item 1 & 3		..	<u>93</u>

9.32. In the case of the above 93 looms which were acquired by the societies, it was proved to be a *dead capital paying interest on the investment without reaping any fruits*, due to failure on the part of the authorities in implementing the scheme.

9.33. It has been further observed that in the case of 676 looms commissioned they were not able to make progress for lack of working capital.

9.34. The above state of affairs, if allowed to continue will only aggravate the problems of powerloom weavers besides making the entire investment in these powerlooms a wasteful and unimaginative expenditure.

#### *Need for separate Department:*

9.35. In our State the Directorate of Handlooms and Textiles also looks after the powerloom sector. On examination of reports given by the "Sivaraman Committee" and other study groups and working

groups appointed by the Central Government from time to time to study the problems of handlooms industry, this Committee noted that all these reports expressed the view that the interests of the powerloom sector and the handloom sector are contradictory. And as such a single Directorate cannot in all fairness look after the legitimate interests of these two sectors. For the proper growth of both the sectors it is necessary to have a separate Directorate for Handlooms and a different Directorate for Powerlooms.

9.36. We are of the opinion that our State which has the distinction of having the largest number of handlooms in the country, must have two separate Directorates one for Handlooms exclusively and the another for Powerlooms sector so that the development of both the sectors can be undertaken on proper and healthy lines.

*Recommendations:*

9.37. Having regard to the peculiar problems and difficulties faced by the Powerloom Societies and Weavers, the Committee make the following recommendations :—

- (i) *That a separate Directorate should be formed for the purpose of dealing with the powerlooms on an exclusive basis to promote healthy growth of powerlooms in our State and thereby create conditions and opportunities to attract the new generation of weavers to powerloom sector. Pending the formation of a separate Directorate we recommend that an officer in the rank of an Additional Director in the Directorate should be appointed immediately to look after the interests and needs of powerloom sector on a full-time and exclusive basis;*
- (ii) The Department of Handlooms and Textiles and the Textile Development Corporation should take expeditious action jointly as well as separately to provide working capital to all those powerlooms which receive block capital and are idle for want of working capital. They should also arrange to provide necessary funds towards margin money and other requirements where the powerloom societies or individuals are unable to comply with these requirements;
- (iii) The Department should introduce and implement MARKING OF POWERLOOM CLOTH in a manner as to enable the customers to distinguish the cloth produced by powerloom from that of handloom cloth;

- (iv) That the Department and the Textile Development Corporation should conduct periodical joint reviews of the progress of various schemes for the development of powerlooms in the State and as well as working of the powerlooms already installed in different districts of the State. Banks and other institutions extending credit facilities to the powerlooms in our State should also be invited to these review meetings to ensure utmost co-operation and co-ordination among the different agencies connected with the development of powerloom industry in the State.
- (v) The Department must ensure working capital either from the Textile Development Corporation or from the A. P. State Co-operative Bank directly to such powerlooms which are denied credit facility of working capital by the District Co-operative Central Banks or Commercial Banks as the case may be;
- (vi) The Textile Development Corporation should take immediate steps for establishing and operating a large SALES EMPORIA on a permanent basis in Hyderabad, in the first instance, for the sale of powerloom cloth produced in the State followed by establishment of similar emporias in different regions of the State in a phased programme during the next 3 years to help this sector in marketing their produce; and
- (vii) The Department must conduct an immediate survey to know the precise number of authorised and unauthorised looms and their present condition, etc.

## CHAPTER X

### ANDHRA PRADESH STATE TEXTILE DEVELOPMENT CORPORATION

#### *Formation of A. P. State Textile Development Corporation :*

10.1 The Andhra Pradesh State Textile Development Corporation was formed in May 1975 as a State Government Undertaking vide G. O. Ms. No. 498, Industries and Commerce Department, dated 6-5-1975. The authorised share capital of the Corporation is Rupees one crore divided into one lakh equity shares of Rs. 100 each.

#### *Aims and Objects:*

10.2 According to the Memorandum of Association of Andhra Pradesh State Textile Development Corporation the main objects to be pursued by the Corporation are as under:

- (i) To promote, own, establish, aid and assist the rehabilitation, growth and development of the handloom (cotton, wool and silk) powerloom, garments manufacturing and sericulture industries, both within and outside the Co-operative fold.

#### *Management:*

10.3 The general powers of the Corporation are vested in a Board of Directors as per Article 74 of the Articles of Association of the Corporation.

#### *Number and names of Directors:*

10.4 At present there are only 3 Directors as shown below:

- (1) Shri S. R. Rama Murthy, I. A. S.,  
Secretary to Government,  
Industries Department,  
Govt. of A. P., Hyderabad.
- (2) Shri P. D. Lakshminarayana,  
Managing Director,  
A. P. S. T. D. C., Hyderabad.
- (3) Shri C. Sreeram Bhoopal, I. A. S.,  
Director, Handlooms & Textiles,  
Andhra Pradesh, Hyderabad.

10.5 The above Directors are known as the first Directors as the full strength of the Board of Directors has not yet been filled up by the Government. In this context it is significant to note that the Government has not appointed either Chairman or Vice Chairman of the Corporation. As a result of which the Chairman for the Board is being elected from time to time during the meetings of the Board of Directors.

*Managing Director:*

10.6 Under Article 77 of the Articles of Association the Government appoints a Managing Director from among the Directors on the Board. The Managing Director so appointed exercises all such powers as are delegated to him by the Board of Directors from time to time. At present Shri P. D. Lakshminarayana is the Managing Director of the Corporation.

*Present activities.*

10.7 At present the Corporation is engaged in the following activities:

- (i) Marketing of handloom cloth;
- (ii) Production of handloom cloth in their own production centres in different places for the purpose of making Garments for export as well as export of plain cloth;
- (iii) Research and Design Development for introducing new patterns in the production of handloom cloth for the benefit of weavers;
- (iv) Manufacturing of garments on their own and as well as with others in joint ventures;
- (v) Export of Garments made out of handloom cloth;
- (vi) Promotion as well as assistance of sericulture schemes and silk industry in the State.

10.8 From the information furnished by the Textile Development Corporation, the programmes undertaken by the Corporation in the first year are as follows:

(a) *Handloom cloth production.*—The Corporation has organized production of handloom cloth in 2,300 looms in different places producing over 8 lakhs worth of handloom cloth.

All these looms are financed by the Textile Development Corporation involving a sum of Rs. 14,83,213.00.

(b) *Procurement of Handloom Cloth.*—The Corporation procured cloth worth Rs. 35 lakhs from private as well as Co-operative Sectors during the last one year as shown below :

(i) Rs. 33,47,912.75 from the Private Parties or Individual weavers.

(ii) Rs. 1,52,087.25 from Co-operative Societies over a period of one year.

(c) *Research & Development Wing.*—The Corporation has established a Research & Development Wing in their office premises. 100 sewing machines for designing exportable garments and fabrics were procured. This wing undertakes development of latest designs in garments and fabrics.

(d) *Production Centres* —The Corporation is having six production centres at present for the production of handloom cloth. The aggregate number of looms in all the six centres is stated to be 3,000. The location of the six centres is shown below :

- 1 Kovvur
- 2 Proddatur
3. Puthur
4. Machilipatnam
5. Palakol;
6. Srikakulam.

In the above production centres, yarn is supplied to the weavers who are under contract to supply cloth to the Corporation. It is understood that the Corporation has a plan to organize 8 more production centres with a capacity of 8,000 looms in Co-operative Sector.

(e) *Powerloom Unit.*—The Corporation established one powerloom unit in Jeedimetla with 45 powerlooms for the production of controlled cloth.

(f) *Mini-Spinning Mill.*—Apart from the above unit, the Corporation has also established a Mini Spinning Mill in Anantapur District to meet the demand for 20 counts yarn.

(g) *Sales & Show Room.*—Two sales-cum-showroom for the sale of stocks have been established in recent days in Hyderabad as well as in Secunderabad.

10.9 The Secretary, Industries Department, informed the Committee that this Corporation was the first of its kind in the country which directly exported handloom fabrics and garments. He stated further that *it was not the intention of the Government that the Corporation should act as a competitor to the Apex Co-operative Societies in any manner connected with the handloom industry.* On the contrary it would act as an additional agency to supplement facilities and infrastructure for the development of handloom industry in our State. He further said that the Corporation has been following the guidelines prescribed by the Government from time to time and these guidelines are contained in a letter dated 9-7-1975 issued by the Secretary, Industries Department.

*Grant of Rs. 120 lakhs to the Corporation:*

10.10 According to the information given by the Secretary, Industries Department, the State Government have given Rs. 120 lakhs to the Corporation in the month of July 1975 *vide* G. O. Ms. No. 708, Industries Department, dated 9-7-1975 towards share capital. The Government also issued detailed guidelines *vide* their letter No. 1262/TS/75, dated 9-7-1975 for the purpose of utilisation of this grant by the Corporation for different purposes. But on close scrutiny of the performance of the Corporation in this behalf, the Committee found that very little has been done for achieving the objectives embodied in the Government letter issued on 9-7-1975.

*Export Agreement:*

10.11 From the information given by the Corporation, it is noticed that the Corporation has undertaken export of garments soon after its establishment and succeeded in exporting garments worth Rs. 40,000 to Switzerland by the end of December 1975. In the early days the Corporation procured garments.

10.12 In order to increase exports on a regular basis we were told that the Corporation wanted to retain the services of an agent for organizing their export trade on a systematic basis.

*Agreement with Maitry & Company:*

10.13 With this end in view, they entered into an agreement on 13-8-1975 with Maitry and Company represented by Sri M. Suryanarayana Murthy, Managing Director of the Company. The salient features of the agreement are discussed below :

(i) In clause 7 of the Agreement, the minimum export business<sup>s</sup> in garments and fabrics guaranteed by the Maitry and Company for the next 5 years is shown below:—

1st year	.. Rs. 25 lakhs
2nd year	.. Rs. 50 lakhs
3rd year	.. Rs. 125 lakhs
4th year	.. Rs. 150 lakhs
5th year	.. Rs. 150 lakhs

*Commission payable to Maitry Rs. 75,000 Annual Payment:*

(ii) It is seen from clause 12 of the agreement that a commission of 5% on FOB value of all orders procured by Maitry & Company of Bombay or through its contacts directly or indirectly is payable by the Corporation.

(iii) Under clause 13 of the Agreement, a sum of Rs. 75,000 per year during the entire period of 5 years is payable by the Corporation to Maitry & Company. But it is not specified in the clause as to why this amount was agreed to be paid to Maitry & Company in addition to 5% commission on the value of exports. For a proper understanding of this point, clause 13 of the Agreement is extracted below for ready reference:

**Clause 13 :**

“In addition to the commission mentioned in clause 12 above, the Corporation will pay a sum aggregating to Rs. 75,000 in quarterly instalments every year during the entire period of the agreement”.

*Penalty Clause:*

(iv) Under Clause 14, a penalty of 5% of the value of shortfall in guaranteed export is stipulated. But it is significant to note that the proviso to this clause condones such penalty if Maitry & Company is unable to procure orders for any reason beyond their control.

*Review of the Agreement:*

(v) Under Clause 18, the Agreement is valid for 5 years from 1st August 1975 subject to review at the end of 2nd year if the Maitry & Company fails to achieve the Rs. 75 lakhs sales in the first 2 years.

*Observations:*

10.14 On examination of the agreement with Maitry & Company, the Committee found some disquieting features as discussed below:

- (1) Under Clause 6 of the agreement, the Maitry & Company is supposed to open an office in Hyderabad at their expense



to organize the production and sale of garments with the Corporation for arranging export of the same on a regular basis. But this has not been done so far.

- (2) Under Clause 4, the Maitry & Company is supposed to provide technical guidance in the matter of designing and manufacturing of garments and to guide the Corporation in maintaining quality control for their products. But no efforts were shown to have been made for complying with this requirement.
- (3) Under Clause 7, the Maitry & Company is supposed to provide a minimum business of Rs. 25 lakhs during the first year *i. e.* before the end of 31-7-1976. But there is a shortfall of nearly Rs. 15 lakhs as the total value of garments and fabrics so far exported is Rs. 10,10,561.00 only.
- (4) That a commission of 5% of the total export in each year irrespective of the volume appears to be odd. Because the common practice in such matters is said to be *progressive reduction in the quantum of commission as the volume of turnover goes up from year to year.*
- (5) That a payment of lumpsum of Rs. 75,000 under clause 13 of the agreement to Maitry and Company by the Corporation appears to be the most extra-ordinary feature of the agreement as it has no relevance to any obligation or function on the part of the agent for which this amount is to be paid. A sum of Rs. 3.75 lakhs would have been paid by the Corporation to the Maitry & Company over a period of 5 years. In the circumstances, the Committee is of the view that the Corporation ought not to have agreed to the payment of this amount over and above the 5% commission. We therefore urge that payments made under this head should be treated as advances against the future earnings and claims towards 5% commission on export.
- (6) Another interesting feature of the agreement is that there is no description of reference to any contacts and agents of Maitry and Company in foreign countries so as to know on a permanent basis as to who are the persons and which are the agencies with whom the Maitry have subsisting agreements. This is necessary for the reason that the Corporation is prohibited from dealing directly with any "contacts or agency" of Maitry and Company under Clause 18 of the agreement.

10.15 The evidence and material produced before the Committee in this behalf reveal that the experience so far gained under the export agreement with Maitry & Company has not been very encouraging. We, therefore, feel that there is an urgent need for a review and reconsideration, of the implications and the effect of the agreement by the Corporation with a view to see whether *the agreement is in the best interests of the Corporation and as well as in accord with normal trade practices in this behalf.*

10.16 In the circumstances, the Committee recommends that the Government may issue directions to the Corporation to review the provisions of the Agreement as suggested above.

*Joint Ventures:*

10.17 For the purpose of manufacture of garments, the Corporation has entered into two joint ventures with the following persons:

- (i) Joint venture with Shri Premanand, Promoter of XPOTEX, Hyderabad.
- (ii) Shri T. G. V. Naidu, Promoter of Gangappa Garments.

10.18 After a close examination of the agreements with the above promoters the Committee makes the following observations:

- (a) The agreement with Shri Premanand, was executed on 15-2-1976. But there is no mention anywhere in the agreement that the venture is a joint venture with the Textile Development Corporation.
- (b) The agreement is silent on the quantum of financial contribution to be made by the parties to the agreement.
- (c) In para 31 of the agreement, it is stipulated that the entire preliminary expenditure upto the date of the incorporation of the company is to be made by the Promoter *i. e.* Shri Premanand. But in the Articles of the Company, it was mentioned that the expenditure is to be made by the Company.
- (d) Many articles in the Articles of Association of the Joint Venture Company do not seem to be in consonance with the Agreement.

- (e) The purpose of the Company for which it has been created has not been specified in the Articles of Association. The absence of purpose may create legal difficulties for the Corporation in future for enforcing the agreement with the promoter.
- (f) In terms of the agreement, the Company is supposed to procure handloom cloth mainly from the production centres and other units organized by the Corporation for the manufacture of handloom cloth. But this *aspect has not been made clear in the Articles of Association to achieve the purpose.*
- (g) Apart from the above features, it is significant to note that the Promoter, Shri Premanand was not one of the applicants who submitted their applications in response to the advertisement issued by the Corporation in newspapers inviting offers from the parties for the purpose of joint ventures. It is noticed from the information furnished by the Corporation that in response to the advertisement 11 parties are said to have tendered for the joint venture. These applications were placed before the Board for consideration on 30-1-1976. On the same day the Board approved the proposal given by Shri Premanand.

*Joint Venture with Shri T. G. V. Naidu:*

10.19 The second joint venture agreement with Shri T. G. V. Naidu of Gangappa Cables was executed by the Corporation on 23-5-1976. In terms of the agreement, the proposed joint venture was named as Gangappa Garments (P) Limited.

10.20 The following is one of the salient features of this Agreement:

Under Clause 12 of the agreement, it is understood that the production under the Joint Venture will start in about 2 years time.

10.21 During the enquiry, the Committee was told by the Managing Director that this Joint Venture has not gone into production yet and is in the process of organization and establishment.

10.22 Some significant features in the agreement are noticed below:

- (a) Under Clause 9, the promotor is given a *right to buy all the shares after a period of 10 years at the market price.*

- (b) According to the decision of the Board of Directors of the Corporation, the share of the Corporation was to be 50% in this Joint Venture. But in the agreement with Shri T. G. V. Naidu, the share of the Corporation has been reduced to 26% only.
- (c) There are no special provisions in the agreement to safeguard the interests of the Corporation which has the minority share of 26%.

10.23. Apart from the above the Committee finds that no proper planning has been done by the Corporation before entering into an agreement with these joint ventures, because the objects of joint ventures in relation to the committed programmes have not been made clear either in the agreement or in the Articles of Association with any of these joint ventures. Therefore it is difficult for us to examine the need for such joint ventures by the Corporation. In this context, it is to be noticed that there is a Federation of Garments Societies operating in Hyderabad. The Federation was established prior to the establishment of the Textile Development Corporation. What is more significant is that this Federation has supplied garments worth several lakhs to the Corporation during 1975. And the supply of the garments by the Federation has been discontinued later. In the circumstances, we are unable to appreciate the need for too many joint ventures for the purpose of manufacturing garments on behalf of the Corporation as we fear that any hapazard expansion of garment making with no relevance to the market conditions for export of garments may have an adverse effect on the co-operative garment manufacturing societies and others whose main source of living is connected with these units.

10.24. Apart from the above, the two joint ventures are also having a right to export the garments on their own behalf and share profits to the extent of 50%. In our opinion this is also an extraordinary arrangement the Corporation had with these joint ventures for the reason that the export of garments is now dispersed among several organizations patronaged by the State Government as mentioned below:—

- a. Export by Textile Development Corporation directly
- b. Export of garments by Federation of Garment Manufacturing Co-operative Societies.
- c. XPOTEX—Hyderabad a Joint Venture.
- d. Andhra Pradesh Garments, Hyderabad, another Joint Venture.

10.25. In the above context, it is pertinent to note that the Government of India is allowing  $17\frac{1}{2}\%$  as export incentive for export of garments also. There is enough temptation for private parties to come forward with joint venture proposals. Therefore, there is a serious need for *exercising utmost care and caution in entering into joint ventures in future.*

10.26. In the above context we may also refer to the evidence of Shri Yanadaiah, Managing Director, Federation of Garments Manufacturing Co-operative Society, Hyderabad. He stated that the Federation is also operating production centres directly under their control where garments are being manufactured for the purpose of export. He further stated that the Federation started effective functioning from September 1975 and during these ten months Handloom cloth worth Rs. 15 to 16 lakhs was procured by the Federation for the purpose of making garments. He explained that out of this procurement more than 50% was from the Textile Development Corporation and the remaining was from such private weavers who were in a position to produce "Madras Check" and other varieties required by the Federation.

10.27. It is thus seen that the procurement of Handloom cloth by the Garments Federation was either from the Corporation or from Private parties and not from Co-operatives. In other words there is not much of an impact of both these organizations on the Co-operative Societies in relation to their requirements. Therefore, there is a need to encourage Co-operative Societies to produce Madras Check and other varieties as are required by these organizations particularly when such special varieties fetch high rate of wages for the weavers.

10.28. In regard to the export of garments, Mr. Yanadaiah told the Committee that the Federation has exported garments worth Rs. 27 lakhs during the last year, on their own without utilizing the services of any intermediary for negotiating exports on their behalf. And these exports were mainly with West Germany and Italy. The Committee was happy to note the performance and exuberance of the Federation in managing their exports to the tune of Rs. 27 lakhs in just 10 months of their establishment.

10.29. In the course of the enquiry, Secretary, Industries Department, agreed with our suggestion that it is advisable that there should be only one agency for channelising export of garments and fabrics from the State for preventing malpractices in this behalf. We, therefore, urge upon the Corporation as well as the Government to take immediate action in this behalf for the purpose of creating a "Central Agency" for channelising export of handloom fabrics and garments from our State. Such agency should also provide equal opportunities and facilities to Co-operative sector in the matter of export of fabrics and garments.

10.30 In view of the above observations, we also suggest that the Corporation may have a fresh look over the agreements with the existing joint ventures and take such action as may be necessary in the best interests of the Corporation either for effecting suitable modifications in the agreements or annulling the agreements altogether, if necessary.

10.31 Having regard to the main objects of the Corporation we express the view that the Corporation should give its utmost attention for the achievement of the main objects like reviving dormant societies, assisting, and promoting new weavers societies for Handloom and powerloom and other measures and programmes envisaged under 20-Point Economic Programme. In this context Government may also issue necessary directions to make the Corporation an effective instrument to achieve the major objectives and for the overall development of Handloom Industry in our State on healthy lines.

## CHAPTER-XI

### ADMINISTRATIVE SET UP OF THE DIRECTORATE OF HANDLOOMS & TEXTILES.

#### *Introduction :*

11. 1. Prior to 1957, the subject of the Handlooms in the Co-operative Sector in Andhra Area of the State was under the control of the Registrar of Co-operative Societies while it was under the Director of Industries & Commerce in Telangana area. In order to reorganise the machinery for the development of Handloom Industry in the State and rehabilitation of Handloom Weavers both within and outside the co-operative fold, by paying adequate attention, this subject was placed under the charge of one Joint Registrar of Co-operative Societies exclusively by redesignating the post as Director of Handlooms. Subsequently, this post was filled up by an I.A.S. Officer and is being managed only by Senior I.A.S. Officer from 1964 onwards.

#### *Activities :*

11.2. Till 1957 the activities of the Department were limited. Additional posts were created from time to time with reference to new schemes taken up by the Department. Gradually the Department gained momentum due to the introduction of several new schemes to help the weavers and also to improve their economic conditions. However, the progress in the field of development of Handloom Industry was not appreciable compared to the increase in the number of societies. This is perhaps due to slackness on the part of the field staff who paid scant attention. Besides, there was a little or no inspection from the Head Office.

11.3. In the course of last few years the number of units and societies in different spheres of activities has increased very much necessitating strengthening of the Department at all levels as the figures furnished by the Department have been adopted for 1956-57, 1960-61 and 1975-76 which are indicated in the table below for the purpose of comparison.

## TABAE

Statements showing the strength of weavers Co-operative Societies functioning in the Andhra Pradesh State :

Particulars	1956-57	1960-61	1975-76
1. Apex & Primary cotton weavers Co. op. Societies ..	840	825	979
2. Apex & Primary wool societies .. ..	44	102	114
3. Primary Silk Societies ..	26	23	27
4. State level weavers Societies & Co. op. Spinning Mills .. ..	1	3	12
5. Powerloom weavers Co.op societies .. ..	..	..	281
6. Garments Manufacturers Co.op. societies .. ..	..	..	22
7. S.S.I. & Other units .. ..	..	..	2105
8. Master Weavers Associations .. ..	..	..	465
9. District Marketing societies .. ..	..	..	19
10. Private sector Spinning Mills .. ..	..	..	26
<b>Total ..</b>	<b>911</b>	<b>953</b>	<b>4050</b>

11.4. It may be seen from the above table that there was substantial growth in the strength of societies in 1975-76 compared to the strength prevailing in 1956-57 and 1960-61. The increase in 1960-61 constitutes 5% over 1956-57 while it rose to 325% in 1975-76 compared to 1960-61, whereas the staff strength remained the same. In order to improve the standards of societies with reference to work, it is but natural to provide with adequate staff so that a proper check and control can be exercised. It has been observed that the absence of effective control and supervision was one of the main factors that led to several irregularities in weavers societies at all levels. There is, therefore, a need to strengthen the Department which seems to be woefully under-staffed at present. It has to be geared up to meet the challenging tasks in connection with the implementation of 20-Point Economic Programme for the welfare of weavers.

11.5. For the purpose of allowing additional staff at all levels there is a need for a thorough examination for which a committee of 2 or 3 officials could be appointed to study the staff pattern required for



the Department having due regard to the nature of schemes and programmes to be implemented during the next few years with special reference to the implementation of 20-Point Programme.

*Recommendation :*

11.6. The Committee therefore recommends that the Government may take expeditious action for providing adequate staff to strengthen the Department at different levels at an early date.

## CHAPTER—XII

### RECOMMENDATIONS MADE BY OTHER COMMITTEES

12.1 During our deliberations, we had many occasions to consider and refer to the Reports of the Committees named below:

1. Report of the High Powered Study Team on the Problems of Handloom Industry, 1974; popularly known as "Shivaraman Committee Report".
2. Report of the Handloom Committee of Andhra Pradesh, 1974.

12.2 As a result of our close study of the recommendations of the above Committees, we are of the view, that there is *an urgent need for the implementation of and followup action on the following recommendations of the above Committees.*

#### 12.3 *Recommendations of the Shivaraman Committee:*

1. The coverage of the Weavers' in active Co-operative Societies should be 60% of the total by the end of the 5th Plan period. A purposeful programme has to be taken up to achieve this target on the following lines:

- (a) Establishment of a Cell in the Commerce Ministry to attend the problems of the handloom Co-operatives in some depth. The Development Commissioner for Handlooms may be made ex-officio Commissioner for Handloom Co-operatives (Chapter II, Page 16, Para 2.9).
- (b) A scheme of rehabilitation of handloom co-operatives to be undertaken on the same lines as the scheme of rehabilitation of Agricultural Co-operatives which was taken up on the advice of the Rural Credit Survey Committee of the Reserve Bank (Chapter II, Page 16, para 2.9).
- (c) It is necessary that the Central Banks are made to return the Reserves of Weavers Co-operatives which are not statutorily required to be retained and some means found to put them into liquidity against the locked up funds in the share capital and government paper. If necessary, a Tiding over Finance in the shape of government share capital should be given to them, and (Chapter II, Page 17, para 2.9),

(d) A closer involvement between the Apex Marketing Societies and the primary weavers societies should be established so as to ensure supply of the necessary yarn and other inputs to the weavers and arrange for the marketing of the cloth produced by the weavers in the primary weavers societies (Chapter II, Page 18, Para 2.9).

2. The Reserve Bank should give facilities for medium-term financing to the Weavers in order to enable them to contribute to the share capital of the co-operatives (such facilities are available to sugarcane and cotton growers). (Chapter V, Page 41, Para 5.5).

3. Pre-loom processing facilities such as dyeing and sizing should be provided in sufficient magnitude to support the improved looms. This should be done through Primary Co-operative Societies as a Centrally sponsored sector scheme on a 50:50 basis. (Chapter V Page 47, Para 5.15).

4. The Apex Societies must take responsibility for supply of yarn for a reasonable percentage of weavers' requirements and arrange to market at least 50% of the production of the primary weavers society through a Central organisation. The primary societies can be expected to deal with the balance 50% of production by local marketing. The Apex Marketing Societies should immediately strengthen their organisations and take over this responsibility in a phased manner in each State (Chapter VII, Page 59, Para 7.4).

#### 12.4 *Recommendations of Handloom Committee, Andhra Pradesh:-*

1. The State Government is requested to urge upon the Planning Commission and the Government of India for larger plan allocations for the development of Handloom Industry. (Chapter II, Page 134, Item No. 6).

2. The State Government is urged to provide substantial amounts from out of its annual plan allocations and also from out of its revenues for the development of Handloom Industry. (Chapter III, Page 134, item No. 7).

3. The State Government is requested to arrange for the payment of 90% of the value of cloth supplied to its consuming Departments by the Apex Weavers' Co-operatives on the presentation of the Bills and the balance of 10% to be paid within one month (Chapter III, Page 134, item No. 10).

4. All the dormant but solvent Weavers' Co-operative Societies should be revived by participating in the share capital of the societies and by making matching contribution by way of grant to the Reserve Fund of each society. Further arrangements will have to be made for refund of their share capital invested in the co-operative spinning mills and the reserve fund invested in the District Co-operative Central Banks (Chapter III, Page 135, item No. 11).

5. New Societies should be organised in place of liquidated societies and also in places where weavers come forward to form into Co-operative Societies. Share capital assistance by way of grant to the new entrants at the rate of Rs. 50 per member may be given by Government provided the member contributes share capital of Rs. 25 (Chapter III, Page 135, item No. 12).

6. The State Government may sanction a lumpsum grant for meeting Managerial expenditure to all the working societies for a period of 3 years on a sliding scale of Rs. 5,000, Rs. 4,000 and Rs. 3,000 per year per society. (Chapter III, Page 136, item No. 15).

7. The State Government by legislation may set up a machinery for registering all the producers of handloom cloth outside the Co-operative fold and also the weavers working under them to ensure that minimum wages, provident funds, bonus, etc., are made available to the working weavers. (Chapter III, page 136, item No. 16).

8. The State Government may provide financial assistance to the weavers' Co-operative Societies to enable them to purchase improved appliances. (Chapter V, Page 137, item No. 20).

9. Financial assistance made available to Apex Societies for establishing peripatatic demonstration parties which would visit various weavers' societies and demonstrate the use of improved appliances. The Apex societies may meet a portion of their cost by matching contribution. (Chapter V, page 137, item No. 22).

10. The Co-operative Spinning Mills should produce standard quality of yarn of such counts required by Weavers' Co-operative Societies. (Chapter VI, Page 139, item No. 31).

11. The Federation of Co-operative Spinning Mills may supply raw materials to weavers both within and outside the Co-operative fold. (Chapter VI, Page 139, item No. 32).

12. The R. B. I. may be requested to raise the credit limits to Primary W. C. Societies from the present limit of 25 % to 40% of the value

of their previous years' production. (Chapter VII, Page No. 141, item No. 50).

13. The Reserve Bank of India may be asked to provide additional finance to the Apex Weavers' Co-operative Societies during slump seasons subject to a margin of 10% instead of 25%. In case the Reserve Bank of India finance is not readily available under liberal terms as recommended by this Committee, the State Government will have to direct the Andhra Pradesh State Co-operative Bank to provide adequate finances on Government Guarantee to the Apex Weavers Co-operative Societies to enable them to procure the accumulated cloth lying unsold with the primaries during slump seasons. (Chapter VII, Page 142, item No. 51).

14. The present ratio of credit limit to sales as 1 : 4 made applicable to Apex Weavers Co-operative Societies by Reserve Bank of India should be reduced to 1:2. (Chapter VII, page 142, item No. 52).

15. The Share Capital invested in the Co-operative Spinning Mills by the Primary Weavers Co-operative Societies, which are dormant or in default to the Co-operative Central Banks, may have to be refunded to help revival of such societies. (Chapter VII, Page 143, item No. 56).

16. To enable the Co-operative Spinning Mills to refund the share capital to primary weavers Co-operative Societies, the State participation may be increased to 66 $\frac{2}{3}$ % in Co-operative Spinning Mills or to the extent upto which share capital will have to be refunded to the weavers societies. (Chapter VII, Page 143, item No. 57).

17. The State Government may advance funds to Apex Weavers Co-operative Societies and direct them to supply cloth to Government Employees on credit. (Chapter VIII, page 145, item No. 71).

18. The Handloom Service Centres may be advised to render technical guidance to the production centres run by Weavers' Co-operative Societies. (Chapter X, Page 147, item No. 87).

12.5 For the above reasons, we urge the Government to take expeditious action for the implementation of the measures noted above.

## CHAPTER-XIII

### GENERAL OBSERVATIONS AND RECOMMENDATIONS.

#### *Delegation of powers :*

13.1. During the course of our enquiry we have noticed some deficiencies in the delegation of powers to Director of Handlooms & Textiles by the Government under the Co-operative Societies Act due to which effectiveness of the Directorate appears to have been reduced in regulating the affairs of the Weavers Societies under their control, etc. Some of these instances are discussed below.

#### *Section 3 of the Andhra Pradesh Co-operative Societies Act, 1964 :*

13.2. Under section 3 (1) of the Andhra Pradesh Co-operative Societies Act, the State Government has the power to appoint Registrar of Co-operative Societies for the State and also as many other persons as the Government think fit for the purpose of the Act.

#### *G.O. Ms. No. 1039, dated 4th November 1968 :*

13.3. In pursuance of these powers, the State Government issued orders in G.O. Ms. No. 1039, Industries Department, dated 4th November 1968 conferring powers on the Director of Handlooms in respect of the Co-operative Spinning Societies, Weavers Co-operative Societies all the powers of the Registrar under the Act. And ever since, the Director of Handlooms has been exercising these powers for regulating the affairs of these Societies exclusively under the provisions of the Co-operative Societies Act.

13.4. It will be seen from the above that the 1968 notification does not confer any powers to the Director of Handlooms in relation to the Co-operative Central Banks in the district as well as Andhra Pradesh State Co-operative Bank in so far as their dealings with the handloom and powerloom weavers societies are concerned.

13.5 In the above connection, the Committee was told that the Department was unable to deal with these Banks even when they have shown unhelpful attitude in helping the Weavers Societies in the past. And the protracted correspondence with the Registrar had not improved matters much all these years.

13.6. For the above reasons, we are convinced of the need and justification for delegating the powers of the Registrar to the Director, Handlooms in respect of State Co-operative Banks and Central Banks in the districts in so far as their dealings with the handloom and

powerloom societies are concerned to enable the Department to function effectively.

*Audit Personnel :*

13.7. From the information furnished by the Department, it is seen that in the existing arrangement the audit of Weavers Co-operative Societies and Apex Bodies is undertaken by the auditors who are under the direct control of the Chief Auditor and the Registrar of Co-operative Societies. In other words, the Director of Handlooms and Textiles has no control whatsoever over the audit personnel. In this behalf, the Committee observed that the role auditors in Weavers Societies has great importance for the reasons recorded below :

(1) In the case of Primaries the Rebate claims are to be certified and recommended by the Auditors :

(2) Sanction and release of credit by the Co-operative Banks largely depends upon the audit reports for the preceding years :

(3) Auditors posted in Primary and Apex Societies have to carry out concurrent audit from time to time.

13.8. In view of the above, it is necessary that the Director of Handlooms and Textiles in his capacity as the Registrar of the Weavers Societies must have administrative control over the auditors posted on deputation in different societies for the purpose of postings and transfers etc., in the same manner as the Auditors of the Co-operative Department deputed as Auditors in Khadi Board who are under the administrative control of the Khadi Board.

13.9. The Committee, therefore, recommends that the Government may take early action for conferring these powers on the Director of Handlooms.

**YARN REQUIREMENTS FOR HANDLOOMS.**

*Introduction :*

13.10. Cotton yarn is the most important raw material required by the Handloom Industry in Andhra Pradesh. This yarn is produced both by composite mills and by purely spinning mills. The total requirements of yarn of various counts for 6 lakhs looms under handloom sector and 12,400 power looms are placed at 7.12 lakh bales.

*Spinning Mills :*

13.11. According to the information given by the Department there are 31 Spinning Mills in our State at present which includes 5 Co-operative Spinning Mills also. The total production of these

mills is of the order of 1.80 lakh bales only leaving a deficit of 5.32 lakh bales. The major portion of this deficit is purchased from Tamilnadu.

*Observations:*

13.12. In the above context the Committee noted the above position with concern since it is possible to improve the production of yarn in our own State by modernising the existing mills and expanding some of them. We understand that the N. C. D. C. has agreed to provide financial assistance to the extent of 15% for modernising the mills in the Co-operative Sector if the State Government agree to provide matching grants.

13.13. From the information furnished by the Department, the Committee noted that it involves a large investment to the extent of Rs. 4 crores to set up a new mill with a capacity of 25,000 spindles. Even such an investment would not be capable of bridging the gap between the demand and supply as many such mills will be needed.

*Recommendations :*

The Committee, therefore, recommends the following measures to increase the yarn production in our own State to meet the increasing demands from Handlooms.

(1) The Government should encourage the old units to go in for a programme of modernisation to increase their production.

(2) The Government should encourage existing units to increase their spindleage.

(3) In so far as the Mills in the Co-operative Sector are concerned, the Government should take part in expansion programmes taking advantage of the financial assistance that would be provided by the N. C. D. C. The Government may provide matching grants in this behalf to enable the selected Mills to get finance from N. C. D. C., and Commercial Bank.

(4) The Government must formulate a long term programme to increase the yarn production for achieving self-sufficiency to the extent possible.

*Stakes of the Government:*

13.14. It has been observed from the data furnished by the Department that Government funds constitute more than 75% of the total investment in the Apex and Primary societies. And as such any loss either due to mismanagement or otherwise will have serious repercussions on the public revenues. We, therefore, recommend that in public interest the Department must have effective control and check in the activities of the societies.



*Training scheme for Weavers:*

13.15. In view of the depressing conditions prevailing in many of the Weavers Co-operative Societies, the weavers are not getting the returns in proportion to the production and investment. According to the 20-Point Economic Programme the Handloom Weavers are likely to have better facilities for improving their economic condition.

13.16. In the above context it is understood that Training Schemes for weavers to produce quality and attractively designed handloom goods are being considered by Government of India for early implementation. We, therefore, urge the State Government to take timely action for getting the Training Scheme extended to the State on high priority since Andhra Pradesh has the largest number of handlooms in the country.

*Rs. 1.2 crores Government of India Loan:*

13.16. During the course of enquiry, the Committee received representations from Sri Pragada Kotaiah, MLC, Shri Konda Laxman Bapuji, MLA and many others to the following effect:

(1) That the loan amount of Rs. 1.2 crores given by the Government of India to the State Government in June 1975 for the purpose of clearance of accumulated handloom stocks was want only diverted to the Textile Development Corporation to increase the equity of the Corporation instead of allocating the same to the Weavers Societies for the purpose of clearing the accumulated stocks of handloom cloth as contemplated under the terms of the loan.

(2) That this amount was diverted for the purposes not intended under the terms of the loan.

(3) That some amount out of this loan was given to Co-operatives in the month of August 1975 only after (Weavers) insistent demands and representations before the Chief Minister in this behalf and so on.

13.18. In the above context, we have examined the following records in order to see whether there is any substance in the representation.

(1) Government of India letter Ref. 4/74/74-*Tex.* IV-I, dated 24th June, 1975 communicating sanction of Rs. 1.20 crores for clearing accumulated stocks of handloom cloth.

(2) State Government G.O. Ms. 708, Industries and Commerce Department, dated 9th June, 1975 under which the amount of Rs. 1.20 crores was given to Textile Development Corporation towards equity etc.

(3) State Government G. O. Ms. No. 812, Industries and Commerce Department, dated 16th August, 1975. under which a sum of Rs. 50 lakhs was withdrawn from the Corporation to pay the same to the three Apex Societies for clearance of accumulated stocks etc.

*Comments and Conclusions:*

13.19. From the contents of the 1st reference of the aforesaid letter of Government of India it is noticed that the grant of Rs. 1.20 crores loan to the State Government was intended for the purpose of clearing the accumulated stocks of handloom cloth in the State, and the sanction was valid upto 31st March, 1976. Keeping the above objective in view it is to be seen in what manner this loan has been utilized.

13.20. From the G.O. dated 9th July, 1975, reference 2nd cited, the entire loan of Rs. 1.20 crores was given to the Andhra Pradesh Textile Development Corporation by the State Government for the increase of its equity from Rs. 25 lakhs to Rs. 1.45 lakhs.

13.21. It is significant to note that in the introductory para of this G.O., it is stated that "there are heavy stocks of handloom cloth with Apex and Primary Weavers Co-operative Societies in the State and it is not possible for the Apex Weavers Co-operative Societies to help the Primary Societies to purchase the cloth since the Apex Societies could not sell the stocks of cloth with them. Accordingly, the State Government decided to launch a crash programme to clear the accumulated stock of handloom cloth in the Co-operative Sector etc."

13.22. But in the operative paras of the G.O. there is no mention of any allocation of amount to Co-operatives for achieving the above purpose as Private Weavers were given the facility to the tune of Rs. 50 lakhs through the Corporation. It looks as through the intention was good but the implementation was found to be unimaginative.

13.23. Instead of a direct grant of loan to the Co-operatives from the Central assistance the State Government have agreed to stand guarantee to the extent of Rs. 1 crore to be borrowed from Banks by the Apex and Primary Societies in the following manner.

1. Andhra Apex Society	...	Rs. 20 lakhs.
2. Hyco	...	Rs. 20 lakhs.
3. Rayalaseema	...	Rs. 10 lakhs.
4. Primary Handloom Weavers Society	...	Rs. 50 lakhs.

13.24. It is thus seen that the amount of Rs. 120 lakhs given to Corporation had not been shared by the Co-operatives for clearing accumulated stocks. Later events showed that after the issue of this

G.O. on 9th July, 1975, the amount given to the Corporation had not been utilized in any appreciable measure for the purpose of clearing any accumulated stocks of handloom cloth even under private sector.

13.25. It is gathered from the record that a meeting was held at the Government level on 2nd August, 1975, in which representatives of the Apex Societies and others were invited to consider the question of clearance of accumulated cloth in the Co-operative Sector worth about Rs. 5 crores and on the basis of the decisions taken in this meeting another Government order was issued in G.O. Ms. No. 812, Industries and Commerce Department, dated 16th August, 1975. This G.O. directed withdrawal of Rs. 50 lakhs from the Textile Development Corporation from the amount of Rs. 120 lakhs in order to pay the same to the Apex Societies for the purpose of clearing the accumulated stocks of handloom cloth. This amount was sanctioned on 16th August, 1975, as loan to the Apex Weavers Societies which was later converted on 21st September, 1975, in share capital contribution by the Government as indicated below.

1. Andhra Handlooms	... Rs. 20 lakhs.
2. Hyco	... Rs. 20 lakhs.
3. Rayalaseema	... Rs. 10 lakhs.

13.26. As stated above the accumulated stocks with the Primary Societies were to the tune of 5 crores. After the release of Rs. 50 lakhs, the Apex Societies procured stocks to the extent of Rs. 433.53 lakhs from the Primary Co-operatives providing great relief to them.

13.27. It is thus clear that it is only after receiving the financial assistance of Rs. 50 lakhs in the month of August 1975, the 3 Apex Societies have considerably improved the clearance of accumulated stocks from the Primaries.

13.28. In the light of the above facts and circumstances we are of the view that the "methodology" adopted by the Government under G.O. issued on 9th July, 1975, was not adequate and conducive for achieving the objective underlying the Central Grant. Besides the G.O. was also not happily worded creating some confusion and controversy on the subject.

13.29. In the above context we were happy to know that the entire controversy was resolved in the meeting held by the Government with the representatives of the Apex bodies in the first week of August 1975 to review the entire position in the matter. And as a result of the decision taken in this meeting the latter G.O. was issued on 16th August, 1975 allocating Rs. 50 lakhs to the three Apex bodies.

13.30. After noticing the above facts the Committee is of the view that there would not have been any room for controversy if the Government had held a meeting with the representatives of the Apex Societies before taking a decision for the issue of G.O. on 9th July, 1975, allocating the entire loan of Rs. 1.20 crores as equity to the Andhra Pradesh Textile Development Corporation.

13.31. In the above connection it is to be remembered that assistance granted by the Government of India at different times under various plans was mainly meant for Co-operative sector. Besides the grant of subsidy in the form of rebate was also confined to the production of handloom cloth under Co-operative Sector. Therefore it follows that Weavers Co-operative Societies must receive preferential treatment even in the allocation of central assistance for clearing accumulated stocks unless the contrary is expressed in the terms of grant.

13.32. We, therefore, hope that due diligence and care would be exercised in future to avoid such situations and contraversies.

#### ABRUPT WITHDRAWAL OF REBATE

##### *Introduction:*

13.33. In course of enquiry many representatives of weavers including Shri Konda Laxman Bapuji, MLA and Shri Pragada Kotaiah, MLC, made representations regarding abrupt withdrawal of rebate from 13th February, 1976. The substance of these representations is summarised below:

(i) That sudden and abrupt withdrawal of rebate from 16th February, 1976, by the State Government in Andhra Pradesh has done the greatest harm to the weavers societies in general and Apex societies in particular.

(ii) That the withdrawal was wholly unwarranted as the alleged instances were limited to 2 or 3 sales Depots in Hyderabad while the withdrawal affected over thousand primary societies and hundreds of sales depots of Apex societies.

(iii) That the weavers movement in our State suffered considerable loss of prestige and credibility due to sudden withdrawal of 20% special rebate.

13.34. Before making our comments on the above points we deem it necessary to briefly refer to the circumstances in which the 20% Special Rebate in our State was introduced in December 1975 and later withdrawn in February 1976.

*Introduction of 20% special rebate :*

13.35. As stated earlier the 20% Special Rebate period was introduced in our State on 22nd December, 1975 on the advice of Central Government for the purpose of clearing accumulated stocks of handloom cloth in Co-operative sector.

*Duration of Rebate Period :*

13.36. The duration of the period was fixed from 22nd December, 1975 to 29th February, 1976, as notified by the Government of India as well as State Government.

*Withdrawal of Rebate :*

13.37. In the above context it is to be noted as a sequel to the alleged incidents of misuse of rebate noticed by the Department on 13th February, 1976, in some of the sales centres at Hyderabad, the State Government decided to discontinue the grant of rebate from 16th February, 1976. And orders were accordingly issued by the Director, Handlooms and Textiles. In other words the effective period of 20% special rebate in our State was from 22nd December, 1975 to 16th February, 1976.

13.38. As a result of the withdrawal the duration of rebate period was reduced by 13 days or so in our State which naturally had some depressing effect on the Sales of handloom cloth by Apex Societies as well as primary weavers societies, which together maintained more than 1300 sale points as indicated below :

1. Primary Societies	1015
2. Retail sales depots managed by Hyco	113
3. Retail sales depots of Andhra Apex Society	156
4. Retail sales depots of Rayalaseema Apex Society	26
5. Retail sales depots of Yemmiganur Weavers Society	37
Total ...	1347

13.39. In connection with the implementation of rebate scheme the procedure adopted by the Department merits some consideration. The most important part of this procedure is noticed below :

(i) The rebate claims are sanctioned after the close of rebate period;

(ii) In case of detection of any misuse of rebate such claims are disallowed by the Department. In other words there is no other punishment except the disallowance in case of bogus claims.

13.40. In the circumstances the best remedy would have been to suspend "Rebate Sales" in such of those centres where the alleged incidents of misuse occurred on 13th February, 1976 coupled with strict instructions to all field officers to conduct surprise check on sales centres in their respective areas along with exercise of extra care at the time of scrutiny of rebate claims.

13.41. We, therefore, feel that the exigencies of the situation could have been amply met by adopting such a course of action.

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## SUMMARY OF RECOMMENDATIONS

### CHAPTER—VII. A.

[1st Term of Reference]

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S. No. Para No.	Recommendation
(1) 7.A.14.	The Committee, therefore, is of the view that the Government should take a serious note of this situation and issue suitable instructions to avoid recurrence of such lapses.
(2) 7.A.36.	And as such, we hold that the Andhra Apex Society, Vijayawada and Hyco of Hyderabad have committed irregularity and violation of the conditions imposed and instructions issued by the Central and State Governments for the grant of 20% special rebate on sales of handloom cloth procured from outside as well as from private parties during that period.
(3) 7.A.37.	In the light of our above finding, we hold that the conditions of rebate, as explained and interpreted by us in the above paragraphs are equally applicable to the sales made during the 20% special rebate period by other organisations like Textile Development Corporation, Lepakshi, Government Emporiums and Z. P. Emporiums, etc. In other words, these institutions also cannot claim any rebate if they have procured any handloom cloth either from outside the State or from private parties within the State and allowed rebate on the sales of such cloth during the 20% special rebate period.
(4) 7.A.38.	As such, the Department should take action for the rejection of such claims, if any, submitted by any of these organisations etc.

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(1)

(2)

(3)

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- (5) 7.A.45. For the above reasons we find this issue against the Hyco and hold that it has committed a serious irregularity knowingly that such sales amount to violation of the conditions imposed by the Government for the grant of rebate. And as such they are liable for action under law.
- (6) 7.A.58. We therefore recommend that Government may take action accordingly to tighten the procedure in this behalf to make the claimant as well as certifying official accountable for the correctness of the claim.
- (7) 7.A.59. We also recommend that in relation to 20% special rebate allowed recently, the Department should take appropriate action against all those officials who may be found to have issued false certificates in support of bogus claims made by several primaries.
- (8) 7.A.64. The Committee observed that the above report of the Senior Inspector is contrary to the findings of the Auditors. Moreover his assertions were not supported by any credible evidence. Hence there is a need for a full-fledged enquiry by the Department into the affairs of the Kanimetta Weavers' Society in the light of the observations made by the Audit.
- (9) 7.A.66. The Committee observed that double standards are observed by the Department as a result the claim of the Uyyalawada Weavers' Society for rebate of Rs. 9,395-00 was disallowed.
- (10) 7.A.69. In the light of the above material it is really necessary to see as to what extent the Departmental officials are involved in the said bogus claims by ordering an investigation. The Department may accordingly take action to fix up the responsibility on all such officials who may be found to have certified the bogus claims of rebate as genuine.
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CHAPTER—VII. B.

[Ind Terms of Reference]

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S. No. Para No.	Recommendation.
(11) 7.B.17.	<p>For remedying the above deficiencies we recommend the following :</p> <ol style="list-style-type: none"><li data-bbox="381 562 1065 691">(1) There is an urgent need for adoption and enforcement of Model Bye-laws among all the societies in the entire State in general and in Telangana region in particular.</li><li data-bbox="381 710 1065 1161">(2) In order to prevent persons not owning looms from becoming members and thereby wresting control of the society there is a definite and urgent need for prescribing the following qualifications for members :—<ol style="list-style-type: none"><li data-bbox="434 884 1065 981">(a) Residence within the jurisdiction of the society for a period of not less than 9 months in a year in aggregate ;</li><li data-bbox="434 991 1065 1049">(b) Possession of loom and knowledge of weaving ; and</li><li data-bbox="434 1068 1065 1161">(c) The Management or Executive Committee must consist of not less than 2/3rd members who own and operate looms on their own.</li></ol></li><li data-bbox="381 1180 1065 1238">(3) Firm measures to be taken for the strict implementation of minimum wages notified by the Government.</li><li data-bbox="381 1257 1065 1315">(4) The Apex Society must allow margin of profits to primaries on par with Andhra region societies.</li></ol>
(12) 7.B.18.	<p>After closely studying the general performance and functioning of primaries in all regions of the State we feel that the following measures are required for healthy development and rapid growth of handloom cooperative societies in our State :—</p> <ol style="list-style-type: none"><li data-bbox="381 1532 1065 1593">(1) Strengthening of share capital structure of the Weavers Co-operative Societies.</li></ol>

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- 2) Immediate steps must be taken to cover more number of Weavers under the Co-operative fold so as to attain 60% coverage in the next three years.
  - 3) Introduction of improved appliances and techniques in the production of handloom cloth.
  - 4) Exercise of close supervision by the Field Staff of the Department.
  - 5) Steps should be taken for separation of powerloom from the handloom societies by promoting and organising separate societies for powerlooms.
  - (6) Establishment of a Weavers Service Centre in Karimnagar District for the benefit of weavers living in Telangana.
  - (7) The Primary Societies should be encouraged to build reserve fund. And the Government may release a matching contribution to the reserve fund built up by the society every year.
  - (8) Once the Share Capital contribution has reached the maximum limit prescribed under the bye-laws, the members must be encouraged to join a Contributory Provident Fund Scheme.
  - (9) Steps should be taken for the Progressive increase in the number of members as well as working looms in Primary Societies.
  - (10) The Department should ensure effective supervision by the field staff and timely audit of the societies so that there is no impediment for financing institutions in sanctioning and releasing credit to the societies.
  - (11) The Department may formulate a scheme whereby supervisory and audit staff could be appointed on a specified scale for a group of societies in different regions of the State.

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(12) The District Cooperative Central Banks should also have special cadre of Inspectors to safeguard their interests in relation to advances made by them to weavers societies.

(13) The Assistant Directors of the Department should be made responsible for the preparation of loan applications and submission of the same to the cooperative centralbanks before due date in respect of societies located in their jurisdiction.

(14) It should be made obligatory on the societies to furnish monthly stock statements to the Central Cooperative Banks with copies to the Assistant Directors of the area.

(15) Arrangements must be made to supply forms to primary societies in Telugu language so that they could be filled by the Staff of the Society without depending on the assistance of the field staff or outsiders.

(16) The Department must ensure working capital, either from the Textile Development Corporation or from the Andhra Pradesh State Cooperative Bank directly to such societies which are denied credit facility of working capital by the district Co-operative Central Banks in any particular District or Districts.

(17) The Government should constitute a Review Committee consisting of the following officials

(1) Director of Handlooms—Convenor.

(2) Managing Director, Andhra Pradesh State Textile Development Corporation—Member.

(3) Managing Director, Andhra Pradesh State Cooperative Bank Member.

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|      |         | The above Committee should conduct quarterly review of the entire situation in relation to credit requirements of the primary societies in the State and the accommodation and facilities granted by different financial institutions so that prompt and effective action at higher level could be taken in case of default or delay.   |
| (13) | 7.B.27. | The Committee considers that a thorough enquiry should be conducted by the Department into the affairs of the society. (Complaint against Chirala H.W.C.S.)   |
| (14) | 7.B.33. | The Committee recommends that the Person-in-charge should immediately deal with this case. (Complaint against Manager, Yarn Depot, Chirala).  |
| (15) | 7.B.36. | The Committee urges that the enquiry should be completed early and action taken on the persons responsible. (Complaint against Bejjanki H.W.C.S.)   |
| (16) | 7.B.38. | The Committee is unable to share this view of the Department particularly when the Society was dormant for a period of nearly 6 years and this fact was known to the Department. It is curious that the officials of the Department did not scrutinise the rebate claim particularly against this background. This indicate that scrutiny of rebate claims is not thorough. The Department should examine the circumstances in which the claim was recommended and initiate suitable action against persons responsible for the slipshod work. (Complaint against H.W.C.S Gudem Village, Sircilla Taluk). |
| (17) | 7.B.41. | The Committee recommends that the Department should examine the question afresh and take appropriate action.) Complaint against Toopran H.W.C.S.)   |

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| (18) | 7.B.44. | The Department must have taken expeditious action to seize all the records and complete the enquiry without any loss of time, since even according to the Department the possibility of revitalising the society is remote. (Complaint against Utoor H.W.C.S.)  |
| (19) | 7.B.47. | The Committee recommends that the Director of Handlooms and Textiles should enquire into the causes for this abnormal delay and deal with persons responsible. (Complaint against H.W.C.S. Vemulawada).   |
| (20) | 7.B.52. | The Committee is of the view that an effective enquiry into the working of the society is essential, and accordingly recommends a statutory enquiry. (Complaint against Bharat Terry Cotton and Zari Border P.S.C.S. Jangaon.)  |
| (21) | 7.B.55. | The Committee recommends that this enquiry should be expedited and suitable action taken to remedy the situation. (Complaint against H.W.C.S. Miryalaguda).   |
| (22) | 7.B.59. | The Committee therefore recommends that the matter should be entrusted to an impartial agency, preferably an officer of the rank of a head of the Department for detailed investigation and report. And for this purpose we direct that the entire record and evidence produced before the Committee on the above subject may be compiled and tabulated separately for handing over the same to the enquiry officer or agency in future. (Complaint against H.W.C.S. Yemmiganur). |
| (23) | 7.B.61. | In respect of all these petitions, the Committee directed that these petitions may be forwarded to the Government for enquiry and necessary action.   |

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- (24) of B.93. 1. Hence the Committee is of the view that the procedure followed was not only irregular but also motivated. In the circumstances there is a need for further probe by the New society to assess the value of the work executed for taking appropriate action in the matter.
2. The Committee considers the expenditure on the purchase of dummies as irregular as well as wasteful. Hence action has to be taken against those responsible for the deal.
  3. This approximately works out to Rs. 35,000/- per annum and this appears to be excessive and should be curbed in future.
  4. The Committee observed that there should be a proper check on such items of expenditure in future.
  5. The Committee feels that a detailed enquiry should be conducted as to the necessity or otherwise of this item of expenditure and steps should be taken for recovery of such expenditure which may be found wasteful.
  6. The Committee considers that the purchase of yarn through private deals and brokers is highly improper in as much as there was every scope for malpractices in such an arrangement. The Committee regrets that this undesirable practice should have been allowed unchecked over the past several years. Business deals of this type are contrived to benefit individuals at the cost of the primary societies and their members.
  7. The Committee is unable to appreciate as to how the approval of monthly statements of accounts can be construed to be approval of the expenditure on account of Bonus.
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8. The Committee therefore desires that this may be enquired into and action taken to recover the cost of the missing fans from the concerned.
9. The Committee feels that there should be set procedures and rules for regulating such claims.
10. The Committee therefore considers that a further probe into the subject by the Department of Handlooms and Textiles is essential so that responsibility for the loss of records and also for the circumstances that led to the write off of the amounts can be fixed and suitable action taken against the persons responsible and involved.
11. The Committee is of the view that this is a dubious practice of benefitting private merchants at the cost of the affiliated primary societies. Undoubtedly it seems to be a clever device, adopted by the persons-in-charge of sales to make some easy money. Apart from huge loss sustained by the Apex Society such transactions are bound to defeat the very purpose for which the Apex Society was constituted. Hence the Committee has no doubt whatsoever that these transactions were motivated by selfish interests of those who are responsible for these deals.
12. The Committee deplors such fraudulent attempts on the part of the Ex. President who was supposed to strive for the welfare of weavers. The Committee recommends that a thorough investigation by the Department of Special Branch (C.I.D.) should be conducted into this shady deal so that persons responsible for the fraud can be prosecuted and punished.

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13. The entire transaction appears to have been done by the President on his own responsibility. The whole transaction is shrouded in mystery and hence needs detailed probe to assess the loss sustained by the society. Action may be taken accordingly.
- (25) 7.B.97. The Committee feels that these quotations should have been placed before the Board of Directors and their sanction obtained. The procedure adopted in regard to purchase of stationery without proper budget provision and without sanction of competent authority is highly irregular.
- (26) 7.B.100. The Committee feels that the approval of the Board should have been taken for such expenditure and the failure to obtain the approval of the Board is highly reprehensible.
- (27) 7.B.103. The Committee is of the view that such unauthorised expenditure from year to year in connection with T.A. and D.A. of persons not officially connected with society is improper and unwarranted.
- (28) 7.B.106. The Committee is of the opinion that this issue needs a through probe by the Department to know the truth and accordingly recommends that a thorough investigation should be conducted into the transfer of stocks from one stall to the other.
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(2) 7.B.112.	1.	The Committee is not in a position to state whether the contention of the Secretary is correct. Similarly the Committee feels that unless thorough check of accounts of Ekambarakuppam is conducted the truth or otherwise of this allegation cannot be established.
	2.	The Committee feels that it is clear that the Hyco utilised the Koyalagudem Society as a conduit for effecting the sale of powerloom cloth as Handloom cloth.
	3.	The Committee feels that it is clear that the Illerdu Society was also used as a conduit for marketing the products of Madhu Textiles.
	4.	The Committee has no choice left except to conclude that this is an inflated figure.
	5.	The Committee therefore feels that a further probe may be made into this to ascertain the veracity of the allegation.
	6.	The Committee is of the view that such unauthorised expenditure from year to year in connection with T.A. and D.A., personal staff and parties given by persons not officially connected with the society is improper and unwarranted.
	7.	The Committee is therefore of the opinion that the transaction relating to repairs and subsequent sale of the jeep is somewhat fishy and should have been thoroughly enquired into as suggested by the Accountant General. Even now such investigation seems to be necessary and it must be held.
	8.	The Committee therefore recommends that the cost of the repairs of the Presidents's personal car should be recovered and credited to the society.

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9. The Committee considers these items of expenditure as highly objectionable and recommends that the amount should be recovered from the persons responsible.
  10. The Committee is of the opinion that the Hyco has evidently favoured certain societies and contravened the instructions of the Government in this behalf.
    - (i) The Committee feels that this allegation regarding the frequent tours of the Secretary to Karimnagar needs further probe.
    - (ii) This allegation needs further probe.
  12. The Committee therefore recommends that the publication of this journal be discontinued immediately so that the annual loss of the Rs. 25,000/ can be averted.
  13. We, therefore, suggest that the present Management and the newly constituted Apex Society may go into these aspects with reference to all the available records in Netha printing Press and former Hyco and take such action as may be found necessary after such examination and enquiry.
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## CHAPTER VIII.

## [Revival of Dormant Weavers Co-operative Societies &amp; credit Facilities]

S. No.	ParaNo.	Recommendation
(30)	8.4.	The Committee recommends that financial assistance should be provided on the same pattern for the revival of all the remaining dormant societies before 31-3-1977.
(31)	8.6.	In regard to 201 societies which are beyond redemption and revival, the Committee makes the following recommendations : (i) Immediate steps should be taken for liquidation of these societies before 31-12-1976; and (ii) Simultaneous action by the Department either for organisation of new societies in the place of liquidated ones or for extending the area of operation of the neighbouring societies to provide employment to the erstwhile members of the liquidated societies.
(32)	8.7.	In order to prevent future dormancy affecting primary societies, the Committee makes the following recommendations : (i) The Department should provide separate staff to supervise the Weavers Co-operative Societies ; (ii) Immediate action should be taken against those office-bearers who are found to be responsible for mismanagement and misappropriation ; (iii) Members of the Society should be persuaded to avoid production of cloth to Master Weavers. They must be given all facilities in the matter of inputs and credit to create a sense of belonging in them ; (iv) Steps should be taken to ensure uniform rates of wages to all the weavers who are producing cloth and to whom uniform yarn is supplied by the societies.

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|       |       | <ul style="list-style-type: none"> <li>(v) The Department should guide the societies at every stage and see that proper financial discipline is imposed in management of the funds of the society ;</li> <li>(vi) The new provisions must be incorporated in the bye-laws to prevent non-weaving and non-working weavers from becoming members or holding any post of office-bearers in the society ;</li> <li>(vii) Dyeing and calendering factories on co-operative basis should be organised and their services should be made available to the societies at reasonable cost ;</li> <li>(viii) Close supervision and periodical inspection of societies should be ensured by the Department.</li> <li>(ix) Free technical advice and guidance should be made available to the Society by the Department ,</li> <li>(x) Immediate steps should be taken up by the Department in enrolment of new members and activations of sick looms ;</li> <li>(xi) The Director, Handlooms and Textiles Department should make it an obligation on the part of his field officers arranging to prefer the credit applications of all the societies in the respective areas.</li> </ul> |
| (33). | 8.19. | <p>In view of the weaknesses inherent in weavers societies in regard to management of financial matters and resources the committee makes the following recommendations :—</p> <ul style="list-style-type: none"> <li>(i) The Department should ensure effective supervision by the Field staff and timely audit of the societies so that there is no impediment for financing institutions in sanctioning and releasing credit to the societies ;</li> <li>(ii) The Department may formulate a scheme whereby supervisory and audit staff could be appointed on a specified scale for a group of societies in different regions of the State.</li> </ul>  |

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- (iii) The District Co-operative Central Banks should also have special cadre of Inspectors to safeguard their interests in relation to advances made by them to weavers societies.
- (iv) The Assistant Directors of the Department should be made responsible for the preparation of loan application and submission of the same to the Co-operative Central Banks before due date in respect of societies located in their jurisdiction.
- (v) The District Co-operative Central Banks, which have sizeable number of weavers co-operative societies in their area of operation, should have a Deputy Manager to look after the needs of these societies on exclusive basis.
- (vi) Having regard to frequent delay at the Governmental level to complete the procedural formalities of guarantee to the Reserve Bank and the execution of guarantee bond by the State Government, the Committee recommended that the Government may issue a continuing guarantee for a period of at least THREE years at a time.
- (vii) It should be made obligatory on the societies to furnish monthly stock statements to the Central Co-operative Banks with copies to the Assistant Directors of the area.
- (viii) Arrangements must be made to supply forms to the primary societies in Telugu language so that they could be filled by the Staff of the Society without depending on the assistance of the Field Staff or outsiders.
- (ix) The Department must ensure working capital either from the Textile Development Corporation or from the A.P. State Co-operative Bank directly to such societies which are denied credit facility of working capital by the District Co-operative Central Banks in any particular District or Districts.
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<i>S. No. Para No.</i>	<i>Recommendation</i>
	<p>(x) The Government should constitute a Review Committee consisting of the following officials :</p> <p>(i) Director of Handlooms (Convenor)</p> <p>(ii) Managing Director, A.P. Textile Development Corporation—Member</p> <p>(iii) Managing Director, A.P.S. Co-operative Bank Member</p>

The above Committee should conduct quarterly review of the entire situation in relation to credit requirements of the primary societies in the State and the accommodation and facilities granted by different financial institutions so that prompt and effective action at higher level could be taken in case of default or delay.

#### CHAPTER IX (Powerlooms)

- (34) 9.37 Having regard to the peculiar problems and difficulties faced by the powerloom Societies and Weavers, the Committee makes the following recommendations :
- (i) That a separate Directorate should be formed for the purpose of dealing with the Powerlooms on an exclusive basis to promote healthy growth of powerlooms in our State and thereby create conditions and opportunities to attract the new generation of weavers to powerlooms sector. Pending the formation of a separate Directorate we recommend that an officer in the rank of an Additional Director in the Directorate should be appointed immediately to look after the interests and needs of powerlooms sector on a full-time and exclusive basis ;
- (ii) The Department of Textiles and Handlooms and the Textile Development Corporation should take expeditious action jointly as well as separately to provide working capital to all those powerlooms which received block capital and are idle for want of working capital. They should also arrange to provide necessary funds

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- towards margin money and other requirements where the powerloom societies, or individuals are unable to comply with these requirements ;
- (iii) The Department should introduce and implement MARKING OF POWERLOOM CLOTH in a manner as to enable the customers to distinguish the cloth produced by powerloom from that of handloom cloth ;
- (iv) That the Department and the Textile Development Corporation should conduct periodical joint reviews of the progress of various schemes for the development of powerlooms in the State and as well as working of the powerlooms already installed in different districts of the State. Banks and other institutions extending credit facilities to the powerlooms in our State should also be invited to these review meetings to ensure utmost cooperation and coordination among the different agencies connected with the development of powerloom industry in the State.
- (v) The Department must ensure working capital either from the Textile Development Corporation or from the A. P. State Cooperative directly to such powerlooms which are denied credit facility of working capital by the District Cooperative Central Banks or Commercial Banks as the case may be ;
- (vi) The Textile Development Corporation should take immediate steps for establishing and operating a large SALES EMPORIA on a permanent basis in Hyderabad, in the first instance, for the sale of powerloom cloth produced in the State followed by establishment of similar emporias in different regions of the State in a phased programme during the next 3 years to help this sector in marketing their produce.
- (vii) The Department must conduct an immediate survey to know the precise number of authorised and unauthorised looms and their present condition, etc.

## CHAPTER X

## (Andhra Pradesh State Textile Development Corporation)

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<i>S. No. Para No.</i>	<i>Recommendation.</i>
(35) 10.16	In the circumstances, the Committee recommends that the Government may issue directions to the Corporation to review the provisions of the Agreement as suggested above.
(36) 10.30	In view of the above observations, we also suggest that the Corporation may have a fresh look over the agreements with the existing joint ventures and take such action as may be necessary in best interests of the Corporation either for effecting suitable modifications in the agreements or annulling the agreements altogether, if necessary.
(37) 10.31	Having regard to the main objects of the Corporation we express the view that the Corporation should give its utmost attention for the achievement of the main objects like reviving dormant societies, assisting, and promoting new weavers societies for Handloom and power loom and other measure and programmes envisaged under 20-point Economic Programme. In this context Government may also issue necessary directions to make the Corporation an effective instrument to achieve the major objectives and for the overall development of Handloom Industry in over State on healthy lines.

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## CHAPTER XI

## (Administrative setup of the Directorate of Handlooms and Textiles)

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<i>S. No. Para No.</i>	<i>Recommendation.</i>
(38) 11.6.	The Committee therefore recommends that the Government may take expeditious action for providing adequate staff to strengthen the Department at different levels at an early date.

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## CHAPTER XIII

## (General Observations and Recommendations)

<i>Sl. No.</i>	<i>Para No.</i>	<i>Recommendations</i>
(39)	13.9.	The Committee, therefore, recommends that the Government may take early action for conferring these powers on the Director of Handlooms.
(40)	13.12.	The Committee, therefore, recommends the following measures to increase the yarn production in our own State to meet the increasing demands from Handlooms : <ol style="list-style-type: none"> <li>(1) The Government should encourage the old units to go in for a programme of modernisation to increase their production.</li> <li>(2) The Government should encourage existing units to increase their spindleage.</li> <li>(3) In so-far as the Mills in the Cooperative Sector are concerned, the Government should take up part-expansion programmes taking advantage of the financial assistance that would be provided by the N.C.D.C. The Government may provide matching grants in this behalf to enable the selected Mills to get finance from N.C.D.C., and Commercial Banks.</li> <li>(4) The Government must formulate a long term programme to increase the yarn production for achieving self-sufficiency to the extent possibl.</li> </ol>
(41)	13.13.	We therefore, recommend that in public interest the Department must have effective control and check in the activities of the societies.
42)	13.15.	We, therefore, urge the State Government to take timely action for getting the Training Scheme extended to the State on high priority since Andhra Pradesh has the largest number of handlooms in the country.

# APPENDICES

APPENDIX-I

*Statement showing the Dates and Places of the meetings  
of the Committee.*

(Vide Para No. 1.12)

Sl. No.	Date.	Place
1.	13-3-1976..	Hyderabad
2.	18-3-1976..	do.
3.	20-3-1976..	do.
4.	23-3-1976..	do.
5.	24-3-1976..	do.
6.	25-3-1976..	do.
7.	28-3-1976..	do.
8.	29-3-1976..	do.
9.	17-4-1976..	do.
10.	23-4-1976..	Karimnagar, Koratla, Metpalli and Pochampad.
11.	24-4-1976..	Pochampad, Armoor, Nizamabad, Bhodan, Rudrur and Nizamsagar,
12.	25-4-1976..	Nizamsagar.
13.	26-4-1976..	Hyderabad.
14.	13-5-1976...	do.
15.	14-5-1976..	do.
16.	15-5-1976..	do.
17.	17-5-1976..	do.
18.	18-5-1976..	do.
19.	1-6-1976..	do.
20.	2-6-1976..	do.
21.	3-6-1976..	do.
22.	4-6-1976..	do.
23.	5-6-1976..	do.
24.	19-6-1976..	do.
25.	21-6-1976..	Vijayawada.
26.	22-6-1976..	Pedana & Machilipatnam.

## APPENDIX-I—(Contd.)

(1)	(2)	(3)
27.	23-6-1976..	Vijayawada.
28.	24-6-1976..	Hyderabad.
29.	25-6-1976..	do.
30.	26-6-1976..	do.
31.	2-7-1976..	do.
32.	3-7-1976..	do.
33.	7-7-1976..	do.
34.	12-7-1976..	do.
35.	13-7-1976	do.
36.	14-7-1976..	do.
37.	19-7-1976..	do.
38.	20-7-1976..	do.
39.	21-7-1976..	do.

*Statement showing the dates and places of the meetings  
of the Sub-Committee.*

Sl. No.	Date.	Place.
1.	19-5-1976..	Hyderabad
2.	20-5-1976..	do.
3.	21-5-1976..	do.
4.	22-5-1976..	do.
5.	26-5-1976..	do.
6.	27-5-1976..	do.
7.	14-6-1976..	do.
8.	15-6-1976..	do.

## APPENDIX-II

*List of representations and Memoranda received by the Committee*

*(Vide Para No 1.14)*

*I. Representations making allegations against Apex Bodies and Primary Societies :*

1. Shri P Venkata Subbaiah, Indukurpet Weavers Co-op. Society.
2. Shri N. Gopalakrishnayya, Ex-Chairman, Nellore Spinning Mills, Nellore.
3. Sri Pantam Papiah, Ex-President, HYCO.
4. Shri G Venkateswarlu and other Members, Chirala Weavers Co-op. Production & Slaes Society.
5. Sri Deverapalli Asirvadam, Chirala.
6. Sri M. Kanakaiah and other Members of the H.W.C.S. Bejjanki, Karimnagar Dist.
7. Sri Ch. Hanumantha Rao, Sarpanch, Gudem Village, Sircilla Tq, Karimnagar Dist.
8. Sri Thati Venkateswarlu, Secretary, Padmasali Youth Association, Thupran.
9. Sri Guda Mellesha and other Members of the Utoor H.W.C.S., Huzurabad Tq. Karimnagar Dist.
10. Sri Pasupula Laxminarayana and other Members of Vemulawada H.W.C.S.
11. Sri A. Krishnahari, Asst. Secretary, Tq. Handloom Weavers, Congress, and the Workers of the Handloom Congress, Jangaon.
12. Sri A. Vaikuntam and other members of Miryalguda H.W.C.S.
13. Sri Papanna Goud, President, Yemmiganoor H.W.C.S. Members Association.
14. Sri B. Krishnaiah, Mulasali Street, Venkatagiri town.
15. Sri G. Vishnumurthy, Trimurti Medical Service, Marriguda, Nalgonda.
16. Sri Cheerala Venkatarya, Kamalapur.
17. Sri Yashala Gowraiah, Showkar, Karwan, Hyderabad.

18. Sri Pandita Sivalingam, President, Nizamabad Dist. Weavers' Congress.
19. Shri Devulapalli Rajaiah, Jt. Secretary, Dist. Weavers Congress, Warangal.
20. Shri Akurthi Ramasubbaiah & Other Members of Vijayalakshmi Weavers Co-op. Production & Sales Society Ghantasala.
21. Shri Gatta Koteswara Rao, President, Perala Weavers Co-op. Society.
22. Shri Macherla Koteswara Rao, Member, Tenali Weavers' Co-op. Production & Sales Society, Tenali.

*II Representations making suggestions for the improvement in the working of the Societies :*

1. Shri B. Papanna Goud, President, Yemmiganoor Weavers Co-Op. Production & Sales Society Members Association.
2. Shri G. Punniah, Retd. Joint Registrar of Co-Op. Societies, Guntur.
3. Shri Saga Veerabhadriah, President, Kandavalli Markandeya Weavers Co-Op. Production & Sales Society.
4. Shri A. Surya Rao, Velpur Weavers Co-Op. Production & Sales Society.
5. Shri Ega Srihari, Genl. Secretary, Telangana Handloom Weavers Congress, Hyderabad.
6. Shri Padma Thukkappa President, Medak District Weavers Congress.
7. Shri G. Nagendrappa, Dist. Co-Op. Weavers Society, Razoli, Mahaboobnagar Dist.
8. Shri V. Parvatalu, on behalf of the Weavers of the Karimnagar District.
9. Shri Jella Ramakrishnaiah, Nerada Handloom Weavers Co-op. Society.
10. Shri G. Narasiah, President, Karimnagar District Weavers Congress.
11. Shri Theeda Simhachalam, President, Veeravasaram, Nawar & H.W.C.S., & Member, APH Weavers Congress.

12. Shri Samala Uppalaiah, Secretary, H.W.C.S. Sayampeta, Warangal District.
13. Shri S. Srisailam, B.A., LL.B. Nagarjuna Housing Colony, Nalgonda.
14. Shri M.S. Sivanna, President, The Rayalaseema Apex H.W.C.S. Ltd. Kurnool.

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*III Representations seeking Financial Assistance, etc.*

1. Shri M. Ramachandraiah, Secretary, Handloom Weavers Co-op. Society, Peddapendyal.
2. The President & Working Committee Members, Handloom Weavers Co-op. Society Armoor, Nizamabad Dist.
3. Shri C.K. Anjaiah, Secretary, Handloom Weavers Co-op. Society Ltd., Mulkanur .
4. Shri S. Gangaram, President, Handloom Weavers Co-op. Society, Itkyl, Jagitial Tq. Karimnagar Dist.
5. Shri V. Veeriah, President, Carpet & Nawar Weavers Co-op. Society Ltd., Pachunoor.
6. Shri V. Ramaswamy, Secretary, The Handloom Weavers, Co-op. Society, Tadikal, Karimnagar Dist.
7. Shri Mamidala Veeranna, Secretary, Shatranji Handloom Weavers Co-op. Society, Jammikunta, Huzurabad Tq.
8. Shri Boppu Rajamalliah, President, Shri Venkateswara Powerloom Weavers Co-op. Production & Sales Society Ltd., Manakodur Karimnagar Tq. & Dist.
9. Shri Y. Mallesam, Handloom Weavers Co-op. Society, Vinjapalli, Karimnagar Tq. & Dist.
10. Shri B. Sayanna, Manager, Handloom Weavers Co-op. Society Ltd., Hanumajipet, Sircilla Tq., Karimnagar Dist.
11. The Handloom Weavers Co-op. Society Ltd., Begumpet, Karimnagar Tq. & District.
12. The Manger, Koheda Woollen Weavers Co-op Society Ltd.,
13. President, Handloom Weavers Co-Op. Society, Koheda.
14. The Handloom Weavers Co-op. Society, Chilapuram, Karimnagar Tq & Dist.

15. The Vice President, Bhavanarushi Powerloom weavers Co-op. Production & Sales Society Ltd., Kothapalli, Karimnagar Dist.
16. Shri V. Ramesam, President, The Handloom Weavers Co-op. Society, Amadalapalli, Huzurabad Tq, Karimnagar Dist.
17. Shri D. Srirangam, Secretary, Handloom Weavers Co-op. Society, Bethigal, Karimnagar Dist.
18. Shri V. Chinna Lingaiah, President, The Shatranj & Nawar Handloom Weavers Co-op Society, Metpally, Huzurabad Tq., Karimnagr Dist.
19. Shri J. Sankariah, President, Handloom Weavers Co-op Society, Korkal, Huzurabad Tq., Karimnagar Dist.
20. Shri M. Ramalingam, Secretary, Handloom Weavers Co-op. Society, Veenavanka, Karimnagar Dist.
21. Shri Gajula Venkataiah, President, Shatranj & Nawar Handloom, Weavers Co-op. Society, Kesavapatnam Huzurabad Tq., Karimnagar Dist.
22. The President, Handloom Weavers Co-op. Society, Godavari-khani, Karimnagar Dist.
23. The Secretary, The Handloom Weavers Co-op. Society, Kondapalkal, Karimnagar Tq. & Dist.
24. The President, Handloom Weavers Co-op. Society, Batswada, Nizamabad Dist.
25. Shri N. Hanumanlu, Presidnet, Sreevenkateswara Handloom Weavers Co-op. Society, Yellareddy. Nizamabad Dist.
26. The Secretary, Handloom Weavers Co-op. Society Bodhan, Nizamabad Dist.
27. The President, Handloom Weavers Co-op. Society, Dhoopally Bodhan Tq., Nizamabad Dist.
28. The President, The Domakonda Handloom Weavers Co-op. Society, Domakonda, Kamareddy Tq., Nizamabad Dist.
29. The Member, Handloom Weavers Coop. Society, Armoor, Nizamabad Dist.,
30. Taluk Powerloom Co-op. Society, Isapalli, Lankapuram, Jaguranpally, Padugal, Kishannagar.
31. The President, Shri Markandeya Powerloom Weavers Co-op. Society, Vellulla, Metpalli Tq., Karimnagar Dist.



32. The President, Srivenkateswara Powerloom Weavers Co-op. Society, Metpalli, Karimnagar Dist.
33. The President, Handloom Weavers Co-op. Society, Jagtial, Karimnagar Dist.
34. The President, Aruna Powerloom Weavers Co-op. Society, Sadasivapalli, Karimnagar Tq. & Dist.
35. The President, Markandeya Powerloom Weavers Co. op. Society, Garsekurthi.
36. Shri Gorige Bhumiah, Secretary, Woolen Weavers Co-op. Society, Dharmavaram, Huzurabad Tq., Karimnagar Dist.
37. The Chairman, Handloom Weavers Co-op. Society, Uootur Huzurabad Tq. Karimnagar Dist.
38. Shri Konda Sankariah, President, Handloom Weavers Co-op. Society, Sircilla, Karimnagar Dist.
39. The Handloom Weavers of Jakrampalli, Armoor Tq. & Nizamabad Dist.
40. Shri Satish Pavar S/o Vithal Rao Pavar.
41. Shri M. Ramalingappa, S/o M. S. Naganna, Member, The Yemmiganur Weavers Co-op. Society, Yemmiganur Weavers Colony, Yemmiganur, Adoni Tq., Kurnool Dist.
42. Shri K. Guravaiah, Ex. President, Harijan Handloom Weavers Co-op. Society, Eppirala Village, via Madhavaram, Cuddapah Dist.
43. Shri Jagabathula Kota Venkata Shivaiah, President, The Polavaram Weavers Co-op. Production & Sales Society Ltd., Polavaram & other representatives of the Weavers Societies, Krishna Dist.
44. Shri Chittela Musaliah, Secretary, Eluru Handloom Weavers Society.
45. Shri K. Papanna & other weavers of Pedal loom weaving Centre & Carpet Section Workers, Adoni.

46. The Andhra Weavers Co-op. Production & Sales Society Ltd.,  
Chinta Guntapalem, Machilipatnam.
47. Shri Karuparthi Nagalingam President, The Pathapeta Weavers  
Co. op. Production & Sales Society Ltd., Pedana, Krishna Dist.
48. Shri M.L. Kantha Rao, A.O. & Secretary, The Krishna Dist.  
Handloom Cloth Producers Co-op. Marketing Society Ltd.  
Machilipatnam.

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Total

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### APPENDIX III

*List of Official and Non-Official Witnesses Examined by the Committee  
(Vide Para No. 1.15)*

#### OFFICIALS

1. Sri S. R. Rama Murthy, Secretary, Industries and Commerce Department, Government of Andhra Pradesh, Hyderabad.
2. Sri C. Sreeram Bhoopal, Director of Handlooms and Textiles, Andhra Pradesh, Hyderabad.
3. Sri S. Bhandarkar, Chairman of the Andhra Apex Society and Hyco and Managing Director of Rayalaseema Apex Society.
4. Sri S. Santhanam, Collector, Krishna District, Machilipatnam.
5. Sri P. D. Lakshminarayana, Managing Director, Andhra Pradesh Textile Development Corporation, Hyderabad.
6. Sri Yanadaiah, Joint Director and I/c. Director, Garments Federation, Hyderabad.
7. Sri C. Narayanaswamy, Joint Director, Handlooms and Textiles, Hyderabad.
8. Sri N. Srinivas Reddy, Chief Auditor, Office of the Registrar of Co-operative Societies, Hyderabad.
9. Sri P. V. Ramamurthy, Joint Registrar of Co-op. Societies, Hyderabad.
10. Sri M. Khande Rao, Asst. Director of Handlooms and Textiles, Hyderabad.
11. Sri Syed Turabul Hasan, Former Person-in-charge & Joint Registrar of Co-operative Societies.
12. Sri J. Subhakar Rao, Joint Registrar & Person-in-charge, Hyco.
13. Sri P. Bapaiah, Asst. Director of Handlooms and Person-in-Charge Andhra Handloom Weavers Co-op. Society, Vijayawada.
14. Sri Bala Prasad Rao, Co-op. Sub-Registrar, R. C. S. Office, Hyderabad.
15. Sri D. Subba Rao, Co-op. Sub-Registrar-Auditor, AHWCS, Vijayawada.

16. Sri V. Konda Reddy, Development Officer, Co-op. Department.
17. Sri Balaram, Managing Director of Federation of Co-operative Spinning Mills.
18. Sri D. Satyanarayana Rao, Development Officer, Handlooms and Textiles, Kurnool.
19. Sri Syed Ali, Asst. Development Officer, Miryalaguda.
20. Sri G. Janardhan, Enquiry Officer.
21. Sri E. V. Rama Rao, Asst. Development Officer, Karimnagar.
22. Sri B. Sthihari Rao, Asst. Development Officer, Vijayanagaram.
23. Sri B. P. Narasimham, Regional Marketing Officer, Rajahmundry.

#### NON - OFFICIALS

1. Sri K. V. Keshavulu, Minister for Handlooms and Textiles, Andhra Pradesh, Hyderabad.
2. Sri Konda Lakshman Babuji, M. L. A.
3. Sri Pragada Kotaiah, M. L. C.
4. Sri Nagaseshaiah, Manager, Hyco Emporium, Lakdikapool, Hyderabad.
5. Sri T. Chinnaiah, Salesman, Hyco Emporium, Lakdikapool, Hyderabad.
6. Kum. K. Kameswar, Salesgirl, Hyco Emporium, Lakdikapool, Hyderabad.
7. Sri G. Punnaiah, Rtd. Jt. Registrar of Co-op. Societies.
8. Sri K. Nagaraj, I/c. Asst. Manager, Sales Depot of Andhra Handloom Weavers Co-operative Society, Lakdikapool, Hyderabad.
9. Sri B. Sriramulu, Ex. Chairman & Person-in-charge, Hyco, Hyderabad.
10. Sri G. Suryam, Business Manager, A. H. W. C. S. Vijayawada.
11. Sri Rajanarasaiah, Manager, Hyco Emporia, Karimnagar.
12. Sri Rajakumaraiah, Weaver, Yeedalagattepalli, Karimnagar District.
13. Sri Laxminarayana of Guntupalli.
14. Smt. Lakshamma, Weaver of Karimnagar Weaving Centre.
15. Smt. Anantamma, Weaver of Karimnagar Weaving Centre.

16. Smt. Vamma, Weaver, Boarder Weaving and Stitichig Section, Karimnagar Centre.
17. Sri G. Papaiah, Weaver of Karimnagar.
18. Sri B. Venkatanarasaiiah, Secretary, HYCO, Hyderabad.
19. Sri N. Shankariah, Weaver of Karimnagar.
20. Sri S. Narasaiiah, President, Karimnagar District Handloom Congress.
21. Sri Konda Shankariah, President, H. W. C. S. Sircilla.
22. Sri K. Madusudhan, H. W. C. S. ,Uttoor.
23. Sri G. Bhoomaiah, Secretary Wool Weavers Coop. Society Dharmavaram.
24. Sri A. Gangaram, Markandeya Powerloom H. W. C. P & S, Garsakurthi.
25. Sri K. Venkaiah, President, Bejjanki H. W. C. S. Bejjanki.
26. Sri Siddi Ramulu, Secretary, Aruna P. W.C.P. & S, S, Sadasivapalli.
27. Sri Rajalingam, Secretary, Markandeya P. W. C. P. & S, S, Garsakurthi.
28. Sri M. Machaiah of Huzurabad.
29. Sri N. Limbaiah of Vemulawada.
30. Sri M. Veeramallu, Worker, Powerloom Weaving Centre Karimnagar.
31. Sri K. Sriramulu, Manager, Powerloom Weaving Centre, Karimnagar.
32. Sri M. Sayanna, Weaver, Karimnagar.
33. Sri M. Hanumanthu, Karimnagar.
34. Sri R. Bhoomaiah, Secretary, H. W. C. S. Korutla.
35. Sri B. Gangaram, President H. W. C. S. Jagithyal.
36. Sri G. Bhoomiah, Ex. M. L. A.
37. Sri J. Venkanna of Karimnagar.
38. Sri. G. Gangaram, President, Sri Markandeya P. W. C. S. Vellulla
39. Sri P. Sivalingam of Nizamabad.
40. Sri Satyanarayana, Weaver, Jagarampet.

41. Sri Balaram of Gavarampalli.
42. Sri G. Gangaram, President H. W. C. S. Armoor.
43. Sri G. Venkanna, President, Ankapuram P. W. C. S.
44. Sri A. Narasaiah, Board Member, Domakonda H. W. C. P. & S. S. Domakonda.
45. Sri P. Bhoomiah, President, Sri Venkateswara H. W. C. P. & S. S. Dhooopalli.
46. Sri Ch. Narayana of Bibipeta Society.
47. Sri Hanuman, President, Sri Venkateswara H. W. C. S. Yellareddy
48. Sri Gangadharam, President, H. W. C. S. Banswada.
49. Sri Arvinda Reddy, Asst. General Manager, Andhra Bank.
50. Sri Raju, Dy. Secretary, State Coop. Bank, Hyd.
51. Sri Chalapathi Rao, Development Officer, State Bank of Hyderabad
52. Sri M. S. Sivanna, President, The Rayalaseema A. H. W. C. S. Kurnool.
53. Sri Pantham Papiiah, Ex. President of Hyco.
54. Sri Krishna Hari, Manager, Markandeya W. C. S. Sircilla.
55. Sri D. Mallaiah, Manager, Chatrangi H. W. C. S. Jammikunta
56. Sri A. Subhasekhar, Manager, H. W. C. S. Kothapalli, Karimnagar.
57. Sri B. Devaraj, Accountant H. W. C. S. Jagithyal.
58. Sri B. Rajesh, President H. W. C. S. Huzurabad, Karimnagar.
59. Sri K. Mallikarjuna Rao, Manger, Yarn Godown, Nellore.
60. Sri K. Tripathiah of Yellandu H. W. C. S.
61. Sri G. Raghunadham, Manager, H. W. C. S. Hasanparthy, Warangal District.
62. Sri Ch. Hanumantha Rao, Sarpanch, Gudem, Sircilla Tk,
63. Sri N. Venkatanarasaiah, Gudem, Sircilla Tk.
64. Sri Kankaiah, Weaver of Bejjanki.
65. Sri Ramachandran of Bejjanki.
66. Sri K. Venkateswarlu, President, Chirala H. W. C. S.
67. Sri Viraswamy, Manager, Chirala H. W. C. S.

68. Sri A. Seshagiri Rao.
69. Sri Venkatanarasaiah, Toopran.
70. Sri T. Venkateswarlu,
71. Sri V. G. Guda, Ex. Secretary, Hyco.
72. Sri R. Yadagiri, President, Koilagudem, H. W. C. S. Ramanna-  
pet Tk.
73. Sri Laxminarayan, Manager, H. W. C. S. Koilagudem, Ramanna-  
pet, Tk.
74. Sri Siddiramulu, Secretary, The Bharat Terry Cott & Zari Border  
H W. C. S. Jangoan.
75. Sri A. Krishna Hari, Member Bharat Terry Cott & Zari Border  
H. W. C. S. Jangaon.
76. Sri Papanna Goud, President, Yemmiganur, H. W. C. S. Emplo-  
yees Association.
77. Sri M. Bhim Rao, Vice President, Yemmiganur H. W. C. S Emp-  
loyees Association.
78. Sri A. Vaikuntam, Member, Mirayalaguda H. W. C. S.
79. Sri Govindaiah, Member, Vemulawada H. W. C. S.
80. Sri Yellappa, Asst. Secretary, Yemmiganur Society.
81. Sri K.N. Singh, Ex. Chief Executive Officer, Yemmiganur Society.
82. Sri Shaik Saheb, Liaison Officer, Yemmiganur Society.
83. Sri Sambamurthy, Pothavaram W. C. S. Narasaraopet, Guntur-  
District.
84. Sri G. Kalidas, Ex. President, H. W. C. S. Chilakaluripeta, Guntur  
District.
85. Sri V. Parvathalu of Karimnagar.
86. Sri K. Rajesham, Vemulawada.
87. Sri P. Dasaratharamiah, Indukuripet H. W. C. S. Nellore.
88. Sri Yadagiri, President, Koyalagudem, Nalgonda.
89. Sri Lakshminarayana, Manager, H. W. C. S. Koyalagudem,  
Nalgonda.
90. Sri C. Jagannadham, Bharat Terry Cott and Zari Border, H. W.  
C. S. Jangoan.
91. Sri Kunderapu Narayana, Jangaon,

92. Sri V. Venkataiah, Zonal Officer, Hyco Godown. Secunderabad.
93. Sri K. G. Krishnamurthy, General Secretary, Andhra Apex weavers Co-op. Society Employees Union.
94. Sri P. S. P. Acharyulu, Jt. Secretary A.A.S Employees Union.
95. Sri M. Narayanadass, Chirala.
96. Sri G. Venkateswarlu, Chirala Weavers Co-op. Society.
97. Sri G. Koteswara Rao, President, Perala Co.op Society.
98. Sri Ch. Musalaiah, Eluru H. W. C. S.
99. Sri P. Ganapathi, Eluru H. W. C. S.
100. Sri Laxmana Rao, Eluru H. W. C. S.
101. Sri P. Satyanarayana, Ex. M. L. A.
102. Sri Y. Satyanarayana, Guraza Society.
103. Sri Venkateswarlu, Guraza Society.
104. Sri Yelamandaiah, Pedana Society.
105. Sri Kumaraswamy, Pedana Society.
106. Sri Kotaiah, Pedana Society.
107. Sri B. K. Durga Rao, President, Ravindra W. C. S. Machilipatnam.
108. Sri M. Subbaiah, President, Laxmi Ganeshwara W. C. S. Godugupeta, Bandar.
109. Sri Veerabhadra Rao, Bandar W. C. S. Machilipatnam.
110. Sri Krishna Rao, Bandar W. C. S. Machilipatnam.
111. Sri Kota Venkateshivaiah, President, H. W. C. S. Polavaram.
112. Sri L. Koteswara Rao, Machilipatnam.
113. Sri M. Jagannadham, Machilipatnam.
114. Sri Durga Malleshwara Rao, Rayawaram Society.
115. Sri Kota Malliah, Machilipatnam.
116. Sri K. Venkateshwara Rao, Akunoor Society.



APPENDIX IV.

*Statement Showing the Year-wise Expenditure Incurred on Rebate Scheme  
During 1954-55 to 1974-75.*

(Vide Para No. 6.25)

(1)	(2)	(3)
	Amount of Expenditure under Rebate Rs. in lakhs	Rate of Rebate.
<b>I. Five-Year Plan:</b>		
1954-55	10.00	(a) 9 paise per rupee throughout the year. (b) 18 paise special rebate during All India Handloom Week.
1955-56	10.77	(a) 9 paise per rupee throughout the year. (b) 12 paise per rupee special rebate during Diwali and All India Handloom Week
Total I st Plan ..	20.77	
<b>II. Five-Year Plan:</b>		
1956-57	38.43	(a) 9 paise per rupee throughout, the year. (b) 12 paise per rupee special rebate during Pongal.
1957-58	56.37	(a) 6 paise per rupee. (b) 12 paise per rupee special rebate during All India Handloom Week.
1958-59	60.73	(a) 6 paise per rupee throughout the year.

(1)	(2)	(3)
		(b) 12 paise per rupee special rebate for two months in slack season.
		(c) 9 paise per rupee special rebate during All India Handloom Week.
1959-60	35.00	(a) 6 paise per rupee throughout the year.
1960-61	39.20	(a) 5 paise per rupee throughout the year. 10 paise per rupee special rebate during Dasara Festival.
Total IInd Plan ..		229.73
<i>III. Five-Year Plan :</i>		
1961-62	32.97	(a) 5 paise per rupee throughout the year.
1962-63	33.67	(a) 5 paise per rupee throughout the year.
1963-64	51.48	(a) 5 paise per rupee throughout the year.
1964-65	59.12	(a) 5 paise per rupee throughout the year.
1965-66	35.77	(a) 5 paise per rupee throughout the year.
Total IIIrd Plan .		213.01
<i>Three Annual Plan :</i>		
1966-67	30.29	10 paise per rupee special rebate on festival occasions.
1967-68	27.98	10 paise per rupee special rebate on festival occasions.
1968-69	37.21	10 paise per rupee special rebate on festival occasions.
Total ..		95.48

(1)	(2)	(3)
<i>Fourth Five-Year Plan :</i>		
1969-70	38.61	10 paise per rupee special rebate on festival occasions.
1970-71	57.99	10 paise per rupee special rebate on festival occasions.
1971-72	35.00	(a) 10 paise per rupee special rebate on festival occasions.  (b) 5 paise per rupee rebate from 1-10-1971 to 31-12-71 in respect of Apex Societies' sales depots where sales depots of other State Apex societies are located.
1972-73	30.00	(a) 10 paise per rupee special rebate on festival occasions.
1973-74	26.41	(a) 10 paise per rupee special rebate on festival occasions.
<b>Total IVth Plan .</b>		<b>188.01</b>

*Fifth Five-Year Plan:*

1974-75	176.56	(a) 10 paise per rupee special rebate on festival occasions.  (b) 5 paise per rupee rebate during Dasara and Deepavali.
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## APPENDIX—V

(Vide Para 7. A. 69)

Statement Showing District-Wise Details of Rebate Claims of the Societies wherein 50% and above

Sl. No.	Name of the Weavers Co-op. Society and District.	Period of rebate	Amount recommended by Circle Officer	Amount dis-allowed by D. H. & T.	Amount sanctioned by D. H & T.
1	2	3	4	5	6
1.	Palasa, Srikakulam	.. (a) 21-12-1973 to 24-12-1973	778.76	698.12	80.64
		(b) 4-1-1974 to 13-1-1974	1091.42	765.42	326.00
2.	Dupputur, Vizag.	... 13-5-1973 to 20-5-1973	628.68	471.68	157.00
3.	Tammavaram, East Godavari.	(a) 2-4-1973 to 4-4-1973	4957.50	3513.50	1444.00
4.	Handregula, East Godavari	.. (b) 13-5-1973 to 20-5-1973	445.44	445.44	..
5.	Uppada, East Godavari	.. 16-9-1974 to 18-9-1974	3608.55	2878.55	730.00
6.	Sri Siddeswara, Velpur, West Godavari	.. 12-5-1974 to 19-5-1974	1429.38	1072.38	357.00

*Disallowance was made by the Directorate During the Last Four Years Period from 1971-72 to 74-1975*

The persons who has certified the claim	Recommending authority and his name	Reasons for disallowance by the Directorate
7	8	9
B. Veerabhadra Rao S.I.	P. Venkata Rao A.D.	The Society claimed and allowed <i>rebate on wholesale sales</i> which was not permitted during the rebate period. The rebate so allowed on the <i>wholesale sales</i> was disallowed.
Do.	Do.	The Society claimed and allowed rebate on wholesale which was not permitted during the rebate Period. The rebate so allowed on the <i>wholesale sales</i> was disallowed. There was also uniformity in the sale bills.
P. Suryanarayana Murthy, S.I.	P. Venkata Rao A.D.	The sales made by the societies exceeded the opening stock plus the cloth produced during the month. Opening stock at the beginning of May, 1973 was 792 Mtrs. and production during May 73 was 695 metres. Thus 1,142 metres only was available for sale during the entire month of May, 73. Against this according to rebate claim 3,417 metres. was shown as sold during the 8 rebate days. The sales as per Business return for May 73 was only 1,011 Mtrs. for the entire month.
Chowdaiah S.I.	P. S. Rao. A.D.	The total sales in April, 73 was Rs. 55359 of which Rs. 35140/- was sold to Apex society as per Business return Thus the total sales to others in April, 73 was Rs. 20219 only as per Business return. While sales during rebate priod should be less than Rs. 20,219 (Sales to others in April 73.) the claim shows Rs. 49,611 worth of stocks as having been sold in <i>just 3 days</i> of rebate period. A perusal and cross check of rebate claim revealed that Rs. 35140 worth of goods supplied on wholesale to Apex Societies as per Business return was wrongly included in the rebate claim as <i>wholesale sales</i> to others. So the entire rebate claim on wholesale sales of Rs. 35140 was disallowed.
B. Radha Krishna, S.I.	Do.	According to Business return for May 73 there were no sales in the society. But according to rebate claims, rebate sales to the extent of Rs. 4455 were shown. Hence the total claims was disallowed.
B. Ramana Rao S.I.	M. V. Subba Rao A.D.	The sales reported in the Business return for the entire month was less than rebate sales reported in the claim. The rebate has therefore been allowed on the sales amount of Rs. 7305/- reported in the Business return.
S. I. Tanuku	S. V. Krishna Sastry A. D. Vijayawada	The sales during the rebate period of 8 days was Rs. 14311/- against the total sales of Rs. 14615 for the entire month. The entire 30 days production of Rs. 6768/- during 5/74 cannot be expected to be available during the rebate period which was for 7 days in the middle of month. The sales were also compressed during the rebate period. There were uniform sale bills.

Sl. No.	Name of the Weavers Co-op. Society and District.	Period of rebate	Amount recommended by Circle Officer	Amount dis-allowed by D. H. & T.	Amount sanctioned by D. H & T.
1	2	3	4	5	6
7.	Polavaram, Krishna District ..	30-4-1972 to 7-5-1972	14450.76	10596.78	3853.98
8.	Muppala, Krishna ..	30-4-1972 to 7-5-1972	639.99	480.00	159.99
9.	Stonehousepet, Nellore ..	2-5-1971 to 9-5-1971	702.54	491.78	210.76
10.	Yellaiahpalem, Nellore ..	30-4-1972 to 7-5-1972	205.96	186.56	19.40
11.	Narasapuram, Anantapur ..(a)	16-9-1974 to 18-9-1974	1,618.00	1,213.50	404.50
	..(b)	22-10-1974 to 24-10-1974	660.00	490.00	165.00

The persons who has certified the claim	Recommending authority and his name	Reasons for disallowance by the Direcotrate																
7	8	9																
S.I.	M. S. B. Chalapathi Rao A.D. Vijayawada.	Sales during rebate period of 8 days in the first week of May 72 exceeded the opening stock and the production during May 72. Sales for May 72 were confined to rebate period. Except the sales effected at Head quarters depot all other sales at branch depots are made beyond rebate period as seen from Bill-wise abstract. The dates are given as 1-5-72/10-5-72/2-5-72/10-5-72 in all bill-wise abstracts of branch depots sales. Hence claim is passed and limited to the following claims which are in order.																
		<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: right;">Rs.</th> </tr> </thead> <tbody> <tr> <td style="width: 60%;">Head Office Sales retail</td> <td style="text-align: right;">.. 2,322.08</td> </tr> <tr> <td>Head Office sales Wholesale</td> <td style="text-align: right;">.. 1,370.30</td> </tr> <tr> <td>Vijayawada Sales Depot retail</td> <td style="text-align: right;">77.28</td> </tr> <tr> <td>Guntur Sales Depot retail</td> <td style="text-align: right;">.. 84.32</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">2,853.90</td> </tr> <tr> <td>Disallowed</td> <td style="text-align: right;">.. 10,596.78 }</td> </tr> <tr> <td>Amount claimed</td> <td style="text-align: right;">.. 14,450.76</td> </tr> </tbody> </table>	Rs.		Head Office Sales retail	.. 2,322.08	Head Office sales Wholesale	.. 1,370.30	Vijayawada Sales Depot retail	77.28	Guntur Sales Depot retail	.. 84.32		2,853.90	Disallowed	.. 10,596.78 }	Amount claimed	.. 14,450.76
Rs.																		
Head Office Sales retail	.. 2,322.08																	
Head Office sales Wholesale	.. 1,370.30																	
Vijayawada Sales Depot retail	77.28																	
Guntur Sales Depot retail	.. 84.32																	
	2,853.90																	
Disallowed	.. 10,596.78 }																	
Amount claimed	.. 14,450.76																	
S.I.	M.S. B. Chalapathi Rao, A.D. , Vijayawada.	The sales exceeded the opening stock plus 50% of the production during the month as sales were effected in Ist week of the month. Hence sales were limited to opening stock plus 50% of the production and rebate was allowed on that sales.																
..																		
S.I. (W)	.. V. Ramanuja Rao, D.L.C.O.	The society has not fulfilled the conditions relating to purchases of yarn prescribed by the Director. It has purchased yarn in the open market without the permission of the A.D. sanction has therefore been limited to 30% of the rebate amount claimed.																
..																		
Singh C.S.R.	.. N. Syamasunder Rao, D.L.C.O. Kavali.	No sales were shown as per Bussiness return for 5/72. But rebate sales to the extent of Rs. 1,867.34 were shown from 1-5-72 to 7-5-72. Hence it was dis-allowed. During April 72 there were total sales of Rs. 2,656 as per Business Return against which rebate sales to the extent of Rs. 194.70 were shown as on 30-4-72. Hence Rs. 19-40 was sanctioned.																
..																		
..																		
D. Anjaneyulu, S.I.	K. Mahadevappa A.D.	As per the proforma particulars sent with the claim there was no opening stock of cloth with the society. The entire production of the month was shown as, sold during 3 rebate days.																
..																		
Do.	Do.	The society was not having any opening stock of cloth at the beginning of september, 74. The production for the entire month of October, 74 was shown as sold during 3 rebate days.																

Sl. No.	Name of the Weavers Co-op. Society and District.	Period of rebate	Amount recommended by Circle Officer	Amount dis-allowed by D. H. & T.	Amount sanctioned by D. H & T.
1	2	3	4	5	6
12.	S.H. N. Gatlakaniparthi, Warangal	10- 8-1971 to 17- 8-1971	2,921.72	2,191.72	730.00
13.	Vemulapalli, Warangal	.. 4- 1-1972 to 14- 1-1972	2,713.13	1,899.23	813.90
14.	Sh. Varikol ..	.. 4- 1-1972 to 14- 1-1972	2,584.10	1,808.90	775.20
15.	Pochampally, Nalgonda	.. 19- 3-1974 to 23- 3-1974	3,233.83	1,912.83	1,321.00
16.	Sadasivapet, Medak ..	.. 19- 3-1974 to 23- 3-1974	2,081.18	1,135.18	946.00
17.	Duddeda, Medak ..	.. 22-10-1974 to 24-10-1974	919.40	459.40	460.00
18.	Amarachinta, Mahaboobnagar	.. (a) 1-10-1973 to 10-10-1973	2,000.00	2,000.00	..
		(b) 21-10-1973 to 27-10-1973	2,500.00	2,500.00	..
		(c) 21-12-1973 to 24-12-1973	1,800.00	1,800.00	..
19.	Amarchinta, Mahaboobnagar	.. (a) 4- 1-1974 to 13- 1-1974	3,064.60	3,064.60	..
		(b) 15- 2-1974 to 19- 2-1974	2,000.00	2,000.00	..
		(c) 12- 5-1974 to 19- 5-1974	3,764.65	3,764.65	..



The person who has certified the claim	Recommending authority and his name	Reasons for disallowance by the Directorate
7	8	9
S.I. (W) (1)	K. Gopalakishna rao, D.L.C.O. Mahaboobabad.	The amount shown in column 5 was actually dis- allowed by the Circle Officer himself.
Do.	Do.	The society has not fulfilled the prescribed conditions relating to purchases of yarn. It has not pur- chased yarn either from the depots of apex societies or from the spinning Mills. to the extent of 70% of rebate sales.
Do.	Do.	Do.
S.I. (W)	Do.	The amount of rebate allowed on wholesale sales was disallowed. Rebate was not permissible on wholesale sales during March, 74.
Ramachandra Rao S.I.	M. Viswanatham A.D.	The rebate allowed on wholesale sales was dis- allowed.
S.I.	P. Venkata Krishna- iah, A.D.	The society did not satisfy the conditions relating to purchases of yarn. There were uniform sale bills. The sales were confined to rebate period only. There was negligible production when compared to the reported active loomage.
P.V. Ramana do. do.	N. Ramireddy do. do. }	The society allowed and claimed rebate on whole- sale sales which was not permissible.
P. V. Ramana, S. I.	N. Ramireddy, A. D.	The society allowed and claimed rebate on whole-sale sales which was not Permissible.
Do.	Do.	Do.
S. I. (W)	P. Venkata Krish- naiah, A. D.	The society allowed and claimed rebate on wholesale sales which was not permissible.

APPENDIX No. VI

*List Showing the District -wise No. of Dormant and Active Handloom Weavers Co-operative Societies in different regions of Andhra Pradesh During 1975-76.*

(Vide Para No. 8.1.)

TABLE No. I

Sl. No.	Name of the District.	Dormant Societies.	Active Societies.	Total.
(1)	(2)	(3)	(4)	(5)
<b>ANDHRA REGION :</b>				
1.	Srikakulam ..	22	65	87
2.	Visakhapatnam ..	10	35	45
3.	East Godavari ..	41	44	85
4.	West Godavari ..	17	38	55
5.	Krishna ..	23	68	91
6.	Guntur ..	38	30	68
7.	Nellore ..	17	30	47
8.	Ongole (Prakasam) ..	56	9	65
Total :		224	319	543
<b>RAYALASEEMA REGION...:</b>				
9.	Chittoor ..	11	11	22
10.	Cuddapah ..	69	29	98
11.	Anantapur ..	1	34	35
12.	Kurnool ..	19	37	56
Total :		100	111	211

(1)	(2)	(3)	(4)	(5)
<i>TELANGANA REGION :</i>				
13. Hyderabad	..	3	4	7
14. Medak		13	10	23
15. Mahaboobnagar	..	13	14	27
16. Nizamabad		8	8	16
17. Warangal	..	29	24	53
18. Khammam	..	4	1	5
19. Nalgonda	..	3	27	30
20. Adilabad	..	..	10	10
21. Karimnagar	..	7	83	90
Total		80	181	261
Grand Total		404	611	1015

TABLE No. II

1. Andhra	..	224	319	543
2. Rayalaseema	..	100	111	211
3. Telangana	..	80	181	261
Total		404	611	1015

TABLE No. III

Sl No.	Year.	Total No. of Societies.	No of dormant societies.	Percentage to total No. of societies.
(1)	(2)	(3)	(4)	(5)
1.	1971-72	808	344	42.5%
2.	1972-73	814	347	42.6%
3.	1973-74	882	328	37.1%
4.	1974-75	980	349	35.6%
5.	1975-76	1015	404	39.8%

*Statement showing the details of active and dormant weavers' Co-operative Societies in the State (District-wise) for the year 1975-76.*

Sl. No.	Name of the District.	Names of the Dormant Societies	Names of the Active Societies.
(1)	(2)	(3)	(4)
1.	SRIKAKULAM	1. Brahmantharla	1. Bathili.
		2. Narayanapuram	2. Baleru
		3. Pedathamarrapalli	3. Akkullapeta
		4. Pedadevikavada	4. Padali
		5. Rajapuram	5. Thogaram
		6. Thamavada	6. Kothapeta
		7. Merakamudidam	7. Ampolu
		8. Narasannapeta (Old)	8. Kosamala
		9. Nivaga	9. Korasawada
		10. Navanambadu	10. Pathapatnam
		11. Jhadupalli	11. Kurmannapeta
		12. Rajapuram (Tape)	12. Makivalasa
		13. Rayala	13. Tilaru
		14. Ramabhadra- puram	14. Pudiramannapeta
		15. Rekkadevipuram	15. Budithi
		16. Koligam	16. Gudem
		17. Sarlapalli	17. Challavanipeta
		18. Srikakulam	18. Dukullapadu
		19. Singupuram (Old)	19. Santhakaviti
		20. Themburu	20. Pedaseedhi
		21. Parvathipuram	21. Jhadupalli
		22. Palakonda	22. Dompaka
			23. Uppinavalasa
			24. B. Koduru
			25. Kanimetta

(1)	(2)	(3)	(4)
1. SRIKAKULAM-(Contd)			26. Layeru 27. Mandasa 28. Kakarapalli 29. Bitrapadu 30. Rajam ' 31. A. Kancharam 32. Penubaka 33. Amity 34. Boddam 35. Mettapalli 36. Bobbili 37. Ponduru 38. Baruva 39. Booragam 40. Itchapuram 41. Konusulakothuru 42. Sompeta 43. Bahullapeta 44. Mugada 45. Arikithota 46. Pulliti 47. Santhakaviti 48. Kottakki 49. Vadada 50. Kaguwada 51. Lions' Gopina- garam 52. Mandarada 53. Mamidipalli 54. Palakonda (New) 55. Turakapeta 56. Singupuram (New) 57. Arasada

(1)	(2)	(3)	(4)
1. SRIKAKULAM-(Conted)			58. Sirusuwada 59. Saluru 60. Edulavalasa 61. Narasannapeta (New) 62. Narasannapeta (Mahila Tape) 63. Makuva 64. Chinnakurimpeta 65. Nagirikatakam
2. VISAKHA- PATNAM.	1. Ganiwada 2. Kondakarla 3. Kondkipaka 4. Kailasapattanam 5. Mallayypalem (Tape). 6. Thotada 7. Yellamanchili 8. Gangubudi 9. Munagapaka 10. Jaggayyapeta (Tape)	1. A. Konduru 2. Anakapalli 3. Chodavaram 4. Denkada 5. Dharmavaram 6. Dupputuru 7. Gundupala 8. Kella 9. Jami 10. Katagandredu 11. Korlam 12. Kothakota 13. Kothapeta 14. Makavaripalem 15. Mentada 16. Narsipattanam 17. Nathavaram 18. Narsingabilli 19. Nakkapalli 20. Nellimarla (Tape) 21. Payakaraopeta 22. Polipalli	

(1)	(2)	(3)	(4)
2-	VISAKHAPATNAM-( <i>Contd.</i> )		
		23. Pydipala	
		24. Rolugunta	
		25. Seetharamapuram	
		26. S.D. Palem (Tape)	
		27. Thetta ngi	
		28. Villampudi	
		29. Vemulapudi	
		30. Godicherla	
		31. Gajapathinagaram	
		32. Bheemasingi	
		33. Boppadam	
		34. Burugupalem	
		35. Boddam	
3.	EAST GODAVARI		
		1. Angaram	1. Muramanda
		2. Nalluru	2. Dulla
		3. Gandhinagarum	3. Veeravaram
		4. Alamuru	4. Katheru
		5. Anaparthi	5. Raghudevapuram.
		6. K. Savaram	6. Rajanagaram
		7. Someswaram	7. Mandapeta
		8. Nazurbada	8. Nelaturu
		9. Keleru	9. Teki
		10. Adivarapupet	10. Pasalapudi
		11. Sivala	11. Rayavaram
		12. Kotipalli	12. Pandalapaka
		13. Korumilli	13. Pulugurtha
		14. V. Savaram	14. Machavaram
		15. Injaram	15. Hasanbada
		16. Tatiparthi	16. Addampalli
		17. Mulapeta	17. Sivabalayogi Adivara- pupet.

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(1)	(2)	(3)	(4)
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### 3. EAST GODAVARI—(Contd.)

- |                    |                   |
|--------------------|-------------------|
| 8. P.B. Devam      | 18. Uppada        |
| 9. Thirumali       | 19. Kothapalli    |
| 20. Kottam         | 20. Thammavaram   |
| 21. Pithapuram     | 21. Kazuluru      |
| 22. Mulagapudi     | 22. Gollaprolu    |
| 23. Thalluru       | 23. Chebrolu      |
| 24. Georgepet      | 24. Pydikonda     |
| 25. Gollapallem    | 25. D. Polavaram  |
| 26. Kandregula     | 26. Peddapuram.   |
| 27. Ravikampadu    | 27. D.T. Rajpuram |
| 28. Bhogapuram     | 28. Murari        |
| 29. Pedapudi       | 29. Appannapalem  |
| 30. Peddada        | 30. G. Mamidada   |
| 31. Vadiseluru     | 31. Samalkota     |
| 32. Katravulapalli | 32. Pulletikurru  |
| 33. Rachapalli     | 33. Vedereswaram  |
| 34. B.H. Kota      | 34. Jaggannapet   |
| 35. Kesanapalli    | 35. Appannapalli  |
| 36. Thotharamudi   | 36. Mori          |
| 37. Cheyyeru       | 37. Bandarulanka  |
| 38. Chintalapalli  | 38. Rangapuram    |
| 39. Adivipalem     | 39. Mummidivaram  |
| 40. Audrru         | 40. Nedunuru      |
| 41. Dangeru        | 41. Penumalli     |
|                    | 42. Vilasavilli   |
|                    | 43. K.J. Puram    |
|                    | 44. Mulagapudi    |

### 4. WEST GODAVARI

- |                  |                   |
|------------------|-------------------|
| 1. Kokkirapadu   | 1. Eluru          |
| 2. Ganapavaram   | 2. Phathebada     |
| 3. B. Kondepadu  | 3. Kamavarapukota |
| 4. Sanivarapupet | 4. Unguturu       |
-



(1)	(2)	(3)	(4)
4.	WEST GODA-	5. Gundugolanu	5. Nandamuru
	VARI—(Cotd.)	6. Pothavaram	6. Meenavilluru
		7. Konala	7. R.C. Puram
		8. Pali	8. Thallapudi
		9. Lankalakoderu	9. Kovvuru
		10. Rayakuduru	10. Unagatla
		11. Ravipadu	11. Bhimavaram
		12. Rustumbada	12. Akiveedu Veerabhadra
		13. Narasannapet	13. Akiveedu Srinivasa
		14. Daggulru Siva	14. Bondada
		15. Sivapuram	15. Valamarru Veera-
		16. Chintaparru	bhadra
		Ganeswara	16. Valamarru Umarama-
		17. L.N.D. Peta	lingeswara
			17. Palakole
			18. Digammarru
			19. Vemavaram Cloth
			and Tape
			20. Achanta
			21. Poduru
			22. Penumarru
			23. Velpuru
			24. Kavalipuram
			25. Khandavalli
			26. Duvva
			27. Tanuku
			28. K. Illindalaparru
			29. Mortha
			30. Thirupathipuram
			31. Siddeswarapuram
			32. Veeravasaram
			33. Daggulru Neela
			34. Chintaparru Malles-
			wara

(1)	(2)	(3)	(4)
4.	WEST GODAVARI—(Contd.)		35. Bhaggeswaram
			36. Komarru
			37. Seetharampuram (Kodandarama)
			38. Kodandaram Seetha- ramapuram
5.	KRISHNA	1. Mylavaram	1. Muppalla
		2. Vellanki	2. Jaggaiahpet
		3. Jujjuru	3. Akunuru
		4. Vissannapet	4. Chinnaogirala
		5. Chandarlapadu	5. Singaluru
		6. Sherumohammad- peta	6. Polimetla
		7. Kanakadurga Vijayawada Mahila tape	7. Balasaraswathi Chinn <sup>a</sup> puram
		8. Penamoluru	8. Ravindra Bandar
		9. Kunderu	9. North Pedana
		10. Mustabada	10. Sarvodaya (Pedanā)
		11. Andhra Kesari	11. Polavaram (Polavaram)
		Bhommaluru	12. Polavaram Mahatmaji
		12. Choutapalli	13. Rayavaram
		13. Kanumolu (Wool)	14. Nagayalanka
		14. Vinjaram	15. Avani-gadda
		15. Polukonda	16. Challapalli
		16. Uppeluru	17. Yarlaga-d-da
		17. Kodali	18. Ramanagaram
		18. Penuganchiprolu	19. Lakshmi Srinivasa (Ghantasala)
		19. Bhimavaram	20. Gnanodaya (Ghan- tasala)
		20. Venkatapuram	21. Srinivasa (Ghantasala)
		21. Kondapalli	22. Vijayalakshmi (Ghan- tasala)
		22. Jhansi	

(1) (2)	(3)	(4)
5. KRISHNA— ( <i>Contd.</i> )	23. Durga Malleswara Pedagonnur	23. Kappaladoddi 24. Sri Venkateswara (Kothamajeru) 25. Sri Lakshmi Ganes- wara Machilipatnam 26. Sri Chowdeswari (Mallavolu) 27. Sri Balaji (Mallavolu) 28. The Ramakrishna (Swatantrapuram) 29. Sri Venkateswara (Guraza) 30. Sri Ramakrishna (Moturu) 31. Syamprasad (Pola- varam) 32. Sri Srinivasa (Siddan- tham) 33. Sri Umasankar (Idugua palli) 34. Sri Venkata Srinivasa (Ghantasala) 35. The Deenadayal Ganesh (Pedana) 36. The Balabhaskara (Kappaladoddi) 37. Balaramakrishna (Gudivada) 38. Vivekananda (Kaza) 39. Sri Ramalingeswara (Pedana) 40. Sri Sadasivalinge- swara (Pedana)

(1)	(2)	(3)	(4)
5. KRISHNA—(Contd.)			41. Sri Srinivasa (Pedagonnur)
			42. Sri Durga Malleswara (Pedagonnur)
			43. Sri Lakshmi Durga Ramakrishna (Pedagonnur)
			44. Nitya Sahaya Mata (Chinnaogirala)
			45. Patapeta (Pedana)
			46. Sri Venkateswara (Tadepalli)
			47. Netazi (Gudivada)
			48. Sri Mallikarjuna (Gudivada)
			49. Venkata Ramana (Ghantasala)
			50. Sri Malleswara (Kappaladoddi)
			51. Sri Agasteswara (Pedana)
			52. Jhansi (Gudivada)
			53. Sri Ramakrishna (Rayavaram)
			54. Padmasri (Rayavaram)
			55. Durga Malleswara (Rayavaram)
			56. Sri Jaladeeswara (Ghantasala)
			57. Sri Vigneswara (Chaitapalli)
			58. Sri Ramakrishna (Kaza)
			59. Sri Markandeya (Pedana)

(1)	(2)	(3)	(4)
5. KRISHNA—(Contd.)			60. Sri Venugopala (Rayavaram)
			61. Sri Chowdeswari (Pedanz)
			62. Andhra W.C.S. (Machilipatnam)
			63. Pandit Raghuveer (Machilipatnam)
			64. Sri Venkateswara (Srivaramadurga- puram)
			65. Indira Gandhi Jawaharnagar, (Ghantasala)
			66. Gollanapalli (Gallana- palli)
6. GUNTUR ..	1. Atchutapuram	1. Rapalle	
	2. Chebrolu	2. Isukupalli	
	3. Cherukupalli	3. Peteru	
	4. Amaravathi	4. Konetipuram	
	5. Phirangipuram	5. Bhattiprolu	
	6. Komerapudi	6. Bhattiprolu Railpet	
	7. Narasaraopet	7. Addepalli	
	8. Vinukonda G. A.	8. Ilavaram	
	9. Gopuvaripalem	9. Gandhinagar Ilavaram	
	10. Reddipalem	10. Kanagala	
	11. Peddakurapadu	11. Rajavolu	
	12. Yedavalli	12. Gullapalli	
	13. Zulakallu	13. Ponnur	
	14. Atchempet	14. Nidubrolu	
	15. Macherla	15. Arumbaka	
	16. Ambapuram	16. Guntur	
	17. Ponugupadu	17. Tenali	
	18. Lankelakurapadu	18. Mangalagiri	

(1)	(2)	(3)	(4)
6. GUNTUR—	19. Kandulavaraipalem	19. Kuchipudi	
(Contd.)	20. Pothavaram	20. Thullur	
	21. Dhulipudi	21. Kunkalagunta	
	22. Ravela	22. Vinukonda G. A.	
	23. Patibandla	23. Muppalla	
	24. Sattenapalli	24. Gollapalem	
	Bhavanarushi		
	25. Kotcherla	25. Mutukur	
	26. Pedakancherla	26. Chilakaluripet	
	27. Peesapadu	27. Sattenapalli	
		St. Joseph	
	28. Dodleru	28. Panidem	
	29. Machavaram	29. Perecherla	
	30. Kunkalagunta	30. Khaja	
	Bapuji		
	31. Dachepalli		
	32. Rajapet		
	33. Utukur		
	34. Mandruvaripalem		
	35. Garapadu		
	36. Cherlagudipadu		
	37. Mandepudi		
	38. Rentla		
7. NELLORE	1. Salipet	1. Indukurpet	
	2. Pedalakur	2. South Mopur	
	3. Thederu	3. Mulumudi	
	4. Josephpet	4. Narayanareddipet	
	5. Tatiparthi	5. Stonehousepet	
	6. Seetarampuram	6. Chennur	
	7. Vavilla	7. Thungapalem	
	8. Govindarajapuram	8. Vegur	
	9. Gudali	9. Buchi	
	10. Vindoor	10. Venkatagiri	
	11. Pallipadu	11. Mopur	

(1)	(2)	(3)	(4)
7. NELLORE— (Contd.)	12. Koduru 13. Menakur 14. Mettu 15. Vanjiwaka 16. Akkampet 17. Chittalur	12. Marlagutta 13. Kasumur 14. Bangarupet 15. Varalaxmi Bangarupet 16. Yellayapalem 17. Dampur 18. Talpurpad 19. Jangalapalli 20. Mypad 21. SrinivasaVenkatagiri 22. Venkateswara Venkatagiri 23. MatrusriVenkatagiri 24. Patur 25. Kasipet 26. Chenchulakshmi 27. Rajeswari 28. Nellore (D) 29. Narendra 30. Nellore (DCG)	
8. ONGOLE (PRAKASAM)	1. Epurupalem 2. Bosunagar 3. Dantampeta 4. Desaipeta 5. Ramannapeta 6. Gangavaram 7. Anumallipeta 8. Edupulapadu 9. Pethavaram 10. B. Nidamanur 11. Ulchi 12. S. N. Padu 13. Kamepallivaripalem 14. Endluru	1. Perala 2. Chirala 3. Gandhinagar 4. Jandrapeta 5. Kothapeta 6. Vetapalem 7. Pandillapalli 8. Eathamukkala 9. Chimakurthi	

(1)	(2)	(3)	(4)
8. ONGOLE—	15. Linganguntla		
(Contd.)	16. Rudravaram		
	17. Tangutem		
	18. Jammulapalem		
	19. Ananthavaram		
	20. Muddulur		
	21. Konijedu		
	22. Pedakothapalli		
	23. Tellaleadu		
	24. M. Nidamur		
	25. Valaparla		
	26. Bommanapadu		
	27. Daivalraovuru		
	28. Indumudi		
	29. Basavannapalem		
	30. Kondamanjuluru		
	31. Ravinoothala		
	32. Chandaluru		
	33. Kothapalli		
	34. Kandukur		
	35. Peddarikatla		
	36. Yerraboyinapalli		
	37. Donakonda		
	38. Boppidivaripalem		
	39. Madavaram		
	40. Botikarlapadu		
	41. Kanigiri		
	42. Gudipadu		
	43. K. S. Palli		
	44. Racherla		
	45. Lingapuram		
	46. Turumella		
	47. Nekumambad		



(1)	(2)	(3)	(4)
8. ONGOLE—		48. Tativaripelem	
(Contd.)		49. Yerramsettivaripalli	
		50. Vemulakota	
		51. Inamukkala	
		52. Gangavaram	
		53. Tatiparthuvaripalem	
		54. Karavadi	
		55. Marturu	
		56. Konanki	
9. CHITTOOR		1. Sri Murugan	1. Narayanavaram
		2. Sarrada	2. Puttur
		3. Palamngalam D.K.	3. Chintalapattedi Saravanavinayagar
		4. Palamngalam U.K.	4. Paidipeta Sri Venkateswara
		5. Vijaya Lakshmi	5. Ekambarakuppam
		6. Nagalapuram	6. Sri Subramanya Ekambarakuppam
		7. Balavinayaka Vardavapelem	7. Gollapalli Bhavanarushi
		8. Chowdeswari Kotigudibanda	8. Kumaravenkata Perumalapeta
		9. Satyavedu	9. Kothapeta Srilakshmi
		10. Karripakam	10. Saraswathi Kalama- naidupeta
		11. Pedda Mallea	11. Kollagunta Ganapathi.
10. CUDDAPAH		1. Chinthakommadinne	1. Cuddapah
		2. Ulavalapalli	2. Dayankhanipalli
		3. Thippireddipalli	3. Peddaputta
		4. Sogalapalli	4. Gangayapalli
		5. Peddannapadu	5. Nagarajupeta

(1)	(2)	(3)	(4)
10 CUDDAPAH—	6. Nasanthapuram	6. Rangapuram	
(Contd.)	7. C. Rajupalam	7. Obalareddipalli	
	8. Gaddamwaripalli	8. Meerapuram	
	9. Payasampalli	9. Kamalapuram	
	10. Kodur	10. N. Kottala	
	11. Nallingayapalli	11. C. Jonnavaram	
	12. Potladurthi	12. Gundlakunta	
	13. Thangedupalli	13. Khaderabad	
	14. Uppalur	14. Konireddipalli	
	15. Veldurthi	15. Pulivendla	
	16. Palagiri	16. Velidandla	
	17. Pochamreddipalli	17. Nagayapeta	
	18. Gudipadu	18. Puttanavaripalli	
	19. Ananthapuram	19. Parvatipuram	
	20. Annapusastrulapalli	20. Lingampalli	
	21. Annavaram	21. Madhavaram	
	22. Ahamednagar	22. Kondamachupalli	
	23. Sundaracharu Street	23. Sabhapati	
	24. Subbireddikottala	24. Thiruvengalapuram	
	25. Rameswaram	25. Patha Thiruvengala- puram	
	26. Gandhi Road	26. Narasannapalli	
	27. Dorasanipalli	27. Payalakuntla	
	28. Mydukur	28. Ramasamudram	
	29. Gade Gudur	29. Palagiri	
	30. Thondaladinne		
	31. Jammalamadugu		
	32. Gandhinagar		
	33. Dommaranandyala		
	34. Bodithippanapadu		
	35. Karmalavaripalli		
	36. Moragudi		
	37. Yamavaram		
	38. Dattapuram		

(1)	(2)	(3)	(4)
10. - CUDDAPAH -			
(Contd).	39. Nawabpeta		
	40. Vempalli		
	41. Alireddipalli		
	42. Bojjayapalli		
	43. Chennampalli		
	44. Polepalli		
	45. Yerripalli		
	46. Chilekampalli		
	47. Siddareddigaripalli		
	48. Isukachintalapalli		
	49. C. Kondamoola		
	50. Vongimalla		
	51. Pullampeta		
	52. Seetharampeta		
	53. Rajampeta		
	54. Singareddipalli		
	55. Y. Kota		
	56. Sidhout		
	57. Chinnapureddipalli		
	58. Eppiralla		
	59. Mantapampalli		
	60. Boyanapalli		
	61. Upparapalli		
	62. Beripalli		
	63. Konarajupalli		
	64. Kothapeta		
	65. Anavaripalli		
	66. Musalreddipalli		
	67. Porumamilla		
	68. Palugurallapalli		
	69. Thummalapalli		

(1)	(2)	(3)	(4)
11.	ANANTAPUR	1. Chennakothapalli	1. Kóttalapalli
			2. Kothapeta
			3. Chowdeswari
			4. Laxminarasimha
			5. Satyanarayana
			6. Tadippatri
			7. Ragulapadu
			8. Yadiki
			9. Chintalayapalli
			10. H. Konapuram
			11. Rayadurg
			12. Vemulapalli
			13. Neelakanteswara, ·Radvug.
			14. Balapuram
			15. Kesepalli
			16. Attiralladinne
			17. Kummetha
			18. Ulikallu
			19. Peddapappur
			20. Ramanjaneya, Pedda- ·pappur.
			21. Chinthelapalli
			22. Chagallur
			23. Chinnapolamada
			24. Narasapuram
			25. Tadimarri
			26. Dharmavaram
			27. Settipalli
			28. Talararla
			29. Sree Laxmi, Charma- ·puram.
			30. Peddapolamadu

(1)	(2)	(3)	(4)
<b>11. ANANTHAPUR—</b>			
	(Contd).		31. Sri Lakshmi
			32. Indiragandhi H. Konapuram.
			33. Balaji Peddapappur
			34. Maheswara, Peddapappur.
<b>12. KURNOOL</b>	1. Kothakota	1. Kurnool	
	2. Nandikotkur	2. Kallur	
	3. Midthur	3. Velgodu	
	4. Karivena	4. B. Atmakur	
	5. S. Atmakur	5. Kodumur	
	6. Orvakal (Tape)	6. Guduru	
	7. Peapally	7. Padakandla	
	8. Bramhanapally	8. G. Jambuldinne	
	9. Chagalamarri	9. R. Krishnapuram	
	10. Allur	10. S. Lingamdinne	
	11. Uyyalawada	11. Yerraguntla	
	12. C. Kanala	12. Nandivargam	
	13. Kaseepuram	13. I. Kothapeta	
	14. Hulebeedu	14. Koilakuntla	
	15. Gudekal	15. Bijinavemula	
	16. Nerniki (Tape)	16. Mukkamalla	
	17. Maddikera	17. Sanjamala	
	18. Sri Rama, Nadyal	18. R. Lingamdinne	
	19. Mandalur	19. Yemmiganur	
		20. Pathikonda	
		21. Adoni Carpet	
		22. Lingamayyapeta	
		23. Kailasnagar	
		24. Gangammapeta	
		25. Markandeya, C. Kanala.	
		26. Chowdeswari Mukkamalla.	

(1)	(2)	(3)	(4)
12. KURNOOL—(Contd.)			27. Chamundeswari, Kur- nool. 28. Venkateswara, B. Atmakur. 29. Obulampally 30. Sangapatnam 31. Krishnadevaraya, Velgodu. 32. Neelakanteswara, Pedakandla. 33. Ambica, Velgodu 34. Srinivasanagar, Padallandla 35. Palkur 36. Adoni 37. Nossam.
13. HYDERABAD	1. Mailawar 2. Yallal 3. Karankota		1. Secunderabad 2. Ramsingapura 3. Pargi 4. Manchal
14. MEDAK	1. Alladurg 2. Muslapur 3. Rangampet 4. Narayankhed 5. Dharoor 6. Singapur 7. Thadur 8. Jogipet (Silk) 9. Siddipet (Silk) 10. Lachapet 11. Dubbak 12. Tupran 13. Narasingi.		1. Sadasivpet 2. Shankrampet 3. Papannapet 4. Duddeda 5. Zaheerabad 6. Gajwel 7. Ismailkhanpet 8. Jogipet 9. Siddipet 10. Medak

(1)	(2)	(3)	(4)
15.	MAHABOOB- NAGAR.	1. Mahaboobnagar 2. Sarjakhanpet 3. Shadnagar 4. Nagapuram 5. Dhowlathabad 6. Kosgi 7. Kodeer 8. Utkoor 9. Dhanwada 10. Gangapur 11. Khillaganapur 12. Kodangal (Silk) 13. Amangal (Silk)	1. Rajoli 2. Amangal 3. Raghupathipet 4. Gadwala 5. Thumkunta 6. Alampur 7. Ieeza 8. Narayanpet 9. Amerchinta 10. Chianaporla 11. Chianajatram 12. Macherala 13. Narayanpet (Silk) 14. Mixed Fabric Narayanpet.
16.	NIZAMA- BAD.	1. Kamaréddy 2. Bhiknoor 3. Madnoor 4. Yellareddy (old) 5. Tandoor Kichannapet. 6. Langampet 7. Ghandary 8. Nizamabad (W & S)	1. Armoor 2. Bodhan 3. Banswada 4. Bibipet 5. Bomakonda 6. Nizamabad 7. Pitlam 8. Yellareddy (New)
17.	WARANGAL	1. Cherlapally 2. Varikole (Sh) 3. Parkal (Sh) 4. Vemulapally (Sh) 5. Elkurthy (H) 5. Orus, Kareemabad 7. Mogilicherla 8. Warangal	1. Mandibazar, Waranga 2. Sirangirajaram Thota, Warangal. 3. Nagaram 4. Gopalaswamy (Nes) 5. Gatlakanparthy (Sh) 6. Raiparthy (Sh) 7. Raiparthy

(1)	(2)	(3)	(4)
17. WARANGAL	9. Mallikarjunaswamy,	8. Ellanda	
(Contd.)	Inole	9. Kothawada, Warangal	
	10. Cheriya	10. Pegadapally	
	11. Pemberthy (N)	11. Mattewada, Warangal	
	12. Gudur		(Sh)
	13. Velair (N)	12. Nancharimadur	
	14. Jangaon	13. Bollikunta	
	15. Pidicilla (Sh)	14. Bharat Terrycot	
	16. Madthapally (Sh)	HWCS Jangaon	
	17. Kotancha	15. Chagal	
	18. Peddakodepak	16. Peddapendyal	
	19. Mogullapally	17. Shayampet (N)	
	20. Chetlamupparam	18. Shayampet	
	21. Zafergadh	19. Hasanparthy	
	22. Parkal (N)	20. Hasanparthy (Nes)	
	23. Varikole (N)	21. Chinthagattu (Nes)	
	24. Raiparthy (N)	22. Seethampet (Nes)	
	25. Challagarige (N)	23. Venkatramana HWCS	
	26. Pidicilla (N)	Mulug.	
	27. Seetharampur (N)	24. Venkateswara	
	28. Jookal (N)	Kothawada, Warangal	
	29. Vani Mahila , Ippaguda (N).		
18. KHAMMAM	1. Sakinaveedu	1. Ponnekallu	
	2. Sublaid		
	3. Khammam		
	4. Banegellapahad		
19. NALGONDA	1. Raghunathpur	1. Nakrekal	
	2. Alair	2. Vallal	
	3. Gummadvally	3. Kattangoor	
		4. Munipampula	
		5. Siripuram	
		6. Madharam	



(1)	(2)	(3)	(4)
19. NALGONDA (Contd.)			7. Eduloor 8. Cherlapally 9. Suryapet 10. Nerada 11. Chandur 12. Mungode 13. Ghattuppal 14. Bhongir 15. Mothkur 16. Rajapet 17. Pochampally 18. Koyyalagudem 19. Chouttuppal 20. Miryalgudam 21. Gadia Gouraram 22. Deverkonda 23. Nyalapatla 24. Vellanky 25. Kuntlaguda 26. Narayanpur 27. Lingotam
20. ADILABAD.		Nil.	1. Chennor. 2. Luxettipet. 3. Mancherial. 4. Asifabad. 5. Nirmal. 6. Bellampalli. 7. Sirpurkagaznagar. (Sh) 8. Sirpur. 9. Adilabad. 10. Ramakrishnapuram.
21. KARIMNA- GAR	1. Utoor. 2. Bejjenki. 3. Marrisalligudam.		1. Sircilla. 2. Huzurabad. 3. Jammikunta (Sh).

(1)	(2)	(3)	(4)
<b>21. KARIMNAGAR (Contd.)</b>			
		4. Manthani.	4. Veenavanka.
		5. Mallial.	5. Kamalapoor.
		6. Veldi (Shen).	6. Keshavapatnam(Shen)
		7. Vootoor (Sh).	7. Bapuji Huzurabad.
			8. Bernapalli (Shen).
			9. Rudravaram.
			10. Markandeya, Sircilla.
			11. Vemulawada.
			12. W.C.S. Beinpalli.
			13. Kedurupaka.
			14. Gudem.
			15. Venkateshwara Sircilla.
			16. Jagtial.
			17. Korutla.
			18. Buggaram.
			19. Hanmajipet.
			20. Vennampalli (Shen).
			21. Venkapalli said- apoor.
			22. Kothapalli.
			23. Karimnagar.
			24. Husnabad.
			25. Cherla thotapalli.
			26. Begumpet.
			27. Kondapalkala.
			28. Choppadandi.
			29. Gundigopalraopet.
			30. Cherlabuthkur.
			31. Mannempalli.
			32. Sultanabad.
			33. Eligaid.
			34. Srirampoor.

(1)	(2)	(3)	(4)
21. KARIMNAGAR ( <i>Contd.</i> )			
			35. Damera.
			36. Cherlabuthkur (Sh).
			37. Julapalli.
			38. Rangapoor.
			39. Bornapalli.
			40. Amudalapalli.
			41. Ramapuram.
			42. Sirsapalli.
			43. Bethigal (N).
			44. Pachunoor (Shen).
			45. Elabaka (Shen).
			46. Duddenapalli (N).
			47. Raikal (Shen).
			48. Kothapalli. (N).
			49. Eradpalli (Shen).
			50. Poosala.
			51. Chappadandi (Sh).
			52. Eligaid (Shen).
			53. Itharajipalli (Shne).
			54. Korkal. (Shen).
			55. Narasingapoor (Shen).
			56. Metpalli (Shen).
			57. Telikunta (Shen).
			58. Puttapaka (Shen)
			59. Peddampet (Shen)
			60. Julapalli (Shen).
			61. Madaka (Shen).
			62. Kankula (Shen).
			63. Addaguntapalli (Sh.).
			64. Karimnagar (Shen).
			65. Vedurugatta (Shen).
			66. Bujunoor.

(1)	(2)	(3)	(4)
21. KARIMNAGAR (Contd.)			67. Eglaspoor. 68. Keshavapa1nam. 69. Koheda. 70. Vinjapalli. 71. Telkunta. 72. Srinivasa Kothapalli. 73. Kannapuram. 74. Molangoor. 75. Cheelapoor. 76. Godavarikhani. 77. (Women) Godavari- khani. 78. Odela. 79. Kothapalli (Sh). 80. Mulkanoor (Sh). 81. Bapuji Eligaid. 82. Mulknoor 83. Thadkal.

APPENDIX—No. VII

*Statement Showing the List of Dormant Societies  
Which are marked for revival by the Department.*

(Vide Para No. 8.3.)

Sl. No.	Name of the District.	No. of Societies identified for revival.
1.	Srikakulam. .. .. .	7
2.	Visakhapatnam. .. .. .	3
3.	East Godavari. .. .. .	12
4.	West Godavari. .. .. .	3
5.	Krishna. .. .. .	6
6.	Guntur. .. .. .	2
7.	Prakasham. .. .. .	5
8.	Nellore. .. .. .	3
9.	Chittoor. .. .. .	2
10.	Kurnool. .. .. .	5
11.	Anantapur. .. .. .	8
12.	Cuddapah. .. .. .	7
13.	Adilabad. .. .. .	1
14.	Nizamabad. .. .. .	4
15.	Karimnagar. .. .. .	2
16.	Warangal. .. .. .	4
17.	Nalgonda. .. .. .	2
18.	Hyderabad. .. .. .	1
19.	Mahaboobnagar. .. .. .	1
20.	Medak. .. .. .	2
Total ..		80

**LIST OF SOCIETIES WHICH ARE IDENTIFIED FOR REVIVAL  
DURING 1975-76**

**ANDHRA HANDLOOM WEAVERS CO-OPERATIVE SOCIETY LIMITED  
VIJAYAWADA.**

*Srikakulam District:*

1. Boorgam Weavers Co-operative Society.
2. Pedatamarapalli Do.
3. Narayanapura Do.
4. Rajapuram Do.
5. Thammavada Do.
6. Pedadevikavada Do.
7. Bramhantarla Do.

*Visakhapatnam District:*

1. Makavaripalem Weavers Co-operative Society.
2. Yalamanchali Do.
3. Boddam Do.

*East Godavari District:*

1. Ravitahmpedu Weavers Co-operative Society.
2. Pithapuram Do.
3. P. B. Devam Do.
4. Injaram Do.
5. Kandregula Do.
6. Thullur Do.
7. Tirumalai Do.
8. Nazurabad Do.
9. Thettaramudi Do.
10. Kesanapalli Do.
11. Kottam Do.
12. Moolapeta Do.

*West Godavari District*

1. Visweswara Swamy Weavers Co-operative Society.
2. Gnaneswara Do.
3. Konala Do.

*Krishna District:*

1. Vellanki Weavers Co-operative Society
2. Jujjuru Do.
3. Mustabada Do.
4. Uppuluru Do.
5. Bhimavaram Do.
6. Choutapalli Do.

*Guntur District:*

1. Rajapeta Weavers Co-operative Society.
2. Chilakuripeta Do.

*Prakasam District:*

1. Kothapeta Weavers Co-operative Society.
2. Desaipeta Do.
3. Bosenagar Do.
4. Dantampeta Do.
5. Gandhinagar Do.

## RAYALASEEMA APEX INSTITUTION

*Nellore District:*

1. Kandukur Weavers Co-operative Society.
2. Bangarupeta Do.
3. Thodaru Do.

*Chittoor District:*

1. Vijayalaxmi Weavers Co-operative Society,
2. Balavinyagar Do.

*Kurnool District:*

1. S. Atmakur Weavers Co-operative. Society.
2. Nandikotkur Do.
3. Peapalli Do.
4. Maddikara Do.
5. Garla cumbly Do.

*Anantapur District:*

1. Dhaimavaram Weavers Co-opretive, Society Silk
2. Rayalapalli Do. Wool
3. Beluguppa Do. Wool
4. Tenegal Do. Wool
5. Thimmapuram Do. Wool
6. Kattikindapalam cumbly Do.
7. Roddam Do.
8. Cheepuleti Do.

*Cuddapah District:*

1. Chinnapureddipalli Weavers Co-operative Society
2. Veludurthi Do.
3. Vengimalli Do.
4. S. Kothala Do.
5. Potladurthi Do.
6. Vempalli Do.
7. Yorripalli Do.

HYDERABAD HANDLOOM WEAVERS CENTRAL CO-OPERATIVE ASSOCIATION  
LIMITED, HYDERABAD

*Adilabad District:*

1. Bellampalli Weavers Co-yperative Society



*Nizamabad District:*

- |              |                              |
|--------------|------------------------------|
| 1. Kamareddy | Weavers Co-operative Society |
| 2. Bhikanoor | Do.                          |
| 3. Bhanswada | Do.                          |
| 4. Nizamabad | Do.                          |

*Karimnagar District*

- |               |                              |
|---------------|------------------------------|
| 1. Mulknoor   | Weavers Co-operative Society |
| 2. Karimnagar | Do.                          |

*Warangal District :*

- |                  |                              |
|------------------|------------------------------|
| 1. Nagaram       | Weavers Co-operative Society |
| 2. Jafeerbad     | Do.                          |
| 3. Peddakedepak  | Do.                          |
| 4. Penchi Kalpet | Do.                          |

*Nalgonda District:*

- |                  |                              |
|------------------|------------------------------|
| 1. Raghunathapur | Weavers Co-operative Society |
| 2. Aliar         | Do.                          |

*Hyderabad District:*

- |                  |                              |
|------------------|------------------------------|
| 1. Ibrahimpatnam | Weavers Co-operative Society |
|------------------|------------------------------|

*Mahaboobnagar District:*

- |         |                              |
|---------|------------------------------|
| 1. Ieez | Weavers Co-operative Society |
|---------|------------------------------|

*Medak District :*

- |               |                              |
|---------------|------------------------------|
| 1. Rangampeta | Weavers Co-operative Society |
| 2. Lingapur   | Do.                          |

APPENDIX No. VIII

*Statement Showing the List of Primary Societies Marked for liquidation*

(Vide Para No. 8.5.)

Sl. No.	Name of the District.	No. of Primary Societies Marked for Liquidation.
(1)	(2)	(3)
1.	Srikakulam	18
2.	Visakhapatnam	7
3.	East Godavari	7
4.	West Godavari	5
5.	Krishna	9
6.	Guntur	19
7.	Prakasam	44
8.	Nellore	18
9.	Chittoor	11
10.	Anantapur	1
11.	Cuddapah	21
12.	Hyderabad	3
13.	Mahaboobnagar	5
14.	Medak	1
15.	Nalgonda	2
16.	Nizamabad	2
17.	Karimnagar	3
18.	Kurnool	7
19.	Warangal	17
20.	Adilabad	Nil
21.	Khammam	1
Total		201

*Statement Showing the List of Societies Marked for Liquidation.*

*I. Srikakulam.*

1. Koligam
2. Rajapuram
3. Sariapalli
4. Rajampuram (Tape)
5. Rekhadevipuram
6. Jadhupalli
7. Themberu
8. Rayala
9. Parvatipuram
10. Ramachadrapuram
11. Palakonda (old)
12. Sirgapuram (old)
13. Navanambada
14. Srikakulam
15. Narasnapeta
16. Nivagam
17. Marakamudidam
18. Thamavada

*II. Visakhapatnam :*

1. Gangubudi
2. Thotada
3. Kondakoppaka
4. Kailasapatnam
5. Jaggiahpeta (Tape)
6. Malliahpeta (Tape)
7. Munagapaka

*III. East Godavari :*

1. Vadiseleru
2. Rachapalli
3. Tatiparthi
4. Angara
5. Tamarapalli
6. Chintalapalli
7. Adivipalem

*IV. West Godavari :*

1. Ganapavaram
2. Kokthirapadu
3. B. Kondapadu
4. Narasannapeta
5. Rustambada

*V. Krishna.*

1. Penamaluru
2. Chandralapadu
3. Kunderu
4. Sermohammadpet
5. Vinjaram
6. Gudivada Andhra Kesari
7. Chantapalli
8. Polukonda
9. Kaza

*VI. Guntur :*

1. Dhulipudi
2. Atchtyapuram
3. Ponugupadu
4. Lankalapurapudu
5. Kandulavaripalem
6. Komerapudi
7. Venukonda

8. Kotcherla
9. Mandruvaripalem
10. Narasaraopet
11. Phirangipuram
12. Gopuvaripalem
13. Pothavaram
14. Yedavalli
15. Macherla
16. Ambapuram
17. Utukuru
18. Bhavanarushi (Sathenapalli)
19. Atchampeta

*VII. Prakasam :*

1. B. Nidamanuru
2. Pothavaram
3. Tellabadu
4. Bassavannapalem
5. Namapallivaripalem
6. Lingamgunta
7. Ravinuthala
8. Pedakothapalli
9. Jammulapalem
10. Bommanapadu
11. Kondamanjuluru
12. Ulchi
13. Divalaravuru
14. S. N. Padu
15. Ananthavaram
16. Karavadi
17. Maddularu
18. Konjedu
19. M. Nidamanuru
20. Rudravaram
21. Tangutur
22. Edumudi

23. Tativaripalem
24. Endluru
25. Marturu
26. Konanki
27. Vemulakota
28. Gangavaram
29. Inamukkala
30. Thrumella
31. Racherla
32. Nekanambadu
33. Yerramsettipally
34. Bosunaoar
35. Ramannapeta
36. Annmallipeta
37. Desaipet
38. Edupulapadu
39. Tadiparthivanipalem
40. Gangavaram
41. Yerrabanapalli
42. Pedarikatla
43. Gudipadu
44. Donakonda

*VIII. Nellore :*

1. Pallipadu
2. Salipet
3. Koduru
4. Thoderu
5. Podalkur
6. Manubolu
7. Akkampet
8. Kasumur
9. Govindarajapuram
10. Chittalur
11. Josephpet.

12. Alaganipadu
13. Menakur
14. Vindur
15. Godali
16. Thatiparthi
17. Seetharamapuram
18. Bangarupet

*IX. Chittoor :*

1. Srimuruganpudupet
2. Satrawada
3. P. V. Kondriga
4. P. D. Kandriga
5. Satyaveedu
6. Varadaishpalem
7. Vijayalakshmi Kaltivethu
8. Karipakkam
9. Peddamallela
10. Kotagudibanda
11. Nagalapuram

*X. Anantapur :*

1. Kodavandlapalli

*XI. Cuddapah :*

1. Sundaracharulu Street
2. Annapusathrulapalli
3. Gudipadu
4. Jammalamadugu
5. Dathapuram
6. Nawabpeta
7. Chennampalli
8. Polipalli
9. Eppiralla
10. Konarachupalli
11. Perumamilla

12. Palugarallapalli
13. Pullampeta
14. Rajampeta
15. Sidhput
16. Yerragunlakotal
17. Siddareddigaripalli,
18. Veldurthi
19. Koduru
20. Nallingayapalli
21. Ulavalapalli

*XII. Hyderabad :*

1. Chinnabadaravrayal
2. Karankota
3. Dharoor

*XIII. Mahaboobnagar :*

1. Sharajkhanpeta
2. Kosgi
3. Doultabad
4. Kodari
5. Sugnoor

*XIV. Medak :*

1. Lachapet

*XV. Nalgonda :*

1. Gummadavalli
2. Huzurnagar

*XVI. Nizamabad :*

1. Kamareddy
2. Yellareddy



*XVII. Karimnagar*

1. Mallial
2. Manthani
3. Sh. and N. Kothapalli

*XVIII. Kurnool :*

1. Midthur
2. Karivena
3. Orvakal Tape
4. Brahmanapalli
5. Chagalāmri
6. C. Kanala
7. Kasepuram

*XIX. Warangal :*

1. Kotancha
2. Mogullapalli
3. Mataid
4. Gudur
5. Jangaon
6. Mogilicherla
7. Jookal
8. Sitharampuram
9. Pidicilla (Nawar)
10. Pembarthi
11. Warangal
12. Ippaguda
13. Rajaparthi
14. Madthapally
15. Pidicilla (Satharanji)
16. Vemulapally
17. Parkal

*XX. Adilabad :*

Nil.

*XXI. Khammam :*

1. Khammam

APPENDIX No. IX

(Vide Para No. 9.16 and Para No. 9.30)

Statement showing the Details of Powerlooms Financed under Plan Schemes.

District.	No. of Societies.	No. of looms for which permission issued	GOVT. LOANS SANCTIONED		Year of sanction	LOOMS		
			Looms	Amount (Rs. in lakhs)		Acquired	Installed	Commissioned
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. Chittoor .. ..	12	446	286	14.12	1971-74	284	264	264
2. Nellore .. ..	2	80	39	1.95	1973-74	39	20	20
3. West Godavari .. ..	2	40	40	2.00	1971 & 1973-74	40	40	40
4. Guntur .. ..	3	66	40	1.49	1972-74	40	16	16
5. East Godavari .. ..	2	98	12	0.60	1972-73	12	12	2
6. Cuddapah .. ..	2	36	36	1.75	1973-74	36	36	36
	23	766	453	21.91		451	368	378

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
7. Karimnagar .. ..	14	272	106	5.22	1970-74	86	86	78
8. Warangal .. ..	8	154	63	3.02	1969-74	63	63	59
9. Nizamabad .. ..	4	35	7	0.35	1970-73	6	4	4
10. Adilabad .. ..	2	4	4	0.26	1969-70	4	4	4
11. Nalgonda .. ..	2	141	12	0.58	1969-74	12	12	12
12. Hyderabad .. ..	4	81	23	1.17	1969-74	21	21	21
13. Mahabubnagar .. ..	4	196	79	3.99	1969-72	75	75	75
14. Medak .. ..	8	96	52	2.62	1969-74	51	51	45
	46	979	346	17.21		318	316	298
	69	1,745	799	39.12		769	704	676

APPENDIX NO. X

(Vide para No. 9.27)

Statement showing the Details of Powerlooms Weavers' Co-op. Societies to whom block Capital was provided by Banks.

District	No. of Societies.	No. of looms for which permission issued.	GOVT. LOANS SANCTIONED		Year of SANCTION	LOOMS		
			Looms	Amount (Rs. in lakhs)		Acquired	Installed	Commissioned
1. Karimnagar	4	172	116	7.22	1973-74	116	116	67
2. Warangal	7	218	201	11.75	1972-74	199	192	139
3. Adilabad	1	15	15	0.96	1973	15	15	15
4. Medak	1	32	32	1.25	1973	32	32	32
5. Nizamabad	5	134	126	7.76	1972-74	130	122	122
6. Hyderabad	5	155	69	4.40	1972	69	69	69
	23	726	559	33.34@		557	546**	444

@ There is a difference of Rs. 56,000 compared to Departmental figures.

\*\* This is in excess by 10% looms compared to the Departmental figures.

# ANNEXURES

ANNEXURE I

(Vide Para No. 3.7)

Statement showing tentative outlays made under the Draft 5th Plan of State Governments/Union Territory Administrations for development of Handloom Industry.

S. No.	Name of State/Union Territories	Tentative total outlays in Draft 5th Plan (Rs. in lakhs.)
1.	Tamil Nadu .. .. .	1,450.00
2.	West Bengal .. .. .	220.00
3.	Andhra Pradesh .. .. .	300.00
4.	Jammu & Kashmir .. .. .	21.14
5.	Assam .. .. .	164.43
6.	Kerala .. .. .	220.00
7.	Madhya Pradesh .. .. .	100.00
8.	Karnataka .. .. .	158.70
9.	Gujarat .. .. .	40.00
10.	Rajasthan .. .. .	6.50
11.	Uttar Pradesh .. .. .	491.00
12.	Punjab .. .. .	20.00
13.	Haryana .. .. .	75.00
14.	Bihar .. .. .	150.00
15.	Orissa .. .. .	83.70
16.	Maharashtra .. .. .	632.00
17.	Meghalaya .. .. .	30.00
18.	Manipur .. .. .	75.00
19.	Tripura .. .. .	17.75
20.	Himachal Pradesh .. .. .	Nil.
21.	Nagaland .. .. .	Nil.
22.	Delhi .. .. .	38.00
23.	Arunachal Pradesh .. .. .	18.00
24.	Goa, Daman & Diu .. .. .	00.60
25.	Mizoram .. .. .	25.00
26.	Pondichery .. .. .	15.00
	- Total .. .. .	4351.82

Copy of :

ANNEXURE II

(Vide para No. 6.10&para 7.A-27)

GOVERNMENT OF INDIA  
MINISTRY OF COMMERCE AND INDUSTRIES

No. 4 (18) TEX (C) /60

New Delhi, the 18th Aug. 1960  
27th Sravana, 1882.

FROM :

Sri A.G.V. Subramaniam,

Under Secretary to the Government of India.

TO

1. All State Governments (Secretaries Industries Deptt.)
2. All Union Territories.
3. All Accountants-General.

*Subject :* Rebate on the sales of handloom cloth.

Sir,

I am directed to refer to this Ministry's Letter No. 4 (46) TEX (C)/59 dated the 29th June, 1959 on the subject noted above. The Question of continuance of the scheme in a modified form with a view to minimise the expenditure on rebate has been under consideration of the Government of India for some time and it has now been decided that the scheme of rebate on the sales of Handloom Cloth should be modified as indicated below.

two or more specified below :

2. The modified scheme which will come into effect from the 1st September, 1960 will entitle the following categories of sales of Handloom Cloth to the grant of rebate on sales of handloom cloth worth rupees two or more specified below:

I. *Rebate on retail sales :*

- (i) A rebate at the rate of 5 np. (five nayapaise) in the rupee will be allowed on genuine retail sales of Handloom Cloth worth rupees two or more from:

- (a) Weavers co-operative societies and/or State-owned depots, and
  - (b) Consumer co-operative societies which purchase Handloom Cloth only from weavers co-operative societies and which deal, so far as cloth business is concerned, only in hand-woven cloth.
- (ii) A special additional rebate at the rate of 5 np (five naye paise only) in the rupee will be allowed on genuine retail sales of handloom cloth for a total period of 15 days in the year *i.e.*, for eight days during the Annual All-India Handloom Week celebrations and for seven days on suitable festival occasions to be chosen by the individual State Governments/Union Territories concerned with the prior approval of this Ministry. Specific orders will be issued for such special rebate. Depots of apex weavers societies or other co-operative institutions functioning in State other than the one in which their head-quarters office is located will be entitled to this concession of special additional rebate only during the period such rebate is granted in the State in which such depots are located.

## *II. Rebate on wholesale sales :*

A rebate at the rate of 3 np. (three naye paise) in the rupee will be allowed on wholesales of handloom cloth by weavers co-operative societies. For this purpose, sale of handloom cloth worth Rs. 190 (one hundred) or more at a time in a single transaction will constitute a wholesale sale. The State Governments will have the option of allowing or not allowing this rebate on whole-sale sales, having due regard to the need for limiting the expenditure on rebates within the ceiling shares allotted to them.

## *III. Rebate on export sales :*

A rebate at the rate of 5 np. (five naye paise) in the rupee will be admissible to :

(a) Co-operative Societies or state trading organisations on sales for export of handloom cloth purchased from weavers co-operative societies ; and

(b) Co-operative Societies exporting handloom cloth direct.



3. As State Governments are aware, certain ceilings have been fixed for each State for expenditure on the Rebate scheme for the year 1960-61. It is essential that the ceilings are adhered to strictly. If considered necessary, the scheme of rebate as modified by these orders may be so regulated further by the State Governments by restricting the categories of sales of cloth or by reducing the rate of rebate either wholly or in partly so as to keep the expenditure within the prescribed ceilings. In no case will central assistance be given for expenditure on the rebate scheme in excess of the ceilings.

4. The State Governments may, as far as possible, ensure that rebate is made admissible only in respect of production by weavers' co-operative societies from yarn supplied by such societies to their members.

5. I am to add that all conditions stipulated by this Ministry in respect of each category of sales of handloom cloth qualifying for the rebate scheme will continue to apply.

6. It is requested that steps may be taken to introduce revised scheme of rebate with effect from the 1st September 1960 under intimation to this Ministry. Any modification that may be introduced by the State Governments under Para 3 of this letter, may also be intimated to this Ministry.

Yours faithfully,

A. G. V. SUBRAHMANIAM,  
*Under Secretary to the Government of  
India.*