सत्यमेव जयते

Report of the Comptroller and Auditor General of India on Scheme for Integrated Textile Parks

SUPREME AUDIT INSTITUTION OF INDIA

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

Union Government
Ministry of Textiles
No. 2 of 2023
(Compliance Audit)

Report of the
Comptroller and Auditor General of India
on
Scheme for Integrated Textile Parks

Union Government
Ministry of Textiles
No. 2 of 2023
(Compliance Audit)

Laid on the table of Lok Sabha and Rajya Sabha on……

CONTENTS

Preface

This Report of the Comptroller and Auditor General of India has been prepared for submission to the President of India under Article 151 of the Constitution. It contains the results of Compliance Audit of the Scheme for Integrated Textile Parks implemented by the Ministry of Textiles.

The Government of India (GoI) introduced the Scheme for Integrated Textile Parks in the year 2005 (during 10th Plan period) to create new Integrated Textile Parks of international standards and provide the textile industry with world-class infrastructure facilities for setting up textile units. The Scheme was continued during the 11th Plan period (2007-12) and 12th Plan period (2012-17) and was further continued for another period of three years from 01 April 2017 to 31 March 2020. It has been further extended up to the year 2025-26 for completion of the projects already sanctioned under it.

Audit was undertaken to derive an assurance that the objectives of the Scheme were achieved. This Report includes significant audit observations related to Planning, Implementation and Monitoring & Evaluation of the Scheme. Certain recommendations have also been provided to aid the Government in course correction and better planning of subsequent schemes of similar nature.

The Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Executive Summary

The Government of India introduced the Scheme for Integrated Textile Parks (SITP) in the year 2005 (during the 10th Plan period) to create new Integrated Textile Parks of international standards and provide the textile industry with world-class infrastructure facilities for setting up textile units. The Scheme was continued during the 11th Plan period (2007-12), 12th Plan period (2012-17) and another period of three years from 01 April 2017 to 31 March 2020. The Scheme has further been extended up to the year 2025-26 for completion of the projects already sanctioned under it.

The Scheme was launched with the objective of establishing world-class infrastructure facilities for the industry to set up textile units, which would, in turn, generate employment opportunities and increase investments.

At the Government of India level, the Ministry of Textiles (the Ministry) was the apex authority responsible for implementation of the scheme. The Ministry appointed Project Management Consultants (PMCs) who were to identify the locations for setting up the Parks, facilitate formation of Special Purpose Vehicle (SPV) at each Park, prepare detailed project report for each Park, structure and appraise the projects, assist the SPV in achieving financial closure, monitor the implementation and submit periodical progress reports to the Ministry.

As per the data provided by the Ministry (as on February 2022), a total of 98 Parks were sanctioned between November 2005 and June 2016. Out of the 98 sanctioned Parks which comprised 26 completed Parks, 30 ongoing Parks and 42 cancelled Parks, Audit selected a sample size of 24 Parks (24 *per cent*) covering 10 completed Parks, 8 ongoing Parks and 6 cancelled Parks by way of stratified random sampling method. Out of the sample size of 24 parks, Audit conducted field visits in 14 Parks.

Compliance Audit of the Scheme covering the period from April 2016 to March 2021 was undertaken to assess whether the Scheme was planned, implemented and monitored efficiently and effectively conforming to the Scheme guidelines, rules and regulations and the intended objectives viz. employment generation, attracting investments and setting up of textile units etc., were timely achieved.

Audit findings:

Planning and Implementation of the Scheme

- There was a huge shortfall in achievement of targets by the Parks sanctioned under the Scheme. Even after a lapse of 16 years from the inception of the Scheme, the actual achievement of the 56 completed/ ongoing Parks was 30 *per cent* in terms of employment generation, 50 *per cent* in terms of investments and 37 *per cent* in terms of setting-up of textile units, as against the targets set in the detailed project reports of the Parks.

(Para 3.1)

- There were delays ranging from 1 year to more than 10 years in completion of Parks. Major reasons for delay in completion of Parks were delay in obtaining statutory clearances, issues related to land allotment for the Parks and weak financial strength of the Special Purpose Vehicles. Further, 43 *per cent* of the total sanctioned Parks were cancelled. The cancellation of large number of Parks and inordinate delays in completion of the Parks defeated the purpose of the Scheme to that extent.

(Paras 3.2 and 3.3)

- Very few number of Parks were fully integrated Textile Parks having benefits of value chain and promotion of industrial clusters which would have led to reduction of production costs. A large number of Parks were proposed with only one to two segments of the value chain.

(Para 3.4)

- Without ensuring successful completion of the Parks sanctioned during the 10th Plan period by March 2007 as envisaged in the Scheme guidelines, the Ministry proceeded with sanctioning of more Parks in the 11th and 12th Plan periods.

(Para 3.5)

- The Ministry considered the Parks as 'completed' solely on the basis of recommendation of the Project Management Consultant, without ensuring the veracity of the recommendation through independent physical verification by its own officials. Instances of misinformation on the part of Project Management Consultants were noticed in audit.

(Para 3.7)

- After releasing 90 *per cent* of GoI grant, the Ministry approved changed project configuration for setting up of reduced number of factory units. Though the criterion of 25 *per cent* operational units for considering the Park as completed was met with reference to the reduced number of factory units, the basic purpose of ensuring completion of the Park could not be achieved.

(Para 3.8)

- In respect of Surat Super Yarn Park, the Ministry allowed to purchase 2x7.5 MW second-hand Captive Power Plant (turbine and boiler including some of the auxiliaries) from China at a cost of ₹42.30 crore. Only one unit of Captive Power Plant was commissioned in the year 2012 but it became non-operational within a year of its commissioning and subsequently the Park also got shut down.

(Para 3.9)

- Out of grants of ₹122.61 crore released to 20 cancelled Parks, an amount of ₹77.34 crore remained unrecovered from 10 cancelled Parks apart from penal interest of ₹117.72 crore. Out of the remaining 10 cancelled Parks where grants had been recovered, penal interest amounting to ₹34.75 crore was not recovered in case of seven Parks.

(Para 3.10)

- The Ministry had to cancel a few projects after release of GoI grants as the SPV/ Project Management Consultant failed to obtain statutory clearances which were a pre-requisite to commencement of the project.

(Para 3.11)

Present status of the Parks

- Out of the sampled 10 completed Parks, Audit conducted field visits in nine parks and found that three Parks, where grants aggregating to ₹93.60 crore were released and the Ministry had considered them to be successfully completed and showed as functional in its records, were found to be closed/ shut down.

(Para 4.1)

- One Park was found running with non-textile activities like engineering works, furniture works, seeds processing, etc. Further, one Park was found seized by bank.

(Paras 4.2 and 4.3)

- The Ministry treated a few Parks as completed without ensuring creation of common infrastructure and facilities which were initially planned in their detailed project reports.

(Para 4.4)

- Out of the eight sampled ongoing Parks, Audit conducted field visits in five parks and found that three Parks, where grants aggregating to ₹79.61 crore were released and considered as operational by the Ministry, were stuck due to non-availability of statutory clearances. The Ministry had released grants (ranging between 60 *per cent* and 79 *per cent* of the total grant) based on recommendations of the Project Management Consultants without ensuring availability of statutory clearances before commencement of the Parks.

(Para 4.5)

Monitoring and Evaluation

- The Ministry did not take action against the Project Management Consultants (PMCs) despite their failure in fulfilment of obligations. Instances were noticed where the PMC itself issued a sanction letter for loan component of the project instead of assisting the Special Purpose Vehicle in obtaining loan from the banks. This resulted in conflict of interest in the role played by the PMCs in respect of the Parks sanctioned during the 10th and 11th Plan periods.

(Paras 5.1 and 5.2)

- The review of progress of the Parks by the Project Approval Committee was not an independent exercise but was based on the inputs provided by the Project Management Consultant/ Special Purpose Vehicle.

(Para 5.3)

- The Ministry did not involve the State Governments for participation in the Scheme and their recommendations were not sought by the Ministry before approval of the Parks. Non-involvement of the State Governments at the appropriate stage of the projects had been one of the major reasons of the project failure as various projects suffered due to land issues, power supply, water supply and statutory clearances.

(Para 5.4)

- A District Level Coordination Committee under the chairmanship of District Collector with representatives from the Ministry of Textiles and other stakeholders was to be formed for coordinating and monitoring the progress of the Parks, but the same was not found constituted by the Ministry.

(Para 5.5)

- The Scheme guidelines did not envisage any role of the Textile Commissioner/ Regional Textile Commissioners in monitoring of the Parks.

(Para 5.6)

Audit Recommendations:

1. ***The Ministry may identify the reasons for non-achievement of the objectives of the Scheme and take necessary action to complete the ongoing Parks at the earliest in order to achieve the targeted levels of employment generation, increase in investments and setting-up of textile units. The Ministry may also review the completed Parks so as to explore the possibilities of setting up remaining units and increase employment generation and investments.***

2. ***The Ministry may consider making availability of land and statutory clearances required for setting up of Textile Parks a pre-condition for sanction/ release of grants for the Parks sanctioned under this Scheme or any other Scheme in future.***

3. ***In order to derive maximum benefits from textile parks and reduce production costs, the Ministry may ensure inclusion of maximum components of the textile value chain in the Parks sanctioned under this Scheme or any other Scheme in future.***

4. ***The Ministry may lay down measurable criteria like employment generation, investment, size of the Parks etc., for evaluating success of the Parks sanctioned under PM Mega Integrated Textile Region and Apparel Scheme or any other such schemes.***

5. ***The Ministry may define a clear role of other agencies like Textile Commissioner/ Regional Textile Commissioner in implementation and monitoring of the ongoing and completed Parks since there needs to be an independent evaluation of the work done by the Project Management Consultants.***

6. ***The Ministry may take punitive action against the Project Management Consultants and Special Purpose Vehicles for providing false information/ documents to the Ministry. Further, penal provisions for lapses by the Project Management Consultants and the Special Purpose Vehicles may be included in the respective agreements in case of all new Parks to be sanctioned in future.***

7. ***The Ministry may consider investigating approval of the import of second-hand machinery for Captive Power Plant and it becoming non-operational within a year of its commissioning. The Ministry may also fix responsibility for these lapses.***

8. ***In case of cancelled Parks, the Ministry may ensure that the grants released are recovered from the SPVs along with applicable penal interest without further delays. It may also be ensured that further grants are not sanctioned in case of ongoing Parks until the safeguards for release of funds viz. Bank guarantee and surety bonds etc., are in place.***

9. ***The Ministry may evolve an appropriate mechanism for periodical physical verification of the completed Parks to ensure that the intended objectives of the Scheme are achieved in the long run.***

10. ***The Ministry may get the lapses on the part of the Project Management Consultant and its role as the lender investigated in case of Surat Super Yarn Park and Pochampally Handloom Park and take necessary action.***

Chapter-I

Introduction

The Ministry of Textiles (MOT) launched a scheme titled 'Scheme for Integrated Textile Parks (SITP) in the year 2005 (10th Plan period) by merging two erstwhile schemes namely 'Apparel Parks for Exports Scheme (APES)' and 'Textile Centre Infrastructure Development Scheme (TCIDS)'. The primary objective of the Scheme was to provide the industry with world-class state-of-the-art infrastructure facilities for setting up their textile units. The Scheme was continued during the 11th Plan period (2007-12) and 12th Plan period (2012-17) and was further continued for another period of three years from 1 April 2017 to 31 March 2020. Separate set of Scheme guidelines were issued by the Ministry for each period of operation of the Scheme. The Scheme has been extended up to the year 2025-26 for completion of the projects already sanctioned under it.

1.1 Objectives of the Scheme for Integrated Textile Parks

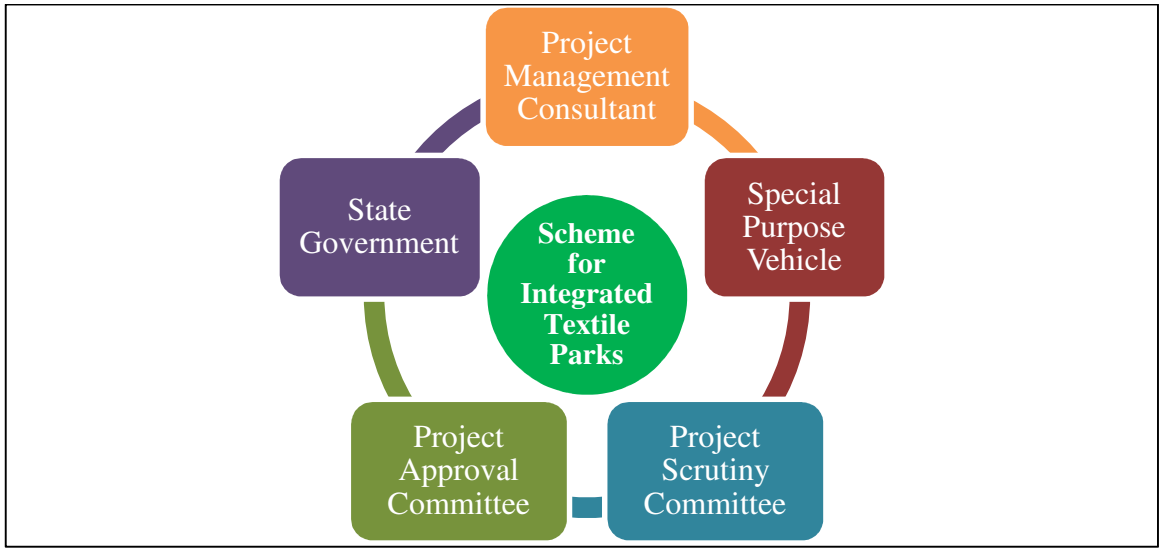
The Scheme was formulated to achieve the following objectives:

- Creating new textile parks of international standards at potential growth centers.
- Providing financial assistance to a group of entrepreneurs to establish state-of-the-art infrastructure facilities in a cluster for setting up their textile units, conforming to international environmental and social standards and thereby mobilising private investment in the textile sector.
- Generating employment opportunities, increasing investments and boosting exports in textile sector.

1.2 Implementation structure of the Scheme

The implementation structure of Scheme as envisaged in the Scheme guidelines consisted of five main agencies, which is shown below:

Figure 1: Agencies involved in implementation of Scheme for Integrated Textile Parks



The roles of the five agencies are as under:

1.2.1 Project Management Consultant

As per the Scheme guidelines for 10th Plan period (2005-07), the Ministry of Textiles was to sign a Memorandum of Understanding with Infrastructure Leasing & Financial Services (IL&FS) or a similar professional agency, having considerable experience in the area of infrastructure development, as Project Management Consultant (PMC) for implementing the Scheme.

The Scheme guidelines for 11th Plan period (2007-12) and 12th Plan period (2012-17) stipulated that the Ministry of Textiles would appoint a panel of professional agencies, having considerable experience and expertise in the area of infrastructure development, as PMCs for implementing the Scheme.

The PMC was responsible for the speedy implementation of the projects in a transparent and professional manner so as to achieve high degree of quality at a low cost acceptable to the members of the Special Purpose Vehicle for which fee was to be paid to the PMC by the Ministry. The PMC was required to report to the Ministry which was to directly supervise the implementation of projects under the superintendence and control of Secretary (Textiles). The PMC was to discharge the following functions:

(i) Identifying the locations for setting up the Integrated Textile Parks based on a scientific assessment of the demand and potential of the area.

(ii) Facilitating formation of SPV at each project level with the participation of local industry.

(iii) Preparation of Project Plan including setting up of standards for infrastructure.

(iv) Structure and appraise the projects and submit the same for consideration of Project Approval Committee (PAC).

(v) Assist the SPVs in selection of agencies for preparation of bid documents, construction, operation and maintenance of the facilities in the Project.

(vi) Assist the SPV in achieving financial closure.

(vii) Monitor the implementation and submit periodical progress reports to the Ministry.

(viii) Liaise with the State Governments to resolve state-related problems.

(ix) Ensure timely completion of projects as fixed by the Project Approval Committee.

The Scheme guidelines for post-12th Plan period (1 April 2017 to 31 March 2020) did not provide for engagement of a PMC. Instead, the guidelines stipulated selection of an agency as Project Monitoring Unit (PMU)[1]. The PMU was to be selected through a transparent

[1] ***The concept of PMU was not there in the guidelines existing up to 12th Plan period and it was introduced in the guidelines for post-12th Plan period issued in 2018. However, no Parks were sanctioned after June 2016.***

process in accordance with Government guidelines. The agency selected as PMU was required to have in-house expertise in project finance, infrastructure development, project management, capability to develop IT solution, etc. The PMU was to be under the direct administrative control of the Infrastructure Division of the Ministry of Textiles. The PMU was to do due diligence on the detailed project reports submitted by the SPVs to the Ministry and submit its recommendations to the Infrastructure Division, which in turn was required to submit the proposals to the Project Approval Committee.

1.2.2 Special Purpose Vehicle

The Scheme was to be implemented by the Ministry of Textiles through Special Purpose Vehicles (SPVs). Industry Associations/ Groups were the main promoters of the Integrated Textile Parks. The SPVs were the focal point for implementation of the Scheme playing the following role:

(i) The SPV was to conceptualise, formulate, achieve financial closure, implement and manage the infrastructure.

(ii) The SPV was to procure land, cost of which could be built into the project cost[2].

(iii) After developing the infrastructure, SPV was to allocate sites to Industry for setting up units.

(iv) The SPV was also to facilitate securing bank finance required for setting up units in the Integrated Textile Park.

(v) The SPV was responsible for maintaining the utilities and infrastructure created for Integrated Textile Parks by collecting service and user charges.

(vi) The SPV was to be so structured as to be self-sustaining with a positive revenue stream.

(vii) The SPV was to appoint contractors/consultants in a fair and transparent manner. In order to ensure timely completion of the project, the SPV was to obtain appropriate performance guarantee from consultants/contractors.

1.2.3 Project Scrutiny Committee

The project proposals as submitted by the Project Management Consultants were to be considered and appraised by the Project Scrutiny Committee[3]. The Committee was to

---

[2] ***The cost of land was excluded from the project cost in the scheme guidelines for 12th Plan period and onwards.***

[3] ***Project Scrutiny Committee was envisaged in the Scheme guidelines issued for the 12th Plan period only. The Committee is headed by Joint Secretary (SITP), Ministry of Textiles and consists of nine other members viz. (i) Advisor (Industry), Planning Commission or his representative, (ii) Joint Secretary (PF-II), Department of Expenditure or his nominee, (iii) Joint Secretary (Infrastructure), Department of Commerce or his nominee, (iv) Joint Secretary (IIUS), Department of Industrial Policy & Promotion or his nominee, (v) Joint Secretary, Ministry of Environment and Forests or his nominee, (vi) Textile Commissioner, Mumbai, (vii) Economic Advisor, Ministry of Textiles, (viii) Director/ Deputy Secretary, IFW, Ministry of Textiles, and (ix) Director (SITP), Ministry of Textiles (as Member Secretary).***

appraise the projects in terms of the project components, viability, feasibility and timelines of each project. The Committee was to look into the utility of the projects in terms of modernisation and integration of supply and management chain, and make the final recommendations to the Project Approval Committee.

1.2.4 Project Approval Committee

The project proposals were to be finally sanctioned by a Project Approval Committee. The Scheme guidelines for each period of its operation laid down a different composition of the Project Approval Committee as stated in **Annexure-I**. For most part of the operation of Scheme, the Committee was headed by the Secretary (Textiles). However, in the Scheme guidelines for post-12th Plan period (1 April 2017 to 31 March 2020), the Minister of Textiles was made the Chairperson of the Committee.

1.2.5 State Government

The role of the State Government(s) was envisaged in the following areas:

(i) Providing all requisite clearances, wherever needed, for setting up the Integrated Textile Park and providing the necessary assistance for power, water and other utilities to the Park.

(ii) Assist in identification and procurement of suitable land.

(iii) The State Government agencies like Infrastructural/ Industrial Development Corporations may also participate in the projects by way of subscribing to the equity of SPV or by providing grants.

(iv) Providing flexible and conducive labour environment and consider special facilities like exemption of stamp duty etc. for the units located in the Integrated Textile Park.

(v) Dovetailing of other related Schemes for overall effectiveness and efficiency of the project.

1.3 Components of project cost

The project cost of each Integrated Textile Park included the following components:

(i) **Group A**- Land

(ii) **Group B**- Common Infrastructure like compound wall, roads, drainage, water supply, electricity supply including captive power plant, effluent treatment plant, telecommunication lines, etc.

(iii) **Group C**- Buildings for common facilities like testing laboratory, design center, training center, trade center/display center, warehousing facility/raw material depot, crèche, canteen, workers' hostel, offices of service providers, labour rest and recreation facilities etc.

(iv) **Group D**- Factory buildings for production purposes.

(v) **Group E**- Plant & machinery

The total project cost for the purpose of the Scheme included the cost on account of components listed under Group A, B, C and D above, provided the ownership of the factory buildings was vested with the SPV. The SPV would, however, have the option of seeking financial support from Government of India (GoI) for the components under Group B and C only, if factory buildings were individually owned. Group E was not included in the total project cost for the purpose of the Scheme. Further, the Scheme guidelines for 12th Plan period and onwards excluded the cost of land (i.e. Group A above) from the total project cost.

1.4 Funding pattern

The total project cost was funded through a mix of equity/ grant from the Government of India (Ministry of Textiles), State Government, State Industrial Development Corporation, Industry and Project Management Consultant and loan from banks/ financial institutions.

The Government of India (GoI) support under the Scheme by way of grant or equity was limited to 40 *per cent* of the project cost subject to a ceiling of ₹ 40 crore and the balance was to be mobilised by the SPV through equity/term loans. However, the combined equity stake of GoI/State Government/State Industrial Development Corporation, if any, should not exceed 49 *per cent*.

In the Scheme guidelines for 12th Plan period, it was further stipulated that GoI support would be provided at the rate of 90 *per cent* of the project cost subject to a ceiling of ₹ 40 crore for the first two projects in the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Sikkim and Jammu & Kashmir.

The GoI share to the SPV would be released in instalments as elucidated in **Annexure-II**, brief of which is given below:

Table 1: Release of instalments of grants under the Scheme

(Figures in percentage)

Instalment	10th Plan period (2005-07)	11th Plan period (2007-12)	12th Plan period (2012-17)	Post-12th Plan period (01.04.2017 to 31.03.2020)
First instalment	30 (in two parts[4])	30 (in two parts[5])	10	30
Second Instalment	30	30	15	40
Third Instalment	30	30	25	30
Fourth Instalment	10	10	25	-
Fifth Instalment	-	-	25	-
Total	**100**	**100**	**100**	**100**

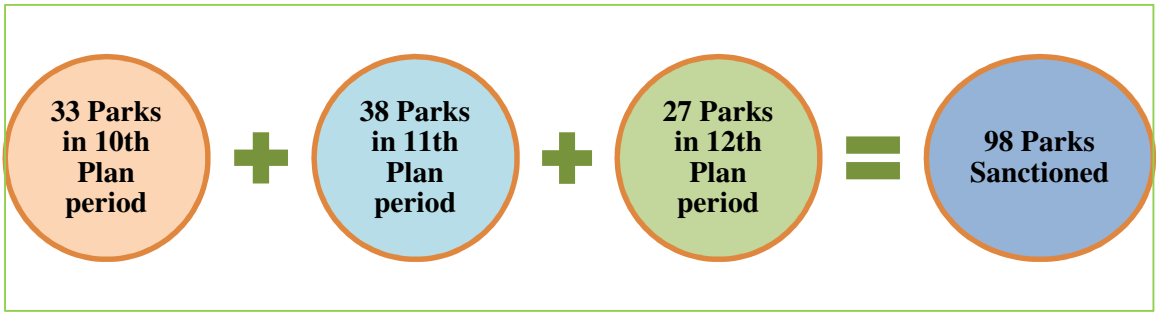
[4] ***As per the decision taken (November 2005) by the Project Approval Committee, the first instalment is released in two parts (first part of 10 per cent and second part of 20 per cent) subject to fulfilment of conditions prescribed in respect of each part***

[5] ***The first instalment is released in two parts (first part of 10 per cent and second part of 20 per cent) subject to fulfilment of conditions prescribed in respect of each part***

1.5 Status of Parks sanctioned under the Scheme

The Ministry sanctioned[6] a total of 98 Parks **(Annexure-III)** under the Scheme up to June 2016 after which no more Parks were sanctioned. In the context of different Plan periods, the number of Parks sanctioned is shown below:

Figure 2: Sanction of Parks in SITP



Out of the 98 sanctioned Parks, only 26 Parks (26.53 *per cent*) had been considered as 'Completed[7]' as of February 2022. Of the remaining 72 Parks, 30 Parks (30.61 *per cent*) were ongoing while 42 Parks (42.86 *per cent*) had been cancelled. Grants aggregating to ₹ 1,593 crore were released for the 98 sanctioned Parks. as shown in the table below:

Chart 1: Status of 98 Sanctioned Parks

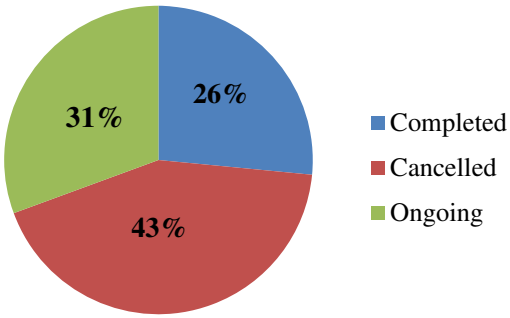


Table 2: Total number of sanctioned Parks

Category	Total number of sanctioned Parks	Grants released by GoI for all sanctioned Parks (₹ crore)
Completed Parks	26	904.49
Ongoing Parks	30	565.45
Cancelled Parks	42	122.58
Total	**98**	**1,592.52**

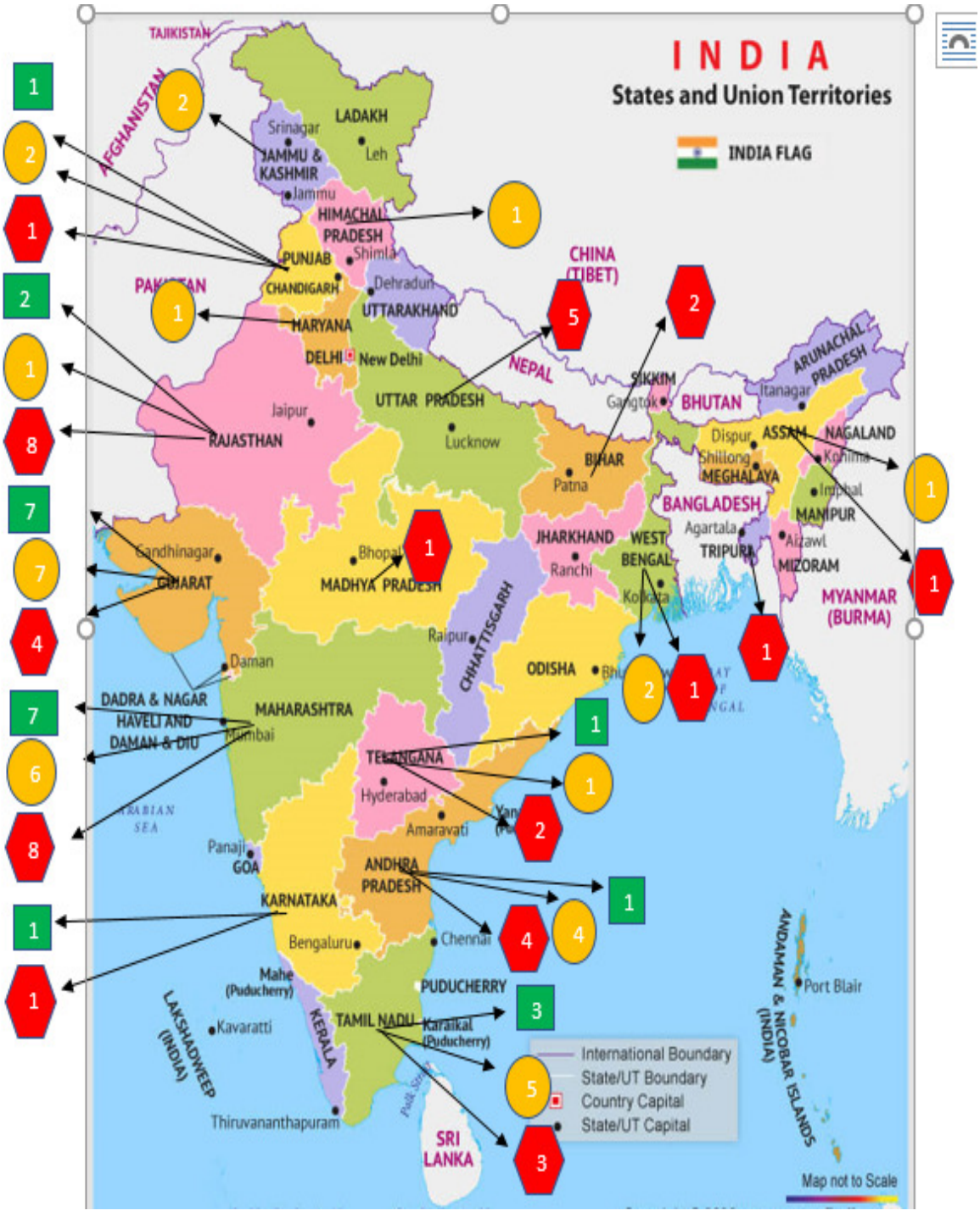
Source: Information provided by the Ministry of Textiles

[6] *between November 2005 and June 2016*

[7] *As per the Scheme guidelines for 10th and 11th Plan periods, final instalment of grants was to be released only after successful completion of the project and after 25 per cent of the units in the Integrated Textile Park started their production. Accordingly, the Ministry considered a Park as 'completed' as and when the Special Purpose Vehicle reported commencement of 25 per cent of the proposed units in the Park. This was enhanced to 33 per cent in the Scheme guidelines for 12th Plan period. Further, the Scheme guidelines for post-12th Plan period stipulated operationalisation of at least 80 per cent of committed units along with generation of 80 per cent of promised employment as a condition for release of final instalment of grants.*

A Map showing the State-wise locations of the 98 Parks sanctioned under the Scheme in terms of the number of Completed Parks, Ongoing Parks and Cancelled Parks in each State is shown below:

Map 1: Map of 98 Parks sanctioned under the Scheme



	=	Number of Completed Parks
	=	Number of Ongoing Parks
	=	Number of Cancelled Parks

The number of Completed Parks, Ongoing Parks and Cancelled Parks out of the total Parks sanctioned during different Plan periods is given in the following table:

Table 3: Plan-wise status of 98 sanctioned Parks

Plan (period)	Total number of Sanctioned Parks	Number of Cancelled Parks	Number of Completed Parks	Number of Ongoing Parks	GoI grant released (₹ crore)
10th Plan (2005-07)	33	12	16	5	727.99
11th Plan (2007-12)	38	18	10	10	629.28
12th Plan (2012-17)	27	12	Nil	15	235.25
Post 12th Plan (2017-21)	Nil	Nil	Nil	Nil	Nil
Total	**98**	**42**	**26**	**30**	**1,592.52**

Source: Information provided by the Ministry of Textiles

Thus, 42 out of 98 sanctioned Parks were cancelled and out of the remaining 56 Parks, only 26 Parks were completed as of February 2022. Also, 15 ongoing Parks remained incomplete even though these were sanctioned between the years 2005 and 2012.

Chapter-II

Mandate, Audit Scope and Methodology

The Compliance Audit Report has been prepared under the provisions of Section 13 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The Audit has been carried out in line with the Regulations on Audit and Accounts (Amendments), 2020 of the Comptroller and Auditor General of India.

2.1 Audit objectives

Audit of the Scheme for Integrated Textile Parks was undertaken to assess whether:

a) The Scheme was planned, implemented and monitored efficiently conforming to the Scheme guidelines, rules and regulations; and
b) The intended objectives viz. employment generation, attracting investments and setting up of textile units etc., were timely achieved.

2.2 Scope of Audit

Audit was conducted during the period July 2021 to December 2021 covering the period from April 2016 to March 2021. During the audit, records related to the Scheme viz. approval of parks, sanction of funds, monitoring of progress in Parks etc. were scrutinised in the Ministry of Textiles. Audit also conducted joint physical verification of sampled Parks along with the officials of the Special Purpose Vehicles.

The audit observations were communicated to the Ministry on 18 February 2022, to which replies of the Ministry were received on 23 June 2022. An Exit Conference was held with the Ministry on 11 July 2022 to discuss the audit findings. The replies of the Ministry and responses received during the Exit Conference were duly considered and a draft Audit Report was issued to the Ministry on 20 July 2022. The replies of the Ministry to the draft Report were received in August 2022 which have been duly considered and appropriately incorporated while finalising this Report.

2.3 Audit criteria

Audit criteria were derived from the following:

- Guidelines of the Scheme issued by the Ministry of Textiles
- Approved notes of the Cabinet Committee on Economic Affairs/Vision documents
- Circulars issued by the Ministry from time to time for implementation of the Scheme
- Documents/records pertaining to formulation of the Scheme, release of subsidy to Special Purpose Vehicles etc., maintained in the Ministry
- Agenda and minutes of various meetings of Project Scrutiny Committee and Project Approval Committee
- Documents/records pertaining to monitoring of the Scheme as maintained in the Ministry

2.4 Audit sampling

Out of the 98 sanctioned Parks, a sample of 24 Parks (24 *per cent*) was selected by way of stratified random sampling method covering completed Parks, ongoing Parks and cancelled Parks, and also ensuring representation from each State wherein the Parks were sanctioned. The sample selection is summarised as under:

Table 4: Total number of sanctioned Parks and Parks selected for Audit

Category	Total number of sanctioned Parks	Grants released by GoI for all sanctioned Parks (₹ crore)	Number of Parks selected for audit	Grants released by GoI for the Parks selected for audit (₹ crore)
Completed Parks	26	904.49	10	332.83
Ongoing Parks	30	565.45	8	189.83
Cancelled Parks	42	122.58	6	28.14
Total	**98**	**1,592.52**	**24**	**550.80**

In terms of the grants released by the GoI, the Parks selected for audit represented 35 *per cent* of the total population. Joint physical verifications of 14 Parks[8] out of the 24 Parks selected for audit were also conducted along with the officials of the respective Special Purpose Vehicles, such as Managing Director, Director, etc.

The details of the 24 Parks selected for audit are given in the following table and audit observations pertaining to each individual Park are discussed in **Annexure-IV**:

Table 5: Details of the Parks selected for audit

Sl. No.	Name of the Park (Special Purpose Vehicle)	State	Date of sanction	GoI grant released (₹ crore)	Whether joint physical verification conducted by Audit
Completed Parks					
1.	Brandix India Apparel City Private Limited, Visakhapatnam	Andhra Pradesh	01.07.2006	40.00	No
2.	Surat Super Yarn Park Limited, Surat	Gujarat	01.07.2006	40.00	Yes
3.	Dodballapur Integrated Textile Park, Dodballapur	Karnataka	01.07.2006	32.01	Yes

[8] ***Joint physical verification was not conducted in 10 Parks which included six cancelled Parks wherein grants were to be recovered from these Parks, and thus there was no scope to see progress in these Parks. Grants had not been released for two Parks until March 2021 (viz. Ichhapore Textile Park, Gujarat and Kashmir Wool and Silk Textile Park, Jammu & Kashmir), file of one Park (viz. Himachal Textile Park Ltd, Himachal Pradesh) was not received from the Ministry due to an ongoing vigilance case and one completed Park (viz. Brandix India Apparel City Pvt. Ltd, Andhra Pradesh) could not be visited due to the third wave of Covid-19***

Sl. No.	Name of the Park (Special Purpose Vehicle)	State	Date of sanction	GoI grant released (₹ crore)	Whether joint physical verification conducted by Audit
4.	Lotus Integrated Tex Park, Barnala	Punjab	05.03.2007	40.00	Yes
5.	Madurai Integrated Textile Park Ltd, Madurai	Tamil Nadu	05.03.2007	31.43	Yes
6.	Pochampally Handloom Park Limited, Hyderabad	Telangana	01.07.2006	13.60	Yes
7.	J&K Integrated Textile Park, Kathua	Jammu and Kashmir	16.09.2011	35.73	Yes
8.	Latur Integrated Textile Park Pvt Ltd, Latur	Maharashtra	16.05.2008	40.00	Yes
9.	Ludhiana Integrated Textile Park Ltd, Ludhiana	Punjab	18.12.2008	36.00	Yes
10.	Jaipur Integrated Texcraft Park Pvt Ltd, Jaipur	Rajasthan	16.05.2008	24.06	Yes
Ongoing Parks					
11.	Kishangarh Hi-Tech Textile Weaving Park Limited, Kishangarh	Rajasthan	01.07.2006	36.00	Yes
12.	SIMA Textile Processing Centre, Cuddalore	Tamil Nadu	25.11.2005	24.00	Yes
13.	EIGMEF Apparel Park Ltd., Sayed Amir Ali Avenue, Kolkata	West Bengal	01.07.2006	31.61	Yes
14.	MAS Fabric Park (India) Ltd, Hyderabad	Andhra Pradesh	20.03.2008	24.00	Yes
15.	Himachal Textile Park Ltd, Una	Himachal Pradesh	16.09.2011	34.88	No
16.	Amitara Green Hi Tech Textile Park Pvt Ltd., Kheda	Gujarat	20.09.2014	35.34	Yes
17.	Ichhapore Textile Park, Surat	Gujarat	06.08.2015	4.00	No
18.	Kashmir Wool & Silk Textile Park, Ghatti	Jammu and Kashmir	20.09.2014	Nil[9]	No
Cancelled Parks					
19.	Shri Dhairyashil Mane Textile Park Co-op Society Limited, Ichalkaranji	Maharashtra	01.07.2006	8.67	No
20.	Wada Textile Park, Thane	Maharashtra	03.02.2006	4.00	No

[9] ***No grants were released as the land allotment for the Park was pending with the State Government, which was one of the pre-requisites for release of the first instalment of the grants***

Sl. No.	Name of the Park (Special Purpose Vehicle)	State	Date of sanction	GoI grant released (₹ crore)	Whether joint physical verification conducted by Audit
21.	CLC Textile Park Pvt. Ltd, Pandhurna, Chhindwara	Madhya Pradesh	December 2008	11.47	No
22.	Sunderrao Solanke Co-op Textile Park, Majalgaon	Maharashtra	08.11.2011	4.00	No
23.	Rajasthan Integrated Apparel City, Bhiwadi	Rajasthan	October 2011	Nil	No
24.	JVL Textile Park Pvt. Ltd., Rohtas	Bihar	20.09.2014	Nil	No
			Total	**550.80**	

2.5 Acknowledgment

Audit acknowledges the cooperation received from the Ministry of Textiles and the selected Parks during the audit process.

Chapter-III

Planning and Implementation of the Scheme

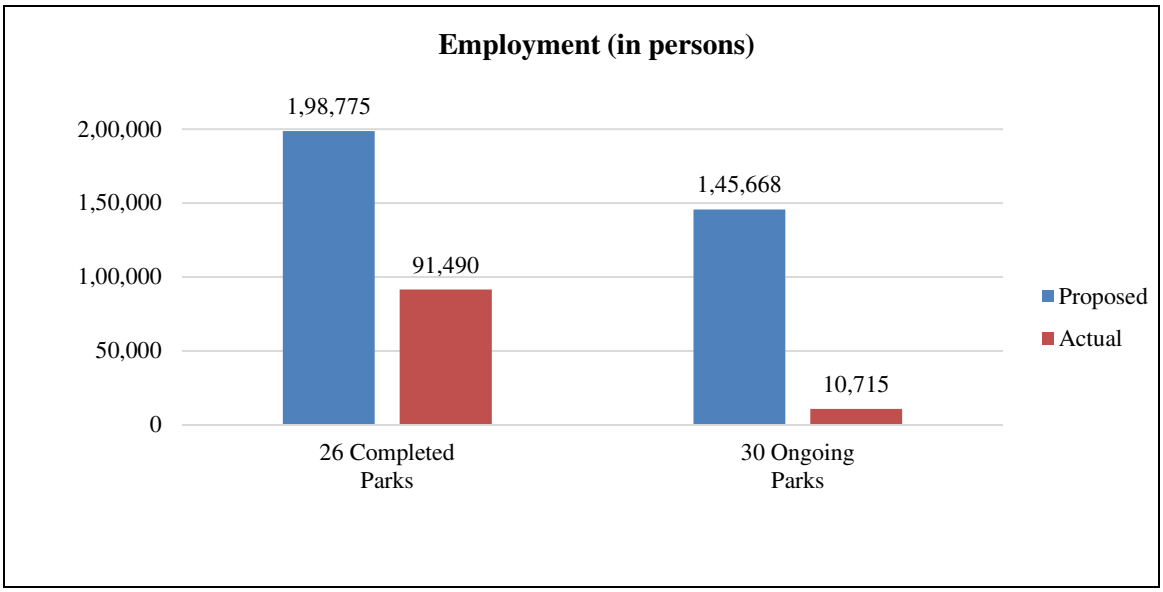
The Ministry of Textiles sanctioned total 98 Integrated Textile Parks under the Scheme during the period from November 2005 to June 2016. Audit findings emerging from the scrutiny of records indicating deficiencies in planning and implementation of the scheme are discussed below:

3.1 Performance of the Integrated Textile Parks sanctioned under the Scheme

The Scheme guidelines for the 10th Plan period (2005-07) envisaged creation of five lakh jobs by March 2007 through development of 25 parks out of GoI grant of ₹ 625 crore. Thus, each Park was supposed to generate employment for 20,000 people. The Scheme guidelines further stipulated that each Park would normally have at least 50 units with a total investment of ₹ 750 crore. The Scheme guidelines for 11th and 12th Plan periods did not envisage any such quantitative targets. However, the detailed project report for each Park indicated the projections about jobs creation, investments and setting-up of textile units.

As such, the data received (February 2022) from the Ministry in respect of the 56 completed/ ongoing Parks sanctioned during the 10th, 11th and 12th Plan periods were analysed with respect to their actual jobs creation, investments, and setting-up of textile units *vis-à-vis* proposals made in their respective detailed project reports. The actual achievement in this regard is shown in Chart 2 and Table 6 below:

Chart 2: Achievement of targets by the Parks



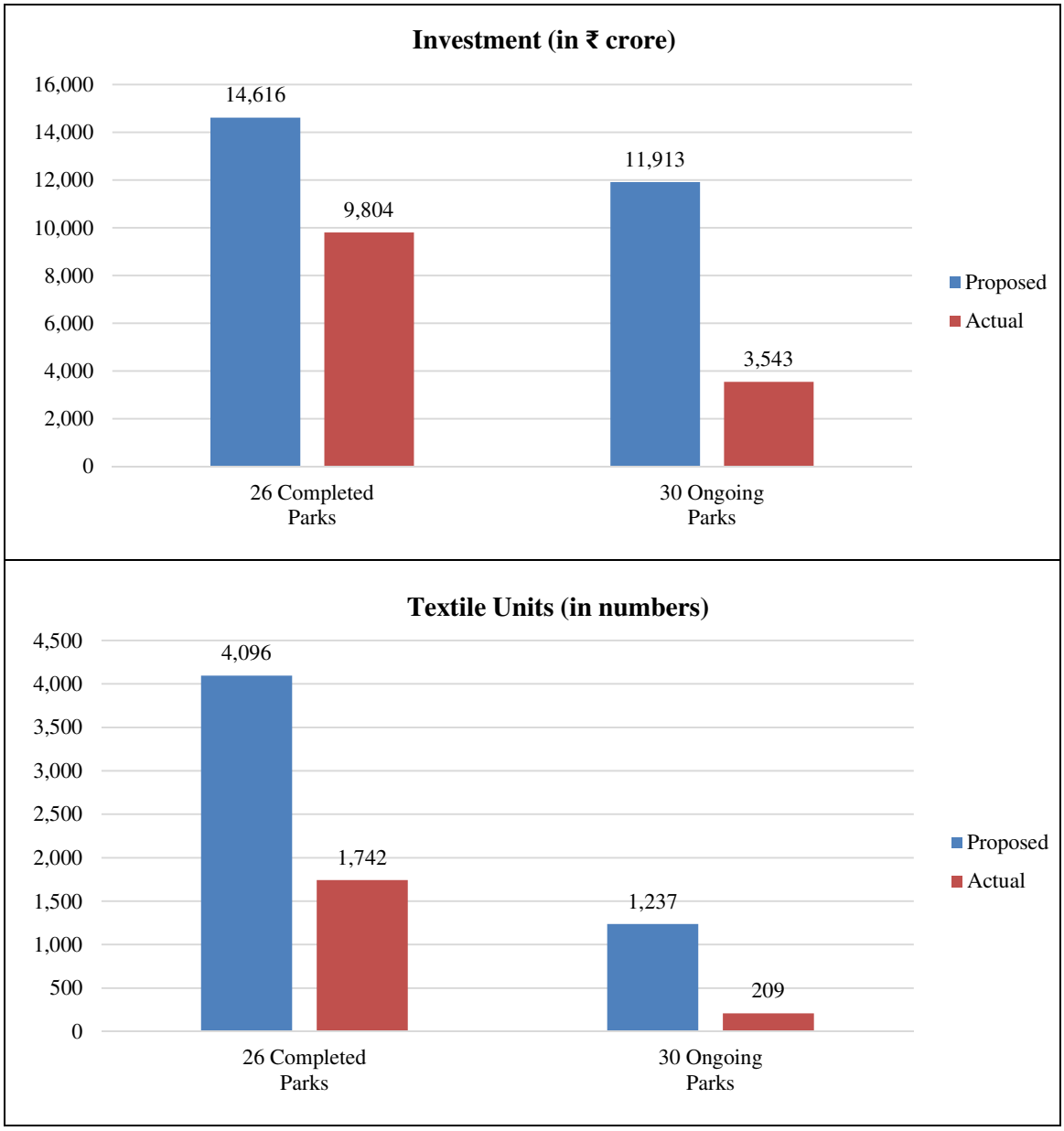


Table 6: Status of achievement of targets by the Parks

Category of Parks	Number of Parks	GoI grants released (₹ crore)	Employment (in persons)		Investment (₹ in crore)		Textile units (in numbers)	
			Proposed[10]	Actual	Proposed	Actual	Proposed	Actual
Completed	26	904.49	1,98,775	91,490	14,616	9,804	4,096	1,742
			46%		**67%**		**43%**	
Ongoing	30	565.45	1,45,668	10,715	11,913	3,543	1,237	209
			7%		**30%**		**17%**	
Total	**56**	**1,469.94**	**3,44,443**	**1,02,205**	**26,529**	**13347**	**5,333**	**1,951**
Overall achievement			**30%**		**50%**		**37%**	

Source: Data provided by the Ministry

[10] ***In the absence of any quantitative targets for Parks sanctioned after the 10th Plan period, the proposed employment of 3.44 lakh persons in respect of the 56 completed/ ongoing Parks as shown in the table is taken as per the targets given in the detailed project reports of the Parks.***

It may be seen from above that there was huge shortfall in achievement of all the three identified targets of the Scheme. Even after a lapse of 16 years from the inception of the Scheme and despite release of GoI grants amounting to ₹ 904.49 crore on 26 completed Parks, the actual achievement was only 46 *per cent* in terms of employment generation, 67 *per cent* in terms of investments and 43 *per cent* in terms of setting-up of textile units which was way below the proposed targets of the Scheme.

The overall achievement for 56 completed/ ongoing Parks was only 30 *per cent* in terms of employment generation, 50 *per cent* in terms of investments and 37 *per cent* in terms of setting-up of textile units, as against the targets set in the detailed project reports.

This was mainly due to non-completion of the ongoing Parks and non-operation of proposed units in the completed Parks.

It may also be noted that the achievement has been computed on basis of information furnished by the Ministry, which was found to be unreliable during physical visits to the Parks as some of the Parks declared to be functional were found closed. Hence, the actual achievement is bound to be even lower in all aspects.

The Ministry stated (June 2022) that the employment shall be increased on completion of under construction Parks. Several unforeseen factors affect the target of employment generation in Textile Parks like worldwide market scenario/ slow down, greater infusion of technology in production process and Covid-19 pandemic recently. Thus, creation of employment is satisfactory. The Ministry did not give any response on the non-achievement of targets of investments and setting-up of textile units in the Parks. The Ministry further stated (August 2022) that it will assess the completed Parks.

The reply does not justify the large variance between the targets and actual achievement. As such the Parks failed to fully achieve the envisaged targets for employment, investment and setting-up of textile units.

Recommendation No. 1

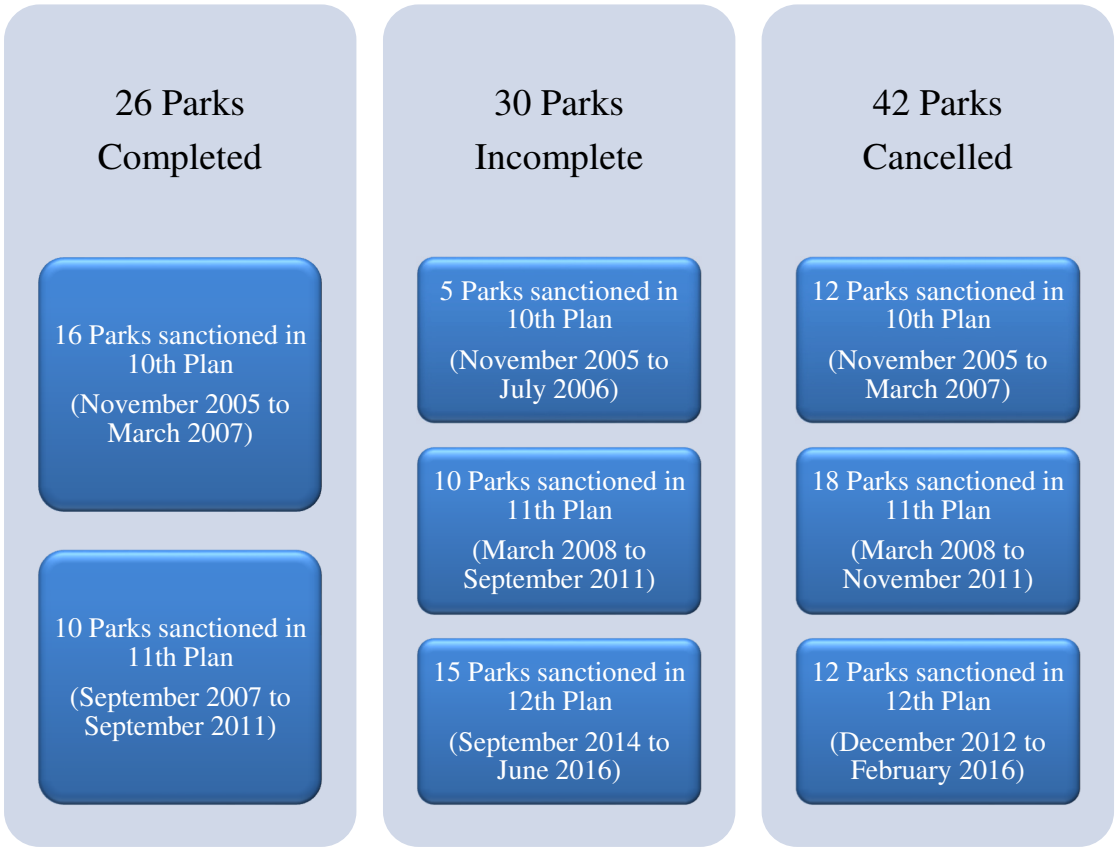
The Ministry may identify the reasons for non-achievement of the objectives of the Scheme and take necessary action to complete the ongoing Parks at the earliest in order to achieve the targeted levels of employment generation, increase in investments and setting-up of textile units. The Ministry may also review the completed Parks so as to explore the possibilities of setting up remaining units and increase employment generation and investments.

Audit attempted an analysis of the reasons for this below par performance of the Parks set up under the Scheme. The audit observations in this regard and other issues/ weaknesses observed during implementation of the Scheme are discussed in the following paragraphs:

3.2 Dismal completion rate and cancellation of large number of Parks

As per the information provided (February 2022) by the Ministry, out of the 98 Parks sanctioned under the Scheme, 26 Parks were completed, 30 Parks were ongoing and 42 Parks were cancelled. The details are given below:

Figure 3: Details of the 98 sanctioned Parks



It can be seen from above that out of 98 Parks sanctioned under the Scheme, as of February 2022:

- As many as 42 Parks, i.e., 43 *per cent* of the total sanctioned Parks were cancelled. Only 26 Parks were completed. The remaining 30 sanctioned Parks were yet to be completed.
- Though the Parks sanctioned under the scheme were to be completed between 18 to 36 months of their sanction during the three Plan periods, there have been inordinate delays in completion of the Parks.
- The delay is evident from the fact that five incomplete Parks were sanctioned more than 15 years ago (November 2005 to July 2006) and 10 incomplete Parks were sanctioned more than 10 years ago (March 2008 to September 2011).
- None of the Parks sanctioned during the 12th Plan period (December 2012 to June 2016) have been completed so far.

The cancellation of large number of Parks and inordinate delays in completion of the Parks defeated the purpose of the Scheme.

3.3 Inordinate delays in completion of Parks

During the 10th Plan period (2005-07), it was envisaged to complete 25 Parks in around 18 months. The scheduled time for completion for Parks sanctioned during the 11th Plan period was kept as 24 months from the first release of grants by the GoI. Further, during the 12th Plan period, the completion period for the Parks was estimated to be three years. Out of the 18 completed/ ongoing Parks selected for audit, records related to 17 Parks[11] (10 completed Parks and 7 ongoing parks) were made available to Audit. Audit observed that there were delays ranging from 1 year to more than 10 years in all the 10 completed Parks and 5 ongoing Parks against their scheduled completion dates as shown in the table below:

Table 7: Delay in completed/ ongoing Parks selected for audit

Description	Completed Parks	Ongoing Parks
Within scheduled time	0	0
Less than one year	0	0
One to three years[12]	3	0
Three to five years[13]	4	1
Five to ten years[14]	2	0
More than 10 years[15]	1	4
Total	**10**	**5**

In respect of the remaining two ongoing Parks, Audit observed that:

(i) One Park (viz. Kashmir Wool and Silk Textile Park Pvt. Ltd) was sanctioned in September 2014 but no grants were released to the Special Purpose Vehicle by the GoI as the land allotment for the Park was pending with the State Government. Thus, there was no progress in the establishment of the Park even after more than seven years from the date of sanction.

(ii) One Park (viz. Ichhapore Textile Park Pvt. Ltd) was sanctioned in August 2015. However, due to delay in land allotment, the first instalment of GoI grant was released only in June 2021, with a stipulation to complete the Park within 36 months from the date of sanction of the first instalment of grant i.e. by June 2024. Thus,

---

[11] ***Records of Himachal Textile Park Ltd, Himachal Pradesh were not provided to Audit due to an ongoing vigilance case***

[12] ***Delay of one to three years was noticed in three completed Parks viz. Brandix India Apparel City Pvt. Ltd, Andhra Pradesh; Latur International Textile Park Pvt Ltd, Maharashtra; and Pochampally Handloom Park Ltd, Telangana***

[13] ***Delay of three to five years was noticed in four completed Parks viz. Surat Super Yarn Park Ltd, Gujarat; Dodballapur Integrated Textile Park, Karnataka; Lotus Integrated Tex Park, Punjab; and Jaipur Integrated Texcraft Park Pvt Ltd, Rajasthan and one ongoing Park viz. Amitara Green Hi-Tech Textile Park Pvt Ltd, Gujarat***

[14] ***Delay of five to ten years was noticed in two completed Parks viz. Madurai Integrated Textile Park Ltd, Tamil Nadu and J&K Integrated Textile Park Pvt Ltd, Jammu & Kashmir***

[15] ***Delay of more than 10 years was noticed in one completed Park viz. Ludhiana Integrated Textile Park Ltd, Punjab; and four ongoing Parks viz. MAS Fabric Park (India) Pvt Ltd, Andhra Pradesh; Kishangarh Hi-Tech Textile Park Ltd, Rajasthan; SIMA Textile Processing Center, Tamil Nadu; and EIGMEF Apparel Park Ltd, West Bengal***

even though there was no delay in completion of the Park, the release of grant itself took around six years due to delayed allotment of land.

Major reasons for delay in completion of Parks were delay in obtaining statutory clearances, issues related to land allotment for the Parks and weak financial strength of the Special Purpose Vehicles. In some cases, the recommendations of the State Government concerned regarding identification of suitable land, obtaining of statutory clearances etc., were not sought while sanctioning the Parks, which resulted in inordinate delay in completion of these Parks.

The Ministry stated (June 2022) that inordinate delay in project implementation was due to various reasons such as configuration change in the detailed project reports due to market scenario, equity issues, de-notification of land from Special Economic Zone, power issues, issues related to bringing investors in the Park and ground level issues in implementation which were discussed by the Project Approval Committee and extensions were granted on the merits of the Parks**.**

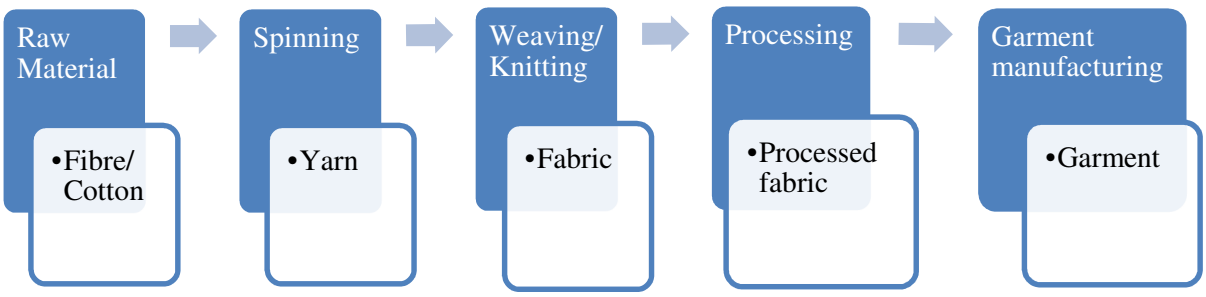
Recommendation No. 2

The Ministry may consider making availability of land and statutory clearances required for setting up of Textile Parks a pre-condition for sanction/ release of grants for the Parks sanctioned under this Scheme or any other Scheme in future.

3.4 Absence of integrated value chain in Parks

The main objective of the Scheme was promotion of industrial clusters and development of Integrated Textile Parks which should ideally integrate maximum components of the textile value chain as depicted in the following chart:

Chart 3: Textile value chain – Process/ Input and Output



Audit observed that prior to March 2018, the Scheme guidelines[16] did not specify the minimum segments of textile value chain, which should be available in a Park. Out of 24 Parks selected for audit, 10 and 8 Parks were stated to be 'Complete' and 'Ongoing/ Incomplete' respectively. Records relating to 17 Parks out of these 18 Parks were made available to Audit. Examination of records in respect of these 17 Parks revealed that:

[16] ***The Scheme guidelines for the period 1 April 2017 to 31 March 2020 were issued by the Ministry in March 2018 wherein it was prescribed that the Integrated Park proposals should consist of at least three segments of the textile value chain. However, no Park was sanctioned during this period.***

(i) Only three Parks[17] were planned to set up all four steps of value chain viz. spinning, weaving/ knitting, processing and garmenting;

(ii) Three Parks[18] were planned to set up three steps of value chain;

(iii) Five Parks[19] were planned to set up two steps of value chain; and

(iv) The remaining six Parks[20] were planned to set up only one step of value chain.

Thus, only three out of the 17 selected Parks had a fully integrated textile value chain available.

It was also seen that the Ministry had got the Scheme reviewed (December 2016) by M/s Wazir Advisors which pointed out that very few Parks were fully integrated (from fibre to finished goods), while internationally most of such Parks have been supported to develop entire value chain and support services.

The Ministry stated (June 2022) that steps of value chain and subsequent changes therein were approved by the Project Approval Committee after considering requests from the Special Purpose Vehicles. Most of the Parks under the Scheme were not at large scale as internationally developed Parks which were having thousands of acres of land and hence it would not be appropriate to compare with them. Further, Park development in India is supported in Public Private Partnership (PPP) mode while globally, in addition to PPP mode, the Government itself develops common infrastructure and then invites industry to invest in them.

The Ministry further stated (August 2022) that the mega Parks proposed to be set-up under the PM Mega Integrated Textile Region and Apparel (PM MITRA) Scheme would reduce logistics costs by housing the entire value chain at one location, which would improve competitiveness, attract investments, boost employment generation and strengthen global position of India.

Recommendation No. 3

In order to derive maximum benefits from textile parks and reduce production costs, the Ministry may ensure inclusion of maximum components of the textile value chain in the Parks sanctioned under this Scheme or any other Scheme in future.

---

[17] ***Brandix India Apparel City Ltd, Andhra Pradesh; Amitara Green Hi-tech Park Pvt Ltd, Gujarat; and J&K Integrated Textile Park Ltd, Jammu & Kashmir***

[18] ***MAS Fabric Park (India) Pvt Ltd, Andhra Pradesh; Lotus Integrated Tex Park Ltd, Punjab; and Kashmir Wool & Silk Textile Park Pvt Ltd, Jammu & Kashmir***

[19] ***Ludhiana Integrated Textile Park Ltd, Punjab; Kishangarh Hi Tech Textile Park Ltd, Rajasthan; Jaipur Integrated Texcraft Park Pvt Ltd, Rajasthan; Pochampally Handloom Park Ltd, Telangana; and Madurai Integrated Textile Park Ltd, Tamil Nadu***

[20] ***Surat Super Yarn Park Ltd, Gujarat (Weaving); Dodballapur Integrated Textile Park Ltd, Karnataka (Weaving); Latur Integrated Textile Park Pvt Ltd, Maharashtra (Garmenting); SIMA Textile Processing Centre, Tamil Nadu (Processing); EIGMEF Apparel Park Ltd, West Bengal (Garmenting); and Ichhapore Textile Park, Gujarat (Weaving)***

3.5 Sanction of new Parks without ensuring completion of already sanctioned Parks

As per the Scheme guidelines for the 10th Plan period, continuation of the Scheme into 11th Plan was to be dependent upon the successful completion of 25 projects by March 2007.

Audit observed that the Ministry sanctioned 33 Parks during the 10th Plan Period as against 25 proposed initially. Even though none of these Parks were completed in their scheduled time period of around 18 months, 65 new Parks were sanctioned during 11th and 12th Plan periods. The State-wise number of Parks sanctioned during the 10th Plan Period and further 65 Parks sanctioned during 11th and 12th Plan period is given in the table below:

Table 8: State-wise number of Parks sanctioned during 10th Plan period and during 11th & 12th Plan periods

Sl. No.	Name of the State	Number of Parks sanctioned during 10th Plan period	Number of Parks sanctioned during 11th and 12th Plan periods
1.	Andhra Pradesh	3	6
2.	Assam	-	2
3.	Bihar	-	2
4.	Gujarat	7	11
5.	Haryana	-	1
6.	Himachal Pradesh	-	1
7.	Jammu & Kashmir	-	2
8.	Karnataka	1	1
9.	Madhya Pradesh	-	1
10.	Maharashtra	6	15
11.	Punjab	1	3
12.	Rajasthan	4	7
13.	Tamil Nadu	7	4
14.	Tripura	-	1
15.	Telangana	2	2
16.	Uttar Pradesh	1	4
17.	West Bengal	1	2
	Total	**33**	**65**

It may be seen from the above table that 33 Parks were sanctioned in 10 States during the 10th Plan period. However, without ensuring successful completion of these 33 Parks by March 2007 as envisaged in the Scheme guidelines, the Ministry proceeded with sanctioning of 65 more Parks in 17 States during the 11th and 12th Plan periods. These included 55 Parks sanctioned in the same 10 States where the Parks had been sanctioned during the 10th Plan period also.

As the Scheme was formulated for establishing Integrated Textile Parks of international standards, the outcome of the Parks sanctioned during the 10th Plan period should have been assessed first before proceeding for sanctioning of more Parks.

The Ministry stated (August 2022) that out of 33 Parks sanctioned during the 10th Plan period (2005-07), 12 Parks got cancelled, 16 Parks were completed and 5 Parks were at various stages of implementation. Hence, 76 *per cent* of the Parks had been completed and 24 *per cent* of the Parks were at various stages of completion. Therefore, considering the success rate, the Scheme was continued into the 11th Plan period (2007-12) and 12th Plan period (2012-17). Further, it was stated that as the Scheme had been progressing well and was demand driven, more Parks were sanctioned keeping in view the viability of the projects and promotion of clusterisation.

The above reply is misleading as none of the 33 Parks sanctioned in 10th Plan period had been completed by the time additional 38 Parks and 27 Parks were sanctioned in 11th Plan and 12th Plan periods. In fact, the first Park sanctioned during 10th Plan period could be completed only in the year 2008-09, whereas the Scheme had already been continued into the 11th Plan period in 2007-08. Hence the reply of the Ministry that new Parks were sanctioned due to success of the earlier sanctioned Parks is not tenable.

Moreover, the targets related to employment generation, investment and functional units were under-achieved by huge margins. Also, 43 *per cent* of the sanctioned Parks were subsequently cancelled without making any headway.

3.6 Sanction of Parks smaller than envisaged under the Scheme guidelines

As per the Scheme guidelines for 10th Plan period, each Integrated Textile Park would normally have at least 50 units with a total investment of ₹ 750 crore and on an average, would provide employment to 20,000 persons. The Scheme guidelines for 11th and 12th Plan periods, however, did not lay down any such quantitative criteria for investment and employment, and stipulated that the number of entrepreneurs and the resultant investments in each Integrated Textile Park could vary from project to project subject to the condition that the aggregate investment in land, factory buildings and Plant and Machinery by the entrepreneurs in a Park shall be at least twice the cost of common infrastructure proposed for the Park.

Considering the criteria laid down in Scheme guidelines for 10th Plan period (as no quantitative criteria were laid down during subsequent Plan periods), Audit observed in respect of 56 functional (completed and ongoing) Parks that:

- 95 *per cent* Parks (53 Parks) were designed to employ less than 20,000 persons,
- 64 *per cent* Parks (36 Parks) were designed to set-up less than 50 units, and
- 95 *per cent* Parks (53 Parks) were designed to have investment of less than ₹ 750 crore

The Ministry stated (June 2022) that the Scheme is demand driven and the Parks were selected and approved by the Ministry on the basis of their practical feasibility. The Ministry further stated (August 2022) that the aspects for more employment generation, larger investment and bigger size of parks had been taken care of in PM MITRA Parks.

Recommendation No. 4

The Ministry may lay down measurable criteria like employment generation, investment, size of the Parks etc., for evaluating success of the Parks sanctioned under PM Mega Integrated Textile Region and Apparel Scheme or any other such schemes.

3.7 Absence of physical verification of Parks

During scrutiny of records related to 10 completed Parks selected for audit, it was observed that the Ministry considered all these 10 Parks as 'completed' solely on the basis of recommendation of the Project Management Consultants, without ensuring the veracity of the recommendation through independent physical verification by its own officials in most of the cases.

It was also observed that the Ministry itself had found in the following three cases that the Project Management Consultants had submitted false/ misleading information:

(i) In the case of J&K Textile Park, the Project Management Consultant (i.e. M/s IL&FS) recommended (September 2016) to consider completion of the Park stating that 9 out of 27 proposed units had started commercial production. However, the Ministry got physical verification conducted through the office of Regional Textile Commissioner, Amritsar in December 2016 and found only three units as operational.

(ii) In case of EIGMEF Apparel Park Ltd, Kolkata (an ongoing Park), the office of Regional Textile Commissioner, Kolkata had reported that grant was fraudulently obtained by the Special Purpose Vehicle in collusion with the Project Management Consultant (i.e. M/s IL&FS).

(iii) In the case of Himachal Textile Park (an ongoing Park), the Ministry decided to lodge a First Information Report against the Special Purpose Vehicle and the Project Management Consultant (i.e. M/s C.S Associates) for submitting false and fabricated documents, suppressing material facts and producing misleading information at the time of sanction (September 2011) of the project under the Scheme.

Thus, misinformation on the part of Project Management Consultants was evident. During joint physical verification of the selected Parks, Audit observed several deficiencies/ irregularities in the Parks stated to be 'completed' by Ministry, as discussed in Chapter-IV.

The Ministry stated (June 2022) that in case of J&K Textile Park, Textile Commissioner visited the parks in December 2016 soon after demonetisation and reported three units as operational, as others were temporarily closed due to demonetisation effect. The Ministry further stated (August 2022) that J&K Textile Park was yet to be given the status of 'completed' and the last instalment of grant was yet to be released. The Ministry did not furnish any reply in respect of the other two Parks pointed out in the audit observation.

The reply of Ministry needs to be seen in the light of the fact that the visit report (December 2016) of the office of Regional Textile Commissioner, Amritsar mentioned that only three

units were operational in the J&K Textile Park and another 11 units were under pipeline to be established probably in the beginning of the year 2017. There was no mention of demonetisation effect in the visit report. Further, the above reply (August 2022) that J&K Textile Park was yet to be given the status of 'completed' is contrary to the data provided (February 2022) to Audit by the Ministry as well as the Ministry's reply of June 2022, which had shown the Park as completed.

Recommendation No. 5

The Ministry may define a clear role of other agencies like Textile Commissioner/ Regional Textile Commissioner in implementation and monitoring of the ongoing and completed Parks since there needs to be an independent evaluation of the work done by the Project Management Consultants.

Recommendation No. 6

The Ministry may take punitive action against the Project Management Consultants and Special Purpose Vehicles for providing false information/ documents to the Ministry. Further, penal provisions for lapses by the Project Management Consultants and the Special Purpose Vehicles may be included in the respective agreements in case of all new Parks to be sanctioned in future.

3.8 Changes in project configuration after release of 90 *per cent* of grants

As per the Scheme guidelines, final instalment of 10 *per cent* of GoI grants was to be released after successful completion of Park and after 25 *per cent* of the units start their production. The Utilisation Certificate for previous instalment was also to be submitted at the time of making claim for the final instalment of GoI grant.

Examination of records of 10 completed Parks selected for audit revealed that in the following four cases, the Ministry approved downsizing in number of factory units to be set-up in the Parks as per the original Detailed Project Reports (DPRs) of the Parks, after release of 90 *per cent* of GoI grants:

Table 9: Changes approved in project configuration of the Parks

Name of Park	Number of units as per DPR	Number of units as per revised project configuration
Surat Super Yarn Park Ltd, Gujarat	54 weaving units	27 weaving units
Latur Integrated Textile Park Pvt. Ltd, Maharashtra	20 units (10 weaving units & 10 garmenting units)	10 garmenting units
Dodballapur Integrated Textile Park Ltd, Karnataka	88 units	72 units
Madurai Integrated Textile Park Ltd, Tamil Nadu	17 units (7 wet processing units and 10 dry composite units)	15 dry composite units

Audit observed that out of the above four Parks, in case of two Parks (viz. Surat Super Yarn Park Ltd and Latur Integrated Textile Park Pvt Ltd), the approvals by the Ministry for setting up of lower number of units only served to meet the criterion of 25 *per cent* operational units for considering the Park as completed, as discussed below:

(i) Surat Super Yarn Park Ltd requested (December 2012) for release for final instalment of GoI grants. At that time, only eight units had started operations in the Park, which constituted 15 *per cent* of the total number of units planned (i.e. 54 units) in the original DPR. However, the criterion of 25 *per cent* operational units was met with reference to the revised number of approved units (i.e. 27 units).

(ii) Latur Integrated Textile Park Pvt Ltd requested (June 2011) for release of final instalment of GoI grants. At that time, only three units had started operations in the Park, which constituted 15 *per cent* of the total number of units planned (i.e. 20 units) in the original DPR. However, the criterion of 25 *per cent* operational units was met with reference to the revised number of approved units (i.e. 10 units).

Thus, the above two Parks were not completed as per their original plan and were considered as completed only by changing project configuration at the fag end, and this amounted to premature completion of Parks. Interestingly, both these Parks got shut down soon after their completion.

The Ministry stated (June 2022) that as per the Scheme guidelines, the Project Approval Committee headed by the Secretary (Textiles) reviews the progress of the projects from time to time. In the interest of the project and to ensure timely completion, the Project Approval Committee, which is the competent authority to take decision in the revision of DPR, decides the changes in the configuration on the request of the SPV based on supportive reasons and documents submitted by the SPV.

The reply is not tenable given the fact that the Ministry had already released 90 *per cent* of the GoI grants based on the progress of the Parks as per the original plan and change of the project configuration at a later stage by reduction in number of units gave an opportunity to the SPV to project the Park as completed with lesser number of units (i.e. 25 *per cent* of revised number of units).

3.9 Installation of second-hand machinery

The Scheme guidelines envisaged to provide the textile industry with world-class infrastructure facilities for setting up their textile units. Audit observed in the case of Surat Super Yarn Park Ltd, Gujarat, that the Ministry had approved (June 2011) to set up a coal based 15 MW Captive Power Plant (CPP) in place of the gas based 20 MW CPP which was initially proposed to be set-up at a cost of ₹ 65 crore as per the detailed project report for the Park. The SPV/ PMC proposed to procure a second-hand CPP (turbine and boiler including some of the auxiliaries) considering the cost aspect and accordingly the Project Approval Committee allowed the SPV to purchase 2x7.5 MW second-hand CPP from China at a cost of ₹ 42.30 crore. Of the two units of CPP, only one was partially commissioned in the year 2012 but it became non-operational within a year of its commissioning and subsequently the Park also got shut down after October 2014.

Thus, the Ministry's decision of allowing the procurement of second-hand machinery from China for the CPP resulted in wasteful expenditure of ₹ 42.30 crore as only one unit was commissioned which too became non-operational within one year of its commissioning.

The Ministry stated (June 2022) that the first module of 7.5 MW CPP was commissioned and at that time since the available load/ demand from the Park was not sufficient (initially only 25 *per cent* of units commenced production), the second module was not commissioned. The Ministry further stated (August 2022) that commissioning of the second module of 7.5 MW would have been necessitated if the other units had also commenced production.

The reply of the Ministry did not address the audit observation regarding CPP getting non-operational within one year of its commissioning and installation of second-hand machinery for the CPP. Further, even after incurring the expenditure of ₹ 42.30 crore on purchase of CPP, the second module was not commissioned thereby rendering part of the expenditure as unfruitful.

Recommendation No. 7

The Ministry may consider investigating approval of the import of second-hand machinery for Captive Power Plant and it becoming non-operational within a year of its commissioning. The Ministry may also fix responsibility for these lapses.

3.10 Non-recovery of grants released to Cancelled Parks

As per the Scheme guidelines for the 12th Plan period, in the event the Park is cancelled by the Project Approval Committee for any reason whatsoever, the SPV shall immediately return the Government assistance together with the interest accrued thereon, if any. Penal interest at the rate of 10 *per cent* or as decided by the Project Approval Committee on case-to-case basis would also be paid by the SPV.

Out of the 98 Parks sanctioned under the Scheme, 42 Parks (43 *per cent*) were subsequently cancelled. Audit selected a sample of six such cancelled Parks for detailed scrutiny.

Out of the 42 Parks cancelled by the Ministry, 22 Parks were cancelled before release of any grants. However, grants amounting to ₹ 122.61 crore had been released to 20 remaining Parks which were cancelled thereafter. Hence, the grant amounting to ₹ 122.61crore was to be recovered by the Ministry. Audit, however, observed that an amount of ₹ 77.34 crore remained unrecovered from 10 cancelled Parks **(Annexure-V)** as of February 2022, apart from penal interest of ₹ 117.72 crore. Out of the remaining 10 cancelled Parks where grants had been recovered, penal interest amounting to ₹ 34.75 crore was not recovered in case of seven Parks.

The Ministry stated (June 2022) that it had followed up for recovery from cancelled Parks. Show cause notices including recovery proceedings had been taken up with the non-performing/ cancelled Textile Parks. In most of the cases, recovery had been made and further action for initiating recovery was in process with the office of Textile

Commissioner. The Ministry further stated (August 2022) that action was being taken for recovery of GoI grant.

Audit examined the reasons for non-recovery of grants released to cancelled Parks and identified the following reasons:

(i) Bank Guarantee not obtained from SPVs

As per Rule 159 of the General Financial Rules, 2005, adequate safeguard in the form of bank guarantee etc. should be obtained from the firm while making any advance payment. Audit, however, observed that no provision was made in the Scheme guidelines during the 10th and 11th Plan periods for submission of bank guarantee by the SPV. Only in the Scheme guidelines for the 12th Plan period did the Ministry introduce a condition that the first instalment of GoI grant shall be paid to the SPV subject to the SPV furnishing a bank guarantee of equal amount to the Ministry.

In all the 10 cancelled Parks pointed out above where the grants aggregating to ₹ 77.34 crore remained unrecovered, bank guarantees amounting to ₹ 36.29 crore[21] could have been adjusted, had the Ministry made a provision in the Scheme for obtaining bank guarantee.

(ii) Deficiencies in Surety Bond

In terms of the sanction letters for GoI grants, the Ministry made a provision that the grantee shall execute a bond with two sureties to the President of India for acceptance of terms and conditions of the payments of Grant-in-aid before release of payment. In the event of grantee failing to comply with the conditions or committing breach of the conditions of the bond, the signatories to the bond shall be jointly and severally liable to refund to the President of India the whole amount of the grant with interest at 10 *per cent* per annum thereon.

Out of the six cancelled Parks selected for audit, grants were released in case of four Parks only. Audit observed that in all these four cases, the surety bonds were not signed by the representatives of the Ministry. Further analysis revealed the following:

(a) In two cases[22], the Ministry could not provide signed copy of surety bond to the office of Regional Textile Commissioner, Mumbai to produce before the Senior Central Government Council/ Government Pleader to file necessary recovery suit. In these cases, while the office of Regional Textile Commissioner had been seeking approval for filing recovery suit for more than three years, the Ministry had not conveyed (till August 2021) the necessary approval.

(b) In one case[23], the matter of recovery of GoI grant had been brought to the notice of the concerned District Collector and outcome of the same was being awaited since December 2020.

---

[21] ***As per the Scheme guidelines for 12th Plan period, SPV had to furnish a bank guarantee of equal amount of the first installment representing 10 per cent of the GoI grant.***

[22] ***Shri Dhairyashil Mane Textile Park Co-op Society Ltd, Maharashtra; and Wada Textile Park, Maharashtra***

[23] ***CLC Textile Park Pvt Ltd, Madhya Pradesh***

(c) In one case[24], though the Ministry had recovered GoI grant of ₹ 4.00 crore but penal interest at the rate of 10 *per cent* had not been recovered, nor was the matter followed up after January 2018.

The Ministry stated (June 2022) that in some cases sanctioned earlier, it was found that surety bond had not been signed from the Ministry. The same was taken care of while sanctioning the Parks later.

The fact remains that non-signing of surety bonds resulted in non-filing of recovery suits in two cases. Further, the reply was silent regarding non-recovery of penal interest in one case pointed out at audit observation (c) above.

Thus, the Ministry failed to recover GoI grant from the cancelled Parks as copy of surety bonds remained unsigned by the concerned authority of the Ministry.

Recommendation No. 8

In case of cancelled Parks, the Ministry may ensure that the grants released are recovered from the SPVs along with applicable penal interest without further delays. It may also be ensured that further grants are not sanctioned in case of ongoing Parks until the safeguards for release of funds viz. Bank guarantee and surety bonds etc., are in place.

3.11 Failure of SPV/ Project Management Consultant to obtain statutory clearances

As per the agreements between the Ministry of Textiles and the Project Management Consultants (PMC) of sanctioned Parks, the PMCs were to assist the SPVs in obtaining all necessary statutory approvals/ clearances including environmental clearances, which are pre-requisite to commencement of the project. The PMCs were also required to liaise with the State Governments to resolve issues related with the State Government.

During scrutiny of records, Audit observed that delay in obtaining statutory clearances was one of the major reasons for cancellation of sanctioned Parks in the sampled cases, as shown in the table below:

Table 10: Reasons for cancellation of parks

Sl. No.	Name of cancelled Parks	Grant released (₹ crore)	PMC fee paid (₹ crore)	Reasons for cancellation of Park
1.	CLC Textile Park Pvt. Ltd, Madhya Pradesh	11.47	0.28	• Delay in clearance for power connection. • Failure to get permission from Forest Department for laying water pipeline

[24] ***Sunderrao Solanke Co-op Textile Park, Maharashtra***

Sl. No.	Name of cancelled Parks	Grant released (₹ crore)	PMC fee paid (₹ crore)	Reasons for cancellation of Park
				• Inability of SPV to obtain bank loan • Unavailability of matching equity contribution from SPV members.
2.	Shri Dhairyashil Mane Textile Park Co-op Society Ltd, Maharashtra	8.67	0.43	• Land related issues with Maharashtra Industrial Development Corporation • Differences among SPV members
3.	Wada Textile Park, Maharashtra	4.00	0.30	• Non-availability of clearances from the State Government.
4.	Sunderrao Solanke Co-op Textile Park, Maharashtra	4.00	0.18	• Delay in getting statutory environmental clearances
5.	JVL Textile Park Pvt. Ltd, Bihar	Nil	Nil	• SPV did not submit required documents despite several extensions
6.	Rajasthan Integrated Apparel City, Rajasthan	Nil	Nil	• Reasons of cancellation not known as relevant records were not provided to audit
	Total	**28.14**	**1.19**	

However, it was observed that Ministry released grants to four Parks without ensuring availability of clearances. Moreover, the PMCs were not held accountable for the same and fee aggregating to ₹ 1.19 crore was released to the PMCs, which proved to be wasteful. Further, the agreements signed by the Ministry with the PMCs during the 10th and 11th Plan periods did not include any provisions such as surety or liquidated damages which could have been invoked in the event of lapses on part of the PMCs.

The Ministry stated (August 2022) that SPV/ Project Management Consultant made efforts to obtain statutory clearances and in very few cases, it got delayed due to unforeseen circumstances.

The reply is not tenable as the Project Management Consultant had not fulfilled its obligation in obtaining statutory clearances which were pre-requisite to commencement of the projects whereas it recommended to release grant and the Ministry released the grant without ensuring clearances.

Chapter-IV

Present status of the Parks

As per the Scheme guidelines for 10th and 11th Plan periods, final 10 *per cent* of the GoI grant would be released after successful completion of the project and after 25 *per cent* of the proposed number of units start their production.

Audit observed that the Ministry released final instalment and treated the Park as completed as and when the Special Purpose Vehicle reported commencement of operation in 25 *per cent* of proposed units. However, the Ministry did not monitor and follow-up the continuation of these 25 *per cent* units and setting-up of the remaining 75 *per cent* units, after the Park was considered as 'completed'.

According to the information provided by the Ministry of Textiles, 26 Parks were completed and 30 Parks were yet to be completed (as of February 2022).

To verify the status of completed and ongoing Parks as available in the records of the Ministry and as actually at the sites of Parks, Audit conducted joint physical verifications in case of nine completed and five ongoing Parks out of the 24 Parks selected for audit. The performance of the Parks against the measurable indicators and physical status of these 14 Parks is briefly depicted in the table below:

Table 11: Performance of the Parks

Sl. No	Name of the Park, Date of sanction and Scheduled date of completion	Date of completion/ Delay in completion[25]	GoI grants released (₹ crore)	Investment generated against projections (₹ crore)	No of units operational against projections	Employment generation against projections	Status of Park as per records of the Ministry	Status observed by Audit during field visit
1.	Surat Super Yarn Park Limited, Gujarat 01.07.2006; April 2008	March 2013 (59 months)	40.00	150 against 240	Nil against 54	Nil against 1,000 persons	Completed	**Shut Down** The Park was lying shut down, abandoned, and totally deserted.
2.	Pochampally Handloom Park Limited, Telangana 01.07.2006; April 2008	January 2011 (33 months)	13.60	55 against 200	Nil against 2,000	Nil against 5,550 persons	Completed	**Shut Down** The Park was shut down/ closed.
3.	Latur Integrated Textile Park Pvt Ltd, Maharashtra	October 2012 (22 months)	40.00	175 against 257.42	Nil against 20	Nil against 10,000 persons	Completed	**Shut Down** Important common facilities planned but not created.

[25] ***Delay in completion of Parks has been reckoned from the scheduled date of completion of Park. In case of ongoing Parks, the delay has been calculated upto 31 December 2021***

Sl. No	Name of the Park, Date of sanction and Scheduled date of completion	Date of completion/ Delay in completion[25]	GoI grants released (₹ crore)	Investment generated against projections (₹ crore)	No of units operational against projections	Employment generation against projections	Status of Park as per records of the Ministry	Status observed by Audit during field visit
	16.05.2008; December 2010							
4.	J&K Integrated Textile Park, Jammu & Kashmir 16.09.2011; December 2015	February 2022 (74 months)	35.73	113 against 190	2 against 29	48 against 2,508 persons	Completed	**Partially Functional due to seizure of most of the units by Banks** • Out of 26 units established in the Park, 17 units had been seized by the banks. • Non-textile activities (i.e. manufacturing of roof sheets) were running in 2 units. Important common facilities planned but not created.
5.	Dodballapur Integrated Textile Park, Karnataka 01.07.2006; July 2008	June 2012 (47 months)	32.01	76.12 against 132	70 against 85	948 against 2,000 persons	Completed	**Functional with mostly Non Textile activities** There were 70 units operational in the Park out of which 55 units were running with non-textile activities like engineering works, furniture works, seed processing, etc.
6.	Lotus Integrated Tex Park, Punjab 05.03.2007; July 2009	October 2012 (39 months)	40.00	500 against 740	3 against 8	962 against 2,400 persons	Completed	**Functional** The SPV had not created its own infrastructure like compound wall, water supply, Common Effluent Treatment Plant, and electrical distribution system. No administrative office for the SPV was found in the

Sl. No	Name of the Park, Date of sanction and Scheduled date of completion	Date of completion/ Delay in completion[25]	GoI grants released (₹ crore)	Investment generated against projections (₹ crore)	No of units operational against projections	Employment generation against projections	Status of Park as per records of the Ministry	Status observed by Audit during field visit
								campus. Out of 99.11 acres of land, 24 acres (24 per cent) was lying vacant.
7.	Madurai Integrated Textile Park Ltd, Tamil Nadu 05.03.2007; January 2009	June 2014 (65 months)	31.43	534.79 against 410	23 against 15	3,575 against 2,500 persons	Completed	**Functional** Against setting up 17 units (4 weaving units, 5 garmenting units, 7 processing units and 1 preparatory unit) for a complete value chain, 15 dry units were set up.
8.	Ludhiana Integrated Textile Park Ltd, Punjab 18.12.2008; February 2011	February 2022 (132 months)	36.00	103.88 against 217	10 against 55	2,725 against 20,000 persons	Completed	**Functional** Important common facilities planned but not created.
9.	Jaipur Integrated Texcraft Park Pvt Ltd, Rajasthan 16.05.2008; July 2010	June 2013 (35 months)	24.06	64.67 against 64.15	16 against 20	534 against 4,400 persons	Completed	**Functional** Important common facilities planned but not created.
10.	SIMA Textile Processing Centre, Tamil Nadu 25.11.2005; July 2008	Ongoing (161 months)	24.00	61 against 500	Nil against 10	Nil against 5,000 persons	Ongoing	**Not Functional** Approval from Ground Water Board, Chennai for drawal of 11 million litres per day of ground water for the Park was not obtained by the SPV.
11.	EIGMEF Apparel Park Ltd., Sayed Amir Ali Avenue, West Bengal	Ongoing (164 months)	31.61	74.74 against 140	Nil against 73	Nil against 10,000 persons	Ongoing	**Not Functional** Stuck in September 2011 due to non-availability of statutory clearances from Bidhannagar

Sl. No	Name of the Park, Date of sanction and Scheduled date of completion	Date of completion/ Delay in completion[25]	GoI grants released (₹ crore)	Investment generated against projections (₹ crore)	No of units operational against projections	Employment generation against projections	Status of Park as per records of the Ministry	Status observed by Audit during field visit
	01.07.2006; April 2008							Municipal Corporation though now received as per Ministry reply.
12.	MAS Fabric Park (India) Ltd, Andhra Pradesh 20.03.2008; July 2010	Ongoing (137 months)	24.00	44.41 against 1,982	Nil against 16	Nil against 31,000 persons	Ongoing	**Not Functional** Approval for de-notification of SEZ area of the Park and environmental clearances for laying pipeline for marine discharge of effluents were not obtained.
13.	Amitara Green Hi Tech Textile Park Pvt Ltd., Gujarat 20.09.2014; March 2018	Ongoing (45 months)	35.34	497.66 against 500.22	8 against 11	840 against 2,580 persons	Ongoing	**Partially Functional** Most of common infrastructure and common facilities, except construction of Administrative block and boundary wall at few places, had been constructed.
14.	Kishangarh Hi-Tech Textile Weaving Park Limited, Rajasthan 01.07.2006; December 2008	Ongoing (156 months)	36.00	92.07 against 209.72	14 against 34	2,020 against 2,175 persons	Ongoing	**Functional** Most of common infrastructure and common facilities had been constructed but water supply and Sewage Treatment Plant were not found functional.

From the table above, it can be seen that:

Completed Parks:

- Three out of nine completed Parks (33 *per cent*) were found to be shut down.
- All the nine Parks were completed after delays ranging from 22 months to 132 months.
- Eight of the nine Parks could not achieve the targets prescribed for employment generation and employment for only 8,792 persons (17 *per cent*) was generated as against 50,358 persons.

- Eight out of nine Parks could not achieve the targets prescribed for number of units and only 124 units (5 *per cent*) were set up against 2,286 units.
- Seven out of nine Parks could not achieve the target prescribed for investment generation and only ₹ 1,772.46 crore (72 *per cent*) of investment was generated against ₹ 2,450.57 crore.
- In five out of nine completed Parks (56 *per cent*), the common infrastructure was not fully created as envisaged in the detailed project reports.
- In two completed Parks (22 *per cent*), units were running non-textile activities.
- One completed Park was seized by the banks.

Ongoing Parks:

- All the five ongoing Parks were delayed from 45 months to 164 months as of December 2021.
- Three of the five Parks (60 *per cent*) have not been able to generate any employment despite these Parks being sanctioned between 2005 and 2008.
- All the five Parks could not achieve the targets prescribed for number of units and only 22 units were set up against 144 units.
- All the five Parks could not achieve the target prescribed for investment generation and only ₹ 769.88 crore (23 *per cent*) of investments was generated against ₹ 3,331.94 crore.

Thus, non-monitoring and follow-up on the continuation of the units set up in the Parks and setting-up of the remaining units after the Parks were considered as 'completed' led to a situation wherein neither the units which were set-up continued to function nor the remaining units were set-up, thereby defeating the objective of the Scheme for setting up the Integrated Textile Parks.

The Ministry stated (June 2022) that the Scheme guidelines did not provide any mechanism/ provision for monitoring of Textile Parks after completion. However, the completed Parks were functionally performing. The audit point may be noted for future.

The reply of the Ministry regarding the Parks being functionally performing is not acceptable in view of the ground level position brought out in the audit observation which was noticed during the joint physical verifications of the selected Parks. Due to absence of any provision in the Scheme guidelines for monitoring of Textile Parks after completion, even the completed Parks got shut down subsequently.

Recommendation No. 9

The Ministry may evolve an appropriate mechanism for periodical physical verification of the completed Parks to ensure that the intended objectives of the Scheme are achieved in the long run.

The detailed findings arising out of the joint physical inspection of the Parks are discussed below:

4.1 Parks stated to be 'completed' but found closed by Audit

Out of the 26 Parks which were considered as completed by the Ministry, Audit selected a sample of 10 Parks and conducted field visits in nine Parks. Audit observed that three Parks[26], where grants aggregating to ₹ 93.60 crore were released and the Ministry had considered them to be successfully completed and showed as functional in its records, were found to be closed/ shut down. These cases are discussed below:

(i) Surat Super Yarn Park Ltd, Gujarat

As per the Ministry's records, Surat Super Yarn Park Limited was 'completed' (inaugurated in July 2013) and eight units were operational therein with employment of 200 persons. Audit conducted physical verification of the Park in September 2021 and observed that:

- The Park was lying shut down, abandoned, and totally deserted.
- The infrastructure created in the Park like roads, buildings, drainage system etc. were found to be in dilapidated condition.
- Captive Power Plant constructed outside the campus was found non-operational. Machinery/ equipment of the Plant were found missing.

Surat Super Yarn Park Limited, Gujarat

Picture 1
Main entrance gate of the Park

Picture 2
Factory building and internal road

- The Managing Director, whose contact details were provided to Audit by the Ministry, intimated that he had resigned from his directorship. So, there were no functionaries of the SPV found available.
- Registered office of the SPV situated in Surat city was also found locked.

Hence, the Ministry furnished incorrect and misleading status of the Park to Audit. Further, Audit observed that after its inauguration in July 2013, a team of Regional Textile Commissioner Office, Ahmedabad had found (June 2015) the Park to be shut down. The Project Management Consultant had cited (November 2016) the following reasons for closure of the Park:

[26] ***Surat Super Yarn Park Ltd, Gujarat (Grants: ₹40.00 crore); Latur Integrated Textile Park Pvt Ltd, Maharashtra (Grants: ₹40.00 crore); and Pochampally Handloom Park Ltd, Telangana (Grants: ₹13.60 crore)***

(a) The lead promoter i.e. M/s Nakoda Group went into (November 2014) deep financial problems due to overseas acquisition and fire in its overseas factory.

(b) The financial stress amongst the members of the SPV who were required to run its operations and also contribute towards operation and maintenance of the Park, led to the operations being suspended at the Park. Consequently, the SPV was unable to operate the captive power plant which resulted in shut down of units due to non-availability of power.

(c) Due to financial difficulties, the SPV was unable to service the term loans and its accounts had been declared as Non-Performing Asset by the lenders.

However, the Ministry continued to consider this Park as 'completed' in its records and even showed eight units to be operational in the Park with employment of 200 persons. Hence, the information maintained by the Ministry regarding the Parks was unreliable.

(ii) Pochampally Handloom Park Ltd., Telangana

The Ministry considered Pochampally Handloom Park, Telangana as 'completed' in March 2011 and continued showing it as functional in its records, with 189 operational units and employment of 350 persons as of July 2020. However, during field visit in December 2021, Audit observed that:

- The Park was shut down/closed.
- The Project Management Consultant had taken possession of immovable and movable property of the Park and pasted e-auction sale notice on the main gate. The possession notice showed that there were dues amounting to ₹ 69.42 crore recoverable from the SPV as on 30 April 2021.
- The infrastructure like roads, drainage system, factory buildings, electric supply, sewage treatment plant etc. were deserted and found dysfunctional.

Pochampally Handloom Park Ltd, Telangana	
	
Picture 3 **Main gate of the Park displaying a possession notice**	**Picture 4** **Possession Notice**

	
Picture 5 **Sewage Treatment Plant**	**Picture 6** **Factory Building**

- None of the directors/ members of the Park participated in the joint inspection nor were present at the site to provide information/records to Audit.

In both the above cases, the Project Management Consultant (M/s IL&FS Cluster Development Initiative Ltd) who had the responsibility to check bankability of the project before releasing second part of the first instalment by ensuring availability of sanction letter for loan component, itself issued sanction letter for the loan component and recommended to release grant by the Ministry. There was, thus, a clear conflict of interest as the Project Management Consultant itself was the lender for these Parks. The shutdown status or financial problems faced by the SPVs was not reported promptly by the Project Management Consultant for timely intervention by the Ministry to safeguard government money.

The Ministry stated (June 2022) that the members of Surat Super Yarn Park Ltd were facing financial crunch due to external reasons and poor market conditions during 2014. Due to this, the SPV was unable to service term loan and was declared as Non-Performing Asset by the lenders and the Park was eventually shutdown due to inability of the lead anchor i.e. M/s Nakoda Group to run the Park as it faced financial crisis. The Ministry further stated (August 2022) that provision for monitoring of the completed Park was not there in the Scheme guidelines. The Ministry's reply was silent on the reasons of shutdown of Pochampally Handloom Park.

The fact remains that GoI grant amounting to ₹ 53.60 crore released for the two Parks proved to be infructuous. In both these cases, the role of the Project Management Consultant needs to be further investigated by the Ministry. Further, the Scheme guidelines were also deficient as it did not include any provision for monitoring the utilisation of assets created in the Parks after their completion.

Recommendation No. 10

The Ministry may get the lapses on the part of the Project Management Consultant and its role as the lender investigated in case of Surat Super Yarn Park and Pochampally Handloom Park and take necessary action.

(iii) Latur Integrated Textile Park, Maharashtra

The Ministry considered Latur Integrated Textile Park as completed and released final instalment of grant in October 2012 and continued showing it as functional in its records since then. However, Audit conducted field visit in the Park in October 2021 in the presence of General Manager of the lead promoter of the SPV (i.e. Bombay Rayon Fashions Ltd) and observed the following irregularities:

- The Park was lying closed/ shutdown and no production activities were ongoing at site. The Park site was lying deserted.
- The infrastructure created in the Park like roads, drainage system, factory buildings were found in dilapidated condition. Electric and water supply were found disconnected.
- Stitching and cutting machines installed in a few units were found idle and dysfunctional.

Latur Integrated Textile Park, Maharashtra	
	
Picture 7 **Entrance gate of the Park**	**Picture 8** **Garmenting unit with machines/ equipment lying idle**
	
Picture 9 **Incomplete administrative building**	**Picture 10** **Boundary wall of the Park**

- Common facilities like Creche, Bank ATM, Post Office, Workers' Hostel etc., as planned in the detailed project report, were not found to be constructed.

The SPV informed that the Park got shutdown as workers could not be retained due to the distance of 12-15 km from Latur city.

As per the Scheme guidelines, the Project Management Consultant was responsible for identifying the location for setting up the Park based on a scientific assessment of the demand and potential of the area. However, failure of the Latur Integrated Textile Park

project indicates that the Project Management Consultant (M/s Technopak Advisors Pvt. Ltd) had not conducted proper diagnostic study in respect of Park location and recommended sanctioning of the Park. This led to closure of the Park after its completion resulting in infructuous expenditure of ₹ 40 crore (GoI grants) apart from payment of Consultant fee of ₹ 51.31 lakh.

The Ministry stated (June 2022) that the major reason because of which Park operations stopped was that the major promoter of the Park (i.e. Bombay Rayon Fashions Ltd) was having financial crunch and it has also gone under National Company Law Tribunal (NCLT) procedure. This severely affected the operations of the Park due to liquidity/financial crisis. Any Park can run successfully if units are operational and financial viability of the promoters is sound. The Ministry further stated that location of the Park is only at a distance 6.5 km from National Highway 361 and there are other industries also in the vicinity of the Park. Buses were also running to and fro for the workers.

The reply seems to be an afterthought as the Ministry was unaware of the status of shutdown and furnished its status as 'Completed' to Audit. Moreover, the reasons given by the Ministry for the shutdown of the Park were different from the reasons given by the SPV. However, the fact remains that GoI grant amounting to ₹ 40 crore was rendered infructuous due to shutdown of the Park.

4.2 Non-textile activities in the Park stated to be 'completed'

The Ministry considered Dodballapur Integrated Textile Park, Karnataka as completed in June 2012 and continued showing it as functional in its records since then. As of July 2020, the Ministry provided data showing 42 units operational in the Park with employment of 550 persons. Audit visited the Park in November 2021 and observed the following:

- There were 70 units operational in the Park out of which 55 units were running with non-textile activities like engineering works, furniture works, seed processing, etc.
- Bonafide shareholders/ entrepreneurs had rented out their factory sheds to run non-textile activities.

Dodballapur Integrated Textile Park, Karnataka

Picture 11
Main gate of the Park

Picture 12
Non-textile activity – Engineering works

	
Picture 13 **Non-textile activity – Seeds**	**Picture 14** **Common facility Building lying idle**

- Equipment kept in the training center (created out of GoI grant) had been sold out without getting prior permission of the Ministry.
- Three separate buildings constructed for common facilities like multipurpose hall, design center, display center, dispensary, etc. were never utilised and remained idle since construction.

The Ministry stated (June 2022) that the Special Purpose Vehicle (SPV) might have deviated from the framework designed for the Park largely after the project was completed. Therefore, an explanation could be sought from the SPV in this regard with a direction to set-up/run textile units.

Thus, failure of the Ministry to continue monitoring of the Park led to running of non-textile activities in the Park thereby defeating the very objective of the Scheme.

4.3 Park considered as 'completed' despite its units being seized by bank

The Ministry sanctioned (November 2011) Jammu & Kashmir Integrated Textile Park, Kathua. As this Park falls in the special category, being in the State of Jammu & Kashmir, it was eligible for GoI grants to the extent of 90 *per cent* of the project cost subject to a ceiling of ₹ 40 crore. Out of the project cost of ₹ 44.11 crore, GoI grant of ₹ 35.73 crore was released by February 2015 and only the final instalment of grant was pending for release.

In September 2016, the Project Management Consultant (IL&FS Cluster Development Initiative Ltd) recommended to release final instalment of GoI grant stating that 9 out of 27 approved factory units (33 *per cent*) had started operations. Thereafter, the Ministry sought a physical verification report from the office of Regional Textile Commissioner, Amritsar which visited the park in December 2016 and found that only three factory units (11 *per cent*) had started operations which did not meet the criterion of minimum 25 *per cent* of operating units for release of final GoI grant. Thus, there was misinformation on the part of the Project Management Consultant while recommending to consider the Park as completed and release final grant.

Audit conducted field visit of the Park in November 2021 and observed that:

- Out of 26 units established in the Park, 17 units had been seized by the banks.
- Non-textile activities (i.e. manufacturing of roof sheets) were running in 2 units.

- Some textile activities were seen in Administrative Block and Training Centre as the factory units had been seized by the banks.

<table>
<tr><th colspan="2">J&K Integrated Textile Park, Jammu & Kashmir</th></tr>
<tr><td>  </td><td>  </td></tr>
<tr><td>Picture 15
Main gate of the Park</td><td>Picture 16
Incomplete infrastructure for Effluent Conveyance and Treatment Plant</td></tr>
<tr><td>  </td><td>  </td></tr>
<tr><td>Picture 17
Non-textile activity – Manufacturing of Roof Sheets</td><td>Picture 18
Inside view of Factory Building</td></tr>
</table>

- Two common infrastructure facilities viz. Effluent Conveyance & Treatment System and Captive Power Plant, though planned in the detailed project report, were not found completed/ constructed. There were incomplete factory buildings as well.

The Ministry, however, considered this Park as completed as per the data provided in February 2022.

The Ministry stated (June 2022) that the Project Management Consultant had informed about the units under operation along with certificate from Chartered Accountant and Chartered Engineer. Subsequently, the office of Textile Commissioner visited the Park immediately after demonetisation and reported that three units were operational since other units were temporarily shut down due to demonetisation effect. The Ministry further stated (August 2022) that the Park is yet to be given status of completion and the last grant is yet to be released.

The reply is not acceptable as the visit report (December 2016) of the office of Regional Textile Commissioner, Amritsar clearly stated that only three units had started commercial production and 11 other units were under pipeline to be established probably in the beginning of the year 2017. Further, the reply was silent on the observations noticed during the joint field visit by Audit. The Ministry's reply that the Park is yet to be given status of

completion is contradictory to its earlier reply (June 2022) and data provided (February 2022) wherein the Park was shown as completed.

4.4 Parks declared 'completed' without creation of requisite infrastructural facilities

As per the Scheme guidelines, one of the main purposes of introducing the Scheme was to provide the textile industry with world-class infrastructure facilities for setting up their textile units to meet international environmental and social standards. The Scheme envisaged support of GoI grant for mainly two components:

(a) Common infrastructure like compound wall, roads, drainage, water supply, electricity supply including Captive Power Plant (CPP), effluent treatment, telecommunication, and

(b) Buildings for common facilities like testing laboratory, design centre, training centre, warehouse, crèche, canteen, workers' hostel, recreation facilities, etc.

Out of 10 completed sampled Parks, Audit observed that in the following five Parks, the Ministry treated the Park as completed without ensuring creation of common infrastructure and facilities worth ₹ 40.69 crore which were initially planned in their detailed project reports:

Table 12: Non-creation of common infrastructure and facilities in completed Parks

Sl. No.	Name of completed Park	Important common facilities planned but not created
1	Latur Integrated Textile Park Pvt Ltd, Maharashtra	Administrative Building with estimated cost of ₹ 80 lakh was found incomplete. Common facilities like Crèche, Bank ATM, Post Office, etc. were not found constructed in the Park
2.	Jaipur Integrated Texcraft Park Pvt. Ltd, Rajasthan	Common facilities like Service area, First Aid Centre, Workers' Hostel, Training Centre, Testing Centre, etc., which were to be constructed at an estimated cost of ₹ 190.32 lakh were not found created
3.	J&K Integrated Textile Park Private Ltd, Jammu & Kashmir	Common Infrastructure like Effluent conveyance and treatment system with estimated cost of ₹ 95.54 lakh and Captive Power Plant with estimated cost of ₹ 1,250 lakh were not completed
4.	Lotus Integrated Tex Park Ltd, Punjab	Common infrastructure like Common Effluent Treatment Plant and Sewage Treatment Plant with estimated cost of ₹ 843.18 lakh were not created. However, the SPV had made arrangements to avail services of these facilities from the adjacent company i.e. M/s Trident Limited under various agreements inspite of getting grants for its own Common Effluent Treatment Plant and Sewage Treatment Plant under the scheme. While declaring completion of the Park and

Sl. No.	Name of completed Park	Important common facilities planned but not created
		claiming the last installment of grant, the SPV had certified (April 2012) that these facilities were completed.
5.	Ludhiana Integrated Textile Park Ltd, Punjab	Common facilities like hostel building, training centre, testing lab, canteen, fire station, crèche, etc., with estimated cost of ₹ 1,610 lakh, were found not constructed.

Thus, in the case of completed parks, cases of faulty declaration of completion by the SPVs were seen during audit. Completion of the Parks was also certified by the Project Management Consultant to get the final grant released. In all these cases, the role of the Project Management Consultant and the SPVs need to be properly investigated by the Ministry and punitive action taken, if warranted.

The Ministry stated (August 2022) that it had given the completion to the Parks after due examination keeping in view the Scheme guidelines and after creation of common facilities needed for running the Park.

The reply is not tenable as audit observations have been made based on the joint physical verification done along with the representative(s) of the respective SPVs wherein it was found that the stated infrastructure facilities were not created in those Parks.

4.5 Release of significant grants without ensuring statutory clearances

Audit selected eight ongoing Parks and conducted joint field visits in five Parks[27]. Field visits revealed that three Parks[28], where grants aggregating to ₹ 79.61 crore were released and considered as operational by the Ministry, were stuck due to delays in obtaining statutory clearances for more than 6 years to 16 years since the sanction of these Parks.

The Ministry released grants (ranging between 60 *per cent* and 79 *per cent* of the total grant) for these three Parks based on recommendations of the Project Management Consultants without ensuring availability of statutory clearances before commencement of the Parks. These cases are discussed below:

(i) EIGMEF Apparel Park Ltd, West Bengal

The Ministry sanctioned this Park in July 2006 with the objective to set up an Apparel Park at Mahishbathan, Kolkata to generate direct employment for at least 10,000 persons. The project cost of ₹ 130.50 crore with GoI grant support of ₹ 40.00 crore was sanctioned out of which grant of ₹ 31.61 crore (79 *per cent*) had been released by December 2017.

Audit conducted field visit in August 2021 and found that:

---

[27] ***Field visit was not conducted in Kashmir Wool & Silk Textile Park Pvt Ltd and Ichhapore Textile Park Pvt Ltd as grants were not released to these Parks until March 2021. Field visit of Himachal Textile Park Ltd was also not conducted as records of the Park were not provided to Audit due to ongoing vigilance case.***

[28] ***EIGMEF Apparel Park Ltd, West Bengal (Grants: ₹31.61 crore), SIMA Textile Processing Center, Tamil Nadu (Grants: ₹24 crore) and MAS Fabric Park (India) Pvt Ltd, Andhra Pradesh (Grants: ₹24 crore)***

- No construction activities were ongoing at the project site.

EIGMEF Apparel Park Limited, West Bengal	
	
Picture 19 **Partially constructed structure of factory buildings**	**Picture 20** **Space for construction of common facilities**

- None of infrastructural and common facilities except boundary wall was found constructed.

Examination of records revealed that the project got stuck in September 2011 after construction of superstructure of the building, due to non-availability of statutory clearances from Bidhannagar Municipal Corporation and Pollution Control Board.

The Ministry stated (June 2022) that the SPV sought permission from Bidhannagar Municipal Corporation in 2008 for commencing piling work and the request of SPV was approved by the Corporation based on which it commenced work and the piling work was completed. On completion of piling work, the SPV sought approval of the Corporation for construction of superstructure. Subsequently, the Park got cancelled by the Project Approval Committee in September 2013 and revived in January 2015 when the building plan was sanctioned by the Corporation. Final clearances were obtained by the SPV in August 2015 to commence construction. The Ministry is reviewing the project through the Project Approval Committee.

The fact remains that non-availability of statutory clearances led to delay in construction work and even after a lapse of more than six years from the receipt of final clearances, the Park has not yet been completed.

(ii) SIMA Textile Processing Centre Ltd, Tamil Nadu

The Ministry sanctioned this Park in November 2005 with the objective to set up a Textile Processing Park over 247.74 acres with seven units to generate direct employment for 5,000 people. The project cost of ₹ 111.60 crore with GoI grant assistance of ₹ 40 crore was sanctioned out of which grant of ₹ 24 crore (60 *per cent*) was released by February 2013. Audit observed that approval from Ground Water Board, Chennai for drawal of 10.50 million litres per day of ground water for the Park was not obtained by the SPV, which led to inordinate delay in progress of work in the Park.

Audit conducted field visit of the Park in September 2021 and found that no factory buildings and infrastructural facilities had been constructed, except boundary wall and pipeline for marine outflow.

SIMA Textile Processing Center, Tamil Nadu	
	
Picture 21 **Main gate of the Park**	**Picture 22** **Partial construction of drainage system**

The Ministry stated (June 2022) that currently the State Industries Promotion Corporation of Tamil Nadu Ltd is in a position to supply 5.6 million litres of water per day. It was also stated that the project has been delayed on account of several factors one of which is delayed clearances for the project.

The fact remains that the Ministry released 60 *per cent* of the grant without ensuring availability of basic facilities like water and clearance from the concerned authority. This resulted in the Park sanctioned as early as in 2005 remaining incomplete.

(iii) MAS Fabric Park (India) Ltd, Andhra Pradesh

In March 2008, the Ministry of Textiles sanctioned the project with the objective of setting up a Textile Park in Special Economic Zone (SEZ) with 16 textile units over 581.68 acres of land so that employment for 31,000 persons could be generated. The project cost of ₹ 254.70 crore with GoI grant of ₹ 40 crore was sanctioned out of which grant of ₹ 24 crore (60 *per cent*) had been released by November 2012. Due to removal of certain incentives for SEZ Parks, the SPV decided to get de-notification of the SEZ area for which No Objection Certificate from the State Government was required. Thereafter, the project got stuck as the approval for de-notification of SEZ area of the Park and environmental clearances for laying pipeline for marine discharge of effluents were not obtained.

Audit conducted field visit of the Park in December 2021 and found that:

- None of infrastructure facilities were found constructed except construction of boundary wall with barbwire fencing.
- One garmenting unit named MAS Akshaya Sportwear Pvt. Ltd had started operations in the Park but it was also found closed temporarily.

MAS Fabric Park (India) Pvt. Ltd, Andhra Pradesh	
	
Picture 23 **Barbed wire fencing boundary and vacant land**	**Picture 24** **Inside view of MAS Akshaya Sportwear Pvt Ltd lying closed**

- No active construction activities were found ongoing in the Park.

The Ministry stated (June 2022) that the SPV had obtained approvals related to conversion of land use, environmental clearance and consent for establishment. The project has been delayed largely on account of not being able to get No Objection Certificate from the State Government for de-notification of land from SEZ area, for which SPV has been following up with the State Government and the same is expected shortly.

Thus, the sanction of grants amounting to ₹ 79.61 crore to the three Parks was not fruitful so far as the Parks were still incomplete due to non-availability of statutory clearances. Though the above three Parks were sanctioned during the 10th or 11th Plan periods wherein the Scheme guidelines did not make the availability of statutory clearances a pre-requisite for release of grants by the Ministry, it was imperative that such a condition should have been imposed since work on the Parks could be commenced only after receipt of the statutory clearances. This is substantiated by the fact that the Scheme guidelines for 12th Plan period introduced one of the conditions for release of second instalment of GoI grant, which stipulated that all statutory clearances necessary for commencement of the project, including water and electricity as certified by the Project Management Consultant should be available.

Chapter-V
Monitoring and Evaluation

As per the Scheme guidelines for 10th and 11th Plan periods, the Ministry of Textiles would periodically review the progress of the projects. The Project Management Consultant would devise a suitable monitoring and evaluation system and shall furnish monthly reports/ returns to the Ministry. Further, in the Scheme guidelines for the 12th Plan period, the Ministry added that a monitoring committee headed by the Secretary (Textiles) with the Joint Secretary (SITP) and the Director (SITP) as members will be monitoring the projects. In addition to this, a District Level Coordination Committee would be formulated under the chairmanship of District Collector with representatives from the Ministry of Textiles and other stakeholders for coordination and monitoring the progress of the Park.

Audit observations related to monitoring and evaluation of projects under the Scheme are discussed in following paragraphs.

5.1 Ineffective role of Project Management Consultants

As per the Scheme guidelines, the Project Management Consultant (PMC) would be responsible for the speedy implementation of the projects in a transparent and professional manner for which fee was paid by the Ministry.

Audit observed lack of due diligence on the part of PMCs in the following cases:

(i) Latur Integrated Textile Park Pvt Ltd, Maharashtra got shut down after completion due to distance from the main city and resultantly labour could not be retained in the Park. Besides, the work of SIMA Textile Processing Center, Tamil Nadu got stuck for more than 16 years mainly due to unavailability of required 11 million litres of water per day. These cases show that the detailed project reports for these Parks were prepared by the PMC without considering important factors like location of Park, availability of labour, water supply, etc.

(ii) Four Parks were cancelled due to unavailability of statutory clearances (refer para 3.11) and three Parks were lying stuck due to unavailability of statutory clearances (refer para 4.5). Without ensuring availability of clearances, the PMC recommended release of grant which resulted in infructuous expenditure of ₹ 107.75 crore in seven Parks.

(iii) There were delays ranging from one year to more than 10 years in completion of Parks (refer para 3.3), whereas the PMC had the responsibility to ensure timely completion of projects as per the scheduled completion date fixed by the Project Approval Committee.

(iv) The PMCs who had the responsibility to monitor implementation of projects and submit periodical progress reports to the Ministry misinformed the Ministry at least in three cases (refer para 3.7).

(v) In the case of Jaipur Integrated Texcraft Park Pvt. Ltd, Rajasthan, the PMC selected highest bidder (instead of the lowest bidder) for the construction of Common Effluent Treatment Plant and Sewage Treatment Plant. Thus, the PMC made a wrong selection of contractor.

Audit observed that despite failure in fulfillment of obligations, no penal action was taken against PMCs who were mainly responsible for identification, appraisal, speedy implementation and monitoring of the projects. Further, the agreements signed by the Ministry with the PMCs during the 10th and 11th Plan periods did not contain any provisions for obtaining surety from the PMC or imposing liquidated damages in the event of any lapses on his part. It was only in agreements signed in the 12th Plan period that a provision was included for obtaining a performance security at the rate of 5 *per cent* of the professional fee in the form of a bank guarantee.

5.2 Conflict of interest in the role played by the PMC

As per the Scheme guidelines, the PMC was to facilitate formation of SPV at each Park with the participation of local industry and to assist the SPV in selection of agencies for preparation of bid documents, construction, operation and maintenance of the facilities in the Parks. Further, as per the provisions of the agreement made between the Ministry and the PMC, the latter was responsible for identification and mobilisation of potential entrepreneurs for establishing the SPV and to ensure appointment of contractors/ consultants by the SPV in a fair and transparent manner. It was observed in 13 out of 14 Parks (nine completed Parks and five ongoing Parks) visited by Audit that the respective PMCs had themselves become the consultants of SPV and made an agreement to provide certain services to the SPV which were already forming part of the agreement made with the Ministry. The broad description of services given by the PMC to the Ministry as well as to the SPVs is enumerated in the table below:

Table 13: Services rendered by PMC to the Ministry and to the SPV

Services provided to the Ministry	Services provided to the SPV
(a) Evolving suitable standards/ procedures so as to assist the SPVs in undertaking designing, engineering, procurement and tendering. (b) Ensuring that the projects are executed by the SPVs in accordance with high standards of quality. (c) Monitoring the project progress of sanctioned Parks and submitting periodical progress reports to the Project Approval Committee.	(a) Project planning, engineering & procurement leading to awarding of contracts (b) Project management and supervision during project construction leading to billing by the contractors on phased completion of works (c) Project finance leading to raising of resources by the SPV

Services provided to the Ministry	Services provided to the SPV
(d) Ensuring appointment of contractors/ consultants by the SPVs in a fair and transparent manner.	

It may be seen from the above table that the PMCs had been playing a major role in the identification of entrepreneurs for formation of SPVs as well as in the execution of those works which were required to be supervised by them and the progress of which was to be reported by them to the Ministry. Thus, there was a conflicting role of the PMCs which provided them a ground for wrong reporting to the Ministry. There was a complete lack of independent monitoring of the projects by the Ministry due to excessive dependence on the PMCs.

Audit further observed conflict of interest in the roles played by the PMCs in the following cases:

(i) One of the pre-requisites for release of second part of the first installment of grant was the availability of sanction letter from bank in respect of the loan component of the project. Audit observed in four sampled parks[29] that the PMCs who had the obligation to check bankability of the Park itself issued a sanction letter for loan component and recommended to release GoI grant. Thus, the PMCs were involved in sanctioning and providing loan to the SPVs. Instead of assisting the SPVs in obtaining a sanction letter from a Bank/ Financial Institution as required under the Scheme guidelines, the PMCs themselves sanctioned term loan to SPVs and recommended to consider the Parks as bankable for release of GoI grant. Thus, sanctioning term loan to the Park and certifying it as a bankable project by the same agency amounted to conflict of interest. Two[30] out of the aforesaid four Parks got shutdown soon after completion due to financial problems.

(ii) As per the agreement, the PMCs had the responsibility to ensure proper utilisation of funds for the purpose for which they were sanctioned. Audit observed in two Parks[31] that the PMC itself received its consultancy fee (aggregating to ₹ 2.19 crore) from the GoI grant released to the SPVs whereas as per the Scheme guidelines, amount of GoI grants were to be utilised towards common infrastructure and common facilities only. Audit observed that the GoI grant kept in escrow account had been transferred to the bank account of IL&FS (PMC of these projects).

(iii) In one case[32], Audit observed that the Park had sold its training equipment and pre-weaving facilities due to the Park being in debt trap. It is pertinent to note that the Park had taken loan at a higher rate of interest from the PMC itself and the PMC

[29] ***Surat Super Yarn Park Ltd, Gujarat; EIGMEF Apparel Park Ltd, West Bengal; Dodballapur Integrated Textile Park Ltd, Karnataka and Pochampally Handloom Park Ltd, Telangana***

[30] ***Surat Super Yarn Park Ltd, Gujarat; and Pochampally Handloom Park Ltd, Telangana***

[31] ***Jaipur Integrated Texcraft Park Pvt Ltd, Rajasthan; and EIGMEF Apparel Park Ltd, West Bengal***

[32] ***M/s Dodballapur Integrated Textile Park, Karnataka***

was also part of the Board Meeting where the decision was taken to sell the assets created out of GoI grant for repayment of the loan.

It was also observed that Infrastructure Leasing and Financial Services (IL&FS) was appointed by the Ministry as the PMC for all the 33 Parks sanctioned during the 10th Plan period. Further, IL&FS was the PMC in respect of 31 Parks (55 *per cent*) out of 56 completed/ ongoing Parks.

The Ministry stated (June 2022) that it takes the services of PMC for monitoring the implementation of project and to assist/ report the progress of the Textile Parks to the Ministry as the PMC is the extended arm of the Ministry and plays crucial role between the Ministry and the SPV. Further, for SPV, PMC assist in technical work and for Ministry they do the administrative work. However, as per the Scheme guidelines for the 12th Plan period, the PMC shall not be permitted to enter into any agreement with the SPV for provision of any services related to the implementation of the project that would create, in opinion of the Ministry, a conflict of interest. Hence, in Ministry's opinion, there is no conflict of interest.

The reply is not acceptable as there is a clear conflict of interest if the same PMC becomes consultant from the side of the Ministry as well as the SPV. Though the Ministry has made a provision in the Scheme guidelines for the 12th Plan period that PMC shall not enter into any agreement with SPV, the fact remains that there was a conflicting role of PMC in the cases sanctioned during 10th and 11th Plan periods which led to lack of transparency in all the stages from approval to completion of Parks.

5.3 Absence of independent verification by the Project Approval Committee

The project proposals submitted by the PMCs were to be sanctioned by a Project Approval Committee. The Scheme guidelines for each period of its operation laid down a different composition of the Project Approval Committee as stated in **Annexure-I**. For most part of the operation of Scheme, the Committee was headed by the Secretary (Textiles). However, in the Scheme guidelines for post-12th Plan period (01 April 2017 to 31 March 2020), the Minister of Textiles was made the Chairperson of the Committee. The Project Approval Committee was also responsible for reviewing and monitoring the progress of the Parks sanctioned by it. The funds were also to be released based on review and recommendation by the Project Approval Committee.

In this regard, Audit observed that review of progress of the Parks by the Project Approval Committee was not an independent exercise but was based on the inputs provided by the Project Management Consultant/ SPV. Resultantly, there were two instances where (i) grant was fraudulently obtained[33] by the Special Purpose Vehicle in collusion with the Project Management Consultant and (ii) the Ministry decided to lodge a First Information Report against the Special Purpose Vehicle and the Project Management Consultant for submitting false and fabricated documents[34], suppressing material facts and producing misleading information at the time of sanction (September 2011) of the project.

[33] ***In case of EIGMEF Apparel Park Limited, West Bengal***
[34] ***In case of Himachal Textile Park, Himachal Pradesh***

Independent verification by the Project Approval Committee before making recommendations could have rendered implementation of the Scheme more effective.

5.4 Non-involvement of the State Governments

For successful implementation of any project sanctioned under the Scheme, the role of the State Government is very crucial. The Scheme guidelines envisaged the role of State Government in providing all requisite clearances, assist in identification and procurement of suitable land etc. However, the guidelines did not lay down an effective mechanism to involve the State Governments.

As per the Scheme guidelines, identification of location for setting up the Parks would be done by the Project Management Consultant and the State Government would assist in such identification and procurement of land. Audit, however, observed that recommendations of the State Governments were not sought by the Ministry before approval of the Parks. Non-involvement of the State Governments at the appropriate stage of the projects has been one of the major reasons for the poor performance of the Scheme in terms of completion of sanctioned Parks, as evident by the fact that the progress of nine Parks had been adversely affected due to delay in statutory approvals/ clearances, wrong selection of land by SPV, issues relating to land allotment, etc. (refer paras 3.3, 3.11 and 4.5).

As per the minutes of the meeting of the Expenditure Finance Committee held in May 2013 in respect of the Scheme for the 12th Plan period, the Planning Commission had suggested that the recommendations of the State Government should be obtained before approving a new Park. However, the Ministry of Textiles responded that seeking recommendation from the State for setting up the Parks would lead to further delays in submission of the proposals for scrutiny by the Ministry and therefore in the Scheme guidelines, the State Governments would be requested to participate through signing of an agreement with the Ministry for provision of land, power supply, water supply and statutory clearances. However, the Ministry's response was not in order as there would be no benefits of speedy scrutiny of the proposals by the Ministry in case the statutory clearances were not available from the State Government prior to commencement of the project. Further, it was observed that no agreements were signed with the State Governments by the Ministry as committed by the Ministry. Thus, from its very inception in the year 2005, the Scheme should have laid down a mechanism for involvement of State Governments right from initiation of a proposal for setting up of a Park.

5.5 Non-constitution of District Level Coordination Committee

As per the Scheme guidelines for 12th Plan period, a District Level Coordination Committee under the chairmanship of District Collector with representative from the Ministry of Textiles and other stakeholders was to be formed for coordinating and monitoring the progress of the Parks. Audit, however, observed in the sampled cases that no such Committee was constituted for monitoring the progress of Parks.

5.6 Non-involvement of Textile Commissioner/ Regional Textile Commissioners in monitoring of the Parks

The Scheme guidelines did not envisage a role of the Textile Commissioner/ Regional Textile Commissioners. The Ministry occasionally got reports from them as and when a need was felt for it. The Scheme lacked an effective monitoring and follow-up mechanism. A well-defined role of the Textile Commissioner/ Regional Textile Commissioners could have gone a long way in ensuring timely intervention and effective damage control by the Ministry.

The Scheme guidelines stipulate that the Project Management Consultant would report to the Ministry which shall directly supervise the implementation of the projects under the superintendence and control of Secretary (Textiles). The office of Textile Commissioner/ Regional Textile Commissioners could have played the role of eyes and ears for the Ministry in exercising supervision of the project implementation.

The Ministry stated (June 2022) that the Textile Commissioner was a member in the Project Approval Committee and was invited in the meetings of the Committee. Before considering the release of grant to the project, a visit report containing physical and financial progress, observations/ recommendations, etc., were sought from the office of Textile Commissioner. The visits were undertaken by the officers of Textile Commissioner/ Regional Textile Commissioners' office. Thus, there is involvement of the office of Textile Commissioner.

The reply is not tenable as Audit did not find any visit report from the Textile Commissioner in the records provided to Audit. Further, the Scheme guidelines did not envisage any role of the Textile Commissioner in identification, implementation and monitoring of the Parks though occasionally inspection reports were sought from the Textile Commissioner. Audit observed in most of the sampled Parks that the Ministry had released GoI grant and considered completion of Parks based on the progress report submitted by the Project Management Consultants only.

Chapter-VI
Conclusion

The Ministry of Textiles (MOT) launched 'Scheme for Integrated Textile Parks' (SITP) in the year 2005 (10th Plan period) with the objective of establishing world-class infrastructure facilities for the industry to set up textile units in the form of Integrated Textile Parks. This would, in turn, generate employment opportunities and increase investments. The Scheme envisaged creation of five lakh jobs by March 2007 through development of 25 Parks.

Audit observed that the Scheme failed to achieve the planned objectives. Out of 98 Parks sanctioned under the Scheme, 42 Parks (43 *per cent*) were cancelled and only 26 (27 *per cent*) Parks could be completed since inception of the Scheme. There were inordinate delays in completion of the Parks and five Parks sanctioned at the time of initiation of the scheme in the 10th Plan (2005-07) were still not complete. The Ministry did not adequately involve State Governments for identification and procurement of suitable land for setting up the Parks despite committing that it would sign agreement with the State Governments. This adversely affected the progress of the sanctioned Parks as they could not be timely completed for want of land allotment and statutory clearances.

The Ministry had done away with the measurable targets for achievement under the Scheme after the 10th Plan period. There were huge shortfalls in achievement of the three identified targets of the Scheme viz., employment generation, investments and setting-up of textile units. As of February 2022, the overall achievement for 56 completed/ ongoing Parks (sanctioned between November 2005 to June 2016) was only 30 *per cent* in terms of employment generation, 50 *per cent* in terms of investments and 37 *per cent* in terms of setting-up of textile units, as against the targets set in the detailed project reports. Thus, the GoI grants of ₹ 1592.52 crore released to the Parks sanctioned under the Scheme largely proved to be unfruitful resulting in waste of public money.

The poor performance of the Scheme could be attributable to absence of key components of the integrated textile value chain in a Park i.e., spinning, weaving/ knitting, processing and garmenting. Only three out of the 17 Parks selected by Audit had a fully integrated textile value chain in the Parks. Physical verification of the Parks was not conducted in all cases and instances of misinformation on the part of Project Management Consultants (PMCs) were noticed. Audit also observed instances of completed Parks being found shutdown during joint physical verification due to financial stress of SPVs, remote location with respect to labour, and units of Park being seized by banks. The Ministry was unaware of these developments due to lack of physical verification and reliance on the information furnished by the PMCs which was found to be misleading in several cases. Audit observed that the Parks declared as completed were devoid of infrastructure facilities viz. Bank ATM, post office, hostel, first aid centre, effluent conveyance and treatment system. etc., which, though envisaged in the Detailed Project Reports of the Parks, were not created.

The Project Management Consultants was to play a major role in implementation of the Scheme in a transparent manner. Monitoring the implementation and ensuring timely completion of the Parks was the responsibility of the PMC. However, PMCs failed to

discharge their duties in identification of locations for setting up of Textile Parks based on potential of the area, facilitating the SPVs in getting the requisite statutory clearances and monitoring the implementation of projects to ensure their timely completion. Further, there was conflict of interest in the role played by the PMC, as in some cases, the PMC itself issued a sanction letter for loan component instead of assisting the SPV in obtaining loan from the banks. Audit observed instances where PMC itself got its consultancy fee for providing services to SPVs from the government grants in violation of Scheme guidelines.

While 42 out of 98 sanctioned Parks got cancelled, it was observed that grants amounting to ₹ 77.34 crore was pending recovery from the SPVs of 10 Parks. The Ministry did not recover penal interest amounting to ₹ 117.72 crore from these SPVs though required as per Scheme guidelines. The Scheme guidelines for the 10th and 11th Plan periods did not adequately secure financial interests of the government as it did not provide for obtaining Bank Guarantees from the SPVs for the grants released by it. The safeguard of obtaining surety bonds could not be enforced as the representative of the Ministry had not signed the surety bonds. Consequently, it could not proceed with filing of recovery suits.

Audit also observed that despite having offices of the Textile Commissioner/ Regional Textile Commissioners in the States, the Scheme did not envisage any role in monitoring of the Parks though inspection reports were occasionally sought from them by the Ministry.

Thus, the Scheme launched in the year 2005 with a view to providing the textile industry with world class infrastructure facilities largely failed to achieve its intended objectives of generating employment opportunities, increasing investments and setting-up of textile units even after 17 years of its implementation.

(R G Viswanathan)
Deputy Comptroller and Auditor General
and Chairman, Audit Board

New Delhi
Dated: 30 January 2023

Countersigned

(Girish Chandra Murmu)
Comptroller and Auditor General of India

New Delhi
Dated: 31 January 2023

Annexures

Annexure-I
(Referred to in para 1.2.4 and 5.3)

Composition of the Project Approval Committee

As per Scheme guidelines for 10th Plan period (2005-07)		
(i)	Secretary (Textiles)	Head of the Committee
(ii)	Advisor (Industry), Planning Commission	Member
(iii)	Additional Secretary & Financial Advisor, Ministry of Commerce/ Textiles	Member
(iv)	Textile Commissioner, Mumbai	Member
(v)	Joint Secretary (PF-II), Department of Expenditure	Member
(vi)	Joint Secretary (Infrastructure), Department of Commerce	Member
(vii)	Joint Secretary (IIUS), Department of Industrial Policy & Promotion	Member
(viii)	Economic Advisor, Ministry of Textiles	Member
(ix)	Joint Secretary (Exports), Ministry of Textiles	Member Secretary
As per Scheme guidelines for 11th Plan period (2007-12)		
(i)	Secretary (Textiles)	Head of the Committee
(ii)	Advisor (Industry), Planning Commission	Member
(iii)	Additional Secretary & Financial Advisor, Ministry of Textiles	Member
(iv)	Textile Commissioner, Mumbai	Member
(v)	Joint Secretary (PF-II), Department of Expenditure	Member
(vi)	Joint Secretary (Infrastructure), Department of Commerce	Member
(vii)	Joint Secretary (IIUS), Department of Industrial Policy & Promotion	Member
(viii)	Economic Advisor, Ministry of Textiles	Member
(ix)	Joint Secretary (SITP), Ministry of Textiles	Member
(x)	Director (SITP), Ministry of Textiles	Member Secretary
As per Scheme guidelines for 12th Plan period (2012-17)		
(i)	Secretary (Textiles)	Head of the Committee
(ii)	Additional Secretary & Financial Advisor, Ministry of Textiles	Member
(iii)	Joint Secretary (SITP), Ministry of Textiles	Member
As per Scheme guidelines for post 12th Plan period (01.04.2017 to 31.03.2020)		
(i)	Minister of Textiles	Chairperson
(ii)	Secretary (Textiles)	Member
(iii)	Additional Secretary & Financial Advisor, Ministry of Textiles	Member

(iv)	Joint Secretary (Textiles) in charge of Infrastructure Division	Member
(v)	Textile Commissioner, Mumbai	Member
(vi)	Joint Secretary, Department of Industrial Policy and Promotion	Member
(vii)	Joint Secretary, Ministry of Environment and Forests	Member
(viii)	Joint Secretary, Ministry of Micro, Small and Medium Enterprises	Member
(ix)	Joint Secretary, Ministry of Skill Development and Entrepreneurship	Member
(x)	Representatives of State Governments concerned	Members
(xii)	Representatives of Textile Research Associations and Industry Bodies may be associated as Special Invitees.	

Annexure-II
(Referred to in para 1.4)

Release of funds by Government of India (GoI) under the Scheme

As per Scheme guidelines for 10th Plan period (2005-07)	
(i)	30 *per cent* of the total GoI share in advance immediately after approval of the project by Project Approval Committee. However, before the first instalment is released, it would be seen that the project has been appraised by the Financial Institution as a bankable project and the land for the Integrated Textile Park has been procured by the Special Purpose Vehicle (SPV). As per the decision taken (November 2005) by the Project Approval Committee, the first instalment would be released in two parts as under: (i) 10 *per cent* of the GoI's share after sanction of the project by the Project Approval Committee. (ii) 20 *per cent* of the GoI's share after tender is awarded.
(ii)	30 *per cent* of the total GoI share after utilisation of the first instalment and after the proportionate expenditure (i.e. 30 *per cent* of the share of SPV) has been incurred by the SPV. Utilisation certificate of the first instalment shall be submitted by the SPV at the time of making claim for the second instalment.
(iii)	30 *per cent* of the total GoI share after utilisation of the second instalment and after the proportionate expenditure (i.e. another 30 *per cent* of the share of SPV) has been incurred by the SPV. Utilisation certificate of the second instalment shall be submitted by the SPV at the time of making claim for the third instalment.
(iv)	10 *per cent* of the total GoI share will be released after successful completion of the project and after 25 *per cent* of the units in the Integrated Textile Park start their production. The utilisation certificate of the third instalment shall also be submitted by the SPV at the time of making claim for the final instalment.
As per Scheme guidelines for 11th Plan period (2007-12)	
(i)	First instalment of 30 *per cent* will be released in two parts: • First part of first instalment representing 10 *per cent* of the total GoI share will be paid to the SPV subject to fulfilment of following criteria: (a) Establishment of SPV (b) Inclusion of one representative of GoI and one representative of the Project Management Consultant on the Board of Directors of SPV. (c) Land to be in the possession of SPV. (d) Issuance of shares by SPV to its members in proportion of area allocable to them. (e) Execution of shareholders' agreement.

	(f) Establishment of escrow account in a nationalised bank. (g) Recommendation of Project Management Consultant confirming the above points (a) to (f). (h) Detailed Project Report duly validated by the Project Management Consultant and approved by the Project Approval Committee. • Second part of the first instalment representing 20 *per cent* of the total GoI share will be paid to the SPV subject to fulfilment of following criteria: (a) Utilisation Certificate for the first part of the first instalment. (b) Details of equity contribution. (c) Sanction letter for loan component, in case SPV is taking term loans. (d) Award of contracts worth at least equivalent to 30 *per cent* of the total project cost excluding the land cost.
(ii)	30 *per cent* of the total GoI share after utilisation of the first instalment and after the proportionate expenditure (i.e. 1.5 times of the GoI share released) has been incurred by the SPV. Utilisation certificate of the first instalment shall be submitted by the SPV at the time of making claim for the second instalment.
(iii)	30 *per cent* of the total GoI share after utilisation of the second instalment and after the proportionate expenditure (i.e. 1.5 times of the GoI share released) has been incurred by the SPV. Utilisation certificate of the second instalment shall be submitted by the SPV at the time of making claim for the third instalment.
(iv)	10 *per cent* of the total GoI share will be released after successful completion of the project and after 25 *per cent* of the units in the Integrated Textile Park start their production. The utilisation certificate of the third instalment shall also be submitted by the SPV at the time of making claim for the final instalment.
As per Scheme guidelines for 12th Plan period (2012-17)	
(i)	First instalment representing 10 *per cent* of the total GoI share will be paid to the SPV subject to SPV furnishing a Bank Guarantee of equal amount to the Ministry and fulfilling the following criteria: (a) Establishment of SPV (b) Inclusion of one representative of GoI and one representative of the Project Management Consultant on the Board of Directors of SPV. (c) Land to be in the possession of SPV. (d) Issuance of shares by SPV to its members in proportion of area allocable to them. (e) Execution of shareholders' agreement. (f) Establishment of escrow account in a nationalised bank.

	(g) Recommendation of Project Management Consultant confirming the above points (a) to (f). (h) Detailed Project Report duly validated by the Project Management Consultant and approved by the Project Approval Committee.
(ii)	Second instalment representing 15 *per cent* of the total GoI share will be paid to the SPV subject to SPV incurring their proportionate contribution (i.e. 25 *per cent* of the total SPV share from all the sources) of the grant released and fulfilment of the following criteria: (a) Utilisation Certificate of the first instalment. (b) Details of equity contribution. (c) Sanction letter for loan component, in case SPV is taking term loans. (d) Award of contracts worth at least equivalent to 30 *per cent* of the total project cost excluding the land cost. (e) Availability of all statutory clearances necessary for commencement of the project as certified by the Project Management Consultant, including water and electricity. (f) The Bank Guarantee given by the SPV will be returned upon sanction of second instalment of grant by the Ministry. (g) Interest, if any, earned on the GoI grant will be returned/ adjusted while claiming the instalment. A certificate from the Bank shall be submitted along with the claim.
(iii)	Third instalment representing 25 *per cent* of the total GoI share shall be released after utilisation of the second instalment and after the proportionate expenditure (i.e. 50 *per cent* of total SPV share from all the sources) has been incurred by the SPV. Utilisation certificate of the second instalment shall be submitted by the SPV at the time of making claim for the third instalment. Interest, if any, earned on the GoI grant will be returned/ adjusted while claiming the instalment. A certificate from the Bank shall be submitted along with the claim.
(iv)	Fourth instalment representing 25 *per cent* of the total GoI share after utilisation of the third instalment and after the proportionate expenditure (i.e. 75 *per cent* of the total SPV share from all the sources) has been incurred by the SPV. Utilisation certificate of the third instalment shall be submitted by the SPV at the time of making claim for the fourth instalment. Interest, if any, earned on the GoI grant will be returned/ adjusted while claiming the instalment. A certificate from the Bank shall be submitted along with the claim.
(v)	Fifth instalment representing 25 *per cent* of the total GoI share will be released after successful completion of the project and after 33 *per cent* of the units in the Integrated Textile Park (or a higher percentage determined by Project Approval Committee for successful completion of the specific project) start their production.

	The utilisation certificate of the fourth instalment shall also be submitted by the SPV at the time of making claim for the final instalment. Interest, if any, earned on the GoI grant will be returned/ adjusted while claiming the instalment. A certificate from the Bank shall be submitted along with the claim.
As per Scheme guidelines for post 12th Plan period (01.04.2017 to 31.03.2020)	
(i)	First instalment representing 30 *per cent* of the total GoI share will be paid to the SPV subject to fulfilling of the following eligibility criteria: (a) SPV shall furnish a Bank Guarantee of equal amount to the Ministry. (b) Establishment of SPV (c) Land to be in the possession of SPV. (d) Availability of all statutory clearances necessary for commencement of the project. (e) Inclusion of one representative of GoI and one representative of the State on the Board of Directors of SPV. (f) Issuance of shares by SPV to its members in proportion of area allocable to them. (g) Execution of shareholders' agreement. (h) Opening of two escrow accounts (Trust and Retention accounts) in a nationalized bank. The escrow accounts shall be operated by the officer concerned of the Textile Commissioner. (i) Approval of Project Approval Committee.
(ii)	Second instalment of 40 *per cent* of the total GoI share will be paid to the SPV subject to fulfilling the following eligibility criteria: (a) SPV should have incurred expenditure of their proportionate contribution i.e. 70 *per cent* of the total SPV share from all the sources. (b) Submission of utilisation certificate for the first instalment. (c) Details of equity contribution. (d) Sanction letter for loan component, if SPV is taking term loans. (e) Award of contracts worth 100 *per cent* of the total project cost excluding the land cost. (f) Interest, if any, earned on the GoI grant will be returned/ adjusted while claiming the instalment. A certificate from the Bank shall be submitted along with the claim. (g) Progress report by the Officer in Charge of Regional Office of Textile Commissioner.

	After the sanction of second instalment of grant by the Ministry, the Bank Guarantee given by the SPV will be returned only upon the SPV raising its remaining contribution along with an amount equal to the third instalment.
(iii)	The last instalment representing 30 *per cent* of the total GoI share shall be released subject to the following: (a) SPV has made expenditure of 100 *per cent* SPV share from all the sources. (b) The entire infrastructure should be completed. (c) Successful completion of the infrastructure and operationalisation of 80 *per cent* of the committed units along with generation of 80 *per cent* of the promised employment. (d) Submission of utilisation certificate of the second instalment at the time of making claim for the final instalment. (e) Interest, if any, earned on the GoI grant will be returned/ adjusted while claiming the instalment. A certificate from the Bank shall be submitted along with the claim. (f) Progress report by the Officer in Charge of Regional Office of Textile Commissioner will be submitted along with the claim for release of final instalment.

Annexure-III
(Referred to in para 1.5)

Details of 98 sanctioned Parks

Sl. No.	Name of the Park	State	Date of sanction	Project Cost (in ₹ crore)	GOI share (in ₹ crore)	Total GoI grant released (in ₹ crore)	Status
List of 33 Parks sanctioned during 10th Plan period (2005-06 to 2006-07)							
(A) Completed Parks							
1	Brandix India Apparel City Private Limited	Andhra Pradesh	01.07.2006	134.42	40.00	40.00	Completed
2	Gujarat Eco Textile Park Limited, Surat	Gujarat	25.11.2005	128.75	40.00	40.00	Completed
3	Mundra SEZ Textile & Apparel Park Limited, Kutch	Gujarat	03.02.2006	103.53	40.00	40.00	Completed
4	Vraj Integrated Textile Park Limited, Ahmadabad	Gujarat	01.07.2006	105.40	40.00	40.00	Completed
5	Surat Super Yarn Park Limited, Surat	Gujarat	01.07.2006	104.76	40.00	40.00	Completed
6	Dodballapur Integrated Textile Park, Dodballapur	Karnataka	01.07.2006	80.25	32.01	32.01	Completed

Sl. No.	Name of the Park	State	Date of sanction	Project Cost (in ₹ crore)	GOI share (in ₹ crore)	Total GoI grant released (in ₹ crore)	Status
7	Metro Hi-Tech Cooperative Park Limited, Icchalkaranji	Maharashtra	25.11.2005	100.80	40.00	40.00	Completed
8	Baramati Hi Tech Textile Park Limited, Baramati	Maharashtra	01.07.2006	108.52	40.00	40.00	Completed
9	Pride India cooperative Textile park Limited, Icchalkaranji	Maharashtra	03.02.2006	58.19	20.95	20.95	Completed
10	Lotus Integrated Tex Park, Punjab, Barnala	Punjab	05.03.2007	110.26	40.00	40.00	Completed
11	Next Gen Textile Park Pvt Ltd, Pali	Rajasthan	21.03.2007	101.40	40.00	40.00	Completed
12	PalladamHi-Tech Weaving park, Palladam	Tamil Nadu	03.02.2006	55.42	22.17	22.17	Completed
13	Komarapalayam Hi-Tech Weaving Park Ltd. ,Komalarapalyam,	Tamil Nadu	01.07.2006	31.33	12.53	12.54	Completed
14	Karur Integrated Textile Park, Karur	Tamil Nadu	21.03.2007	116.10	40.00	40.00	Completed
15	Madurai Integrated Textile Park Ltd, Madurai	Tamil Nadu	05.03.2007	87.30	31.50	31.43	Completed
16	Pochampally Handloom Park Limited	Telangana	01.07.2006	34.00	13.60	13.60	Completed

Sl. No.	Name of the Park	State	Date of sanction	Project Cost (in ₹ crore)	GOI share (in ₹ crore)	Total GoI grant released (in ₹ crore)	Status
A	**Total completed Parks (16 Parks)**			**1,460.43**	**532.76**	**532.70**	
(B) Ongoing Parks							
1	HindupurVyapar Apparel Park Limited	Andhra Pradesh	01.07.2006	102.27	40.00	24.00	Ongoing
2	Kishangarh Hi-Tech Textile Weaving Park Limited, Kishangarh	Rajasthan	01.07.2006	110.58	40.00	36.00	Ongoing
3	SIMA Textile Processing Centre, Cuddalore	Tamil Nadu	25.11.2005	111.60	40.00	24.00	Ongoing
4	The Great Indian Linen & Textile Infrastructure Company, Perundurai, Erode	Tamil Nadu	03.02.2006	149.45	40.00	12.00	Ongoing
5	EIGMEF Apparel Park Ltd., Sayed Amir Ali, Kolkata	West Bengal	01.07.2006	130.50	40.00	31.61	Ongoing
B	**Total ongoing Parks (5 Parks)**			**604.40**	**200.00**	**127.61**	

Sl. No.	Name of the Park	State	Date of sanction	Project Cost (in ₹ crore)	GOI share (in ₹ crore)	Total GoI grant released (in ₹ crore)	Status
(C) Cancelled Parks							
1	Anantapur, Andhra Pradesh	Andhra Pradesh	01.07.2006	NA	NA	0	Cancelled
2	Kapila Textile Park, Sanand	Gujarat	05.03.2007	100.65	40.00	4.00	Cancelled
3	Soham Textile Park, Amdavad	Gujarat	01.07.2006	122.75	40.00	4.00	Cancelled
4	Shri Laxminarayan Textile Park Surat, Gujarat	Gujarat	01.07.2006	134.46	40.00	4.00	Cancelled
5	Shri Dhairyashil Mane Textile Park Co-op Society Limited Ichalkaranji	Maharashtra	01.07.2006	72.25	28.90	8.67	Cancelled
6	Wada Textile Park Thane	Maharashtra	03.02.2006	100.89	40.00	4.00	Cancelled
7	Tarapur textile Park Thane	Maharashtra	01.07.2006	110.92	40.00	4.00	Cancelled
8	Rajasthan Texmart Textile Park, Jaipur	Rajasthan	05.03.2007	94.56	37.82	3.78	Cancelled
9	Jaipur Texweaving Park, Rajasthan	Rajasthan	25.11.2005	96.81	38.72	23.23	Cancelled
10	Erode Hi-Tech, Erode	Tamil Nadu	01.07.2006	46.37	18.55	0	Cancelled

Sl. No.	Name of the Park	State	Date of sanction	Project Cost (in ₹ crore)	GOI share (in ₹ crore)	Total GoI grant released (in ₹ crore)	Status
11	Hyderabad Hi-tech Weaving Park Mahbubnagar	Telangana	01.07.2006	106.14	40.00	12.00	Cancelled
12	Gorakhpur Textile Park Gorakhpur	Uttar Pradesh	01.07.2006	97.54	39.02	0	Cancelled
C	**Total cancelled Parks (12 Parks)**			**1,083.34**	**403.01**	**67.68**	
	Total for 33 parks (A+B+C)			**3,148.17**	**1,135.77**	**727.99**	
List of 38 Parks sanctioned during 11th Plan period (2007-08 to 2011-12)							
(A) Completed Parks							
1	Fairdeal Textile Park Pvt. Ltd., Surat	Gujarat	25.09.2007	105.63	40.00	40.00	Completed
2	Sayana Textile Park Ltd,Surat	Gujarat	20.03.2008	90.00	36.00	36.00	Completed
3	RJD Integrated Textile Park, Surat	Gujarat	29.05.2008	106.5	40.00	40.00	Completed
4	J&K Textile Park, Kathua, Jammu	Jammu and Kashmir	16.09.2011	44.11	39.70	35.73	Completed
5	Deesan Infrastructure Pvt Ltd., Dhule	Maharashtra	29.05.2008	103.12	40.00	40.00	Completed

Sl. No.	Name of the Park	State	Date of sanction	Project Cost (in ₹ crore)	GOI share (in ₹ crore)	Total GoI grant released (in ₹ crore)	Status
6	Islampur Integrated Textile Park Pvt Ltd., Sangli	Maharashtra	16.05.2008	102.39	40.00	40.00	Completed
7	Latur Integrated Textile Park Pvt Ltd, Latur	Maharashtra	16.05.2008	102.61	40.00	40.00	Completed
8	Asmeeta Infratech Pvt Ltd, Thane	Maharashtra	29.05.2008	277.69	40.00	40.00	Completed
9	Ludhiana Integrated Textile Park Ltd, Ludhiana	Punjab	18.12.2008	116.19	40.00	36.00	Completed
10	Jaipur Integrated Texcraft Park Pvt Ltd, Jaipur	Rajasthan	16.05.2008	60.15	24.06	24.06	Completed
A	**Total completed Parks (10 Parks)**			**1,108.39**	**379.76**	**371.79**	
(B) Ongoing Parks							
1	MAS Fabric Park (India) Ltd	Andhra Pradesh	20.03.2008	254.70	40.00	24.00	Ongoing
2	Kejriwal Integrated Textile Park	Gujarat	16.09.2011	105.79	40.00	36.00	Ongoing
3	Himachal Textile Park	Himachal Pradesh	16.09.2011	96.90	38.76	34.88	Ongoing

Sl. No.	Name of the Park	State	Date of sanction	Project Cost (in ₹ crore)	GOI share (in ₹ crore)	Total GoI grant released (in ₹ crore)	Status
4	Purna Global Textiles Park Ltd.	Maharashtra	16.05.2008	107.29	40.00	22.03	Ongoing
5	KalappanaAwade Textile Park	Maharashtra	16.09.2011	107.1	40.00	12.00	Ongoing
6	Rhythm Textile & Apparel Park Ltd, Nawanshehar	Punjab	16.05.2008	110.73	40.00	36.00	Ongoing
7	Perarignar Anna Handloom Silk Park,Kanchipuram	Tamil Nadu	22.04.2010	83.83	33.53	3.30	Ongoing
8	Pallavada Textile Park	Tamil Nadu	16.09.2011	106.58	40.00	4.00	Ongoing
9	White Gold Textile Park	Telangana	16.09.2011	95.99	38.40	25.04	Ongoing
10	Hosiery Park, Howrah	West Bengal	16.09.2011	70.14	28.06	25.25	Ongoing
B	**Total ongoing Parks (10 Parks)**			**1,139.05**	**378.75**	**222.50**	
(C) Cancelled Parks							
1	Lepakshi Integrated Textile Park, Anantpur	Andhra Pradesh	September, 2011	101.39	40.00	0	Cancelled
2	Assam Jute Park, Darrang	Assam	16.05.2008	56.13	40.00	0	Cancelled
3	Vikramshila Textile Park, Bhagalpur	Bihar	14.03.2008	NA	NA	0	Cancelled

Sl. No.	Name of the Park	State	Date of sanction	Project Cost (in ₹ crore)	GOI share (in ₹ crore)	Total GoI grant released (in ₹ crore)	Status
4	Gulbarga Textile Park	Karnataka	16.09.2011	46.39	18.56	1.85	Cancelled
5	CLC Textile Park	Madhya Pradesh	2008	92.48	35.57	11.47	Cancelled
6	Birla Integrated Textile Park, Amaravati	Maharashtra	November, 2011	108.09	40.00	0	Cancelled
7	Kagal Industrial Textiles Technology Park, Kolhapur	Maharashtra	October, 2011	96.83	38.73	0	Cancelled
8	Sunderrao Solanke, Majalgaon	Maharashtra	08.11.2011	105.81	40.00	4.00	Cancelled
9	Khed Textile Park, Khed, Pune	Maharashtra	08.11.2011	80.67	32.27	3.23	Cancelled
10	Bharat Fabtex& Corporate Park Pvt Ltd. Pali	Rajasthan	26.02.2009	103.08	40.00	4.00	Cancelled
11	Mewar Integrated Textiles Park, Bhilwara	Rajasthan	October, 2011	106.32	40.00	0	Cancelled
12	Rajasthan Integrated Apparel City, Bhiwadi	Rajasthan	October, 2011	195.34	40.00	0	Cancelled
13	Himmada Integrated Textile Park	Rajasthan	08.11.2011	106.98	40.00	4.00	Cancelled
14	SLS Textile Park, Krishnagiri	Tamil Nadu	16.09.2011	111.40	40.00	4.00	Cancelled

Sl. No.	Name of the Park	State	Date of sanction	Project Cost (in ₹ crore)	GOI share (in ₹ crore)	Total GoI grant released (in ₹ crore)	Status
15	Vaigai Hi-Tech Weaving Park	Tamil Nadu	16.05.2008	NA	NA	2.44	Cancelled
16	Edison Integrated Textiles Park, Agartala	Tripura	October, 2011	58.22	40.00	0	Cancelled
17	Shri Lakshmi Cotsyn Ltd, Kanpur	Uttar Pradesh	September, 2011	102.29	40.00	0	Cancelled
18	Webtex Textile Park Kolkata	West Bengal	16.05.2008	106.88	40.00	0	Cancelled
C	**Total cancelled Parks (18 Parks)**			**1,578.30**	**605.13**	**34.99**	
	Total for 38 parks (A+B+C)			**3,825.74**	**1,363.64**	**629.28**	
List of 27 Parks sanctioned during 12th Plan (2012-13 to 2016-17)							
(A) Ongoing Parks							
1	Tarakeshwara	Andhra Pradesh	24.03.2015	103.44	40.00	20.00	Ongoing
2	Guntur Textile Park, Guntur	Andhra Pradesh	20.09.2014	105.12	40.00	20.00	Ongoing
3	Prag Jyoti Textile Park, Darrang	Assam	20.09.2014	47.25	40.00	20.00	Ongoing

Sl. No.	Name of the Park	State	Date of sanction	Project Cost (in ₹ crore)	GOI share (in ₹ crore)	Total GoI grant released (in ₹ crore)	Status
4	Shanti Integrated Textile Park Pvt Ltd., Surat	Gujarat	20.09.2014	104.12	40.00	8.00	Ongoing
5	Palsana ITP Park, Surat, Gujarat	Gujarat	20.09.2014	103.36	40.00	20.00	Ongoing
6	Amitara Green High Tech Textile Park Pvt Ltd.	Gujarat	20.09.2014	103.4	40.00	35.34	Ongoing
7	Ichhapore Textile Park, Surat	Gujarat	06.08.2015	104.65	40.00	4.00	Ongoing
8	Karanj Integrated Textile Park	Gujarat	2.02.2016	104.95	40.00	20.00	Ongoing
9	Shahlon Textile Park	Gujarat	30.06.2016	103.93	40.00	10.00	Ongoing
10	Alishan Integrated Textile Park, Panipat	Haryana	24.03.2015	102.76	40.00	4.00	Ongoing
11	Kashmir Wool & Silk Textile Park, Ghatti	Jammu and Kashmir	20.09.2014	48.06	40.00	0	Ongoing
12	Satyaraj Integrated Textile Park, Shirol, Kolhapur	Maharashtra	15.10.2014	104.49	40.00	20.00	Ongoing
13	Dhule Textile Park, Dhule	Maharashtra	15.10.2014	106.57	40.00	4.00	Ongoing

Sl. No.	Name of the Park	State	Date of sanction	Project Cost (in ₹ crore)	GOI share (in ₹ crore)	Total GoI grant released (in ₹ crore)	Status
14	Hinganghat Textile Park, Vidharbha	Maharashtra	24.03.2015	108.38	40.00	20.00	Ongoing
15	Sri Ganesh, Dhule, Maharashtra	Maharashtra	24.03.2015	104.03	40.00	10.00	Ongoing
A	**Total ongoing Parks (15 Parks)**			**1,454.51**	**600.00**	**215.34**	
(B) Cancelled Parks							
1	Rangaraya Textile Park Pvt. Ltd, West Godavari	Andhra Pradesh	20.09.2014	131.73	40.00	0	Cancelled
2	Gautham Budha Textile Park	Andhra Pradesh	09.11.2014	102.91	40.00	4.00	Cancelled
3	JVL Textile Park Pvt. Ltd., Bihar Rohtas	Bihar	20.09.2014	113.11	40.00	0	Cancelled
4	Madhav Textile Park Pvt. Ltd	Gujarat	20.09.2014	113.97	40.00	0	Cancelled
5	Asiatic Co-op. Textile Park, Sholapur	Maharashtra	13.12.2012	101.03	40.00	12.00	Cancelled
6	Progressive Textile Park Pvt. Ltd, Bathinda	Punjab	March, 2015	116.00	40.00	0	Cancelled
7	Jaipur Kaleen Textile Park	Rajasthan	08.12.2012	98.50	39.08	3.91	Cancelled

Sl. No.	Name of the Park	State	Date of sanction	Project Cost (in ₹ crore)	GOI share (in ₹ crore)	Total GoI grant released (in ₹ crore)	Status
8	Srinath Integrated Textile Park, Bhilwara	Rajasthan	08.06.2015	101.92	40.00	0	Cancelled
9	Avantika Textile Park Pvt. Ltd.	Telangana	20.09.2014	105.39	40.00	0	Cancelled
10	Sri Lakshmi Textile Park, Kanpur	Uttar Pradesh	July, 2015	113.83	38.93	0	Cancelled
11	Ecotex, Uttar Pradesh	Uttar Pradesh	24.03.2015	104.03	40.00	0	Cancelled
12	Farukkhabad Integrated Textile Park	Uttar Pradesh	02.02.2016	104.14	40.00	0	Cancelled
B	**Total cancelled Parks (12 Parks)**			**1,306.56**	**478.01**	**19.91**	
	Total for 27 parks (A+B)			**2,761.07**	**1,078.01**	**235.25**	
	Grand total for 98 Parks			**9,734.98**	**3,577.42**	**1,592.52**	

Source: Data provided by the Ministry

Annexure-IV
(Referred to in para 2.4)

Audit findings in respect of 24 sampled Parks

1. Surat Super Yarn Park Limited, Surat, Gujarat			**Category: Completed**
Date of sanction	**: 01.07.2006**	**Current status**	**: Shut down**
Project cost	**: ₹104.76 crore**	**Current employment/ planned**	**: Nil/ 1,000 persons**
Area	**: 43.29 acres**	**Name of PMC**	**: IL&FS**
Proposed activity	**: Weaving (Texturising)**	**Delay in completion**	**: 59 months**
Current activity	**: Nil**	**GoI grant released**	**: ₹40.00 crore**

Audit observations	Reply of the Ministry	Further Audit comments
As per the Ministry's records, Surat Super Yarn Park Limited was 'Completed' Park (inaugurated in July 2013) and eight units were operational therein with employment of 200 persons. Audit conducted field visit (September 2021) in the Park and found that the Park was lying shut down, abandoned and totally deserted. The infrastructure created in the Park like roads, buildings, drainage system etc. were found to be in dilapidated condition. The Managing Director, whose contact details were provided to Audit by the Ministry, intimated that he has resigned from his directorship. So, there were no functionaries of the SPV found available. Registered office of the SPV situated in Surat city was also found locked.	The Ministry stated (June 2022/ August 2022) that: **i. Shut down due to financial problem:** The final grant was released in March 2013 and the Park was inaugurated in July 2013. The PMC, vide their letter dated 01.11.2016 apprised the Office of Textile Commissioner that SPV and other unit holders in the Park were facing financial crunch due to external reasons and poor market conditions during 2014. Due to this, SPV was unable to service term loan and was declared as Non-Performing Asset by the lenders, even after considering deferment of interest payment and principal instalments. The project was eventually shut down due to the inability of the lead anchor i.e. Nakoda Group to run the project due to financial crisis faced by them. The Park was, however, operational from the period it was completed, and the units were functioning	**i. Shut down due to financial problem:** The replies indicate that though the Ministry has accepted the audit observation and stated the same reasons of shutdown of the Park but the Ministry failed to make provision in the Scheme guidelines for effective monitoring after completion of the Park with 25 *per cent* operational units. The objective of the Scheme was not to consider completion of the Park with 25 *per cent* operational units but the intended objective was to attract investments, setting up textile units and generate employment through it. The fact remains that the Ministry failed to achieve the intended objective of the Scheme and thus the GoI grant amounting to ₹40.00 crore proved to be infructuous due to shut down of the Park soon after completion.

Examination of records revealed that: **i. Shut down due to financial problem:** The Park got shut down soon after completion due to failure in repayment of debt as Nakoda group which was the lead promoter faced financial problems. **ii. Premature completion:** Before release of final installment, the Ministry approved revised project configuration with reduced capacity to set up only 27 units in place of 54 units and setting up of 15 MW coal based CPP in place of 20 MW gas based CPP. The Park was treated as completed when only 8 units started operation and only 7.5 MW Turbine had been commissioned. After release of final installment, no more units were set up, neither the other 7.5 MW turbine was commissioned, and the Park got shut down. During joint physical verification by Audit, machinery/ equipment of the Plant were found missing. **iii. Wasteful expenditure due to installation of second-hand machinery**: In the original detailed project report, it was proposed to set up a 20 MW gas based Captive Power Plant with estimated cost of ₹65.00 crore. Subsequently, the SPV proposed to set up a 15 MW coal based Captive Power Plant due to uncertainty of gas availability in Surat and price fluctuations. It also proposed to	providing employment and infrastructure in the Park built as per the Scheme requirements. The Ministry further stated (August 2022) that the Park was operational till 2016 and providing employment as per requirement at that time. **ii. Premature completion:** The change of the project configuration from 54 units to 27 units was approved by the Project Approval Committee in June 2011 due to change in business plan of the member units and market scenario maintaining the same number of machines i.e. 108 in 27 units. Thus, overall capacity of the Park was not changed. Further, the Park was granted completion based on the fact that 25 *per cent* units had started operations and the entire consignment of CPP i.e., 15 MW was mobilised at the site. Subsequently, due to market conditions and inability of the SPV lead members in view of financial crisis, the Park was shut down. Therefore, the Park was not given premature completion. **iii. Wasteful expenditure due to installation of second-hand machinery**: The first module of 7.5 MW was commissioned and at that time since the available load/ demand from the Park was not sufficient (initially only 25 *per cent* units had commenced production), the second module was not commissioned. The Ministry further stated (August 2022) that	**ii. Premature completion:** The reply of Ministry is not acceptable given the fact that: ➢ As per original detailed project report, 54 factory buildings i.e. 54 units (only one type) were to be constructed for 54 entrepreneurs and based on the original plan, the Ministry released 90 *per cent* of GoI grant between January 2007 and February 2010. ➢ In December 2009, the SPV and PMC had reported 97 *per cent* completion of factory buildings and targeted to complete all factory buildings (i.e. 54 units) by January 2010. However, in June 2011, the SPV proposed revision in the project configuration to construct only 27 factory buildings by alteration in layout plan to construct ground floor and first floor whereas the initial plan was to construct basement, ground floor and first floor. ➢ The Ministry approved revision in the project configuration to construct 27 factory buildings and considered the Park as completed based on the information provided by the SPV and recommendation by the PMC that 27 factory units were constructed out of which 8 units became operational.

purchase 2x7.5 MW second-hand machinery (Turbine and Boiler) from China and the same was approved by the Ministry. The coal based CPP became non-operational within a year of its commissioning and the investment of ₹42.30 crore made on the CPP proved to be a wasteful expenditure. **iv. List of investors/ entrepreneurs without their details:** While claiming to release first installment of GoI grant, the SPV had submitted a list of 55 members who had executed Share Subscription Agreement with SPV. Audit however observed that the list of members did not contain their contact details i.e. address, email, telephone number etc., neither contained signature of the SPV's Managing Director. Moreover, no efforts/ representations from these members were found on the records for revival of the project in order to make their units operational. Therefore, the possibility of the list to be fictitious could not be ruled out. **v. Failure of Government representative appointed as a member of Board of Directors:** The appointed Government representative also failed to report financial problems and symptoms of the project failure and to bring these developments to the notice of the Ministry in order to take	commissioning of the second module of 7.5 MW would have been necessitated if the other units had also commenced production. **iv. List of investors/entrepreneurs without their details:** All members of the SPV had executed Share Subscription Agreements with the SPV. Further, all the members had also executed power of attorney in favor of SPV for pledging their shares and these documents were on record with the lenders. Therefore, this list cannot be termed as fictitious. The Ministry further stated (August 2022) that name of party and subscribed share amount is available in the file. Merely doubts raised about fictitious list of investors/ entrepreneurs may not be treated as the reason of closure/shut down. **v. Failure of Government representative appointed as a member of Board of Directors:** The Government Representative appointed as nominee member of the Board of Directors of SPV generally attend the Board's meetings of the Textile Park and take the note of matter discussed in the meeting. The role of Government representative has not been defined in the Scheme guidelines. Further, the members started facing issues only after the project was completed and commissioned. Therefore, it would not have been possible to predict the demand assessment and inability of the lead group to run the project due to financial issues.	➢ Textile Commissioner's team visited the site in October 2017 and found construction of only 13 buildings for accommodating 27 units. As 97 *per cent* of the factory buildings had already been stated as completed by December 2009, the proposal of SPV for alteration in layout of factory buildings in June 2011 was contrary to the progress already reported by SPV. Thus, the fact remains that approval by the Ministry for changing the project configuration to construct 27 factory units in place of 54 factory units without confirming successful completion along with the operation of 15 MW Captive Power Plant led to premature completion of the Park. **iii. Wasteful expenditure due to installation of second-hand machinery**: The reply of Ministry is not tenable as providing world-class infrastructure facilities was one of the main objectives of the Scheme and the second module of CPP never became operational. The Park also got shut down. **iv. List of investors/ entrepreneurs without their details:** The replies indicate that the Ministry did not verify genuineness of entrepreneurs as the Ministry itself has stated that documents like share

appropriate action on time to avoid wasteful expenditure of GoI grant. **vi. PMC's failure and wasteful expenditure on PMC fee:** After getting release of final instalment, the PMC received its 100 *per cent* fee and never reported symptoms of failure of the project. **vii. Conflict of interest in the role of PMC:** The PMC (i.e. IL&FS) of the Ministry itself became consultant of SPV for getting consultancy fee.	**vi. PMC's failure and wasteful expenditure on PMC fee:** The project was operational for more than one year after completion. Supervision of the PMC after completion of the project has not been defined in the Scheme guidelines and failure had been on part of operational matters of the SPV and its members. **vii. Conflict of interest in the role of PMC:** The role of a technical agency for providing engineering support is different from the role of PMC and the SPV has discretion to appoint any agency for providing technical services and accordingly they had appointed IL&FS which was also PMC of the Ministry. The question of role conflict does not arise since the agreement executed between IL&FS and the Ministry of Textiles permitted the PMC to provide services to the SPVs under clause 6 as "IL&FS shall be free to enter into separate agreement with each of the project SPV(s) for the services related to designing/ engineering, procurement, construction, management and supervision, and project financing". Further, later on, the said clause had been removed in the agreements and it was incorporated that "The PMC shall not be permitted to enter into any agreement with the concerned SPV for provision of any services related to the implementation of the project that	subscription agreement, power of attorney etc. were on record with lenders. The fact remains that the basic information of members like PAN, address, email, telephone number etc. were not available on the record of the Ministry. Initially, there were 55 investors/ entrepreneurs with equal share subscription whereas the Park got shut down due to financial problems of anchor/ lead promoter and the Ministry failed to ascertain the reasons why the remaining 54 entrepreneurs could not make efforts to run the Park. Thus, the absence of the basic information about investors and non-response from them after shut down of the Park raises doubts about the genuineness of the list of investors/ entrepreneurs. **v. Failure of Government representative appointed as a member of Board of Directors:** The reply of Ministry is not acceptable as there must be a clearly defined role of Government representative appointed as a member of Board Directors. The fact remains that the appointed Government representative failed to report closure/ shutdown status of the Park and the symptoms of the project failure. **vi. PMC's failure and wasteful expenditure on PMC fee:** The reply is not tenable as the Ministry reported that the

	would create, in opinion of the Ministry, a conflict of interest." Hence, there is no conflicting role of PMC.	Park got shut down due to the inability of the lead anchor i.e. Nakoda Group to run the project due to financial crisis faced by them. Examination of financial strength and net worth of members of the Park was one of the main responsibilities of PMC. The fact remains that the fee paid to the PMC also proved to be wasteful due to shut down of the Park. **vii. Conflict of interest in the role of PMC:** The reply is not tenable as fair and transparent reporting cannot be expected from the same agency who has vested interest in getting GoI grant released to the SPV (PMC gets 5 *per cent* of project cost as technical fee). Though the Ministry had already rectified the agreement with PMC, the fact remains that in this case the same PMC was consultant of the SPV and Ministry and therefore it did have a conflict of interest.

2. Latur Integrated Textile Park Pvt. Ltd, Latur, Maharashtra			**Category: Completed**
Date of sanction	**: 16.05.2008**	**Current status**	**: Shut down**
Project cost	**: ₹102.61crore**	**Current employment/ planned**	**: Nil/ 10,000 persons**
Area	**: 50 acres**	**Name of PMC**	**: Technopak Advisors**
Proposed activity	**: Garmenting**	**Delay in completion**	**: 22 months**
Current activity	**: Nil**	**GoI grant released**	**: ₹40.00 crore**

Audit observations	**Reply of the Ministry**	**Further Audit comments**
The Ministry considered Latur Integrated Textile Park as completed and released final instalment of grant in October 2012 and continued showing it as functional in its records since then. Audit conducted field visit in the Park (in October 2021) and found that the Park was lying shut down, abandoned and totally deserted. The infrastructure created in the Park like roads, drainage system, factory buildings were found in dilapidated condition. Electric and water supply were found disconnected. Stitching and cutting machines installed in a few units were found idle and dysfunctional. Common facilities like Creche, Bank ATM, Post Office, Workers' Hostel etc., as planned in the detailed project report, were not found to be constructed. Administrative Building with estimated cost of ₹80 lakh was found incomplete. The SPV replied that the Park was shut down as the workers could not be retained due to its locational distance of about 10-15 km from the city and non-availability of means of commuting	The Ministry stated (June/ August 2022) that the major reason because of which the Park operations had stopped is that the major promoter of the Park i.e. Bombay Rayons Fashion Ltd (BRFL) was having financial crunch and it had also gone under National Company Law Tribunal (NCLT) procedure. This severely affected the operations of the Park due to liquidity problems/ financial crisis. Any park can run successfully if units are operational and financial viability of the promoters is sound; creating infrastructure cannot guarantee success of any Park in the long run. Running of units can only guarantee success of the Park. The location of the Park is only at a distance 6.5 km from NH 361 – Maharashtra and there are other industries also in the vicinity of the park. Buses were also running to and fro for the workers. **i. Premature completion**: The Ministry stated that the detailed project report is very initial document and is prepared keeping in mind the future expansion and development. Change of	The reply is not tenable as the fact remains that the Park got shut down either due to locational distance (stated by the SPV) or financial crunch (stated by the Ministry) and GoI grant amounting to ₹40 crore became infructuous. The Ministry failed to put in place an effective monitoring mechanism after treating the Park as completed with 25 *per cent* operational units. **i. Premature completion**: The reply is not tenable given the fact that: ➢ 20 units (10 Weaving units & 10 Garmenting units) were to be constructed as per the sanctioned detailed project report. However, the SPV constructed only 10 Garmenting units and submitted completion certificate in June 2011 when three units (15 *per cent* of 20 units) commenced production. ➢ As 15 *per cent* operational units were less than the requisite 25 *per cent* for considering the Park as completed, the

for the workers. Examination of records revealed that: **i. Premature completion**: Before release of final instalment, the Ministry approved revised project configuration with reduced capacity to set up only 10 Garmenting units in place of 20 Weaving & Garmenting units. The project was treated as completed when only 3 units started operations. **ii. Failure of Government representative appointed as a member of Board of Directors:** The appointed Government representative also failed to report problems faced by SPV and symptoms of the project failure and to bring developments to the notice of the Ministry in order to take appropriate action on time in order to avoid wasteful expenditure of GoI grant. **iii. PMC's failure and wasteful expenditure on PMC fee:** After getting release of final instalment of GoI grant, the PMC received its 100 *per cent* fee and never reported symptoms of failure of the project. **iv. Non-creation of infrastructure**: The Ministry treated the project as completed whereas audit found that Administrative Building was not yet completed.	units from 20 to 10 was taken by the members of the SPV at the time of its formation on realistic judgment and the Project Approval Committee is the competent Authority to take decision in the revision of detailed project report. **ii. Failure of Government representative appointed as a member of Board of Directors:** The Ministry stated that the Government nominee generally attends the Board's Meetings of the Park and take the note of matters discussed in the meeting. The role of nominee director has not been defined in the Scheme guidelines. However, it may be taken care of. **iii. PMC's failure and wasteful expenditure on PMC fee:** The Ministry stated that the agreement between PMC and the Ministry was in force till March 2012 and the Park was operational at the time of completion granted by the Ministry. Later on, production started reducing due to non-confirmation of orders and financial crunch of lead promoter. The PMC was not involved in the project operations after the completion and it was only the SPV who runs the project. Operations of the Park are the sole responsibility of the SPV and in any case reports were submitted as and when asked by Ministry and the office of Textile Commissioner. It had come to notice	Ministry sought a revised detailed project report in January 2012 with reduction of units from 20 to 10 and treated the project as completed considering that 30 *per cent* units (3 of 10 units) had commenced production. Thus, the Park was considered completed without construction of 10 weaving units. The fact remains that the Park was not completed as per the original plan and revised configuration with reduced capacity was sanctioned after submission of completion certificate by the SPV. **ii. Failure of Government representative appointed as a member of Board of Directors:** The reply indicates that though the Ministry has accepted the audit observations and noted to define the role of Government representative in the Scheme guidelines, the fact remains that the appointed Government representative failed to report even the shutdown status of the Park. **iii. PMC's failure and wasteful expenditure on PMC fee:** The reply is not acceptable as the PMC had responsibility to monitor and supervise the project as to whether or not the project was being constructed as per the approved detailed project report. The PMC never reported that the SPV was executing the project in

	that the Park was non-operational due to lead promoter (BRFL) having gone under National Company Law Tribunal (NCLT) procedure due to financial crunch. The Ministry further stated (August 2022) that completion to the Park was granted when more than 25 *per cent* units were operational. There was no wasteful expenditure on PMC fee. **iv. Non-creation of infrastructure**: The Ministry stated that the administrative building had been constructed and even a canteen was running above the administrative building. The Ministry further stated (August 2022) that merely non-completion of administrative building is not the criteria for denying the completion status to the Park. The Park might have managed the administrative work at appropriate place.	deviation of the sanctioned detailed project report. Further identification of suitable location of the Park was also one of the responsibilities of the PMC. The SPV stated that the project got failed due to locational distance. Thus, the fact remains that there was lack of due diligence on part of PMC and the fee paid to it became wasteful as the Park got shut down after considering completion. **iv. Non-creation of infrastructure**: The reply of Ministry is not factually correct as Audit conducted joint inspection with the SPV in October 2021 and found an incomplete building to be constructed for administration whereas at the time of completion of the Park, construction of administrative building had been shown as completed. Thus, the fact remains that the Park was considered as completed without completion of administrative building and the fact of its non-completion was not taken on the records.

3. Pochampally Handloom Park Pvt Limited, Telangana			**Category: Completed**
Date of sanction	**: 01.07.2006**	**Current status**	**: Shut down**
Project cost	**: ₹34.00 crore**	**Current employment/ planned**	**: Nil/ 5,550 persons**
Area	**: 23 acres**	**Name of PMC**	**: IL&FS**
Proposed activity	**: Weaving and Processing**	**Delay in completion**	**: 33 months**
Current activity	**: Nil**	**GoI grant released**	**: ₹13.60 crore**

Audit observations	**Reply of the Ministry**	**Further Audit comments**
The Ministry considered Pochampally Handloom Park, Telangana as 'completed' in March 2011 and continued showing it as functional in its records, with 189 operational units and employment of 350 persons as of July 2020. Audit conducted (December 2021) field visit in the Park and found that the Park was lying shut down. VISTRA ITCL (India) Ltd (formerly known as IL&FS Trust Company) had taken possession of movable and immovable property of the Park and pasted an e-auction sale notice on the main gate of the Park. The infrastructure like roads, drainage system, factory buildings, electric supply, sewage treatment plant etc. were deserted and found dysfunctional. None of the directors/ members of the Park participated in the joint inspection nor were present at the site to provide information/ records to Audit. Examination of records revealed that: **i. Sanction of non-bankable project**: PMC's letter dated 5 December 2011 envisaged that as per normal financing parameters followed by the banks, minimum promoter's contribution	**i. Sanction of non-bankable project**: The Ministry stated (June/ August 2022) that nowhere, it has been remarked that PMC mentioned that the minimum promoters' contribution should be 20 *per cent* to 25 *per cent*. The effort of obtaining loans for a project for handlooms and supporting a traditional craft of the country with long heritage should be appreciated. In case of this Park, since promoters were small weavers, the lenders had sanctioned the project with lower promoter's contribution considering the grant support provided by the GoI. The project was duly appraised by the lenders before sanction and therefore, the bankability and feasibility of the same was studied/ examined by the lenders. **ii. Conflict of interest in the role played by PMC:** The Ministry stated that the loan to the Park was extended under Pooled Municipal Debt Obligation (PMDO) facility which is managed by IL&FS Urban Infrastructure Managers (IUIML) as Asset Management Company (AMC). The PMDO is	**i. Sanction of non-bankable project**: The reply is not correct as clause 2(b) of the PMC letter dated 5 December 2011 clearly stipulated that as per the normal financing parameters followed by banks & financial institutions, minimum promoters' contribution of 20 *per cent* to 25 *per cent* of the project cost is stipulated by the lenders. Thus, the fact remains that the Ministry sanctioned a financially unviable project/ non-bankable project with a promoter's contribution of 5 *per cent* and the project eventually got shut down due to failure in repayment of loan sanctioned by the PMC. **ii. Conflict of interest in the role played by PMC:** The reply is not acceptable as the Ministry has signed (16 September 2005) an agreement with IL&FS which expression shall include its successors, assigns, associates, subsidiaries and funds under its management. Thus, IL&FS Urban Infrastructure Managers and IL&FS Clusters Initiative Ltd cannot be considered

should be 20 *per cent* to 25 *per cent* of the project cost. Audit, however, observed that the project was sanctioned with a promoter's contribution of 5 *per cent* only. Thus, the Ministry sanctioned a non-bankable project which was not financially viable. **ii. Conflict of interest in the role played by PMC**: PMC of the project i.e IL&FS recommended to sanction a non-bankable project. In order to release second instalment of GoI grant, the IL&FS itself issued a sanction letter for term loan and recommended to release GoI grant. It had also taken 19 *per cent* of equity shares of the Park.	a credit facility wherein a consortium of 15 banks takes exposure to the project after conducting due diligence. The exposure of IL&FS in the consortium was less than 10 *per cent* and remaining was with consortium of 14 banks. The sanction letter for loan was issued by IUIML, while PMC was IL&FS Cluster Development Initiative Ltd, which had also taken the equity stake as a measure for supporting the handloom sector. Further, the equity investment was in line with the Scheme guidelines which encouraged PMC also to invest in the project. As per the Scheme guidelines, the total Project Cost shall be funded through a mix of Equity/ Grant – from the Ministry of Textiles, State Government, State Industrial Development Corporation, Industry, Project Management Consultant and loan from Banks/ Financial Institutions.	as two different entities. The fact remains that being PMC of the Ministry, IL&FS had the responsibility to check the availability of sanction letter for the term loan but it itself issued a sanction letter to the SPV for the loan component and recommended to release GoI grant based on which the Ministry released grant. Thus, there is a clear conflict of interest in the role played by the PMC.

4. Dodballapur Integrated Textile Park, Karnataka				**Category: Completed**
Date of sanction	**: 01.07.2006**	**Current status**	**: Functional with Non-textile activities**	
Project cost	**: ₹80.25crore**	**Current employment/ planned**	**: 948/ 2,000 persons**	
Area	**: 48 acres**	**Name of PMC**	**: IL&FS**	
Proposed activity	**: Weaving**	**Delay in completion**	**: 47 months**	
Current activity	**: Weaving and Non-textile activities**	**GoI grant released**	**: ₹32.01 crore**	

Audit observations	**Reply of the Ministry**	**Further Audit comments**
The Ministry considered Dodballapur Integrated Textile Park, Karnataka as completed in June 2012 and continued showing it as functional in its records since then. As of July 2020, the Ministry provided data showing 42 units operational in the Park with employment of 550 persons. Audit conducted field visit of the Park in November 2021 and found the following: **i. Non-textile activities**: Non-textile activities like engineering works, furniture works, seeds processing, etc. were running in 55 factory units out of total 70 functional units. **ii. Sub-letting of factory building**: A large number of bonafide shareholders/ entrepreneurs had rented out their factory sheds to run non-textile activities. **iii. Idle common facilities:** Three separated buildings constructed for common facilities like Multipurpose hall, Design Centre, Display Centre, Dispensary, etc. had never been utilised and remained idle since construction.	**i. Non-textile activities & ii. Sub-letting of factory building**: The Ministry stated (June 2022) that the SPV might have deviated from the framework designed for the Park largely after the project was completed. Therefore, an explanation could be sought from the SPV in this regard and direction may be given to set up/ run textile units in the Park. **iii. Idle common facilities:** The Ministry stated (June 2022) that the reason for non-utilisation of the space and the manner of putting the infrastructure to use by the existing members could be sought from the SPV. The Ministry further stated (August 2022) that the common facilities were designed for the common needs of the members and rented out to the members on payment of user charges. There may be reasons for non-utilisation of the constructed space.	**i. Non-textile activities & ii. Sub-letting of factory building**: The reply indicates that the Ministry has accepted the Audit observations but the fact remains that there was no effective monitoring mechanism in place which could have prevented such deviations. **iii. Idle common facilities:** The reply is not tenable as the common facilities were found idle and not rented out. The fact remains that the common facilities created out of GoI grant were found idle. **iv. Sale of infrastructure created out of GOI grant**: The reply indicates that the Ministry has accepted the Audit observation and noted to seek explanation from the SPV. The Ministry may examine the matter and take appropriate action. **v. Conflict of interest in the role played by PMC**: The reply is not acceptable as the Ministry has signed (September 2005) an

iv. Sale of infrastructure created out of GOI grant: The SPV sought additional grant of ₹12.72 crore for development of a common preparatory unit (common sizing, warping and warehouse, Lab testing equipment, Training unit and Training equipment). These facilities were had been sold out without getting prior permission of the Ministry. **v. Conflict of interest in the role played by PMC**: PMC of the project i.e IL&FS recommended to release second part of the first instalment of GoI grant without verifying bankability of the project as the IL&FS itself issued a sanction letter for providing a term loan and the Ministry released the grants. The SPV fell into debt trap as one of the main problems faced by the Park was the very high rate of interest at which loans were provided by the PMC. **vi. Delinquent act of Government nominee:** The terms and conditions of sanction letter of GoI grant stipulates that the assets acquired out of Government grant shall not be disposed of without prior approval of the Ministry. In a Board meeting wherein the Central Government nominee was also present, the SPV passed a resolution to sale out assets/ infrastructure of the Park. Thereafter, the SPV sold Training equipment and other infrastructure without approval of the Ministry. Thus, the	**iv. Sale of infrastructure created out of GoI grant**: The Ministry stated (June 2022) that the details of the machinery sold will be sought from the SPV, since these might have been done after the Park was completed. The SPV will be directed to submit their responses along with explanation. The Ministry further stated (August 2022) that in absence of a provision for monitoring of Parks after completion and for payment of professional fee to the PMC after completion of Parks, the observations made by the Audit team could not come to the notice of the Ministry. **v. Conflict of interest in the role played by PMC**: The Ministry stated that it has been ascertained from the PMC of the project that the loan facility was extended under the consortium of 15 banks as Pooled Municipal Debt Obligation (PMDO) facility which is managed by IL&FS Urban Infrastructure Managers (IUIML) as Asset Management Company (AMC). The PMDO is a credit facility wherein a consortium of 15 banks takes exposure to the project after conducting their own due diligence. The exposure of IL&FS in the consortium is less than 10 *per cent* and remaining is with consortium of 14 banks. The decision to sanction loans is taken by a Credit Committee of lenders under PMDO and IUIML, as AMC communicates	agreement with IL&FS which expression shall include its successors, assigns, associates, subsidiaries and funds under its management. Thus, IL&FS Urban Infrastructure Managers cannot be considered as a different entity. The fact remains that being PMC of the Ministry, IL&FS had the responsibility to check the availability of sanction letter for the term loan but it itself issued the sanction letter to the SPV for loan component and recommended to release GoI grant based on which the Ministry released grant. Thus, there is a clear conflict of interest in the role played by the PMC. **vi. Delinquent act of Central Government nominee:** The reply is not tenable as the Central Government nominee did not question the sale of assets acquired out of GoI grant and failed to protect public interest for which he was appointed as the Government representative.

Government nominee failed to protect public interest and such act amounted to delinquency.	the sanction to the SPV. Therefore, the contention that loan was extended to assist the project implementation is grossly inaccurate and misleading. Further, the loans were ultimately sanctioned by 15 lenders as PMDO consortium and the interest rate on the loans was not very high at that time as stated above, and was 10.50 *per cent* per annum. **vi. Delinquent act of Government nominee:** The Ministry stated that Government Representative appointed as member of Board of the SPV generally attend the Board's Meeting of the Textile Park and take note of the matters discussed in the meeting and discharges duties as member of the Board of Directors. The Ministry however agreed (August 2022) that the role of Government Nominee may be clearly defined in the Scheme guidelines.	

5. Brandix India Apparel City Private Limited, Andhra Pradesh			**Category: Completed**
Date of sanction	**: 01.07.2006**	**Current status**	**: Functional**
Project cost	**: ₹134.42 crore**	**Current employment/ planned**	**: 19,000/ 60,000 persons**
Area	**: 1,000 acres**	**Name of PMC**	**: IL&FS**
Proposed activity	**: Spinning, Weaving, Processing, Garmenting and Allied activities**	**Delay in completion**	**: 27 months**
Current activity	**: Field visit not conducted**	**GoI grant released**	**: ₹40.00 crore**

Audit observations	**Reply of the Ministry**	**Further Audit comments**
Audit could not conduct field visit of this Park due to third wave of Covid-19. However, examination of records revealed the following: **i. Vacant land**: Out of 1,000 acres of land, 500 acres of land (50 *per cent*) was still vacant. **ii. Non-achievement of objectives:** Even after more than 10 years of completion, intended objectives of generating employment, attracting investments and setting up of textile units have not yet been achieved.	**i. Vacant land**:- The Ministry stated (June 2022) that the project was sanctioned as an SEZ Park to set up 14 units. After operationalisation of the Park, there were several policy changes like imposition of minimum alternate tax (MAT) on SEZ units, dividend distribution tax, etc. which severely offset the advantage of income tax exemption for SEZ units. Due to these factors, the SPV had been facing difficulties in attracting more investors. However, it is making concerted efforts for bringing in more investors. **ii. Non-achievement of objectives:** The Ministry stated that there are 15 units operational, current employment is 21,000 persons and current investment is ₹1,098 crore (approx.).	The reply indicates that the Ministry has accepted the Audit observations and noted to take concerted efforts for bringing in more investors in the Park.

6. Lotus Integrated Tex Park, Barnala, Punjab			**Category: Completed**
Date of sanction	**: 05.03.2007**	**Current status**	**: Functional**
Project cost	**: ₹110.26 crore**	**Current employment/ planned**	**: 962/2,400 persons**
Area	**: 100 acres**	**Name of PMC**	**: IL&FS**
Proposed activity	**: Spinning, Weaving, Garmenting and Allied activities**	**Delay in completion**	**: 39 months**
Current activity	**: Spinning, Knitting, Garmenting and Dyeing**	**GoI grant released**	**: ₹40.00 crore**

Audit observations	Reply of the Ministry	Further Audit comments
For the purpose of development of Textile Park, Abhishek Industries Pvt. Ltd (Trident group) incorporated a company named Lotus Integrated Tex Park Limited in November 2006 and leased its 99.11 acres of land to this Company wherein Abhishek Industries Pvt. Ltd became major shareholder with 30 *per cent* share. Audit conducted (July 2021) field visit in this Park and found the following: **i. SPV itself running all units:** As per the 10th Plan Scheme guidelines, after developing the infrastructure in the Park, SPV would allocate sites to Industry for setting up units and maintain the utilities and infrastructure created by collecting service and user charges from the unit holders. Audit, however, observed from Annual Report of the Company that the Company itself was running all units situated in the Park.	**i. SPV itself running all units:** The Ministry stated (June 2022) that the Park envisaged to set up 7 units to work as part of an integrated value chain. All the units had started their commercial production as separate legal entities and the Ministry considered the Park as completed in October 2012. Subsequently after completion, these units were facing operational challenges and failed to obtain credit facilities from bank on standalone basis. This made it difficult for these units to pay lease and other charges to the SPV on regular basis. Due to this, running of units became unfeasible as separate legal entities and therefore as a last measure to sustain their operations, the said units/companies entered into a Scheme of Amalgamation with the SPV and got amalgamated into the SPV (in 2014 and 2018). Subsequently, the amalgamation was approved by the Hon'ble High Court, Chandigarh and National Company Law Tribunal. The SPV was running all the units	**i. SPV itself running all units:** Though the Ministry has accepted the Audit observation that SPV itself was running all units but the approval for amalgamation of units and running all units by the SPV was not obtained from the Ministry, which was an important stakeholder as it had provided grant of ₹40 crore to the SPV. Thus, the fact remains that the act of the SPV was not in conformity with the provisions of the Scheme guidelines. **ii. Non-creation of own infrastructure facilities:** The reply is not acceptable as the SPV did not create own infrastructure facilities like electrical distribution system, water supply system and Common Effluent Treatment Plan whereas the approved detailed project report envisaged creation of 33/11 KV substation for ₹3.17 crore, water supply system for ₹2.08 crore, and Effluent Conveyance and Treatment System for

ii. Non-creation of own infrastructure facilities: The SPV had not created its own infrastructure like compound wall, water supply (estimated cost ₹2.08 crore), Common Effluent Treatment Plant (estimated cost ₹8.43 crore), and electrical distribution system (estimated cost ₹3.17 crore). GoI grant amounting to ₹1.00 crore for water supply and ₹3.00 crore for electrical distribution system were transferred to the Trident Group for utilising these facilities. **iii. Absence of administrative office:** No administrative office for the SPV was found in the campus. **iv. Vacant land:** Out of 99.11 acres of land, 24 acres (24 *per cent*) was lying vacant. **v. Leasing out of infrastructure created:** Out of the GoI grant, the SPV constructed Takshashila Building for training center and guest house. Audit observed that Takshashila Building was rented out to Trident Group for a sum of ₹2.38 lakh per month. **vi. More than 20 *per cent* equity holding of Trident Group:** The Ministry had decided in the second meeting of the Project Approval Committee held in November 2005 that no single entrepreneur shall possess more than 20 *per cent* of the area earmarked for industrial use within the Park. As per Annual Report for 2019-20, Trident Group holds 37.49 *per cent* share of the company.	after getting all necessary approvals and consents from stakeholders. **ii. Non-creation of own infrastructure facilities:** The Ministry stated that the SPV had made a request to Punjab State Electricity Board (PSEB) for a new connection but it suggested to source power from the substation set up by Trident Limited. Therefore, the SPV opted for the advice of the PSEB and entered into an understanding with Trident Limited for supply of power. The Project Approval Committee in its 28th meeting had also noted these facts and decided to exclude an expenditure of ₹4.00 crore from the scope of work while keeping GoI grant unchanged at ₹40.00 crore. Thus, the entire fund of ₹4.00 crore was borne by the SPV from its own funds. **iii. Absence of administrative office:** The Ministry stated (June 2022) that the Administrative Office of SPV is being maintained in the Learning and Development Centre. The Ministry further stated (August 2022) that the Administrative office was part of the Takshashila Building. No separate Administrative office was proposed by the SPV in the DPR. The SPV is a Public Ltd Company and has a Corporate, Administrative and Operations team working under the Key Managerial Personnel.	₹8.43 crore. The Ministry had released 90 *per cent* of GoI grant without ascertaining physical progress of such infrastructure facilities. The fact remains that the SPV received the whole of GoI grant without creation of own infrastructure facilities. **iii. Absence of administrative office:** The reply is not acceptable as Learning and Development Centre i.e. Takshashila building had been rented out to Trident group and Administrative office was not found during joint physical verification with the SPV. As per the DPR, there was provision of Administrative block under common facilities for which provision of ₹1.32 crore had been made. **iv. Vacant land:** The reply indicates that the Ministry has accepted the Audit observations stating that Man-Made Fibers and Technical Textiles would be set up in the aforesaid vacant land**.** **v. Leasing out of infrastructure created:** The reply indicates that the Ministry has accepted the Audit observation. **vi. More than 20 *per cent* equity holding of Trident Group and vii. Lotus Integrated Textile Park became Trident's associate firm:**

vii. Lotus Integrated Textile Park became Trident's associate firm: As per a news article in the Business Standard dated 7th January 2016, Lotus Integrated Tex Park became associate firm of Trident Group.	**iv. Vacant land:** The Ministry stated that the vacant land in the Park was meant for future expansion. Facilities over the vacant land can be erected which can be allotted to any prospective entrepreneurs. It has been ascertained from PMC that SPV has recently proposed to set up the Project of Man-Made Fibers and Technical Textiles in the aforesaid vacant land. **v. Leasing out of infrastructure created:** The Ministry stated that common facilities were constructed for use by member units on payment of fixed charges to the SPV. Takshashila Building was constructed as a part of Common Facility and the same has been rented out to Trident Limited. **vi. More than 20 *per cent* equity holding of Trident Group & vii. Lotus Integrated Textile Park became Trident's associate firm:** The Ministry stated that it was not concerned/ aware of the Annual report of Trident Group. The Ministry had ascertained from the Project Management Consultant that as on date Lotus Integrated Textile Park is not an associate firm of Trident as the latter's shareholding in SPV of Lotus Integrated Textile Park has been transferred and thus Trident Limited is not holding any equity shares in the SPV since 16.10.2020. The Ministry further stated (August 2022) that the	The fact remains that at the time of establishment of SPV, Abhishek Industries Pvt Ltd (Trident Group) had possessed 30 *per cent* shares in the SPV which was not in conformity with the Ministry's decision of November 2005. Further, the Ministry had decided in November 2005 that no single entrepreneur shall possess more than 20 *per cent* share whereas the project was sanctioned in March 2007. Thus, the fact remains that the Ministry did not adhere to its own decision while sanctioning the project and allowed Abhishek Industries Pvt Ltd (Trident Group) to possess 30 *per cent* of the shares against the prescribed limit of 20 *per cent* share.

	clause 'Issuance of shares by SPV to members in proportion of area allocable to them' was not in the Scheme guidelines applicable at that time.	

7. Jaipur Integrated Texcraft Park Pvt Ltd, Jaipur, Rajasthan			**Category: Completed**
Date of sanction	**: 16.05.2008**	**Current status**	**: Functional**
Project cost	**: ₹60.15 crore**	**Current employment/ planned**	**: 534/4,400 persons**
Area	**: 23.42 acres**	**Name of PMC**	**: IL&FS**
Proposed activity	**: Handbloc printing, Garmenting and Dyeing**	**Delay in completion**	**: 35 months**
Current activity	**: Handbloc printing, Garmenting and Dyeing**	**GoI grant released**	**: ₹24.06 crore**

Audit observations	**Reply of the Ministry**	**Further Audit comments**
Audit conducted (July 2021) field visit in the Park and found the following: **i. Irregularities in construction of Common Effluent Treatment Plant (CETP):** For turnkey construction of Zero Liquid Discharge CETP of 0.5 million liters per day (MLD), IL&FS/SPV selected the highest bidder M/s G.E.T Water Solution Pvt Ltd whereas the lowest bidder had quoted ₹2.29 crore only. The work order for construction of CETP and Sewage Treatment Plant with three years of operation and maintenance was issued to M/s G.E.T Water Solution Pvt Ltd for ₹3.55 crore. Subsequently, various work orders for the same work were issued aggregating ₹11.63 crore and around ₹11.28 crore was paid between 2010 and 2014. Thereafter, M/s G.E.T Water Solution Pvt Ltd commissioned CETP and STP. When several defects were noticed and pointed out to the firm for rectifications, the staff of the firm left the site without intimation to the SPV. Thereafter, the	**i. Irregularities in construction of Common Effluent Treatment Plant (CETP):** The Ministry stated (June 2022) that as ascertained, the contract was awarded to L-1 bidder (G.E.T. Water Solution Pvt Ltd) only after following due procedure of technical due diligence. No lowest bidder was rejected in the process. The CETP work was executed in two phases (100 kilo liters per day (KLD) + 400 KLD). The consolidated cost of CETP was ₹7.37 crore only against the CETP tender and not ₹11.63 crore as mentioned by Audit. Because, it was upgradation only in the existing contract, water supply and sewerage work (renamed as Water Management System) amounting to ₹2.68 crore was executed out of Package-2 balance work. As per the Scheme guidelines, funding is available for creation of infrastructure only. All the payments were made for eligible expenditure, and were related to construction of facilities only. SPV was free to choose	**i. Irregularities in construction of Common Effluent Treatment Plant (CETP):** The reply is not acceptable as the documents/ records provided to Audit by the SPV clearly shows that the contract was awarded to the highest bidder who failed to fulfill obligation of three years operation and maintenance of the CETP. As per the records provided to Audit, the financial bids of the following four bidders were opened in July 2010: **Name of vendor** / **Quoted price (₹)** Arvind ACCEL Limited / 8,80,35,924 (L3) **G.E.T. Water Solution Pvt Ltd** / **18,18,16,003 (L4)** J.B.R Technologies Pvt Ltd / 2,29,22,922 (L1) Rochem Separation System (India) Pvt Ltd / 8,54,76,930 (L2)

firm never fulfilled commitment of three years of operation and maintenance and did not turn up again. A case was filed against the firm but it was absconded. **ii. Monitoring and supervision lapses on part of Project Management Consultant**: IL&FS (Project Management Consultant appointed by the SPV) had selected G.E.T. Water Solution Pvt. Ltd and supervised its works for which monitoring and supervision fee was paid to IL&FS. Based on recommendations of IL&FS, all payments were made to the firm. Thus, IL&FS and SPV failed to get the CETP operated successfully despite making huge payment. **iii.** Common facilities like Service area, First Aid Centre, Workers' Hostel, Training Centre, Testing Centre, etc., which were to be constructed at an estimated cost of ₹190.32 lakh were not found created.	agency for O&M with their own financial arrangements. Work order of 3 years of O&M was given to G.E.T. Water Solution Pvt Ltd by the SPV and spent the amount on it out of their contribution only. **ii. Monitoring and supervision lapses on part of Project Management Consultant:** The Ministry stated that CETP, Sewage Treatment Plant and Water Management System was complete as per design and delivered with quality as desired. G.E.T. Water Solution Pvt Ltd failed after completion and during final commissioning of the projects as they could not appoint a team for commissioning due to their financial strength at that time. However, the project was completed and running successfully now.	IL&FS & the SPV selected the highest bidder (L4). **ii. Monitoring and supervision lapses on part of Project Management Consultant:** The reply establishes the fact that the G.E.T. Water Solution Pvt Ltd failed to fulfill its obligation as it could not appoint a team for commissioning due to their weak financial strength.

8. Madurai Integrated Textile Park Ltd, Madurai, Tamilnadu			**Category: Completed**
Date of sanction	**: 05.03.2007**	**Current status**	**: Functional**
Project cost	**: ₹87.30 crore**	**Current employment/ planned**	**: 3,575/ 2,500 persons**
Area	**: 106 acres**	**Name of PMC**	**: IL&FS**
Proposed activity	**: Weaving, Garmenting & allied activities**	**Delay in completion**	**: 65 months**
Current activity	**: Weaving, Garmenting & allied activities**	**GoI grant released**	**: ₹31.43 crore**

Audit observations	**Reply of the Ministry**	**Further Audit comments**
Audit conducted (October 2021) field visit in the Park and found that units were running well. However, examination of records revealed that: **i. The Park was not completed as planned:** The Park was originally sanctioned with eligible project cost of ₹87.30 crore to set up 17 units (4 weaving units, 5 garmenting units, 7 processing units and 1 preparatory unit) for a complete value chain. However, due to delay in getting environmental clearance for processing units, the SPV proposed to set up 15 dry units which was approved by the Ministry. **ii. Release of GoI grant without ensuring clearances**: The Ministry released ₹31.43 crore (90 *per cent* of GoI grant) between March 2007 and March 2010 without ensuring availability of statutory clearances necessary for commencement of the project.	**i. The Park was not completed as planned:** The Ministry stated (June 2022) that the project configuration was changed in September 2011 to set up dry units due to delay in obtaining Environmental Clearance as the project would have suffered inordinate delay. The SPV fulfilled the commitment of employment and investment in the Park and accordingly was felicitated/ awarded in April 2015 for meeting the investment and employment targets. **ii. Release of GoI grant without ensuring clearances**: The Ministry stated that the grants to the Textile Park were released after fulfillment of conditions for release of GoI grant as stipulated in the Scheme guidelines. Accordingly, since the SPV had fulfilled all the conditions of bringing in eligible equity contribution and submitted required Utilisation Certificate, further grant was considered and released to the project.	The fact, however, remains that the Ministry had released 90 *per cent* of the GoI grant by March 2010 without ensuring availability of Environmental Clearances whereas the project was not progressing as per the original plan.

9. MAS Fabric Park (India) Ltd, Andhra Pradesh			**Category: Ongoing**
Date of sanction	**: 20.03.2008**	**Current status**	**: (Non-functional) Stuck**
Project cost	**: ₹254.70 crore**	**Current employment/ planned**	**: Nil/ 31,000 persons**
Area	**: 581.68 acres**	**Name of PMC**	**: IL&FS**
Proposed activity	**: Weaving, Processing, Garmenting & allied activities**	**Delay in completion**	**: 137 months**
Current activity	**: Nil**	**GoI grant released**	**: ₹24.00 crore**

Audit observations	**Reply of the Ministry**	**Further Audit comments**
The Ministry sanctioned this Park in March 2008 to be set up in Special Economic Zone (SEZ) over 581.68 acres of land. Audit conducted field visit and found that except construction of boundary wall with barbed fencing, a few roads and one Garmenting unit, no other common infrastructure and common facilities had been constructed as the project was stuck due to the following reasons: **i. Change of original plan:** The SPV changed its plan to set up Textile Park in the domestic tariff area (DTA) in place of SEZ. No Objection Certificate from the State Government for de-notification of the SEZ into DTA was yet to be received. **ii. Absence of statutory clearances:** The SPV had yet to obtain statutory clearances from various authorities for setting up processing units. Audit conducted field visit of the Park in December 2021 and found that:	**i. Change of original plan:** The Ministry stated (June 2022) that since the Park fell under SEZ category, many investors found it unattractive to be a part of SEZ due to restrictions. SPV has been following up continuously with the State Government for de-notification of land from SEZ. After detailed deliberations, the Project Approval Committee decided to provide the last opportunity to the SPV to submit revised cost configuration with timelines for completing the project. **ii. Absence of statutory clearances:** The Ministry stated that the project has obtained approvals related to Conversion of Land Use, Environmental Clearance and Consent for Establishment. SPV has been following up with the State Government for obtaining NoC for de-notification of land from SEZ, and it is expected shortly.	**i. Change of original plan:** The reply indicates that the Ministry has accepted the Audit observation, but the fact remains that the Park got stuck after release of 60 *per cent* of the GoI grant. **ii. Absence of statutory clearances:** The reply establishes the fact that clearance from the State Government in terms of a No Objection Certificate for de-notification of land from SEZ was yet to be obtained by the SPV. Thus, the fact remains that the Park was lying stuck for more than 13 years due to delay in getting the clearance from the State Government.

• None of infrastructure facilities were found constructed except construction of boundary wall with barbwire fencing. • One garmenting unit named MAS Akshaya Sportwear Pvt. Ltd had started operations in the Park but it was also found closed temporarily. • No active construction activities were found ongoing in the Park.		

10. SIMA Textile Processing Centre, Cuddalore, Tamil Nadu			**Category: Ongoing**
Date of sanction	**: 25.11.2005**	**Current status**	**: Non-functional (Stuck)**
Project cost	**: ₹111.60 crore**	**Current employment/ planned**	**: Nil/ 5,000 persons**
Area	**: 247.74 acres**	**Name of PMC**	**: IL&FS**
Proposed activity	**: Processing**	**Delay in completion**	**: 161 months**
Current activity	**: Nil**	**GoI grant released**	**: ₹24.00 crore**

Audit observations	**Reply of the Ministry**	**Further Audit comments**
The Ministry sanctioned this project in November 2005 for setting up a Textile Processing Park. Audit conducted field visit and found that except construction of boundary wall and laying of a pipeline for marine outflow, no other common infrastructure and common facilities had been constructed as the project was stuck due to the following reasons: **i. Unavailability of required water:** This project required 11 million liters per day (MLD) of water for seven processing units. Non-arrangement of 11 MLD water was a major constraint in implementation of the project. **ii. Delay in getting statutory clearances:** The project also badly suffered due to delay in getting statutory clearances for laying pipeline for marine discharge of effluents into the sea. **iii. Protest from villagers:** The project also suffered due to villagers' resistance from 2014 to 2019 for laying pipeline to discharge effluents into the sea.	**i. Unavailability of required water:** The Ministry stated (June 2022) that as per status, the Project required 10.5 MLD of water for 10 units to function. Currently, State Industries Promotion Corporation of Tamilnadu Ltd (SIPCOT) is in a position to supply 5.6 MLD out of which 2.6 MLD is supplied from 5 bore wells dug at the site in Phase-I, remaining 3 MLD to come from pipeline in Phase-II from 18 km away (1.5 km pipeline has been laid and additional pipeline works is in progress). **ii. Delay in getting statutory clearances:** The Ministry stated that the project has been delayed on account of several factors one of which is delayed clearances for the project. **iii. Protest from villagers:** The Ministry stated that there was agitation by local villagers for laying 18 km pipeline. The pipeline has been laid to an extent of 1.5 km.	The reply indicates that the Ministry has accepted the Audit observations. The fact remains that the Park was lying stuck for more than 16 years due to unavailability of required water and delay in getting statutory clearances. However, the Ministry released 60 *per cent* of the GoI grant without ensuring availability of statutory clearances and adequate quantity of water supply. There was lack of due diligence on part of Project Management Consultant also as the Consultant appraised the Park proposal without conducting diagnostic study for availability of water in the region and recommended to release GoI grant without ensuring statutory clearances.

11. EIGMEF Apparel Park Ltd., Sayed Amir Ali Avenue, Kolkata, West Bengal			**Category: Ongoing**
Date of sanction	**: 01.07.2006**	**Current status**	**: Non-functional (Stuck)**
Project cost	**: ₹130.50 crore**	**Current employment/ planned**	**: Nil/ 10,000 persons**
Area	**: 12.88 acres**	**Name of PMC**	**: IL&FS**
Proposed activity	**: Garmenting**	**Delay in completion**	**: 164 months**
Current activity	**: Nil**	**GoI grant released**	**: ₹31.61 crore**

Audit observations	**Reply of the Ministry**	**Further Audit comments**
The Ministry sanctioned this project in July 2006 for setting up an Apparel Park in a complex of multi-storied (Ground + six floors (G+6)) buildings at Mahishbathan, Kolkata at distance of 1.5 km from Salt Lake. Audit conducted field visit and found that no construction activities were ongoing at the project site and none of the infrastructural and common facilities except boundary wall had been constructed. After construction of superstructure up to G+2/ G+3/ G+4/ G+5, the project got stuck due to the following reasons: **Absence of statutory clearances:** The SPV has not yet obtained clearances/ approval from Bidhannagar Municipal Corporation (BMC). Clearances from Pollution Control Board were also required to be obtained. **Misinformation by Project Management Consultant:** The office of Regional Textile Commissioner, Kolkata had reported that grant was fraudulently obtained by the Special Purpose Vehicle in collusion with the Project Management Consultant (i.e.M/s IL&FS).	**Absence of statutory clearances:** The Ministry stated (June 2022) that the SPV sought permission from Bidhannagar Municipal Corporation in 2008 for commencing piling work and the request of SPV was approved by the Corporation based on which it commenced work and the piling work was completed. On completion of piling work, the SPV sought approval of the Corporation for construction of superstructure. Thereafter, the Park got cancelled by the Project Approval Committee in September 2013 and revived in January 2015 when final clearances were obtained by the SPV in August 2015 to commence construction. The Ministry is reviewing the project. **Misinformation by Project Management Consultant:** The Ministry did not furnish any reply.	The reply indicates that the Ministry has accepted the Audit observation and noted to review the project. The fact remains that the Park is lying stuck for more than 15 years though the Ministry has released 79 *per cent* of the GoI grant without ensuring availability of statutory clearance. There was lack of due diligence on part of the Project Management Consultant also while recommending release of GoI grant without obtaining statutory clearances.

12. Ichhapore Textile Park, Surat, Gujarat			**Category: Ongoing**
Date of sanction	**: 06.08.2015**	**Current status**	**: Ongoing**
Project cost	**: ₹104.65 crore**	**Current employment/ planned**	**: Nil/ 1,955 persons**
Area	**: 62.96 acres**	**Name of PMC**	**: Technopak Advisors**
Proposed activity	**: Weaving and allied activities**	**Delay in completion**	**: 76 months**
Current activity	**: Nil**	**GoI grant released**	**: ₹4.00 crore**

Audit observations	**Reply of the Ministry**	**Further Audit comments**
The Ministry sanctioned this project in August 2015, but the project got stuck for five years due to delay in land allotment on account of a court case. However, the land issue got resolved and the first GoI grant was released in June 2021, with a stipulation to complete the Park within 36 months from the date of sanction of first instalment of grant i.e. by June 2024.	The Ministry stated (August 2022) that the Park was stuck due to land issues and the same were resolved in June 2021. The Park was progressing and has now applied for the second instalment of grant.	The fact remains that the project remained stuck for more than five years due to land issue though the issue was resolved later.

13. Kashmir Wool & Silk Textile Park, Ghatti, Jammu &Kashmir			**Category: Ongoing**
Date of sanction	**: 20.09.2014**	**Current status**	**: Stuck**
Project cost	**: ₹48.06 crore**	**Current employment/ planned**	**: Nil/ 3,110 persons**
Area	**: 26.16 acres**	**Name of PMC**	**: Technopak Advisors**
Proposed activity	**: Spinning, Weaving and Garmenting**	**Delay in completion**	**: 87 months**
Current activity	**: Nil**	**GoI grant released**	**: Nil**

Audit observations	**Reply of the Ministry**	**Further Audit comments**
The Ministry sanctioned this project in September 2014 but it has not taken off so far despite delay of more than seven years on account of land allotment pending with the State Government.	The Ministry stated (August 2022) that the Park got stuck due to non-allotment of land. Now, the UT of J&K has given No-Objection Certificate and land is in possession of the SPV.	The fact remains that the project did not take off despite considerable delay of more than seven years due to land allotment issue pending with the State Government.

14. J&K Integrated Textile Park, Kathua, Jammu & Kashmir			**Category: Completed**
Date of sanction	**: 16.09.2011**	**Current status**	**: Seized by bank**
Project cost	**: ₹44.11 crore**	**Current employment/ planned**	**: 48/ 2,508 persons**
Area	**: 25 acres**	**Name of PMC**	**: IL&FS**
Proposed activity	**: Spinning, Weaving, Processing and Garmenting**	**Delay in completion**	**: 74 months**
Current activity	**: Non-textile activities**	**GoI grant released**	**: ₹35.73 crore**

Audit observations	**Reply of the Ministry**	**Further Audit comments**
The Ministry sanctioned this project in December 2012 in order to fund 90 *per cent* of the project cost as this Park was to be set-up in J&K. Out of the project cost of ₹44.11 crore, GOI grant of ₹35.73 crore was released by February 2015. Audit conducted field visit in this Park and found that most of common facilities and common infrastructure, except Effluent Treatment Plant (estimated cost ₹95.54 lakh) and Captive Power Plant (estimated cost ₹1250 lakh), had been constructed but factory units (17 units) of the Park had been seized by bank due to failure in the repayment of loan. Non-textile activities (i.e. manufacturing of roof sheets) were running in 2 units. Some textile activities were seen in Administrative Block & Training Centre as the factory units had been seized by the banks. Further examination of records revealed the following:	**i. Misinformation by the Project Management Consultant:** The Ministry stated (June 2022) that the PMC informed of the units under operation, and certificate from Chartered Accountant and Chartered Engineer to the Ministry. Subsequently, the office of Textile Commissioner visited the Park immediately after demonetisation and reported that three units were operational since other units were temporarily shut down due to demonetisation effect. Subsequent visit to the park by Textile Commissioner and the PMC indicated that nine units were under production (commercial and trial production). The visit report (5 May 2018) of Textile Commissioner office mentioned nine units as operational (four units under trial production). The Ministry further stated (August 2022) that the Park was yet to be given the status of completion and the last grant was yet to be released.	**i. Misinformation by the Project Management Consultant:** The reply is not acceptable as the Textile Commissioner visit report submitted in December 2016 clearly mentioned that only three units had started commercial production and 11 units were under pipeline to be probably established in the beginning of the year 2017. The fact remains that while recommending to consider the Park as completed, the PMC misinformed the Ministry that nine units had started commercial production whereas only three units had started commercial production. Further, a few factory units, Captive Power Plant and Effluent Treatment Plant as planned in the sanctioned detailed project report were also found not constructed/ completed during the field visit of the Park in November 2021 whereas performance-cum-achievement report submitted by SPV for considering completion of the Park showed completion of factory buildings and

i. Misinformation by the Project Management Consultant (PMC): The PMC of the project i.e IL&FS recommended to release final instalment of GoI grant stating that nine factory units (33 *per cent*) had started operation. Thereafter, the Ministry sought a physical verification report from the Textile Commissioner Office which found that only three factory units (11 *per cent*) had started operations which did not meet the criterion of 25 *per cent* operational units for release of final GoI grant. Had the Ministry accepted the recommendation of PMC, the final instalment of GoI grant had been released. However, the Ministry considered the Park as completed without releasing the final instalment (as per the data provided by the Ministry in February 2022). **ii. Non-textile activities:** Audit visited the Park in November 2021 and observed that non-textile activities (viz. manufacturing of roof sheets) were being carried out in two units.		common infrastructure facilities. Thus, the SPV and PMC both misinformed to the Ministry for getting completion of the Park. In the latest position of status of Parks as furnished by the Ministry in February 2022, the Park has been shown as completed despite the fact that factory units of the Park had been seized by the bank and a few factory buildings and common infrastructure were not completed in the Park.

15. Amitara Green Hi Tech Textile Park Pvt Ltd, Ahmedabad, Gujarat				**Category: Ongoing**
Date of sanction	**: 20.09.2014**	**Current status**	**: Partially Functional**	
Project cost	**: ₹103.40 crore**	**Current employment/ planned**	**: 840 /2,500 persons**	
Area	**: 53.10 acres**	**Name of PMC**	**: Technopak Advisors**	
Proposed activity	**: Spinning, Weaving, Processing and Garmenting**	**Delay in completion**	**: 45 months**	
Current activity	**: Spinning and Weaving**	**GoI grant released**	**: ₹35.54.crore**	
Audit observations		**Reply of the Ministry**		**Further Audit comments**
Audit conducted field visit in this Park in August 2021 and found that most of common infrastructure and common facilities, except construction of Administrative block and boundary wall at few places, had been constructed. Seven weaving and two warping and dyeing units were found functional in the Park.		The Ministry stated (August 2022) that the Park had recently been visited by the officers of the Ministry in July 2022, and nine units were fully operational in the Park. The Administrative block had been completed and furnishing work was under progress. Common infrastructure and common facilities had been completed.		No further comments

16. Himachal Textile Park, Himachal Pradesh			**Category: Ongoing**
Date of sanction	**: 16.09.2011**	**Current status**	**: Functional**
Project cost	**: ₹96.90 crore**	**Current employment/ planned**	**: 1,456 / 2,200 persons**
Area	**: 65 acres**	**Name of PMC**	**: C.S. Associates**
Proposed activity	**: Not known**	**Delay in completion**	**: 123 months**
Current activity	**: Field visit not conducted**	**GoI grant released**	**: ₹34.88 crore**

Audit observations	**Reply of the Ministry**	**Further Audit comments**
The Ministry did not provide the file of this Park due to an ongoing vigilance case. Therefore, Audit could not conduct field visit in this Park. The progress report of this Park shows this Park as functional. However, Audit came to know from other records that the Ministry decided to lodge a First Information Report against the Special Purpose Vehicle and the Project Management Consultant (i.e. M/s C.S Associates) for submitting false and fabricated documents, suppressing material facts and producing misleading information at the time of sanction (September 2011) of the project under the Scheme.	The Ministry stated (August 2022) that the Park is functional and is under investigation due to vigilance case.	No comments, as the records of this Park were not provided by the Ministry.

17. Ludhiana Integrated Textile Park Ltd, Ludhiana, Punjab				**Category: Completed**
Date of sanction	**: 18.12.2008**	**Current status**	**: Functional**	
Project cost	**: ₹116.19 crore**	**Current employment/ planned**	**: 2,725 / 20,000 persons**	
Area	**: 57.16 acres**	**Name of PMC**	**: IL&FS**	
Proposed activity	**: Knitting and Garmenting**	**Delay in completion**	**: 132 months**	
Current activity	**: Knitting and Garmenting**	**GoI grant released**	**: ₹36.00 crore**	

Audit observations	**Reply of the Ministry**	**Further Audit comments**
Audit conducted field visit of this Park in July 2021 and found the following: (i) Out of 55 factory units, 10 units were found constructed and operational. Another 10 units were found under construction at various stages. The SPV was yet to construct the remaining 35 units. (ii) No common facilities (estimated cost: ₹1,610 lakh) were found constructed. However, most of common infrastructure was constructed.	The Ministry stated (June 2022) that the SPV had delayed the implementation of the project on account of several factors which were reviewed from time to time. In the meeting of the Project Approval Committee held on 22 June 2021, the SPV informed that the Park is situated around 22 km away from the main city and labour was not available in the vicinity of the Park thus hampering setting up of new units. In the meeting of Project Approval Committee held on 11 January 2022, it was noted that the SPV had integrated part of the common facilities in their existing buildings and was not keen to implement other common facilities proposed in the detailed project report due to change in requirements of members. Accordingly, no common facilities were proposed to be constructed.	The Ministry has considered this Park in completed category despite the fact that only 9 units (16.36 *per cent* of 55 units) were found operational during the visit of office of Textile Commissioner in January 2020 and 10 units were found operational when Audit visited the Park in July 2021. Thus, in violation of the Scheme guidelines that at least 25 *per cent* units should be operational for considering completion of the Park, the Ministry considered completion of the Park when only 18 *per cent* units (10 units) became operational apart from the fact that the SPV had to complete 45 units (10 units under construction plus 35 units not constructed) in the Park. The Ministry's reply is silent on violation of the Scheme guidelines that at least 25 *per cent* units should be operational for considering completion.

18. Kishangarh Hi-Tech Textile Weaving Park Limited, Kishangarh, Rajasthan			**Category: Ongoing**
Date of sanction	**: 01.07.2006**	**Current status**	**: Functional**
Project cost	**: ₹110.58 crore**	**Current employment/ planned**	**: 2,020 / 2,175 persons**
Area	**: 40 acres**	**Name of PMC**	**: IL&FS**
Proposed activity	**: Spinning and Weaving**	**Delay in completion**	**: 156 months**
Current activity	**: Weaving (Sizing)**	**GoI grant released**	**: ₹36.00 crore**

Audit observations	**Reply of the Ministry**	**Further Audit comments**
Audit conducted field visit of this Park in July 2021 and found that most of common infrastructure and common facilities had been constructed but water supply and Sewage Treatment Plant were not found functional. Further examination of records revealed the following: **i. Non-submission of claim for final instalment:** After receipt of 90 *per cent* of GoI grant by January 2011, the SPV never submitted its final claim even after more than 10 years. **ii. Park closed after release of 90 *per cent* grant:** The Ministry decided (November 2018) to close this project after release of 90 *per cent* of GoI grant and further decided that recovery proceedings should be initiated against the Park taking into consideration the equity contribution and progress achieved by the SPV.	The Ministry stated (June 2022) that the progress of the Park was informed by the SPV and the SPV had requested for granting formal closure to the Park and release of final instalment of grant to the project. The SPV had submitted a request for regularisation of expenditure which had not been routed through escrow mechanism to be considered, post which completion may be decided. Subsequently, in the last meeting of the Project Approval Committee held on 11 January 2022, the project was granted completion and it was directed that the decision on regularisation of expenditure would be taken up separately by the Committee. The Ministry further stated (August 2022) that the regularisation request of SPV was under consideration and the project cost would be determined accordingly.	The Ministry's reply indicates that the Park was closed after release of 90 *per cent* of GoI grant. The grant of completion of the Park may be viewed in the light of the fact that there was no mechanism in the Scheme guidelines for getting refund of GoI grant once the Park was treated as complete. Further, granting completion of the Park without regularisation of the expenditure of SPV was not appropriate and tantamounted to premature completion.

19. CLC Textile Park Pvt. Ltd, Madhya Pradesh				**Category: Cancelled**
Date of sanction	**: December 2008**	**Name of PMC**	**: IL&FS**	
Project cost	**: ₹92.48 crore**	**GoI grant released**	**: ₹11.47 crore**	
Date of cancellation	**: 19.02.2018**	**GoI grant recovered**	**: Nil**	
		Delay in recovery	**: 46 months**	
Audit observations		**Reply of the Ministry**		**Further Audit comments**
The Ministry sanctioned this project in December 2008 and released GoI grant of ₹3.56 crore in May 2009 and ₹7.91 crore in July 2011. The Ministry cancelled this project in February 2018 stating that the SPV failed to utilise GoI grant and could not mobilise their own fund. Further examination of records revealed the following reasons for lack of progress in the project which led to its cancellation: • Delay in obtaining clearance for power connection. • Failure to get permission from Forest Department for laying water pipeline. • Inability of SPV to tie up bank loan and not getting matching contribution from SPV members.		The Ministry stated (June 2022) that the project was cancelled after considering various factors which led to the conclusion that the project will not be implemented. The primary reason for the failure of the project was the inability of members to mobilise funds for the project. The project has since been cancelled and recovery process has been initiated. It was also noted that the State Government has recommended cancellation of the Park in the last Regional Conference held in September 2017. As the SPV has failed to utilise the GoI grant and could not mobilise their own funds, it was decided that the Park be cancelled and the GoI grant may be recovered from the SPV along with penal interest at the rate of 10 *per cent* from the date of release of first instalment of GoI grant. The Ministry further stated (August 2022) that the recovery notice had been sent to the SPV and recovery with penal interest was in process.		The reply indicates that the Ministry has accepted the Audit observation. The fact, however, remains that GoI grant amounting to ₹11.47 crore, along with penal interest, has not yet been recovered even after lapse of more than four years from the date of cancellation of the Park.

20. Shri Dhairyashil Mane Textile Park Co-op Society Ltd, Ichhalkaranji, Maharashtra			**Category: Cancelled**
Date of sanction	**: 01.07.2006**	**Name of PMC**	**: IL&FS**
Project cost	**: ₹72.25 crore**	**GoI grant released**	**: ₹8.67 crore**
Date of cancellation	**: 02.08.2011**	**GoI grant recovered**	**: Nil**
		Delay in recovery	**: 124 months**

Audit observations	Reply of the Ministry	Further Audit comments
The Ministry approved this project in July 2006 and released GoI grant of ₹2.89 crore in January 2007 and ₹5.78 crore in February 2008. The Ministry cancelled the project in August 2011 due to the following reasons: • Land related issue with Maharashtra Industrial Development Corporation • Differences among SPV members In August 2011, the Ministry directed the SPV to refund the grant of ₹8.67 crore within 15 days. Thereafter, the Ministry directed (November 2011) to the Regional Office of Textile Commissioner, Mumbai to file a court case to recover the grant. The Regional office visited (August 2012) the District Collector who opined that necessary documents like surety bond and Agreement signed between the Ministry and SPV may be submitted to the District Government Pleader for filing the necessary case. Thereafter, the Regional office requested (September 2012) the Ministry to provide a copy of surety bond and agreement signed between the Ministry and SPV. In October 2013, the Ministry forwarded a copy	The Ministry stated (June 2022) that the grant disbursed by the Ministry was utilised by the SPV in the project. The matter is currently sub-judice.	The fact remains that: ➢ The Ministry failed to provide the actual copy of the Surety Bond (duly signed between SPV and the Ministry) despite several requests made by the Regional Textile Commissioner Office since September 2012. ➢ The Ministry also did not send approval to the proposal to file civil suit against the SPV (till August 2021) despite several requests made by the Regional Textile Commissioner Office since June 2019. Thus, the Ministry failed to get recovery of GoI grant due to lack of due diligence on its part.

of surety bond stating that there was no agreement signed between the Ministry and SPV. The District Government Pleader informed that copies of surety bond were incomplete as they were not signed by the designated officer of the Ministry. Despite several reminders to provide signed copy of surety bond, the Ministry could not submit the same. In February 2015, the Ministry requested the Regional Textile Commissioner office to file a recovery suit against the SPV. Thereafter, the Regional office forwarded (June 2019) a proposal for filing civil suit to be approved by the Ministry. The Ministry had not yet (till August 2021) conveyed approval to file the civil suit.		

21. Wada Textile Park, Thane, Maharashtra				**Category: Cancelled**
Date of sanction	**: 03.02.2006**		**Name of PMC**	**: IL&FS**
Project cost	**: ₹100.89 crore**		**GoI grant released**	**: ₹4.00 crore**
Date of cancellation	**: 26.02.2008**		**GoI grant recovered**	**: ₹2.21 crore**
			Delay in recovery	**: 166 months**

Audit observations	**Reply of the Ministry**	**Further Audit comments**
The Ministry sanctioned this Park in February 2006 and released ₹4.00 crore in March 2006. As the SPV had not obtained No Objection Certificate and approval of master plan from the Town and Country Planning Organisation, the Project Approval Committee decided to withdraw the approval of the project in February 2008 with the direction to get refund of grant with interest thereon from the SPV. In March 2008, the Ministry requested the SPV to immediately return the grant of ₹4.00 crore together with interest earned thereon. In response, the SPV refunded ₹2.21 crore in July 2008 stating that the balance amount would be paid as soon as possible. Thereafter, the Ministry requested (August 2009) to refund the balance amount of ₹1.79 crore with the interest accrued on the grant. As no reply was received from the SPV, the Ministry requested Regional office of Textile Commissioner, Mumbai to take up the matter with the local branch of the Law Ministry for initiating proceedings for recovery. The Ministry of Law and Justice, Department of Legal Affairs requested (July 2012) to clarify whether any	The Ministry stated (June 2022) that since the SPV could not obtain the clearances, the project was cancelled, and recovery of the grant was made. The Ministry further stated that it is a fact that ₹2.21 crore had been recovered and the remaining amount would be recovered.	As per the records seen in audit, the Ministry could recover only ₹2.21 crore out of ₹4.00 crore released to the SPV. The remaining amount along with penal interest was yet to be recovered from the SPV. There was lack of due diligence on the part of the Ministry in getting recovery of GoI grant as the Ministry did not have surety bond duly signed by the Ministry's representative. Consequently, it could not send the surety bond despite several requests made by the Regional office of Textile Commissioner since January 2013 and also did not convey approval to the draft notice prepared by the Government Counsel despite several requests made by the Regional office since August 2018. As a result, the recovery proceedings could not commence. Thus, the fact remains that the Ministry cancelled the Park after release of GoI grant without ensuring availability of statutory

surety bond against the said amount was obtained prior to releasing grant. Accordingly, the Regional office of Textile Commissioner requested (January 2013) the Ministry to send the actual surety bond duly signed by the SPV and the Ministry for further necessary action. The Ministry could not provide signed copy of the surety bond despite several reminders issued by the Regional office in April 2013, July 2013, February 2016 and September 2016. The forwarded copy of surety bond was found unsigned by the concerned authority of the Ministry. Thereafter, the Regional office forwarded (August 2018) a copy of draft notice prepared by the Senior Central Government Counsel, Mumbai for obtaining necessary approval from the Ministry. The Ministry had not yet (till August 2021) conveyed approval to the draft notice prepared by the Senior Central Government Counsel.		clearances and failed to recover the full amount of grant along with penal interest.

22. Sunderrao Solanke Cooperative Textile Park, Maharashtra				**Category: Cancelled**
Date of sanction	**: 08.11.2011**	**Name of PMC**	**: Technopak Advisors**	
Project cost	**: ₹105.81 crore**	**GoI grant released**	**: ₹4.00 crore**	
Date of cancellation	**: 30.06.2016**	**GoI grant recovered**	**: ₹4.00 crore**	
		Delay in recovery	**: 66 months**	
Audit observations		**Reply of the Ministry**		**Further Audit comments**
The Ministry approved this project in November 2011 and released GoI grant of ₹4.00 crore in January 2013. The Ministry cancelled the project as the SPV itself requested to cancel the project due to delay in getting approval from the Ministry and delay in release of GoI grant. Besides, delay was also there in getting statutory environmental clearances.		The Ministry stated (August 2022) that necessary action for recovery of penal interest was being taken by the Ministry.		The fact remains that the Ministry failed to recover the penal interest despite lapse of more than five years from cancellation of the Park.
23. JVL Textile Park Pvt. Ltd., Rohtas, Bihar				**Category: Cancelled**
Date of sanction	**: 20.09.2014**	**GoI grant released**	**: Nil**	
Project cost	**: ₹113.11 crore**	**GoI grant recovered**	**: Not applicable**	
Date of cancellation	**: 30.06.2016**	**Delay in recovery**	**: Not applicable**	
Audit observations		**Reply of the Ministry**		**Further Audit comments**
The Ministry sanctioned this project in September 2014 and cancelled before releasing any GoI grant as the SPV did not submit required documents despite several extensions. However, file relating to this Park was not provided to Audit despite several reminders.		The Ministry stated (August 2022) that the Project Approval Committee was empowered to approve/ cancel the project. No grant and fee was released. There was no fruitful outcome on examination of the project due to which the Ministry had cancelled the Park without releasing any grant.		Audit could not examine the reasons of cancellation of the Park as the Ministry did not provide the concerned file despite issue of several requisitions.

24. Rajasthan Integrated Apparel City, Bhiwadi, Rajasthan				**Category: Cancelled**
Date of sanction	**: October 2011**	**GoI grant released**	**: Nil**	
Project cost	**: ₹195.34 crore**	**GoI grant recovered**	**: Not applicable**	
Date of cancellation	**: 05.11.2013**	**Delay in recovery**	**: Not applicable**	
Audit observations		**Reply of the Ministry**		**Further Audit comments**
The Ministry did not provide the concerned file of this Park despite several reminders		The Ministry stated (June 2022) that the project was approved and subsequently cancelled, and no grant was disbursed to the project. The Ministry further stated (August 2022) that the Project Approval Committee was empowered to approve/ cancel the project. No grant and fee was released. There was no fruitful outcome on examination of the project due to which the Ministry had cancelled the Park without releasing any grant.		Audit could not examine reasons of cancellation of the Park due to non-production of the relevant file despite issue of several requisitions to the Ministry.

Annexure-V
(Referred to in para 3.10)

Non-recovery of grants/ penal interest from cancelled Parks

(₹ in crore)

Sl. No.	Name of the park	State	Total grants released	Date of cancellation of Park	Grants pending for recovery	Penal interest pending for recovery
1.	Gulbarga Textile Park, Karnataka	Karnataka	1.85	30.11.2018	1.60	1.93
2.	CLC Textile ParkPvt. Ltd, Chhindwara	Madhya Pradesh	11.47	30.06.2016	11.47	15.77
3.	Shri Dhairyashil Mane Textile Park Co-op Society Ltd,Ichalkaranji	Maharashtra	8.67	06.06.2011	8.67	13.51
4.	Wada Textile Park Thane	Maharashtra	4.00	05.01.2015	1.79	6.40
5.	Asiatic Co-op. Textile Park, Sholapur	Maharashtra	12.00	30.11.2018	12.00	11.00
6.	Bharat Fabtex& Corporate Park Pvt Ltd, Pali	Rajasthan	4.00	06.06.2011	4.00	5.20
7.	Himmada Integrated Textile Park, Balotra	Rajasthan	4.00	30.11.2018	0.14	4.10
8.	Jaipur Texweaving Park Ltd, Kishangarh	Rajasthan	23.23	30.11.2018	23.23	37.75
9.	Vaigai Hi-Tech Weaving Park, Madurai	Tamil Nadu	2.44	30.06.2016	2.44	3.36
10.	Hyderabad Hi-tech Weaving Park Mahbubnagar	Telangana	12.00	02.08.2011	12.00	18.70
	Sub-total (A)		**83.66**		**77.34**	**117.72**
11.	Gautham Budha Textile Park	Andhra Pradesh	4.00	30.11.2018	Nil	2.90
12.	Kapila Textile Park, Sanand	Gujarat	4.00	16.05.2008	Nil	5.97
13.	Rajasthan Texmart Textile park Jaipur	Rajasthan	3.78	26.02.2008	Nil	5.64
14.	Soham Textile Park, Amdavad	Gujarat	4.00	04.06.2007	Nil	6.23

Sl. No.	Name of the park	State	Total grants released	Date of cancellation of Park	Grants pending for recovery	Penal interest pending for recovery
15.	Shri Laxminarayan Textile Park, Surat	Gujarat	4.00	26.02.2008	Nil	6.23
16.	Tarapur textile Park Thane	Maharashtra	4.00	18.12.2008	Nil	Nil
17.	SLS Textile Park, Bagalur, Krishnagiri	Tamil Nadu	4.00	30.06.2016	Nil	Nil
18.	SunderraoSolanki, Majalgaon	Maharashtra	4.00	30.06.2016	Nil	4.17
19.	Khed Textile Park, Khed, Pune	Maharashtra	3.23	30.06.2016	Nil	Nil
20.	Jaipur Kaleen Textile Park,	Rajasthan	3.94	30.11.2018	Nil	3.61
	Sub-total (B)		**38.95**		**Nil**	**34.75**
	Grand total (A+B)		**122.61**		**77.34**	**152.47**

Note: Penal interest is to be recovered from the date of release of GoI grant. However, in the absence of information relating to dates of release of GoI grants, penal interest on the grants recoverable has been calculated from date of sanction of the Park up to February 2022.