

**Memorandum Regarding Sale of
Grey Cloth Below the Prevailing
Rates**

4968. SHRI H.N. NANJE GOWDA :
Will the Minister of SUPPLY AND
TEXTILES be pleased to state :

(a) whether a memorandum of complaints was recently submitted to him by the West Bengal Textile Dealers Association against management of the National Textile Corporation (WBABO) Ltd., Calcutta complaining *inter-alia* regarding sale of a huge quantity of 'grey cloth' below the prevailing rates in the market ;

(b) the other complaints mentioned therein and the facts thereof ; and

(c) the action proposed to be taken against the management or those found guilty in creating losses for the Corporation ?

THE MINISTER OF STATE OF THE
MINISTRY OF SUPPLY AND TEX-
TILES (SHRI CHANDRA SHEKHAR
SINGH) : (a) Such a memorandum of
complaint dated 30-4-85 was received
from the Eastern India Government
Undertaking Textile Mills Agents &
Dealers Association, Calcutta complaining
inter alia sale of a huge quantity of 'grey
cloth' below the prevailing rates in the
market.

(b) and (c). A statement showing the
other main complaints, the facts thereof
and the action taken thereon, is given
below.

Statement

(b) & (c). The main complaints
mentioned in the Memorandum are as
below :

(i) The present management of NTC
(WBABO) is moving towards ter-
mination of a Agencies tactfully
in order to appoint agents of
Management's choice disregarding
the honest business transactions
of the existing agents. In view
of this, sale of uncalendered grey

sheeting cloth produced by Ram-
poooria Cotton Mills and Bangasri
Cotton Mills were sold at prices
much lower than the prices pre-
vailing in the market during
March-April, 1985, thus adding
loss of a few lakhs of rupees
to NTC.

(ii) During 1982-83/1983-84, some
quantum of non-controlled cloth
produced by mills under NTC
(WBABO) was routed to Con-
sumers Cooperative Societies
through NCCF on credit and the
outstanding stands at a figure of
Rs. 95 lakhs, which is unrealis-
able. It was further complained,
that not a single metre of cloth
found its way to members of the
societies and lots were dumped
in Calcutta market, at prices
lower than those of NTC.

(iii) Commission payable to the mem-
ber agents of Eastern India
Govt. Undertaking Textile Mills
Dealers Association were alleged-
ly stopped by NTC (WBABO)
Ltd.

(iv) Alleged illegal and unauthorised
appointment of over 400 em-
ployees in the Marketing Divi-
sion of NTC (WBABO) Ltd.

(v) There has been deterioration in
the working of NTC (WBABO)
in spite of massive modernisation
programme worth about Rs. 32
crores undertaken by the subsi-
diary corporation.

The facts relating to these complaints
and the action taken by the Govt. NTC
on these complaints are as under :

(i) Sale of uncalendered grey cloth
was done through Agents and
also directly to different merchants
during the months of March-April,
1985, as per the procedure.
The rates offered by the agents
in most cases were much lower
than the rates, at which this was
sold directly and hence NTC has
found this complaint, insub-
stantiated.

- (ii) An inquiry was conducted into the complaint that during the period between 10th January, 1983 and 13th February, 1984, non-controlled cloth worth Rs. 71.31 lakhs was despatched by the mills under NTC (WBABO), to M/S. Adarsh Bazar Wholesale Consumer Store, Patna, without formal orders and the bills were lying unpaid.

As a result of the above enquiries, several procedural lapses were revealed in the despatch of non-controlled cloth to M/S. Adarsh Bazar Wholesale & Retail Consumers Cooperative Stores Ltd., Patna a constituent of National Co-operative Consumers Federation, without formal delivery instructions from the NCCF.

The Adarsh Bazar Wholesale & Retail Consumers Cooperative Stores Ltd., Patna have confirmed having received goods worth about Rs. 80 lakhs from NTC (WBABO) Ltd., Calcutta between January, 1983 and February, 1984, and on their behalf NTC (WBABO) have approached NCCF to accept the above liability. NTC (WBABO) has been instructed to ensure that the matter of outstanding dues from NCCF is taken up immediately and all payments realised without any further delay. A committee consisting of three officials from National Cooperative Consumer Federation (NCCF) and two from NTC, (WBABO) has been formed to scrutinise a pending issues regarding the said supply of non-controlled cloth.

Three officers of the subsidiary corporation connected with the above commercial transactions were put under suspension by the subsidiary corporation in July, 1985 pending final enquiry in the matter.

- (iii) The agents who were sold the goods worth Rs. 76 lakhs at a discount of 10.25% on the condition that the goods would be lifted within 2 months against payments, failed to adhere to the schedule of payments committed at the time of finalisation of sale of goods. Further, they did not lift entire quantity of cloth and insisted on lifting higher proportion of goods from fresh production, than the proportion agreed upon mutually. In view of this, they were not allowed commission.
- (iv) A complaint was received regarding mass recruitment by the Board of Directors of the NTC (WBABO) Ltd., Calcutta during the period July, 1984 to November, 1984. The Management trainees who were appointed have since been "disengaged". Two officers, who were found involved in this appointment, have been placed under suspension and Enquiry and investigation is proceeding.
- (v) So far an amount of Rs. 31.44 crores has been spent on modernisation of mills under NTC (WBABO) Ltd., Calcutta till 31-3-1985. The gains of modernisation in productivity, utilisation and production value are as under :—

	1975-76	1982-83	Feb. 1985
Spinning utilisation (%)	63.1	66.1	62.7
Weaving utilisation (%)	48.2	50.9	62.7
Spinning productivity (40 ^g conversion)	47.7	54.9	59.2
Weaving productivity (LPI)	192.0	220.0	228.0
Average monthly production value (nationalised mills) (Rs. in crores)	1.72	3.09	3.47