

LOK SABHA DEBATES

LOK SABHA

Friday, December 18, 1998/Agrahayana 27, 1920 (Saka)

The Lok Sabha met at three minutes past
Eleven of the Clock

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

Revival of Sick Textile Mills

*281. SHRI BALASAHEB VIKHE PATIL: Will the Minister of TEXTILES be pleased to state:

(a) whether there has been an increase in the closure of textile mills during the last few years owing to sickness;

(b) if so, the number of textile mills closed from April, 1996 to May, 1998, year-wise and State-wise, particularly in Maharashtra;

(c) whether the cotton is abundantly available in India for the production of cloth and also there is no scarcity of labour-force;

(d) if so, the reasons for constant closure of textile mills; and

(e) the steps taken/proposed to be taken to revive such mills in the country?

[Translation]

THE MINISTER OF TEXTILES (SHRI KASHIRAM RANA): (a) and (b) A Statement is enclosed.

(c) As per available information there is adequate availability of cotton and of labour for production of cloth.

(d) Closure of textile mills can be attributed to many factors including obsolete technology, increase in cost of inputs, difficulties in getting timely and adequate credit, mismanagement, recessionary conditions etc.

(e) Government has established a Board for Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act, 1985 to tackle problems of sickness. Government has also set-up an Expert Committee to have a fresh look at the existing Textile Policy. One of the terms of references of the said Committee is to review the measures taken so far for tackling sickness in the textile industry. The Govt. is also finalising the Technological Upgradation Fund Scheme.

Statement

(a) Yes, Sir.

(b) The no. of closed cotton/man-made fibre textile mills closed from 1.4.96 to 31.5.98, year-wise and State-wise is given below:—

State	1.4.96 to 31.3.97	1.4.97 to 31.5.98	Total
1	2	3	4
Andhra Pradesh	4	5	9
Assam	—	1	1
Gujarat	14	5	19
Haryana	3	1	4
Karnataka	—	2	2

1	2	3	4
Kerala	—	1	1
Maharashtra	5	4	9
Orissa	—	2	2
Punjab	1	1	2
Rajasthan	2	3	5
Tamilnadu	6	21	27
U.P.	2	4	6
W. Bengal	2	4	6
Delhi	3	—	3
Total	42	54	96

SHRI BALASAHEB VIKHE PATIL (Ahmad Nagar):
Mr. Speaker, Sir, the Minister has not given an appropriate reply because he has stated the reasons include...

[English]

Difficulties in getting timely and adequate credit, mismanagement, recessionary conditions.

[Translation]

Mismanagement is one of the factors attributed for closure of mills but we haven't heard or read anywhere about any owner being punished for mismanagement. The hon. Minister has himself stated in reply to a question no. 359 on 10th of July.

[English]

There is no recession in the textile industry during the last five years.

[Translation]

He had stated earlier that there is no recession but now acknowledges that the mills are closed due to recession. Why the mills are closed if there is no recession? It is mentioned in the Annual Report that 220 mills are declared closed and cases related to 330 mills have been referred to B.I.F.R. out of which there is no scope of revival of 170 mills. I would like to know whether any new steps are being initiated to revive these closed mills as we all are aware of those old measures. He has attributed new reasons and has also mentioned that the

[English]

Government is also finalising the technological upgradation Fund Scheme.

[*Translation*]

A number of workers have been rendered jobless and their survival is at stake. I want to know from the hon. Minister through you the new steps that are being initiated so as to revive the closed units.

MR. SPEAKER: Kindly ask the question.

SHRI BALASAHEB VIKHE PATIL: I am asking question only. I would like to know when the mills are closing and more are likely to be replaced by powerlooms, in such a situation are you trying to revive these closed mills or just promoting the powerlooms? Will anybody be punished for mismanagement and what is the factual position about recession? Is there actually any recession or not?

SHRI KASHI RAM RANA: Mr. Speaker, Sir, there is recession in the textile industry. I have never said that there is no recession. The Government is doing its best to take the industry out of this recession. So far mismanagement is concerned they have not committed any crime. But adherence to time schedule and co-ordination needed to run the mills is lacking. Therefore, I admit that there is mismanagement.

Another issue that has been raised is regarding closed mills and the steps being taken by the Government to revive them? Hon'ble Speaker, Sir, as per the figures available with me 1505 spinning mills and 279 composite mills have been closed. In all 1784 mills have been closed. I have mentioned this figure in my reply. The production of cloth in our country is still increasing despite the closure of spinning or composite units. The total production of cloth is more than that of production in 1991-92 in the entire sector. The production in cotton textile is 1678.62 million sq. metre. The production in de-centralize power loom sector in 1992-93 was 13642 million sq. metre whereas in 1997-98 the production is 20951 million sq. metre. Likewise the number of spindles is also increasing. Its total number in 1991-92 was 27.82 million which increased to 33.50 million in 1996-97. The number of powerlooms and spindles is also increasing in de-centralized sectors.

SHRI BALA SAHEB VIKHE PATIL: In order to revive the mills and to reduce their sickness the Government of India and the concerned state Governments are contemplating to revive these mills by selling off the excess land belonging to these mills so that resources could be mobilised for upgradation of mills and the workers could be rehabilitated. So, I would like to know from the Minister the number of such mills that have

been granted permission to sell their land or has this matter been left with the concerned State Governments. I would like to know the number of textile mills revived in this manner, the amount received by them and the number of workers rehabilitated? The workers are in a pitiable condition. They are neither in a position to educate their children nor marry them off. I, therefore, suggest the land belonging to powerloom decentralized sector should be sold and fifty percent of the amount received should be given as loan to the workers so that they can manage their hearth and home and mills are also revived. Kindly also tell us the number of mills revived in this manner and the amount they received?

SHRI KASHI RAM RANA: Hon'ble Speaker, Sir, as far as revival of N.T.C. is concerned the Government has formulated a number of strategies in the last twenty years but not implemented them properly. The Government is formulating a new strategy to revive those N.T.Cs mills which are viable, I hope that we will come with a new scheme in the House very soon. So far as to avoid closure of Mills be it textile mills or spinning mills, the Government have envisaged three-four schemes for it. One is Technology Upgradation Fund. Group of Ministers have approved Technology Upgradation Fund amounting to Rs. 25,000 crore and as per their decision after obtaining the approval of Cabinet it will be made operational from 1.4.99.

As regards the land, the Government have envisaged a scheme of Rs. 2005.72 crores under the Turn Around Strategy formulated in 1995. The money was to be raised by selling the land of closed mills. But we have not got even a single penny. We had sought the permission of the State Government. I myself went there but till date permission has not been granted to us. We had formulated the revival plan on the basis of the amount to be accrued by selling the land only. Now we are going to make new strategy in consultation with financial agencies.

[*English*]

SHRI HANNAN MOLLAH (Uluberia): In West Bengal, out of 12 NTC mills, the employees of 10 mills are getting idle wages. Due to non-availability of the raw material and the working capital, there is no production. This is causing huge loss to the exchequer. Paying idle wages without undertaking production will not help. In his answer, the hon. Minister has mentioned that there is adequate availability of raw material but in West Bengal ten mills are not supplied with adequate raw material. I would like to know from the hon. Minister whether he will ensure adequate supply of raw material to these mills so that they run and in turn can be made viable.

SHRI KASHIRAM RANA: So far as the supply of raw material to NTC mills is concerned, as the Members are aware, half of the NTC mills are now closed or partially closed. So far as running mills are concerned, there is no problem with regard to the supply of either cotton or the working capital.

[Translation]

SHRI MOHAN RAWALE: Mr. Speaker, Sir, even if we do not take the issue of mismanagement into consideration yet I would like to apprise that the former Minister of Textiles Shri Venkatswami Ji had himself admitted that these mills are running in loss due to corruption. The hon'ble Minister has said that

[English]

as per available information, there is adequate availability of Cotton.

[Translation]

If it is so then why so many N.T.C. mills are on the verge of closure in Mumbai. Shri Hannan Mollah has said that if you provide raw material, there would be better production. The hon. Minister has also mentioned production of cloth has gone up but this is not correct. Even today production of cloth could be augmented if they are provided raw material, working capital and cotton. You owe crores of rupees to the Government of Maharashtra for supply of cotton. I would like to know from the hon. Minister that are you going to make the payment or not so that the mills could be revived.

SHRI KASHIRAM RANA: Mr. Speaker, Sir, I have given correct figures of cloth production and these figures are authentic. So far as the matter of cotton supply is concerned, we are supplying cotton to N.T.C. Mills. But I would like to inform the House that it is not a matter of supplying of cotton there are many mills which are using obsolete machinery. It is also a reason that we do not get the production as per the targets fixed in this regard. Therefore, some mills are running in loss. There is not only one reason. ...*(Interruptions)*

[English]

MR. SPEAKER: Shri Rawale, let him complete first. You are unnecessarily obstructing the Minister.

[Translation]

SHRI MOHAN RAWALE: He is not giving the right answer....*(Interruptions)*

SHRI KASHIRAM RANA: So far as the workers are concerned the Government had made efforts to run the mills in every possible manner.

[English]

SHRI ANNASAHEB M.K. PATIL (Erandol): Sir, I have been hearing for the last three years that all these mills have been revived. But so far no fruitful results are coming up. Now, I would like to ask a very specific question from the hon. Minister. The production of cloth is not decreasing. It has increased from 14 million metres to 20 million metres. Therefore, I would like to ask whether the Minister is thinking of reviving these mills in a way that they can be privatised. If the private parties are coming up with proposals, does the Minister is interested or ready to private these mills?

Is there any proposal from some private parties to purchase these mills? If so, whether the Minister is thinking of having an outright sale of these mills.

SHRI KASHIRAM RANA: Sir, so far as the revival of NTC mills is concerned, the Government is thinking to revive some of the NTC mills.

So far as the private parties are concerned, the Government will keep this suggestion in mind.

SHRI C. GOPAL: Hon. Speaker, Sir, it is seen from the statement of the Minister that 27 mills have been closed in Tamil Nadu. The hon. Minister has also stated that the Government has established a Board for Industrial and Financial Reconstruction to tackle the problem of sickness. The Government has also set up an expert group to look into the existing textile policy. Sir, earlier the number of sick mills was only 7 but this year 20 mills have become sick. So, a total number of 27 mills are sick in Tamil Nadu.

I would like to know from the hon. Minister the reason for this sickness. I also want to know the reason as to why this number is so high.

MR. SPEAKER: Your answer should not be sick!

SHRI KASHIRAM RANA: Sir, I have already told the hon. Members the reasons for sickness. They include obsolete machinery, mismanagement of the mills and non-availability of enough finance or working capital.

SHRI V.V. RAGHAVAN: Mr. Speaker, Sir, whatever be the statistics available with the hon. Minister, it is a fact that still sufficient quantity of cotton is not available. I had myself written to the hon. Minister some time back and he had promised me to look into that. In my own constituency, Trichur, one Sri Lakshmi Mill is not functioning fully due to shortage of cotton. These units

have surplus land with them but they do not have the working capital. why does the Government not allow them to sell their surplus land and get the working capital? If the units are allowed to sell their surplus land, they will have the working capital. The Government may consider this proposal.

SHRI KASHIRAM RANA: The production of yarn has been increasing. In 1991, the production of cotton yarn was 1,569 million kilograms, while in 1997-98, the production of cotton is 4,213 million kilograms. The availability of cotton is not a problem.

The hon. Member has raised another point about selling of land of the closed mills. The Government is thinking on this point and I will say that as early as possible, the Government is going to finalise the plan.

SHRI K. YERRANNAIDU: Mr. Speaker, Sir, the answer given by the hon. Minister is not satisfactory. I have been in the House for the last two years and nine months. Even Shri Jalappa under the U.F. Government and the present Minister have given the same answer. I would request the hon. Minister through you to clinch the issue by calling the leaders of all the political parties by having a discussion on this issue elaborately and decide on aspects of raw materials, lack of any technology in the old mills etc.

In Andhra Pradesh, we have closed nine mills in the last two years. In my view, the Minister should call a meeting of the leaders of all the parties and discuss elaborately on these aspects. Even some Members have suggested that private people are also coming forward to purchase these mills. We should allow that. We are all going in for liberalisation policy and we are inviting even foreign investment. What is wrong in it? I would like to know whether the Government is willing to call all the floor leaders to clinch this issue.

SHRI KASHIRAM RANA: I have no objection in that. The existing Government is not responsible for the failure of the various strategies of the previous Government. They occurred because of the failure of the previous Government.

[Translation]

SHRI BASWARAJ PATIL SEDAM: Mr. Speaker, Sir, I want to say with reference to the answer given by the hon. Minister about cotton mills that the production is continuously decreasing for the last three years. 112 years old historical M.S.K. Mill of Gulbarga has been closed. Although the property of Mill amounts to Rs. three hundred crores, even then it is in a dire state. The electric supply has been disconnected. There is no electricity in

the homes of thousand of workers of the mill. The Government should revive the mill immediately if it wants to do so. Lakhs of families are facing hardships for the last three years, but the Government has not taken any decision. It would have dire consequences. I would like that the hon. Minister should give a clear answer that when the Government would take a decision in this regard?

SHRI KASHIRAM RANA: Mr. Speaker, Sir, the hon. Member is right. He met me yesterday. But I want to say that where there are N.T.C. Mills, be they cotton mills or Jute mills, the workers of all these mills have taken unauthorised electricity connections in their homes. Legally it is not right, but they are our workers so all this is going on. However I will consider the views expressed by the hon. Member in this regard.

SHRI BASWARAJ PATIL SEDAM: Hon. Minister, tell what decision you will take about revival? ...*(Interruptions)*

[English]

SHRI T.R. BAALU (Madras South): Mr. Speaker, Sir, I would like to know whether my best friend, Shri Kashiram Rana, the hon. Minister for Textiles, is aware of the fact that one Chief Minister of Tamil Nadu had written a letter to the hon. Prime Minister requesting him to stop export of cotton, increase funds and working capital, take steps towards modernisation, and rehabilitate the sick mills. I want to know the reaction of the hon. Minister for Textiles in this regard.

SHRI KASHIRAM RANA: The letter sent by the Chief Minister of Tamil Nadu has been received.

SHRI T.R. BAALU: Sir, he has received the letter. But I want to know his reaction on that letter.

MR. SPEAKER: You have only asked whether he has received that letter or not.

SHRI KASHIRAM RANA: The Government is considering the matter.

Development of Tourism In North Eastern Area

*283. SHRI TH. CHAOBA SINGH: Will the Minister of TOURISM be pleased to state:

(a) whether due to restrictions, the free flow of tourists in the North East region has hampered the tourism industry of the region;