

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:5160
ANSWERED ON:25.04.2003
REVIVAL OF TEXTILE MILLS IN MAHARASHTRA
ANANTRAO GUDHE

Will the Minister of TEXTILES be pleased to state:

- (a) whether a large number of textile and spinning units in Maharashtra are sick and the number of sick units has increased significantly over the past five years;
- (b) if so, the details thereof on the basis of the latest review report;
- (c) the details of initiatives taken over the past three years and results thereof; and
- (d) the details of action plan envisaged under the new policy for revival of textile industry in Maharashtra?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES SHRI BASANAGOUDA R. PATIL (YATNAL)

(a) and (b) As on 31st December 2002, out of 702 all textile cases registered with Board for Industrial and Financial Reconstruction (BIFR) under Sick Industrial Companies (Special Provisions) Act (SICA), 1985, there were 138 textile cases in the state of Maharashtra. The year wise cases registered with BIFR in the state of Maharashtra during the last five years are as under:

1998 69
1999 78
2000 88
2001 114
2002 138

On the basis of information collected by the Office of the Textile Commissioner, Mumbai the details of sick textile and spinning units in Maharashtra as on 31st December, 2002 are as under:-

Sr. No. Status under BIFR All textile cases including spinning cases Spinning cases

1 Declared No Longer Sick	12	2
2 Draft Scheme	2	
3 Dropped as Net Worth become Positive	3	
4 Failed Reopened	1	
5 Non Maintainable	20	1
6 Other	1	
7 Scheme Sanctioned under section 17(2)	1	
8 Scheme Sanctioned under section 18 (4) SICA 1985	8	1
9 Under Enquiry	59	4
10 Winding Up Notice	3	
11 Winding up recommended section 20(1) SICA, 1985	28	4
Total	138	12

(c) In order to prevent the sickness and subsequent closure of the industrial units, Government of India has enacted the Sick Industrial Companies (Special Provisions) Act (SICA), 1985 and has established the Board for Industrial and Financial Reconstruction (BIFR) with a view to arranging the timely detection of sick and potentially sick companies and for the speedy determination of preventive, ameliorative and remedial measures which need to be taken in respect of such companies. BIFR appoints operating agencies for preparation of rehabilitation proposals in respect of potentially viable units and to oversee the implementation of the same. As a result of this, as on 31.12.2002, 3 spinning cases in Maharashtra have been declared no longer sick or scheme sanctioned under section 18 (4) SICA 1985.

(d) The Government has taken a number of measures for growth of textile industry of entire country including State of Maharashtra. This includes:-

- i) Government has launched the Technology Mission on Cotton during 1999-2000 for a period of 5 years. This Mission has four Mini Missions. It aims to bring about all round improvement in the production, productivity and quality of cotton through research, transfer of technology and improvement in processing and marketing of cotton.
- ii) In the current budget of 2003-2004, in order to strengthen the textile industry excise duty on fibres, yarn, fabrics / made ups and readymade garments (RMG) has been reduced considerably. Central Value Added Tax (CENVAT) chain has been completed and the number of exemptions and deemed credit schemes have been withdrawn. A special package for powerloom industry has been announced. Recognizing the need to prevent sickness in the textile industry, Government is considering a mechanism for restructuring the debt portfolio of viable and potentially viable textile units. The details will be decided in consultation with all the stakeholders.
- iii) Specified list of textile machinery with state of art technology has been allowed to be imported at basic excise duty of 5%.
- iv) Garment industry has been de-reserved from SSI sector with effect from 1st January, 2001 to encourage large-scale investments in the garment sector and achieving of economies of scale. Small-scale investment limit has been raised to Rs.5 Crores in case of knitting and knitwear items.
- v) Government has formulated 'Apparel Parks for Exports' with a view to involve State Governments in promoting investment in the apparel sector. The Central Government will give as a grant 75% or maximum of Rs. 10 crore of the capital expenditure incurred by the State Government on the infrastructure facilities of the Apparel Park, while the remaining 25% will be borne by the agency.
- vi) Government has launched 'Textile Centres Infrastructure Development Scheme (TCIDS)' for plugging critical infrastructure gaps in traditional textile/apparel clusters to help the units located therein to become globally competitive. The central assistance under the scheme is available to the extent of 100% of the critical components of the project in respect of Common Effluent Plant, improving water supply and drainage facilities and construction of crèche building for apparel units, whereas the other components would be funded on 75:25 between centre and State/reputed agencies concerned.
- vii) BIFR has sanctioned rehabilitation scheme for Revival of NTC (SM) and NTC (MN), the 2 subsidiaries of National Textile Corporation (NTC) in Maharashtra which is under implementation with effect from 01.04.2002. The details of the Scheme are given below:

Subsidiary No. of mills for survival No. of mills for closure Cost of Scheme

NTC (MN)	8	10	Rs. 702.52 crore
NTC (SM)	9	8	Rs. 799.84 crore

SM=South Maharashtra MN= Maharashtra North