

COMMITTEE ON PETITIONS
(TWELFTH LOK SABHA)

SECOND REPORT



(Presented to Lok Sabha on 10-3-1999)

LOK SABHA SECRETARIAT
NEW DELHI

March, 1999 / Phalguna, 1920 (Saka)

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COMPOSITION OF THE COMMITTEE ON PETITIONS
(1998-99)

1. Shri Ajoy Mukhopadhyay — *Chairman*
2. Shri Prasanna Acharya
3. Shri Pankaj Chaudhary
4. Shri Gurdas Kamath
5. Shri C. Kuppusami
6. Shri Anand Ratna Maurya
7. Prof. Ajit Kumar Mehta
8. Shri Ravindra Kumar Pandey
9. Shri Dada Baburao Paranjpe
10. Shri M. Bagga Reddy
11. Shri Rajo Singh
12. Shri Sushil Kumar Singh
13. Shri Madhukar Sirpotdar
14. Shri Chengara Surendran
15. Shri Devji Bhai J. Tandel

SECRETARIAT

1. Shri G.C. Malhotra — *Additional Secretary*
2. Shri S.C. Rastogi — *Director*
3. Shri C.S. Joon — *Under Secretary*
4. Smt. Neera Singh — *Assistant Director*

SECOND REPORT OF THE COMMITTEE ON PETITIONS (TWELFTH LOK SABHA)

INTRODUCTION

I, the Chairman of the Committee on Petitions, having been authorised by the Committee to present the Report on their behalf, present this Second Report of the Committee to the House on the following matters:—

- (i) Representation of Shri M.R. Patel regarding restoration of vacant premises of his building occupied by Subsidiary Intelligence Bureau, Ahmedabad.
- (ii) Representation requesting to take action against officers for not obeying orders of Supreme Court and to pay all dues to employees of Swatantra Bharat Mills, Delhi.
- (iii) Action Taken by the Government on the recommendations made by the Committee on Petitions in their Twenty-Second Report (Tenth Lok Sabha) on representation regarding discrimination in the payment of incentive money to private doctors participating in the family welfare programmes.
- (iv) Action Taken by the Government on the recommendations made by the Committee on Petitions (Tenth Lok Sabha) in their Twenty Fifth Report on Petition requesting take over of Sick Textile Mills of Madhya Pradesh by National Textile Corporation and providing assistance to various Textile Mills to run on Cooperative basis.

2. The Committee considered the draft Report at their sitting held on 5th March, 1999 and adopted it.

3. The observations/recommendations of the Committee on the above matters have been included in this Report.

AJOY MUKHOPADHYAY,
Chairman,
Committee on Petitions.

NEW DELHI;
Dated: 5th March, 1999.

CHAPTER — I

REPRESENTATION OF SHRI M.R. PATEL REGARDING RESTORATION OF VACANT PREMISES OF HIS BUILDING OCCUPIED BY SUBSIDIARY INTELLIGENCE BUREAU, AHMEDABAD

1.1 Shri P.S. Gadhavi, M.P. forwarded to the Chairman, Committee on Petitions (Eleventh Lok Sabha) a representation dated 15 November, 1996 signed by Dr. M.R. Patel, General Surgeon, Patel Hospital, Gandhidham Kutch regarding restoration of vacant premises of his building occupied by Subsidiary Intelligence Bureau, Ahmedabad.

1.2 The petitioner, in his representation submitted as under:—

- (i) “I have given my “Yogendra” building, Ellise-Bridge, Vallabh-Wadi, Ahmedabad 6, consisting of about 225 Sq. M. area in the year 1958 to the Subsidiary Intelligence Bureau, Ahmedabad, under Ministry of Home Affairs, Government of India, and the same is still under their occupation.
- (ii) The S.I.B. authorities were requested on 24.4.1986 to hand over the vacant possession of the building for owner's personal use only, who has no other premises in India to stay. Since then, I have been constantly reminding and requesting them vide my letters dated the 19.3.88, 10.4.89, 20.6.89, 18.4.95, 12.8.95, 20.10.95, 4.4.96 and 24.4.96 with intermittent constant personal requests at their office at Ahmedabad.
- (iii) S.I.B. authorities instead of handing over the vacant possession of the premises to us, has been talking of enhancement of the rent from time to time, which is not the issue at all, without giving us the time bound assurance for vacating the premises. A number of meetings were also held in their office. The authorities of the Intelligence Department have always shown their willingness to vacate the premises which has also been specifically mentioned in all their correspondences too, hence, their intentions are never doubted by us. Since last 8 to 9 years, they always inform us that the S.I.B. Department has acquired the plot of land from Ahmedabad Urban Development Authority (A.U.D.A.), for the construction of their complex and as soon as it is ready, vacant possession of the premises will be handed over to us. Since last 8 years the Department Authorities are assuring us that the

construction on the said land is starting soon, hence on their assurances, we trusted and waited for these many years. Now, on enquiring about the facts, we came to know that on their plot of land from A.U.D.A., not even the primary basic work of construction has started. Hence, I am compelled to make this petition to you Sir, questioning the credibility of the assurances from the highest Intelligence Bureau of our Country.

- (iv) This matter was taken up with the Union Home Ministry through the then Member of Parliament, and also through the then Hon'ble Minister of State for Finance, Government of India. Shri Buta Singhji, the then Union Cabinet Minister of Home Affairs, communicated that "A plot of land has been recently acquired at Ahmedabad from Ahmedabad Urban Development Authority (A.U.D.A.) for construction of office and Residential complex for the S.I.B. and they hope to vacate "Yogendra Bhavan" as soon as that complex comes up. The I.B. has conveyed their request to bear with them till then. "This assurance by Shri Buta Singhji, the then Union Cabinet Home Minister, was given to us, through the then Member of Parliament Mrs. Ushaben Thacker, vide his letter way back dated 20.6.1989. The similar assurances were given to us by the then Union Minister of State for Home Affairs, Shri Santosh Mohan Dev, and that too such assurance was given through the then Hon'ble Minister of State, Finance—Government of India, Shri B.K. Gadhviiji vide his letter dated 10.4.89.

Even the commitment and assurances by all these Hon'ble Union Ministers has not been honoured up till now, and not even the basic primary type of construction work has been started by the S.I.B. Department yet, even after 8 years of commitment by Union Ministers.

- (v) The S.I.B. authorities in their letter dated 23.5.96 under the signature of Dr. Dinesh Chandra, Jt. Asstt. Director reiterated that "we will be vacating your accommodation as and when our office complex is constructed and ready for occupation at Ahmedabad."
- (vi) Your Honour will agree that there has been protracted correspondences during last 10 years. Even after taking up this matter at the highest level of Home Ministry, there seems to be no end of this problem and, authorities which committed to hand over the vacant possession of the premises in 1989 have not yet fulfilled their commitment, and have gone wrong in their promises, and that too by the highest Intelligence body of the country.

In view of the position stated above, I am left with no other choice but

to approach your honour to use your good offices in solving my long standing problem in the interest of natural justice for which I have been suffering for the last 10 years at the hands of Central Government."

1.3 The representation was forwarded to the Ministry of Home Affairs for furnishing their comments.

The Ministry of Home Affairs *vide* their communication dated 19.2.97 and 2.4.97 stated as under:—

"The matter is under consideration of the Ministry and reply will be sent at the earliest."

1.4 Meanwhile, the Committee undertook study visit to Ahmedabad in June, 1997 and on the request of Shri P.S. Gadhavi, M.P. to accord an opportunity to the petitioner for personal hearing being stationed at Ahmedabad, the Committee heard the views of Dr. M.R. Patel on 23 June, 1997 from 12.00 to 12.30 hours.

1.5 The Committee asked the witness to explain in brief the background of the case and his main demand. The witness stated that the premises of his 'Yogendra Building', Ahmedabad consisting of 225 sq. mts., area was rented out to the Subsidiary Intelligence Bureau which is under the Ministry of Home Affairs, in 1958 and since then it was under their occupation. The premises were given initially at the rent of Rs. 475/- p.m. from 1958 onwards and since 19.5.91 onwards. CPWD issued Rent Reasonability Certificate of Rs. 11,360/p.m. In 1986 he requested the Subsidiary Intelligence Bureau for vacant premises of the building. They agreed that the demand was genuine but did not give the vacant premises for one or the other reasons. They had never refused for handing over the vacant possession but never specified the exact time or duration of handing over the possession.

1.6 He further stated that the then Minister of Home Affairs assured *vide* his letter dated 20.6.89 for vacant possession of his premises at the earliest once the Subsidiary Intelligence Bureau Complex was ready. But no progress had been done so far. He said his main demand was the vacant possession of the house and not for the enhancement of the rent.

1.7 When the Committee asked how many staff members were there in the building and whether all the rooms were used for office purposes, the witness stated that it had only 7-8 staff members in the building. A few rooms were residential but they were not occupied and kept closed.

1.8 When the Committee invited his specific suggestions which may be helpful in finding a solution to the problem, the witness stated that a time bound guarantee should be given to him by Subsidiary Intelligence Bureau authorities as they had already agreed in principle for handing over the vacant possession of the premises.

1.9 Thereafter, on 14 October, 1997 the Committee took oral evidence of the representatives of the Ministry of Home Affairs on the subject.

1.10 The Committee pointed out that it had been brought to their notice by the petitioner that he had rented out the building — 'Yogendra Bhawan'. Alice Bridge. Ahmedabad to Subsidiary Intelligence Bureau in 1958 which is still under their occupation and desired to know the latest position in this regard.

To this the representative of the Ministry stated that he would like to state the brief facts of the case before answering to the queries of the Committee. He further stated as under :—

"The premises "Yogendra Bhawan" are situated in Ellise — Bridge. Vallabh-wadi, Ahmedabad. This building consisting of a ground floor and a first floor was constructed in 225 sq. metres area and it is in the occupation of Deputy Director, Subsidiary Intelligence Bureau, Ahmedabad, since 1.6.1958 on a monthly rent of Rs. 475/-. The building is owned by one Dr. Y.M. Patel, who is domiciled in U.S.A. The landlord wants to get the premises vacated on the following grounds.

The landlord is retiring from U.S.A. and wishes to settle in India at Ahmedabad. The landlord is not having any residence for his permanent settlement except this building in Ahmedabad. The lease agreement commenced on the 10th September, 1962. It is valid for three years with an option to renew the lease agreement after every term. The rent sanctioned was renewed on the 8th of July, 1996 at the rate of Rs. 7,000 per month."

1.11 The Committee pointed out that it was brought to their notice that the then Home Minister with whom the matter was taken up had communicated that a plot of land had been recently acquired from Ahmedabad Development Authority for construction of office and residential complex of SIB and they hoped to vacate the building as soon as the complex came up. The Committee asked what were the reasons of delay in vacating the premises.

To this the representative of the Ministry stated that there was fault on their part. They could not take another building on rent and had no other place to shift. They purchased land in 1993 but there were no finances available. Their intention was to vacate the premises and to take another premises on rent. They did not intend to wait for construction.

1.12. The Committee desired to know whether the petitioner was the original allottee of the plot or he was a person who had taken the possession on contract basis.

The representative of the Ministry informed the Committee that the original owner continues to be in USA. He had given power of attorney to Shri Patel who was in Kutch district, Ahmedabad.

1.13 The Committee desired to know what was the rent fixed for the building and whether it was in accordance with the market rate of that

area. The representative of the Ministry stated that the rent was fixed at Rs. 7000/- after the assessment by the CPWD. It was mutually agreed upon by both the parties.

When asked whether the rent was revised, the representative of the Ministry replied in affirmative stating that it was enhanced.

1.14 The Committee pointed out that initially the building was occupied on lease agreement for three years which was extended on many times later on. The special Secretary, Home Affairs had given an assurance before the Committee and such assurance was also given by the then Home Minister and they must honour their assurances. The Committee wanted them to give a time-bound programme or target time to complete construction of the building in six months or one year as such type of building did not take 30 years to construct.

1.15 When the Committee asked what was the time-bound programme for the construction work of the building, the representative of the Ministry stated:—

“As the Special Secretary of Home has already informed we have purchased the land and the construction work is to start. It may take a reasonable time for the CPWD to construct the building depending on release of funds by the Government.”

He further stated that he would immediately examine the possibility of getting funds as soon as possible and direct the CPWD to construct the building on a high priority basis.

1.16 The Committee directed the Ministry to give an interim report on the matter within a period of three months and they would finalise their report on the matter thereafter.

1.17 The Ministry of Home Affairs *vide* their communication dated 25.3.1998 have furnished an Interim Report on the progress of construction of office complex for SIB Ahmedabad for vacation of ‘Yogendra Bhawan’ premises, which states as under:—

“Immediately after the representation of MHA before the Committee on Petitions on 14.10.1997, the IB was asked to bring up a comprehensive proposal for acquisition of No. 31, Shahibag, Ahmedabad with 3200 Sq. Mtr. land with a dilapidated small building from the State Govt., so that IB could construct its own office complex at the earliest, as no other suitable land is available for the purpose in Ahmedabad.

The State Govt. had placed this property at the disposal of State Revenue authorities for sale to SIB at a cost of Rs. 67 lakhs *vide* their resolution dated 23.3.93.

The approval of MHA for acquisition of the said property was conveyed to IB on 1.1.1998. IB/SIB Ahmedabad approached the Dist.

Collector, Ahmedabad in January, 1997 for handing over of the said property.

Accordingly the Dist. Collector has been approached by IB/SIB for ascertaining the mode of payment. However in view of the fact that the Govt. resolution was issued nearly 5 years back, the Dist. Collector referred the matter to State Govt. seeking clarification on the validity of the resolution and cost to be charged for the land.

IB/SIB officers had been in touch with senior officers of the State Govt. with a view to persuade the State Govt. to accept the cost originally fixed in the first instance and hand over the property to IB. leaving other matter to be settled later on, in view of the urgency in construction of office complex of IB in the said land.

In view of the pre-occupation of State Revenue authorities with the Lok Sabha/Assembly elections in the State, the positive direction in this regard could be obtained only on 3.3.98, that too after much persuasion by the IB officers. The financial sanction for acquisition has already been issued on 11.3.98.

The land is likely to be taken over within a period of one month, and thereafter the construction plans would be worked out through CPWD. The preparation of drawings/preliminary estimates by CPWD, approval of construction plan and cost by the Govt. of India is likely to consume a minimum period of six months. Thereafter another 2 to 2-1/2 years would be required for completion of construction, considering the various formalities required to be completed/met by CPWD to commence and complete the construction work.

As such the construction of IB's office complex is likely to be completed within a period of 3 years i.e. by March, 2001."

1.18 The matter was again considered by the Committee at their sitting held on 22 September, 1998. The Committee directed that the latest position as regards acquisition of land, preparation and approval of drawings/preliminary estimates by CPWD/Government should be obtained from the Ministry of Home Affairs.

1.19. The Ministry of Home Affairs who were asked to furnish the above information vide their O.M. dated 26 November, 1998 inter-alia stated that IB has since vacated the premises 'Yogendra Bhawan' on 10.11.1998 and shifted to a newly hired building belonging to Swami Hariharanand Smarak Trust, Ahmedabad. The possession of the 'Yogendra Bhawan' premises has been handed over on 19.11.1998 Dr. M.R. Patel, Power of Attorney holder of Dr. Yogendra Patel. The construction of IB's own office-cum-Residential complex will take some time.

Observation/recommendation of the Committee

1.20. The Committee note that the Intelligence Bureau has vacated the premises 'Yogendra Bhawan' on 10.11.1998 and shifted to a newly hired building belonging to Swami Hariharanand Smarak Trust, Ahmedabad. The Committee are happy to note that the possession of the 'Yogendra Bhawan' premises has since been handed over on 19.11.1998 to Dr. M.R. Patel (the petitioner) power of attorney holder of Dr. Yogendra Patel.

CHAPTER—II

REPRESENTATION REQUESTING TO TAKE ACTION AGAINST OFFICERS FOR NOT OBEYING ORDERS OF SUPREME COURT AND TO PAY ALL DUES TO EMPLOYEES OF SWATANTRA BHARAT MILLS, DELHI

2.1 Smt. Sankata Devi, widow of Shri Sarvesh Chandra, resident of Shahjahanpur, U.P. submitted in May, 1997 a representation stating *inter-alia* that her husband was working in Swatantra Bharat Mills, Delhi for the last four years. That mill was closed in 1996 under Pollution Control Act. In this connection Supreme Court issued an order in which a provision was made to pay the salary to all the employees of that mill upto April, 1997 and also to pay six years advance salary. She has further stated that inspite of the orders of Supreme Court the salary was not paid to her husband for the last five months and due to this their family was starving. As a protest all the labourers launched an agitation on 1st May, 1997 in front of Parliament House and in that agitation her husband committed self-immolation and died on 5 May, 1997.

2.2 The petitioner therefore requested to take an action against the officers who had not obeyed the orders of Supreme Court and pay all the pending dues in lumpsum to all the employees of Swatantra Bharat Mills Delhi.

2.3 Shri Hari Ram Tiwari, President, Mazdoor Kisan Sabha, New Delhi. Shri Santosh Gangwar, M.P., Dr. Chhatrapal Singh, M.P. and Shri Rammurti Singh Verma, M.P. also forwarded the representation of Smt. Sankata Devi (petitioner) on different dates.

2.4 The representation was forwarded to the Ministry of Labour on 20 May, 1997 for furnishing their comments on the points raised therein. The Ministry of Labour furnished their comments *vide* their communication dated 20 June, 1997 stating as follows:—

“In the wake of demand in the Parliament on the self-immolation of Shri Sarvesh Chandra and the newspaper reports on the morning of 2nd May, 1997 the then Hon'ble Minister of Labour Shri M. Arunachalam visited the Ram Manohar Lohia Hospital on 2nd May, 1997 where late Sarvesh Chandra was admitted.

The matter was also taken up by the then Hon'ble Labour Minister with the Hon'ble Home Minister urging him for a meeting under his Chairmanship with the Lt. Governor of Delhi. Chief Minister and Ministers of Industries and Labour, Government of NCT of Delhi to

overcome the crisis caused on account of the Review Petitions filed by the interested workmen before the Hon'ble Supreme Court and the difficult law and order situation which had been created, thereafter, as a result of the case of self-immolation by late Shri Sarvesh Chandra on 1.5.1997.

The then Hon'ble Labour Minister on May 12, 1997 had also written to Shri Tajinder Khanna, Lt. Governor Government of NCT of Delhi requesting him to consider releasing a suitable ex-gratia to the family members of Shri Sarvesh Chandra as a gesture of concern of the Government.

The then Hon'ble Labour Minister Shri M. Arunachalam on 27th May, 1997 had also sent an appeal to Hon'ble Prime Minister of sanctioning a suitable ex-gratia from the Prime Minister's Relief Fund.

The matter regarding payment of dues to be made to Smt. Sankata Devi widow of Shri Sarvesh Chandra Ex-employee of Swatantra Bharat Mills was also taken up with the Government of NCT of Delhi.

The Additional Secretary, Ministry of Labour in a D.O. letter dated 9th June, 1997 to the Chief Secretary, Government of NCT of Delhi conveyed his concern about the delay in the payment of dues of Shri Sarvesh Chandra and had also requested the Chief Secretary to consider devising an effective system for ensuring payments of all due amounts to similarly placed workers without any delay or harassment. He was specifically urged upon the Government of NCT of Delhi to consider.

- (a) Ensuring stringent action for default in payments. This action could be for violation of provision of payment of Wages Act as well as Hon'ble Supreme Court's directions.
- (b) Creating a grievance redressal cell with adequate publicity so that the workers can bring to the State Governments notice individual cases of payment of their dues.
- (c) The official machinery may be activated to *suo moto* oversee and ensure payments of all dues to workers in terms of Supreme Court's order.
- (d) Instances of violation of Supreme Court's Order whether brought to the notice by the aggrieved worker or detected by the State Government on its own should be severely dealt with. Apart from possible action under the law, cases involving

“violation of Supreme Court’s directions could be placed before the court their information and further legal action.”

2.5 It had not been made clear in the above reply of the Ministry of Labour as to whether the dues had actually been paid to the petitioner and if so, when? The Ministry had also not stated the reasons as to non-implementation of Supreme Court’s Orders regarding payment of salary etc. to all the employees of the mill.

2.6 The Committee, therefore, took oral evidence of the representatives of the Ministry of Labour on 16.9.1997. During evidence, the Committee desired to know the reasons for the closure of the Swatantra Bharat Mills, Delhi and whether any steps had been taken to shift the Mill to some other place. The representatives of the Ministry stated as under:—

“According to the latest information received by the Ministry of Labour, the management of the Swatantra Bharat Mills in its notice dated 10th January, 1997 have stated that the workers were informed by notice on 15th December, 26th December 27th December and 31st December 1996 that the manufacturing activities of M/s Swatantra Bharat Mills are being relocated and shifted to district, Tonk of Rajasthan. They are in the process of shifting to Tonk of Rajasthan. This mill has a total strength of 2026 employees in its factory. Workers have not yet given their willingness to shift or relocate themselves to the industrial area town. This matter is *sub judice* and is to come up for hearing in the Supreme Court on 30th September, 1997. So, they are in the process of shifting and preparing to shift. In the meanwhile, this petition has been filed by the workers that they demand six years as against the normal one year’s wages payable to other workers. Six years wages are payable to workers of those factories which have been closed down. But Swatantra Bharat Mills is in the process of relocating to Tonk of Rajasthan. So, the workers are expected to get only one year’s wages over and above the retrenchment compensation. But since the demand of workers is more than what is payable according to law and as the matter is *sub judice*, the actual process of shifting has not been completed.”

2.7. The Committee drew attention of the witnesses to the information furnished by the petitioner that the Supreme Court issued an order in which a provision was made to pay the salaries of the employees of the Mill upto the month of April and also to pay six years advance salary, the Committee thus desired to know the reasons for non-implementation of the order of the Supreme Court and action taken by the Government for payment of dues of the workers to which the witness stated as under:—

“There are contingencies in which the order of the Supreme Court have to be viewed. One thing is about those units which are closed down finally. In their case, the workers are entitled to retrenchment entitlement as laid down in Section 25 of the Industrial Disputes Act

and in addition to that, they are entitled to six years basic wages in terms of the last pay drawn. In this particular case, the option has been given to the enterprise by the Supreme Court and the enterprise is in the process of shifting to the district of Tonk in Rajasthan. Therefore, those workers who are willing to shift to the district of Tonk in Rajasthan are entitled to shifting bonus. That is in addition to the other benefits that are payable under the Industrial Disputes Act. In this case, the workers have not exercised the option. Only one worker has accepted shifting bonus out of 2,026 total number of employees. 496 workers have accepted full and final payment, that is, they are not willing to shift. And they have received the payment accordingly to the direction of the Court and also under the provisions of the Industrial Disputes Act. The management of the undertaking has sent the payment, in terms of the directions of the Supreme Court and as required under the provisions of the Industrial Disputes Act, to 1,528 persons by registered post. We have no report with us as to whether this payment has been received by these workers. So, this brings to a total of 2,026 employees."

The witness read out the list of the directions issued by the Supreme Court as follows:—

"All those workmen who agree to shift with the industry shall be given one year's wages as 'shifting bonus' to help them settle at the new location. The workmen employed in the industries which fail to relocate and the workmen who are not willing to shift along with the relocated industries, shall be deemed to have been retrenched with effect from November 30, 1996, provided they have been in continuous service (as defined in section 25-B of the Industrial Disputes Act, 1947 for not less than one year in the industries concerned before the said date. They shall be paid compensation in terms of section 25-F(b) of the Industrial Disputes Act, 1947. These workmen shall also be paid, in addition, one year's wages as additional compensation. The 'shifting bonus' and the compensation payable to the workmen in terms of this judgement shall be paid by the management before December 31, 1996. The gratuity amount payable to any workman shall be paid in addition."

2.8. The Committee then drew attention of the witness to the specific order given by the Supreme Court to pay salary to all the employees and also to pay six years' advance salary and desired to know if the Supreme Court is connected with this petition or is it any other order. To this the petitioner stated that:—

"There are two orders; one, dated 4th December, 1996 and the other is of 31st December, 1996. In the first order, the Supreme Court has said that compensation as provided under section 25-p(b)

of the Industrial Disputes Act can be paid on or before 30th April 1997. In the order, dated 31st December, 1996, there was a different direction altogether."

2.9 The witness then read out the direction contained in the order, dated 4th December, 1996 of the Hon. Supreme Court as follows:—

"We, however, clarify that six years' wages as modified by us shall only be payable to workmen of those industries which are not relocating and which have closed down. The workmen of industries who refuse to be relocated along with the relocating industries shall be entitled to one year's wages as additional compensation as originally directed."

He further added:—

"These are three components of the direction contained in the order dated 31.12.96 by which a very clear discretion has been given to the management of the enterprise either to close down or to relocate by way of shifting. Two different types of benefits or compensations are being offered to the workmen; those workmen who would go along with the closed undertaking would receive six times the wages as normally payable and those workers who would be willing to shift along with the undertaking would be paid shifting bonus plus one year's wages as compensation."

2.10. The Committee desired to know the necessity which compelled the Supreme Court to pass the second order to which the witness replied that:—

"The Government of the Union Territory, National Capital of Delhi have filed a review petition before the Supreme Court that the scales of benefits or the scales of compensation which have been ordered by the Supreme Court in the order dated 4.12.96 needed a review."

He further stated that:—

"After hearing Mr. Gupta and Mr. Bhushan, the learned Counsels appearing on behalf of M/s Birla Textiles, the Court observed that for the workers of those factories which will have to be closed down the court revise its earlier order which had spelt out a lower quantum of compensation that is one year's wages and substitute it by six years' wages keeping in view the plight and predicament which the workers have to undergo as a result of dislocation to them and to their family members."

2.11. The Committee pointed out that Shri Sarvesh Chandra, one of the workers had committed self-immolation because of delayed action of the Ministry and the Central Labour Minister and the Lieutenant Governor of Delhi held a meeting in this regard, and desired to know the outcome of the meeting and whether the Government had done something for the aggrieved workers. In reply the witness stated as follows:—

"The ex-Labour Minister, Shri Arunachalam held a meeting with the

Lieutenant Governor of Delhi on 12.5.97 to consider release of suitable ex-gratia payment to the family of late Sarvesh Chandra. The ex-Labour Minister also sent an appeal to the Prime Minister of India for sanction of a suitable ex-gratia amount from the P.M. Relief Fund. In response to this letter the ex-P.M. sanctioned Rs. 50,000 as ex-gratia payable to the dependents of the deceased. Shri P.P. Mitra, Director, visited Shahjahan Pur on 4.9.97 and handed over a draft of Rs. 50,000 sanctioned from P.M. Relief Fund to Shrimati Sankata Devi, widow of late Sarvesh Chandra. The Supreme Court in its orders dated 2.9.97, ordered payment of an amount of Rs. 5.5 lakh as ex-gratia to be paid by the company, that is Swatantra Bharat Mill to the widow of Sarvesh Chandra. I am happy to tell to the Member of this august body that an F.D. for Rs. 5.5 lakh has been deposited by the management of the Mill in Punjab National Bank on 4.9.97 that is within two days of receiving the direction of the Supreme Court. The sale proceeds or return by way of accrual of interest on Fixed Deposit, which comes to Rs. 5446, will be paid to Shrimati Sankata Devi on a monthly basis by the Punjab National Bank."

He further added:—

"In addition to this FD of Rs. 5.5 lakh the company paid an amount of Rs. 13,500 to Shrimati Sankata Devi, it includes retrenchment compensation and monthly wages payable. The company has undertaken to employ the eldest son of the deceased, who is 16 years old at present, as soon as he acquires the age of 18 years. The company had ensured payment of Rs. 100 per month in respect of the two school-going children, one son and one daughter of the Late Sarvesh Chandra, to the Head Master of their school. Payment in respect of one son at the rate of Rs. 400 per months is also made to Shrimati Chandra. She had six children, out of which only two sons are of the school going age. This arrangement has been made to ensure some payment so that they could continue to receive education in the school going age. In addition, I am happy to share with the members of the august body that the Government of National Capital Territory of Delhi has also paid an ex-gratia amount of Rs. 50,000 to the dependents of the deceased."

2.12 When asked if the amount of Rs. 5.5 lakh deposited in the Punjab National Bank was in the name of the widow, the witness stated that the FD was in the name of the widow. The Supreme Court had also observed that the Punjab National Bank would, after five years, secure further directions of the court as to how that money was to be used.

2.13. Keeping in view the assurance given by the representatives of the Ministry of Labour during the course of evidence about the payment of all the dues etc. to the widow of Shri Sarvesh Chandra,

the Ministry of Labour was requested on 12.2.98 to indicate whether all the aforesaid payments have since been made to the widow of Shri Sarvesh Chandra.

2.14. The Ministry of Labour *vide* their O.M. dated 19.2.1998 have stated that:—

“A sum of Rs, 50,000/- towards the payment of ex-gratia from P.M. Relief Fund and payment of Rs. 5,50,000/- has been made by the company as per directions of Supreme Court to the widow of Late Shri Sarvesh Chandra, a worker of M/S Swantantra Bharat Mills who had immolated himself in Delhi.”

Observations of the Committee

2.15. The Committee note with satisfaction that through their intervention, grievance of the petitioner has been redressed and payment of all the dues has been made to her.

CHAPTER III

ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS OF THE COMMITTEE ON PETITIONS (TENTH LOK SABHA) CONTAINED IN THEIR TWENTY-SECOND REPORT (TENTH LOK SABHA) ON THE REPRESENTATION REGARDING DISCRIMINATION IN THE PAYMENT OF INCENTIVE MONEY TO PRIVATE DOCTORS PARTICIPATING IN THE FAMILY WELFARE PROGRAMME

3.1 The Committee on Petitions (Tenth Lok Sabha) in their Twenty-Second Report (Tenth Lok Sabha) presented to Lok Sabha on 24 August, 1995 dealt with the representation regarding discrimination in the payment of incentive money to private doctors participating in the family welfare programme.

3.2 Action taken note have been received from the Government in respect of recommendations contained in the Report. The recommendations made by the Committee and replies thereto furnished by the Government are given in *Appendix-I*.

The Committee will now deal with the action taken by the Government on their recommendations.

Recommendation (Para 1.22)

3.3 The Committee do not find any justification in the discrimination created between the private doctors in the matter of payment of incentive money. In fact, in the overall interest of the Family Planning Programme and also principles of equity and justice, there is need for uniformity in the rate of incentive money payable to all private doctors participating in the Family Welfare Programme without any discrimination. The Committee, therefore, recommend that the fine distinction maintained between the private doctors performing operations in their own clinics/nursing homes and those performing operations in Government Camps/Hospitals, in regard to payment of incentive money, be removed henceforth by issuing a fresh order.

Reply of the Government

3.4 Under the existing scheme of 'Cash Compensation for Loss of Wages to the Acceptors of Sterilisation/IUD insertion', the private medical practitioners are paid for performing sterilisation. The scheme of Cash Compensation for the loss of wages to the acceptors of sterilisation/IUD

insertion is being modified in accordance with one of the recommendations made by the Committee on Population of the National Development Council (NDC). The modification of the scheme has already been approved by the Expenditure Finance Committee (EFC). Under the modified scheme, States and Union Territories are to be given full flexibility for drawing up their own schemes, including deciding the amount of compensation to the acceptors of sterilisation/IUD insertion, expenditure on drugs and dressings, transport, payment to private medical practitioners and other vital aspects of the family welfare within the total amount of Rs. 200/180 per case of Tubectomy/Vasectomy subject to certain restrictions. The modified scheme is likely to come into force w.e.f. 1st April, 1996. The Ministry of Health and Family Welfare have further intimated *vide* their communication dated 27 February, 1998 that modified scheme of compensation for acceptors of sterilisation has been approved by Cabinet on 28 August, 1996. The modified scheme was circulated to all States/Union Territories on 19th September, 1996 for implementation. The copies of letters sent to States/Union Territories may be seen at Annexure I&II.

Recommendations (Para 1.23 and 1.24)

3.5 The Committee note that the Ministry gave retrospective effect to the order dated 2.6.86 enabling the State Governments to decide the rate of incentive money payable to private doctors performing operations in Government Camps/Hospitals subject to a maximum ceiling of Rs. 50 per case and decide the pending cases regarding payment of incentive money to such doctors accordingly. While the Committee do not like to go into the wisdom of leaving it to the State Governments to decide the rate of incentive money, they strongly feel that the order should have been given only prospective effective in all fairness and justice to private doctors participating in the programme. The retrospective effect given to this order was unjustified as it had adversely affected the rightful claims of the private doctors for payment of the admissible incentive money as per order dated 22.2.83 for the operations conducted by them. The Committee, therefore, recommend that the Central Government order dated 2.6.86 may be amended so as to give it only prospective and not retrospective effect.

3.6 Considering all the facts of the case, the Committee felt that there is justification in the contention of the petitioner that he has been under paid the incentive money by the Government of Kerala at least for the period from 22.2.86. The Committee feel that Shri Deshpande is entitled to receive the unpaid arrears for all the operations conducted by him under the programme in Kerala between the period 22.2.83 to 2.6.86, i.e., the date of issue of the revised order. Any such similar demand arising from private doctors in Kerala and other States in regard to underpayment of incentive money for the said period need to be looked into accordingly. Since the Government of India have admitted that they had already

released full amounts to various States, it is incumbent upon the Ministry of Health & Family Welfare, Government of India, to impress upon the concerned State Governments like Kerala to make necessary allocations in their budgets for paying such unpaid arrears to private doctors for the period 22.2.83 to 2.6.86.

Reply of the Government

3.7 The Ministry have forwarded a copy of circular dated 19.9.1996 issued by them to all States/UTs in pursuance to the above recommendations made by the Committee on Petitions. Para 3 and 4 of the circular *inter-alia* states as under:—

“The matter has been examined. Since the letter dated 2nd June, 1986 did not give retrospective effect to the flexibility allowed to the States/UTs to decide the rates of payment to private medical practitioner for conducting laparoscopic tubectomy at Government camps, the private doctors who have conducted laparoscopic tubectomies using their own laparoscopes at Government camps are entitled to receive Rs. 50 per case from 22nd February, 1983 to 2nd June, 1986.

If any private medical practitioner has been paid less than the amount of Rs. 50/- per case in the said period, the arrears may be drawn and paid to the private medical practitioner concerned. Since required funds were already released by Government of India during the relevant period, no additional funds will be released for the payment of these arrears.

Recommendation (Para 1.25)

3.8 The Committee suggest that in order to avoid misgivings in the minds of doctors, the orders of the Government of India in regard to the details of the Family Planning Scheme and the rates of incentive money etc. payable under it should be communicated to the representatives of Indian Medical Association and its various branches and also to doctors and others concerned in all the States, in future.

Reply of the Government

3.9 In order to avoid misgivings in the minds of the doctors the Ministry have communicated the President, Indian Medical Association, Secretary, Family Welfare of all States/UTs. Directors/Commissioners of Family Welfare of all States/UTs etc. about the orders of Government of India in regard to the details of the Family Planning Schemes and the rates of incentive money etc.

Recommendation (Para 1.26)

3.10 The Committee further suggest that the Government may consider feasibility of giving special incentive/instituting National Award to

doctors who perform greatest number of operations in a year and also increasing the rate of incentive money uniformly with a minimum ceiling prescribed for encouraging and securing the active and whole hearted participation of all private doctors in the Family Planning Programme, particularly in Government Camps, in order to make the programme really successful.

Reply of the Government

3.11 The Department of Family Welfare does not propose to give any special incentive to or institute a National Award for the Private doctors performing the largest number of sterilisation operations. The Department of Family Welfare is of the view that this may affect the quality of services rendered. The Department had an State Award Scheme under which States were given cash awards for sterilisation performance in terms of numbers. The State Award Scheme was withdrawn with effect from 1988-89 because the evaluation of this scheme indicated that the quality of the programme was being compromised and the scheme is leading to over reporting of sterilisation figures.

3.12 The subject matter was again considered by the Committee at their sitting held on 22 September, 1998. At their sitting the Committee desired to ascertain the latest position, in regard to implementation of circular issued by the Ministry of Health and Family Welfare to all the States/ Union Territories. The Ministry of Health and Family Welfare were requested to furnish the latest position in this regard.

3.13 The Ministry of Health and Family Welfare *vide* their communication dated 18 December, 1998 *inter-alia* stated that the scheme of involvement of private medical practitioners will stand merged in modified scheme of cash compensation for loss of wages to acceptors of sterilisation/IUD insertion with effect from 1st October, 1996 giving directions to all States/Union Territories using private medical practitioner that they should make provision for this aspect in their respective schemes.

Observations of the Committee

3.14 The Committee note with satisfaction the action taken replies furnished by the Ministry of Health and Family Welfare. The Committee have been informed that the scheme of cash Compensation for the loss of wages to the acceptors of sterilisation/IUD insertion has been modified in accordance with one of the recommendations of the Committee on Population of the National Development Council (NDC) and approved by the Cabinet on 28.8.1996. The guidelines under the modified scheme have been issued to all States/UTs *vide* circular dated 8 January and 19 September, 1996 for implementation. Under the modified scheme, States and Union Territories are to be given full flexibility for drawing up their schemes, including deciding the amount of compensation to the acceptors of sterilisation/IUD insertion, expenditure on drugs and dressings, transport,

payment to private medical practitioners and other vital aspects of the family welfare within the total amount of Rs. 200/180 per case for Tubectomy/Vasectomy subject to certain restrictions.

3.15 In their circular dated 4.10.1995 issued to all States/UTs. The Ministry of Health & Family Welfare have clarified that orders issued *vide* their letter dated 2.6.86 did not give retrospective effect to the flexibility allowed to the States/UTs to decide the rates of payments to private medical practitioners for conducting laparoscopic Tubectomy at Government camps and they therefore were eligible/entitled to receive Rs. 50/- per case from 22.2.1983 to 2.6.1986.

3.16 The Committee also note that the Ministry have communicated the orders of Government of India in regard to the details of Family Planning Schemes and the rates of incentive money etc. to the Indian Medical Association and also to Secretary/Directors/Commissioners of Family Welfare of all States /UTs etc.

3.17 The Committee also note that the terms of the aforesaid modified scheme are implemented w.e.f. 1 October, 1996 in all the States/Union Territories. The Committee therefore desire that the position of action taken in the matter in various States/UTs may be reported to them in due course.

CHAPTER IV

ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS MADE BY THE COMMITTEE ON PETITIONS (TENTH LOK SABHA) IN THEIR TWENTY FIFTH REPORT ON PETITION REQUESTING TAKE OVER OF SICK TEXTILE MILLS OF MADHYA PRADESH BY NATIONAL TEXTILE CORPORATION AND PROVIDING ASSISTANCE TO VARIOUS TEXTILE MILLS TO RUN ON COOPERATIVE BASIS

4.1 The Committee on Petitions (Tenth Lok Sabha) in their Twenty Fifth Report presented to Lok Sabha on 22 December, 1995 dealt with the petition requesting take over of sick textile mills of Madhya Pradesh by National Textile Corporation and providing assistance to various textile mills to run on cooperative basis.

4.2 Action taken notes have been received from the Government in respect of recommendations contained in the Report. The recommendations made by the Committee and the replies thereto furnished by the Government are given in *Appendix—II*.

4.3 The Committee will now deal with the action taken by the Government on their recommendations.

Recommendation (Para No. 1.14)

4.4 The Committee found that in case of both M/s Rajkumar Mills and Shree Sajjan Mills, BIFR had accepted revival proposals but since the revival package was not supported with requisite financial assistance either by the financial institution like IDBI or by the Central Government for one reason or the other, these mills could not be revived and had to be ultimately recommended by BIFR for winding up.

The workers were thus rendered jobless without even interim relief to its workers under the Textile Workers Rehabilitation Fund Scheme (TWRFS). Similarly, there are other textile mills which had to be recommended by the BIFR for winding up.

Reply of the Government

4.5 The Government has set up a Board for Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act, 1985, which has also been a major step to tackle the problem of sickness in industries including the textile industry. The BIFR examines the cases referred to it for timely detection of sick and potentially sick companies and for taking preventive, ameliorative,

remedial and other measures which need to be taken with respect to such companies after hearing all the concerned parties. Since BIFR is a quasi-judicial body, any direction from the Government may be construed as interference in their affairs. The position in respect of M/s Rajkumar Mills and M/s Shree Sajjan Mills Ltd. as per BIFR, is as under:

M/s Rajkumar Mills	Draft Scheme for revival of the mill has been approved by BIFR, on 14.8.1996.
M/s Shree Sajjan Mills Ltd.	Winding up was recommended by BIFR on 7.1.1994. Subsequently, the AAIFR sanctioned a rehabilitation scheme on 29.11.95.

4.6 The reply of the Ministry was considered by the Committee at their sitting held on 22 September, 1998. The Committee desired that the latest position in regard to the implementation of revival/rehabilitation scheme as recommended by BIFR/AAIFR in case of M/s Rajkumar Mills & Shree Sajjan Mills, should be obtained from the Ministry of Textiles.

4.7 The Ministry of Textiles *vide* their communication dated 22 December, 1998 furnished a note on the status of M/s Rajkumar Mills & M/s Shree Sajjan Mills (Appendix—III).

4.8 As regards status of M/s Rajkumar Mills, the Ministry have stated as under:—

“Subsequently, the Board reviewed the progress on implementation of the rehabilitation scheme on 10.7.1998 wherein it was observed that the State Government of Madhya Pradesh was unable to provide for any unknown liability by extending reliefs and concessions as envisaged in the scheme. The Bench, therefore, formed a *prima-facie* opinion that the company had become non-viable in the long run and it was not possible to rehabilitate the company. A show cause notice was therefore issued u/s 20 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985 inviting objections/suggestions from the concerned parties to the proposed winding up.

On 21.9.1998 the Bench confirmed its opinion that the Industrial Company M/s Rajkumar Mills was not likely to make its networth exceed its accumulated losses within a reasonable time while meeting all its financial obligations. However, the Bench appointed the Madhya Pradesh Sick Industrial Development Corporation

(MPSIDC) as the Selling Agency to dispose of the assets of the company in terms of Section 20(4) of the Act and deposit the sale proceeds with the concerned High Court."

4.9 As regards status of Shree Sajjan Mills (SSML) the Ministry have stated that AAIFR, sanctioned a rehabilitation scheme on 29.11.1995 and the scheme was to be completed by March 31, 1996 but owing to paucity of fund, portion of the scheme viz. capital expenditure i.e. Rs. 1000 lakhs was yet to be incurred. State Government had expressed its inability to fund the project any further and sought for winding up of SSML. Consequent on non-implementation of the rehabilitation scheme SSML incurred huge losses on account of its uneconomic operations during 1996-97 and 1997-98 (April-March) and its accumulated losses, as on March 31, 1998 amounted to Rs. 8004 lakh, as against cumulative loss of Rs. 3033 lakh envisaged in the rehabilitation scheme and the company continues to be sick. AAIFR is yet to hear (Government of Madhya Pradesh's) request for winding up SSML.

4.10 The Committee note that in case of M/s Rajkumar Mills the BIFR Bench had confirmed its opinion on 21.9.1998 that M/s Rajkumar Mills was not likely to make its networth exceed its accumulated losses within a reasonable time while meeting all its financial obligations. However, the Bench appointed the Madhya Pradesh Sick Industrial Development Corporation (MPSIDC) as the Selling Agency to dispose of the assets of the company in terms of Section 20(4) of the Sick Industrial Companies (Special Provisions) Act, 1985 and deposit the sale proceeds to the concerned High Court.

4.11 The Committee regret to note that although the draft scheme for revival of the M/s Rajkumar Mills was approved by BIFR on 14.8.1996 the unit could not be revived. M/s Shree Sajjan Mills Ltd. also due to paucity of funds could not implement the rehabilitation scheme sanctioned by AAIFR on 29.11.1995.

4.12 The Committee are concerned to note that when a Mill is closed, the workers are rendered jobless. The Committee, therefore, recommend that there should be some sort of mechanism or programme to rehabilitate the workers rendered jobless due to closure of Mills. The Central Government if necessary in consultation with the State Governments should evolve an alternate package for rehabilitation of workers rendered jobless due to closure of Mills.

4.13 In case of Shree Sajjan Mills Ltd. AAIFR had directed Government of Madhya Pradesh (GOMP) to provide funds by way of interest free unsecured bridge loan so that implementation of rehabilitation scheme might not get delayed. The Committee regret to note that the GOMP had so far brought Rs. 810.82 lakh only as against Rs. 1720 lakh required for rehabilitation that too by way of unsecured bridge loan carrying interest @17.5% p.a. and promoters' contribution of Rs. 512 lakh had not so far been brought by GOMP. The Committee also note that due to non-

implementation of the rehabilitation scheme, SSML incurred huge losses on account of its uneconomic operations during 1996-97 and 1997-98 amounting to accumulated losses of Rs. 8004 lakh as against cumulative loss of Rs. 3033 lakh envisaged in the rehabilitation scheme and the company continues to be sick. Now the GOMP has expressed its inability to fund the project any further and sought for winding up of SSML. The AAIFR is yet to hear Government of Madhya Pradesh's request for winding up SSML.

4.14 The Committee are constrained to observe that inspite of recommendations of AAIFR to release funds, the concerned State Government could not manage to provide necessary funds. The delay in release of funds/non-availability of funds worsened the condition of SSML which was already a sick unit forcing the Government of Madhya Pradesh to move AAIFR again seeking closure of the Mill. The AAIFR is still seized of the matter.

The Committee hope that AAIFR will decide the case at its earliest so that the position of the Mills does not deteriorate further.

4.15 The Committee also observe that in cases of textile mills where the BIFR/AAIFR has recommended for revival, no monitoring is done, although their number is limited. The Committee recommend that in case of those mills where BIFR has recommended for revival, a mechanism needs to be set up to monitor the revival scheme.

Recommendation (Para No. 1.15, 1.16 and 1.17)

4.16 The Committee had regretted to note that the assistance through the Textile Modernisation Fund Scheme (TMFS), specially created by the Government in pursuance of the Textile Policy of 1985 for modernisation of weak but viable spinning and composite mills in public, private and cooperative sector, had been discontinued as the initial corpus of Rs. 750/- crores had been exhausted.

4.17 The Committee was constrained to observe that the Government had failed to take adequate steps to implement the textile policy so as to promote the textile industry and also protect the interests of textile workers.

4.18 The Committee had recommended that adequate funds may be provided by the Government for the Textile Modernisation Fund Scheme in pursuance of the objectives of the Textile Policy so that closure of sick textile mills which are likely to turn around is avoided for want of funds. At the same time, the conditions for a textile mill to be eligible to relief to its workers in the event of closure of the mill should be made liberal so that the interest of the workers of such mills are safeguarded.

Reply of the Government

4.19 Government has set up a Textile Modernisation Fund Scheme (TMFS) from August, 1986 for a period of five years (VII Plan) with an initial corpus of Rs. 750 crores for providing modernisation assistance at concessional rate of interest to the textile mills. IDBI had been nominated as Nodal Agency. The objective of TMFS was to provide two types of assistance *i.e.* (i) for modernisation; and (ii) special loan towards part of promoters' contribution for weak and viable units. The scheme was discontinued from August, 1991.

4.20 During the VIII Five Year Plan, Ministry of Textiles had proposed continuance of Scheme with enhanced corpus of Rs. 1500 crores with some concession in rate of interest so that the pace of modernisation is not slowed down. Due to serious resources constraint IDBI was unwilling to earmark specific funds under the Scheme. However, even after the TMFS was not in operation, financial institutions continued to provide assistance as consistent with their resources as part of their normal operations.

4.21 The net amount sanctioned by IDBI, the nodal agency for the scheme, aggregated to Rs. 1288.5 crores, to 357 units over a period of 5 years. Thereafter, assistance from August, 1991 to March, 1995 sanctioned by IDBI under its normal schemes for modernisation of Textile Industry aggregated Rs. 421.2 crs., covering 147 Cotton Textile Mills.

The Ministry in their latest communication dated 22 December, 1998 have furnished the status of mills which were assisted by IDBI under Textile Modernisation Fund Scheme (Appendix-IV).

4.22 Government of India introduced the Textile Workers' Rehabilitation Fund Scheme (TWRFS) to protect the interests of workers. The objective of TWRFS is to give interim relief to the workers rendered jobless due to permanent/partial closure of the mills. Relief under the scheme is available only for 3 years on a tapering basis, *viz.* 75% of the wage equivalent in the first year, 50% in the second year and 25% in the third year. The total number of mills assisted under TWRFS to date is 28. A total of Rs. 81.90 crs. has been paid in the country since the inception of the scheme upto 27.6.96. The total number of workers already benefited under TWRFS in the country has been 41,417.

4.23 In India the Textile Sector as a whole, in particular the spinning sector, has shown vibrancy and growth over the years. It is notable that every year investment of crores of rupees is being made in this sector, leading to concomitant increase in generation of direct and indirect new employment every year. Thus, annual investment in textile machinery increased from Rs. 2100 crs. in 1993-94 to Rs. 3400 crs. in 1995-96. The installed capacity in the spinning sector has increased from 25.57 million spindles in 1985 to 31.25 million spindles in 1996. Spinning capacity utilisation has increased from 70% in 1986-87 to 81% in 1994-95. The

number of installed rotors has increased from 0.6. lacs in 1990 to 2.1 lacs in 1996. Every year new spinning units are coming up. There are around fifty 100% Export Oriented Units (EOU) i.e. cotton yarn manufacturing units in operation. Besides, there are 376 Export Promotion Capital Goods (EPCG) beneficiary units in the cotton yarn sector, with an investment over Rs. 1200 crs. These figures attest to the general health of the textile sector as a whole in the country. Every year green field units have been coming up during the last three years. The huge investments have been made only because Textile Sector is strong and vibrant and offers wide prospects for future growth.

4.24 The total number of Cotton Man-made/Fibre Textile Mills as on 31.3.96 was 1507, of these only 296 were registered with BIFR as sick (20%) as on 31.5.96. However, there are instances of sickness in the textile mills. The main reasons for sickness could be attributed to the structural transformation as a result of which the composite units in the organised sector are losing ground to powerlooms in the decentralised sector due to their great cost effectiveness of the later. The other reasons are seen to be often in the poor management practices or even "hereditary" sickness in the mills or could be excess capacity lack of modernisation or low productivity of man and machine in individual mills.

4.25 The Committee note that Textile Modernisation Fund Scheme (TMFS) was set up by the Government in 1986 for providing modernisation assistance with an initial corpus of 750 crore for a period of five years. IDBI had been nominated as Nodal Agency.

4.26 The Committee have been informed that the TMFS was discontinued from August, 1991 even though the Ministry of Textiles was in favour of continuance of the scheme during the Eighth Plan by doubling of the fund to Rs. 1500 crore, but due to serious resources constraint IDBI was unwilling to earmark specific funds under the scheme.

4.27 The Committee are happy to note that from August, 1991 to March, 1995, IDBI, the nodal agency for the scheme, had sanctioned Rs. 421.2 crore covering 147 Cotton Textile Mills under its normal schemes for modernisation of Textile Industry. The Committee also note that the Government of India had introduced the Textile Workers Rehabilitation Fund Scheme (TWRFS) to protect the interest of workers. A total of Rs. 81.90 crore, has been paid in the country since the inception of the scheme upto 27.6.96, thereby giving benefit to 41.417 workers. The Committee expect the Government to continue with similar rehabilitation schemes so that closure of Textile Mills which are likely to turn around for want of funds can be avoided and also the interest of the workers working in such mills is safeguarded.

Recommendation (Para No. 1.18)

4.28 The Committee was surprised to note that there is no scheme to provide assistance for sick mills taken over by workers cooperatives. The Committee recommend that Government should examine and formulate a scheme to provide financial assistance to workers cooperatives to take over the sick mills in which they have been working in case take over by the workers cooperative is recommended by BIFR.

Reply of the Government

4.29 As far as assistance from the National Renewal Fund (NRF) to Industrial workers' cooperatives is concerned, at present, assistance from NRF is restricted to Voluntary Retirement Scheme in Central Public Sector Undertaking only. Assistance to Industrial Workers' Cooperative can be considered after operational modalities for grant of assistance from NRF are finalised.

4.30 It is also to be mentioned that Government of India has not taken over the management of any textile mill after the announcement of the Textile Policy in 1985.

4.31 The Committee note that the assistance from the National Renewal Fund (NRF) to Industrial Workers' Cooperatives is at present restricted to voluntary retirement scheme in Central Public Sector Undertakings only. Assistance to Industrial Workers Cooperatives can be considered after operational modalities for grant of assistance from NRF are finalised.

4.32 The Committee trust that sincere efforts will be made by the Ministry of Textiles to finalise the operational modalities at the earliest so that assistance is made available from National Renewal Fund to Industrial Workers Coopertives to take over the sick mills in which they are working.

NEW DELHI

Dated: 5 March, 1999

AJOY MUKHOPADHYAY,

*Chairman,
Committee on Petitions*

APPENDIX—I

(Reference Para 3.2 of Report)

ACTION TAKEN REPLIES FURNISHED BY THE MINISTRY OF HEALTH & FAMILY WELFARE ON THE RECOMMENDATIONS OF THE COMMITTEE ON PETITIONS CONTAINED IN THEIR TWENTY-SECOND REPORT

Observations/Recommendations (Para No. 1.22)

The Committee do not find any justification in the discrimination created between the private doctors in the matter of payment of incentive money. In fact, in the overall interest of the Family Planning Programme and also principles of equity and justice, there is need for uniformity in the rate of incentive money payable to all private doctors participating in the Family Welfare Programme without any discrimination. The Committee, therefore, recommended that the find distinction maintained between the private doctors performing operations in their own clinics/nursing homes and those performing operations in Government Camps/Hospitals, in regard to payment of incentive money, be removed henceforth by issuing a fresh order.

Reply of the Government

Under the existing scheme of 'Cash Compensation for Loss of Wages to the Acceptors of Sterilisations/IUD insertion' the private medical practitioners are paid for performing sterilisation. The scheme of case compensation for the loss of wages to the acceptors of Sterilisation/IUD insertion is being modified in accordance with one of the recommendations made by the Committee on Population of the National development Council (NDC). The modification of the scheme has already been approved by the Expenditure Finance Committee (EFC). Under the modified scheme, States and Union Territories are to be given full flexibility for drawing up their own schemes, including deciding the amount of compensation to the acceptors of Sterilisations/IUD insertion, expenditure on drugs and dressings, transport, payment to private medical practitioners and other vital aspects of the family welfare within the total amount of Rs. 200/180 per case of Tubectomy/Vasectomy subject to certain restrictions. The modified scheme is likely to come into force w.e.f. 1st April, 1996.

Modified scheme of Compensation for acceptors of sterilisation has

been approved by Cabinet on 28.8.96. The modified scheme was circulated to all States/UTs on 19.9.1996 for implementation.

A copy each of the letters sent to States/UTs on 8.1.1996 and 19.9.1996 is enclosed (Annexure-I).

[Vide Ministry of Health & Family Welfare O.M. No. 23011/8593-PLY dated 30.1.1996]

Observations/Recommendations (Para No. 1.23)

The Committee note that the Ministry gave retrospective effect to the order dated 2.6.86 enabling the State Governments to decide the rate of incentive money payable to private doctors performing operations in Government Camps/Hospitals subject to a maximum ceiling of Rs.50/- per case and decide the pending cases regarding payment of incentive money to such doctors accordingly. While the Committee do not like to go into the wisdom of leaving it to the State Governments to decide the rate of incentive money, they strongly feel that the order should have been given only prospective effect in all fairness and justice to private doctors participating in the programme. The retrospective effect given to this order was unjustified as it had adversely affected the rightful claims of the private doctors for payment of the admissible incentive money as per orders dated 22.2.83 for the operations conducted by them. The Committee, therefore, recommend that the Central Government order dated 2.6.86 may be amended so as to give it only prospective and not retrospective effect.

Reply of the Government

The matter has been examined. Since the letter dated 2nd June, 1986 did not give retrospective effect to the flexibility allowed to the States/UTs to decide the rates of payment to private medical practitioner for conducting laparoscopic tubectomy at Government camps, the private doctors who have conducted laparoscopic tubectomies using their own laparoscopes at Government camps are entitled to receive Rs.50/- per case from 22nd February 1983 to 2nd June, 1986.

Observations/Recommendations (Para No. 1.24)

Considering all the facts of the case, the Committee felt that there is justification in the contention of the petitioner that he has been underpaid the incentive money by the Government of Kerala at least for the period from 22.2.83 to 2.6.86. The Committee feel that Shri Deshpande is entitled to receive the unpaid arrears for all the operations conducted by him under the programme in Kerala between the period 22.2.83 to 2.6.86, i.e., the date of issue of the revised order. Any such similar demand arising from private doctors in Kerala and other States in regard to underpayment of incentive money for the said period need to be

looked into accordingly. Since the Government of India have admitted that they had already released full amount to various States, it is incumbent upon the Ministry of Health & Family Welfare, Government of India, to impress upon the concerned State Governments like Kerala to make necessary allocations in their budgets for paying such unpaid arrears to private doctors for the period 22.2.83 to 2.6.86.

Reply of the Government

If any private medical practitioner has been paid less than the amount of Rs. 50/- per case in the said period, the arrears may be drawn and paid to the private medical practitioner concerned. Since required funds were already released by Government of India during the relevant period, no additional funds will be released for the payment of these arrears.

Observations/Recommendations (Para No. 1.25)

The Committee suggest that in order to avoid misgivings in the minds of doctors, the orders of the Government of India in regard to the details of the Family Planning Scheme and the rates of incentive money etc. payable under it should be communicated to the representatives of Indian Medical Association and its various branches and also to doctors and others concerned in all the States, in future.

Reply of the Government

In pursuance to the recommendations, at Para 1.23, 1.24 & 1.25 the Ministry have sent a copy of Circular No. 23011/85/93-PLY dated 4.10.1995 issued by the Ministry of Health & Family Welfare to all Ministries/UTs Which is shown at Annexure-II (Para Nos. 3 and 4 of the Circular refers, [vide O.M. No. 23011/85/93-PLY dated 16.11.1995]

Observations/Recommendations (Para 1.26)

The Committee further suggest that the Government may consider feasibility of giving special incentive/instituting National Award to doctors who perform greatest number of operations in a year and also increasing the rate of incentive money uniformly with a minimum ceiling prescribed for encouraging and securing the active and wholehearted participation of all private doctors in the Family Planning Programme, particularly in Government Camps, in order to make the programme really successful.

Reply of the Government

The Department of Family Welfare does not propose to give any special incentive to or institute a national Award for the Private doctors performing the largest number of sterilisation operations. The Department of Family Welfare is of the view that this may affect the quality of services rendered. The Department had an State Award Scheme under which States were given cash awards for sterilisation performance in terms of numbers. The State Award Scheme was withdrawn with effect from 1988-89 because the evaluation of this scheme indicated

that the quality of the programme was being compromised and the scheme is leading to over reporting of sterilisation figures.

[*Vide* Ministry of Health & Family Welfare O.M. No. 23011/85/93-PLY. dated 30.1.1996]

ANNEXURE-I
BY SPEED POST/REGD POST

No. N. 2311/9/95-Ply
Government of India
Ministry of Health & Family Welfare
Department of Family Welfare
Nirman Bhavan, New Delhi-110011
Dated 19th September, 1996

To

Secretary/Prin. Secretary
Family Welfare,
All States/U.T.s

Subject : Modification of the existing scheme of cash compensation for
Loss of Wages to the Acceptors of Sterilisation/IUD insertion.

Sir/Madam,

I am directed to refer this Department's letter of even number dated 8th January, 1996, in which the guidelines for modification of the captioned scheme, imparting flexibility to States/Union Territories to draw up their own schemes, were communicated.

2. The Proposed modifications to the scheme have since been approved by the Union Cabinet. States/Union Territories which have not yet implemented their modified schemes and sent their schemes to the Department of Family Welfare, are requested to do so immediately.

3. It is also clarified that the prohibition on use of funds released under this scheme for POL does not preclude use of part of these funds for transportation of persons intending to undergo sterilisation/IUD insertion to the service provider facilities Other than this, the list of items on which funds released under this scheme cannot be spent, specified in para 2(b) of the letter dated 08.01.96, will remain unchanged.

4. The minimum expenditure of Rs.60/-, Rs. 25/- and Rs. 16/- on drugs and dressings for every case of tubectomy, vasectomy and IUS insertion respectively is intended to ensure quality of service, and is mandatory. If, however, States/UTs have made provision for expenditure of at least these amounts for drugs and dressings from their own

resources, funds under this scheme need not be used to the extent stipulated for drugs and dressings.

5. States/Union Territories are urged to phase out cash payments acceptors, to motivators, and to Government sector service providers.

6. The scheme of Involvement of Private Medical Practitioners in the Family Welfare Programme has been extended upto 30th September, 1996 *vide* this Department's letter No. N. 35011/1/95 Ply dated 15.07.96. It may kindly be noted that this scheme of involvement of private medical practitioners will stand merged in the modified scheme of cash compensation for loss of wages to acceptors of sterilisation/IUD insertion, with effect from 1st October, 1996, and all States/Union territories using private medical practitioners should make provision for this aspect in their respective schemes. No separate extension of the Private medical practitioners scheme will be granted after 1st October 1996.

7. Governments of States and Governments/Administrations of Union territories are also requested to note that the Central Government's liability for payment of *ex-gratia* in the event of death or incapacitation or treatment of post operation complication, arising out of any surgical or anaesthetic procedure attributable to the sterilisation or IUD insertion, would be limited to Rs. 50,000/-, Rs. 30,000/- and Rs. 20,000/- respectively as already informed. The enquiry and certification procedure stipulated in paragraph 3 of the letter dated 08.01.96 shall be followed in each case of payment of *ex-gratia* States/Union territories are requested to make provision for the eventuality of such liabilities by creation of a Miscellaneous Purposes Fund out of the overall amount of Rs. 200/180/16 per case of female sterilisation/male sterilisation/IUD insertion. The Central Government will not be liable for any payment of *ex-gratia* or payment of compensation awarded by courts, over and above the above mentioned amounts. Any liability in excess of the limits specified above would have to be borne by the State/UT concerned or the NGO concerned, if the procedure has been carried out at an NGO facility.

●

8. Total liability for compensation awarded by any court in the event of alleged failure of sterilisation would devolve on the State or Union territory or NGO concerned. Cases of Claims for compensation for alleged

failure of sterilisation should be defended properly in courts. This would require that all cases of sterilisation and IUD insertion be documented in accordance with the technical manuals on the subject.

Yours faithfully,

Sd/-

(C.R.K. Nair)

Assistant Commissioner (Policy)

Endorsement No. N. 23011/9/95-Ply dated 19th September, 1996.

Copy, alongwith copy of letter No. N. 23011/9/95-Ply dated 8th January, 1996 to:—

1. Comptroller and Auditor General of India.
2. All Accountants General.
3. Regional Directors, Health & Family Welfare, Govt. of India.
4. Commissioners/Directors, Family Welfare, of States and Union Territories.
5. JS(Am)/JS/(FA) /JS(S).
6. CCA.
7. CIAP.
8. Internal Finance Division.
9. All officers (DS level and above) in the Department of Family Welfare.

Sd/-

(C.R.K. Nair)

Assistant Commissioner (Policy)

**F. No. N. 23011/9/95-Ply
Government of India
Ministry of Health & family Welfare
Department of Family Welfare**

Nirman Bhawan, New Delhi-110011

Dated the 8th January, 1996

To

**Secretaries, Family Welfare
of all States and U.Ts.**

**Subject: Modification of the existing scheme of Cash Compensation for
loss of wages to the acceptors of Sterilisation/IUD insertion.**

Sir/Madam,

The issue of modification of the captioned scheme has been under consideration of the Department of Family Welfare since 1991, and has also been discussed with State Secretaries, Family Welfare on various occasions, the last in April, 1995. Modifications to the existing scheme have been necessitated by the need to provide flexibility to the States/U.Ts. in operation of this scheme, as recommended by the Committee on Population of the National Development Council, by the increase in prices, and by the need to ensure quality in services rendered.

2. The proposed modifications are as follows:—

States/U.T.s will be given flexibility to apportion the amount of Rs. 200/180 among various types of expenditure, for carrying out tubectomy/vasectomy. The State Governments/UT Governments or Administrations will have full flexibility for drawing up their schemes, including deciding the amount of compensation to the acceptors of sterilisation, drugs and dressings, diet, transport, payment to motivators, payment to private medical practitioners and on other vital aspects of the Family Welfare within the total amount of Rs.200/180 per case, subject to following:—

- (a) A minimum of Rs.60/- has to be utilised for drugs and dressings for each case of tubectomy, Rs.25/- for each case of vasectomy and Rs.16/- for each IUD insertion. This is intended to ensure quality of service in these procedures.

(b) The funds release under the compensation scheme cannot be used for the following:—

- (i) Salaries of staff.
- (ii) Payment of TA/DA.
- (iii) Construction activity.
- (iv) Purchase of office equipment (including computer hardware/software) and furniture.
- (v) Purchase of vehicles.
- (vi) POL and maintenance of vehicles.
- (vii) Maintenance of buildings.

3. *Ex-gratia* in the event of death or incapacitation or for treatment of post operation complication arising out of any surgical or anaesthetic procedure attributable to the sterilisation or IUD insertion would be limited to Rs. 50,000/- per case for death, appropriately upto Rs. 30,000/- per case for incapacitation depending on level of incapacitation, and actual cost of treatment of serious post-operation complication limited to Rs. 20,000/- per case. Each such case of death/incapacitation/serious complication shall be enquired into personally and certified by the Chief Medical Officer (CMO) of the district concerned and payments shall be made only on the CMO's certification.

4. It is proposed to increase the Central assistance for IUD insertion from Rs. 3.00 to Rs. 16.00. per case. This has become necessary as the cost of medicines, antiseptics etc. used for IUD insertion has increased significantly.

5. Funds under this scheme will be released to the States and Union Territories with legislature on quarterly basis in advance. However, the release for the second quarter of every financial year would be made only after adjusting payments based on performance in the previous financial year.

6. In case the scheme formulated by the State/U.T. concerned includes an element of cash compensation for loss of wages or incentives to acceptors of sterilisation/IUD insertion, it should be ensured that the amount towards such cash compensation/incentives is paid to the acceptor at the time of undergoing sterilisation/IUD insertion. No second visit should be necessary for the purpose of collecting the amount of cash compensation/incentive. For sterilisation/IUD insertions to be one through NGOs/Voluntary Organisations/Central Government institutions, the States/UTs would provide for in their schemes or an advance or a

revolving fund to be given to these organisations. These advances would be adjusted periodically.

7. States/U.T.s are advised to ensure that the schemes formulated by them remain in force, without undergoing frequent changes, for a reasonable period of time, preferably five years.

8. The above modifications were considered by the Expenditure Finance Committee (EFC) in their meeting of 24th November, 1995 and recommended for approval by the Cabinet.

9. It is further proposed that in case of failure of sterilisation *i.e.* birth of a child subsequent to sterilisation, any compensation awarded by any Court would have to be borne by the State/U.T. or N.G.O. concerned. Similarly, compensation awarded by any Court in excess of the amount shown in para 3 above in the event of death/incapaciation/serious complication will also have to be borne by the State/UT or N.G.O. concerned.

10. State Governments and Governments/Administrations of U.T.s are requested to take advance action for formulating their schemes, pending the approval of the modifications by the Cabinet. The revised scheme, duly approved by the competent authority in the State Government or Government/Administration of the U.T., may kindly be sent to the Department of Family Welfare by the 30th of January, 1996.

11. This issues with the approval of Secretary, Department of Family Welfare.

Yours faithfully

Sd/-
(Indrajit Pal)
Director (Policy)

APPENDIX — II

(See Para 4.2 of the Report)

REPLIES FURNISHED BY THE GOVERNMENT ON THE RECOMMENDATIONS MADE BY THE COMMITTEE ON PETITIONS IN THEIR TWENTY FIFTH REPORT (TENTH LOK SABHA) ON PETITION REQUESTING TAKE OVER OF SICK TEXTILE MILLS OF MADHYA PRADESH BY NTC AND PROVIDING ASSISTANCE TO VARIOUS TEXTILE MILLS TO RUN ON CO-OPERATIVE BASIS.

Observations/Recommendations

(Paras 1.11, 1.12, 1.13 & 1.14)

The Committee note from the Comments furnished by the Ministry of Textiles that till 1986, M/s Raj Kumar Mills, Indore, was under private management and was closed down from 19.4.84 due to its inability to pay wages to the workers and as such the State Government of Madhya Pradesh intervened and took over the management of the mill under the tripartite agreement entered into between the State Government of Madhya Pradesh and private Directors and Madhya Pradesh State Textiles Corporation. In view of its obsolete technology and old machinery, the mill was facing financial crisis and could not turn around even after it was taken over by the State Government of Madhya Pradesh. Under these circumstances, the matter was taken up before the Board of Industrial & Financial Reconstruction (BIFR) with a revival proposal incorporating rehabilitation and modernisation plans.

The Committee have been informed by the petitioner that Board of Industrial and Financial Reconstruction (BIFR) accepted package of Rs.10 crores 85 Lakh of the Raj Kumar Mills, Indore, on 25.11.91, but financial institutions like IDBI and IRBI refused to give financial support which is unconstitutional and in violation of order of BIFR. The Ministry of Textiles in this regard have stated that IDBI found the management of the mill as weak and refused to participate in the package of the mill. BIFR recommended winding up of the mill. Against the orders of BIFR, the management of the mill filed an appeal before Appellate Authority for Industrial and Financial Reconstruction (AAIFR). The appeal of the mill is admitted and is pending with AAIFR.

The Ministry of Textiles have further informed the Committee that the Sajjan Mills, Ratlam which was a composite mill was taken over by State

Textile Corporation of Madhya Pradesh in 1989 since it was facing acute financial problem. The mill management submitted a scheme before BIFR for rehabilitation by means of taking over the mill by workers' cooperative. In the proposed scheme contribution was sought from the Central Government for an amount of Rs. 290 lakhs. This package could not be supported by the Central Government because there was no scheme to provide assistance for sick mills taken over by workers' cooperative.

The Ministry have also informed that both M/s Raj Kumar Mills and Sajjan Mills were not covered under the Textile Workers Rehabilitation Fund Schemes (TWRFS).

The Committee find that in case of both these textile mills, BIFR had accepted revival proposals but since the revival package was not supported with requisite financial assistance either by the financial institution like IDBI or by the Central Government for one reason or the other, these mills could not be revived and had to be ultimately recommended by BIFR for winding up. The workers were, thus, rendered jobless without even interim relief to its workers under the Textile Workers Rehabilitation Fund Scheme (TWRFS). Similarly, there are other textile mills which had to be recommended by the BIFR for winding up.

Reply of the Government

The Government has set up a Board for Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act, 1985, which has also been a major step to tackle the problem of sickness in industries including the textile industry. The BIFR examines the cases referred to it for timely detection of sick and potentially sick companies and for taking preventive, ameliorative, remedial and other measures which need to be taken with respect to such companies after hearing all the concerned parties. Since BIFR is a quasi-judicial body, any direction from the Government may be construed as interference in their affairs. The position in respect of M/s Rajkumar Mills and M/s Shree Sajjan Mills Ltd. as per BIFR, is as under:

M/s Rajkumar Mills

Draft Scheme for revival of the mill has been approved by BIFR, on 14.8.1996.

M/s Shree Sajjan Mills Ltd.

: Winding up was recommended by BIFR on 7.1.1994. Subsequently, The AAIFR sanctioned a rehabilitation scheme on 29.11.95.

Observations/Recommendations

(Paras 1.15, 1.16 and 1.17)

The Committee regret to note that the assistance through the Textile Modernisation Fund Scheme (TMFS), Specially Created by the Government in pursuance of the Textile Policy of 1985 for modernisation of weak but viable spinning and composite mills in public, private and cooperative sector, had been discontinued as the initial corpus of Rs. 750/- Crores had been exhausted.

The Committee is constrained to observe that the Government had failed to take adequate steps to implement the textile policy so as to promote the textile industry and also protect the intrests of textile workers.

The Committee recommend that adequate funds may be provided by the Government for the Textile Modernisation Fund Scheme in pursuance of the objectives of the Textile Policy so that closure of sick textile mills which are likely to turn around is avoided for want of funds. At the same time, the conditions for a textile mill to be eligible for relief to its workers in the event of closure of the mill should be made liberal so that the interests of the workers of such mills are safeguarded.

Reply of the Government

Government has set up a Textile Modernisation Fund Scheme (IMFS) from August, 1986 for a period of five years (VII Plan) with an initial corpus of Rs. 750 crore for providing modernisation assistance at concessional rate of interest to the textile mills. IDBI had been nominated as Nodal Agency. The objective of TMFS was to provide two types of assistance i.e. (i) for modernisation; and (ii) special loan towards part of promoters' contribution for weak and viable units. The scheme was discontinued from August, 1991.

During the VIII Five Year Plan, Ministry of textiles had proposed continuance of Scheme with enhanced corpus of Rs. 1500 crores with some concession in rate of interest so that the pace of modernisation is not slowed down. Due to serious resources constraint IDBI was unwilling to earmark specific funds under the Scheme. However, even after the TMFS was not in operation, financial institutions continued to provide assistance as consistent with their resources as part of their normal operations.

The net amount sanctioned by IDBI, the nodal agency for the scheme, aggregated to Rs. 1288.5 Crores to 357 units over a period of 5 years Thereafter, assistance from August, 1991 to March, 1995 sanctioned by IDBI under its normal schemes for modernisation of Textile Industry aggregated Rs. 421.2 Crores, covering 147 Cotton Textile Mills.

Government of India introduced the Textile Workers' Rehabilitation Fund Scheme (TWRFS) to protect the interest of workers. The objective of TWRFS is to give interim relief to the workers rendered jobless due to permanent/partial closure of the mills. Relief under the scheme is available

only for 3 years on a tapering basis, viz. 75% of the age equivalent in the first year, 50% in the second year and 25% in the third year. The total number of mills assisted under TWRFS to date is 28. A total of Rs. 81.90 crs. has been paid in the country since the inception of the scheme upto 27.6.96. The total number of workers already benefited under TWRFS in the country has been 41,417.

In India the Textile Sector as a whole, in particular the spinning sector, has shown vibrancy and growth over the years. It is notable that every year investment of Crores of rupees is being made in this sector, leading to concomitant increase in generation of direct and indirect new employment every year. Thus, annual investment in textiles machinery increased from Rs. 2100 crs. in 1993-94 to Rs. 3400 crs. in 1995-96. The installed capacity in the spinning sector has increased from 25.57 million spindles in 1985 to 31.25 million spindles in 1996. Spinning capacity utilisation has increased from 70% in 1986-87 to 81% in 1994-95. The number of installed rotors has increased from 0.6 lacs in 1990 to 2.1 lacs in 1996. Every year new spinning units are coming up. There are around fifty 100% Export Oriented Units (EOU) i.e. cotton yarn manufacturing units in operation. Besides, there are 376 Export Promotion Capital goods (EPCG) beneficiary units in the cotton yarn sector, with an investment over Rs. 1200 crs. These figures attest to the general health of the textile sector as a whole in the country. Every year green field units have been coming up during the last three years. The huge investments have been made only because Textile sector is strong and vibrant and offers wide prospects for future growth.

The total Number of Cotton Man-made/Fibre Textile Mills as on 31.3.96 was 1507, of these only 296 were registered with BIFR as sick (20%) as on 31.5.96. However, there are instances of sickness in the textile mills. The main reasons for sickness could be attributed to the structural transformation as a result of which the composite units in the organised sector are losing ground to powerlooms in the decentralised sector due to their great cost effectiveness of the later. The other reasons are seen to be often in the poor management practices or even "hereditary" sickness in the mills or could be excess capacity lack of modernisation or low productivity of man and machine in individual mills.

Observations/Recommendations

(Para 1.18)

The Committee is surprised to note that there is no scheme to provide assistance for sick mills taken over by workers' cooperatives. The Committee recommend that Government should examine and formulate a scheme to provide financial assistance to workers' cooperatives to take over the sick mills in which they have been working in case take over by the workers' cooperative is recommended by BIFR.

Reply of the Government

As far as assistance from the National Renewal Fund (NRF) to Industrial Workers' cooperatives is concerned, at present, assistance from NRF is restricted to Voluntary Retirement Scheme in Central Public Sector Undertaking only. Assistance to Industrial Workers' Cooperatives can be considered after operational modalities for grant of assistance from NRF are finalised.

It is also to be mentioned that Government of India has not taken over the management of any textile mill after the announcement of the Textile Policy in 1985.

APPENDIX—III

M/S. RAJKUMAR MILLS LTD. (CASE NO. 169/87)

A rehabilitation scheme was sanctioned by the BIFR on 14.8.1996 for revival of M/s. Rajkumar Mills Ltd. after providing for reliefs and concessions by Financial Institutions/Banks and Government. The scheme estimated to cost Rs. 2621.00 lakhs. envisaged *inter-alia*, modernisation of the mill, restructuring of the existing liabilities, sale of surplus land and other redundant plants and machinery etc.

Subsequently, the Board reviewed the progress on implementation of the rehabilitation scheme on 10.7.1998 wherein it was observed that the State Government of Madhya Pradesh was unable to provide for any unknown liability by extending reliefs and concessions as envisaged in the scheme. The Bench, therefore, formed a *prima-facie* opinion that the company had become non-viable in the long run and it was not possible to rehabilitate the company. A show cause notice was, therefore, issued u/s 20(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 inviting objections/suggestions from the concerned parties to the proposed winding up.

The Bench later on 21.9.1998 confirmed its opinion that the industrial company M/s. Rajkumar Mills was not likely to make its networth exceed its accumulated losses within a reasonable time while meeting all its financial obligations. However, the Bench appointed the MPSIDC as the Selling Agency to dispose of the assets of the company in terms of Section 20(4) of the Act and deposit the sale proceeds to the concerned High Court.

SHREE SAJJAN MILLS LTD. (SSML) STATUS NOTE

AAIFR, at its hearing held on November, 29, 1995, sanctioned a rehabilitation scheme for SSML estimated to cost Rs. 2698 lakh. The details of the cost of the scheme and means of finance therefor are as under:

(Rs. in Lakh)

1	2	3	4
Cost of the Scheme		Source of Finance	
Capital expenditure		Promoters Contribution	
Modernisation	1000	Loan from Govt. of M.P. (GOMP)	512

1	2	3	4
Repairs/renovation	255	FDR encashment	242
One Time Settlement of dues		Sale of surplus assets/land	1720
Institutions/Bank	941	Internal accruals	224
PF/Statutory dues	87		
Labour rationalisation	323		
Margin for working capital	92		
	2698		2698

Pending sale of surplus assets by SSML and application of proceeds thereof, which was the major source of finance for the scheme, AAIFR had directed GOMP to provide funds for SSML by way of *interest-free* unsecured bridge loan so that implementation of the scheme might not get delayed. The GOMP has so far brought in Rs. 810.82 lakh by way of unsecured bridge loan carrying Interest @ 17.5% p.a. Promoters' contribution of Rs. 512 lakh has not so far been brought in by GOMP. SASML has so far mobilised Rs. 1090.74 lakh by way of unsecured bridge loan from state Government (Rs. 810.82 lakh) and encashment of fixed deposit receipt (Rs. 279.92 lakh). The amount has been utilised for making upfront payment of dues to institution/bank and Statutory dues (Rs. 799.29 lakhs), payment of additional interest on delayed payments to institution/bank, as directed by AAIFR (Rs. 27.31 lakh) and labour rationalisation (Rs. 157 lakh). *Although the scheme was to be completed by March 31, 1996 owing to paucity of fund, a major portion of the scheme viz. Capital expenditure is yet to be incurred. State Government has expressed its inability to fund the project any further and sought for winding up of SSML. Consequent on non-implementation of the rehabilitation scheme, SSML incurred huge losses on account of its uneconomic operations during 1996-97 and 1997-98 (April-March) and its accumulated losses, as on March 31, 1998, amounted to Rs. 8004 lakh, as against cumulative loss of Rs. 3033 lakh envisaged in the rehabilitation scheme and the company continues to be sick. AAIFR is yet to hear GOMP's request for winding up SSML.*

APPENDIX—IV

INDUSTRIAL DEVELOPMENT BANK OF INDIA

Assistance under Textile Modernisation Fund as on 30.9.98

S.No.	Name of the Unit/ Location	Whether BIFR	Date on which Co. declared sick	Status of the case
1.	The Jankiram Mills Ltd. (Rajasthan & Thani T.N.)	BIFR	02.02.98	Co. was regular in payment of its dues till 1995-96. Due to the current recessionary trend in textile industry and increase in input costs not commensurate with sales realisation, the co. became sick. Co. has sought time from BIFR for submission of revival proposal. SITRA has submitted the TEV study report.
2.	Kwality Spg. Mills Ltd. (Polloth) Tamilnadu	BIFR	14.01.98	Co. has submitted a revival proposal which is under scrutiny.
3.	Binny Ltd. (Chennai, Bangalore)	BIFR	15.10.93	Co. faced problems due to natural calamities like flood and did not pay as per One Time Settlement (OTS) approved in June, 1994. Revised rehabilitation proposal under consideration.
4.	Mahendra Mills Ltd. (Kalol, Gujarat)	BIFR	10.05.95	Vardhaman Mahavir Cotton Ind. Ltd. (VMCIL) submitted an OTS cum takeover proposal which was not agreed to be ONGC. VMCIL has agreed to pay Rs. 10 crore to ONGC. However, firm commitment can be made only after ascertaining Supreme court's decision on interest payment of Rs. 50 crore. Revised projections reveal that the unit would not be viable unless ONGC agrees for sacrifice by way of reduction in rate of interest with retrospective effect BIFR to take up matter with ONGC.

S.No.	Name of the Unit/ Location	Whether BIFR	Date on which Co. declared sick	Status of the case
5.	Hemlata Textile Ltd. (A.P.)	Non-BIFR	05.05.87	OTS dues fully paid by the co. Co. has also paid first instalment of redeemable cumulative preference shares. Co. has defaulted in second instalment. The co. is no longer sick.
6.	Shree Ram Mills Ltd. (Mumbai)	AAIFR	10.09.87	AAIFR sanctioned a modified scheme in Nov.'96. Institutions would receive recompense amount over and above the original OTS amount. The down payment and first instalment of recompense amount has since been received.
7.	Elases Cotton Mills Ltd. Haryana	BIFR	23.03.88	OTS scheme failed BIFR has requested to allow restoration of the original liability.
8.	Nanikaram Sobhraj Mills Ltd. (Gujarat)	BIFR	28.06.96	All steps for rehabilitation of unit have failed. Steps have been initiated by Legal Deptt. for filing of application with DRT.
9.	Amitabh Textiles Ltd. (U.P.)	BIFR	26.02.88	Co. filed an appeal with AAIFR against BIFR's order for winding up of the co. AAIFR's decision awaited.
10.	Gandhidham Spg. Mills Ltd. (Bihar)	BIFR	29.03.89	Co. has cleared all its OTS dues to IDBI and Dena Bank Scheme is under implementation Dena Bank has been appointed as Monitoring Agency.
11.	Madanpalle Spg. Mills Ltd. (A.P.)	BIFR	22.04.97	The existing promoters have expressed their inability to submit a viable revival proposal. Further directives from BIFR awaited.

S.No.	Name of the Unit/ Location	Whether BIFR	Date on which Co. declared sick	Status of the case
12.	Navsari Cotton Spg. Mills Ltd. (Gujarat)	BIFR	03.05.90	Workers' Indl. Coop. has taken possession of the Co. and commenced operations on job work basis. Progress in implementation is under review of BIFR.
13.	Rustom Mills Ltd. (Gujarat)	BIFR	10.10.98	Revival scheme failed. Official Liquidator appointed. Sale committed constituted by Operating Agency (OA) for finalising sale of plant and machinery.
14.	Sri Sivakami Mills Ltd. (T.N.)	BIFR	28.01.98	Co. has proposed inducing a copromoter for eventual change of management. Co's revival proposal awaited.
15.	Adwaith Textiles Pvt. Mills Ltd. (T.N.)	Non-BIFR	03.11.87	Scheme costing Rs. 82 lakhs sanctioned by BIFR is completed at a cost of Rs. 74.5 lakhs. The company is no longer sick.
16.	Maheshwari Mills Ltd. (Gujarat)	BIFR	07.02.90	A rehabilitation scheme envisaging OTS of dues is under implementation.
17.	Tricott Mills Ltd. (Kerala)	BIFR	11.09.89	A revival proposal envisaging OTS of FIs/banks was considered at a Jt. Meeting held on 30.10.98. Promoters response to suggestions of institution is awaited.
18.	Tirpur Spg. Wvg. Mills Ltd. (T.N.)	BIFR	03.08.88	Co. has sought permission for modification to the existing rehabilitation scheme. Modification proposal awaited from Co.
19.	Sri Arbuda Mills Ltd. (Gujarat)	BIFR	03.10.88	BIFR recommended for winding up of the co. Application being filed before Debt Recovery Tribunal (DRT) for recovery of dues.
20.	Davangare Mills Ltd. (Karnataka)	Cotton BIFR Ltd.	30.10.87	Co. is regular in payment. Scheme under implementation.

S.No.	Name of the Unit/ Location	Whether BIFR	Date on which Co. declared sick	Status of the case
21.	Sree Ganesar Textiles Ltd. (Karnataka)	BIFR	28.09.87	AAIFR sanctioned a OTS cum rehabilitation scheme in April, 1995. Co. has paid entire dues of IDBI. Scheme is under implementation. At the BIFR review meeting held in July, 1998. Co. informed that relief envisaged in scheme regarding ESI dues, income-tax concessions etc. are not being granted to them.
22.	Kathayee Cotton Mills Ltd. (Kerala)	BIFR	30.09.88	An application is being filed with DRT. Chennai. Meanwhile, a meeting is proposed to be convened by Special Secy. (Ind.) Govt. of Kerala to discuss the problems of the company. Report awaited.
23.	Madhavnagar Cotton Mills Ltd. (Maharashtra)	BIFR	25.01.88	BIFR has confirmed winding up order against the Co. Suit being filed.
24.	Sree Amruta Mills Ltd. (Ahmedabad, Gujarat)	BIFR	27.12.89	Suit Property is in possession of Court Receiver Textile Labour association is opposing the sale of assets. IFCI is pursuing the sale of assets.
25.	NTC (TN&P) Units	Non-BIFR	21.07.98	It is understood from the co. that they have forwarded a proposal to Central Govt. for rehabilitation of the unit envisaging <i>inter alia</i> sale of surplus land and they are awaiting the clearing from Govt.
26.	Anantpur Textiles Ltd. (West Bengal)	BIFR	01.06.89	IFB group joined as new promoter in terms of BIFR scheme sanctioned in March, 1996. Co. defaulted in payments and BIFR issued winding up order. Co. appealed AAIFR which set aside the order of BIFR. Co. has sought time from BIFR for submission of proposal.

S.No.	Name of the Unit/ Location	Whether BIFR	Date on which Co. declared sick	Status of the case
27.	Broach Textiles Mills Ltd. (Gujarat)	BIFR	22.06.88	Regular in payment of dues Making payment of principal instalment with delay due to liquidity constraints.
28.	Jiyajeerao Cotton Mills Ltd. (M.P.)	BIFR	01.01.93	IDBI have received our dues (out of court settlement) Suit is yet to be withdrawn for want of confirmation from IIBI for settlement of its dues.
29.	NTC (DPR)	BIFR	15.04.94	Draft Rehabilitaiton Scheme (DRS) circulated by BIFR in Feb. 1996 GOI so far have not conveyed their view reg. Infusion of requisite funds for revival of co.
30.	Orissa Spg. Mills Ltd. Ragasapur. (Orissa)	Non-BIFR	00.07.85	Loans recalled. The promoters have requested for sometime to submit a revival proposal. Proposal awaited.
31.	NTC (SM), Dhule (Maharashtra)		20.07.93	
	1. Appolo Tex. Mills Ltd.	BIFR		DRS circulated by BIFR in 1995 yet to come up for final confirmation.
	2. Barshi Textile Mills Ltd.	BIFR	-do-	
	3. Bharat Textile Mills Ltd.	BIFR	-do-	
	4. Chalisgaon Tex. Mills Ltd.	BIFR	-do-	
	5. Dhule Tex. Mills Ltd.	BIFR	-do-	
	6. Digvijay Tex. Mills Ltd.	BIFR	-do-	
	7. Jupiter Tex. Mills Ltd.	BIFR	-do-	
	8. Mumbai Tex. Mills Ltd.	BIFR	-do-	
	9. New Hind Tex. Mills Ltd.	BIFR	-do-	
32.	Shree Janardana Mills Ltd.	BIFR	23.09.87	Co. faced problems in 1995 due to labour problems and textile recession. The management expressed its inability to continue in such a scenario. AAIFR at its hearing held on Aug. 24, 1998 ordered winding up of the Co.

S.No.	Name of the Unit/ Location	Whether BIFR	Date on which Co. declared sick	Status of the case
33.	Matulya Mills Ltd. (Non-Assisted)	BIFR	16.10.90	At the hearing held in Feb.96, BIFR sanctioned a modified scheme. Scheme is under implementation. Projected profit not achieved. Co. seeking fresh revision Status report sent to BIFR.
34.	Laxmi Vishnu Tex. Mills Ltd. Sholapur (Maharashtra)	BIFR	07.08.96	BIFR at its hearing in Dec. 1996 issued winding up order against the Co. Co. filed appeal with AAIFR. Revival proposal submitted by the co. was found unviable. AAIFR has dismissed co's appeal. Suit being filed.
35.	Rajpur Mfg. Co. Ltd. Ahmedabad (Gujarat)	BIFR	12.02.96	Draft Rehabilitation Scheme is circulated by BIFR in Oct. '98
36.	J.K. Cotton Spg. Mills Ltd., Kanpur	BIFR	00.00.90	Co. lying closed and IFCI (OA) to work out a rehabilitation scheme. Proposal to be submitted by co.
37.	Vijaykumar Mills Ltd. Kalyamphatur (T.N.)	BIFR	24.06.97	At the BIFR hearing held in August, 1998, ICICI (OA) directed to submit revised scheme
38.	Rohit Mills Ltd., Gujarat	BIFR	27.11.89	OTS dues fully paid by the co. The co. is no longer a sick co. and has been deregistered by BIFR.

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