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Title: Shri Basudeb Acharia called the attention of the Minister of Industry to the situation arising out of the Government's decision to close down eight Public Sector Undertakings of the country and the action taken by the Government in regard thereto.

14.09 hrs.

SHRI BASU DEB ACHARIA (BANKURA): Sir, I call the attention of the Minister of Industry to the following matter of urgent public importance and request that he may make a statement thereon:

"The situation arising out of the Government's decision to close down eight Public Sector Undertakings of the country and the action taken by the Government in regard thereto".

MR. SPEAKER: I am also exhausting my energies. Now, Mr. Minister.

THE MINISTER OF INDUSTRY (SHRI SIKANDER BAKHT): Sir, The Board for Industrial and Financial Reconstruction (BIFR) at one stage or the other, came to the conclusion that it would be just and equitable to wind up seven PSUs under the Department of Heavy Industry namely, Mining and Allied Machinery Corporation Limited (MAMC), National Bicycle Corporation of India Ltd. (NBCIL), Cycle National Instruments Ltd. (NIL), Weighbird India Ltd. (WIL) and Tannery and Footwear Corporation of India Ltd. (TAFCO). In the case of Rehabilitation Industries Corporation Ltd. (RIC), the Disinvestment Commission has recommended discontinuance of operations and announcing a package for employees. As a result, eight PSUs are facing prospect of being wound up.

BIFR appoints an operating agency (OA) for preparation of a revival scheme and sanctions a revival scheme in case a viable and acceptable scheme emerges. However, if a viable and acceptable revival plan does not emerge, BIFR comes to a conclusion that it would be just and equitable to wind up a company. BIFR's proceedings are quasi-judicial.

In the eventuality of winding up, compensation under the Industrial Disputes Act, equal to 15 days of wages for each completed year of service, would be too meagre to provide sustenance to the workers. With a view to mitigating the hardship of employees and to obviate the need for payment of idle wages, the Government took a decision to extend the benefits of VRS to the employees in these PSUs. The scheme was introduced in December, 1998 for three months. A similar decision was taken by the Government earlier in September, 1997 in respect of the Bharat Process & Mechanical Engineers Ltd (BPMEL) where BIFR had given its final recommendation for winding up. Benefits of VRS are substantially higher, ex-gratia being equal to 45 days of pay for each complete year of service and would be available immediately whereas compensation under winding up would take a long time to get settled. In addition, the Government have also decided to pay along with a VRS benefits, all their entitlement towards statutory dues. The amount approved by the Government for these PSUs is Rs. 517 crore.

The annual wage bill of these PSUs in the year 1997-98 was about Rs. 73 crore, whereas the turnover was just Rs. 27 crore. They incurred a loss of Rs. 148 crore after excluding Government interest in 1997-98 and their accumulated loss up to 31.3.1997 was a staggering Rs. 2065 crore. The Government has already provided Rs. 708 crore up to 31.3.1997 to these PSUs, primarily as non-plan assistance to enable them to meet their wage and salary liabilities.

The Government's decision to extend VRS benefits to the employees of sick PSUs provides more humane and practical solution to the problems of sick PSUs facing the prospect of winding up. It may be mentioned that there had been demand for extension of VRS in these units. The scheme has evoked a good response from the employees.

However, this initiative of extending VRS need not give the impression that the Government is unwilling to revive potentially viable sick PSUs. The Government would support revival of PSUs where a credible and

acceptable plan could be prepared. Accordingly, the Government is actively considering revival proposals of National Instruments Ltd. (NIL) and Cycle Corporation of sick PSUs where VRS has been extended.

As the hon. Members would be aware, with a view to re-examine the possibility of revival of these units, the Government has decided to set up an Expert Group and the date for availing VRS has been further extended by three months.

MR. SPEAKER: Shri Basu Deb Acharia, you can seek only clarification.

>SHRI BASU DEB ACHARIA : I will seek only clarification.

It is a very important matter. Last time, a discussion was allowed under Rule 193 on the same subject, but it could not take place. This time you have allowed it under Calling Attention. That is why I request you to be liberal and give a little more time.

As regards these seven PSUs are concerned, the Government of India took an abrupt and sudden decision on 30th October, 1998 to close them down.

As stated in the statement, the Minister has justified it saying that at one stage or the other, the BIFR came to the conclusion that it would be just and equitable to wind up the seven PSUs. This is not the fact. The BIFR did not come to the conclusion that all the seven PSUs could not be revived. When the Government took a decision to close down these PSUs, I received the Action Taken Report of the Ministry of Industry where it was stated that the matter was raised in the meeting of the Consultative Committee of the Ministry of Industry and it was said that one of the seven PSUs, that is BOGL, was under consideration of BIFR. Hence BIFR had not taken a final decision with regard to BOGL. Similarly, in the case of Instrumentation Limited also, BIFR circulated a revival package. It also had called a meeting on 17th April. Similarly, out of the seven undertakings with regard to one PSU, BIFR had not taken a final decision to close it down.

MAMC is a vital and an important engineering industry located at Durgapur, in the State of West Bengal, employing about 4,500 workers. This industry is engaged in the manufacture of machinery for the coal industry. It became sick and was referred to BIFR. IFCI was appointed as its operating agency. IFCI prepared a package according to which they required an investment of Rs.140 crore to make it work. That scheme was submitted to BIFR and was circulated to the Government of India. The Government of India was to be the promoter or the owner of the company. When that scheme was circulated to the Government of India, it failed to be its promoter. Had the Government taken a positive decision with regard to the revival of MAMC some 15 years back when the scheme was submitted to it, it would have required only Rs.140 crore to be invested. Now the amount has increased to Rs.400 crore. This is because of the indecision of the Government. If this company is to close down, where from will the machinery for coal or mining industry come? I think, either the machinery is to be imported or a new company has to be set up. Will that be a viable proposition?

Sir, there is a possibility of making its revival and the entire amount which is now required is not needed in one go. In one year, you can spend Rs.100 crore and gradually it can be revived. There is a demand for the machinery which it is manufacturing. But why the Government is dilly-dallying? Why is it not taking a definite decision in this regard? Why are they not taking a decision to close it down?

Sir, the Ophthalmic Glass Limited is only one industry in our country which is manufacturing ophthalmic glass. This is required by the Defence. We are importing flint buttons from China and Russia because customs duty has been reduced. Five years back it was 80 per cent and now it has come down to only 20 per cent. If you cannot revive OGL, you will have to import this item from foreign countries. Why are we not able to produce such a vital component in our country? Why can we not unite all their unions? Your union is also there and INTUC union is also there. But the Government has taken a decision not to revive this company in spite of the fact that the OGL is the only indigenous industry in our country. They have adopted a policy of swedeshi and they are closing down our swedeshi industry and our indigenous industry. They are importing flint buttons from Russia and China.

Sir, the Rehabilitation Industry Corporation (RIC) was set up after Independence. The main purpose of this industry was to provide rehabilitation to the refugees of erstwhile East Bengal. There are a number of small industries. This was not referred to BIFR. I am at a loss to understand how the Disinvestment Commission took a decision to disinvest all the shares of RIC. Can this industry not be revived? I have received two letters from Shri Sikander Bakht within a span of one week. In one letter he has suggested that let the Government of West Bengal take over this. It further says:

"The Government of West Bengal has also been requested to consider taking over RIC with its present manpower and with hand over of assets of the different units of RIC to cooperatives of workers in these units to be run by them."

Another letter which was sent to me is addressed to the Prime Minister because I took the delegation to the Prime Minister and the Prime Minister referred this to the Minister of Industry. He has stated:

"I am directed to refer to your letter dated 18.12.1998 addressed to the hon. Prime Minister on the subject cited above and to state that revival package submitted by RIC Revival Committee had already been considered by both Department of Heavy Industry and Disinvestment Commission and the same has been found unrealistic."

Sir, we saw in the newspapers that the Cabinet has stalled its decision. I have with me a copy of the letter from the Prime Minister to Kumari Mamta Banerjee, a Member of this House.

It says:

"Dear Mamtaji,

Thank you for your letter dated 17 February, 1999 in which you have referred to the need for the revival of the following PSU units."

MR. SPEAKER: Shri Acharia, how did you get a copy of this letter?

... (Interruptions)

SHRI BASU DEB ACHARIA : Sir, in some cases we have unanimity.

The letter further says:

"I wish to inform you that Cabinet, in its meeting on 20th February, 1999, has decided to stall the closure of ailing PSUs and appoint a high power committee of experts to explore all possibilities for their revival."

Sir, I also have with me a copy of the reply given by the Minister of Industry to a question in the Rajya Sabha yesterday. The question was:

"(a) whether the Government's attention was drawn to the news item captioned "Cabinet stalls move to close 8 PSUs which appeared in The Statesman dated 24th February, 1999;"

Sir, here it is Voluntary Separation Scheme, but the Minister has written about Voluntary Retirement Scheme in his letter. I do not know what is the difference between the two. I would like to quote the question again. It says:

"(b) if so, whether the Voluntary Separation Scheme is being reviewed to ensure necessary man power and expertise to run the revived units;

(c) whether adequate provision has been made for Non-Plan support till a final decision of the revival of these units; and

(d) if not, the reasons thereof."

The reply was:

"(a) Yes, Sir.

(b) Government have decided to extend by another three months the initial offer of Voluntary Separation Scheme. Government have also decided to set up a Group of Experts to review the possibility of revival of at least some of these units. Non-Plan support is being provided to these units within budgetary constraints for meeting their financial requirements at least. Accordingly, the Government is actively considering revival proposal of National Instrumentation Limited and Cycle Corporation of India Limited."

Sir, the Government will have nothing to do with the National Instrumentation Limited, because already BIFR has circulated a draft revival package and in the case of Cycle Corporation of India, a joint venture is now being considered. So, I would like to know whether it is not a fact that the Cabinet has stalled the earlier decision of the Cabinet. The Minister of Industry will have to clarify whether the earlier decision to close down 7 PSUs is stalled.

Then, I would like to know whether the Expert Committee, which has been set up, will go into the cases of all the 7 PSUs or will select only 2 PSUs and will try to revive them.

Sir, the Minister has stated that the Government has extended the benefit of Voluntary Separation Scheme for another three months, because the Scheme has evoked a good response from the employees. What is the intention of the Government? Why has the Government extended the date for availing the VSS for another three months? Yesterday, the Prime Minister has also stated in a general way that the Government intends to revive the sick public sector undertakings. So, if the Government's intention is to revive the sick units, why has the Government extended the date for availing the VSS?

Fourthly, will the Government consider to order the stoppage of VSS? He is nodding his head. Forty per cent of the workers have already left. Mr. Minister, for whom or with whom will you revive the company?

MR. SPEAKER: Shri Basu Deb Acharia, please take your seat.

SHRI BASU DEB ACHARIA : May I know from the Minister whether an adequate provision of working capital has been made in the Budget so that the production could be started immediately in these seven PSUs? Has an expert committee been constituted already? If so, what are its terms of reference?

I also want to know the difference between 'VRS' and 'VSS' mentioned here. It is not VRS but it is VSS, that is, Voluntary Retirement Scheme and Voluntary Separation Scheme. I want a clarification and a categorical reply from the Minister about that.

I demand that the decision, which was taken on 30th October, 1998, should be withdrawn. The Government must try to revive all these seven PSUs. Out of these, six are located in West Bengal and one unit, namely, TAFCO, is located in Kanpur, Uttar Pradesh.

SHRI SUDIP BANDYOPADHYAY (CALCUTTA NORTH-WEST): Sir, a letter has been written by the Prime Minister to Kumari Mamata Banerjee. It is absolutely genuine and I quote it:

"Dear Mamata ji, Thank you for your letter, dated February 17, 1999, in which you have referred the need for revival of the following sick PSU units."

Shri Acharia has already mentioned about it. I agree with him. There are seven PSUs. The letter further says:

" I wish to inform you that the Cabinet, in its meeting on 23rd February, 1999, has decided to stall the closure of these ailing PSUs and appoint a high-powered committee of experts to explore all the possibilities for their revival."

The Prime Minister has taken full responsibility. The letter has been communicated to the Minister of Industry. ... (Interruptions) These people have exploited the labourers. ... (Interruptions)

SHRI RUPCHAND PAL (HOOGLY): Sir, this is a serious matter. He has read out a letter from the Prime Minister. ... (Interruptions) They are misleading the House and the workers have totally dissociated themselves. ... (Interruptions)

MR. SPEAKER: Please take your seat.

SHRI SUDIP BANDYOPADHYAY : We have full confidence in the Prime Minister. He will look into the matter. He has given assurance. ... (Interruptions)

SHRI RUPCHAND PAL : I am on a point of order. The hon. Member has read out something which is now the property of the House. In that letter, it has been said that the Prime Minister has assured that there would be no closure. The earlier decision has been stalled and the revival of these units has been assured.

MR. SPEAKER: There is no point of order. Now, the Minister will speak.

SHRI RUPCHAND PAL (HOOGLY): The Minister of Industry is saying something else. Who are we to believe? ... (Interruptions)

MR. SPEAKER: Let the Minister reply.

... (Interruptions)

MR. SPEAKER: Shri Sunil Khan, how are you behaving? Please take your seat.

... (Interruptions)

MR. SPEAKER: What sort of behaviour is this?

... (Interruptions)

THE MINISTER OF INDUSTRY (SHRI SIKANDER BAKHT): Sir, most of the speech of the hon. Member confined to giving me information or about the opinion that he had already formed in his mind. The question that he has raised is this. If he had been attentive to the original statement that I had made - I will repeat that - then he might not have raised quite a few of his questions at all. I had said, as the hon. Members would be aware, that with a view to re-examine the possibility of revival of these Units, the Government has decided to set up an Experts Group and the date for availing VRS has been extended by three months.

SHRI BASU DEB ACHARIA : Why have you extended it?

THE MINISTER OF INDUSTRY (SHRI SIKANDER BAKHT): Just a minute. I have been listening to you quietly, you also kindly give me two minutes or else if you want to continue with your speech, you go ahead.

मैं यह कहना चाह रहा हूँ कि यह जो एक्सटेंशन है, पूरे तौर से जो फैसले हुए हैं, उन सबके ऊपर दुबारा से गौर करेंगे।

Do you understand my Hindi? Then what was your question? You said something about the decision taken earlier, in October, 1998. In that connection it has been said that this Experts Group is going to review the entire set. Then, what is the purpose of your asking a question? Somebody had asked about the VSS.... (Interruptions) He asked the difference between the VSS and the VRS. I would like to say that the benefits that are given in VRS is given in the VSS also. The benefits under VRS had been extended to VSS too.

The hon. Member asked as to what the Experts Group is going to do. The Experts Group will be reviewing all the cases of unviable PSUs where VSS has already under consideration.

SHRI BASU DEB ACHARIA : Then, why did you take the decision to close them down?

THE MINISTER OF INDUSTRY (SHRI SIKANDER BAKHT): What has been closed down?

SHRI BASU DEB ACHARIA : Instrumentation Limited.

MR. SPEAKER: Do not interrupt when the hon. Minister is speaking.

THE MINISTER OF INDUSTRY (SHRI SIKANDER BAKHT): We have been talking about the seven PSUs. I have said that they are under review.

SHRI BASU DEB ACHARIA : I am not satisfied with your reply. Why did you extend the VSS?

SHRI RUPCHAND PAL : The hon. Minister himself is creating more confusion. ...(Interruptions)

SHRI BASU DEB ACHARIA : The hon. Minister has not said whether the industry will be revived. It is unfortunate. I am not satisfied with his reply. As a protest we are walking out.

14.39 hrs

(At this stage, Shri Basu Deb Acharia and some other

hon. Members left the House.)

SHRI SUDIP BANDYOPADHYAY : They are walking out because they have no other way. They will be walking out from West Bengal very soon. They panic when they hear the name of Ms. Mamata Banerjee.

MR. SPEAKER: Hon. Members, as you are aware that the Budget (General) has to be passed and to be sent to the other House. If the House agrees, Matters under Rule 377 may be treated as laid on the Table of the House. The discussion under Rule 193 may also be taken at a later time, that is, after the Budget is passed. I hope the House agrees.

SOME HON. MEMBERS: Yes.

MR. SPEAKER: We have only two days and the Budget has to go to the other House also. So, let us pass the Budget and then we will take up discussion under Rule 193.

SHRI PRITHVIRAJ D. CHAVAN (KARAD): Sir, after the discussion, the Budget can be taken up.

MR. SPEAKER: But this has to be sent to the other House also.

SHRI PRITHVIRAJ D. CHAVAN : But the speakers who want to participate in the Budget are preparing for that.

MR. SPEAKER: Please understand that we have to send the Budget to the other House tomorrow.

SHRI PRITHVIRAJ D. CHAVAN : Sir, we can continue after the discussion under Rule 193... (Interruptions)

MR. SPEAKER: After passing the Budget, we can take up that discussion.

... (Interruptions)

SHRI PRITHVIRAJ D. CHAVAN : No Sir, please take up discussion under Rule 193 first... (Interruptions)

डा. शकील अहमद (मधुबनी) : अध्यक्ष महोदय, मैंने जीरो ऑवर में बोलने के लिए नोटिस दिया है।

... (व्यवधान)

अध्यक्ष महोदय : आप आज नहीं कल बोलिये।

डा. शकील अहमद : अध्यक्ष महोदय. कल भी जीरो ऑवर नहीं हुआ था और आज भी नहीं हुआ है।

... (व्यवधान)

अध्यक्ष महोदय : जीरो ऑवर को आपने आज डिस्टर्बड कर दिया। इसलिये इसे आप कल उठाइये।

डा. शकील अहमद : हमने यह कहा था कि प्रधान मंत्री जी को यहां होना चाहिए।

MR. SPEAKER: Please cooperate with the Chair.

Now we take up Budget (General).