

SHRI PARAG CHALIHA : The Authority which is contemplated in the Bill should be more effective, should have full financial powers to provide resources for flood control projects.

My suggestions are that : Assam's TSP demands of Rs. 117.50 crores be taken up. At least one of the permanent projects of Subhansiri, which will mean providing power to the extent of 20000 MW should also be taken up.

With these words I support the Bill with the hope that something more concrete and effective would be done by the Minister by introducing a more comprehensive Bill.

17.31 hrs.

HALF-AN-HOUR DISCUSSION

[English]

Modernisation of Textile Mills

MR. CHAIRMAN : The House will now take up half-an-hour discussion. Shri Sharad Dighe to speak.

SHRI SHARAD DIGHE (Bombay North Central) : Mr. Chairman Sir : After having discussed mainly on rural problems for the last two and a half hours viz., rivers, floods, forests, etc, I would like to take this House to an urban problem of modernisation of textile mills. I beg to raise half-an-hour discussion on the point arising out of the answer given by the Hon. Minister of State in the Ministry of Textiles on 14.11.1986 to Starred Question No. 166 regarding modernisation of textile mills.

The main answer was merely in the negative and no further information was available in the main answer.

Part (a) of the question was a pointed question regarding the decision to identify 100 textile mills for modernisation. Therefore, the answer was "No Sir". Then, the further questions are said to be not arisen in view of the answer to Part (a). So, we could not get

from the main reply the information regarding the criteria for selecting these mills for modernisation. That was Part (c) of the question. In view of the negative reply to Part (a) of the question, the Hon. Minister has said that regarding (b) and (c) the question did not arise. In this half-an-hour discussion my main thrust will be on the criteria for selecting these mills for modernisation.

Sir, in the Textile Policy statement which was laid before this House in the month of June 1985, references were made to these modernisations in Paragraph 19, Sub-para 19.1, 19.3 to 19.6. I would quote from those paragraphs a few lines.

19.1 "One of the main reasons for the present difficulties of the Industry is inadequate modernisation and renovation of old and obsolete plant and machinery. Despite encouragement and incentives by the Government, the Industry has only modernised to a limited extent. Government policies would aim to accelerate the pace of modernisation in the Industry.

19.2 There has been very little modernisation in the ginning area...

19.3 Modernisation in the spinning, weaving and processing sectors shall be undertaken on the basis of carefully identified needs of each unit as to installation of balancing equipment, renovation of existing machinery, replacement and technology upgradation.

19.4 For the purpose of modernisation, adequate funds would continue to be provided in adequate measure under the soft loan scheme of the IDBI. In order to enable the Industry to generate internal resources for modernisation, a Textile Modernisation Fund shall be created".

[Shri Sharad Dighe]

Now, Sir, it is clear from the reports appearing in the Press that from 1st August, 1986 a textile modernisation fund was set-up and in the beginning the Industrial Development Bank of India which is to operate the fund has already received eighteen applications for a total sum of Rs. 104 crores. It is also reported that IDBI is expected to disburse about Rs. 750 crores over the next five years. Therefore, this process of disbursing the funds for modernisation has taken motion somewhere in August, 1986 itself. We would like to know the criteria for selecting the mills for such disbursements. Already eighteen applications have been received as reported in the Press and it would be very much important from the point of view of the textile policy as to what would be the criteria for selecting these mills.

My submission would be that it should not be that those mills which are already doing very well would be further modernised so that we will add only to their profits. The main question is out of 777 mills—composite and spinning—in the organised sector about 100 are either weak or closed and do stand a fair chance to get off the sick bed on prompt treatment. If this is the position then such mills will have to be identified for modernisation which are weak and about to be closed so that if any treatment is given by way of modernisation they can come out of it and may not fall in the category of sick mills because once they fall in the category of sick mills, according to the pronounced policy of this Government, now we are not going to take over such sick mills which are not viable and then so many workers would face the question of unemployment.

Therefore, we would like to know from the Government whether you have laid down any criteria for giving this dose of modernisation to the textile mills and, if not, then it would be very dangerous policy if it is left to IDBI without any guidelines. Then perhaps advantage will be taken by the big magnets and the good mills or those mills which are running in a better way would further become strong and this help for modernisation to the needy mills would not be given.

Therefore, from this point of view my request to the Hon. Minister is to make clear what guidelines have been issued and if they are not issued which authority and on what criteria the disbursement of this fund for modernisation is going to take place.

The next point which I would like to know is whether this modernisation fund is also available to the NTC mills. NTC mills have been spending around Rs. 40 crores per annum over the last five years. The Ministry of Textile has allocated Rs. 117 crores to NTC which will just not help. Further help for modernization would, therefore, be necessary because many of the employees are in the NTC mills and after having taken over, if we again do not help them to be run, the employees would face the problem of unemployment.

Lastly, I would like to know about adequate protection to workers. In this statement on textile policy, paragraph 19.6 says :

“It will be ensured that in the process of implementation of modernization programme, the interest of workers are adequately protected.”

In what manner is the Government protecting their interests and whether it has got any connection with the modernization fund which we have earmarked for modernization of the mills, or whether the retrenchment compensation and other reliefs which seeks to protect the workers after retrenchment, are merely left to the employers, their funds and, as the Hon. Minister had said that day, to the unions which make the agreements. Many times, unfortunately the experience is that the unions make direct agreement for retrenchment without reference to the workers and they agree to something with the employers which many times is not in their interest. While disbursing modernization funds to such textile mills is special care taken by any special machinery of the Government to really speaking protect adequately the interests of the workers or not? It is no use merely saying that we are protecting the interests of the workers. Unless agreement for retrenchment is arrived at between the workers unions

and the employers, we should not permit the modernization. Therefore, my submission is that while disbursing modernization funds, particular care and special attention will have to be given to the interest of the workers who would ultimately be retrenched as a result of this modernization.

THE DEPUTY MINISTER IN THE MINISTRY OF TEXTILES (SHRI S. KRISHNA KUMAR): I would like to congratulate Hon. Member Shri Dighe on behalf of the Ministry for highlighting a very important issue in relation to the textile economy of the country, namely the modernization of textile mills, especially those which have lagged behind in modernization in the past. We are happy that the Hon. Member has highlighted the need for modernization which is one of the important step necessary for the long-term health, growth and development and sustenance of the textile industry.

Consequent on the adoption of the new textile policy in June, 1985, Government have created a textile modernization fund with a corpus of Rs. 750 crores to be implemented through the IDBI. Also, as specially laid down in the textile policy, Government have created not only a monitoring mechanism in the office of the Textile Commissioner, but also a nodal agency with the participation of the Textile Ministry and the IDBI to monitor sickness in the textile mills, to consider the viability or non-viability of the textile mills and to formulate suitable rehabilitation cum-modernisation packages for each of the individual unit project reports for which come before the nodal agency. As the Member is aware, about Rs. 400 crores had already been disbursed for modernisation from 1975 to 1984 through the already existing soft loan scheme of the IDBI for the modernisation of the industry. But the fact remains that more than 80 per cent of the spindleage as well as the loomage in India which has the biggest textile industry in the world is more than 15 years old, and among the many reasons which kept the textile industry down and sick, lack of modernisation is the most important reason.

Sir, the question of the Hon. Member, pre-supposes that the Government of India is going to sit and select each of the mills for modernisation, as per specific criteria laid down. This is not true. The sickness of the mills will be monitored by the monitoring Committee and through the monitoring Committee or *suo motu* from the mills or from the State Governments or co-operative institutions proposals for modernisation will come before the nodal agency. The nodal agency will consider the viability or otherwise of the mills and on the basis of this consideration, the modernisation package will be worked out by the IDBI. In analysing the types of mills which are eligible for modernisation, we have to go through a step by step approach. The Hon. Member mentioned the question of the profit-making mills and asked why they should be given further injection of capital in order to enhance their profit. Sir, I would like to mention that such of the mills which are already profit-making can appropriate and set-apart 20 per cent of their pre-tax profits, before depreciation, to be deposited in a blocked account, of the IDBI. This facility has already been given to them by virtue of Section 32 (A), (B) of the amended provisions of the Income Tax Act of 1961. And the amounts so earmarked shall be utilised only for payment of machinery required for modernisation. So the profit-making mills can avail of this facility given through Income Tax Act for a plough-back of their profit for modernisation.

Sir, out of Rs. 750/- crores set-apart for modernisation, roughly 25 per cent or Rs. 190 crores will be utilised for providing modernisation assistance to healthy units on the usual terms applicable for such loans, provided these units are in a position to put up normal promoters' contributions expected of them for availing of this assistance. So, 25 per cent will be given to mills which can get the promoters' contributions and the other 75 per cent is set-apart for sick, but viable and rehabilitable mills, which are not in a position to give even the promoters' contribution to avail of that IDBI assistance. It is for this reason that in the balance 75 per cent or Rs. 570 crores, Rs. 100 crores is set-apart as a soft loan for meeting 80 per cent of

[Shri S. Krishna Kumar]

the promoters' contribution, which such units are not in a position to give.

Sir, already we have disbursed some amount on the leaf's of the applications which already have come in. 55 applications have been received for a total amount of Rs. 206 crores; 14 of these applications have been sanctioned for a total of Rs. 43 crores; 7 applications for an amount of Rs. 28 crores have been rejected; 34 applications seeking an amount of Rs. 135 crores are pending. Disbursement has been only of Rs. 60 lakhs. Sir, in the past it has not been a question of large number of people coming and seeking modernisation assistance. There is no problem in giving modernisation assistance to sick but viable mills either in the category of those which are able to give promoters' contribution, or those which are not in a position to give it.

Apart from Rs. 750 crores, which we have set apart, Government of India is in the early processes of considering other schemes such as foreign assistance from the World Bank, etc. The total requirement for modernisation for the cotton textile industry is variously estimated between Rs. 1500 crores and Rs. 2500 crores in the next five years. 1500 crores is more or less the reasonable estimate. The rate at which the amount of modernisation loan is being given now is almost double the rate at which it had been given in the past.

Sir, as regards the criteria, for selection, the criteria are based on reasons an analysis of the reasons of the sickness, as has been laid down in the policy statement itself, followed by an analysis of what is required to cure the sickness which will be gone into in detail by the term-lending institution, in this case the IDBI.

The National Textile Corporation with 125 mills—109 nationalised and 16 managed—as you are aware, is continuously making cash losses and Government is making a comprehensive effort to turn the situation around and make the mills viable.

As a result of the modernisation programme launched in the National Textiles Corporation, by which more than Rs. 342 crores have already been spent in the last decade, there has been substantial improvement in various parameters of the working of the NTC. The utilisation of the spindles as well as the looms has increased. But to continue the modernisation, we have a constraint in financial resources. As against a requirement of about Rs. 350 crores as projected in the Seventh Five Year Plan, only Rs. 117 crores were available. As regards the IDBI soft loans, assistance, the NTC also is eligible to get this soft loan assistance, provided we are able to prepare in the case of any specific NTC mill a proper bankable rehabilitation or modernisation package with sufficient infusion of budgetary support. And we are working on this.

As a result of modernisation of the NTC, the average count has increased from 26.8 to 33.1; spindlage utilisation from 68 to 77 per cent and weaving utilisation from 64 to 77 per cent etc. The cloth production has also increased. This is a continuous process. But a very large chunk of the modernisation funds which we have spent for the NTC, we have per force to utilise for certain rehabilitation measures like repair of buildings and other statutory requirements. And so, only a percentage of it could be used for genuine modernization effort, which could increased the productivity of the mills.

The third part of the Hon. Member's question relates to safeguards for labour, consequent upon modernization. I would like to mention that as the Member himself read out, the epochmaking textile policy document very specifically states the measures by which the interests of workers will be protected, in our efforts to restructure the textile economy of the country.

First of all, modernization does not *ipso facto* mean any retrenchment. A modernization package can include, apart from new modern machinery, balancing equipment, various innovations in processes and techniques, introduction of additional equipment or new lines of production especially in the context of the flexibility in the textile policy for increasing their spindlage

and weaving capacity, to utilize any surplus labour, in the mill itself.

Secondly, no modernization proposal, I repeat no modernization proposal, is implementable in any specific mill, without an agreement between the labour and the management.

Thirdly, in the face of any rationalization being necessary in the balance of considerations, as has been done in many of the NTC mills, the additional labour can agree to accept gratuity as well as retrenchment benefits, and then voluntarily retire, as with the rationalization scheme being implemented in the NTC system. We would like to assure the Member that when modernization proposal are looked into by the nodal agency as well as by IDBI, the question of safeguarding the interest of labour, the axiomatic principle enshrined in the textile policy, will be ensured; and it will be one of the conditions under which modernization loans are given. It is also the responsibility of the nodal agency to ensure that the moneys for the modernization packages are utilized for the purposes for which they are sanctioned. Modernization is a continuous process; and as far as the NTC system is concerned, we are also trying to ensure that there is the necessary degree of workers' participation in management, education programmes of workers about modernization and productivity and a continuous monitoring by the workers' also of the implementation of the programmes.

I hope I have touched most of the points raised.

MR. CHAIRMAN : Now we have four Members to speak. Each Member is entitled to put one question. After all the questions are over, the Hon. Minister will reply.

DR. DATTA SAMANT (Bombay South Central) : While giving the reply, the Minister said that there was no retrenchment because of modernization. I think that what is discussed in the House and what is happening outside, are different.

After giving Rs. 130 crores in the shape of concessions for the import of synthetic polyester fibre, Rs. 750 crores soft loan with

6 per cent to 11 per cent interest has been given to all these mill-owners who have corrupted the whole economy of the country with these Rs. 1500 crores. I am not going into all this. In spite of getting concessions from IDBI and the Government, the position in all these textile mills is this : I will not speak about the whole of India, but in Bombay, in Bombay Dyeing one thousand workers are retrenched, and 70 Sulazar looms were bought. In Standard Mills, 200 old looms were removed, and 50 new type of Sulazar type of looms were bought.

18.00 hrs.

Mafatlal brought 48 Japanese water looms with microscopic jets and about 400 workers were removed. Only two looms of two types either water jet or swisser loom and a spinning machine of double jet had been brought by all the mills owners in Bombay and, in 13 mills, they have retrenched 16,000 work men in the last 1.5 years, and 3000 workers in NTC mills in Bombay. In Kanpur, from 37,000 to 22,000, the process is going on and 14,000 workers were retrenched and in Delhi, 6000 workers were retrenched. In coming years, in Bombay, another 16,000 workers will be retrenched. I have got all the balance-sheets. They are spending another Rs. 7000 crores. For Mafatlal, you are giving loan.—Morarjee mills, everywhere. But because of this modernisation in the last 1.5 years, about 50,000 workers were retrenched. You are blaming Dr. Samant because of my strike; because of my strike, some people were out; they were not taken back on duty.

Because of such things what is happening in the mills is that all these 13 mills in Bombay have made a profit of Rs. 53 crores upto June. Due to the textile policy, loans, money are given to limited big people. Birla Century Mill in Bombay has made a profit of Rs. 18 crores, but Birla Mill in Tamilnadu has become sick taking advantage of the textile policy. Employers are exploiting the government at all ends and 300-400 mills are made sick. You go on feeding them. Rs. 750 crores you have given to these mills. But handloom and power looms are neglected.

In spite of such profit which the mills owners are making and modernising them,

[Dr. Datta Samant]

it is becoming a slaughter house. I have a bitter experience about it. The Government has made a slaughter house and a slaughter instrument the government is supplying to these mills owners for slaughtering the workers. My poor workers are being slaughtered and they will be slaughtered.

The Hon. Minister mentioned about compensation and rehabilitation fund. Bombay workers will not get a single paisa. But I want to tell the Minister that this rehabilitation and compensatory fund is not for modernisation. Just bear with me that it is not for modernisation. If it is given and if the mill is closed, then they will be happy. In Bombay, you are giving 15 months salary in three years. In Bombay, all mills employers want to close their mills because by selling the land, they will get crores of rupees; Rs. 700 crores Bombay mills owners will get. Therefore, the scheme which you have suggested to us—compensation and rehabilitation—is not working. My Bombay workers are not going to get a single paisa.

The Hon. Minister mentioned about gratuity and retrenchment compensation. NTC mills in Bombay did not get gratuity and retrenchment compensation. In private mills, in spite of your so much loan, so much assistance, so much excise duty concession, workers are given simple gratuity; even minimum 15 days' compensation is not given. Therefore, with such a policy, the workers are going to be slaughtered. Don't leave it to the unions. Your Bombay union is an agent. It has made a settlement with the mills-owners to remove workers and you are siding with them. Whichever union it may be? But when you are giving Rs. 750 to an employer, it is the duty of the government to see that Rs. 53 crores of profit which they have made—this is according to the balance-sheet—the blackmoney must be 10 times of this. Then why do you retrench workers? Let it be voluntary. You see that he will be properly compensated for 5-10 years. At the time of retrenchment in our units, if workers are at all to be retrenched, then we give them 3 months' compensation. I have seen hundreds of settlements. We never allow them to retrench workers. But here nobody sees even animals. Anybody can go and cut it off. That type of

things you are doing. Therefore, it is the duty of the Central Government to see that minimum retrenchment should be done, and if it is at all to be done, it should be voluntary and these workers should be given a good compensation and return. Don't leave it to the workmen. Instead of giving Rs. 436 crores as loan to all these textile magnates upto March, now you are going to give them more. What are the national advantages? Will you tell them to us? The production has fallen down by 600 million metres in particular years by the mills. Second thing is, what is the export value? About Rs. 400 to 500 crores has already been spent. You are going to give up to Rs. 750 crores, you say. All the same, what is the export value? What is the benefit to the national economy? I want that figure.

Thirdly, the rate of cloth has gone up. While giving the concession to the employer in the House it was said categorically that the rate of cloth will come down. After giving Rs. 131 crores what is the effect on the imports? And if you see the balance sheets of the textile magnates, you will know that they are making money. The rates of cloth have gone up. These textile magnates who have ruined the workers and the economy of the country, are benefited and the Government is keeping quiet. Rates of cloth are going up, the workers are being slaughtered. They are given Rs. 60/- rise in after six years. And in this several mill workers are involved. The retrenched workers are almost dying. Exports of the country are suffering, at a national cost. By your policies the magnates are getting richer and richer.

I want that the Hon. Minister should reply to these two questions.

SHRI SOMNATH RATH (Aska) : The Hon. Minister has mentioned in his reply that while giving these facilities the mill owners should take into consideration the question of rehabilitation also. We know that the labourers in these mills are in the organised sector. There are different unions which move in different directions. And out of 120 lakh workers employed 13 lakhs are in the organised sector, 32 lakh are in powerlooms, 75 lakhs in the handloom sector. It was also stated in the House

earlier that the cloth produced in the handloom sector is cheap. We do not know what happened to the controlled cloth. In villages, the controlled cloth, which is meant for poor people is not available.

And coming to the question of foreign exchange, the organised and power mills get Rs. 200 crores out of Rs. 1000 crores earned, handloom itself gets only Rs. 200 crores, and the Government sector gets Rs. 600 crores. These are the statistics of the textile industry of our country. And it has been alleged in this House that these mill owners utilise the funds given to them to modernise the mills in the powerloom sector. For the reason the minimum wages are not paid to the workers in the powerlooms and payment of taxes is evaded. They are having all these advantages.

I want to know from the Hon. Minister whether these Rs. 750 crores meant to be given to the mill owners, is given to some particular persons? Who own more than the mills? Is the amount given for modernisation being utilised by the same person to establish powerlooms and after getting the cloth from the powerlooms do they put their own brand on that cloth and sell it at a higher cost? How is the monitoring done? Is there any supervision after the money is advanced to these mill owners to check whether they are utilising the funds for the purpose for which it is given to them? Whether any action has been taken against such mill owners who mis-utilise all the funds? Or is there any supervising agency—the Hon. Minister has said that there is some agency—which has gone into the matter? Has the Minister got any report whether that the amount of Rs. 400 crores which has been already advanced utilised for the purpose for which it has been given?

[Translation]

SHRI HARISH RAWAT (Almora) : Mr. Chairman, Sir, so far as modernisation is concerned, all of us will welcome the provision of funds for it. But at the time of presenting the New Textile Policy before the House, it was stated that funds granted to mills for modernisation will be utilized for the improvement of quality, increase in

production and employment generation but the figures tell an opposite story. Had the quality been improved, the exports would have increased. You can see that the mills, which were granted funds for modernisation, have not increased the production of the export quality cloth. At the time of granting funds to the mills no such obligation was imposed on them that they will improve the quality or increase the production. Neither cloth at cheaper rates has been provided to people nor employment has been generated. So it seems that our money has been given to some persons for making profits only. What is needed is to implement the declared policy and to ensure that the mill owners fulfil their obligations made at the time of receiving funds for modernisation. It seems that we have not been able to achieve this. Please tell us whether you have any machinery to ensure that the obligations imposed on the mill owners at the time of granting funds are fulfilled?

The second thing I want to point out is that the money granted to big mill owners in the name of modernisation will increase their competitiveness and the small and sick units will not be able to compete with them and as a result they will become sick. What are you going to do to check this problem? Is there any method or system to help the small and sick units?

SHRI DILEEP SINGH, BHURIA (Jhabua) : Mr. Chairman Sir, I want to seek some clarifications from the Hon. Minister during this half an hour discussion. First, the mill owners misuse the money granted to them for modernisation. What action you take against such persons? I want to give you an example of my constituency. The mill owners in Ratlam received Rs. 9 crores but they abandoned their mills in Ratlam and left for Bombay on January 1, 1986 and established a new industry there. About 3500 workers are sitting idle and are facing starvation; they have sold even the clothes and books of their children to survive. Under what law can you take action against such persons? If you think only of the mill owners, what will happen to the workers? The workers are without employment and if you can start that mill then do it. The State Government does seek permission to take it over but as per the new policy, the

[Shri Dileep Singh Bhuria]

permission is not granted to them. As per the policy of rehabilitation, only the workers of the mills closed down after June, 1986 will be rehabilitated. But what will you do in case the mills have been closed before this date? There are many such mills and thousands of workers are engaged in them. Where will we absorb these 3500 workers? I want answers to these two questions from the Hon. Minister so that we can tell them about their fate. The nodal committee does not fully protect the labourers; rather it protects the owners. Nothing can be done unless the Labour Ministry is involved in it. These mill owners receive crores of rupees in the name of modernisation. The Hon. Finance Minister had made a statement yesterday also that some people are depositing money in foreign countries. Their children are studying there and they plan to leave the country. We must find out the number of mills which require modernisation and also the requirement of cloth. We are committed to the poor. We shall watch the interest of the poor. I want the Hon. Minister to think about the workers and reopen the mills which are in good condition. I wanted to say this much only.

[English]

SHRI S. KRISHNA KUMAR : Sir, the cotton textile mills industry is sustaining employment for twelve lakh workers in the country, apart from a large number in ancillary industries. As the Hon. Members are aware, there has been endemic sickness in the history of this industry. It is not a recent occurrence. Even as early as 1951, in this industry about 150 mills were adjudged to be sick. There are several reasons for the sickness—absence of modernisation, variations in excise duty, demand recession, unhealthy competition, mismanagement, etc. But one of the reasons has been surplus labour. It has been variously estimated by the research associations connected with the textile industry, that the surplus labour under various conditions of productivity utilisation of plant and machinery... (Interruptions)

DR. DATTA SAMANT : Specifically because of modernisation, we say that there

is retrenchment. Let us talk of that. Why the history and all that?

SHRI SOMNATH RATH : It will not satisfy us. He should answer to our questions and remove our misgivings.

DR. DATTA SAMANT : I have given you the figure of each mill that so many people were removed and so many looms were brought.

SHRI S. KRISHNA KUMAR : I was just giving the background.

SHRI HARISH RAWAT : Nobody is against modernisation. We are all for that.

SHRI S. KRISHNA KUMAR : Therefore, rationalisation of labour is one of the very important steps in nursing the textile industry back to health. As I have already stated, as a result of modernisation it is not necessary, it is not a *sine qua non* of modernisation that labour retrenchment is necessary... (Interruptions)

DR. DATTA SAMANT : All workers are being removed. We are giving you the figures. In Bombay Dyeing 1,000, in Morarji Mills 1,300. Every worker who is removed, is not adjusted by being given any work. Next year another 1,000 or 1,500 in Bombay will be removed because of modernisation, forget all other things. If you cannot do anything, say you cannot do anything.

SHRI SOMNATH RATH : We want a specific answer that after the introduction of the scheme, money having been given to the milli-owners, how many workers have been rehabilitated. We want answer to this specific question, not the policy.

SHRI S. KRISHNA KUMAR : You are mingling up too many specific questions. I am coming from the general to the particular. So, there is a question of surplus labour in the cotton textile industry in the country and against that background, in our efforts to nurse the industry back to health, there will be a certain amount of rehabilitation and rationalisation of labour, and that hard fact has to be faced. The textile policy itself lays

down the parameters under which the interests of the labour will be protected. In the case of closure of mills under certain conditions, the rehabilitation scheme will apply. In the case of modernisation of on-going mills, when a modernisation project is launched on the basis of viability, not on the basis of project report, it is the responsibility of the management and the labour unions together to work out the norms of payment to the labour in the event of any labour being displaced. In the case of the National Textile Corporation for the rationalisation of labour for modernisation of otherwise, we are giving what is known as ex-gratia payment. In addition to the gratuity for which they are... (*Interruptions*)

DR. DATTA SAMANT : They are retrenched. They are not given.

SHRI S. KRISHNA KUMAR : They are given double benefit. National Textile Corporation is giving to them.

If you are talking of 7000 and odd people who are not yet taken in Bombay, that matter is sub judice. I cannot answer that. But the National Textile Corporation has a rationalisation scheme. The interest of the labour is protected within this parameter. They will be entitled to the legal dues, also more than the legal dues especially which they get in the National Textiles Corporation.

This criticism is often raised—whenever a modernisation fund is set up and loans are sanctioned, the money is being given to the industrialists. We can only give loan through the National Labour Lending Institution, a legal body, which is the mill and the loan is sanctioned on the basis of the Project Report subject to the several conditions which are part of the loan. I would like to assure you on behalf of the Government that in the new modernisation policy. (*Interruptions*)

DR. DATTA SAMANT : In the Project Report... (*Interruptions*) When the worker is retrenched, what should be given? Is it not the duty of the Government to see to it if at all you want to do it?

SHRI S. KRISHNA KUMAR : Things are clearly laid down.

DR. DATTA SAMANT : Three types of loans and so much at the time of retrenchment is necessary. Is it not the duty of the Government to see that the retrenched worker will get the benefit?

SHRI S. KRISHNA KUMAR : The dues to which workers are entitled are clearly laid down in the law of the country. At the moment...

SHRI HARISH RAWAT : This reply even a Deputy Secretary could give.

SHRI S. KRISHNA KUMAR : We cannot make a commitment. We can give a reply only within the parameter of the textile policy. We would like to assure the Hon. Members that the modernisation fund will be very closely monitored through the nodal agency. In the nodal agency a representative of the State Government is also there—Industry Secretary or the Labour Secretary. We assure you that we shall take all possible precautions to ensure that the money sanctioned is utilised for the purpose for which it is sanctioned. I have to forcefully deny the various opinions voiced by Dr. Datta Samant on the net result of the application of the Textile Policy. The information with us conclusively show that the policy has been successful. (*Interruptions*)

MR. CHAIRMAN : Do not disturb.

DR. DATTA SAMANT : 3,000 workers have been retrenched because of modernisation. That is this policy.

SHRI S. KRISHNA KUMAR : Cotton-Textile export is increasing by leaps and bounds. There has been 400 million metres increase in the production of cloth in one year following the policy. The production has increased in the handloom and the power loom sector. In the mill sector there is stabilisation with a marginal decrease. It is only a marginal decrease.

DR. DATTA SAMANT : 600 million metres less.

SHRI HARISH RAWAT : Is it in the case of those mills who have got money for modernisation or are you giving the total figure ?

SHRI S. KRISHNA KUMAR : The total figure. In National Textile Corporation, I have said, we have spent Rs. 353 crores in the last eleven years. In the Seventh Plan we are spending Rs. 117 crores. We have asked for more money. That is the position with regard to the National Textiles Corporation mills.

The fundamental objective of the new textile policy is to increase the production of cloth and make available cloth to our people especially the weaker sections and the common man at affordable prices. *(Interruptions)* and increasing export are only auxiliary to this main objective.

In the last year, after the promulgation of the Textile Policy, it is seen with the rate of increase in production, the rate of increase of the price of cloth has come down. It is only 2.3 per cent and 1.4 per cent.

DR. DATTA SAMANT : No. In Bombay it has increased by 5 per cent.

SHRI S. KRISHNA KUMAR : In the case of cotton cloth and handloom cloth as against 5.1 per cent and 3.1 per cent in the

corresponding period of the previous year... *(Interruptions)*

DR. DATTA SAMANT : It is very difficult. Thousands of workers are dying. It is very difficult to hear all this. The best way is to walk out.

18.25 hrs.

(Dr. Datta Samant then left the House)

SHRI S. KRISHNA KUMAR : The prices of blended cloth have dropped by 10 per cent, during this period after the announcement of the new textile policy.

Sir, the rationalisation of labour in the textile industry is necessary to protect the larger interests of the labour, modernisation is necessary to sustain India's textile economy so that we can compete not only in the export market, but to make available to our people larger production of cloth at cheaper prices by maintaining and increasing the productivity of the industry.

18.26 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Monday, November 24, 1986/Agrahayana 3, 1908 (Saka)