

Directives Issued to NTC Mills

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62. SHRI G.S. BASAVARAJU .
SHRI H.N. NANJE GOWDA :

Will the Minister of TEXTILES be pleased to state :

(a) whether in July and in September, Union Government have issued major directives to all the 123 National Textile Mills to take steps to wipe out their cash losses completely by April, 1987 ;

(b) if so, the details of the directives issued ;

(c) to what extent the above mills have succeeded in wiping out losses ;

(d) whether any details about improvements of the NTC Mills have been received after the issue of these directives ; and

(e) the latest position in regard to improvement of the above mentioned textile mills ?

THE DEPUTY MINISTER IN THE MINISTRY OF TEXTILES (SHRI S. KRISHNA KUMAR) : (a) to (e) A Statement is given below.

Statement

(a) No directives have been issued by the Union Government to all the National Textile Corporation Mills. However, the need to reduce losses of NTC subsidiaries was stressed in review meetings held in the Ministry in July, 1986 and September, 1986.

(b) Does not arise.

(c) to (e) The latest figures indicate that the cash losses in September, 1986 were Rs. 2.44 crores less than the cash losses during May, 1986. Similarly, the production of cloth and market yarn in September, 1986 was 6.66 million metres and 12.87 lakh kgs. respectively more than the production of cloth and market yarn in May, 1986.

SHRI G.S. BASAVARAJU : Sir, I am not satisfied with the Statement given by the Minister. The question is whether the number of textile mills have been running into losses continuously for the last 4 or 5 years. In this connection I would like to know what are the total losses suffered by NTC mills, for how long these losses have been there, what were the main reasons for these losses and why the NTC had not taken any action in this regard.

SHRI S. KRISHNA KUMAR : Sir, as the House is aware, the objective of establishing the Notional Textile Corporation is to manage the affairs of the already sick textile mills taken over by the Government. So far NTC has made a Cumulative cash loss of about Rs. 800 crores. The organisation was established in 1968. The Government have taken a series of measures to reduce the cash losses. There has been continuous review of the situation and I am happy to inform the House that over the last three years there is a discernible improvement in curtailing the cash losses. After the strictest possible instructions and closer supervision and monitoring was established in the organisation six months ago, in the last six months there has been almost Rs. 1 crore less cash losses each month and this has been a stable trend. The Government is continuing to make effort to reduce the cash losses of the NTC, but Government is hamstrung by a series of factors over which the NTC has got very little control. The reasons for the losses are—old and obsolete machinery, excess labour force, wage increases due to ad hoc announcement of D.A. etc. by the State Government, power and load shedding problems, increase of cost of power, impact of cotton prices, market recessions in textile industry, strikes and disturbed working conditions, and inadequate financial resources to modernise the mills. We are taking action on all these fronts.

SHRI G.S. BASAVARAJU : My second Supplementary is whether it is a fact that huge stocks of the NTC products are lying with the NTC shops all over India : about the total quantity of stocks, whether inquiry has been made as to why

such large stocks are piling up with the show rooms. I would also like to know whether Government proposes to take steps to upgrade the performance of the textile sector and the revolving fund has been created on the initiatives taken by the Prime Minister to help the textile industry to come out of the red and if so, what is the time required for this.

SHRI S. KRISHNA KUMAR : Sir, the stocks lying in NTC shops amount to approximately 14 million metres valued at Rs. 19 crores. The stock is not considered too excessive against the background of the volume of operation of the Company.

The following steps are taken to clear the stocks : Promoting sales, incentive schemes, discount, training programmes so that show room employees can be more effective, wider publicity, exhibition etc.

SHRI H.N. NANJE GOWDA : Sir, a very attractive and lucrative post is to be the Chairman of the National Textile Corporation.

Now, I would like to know whether any inquiry was conducted for the losses, whether any persons were found guilty; whether Government took action to punish them and whether you have also retrenched labour force. They have also stated that no directives have been issued by the Government. Why no directives have been issued when these companies' losses are more than Rs. 800 crores? Have you got any concrete proposals for restoring profitability in these mills?

SHRI S. KRISHNA KUMAR : As already explained, the reasons for the losses of NTC are structural in nature and there is a long history behind the working of the NTC. Essentially they were asked to take over sick textile mills.

The question of mismanagement and dishonesty in the NTC system is incessantly looked into by the Government. Several times, several officers have been dismissed; many officers are facing CBI enquiry and this has been a continuous process. I have

a list of officers who have been suspended or removed from service before their terms were over, and then against whom CBI enquiry is pending. We have already stated the reasons for the losses. We have taken a series of steps to improve the working of the company. I have here a list of 15 major steps which we have taken. We have gone into new profitable product like Sulabh. We have continued with the labour rationalisation scheme under which the man-loom ratio as well as man-spindle ratio has been reduced considerably in the last few years. Stress is being given to close down uneconomic activities; old boilers are being replaced for effective fuel economy; selective modernisation proposals are being implemented; captive power capacity is being set up etc.

We are trying to ensure workers' participation in management. It is not true that we have not given instructions in the past. Instructions have been issued at all times and this process is being continued.

Due to the package of measures being undertaken by the Government, as I have already stated, the performance of the company has improved over the last three years, especially in the last six months. I have got the financial and operational indices here, which I do not want to read out, to save time.

DR. G.S. RAJHANS : Sir, is the Government aware of the fact that some of these mills will never be revived in their life-time, and if so, is the Government prepared to take a hard decision in this regard so that they do not prove to be a parasite on national exchequer?

SHRI S. KRISHNA KUMAR : The National Textile Policy approved by Parliament in June last year, has clearly stated the Government's intention in this direction. That is, unviable mills which are incapable of operating profitably are a continuous drain on the scarce resources of the country and such units or parts thereof, may have to be closed down in

order that the drain on the exchequer. The Corporation as well as Government have been engaged in a series of exercises to find out the viability of each of the 125 mills under the NTC system. We have categorised the mills according to viability. But we have not taken any final decision on closing down any mill. This is in process.

SHRI BASUDEB ACHARIA : There were newspaper reports that about 25,000 workers working in NTC were being retrenched by the NTC. If so, what is the reason. He has already stated that they are going to implement Notional Textile Policy and they are going to close down some textile mills. It is already stated that those mills will not be revived.

(Interruptions)

May I know from the hon. Minister which are these mills which Government proposes to close down and whether the 25,000 workers of NTC are to be retrenched?

SHRI S. KRISHNA KUMAR : 10 to 15% of the labour force under the NTC system is surplus. It is this factor which is responsible for almost 30% of the total cash losses. For instance, out of Rs. 117 crores lost by the NTC *(Interruptions)* . . .

MR. SPEAKER : The fact is a fact.

SHRI S. KRISHNA KUMAR : in 1985-86, about Rs. 25 crores loss was due to excess labour. This has been established by independent studies. Due to rationalisation, we have been able to improve the efficacy of the mills to a certain extent. There is no proposal to immediately dislodge or dismiss about 25,000 workers which represents the total figure and that figure does not correspond to weak and unviable mills about which the hon. Member spoke.

I have stated earlier that Government have not taken yet any final decision about closing of any mill. The viability of the mills also changes from time to time. *(Interruptions)* And, therefore, we do not want to give now any particular list of mills which we are unviable. *(Interruptions)*.

MR. SPEAKER : Don't interrupt:

DR. DATTA SAMANT : Managements are exploiting.

PROF. MADHU DANAVATE : Please allow one question of Dr. Datta Samant.

MR. SPEAKER : I cannot allow everybody. I cannot allow 540 Members to speak.

DR. DATTA SAMANT : There are 26 mills in Bombay. You have removed 26,000 workers . . . *(Interruptions)*

SHRI K. RAMACHANDRA REDDY : You are not turning to this side.

MR. SPEAKER : Mr. Reddy, You have to realise that I have to cater to 540 Members.

SHRI K. RAMACHANDRA REDDY : Every day I am trying to get you. You are catering only to certain Members.

MR. SPEAKER : How can you say that? You are wrong there. I am doing what I am thinking right.

(Interruptions)

DR. DATTA SAMANT : I am the maximum sufferer.

There are 26 mills in Bombay, 56% are under NTC. There is a loss of Rs. 800 crores. Rs. 15 crores of bank money is involved in the sickness. The textile owners have already swallowed everything and they have given you a grave warning. Again, Government is looking to the whole thing.

Considering all these, are you going to take the people who have made the mills sick or those who are going to make the mills sick now, to task? I have given the House all the details. I put further question. You are giving them Rs. 700 crores soft loans. With all this textile policy, the Government is going to

encourage only 100 mills all over the country. Because of these policies of the Government, over 60,000 workers in Bombay and one lakh workers in Delhi and everywhere are going to be thrown out.

I, therefore, categorically ask the Government: Are you going to see that the workers' interests will be protected now that the mill-owners have already swallowed the money and the management is poor now? The workers should not be thrown away for no fault of theirs and with the modernisation there should be more production. Are you going to protect the interests of the workers?

SHRI S. KRISHNA KUMAR: Sir, I have never stated that the losses of NTC are due to the workers' fault. I was only highlighting the percentage of losses of NTC which is ascribed to over-staffing. This is the rationale behind our rationalisation scheme. The modernisation fund for plant and machinery created for the textile industry which will have a budgetary support as well as IDBI and IFCI finance is to be given to mills on case-by-case basis on the basis of sanctioned project reports. There will be a degree of workers participation to ensure that these moneys are utilised properly for the purposes for which they are sanctioned. The workers interest will be protected as has been laid down clearly in the policy which has been approved by Parliament.

(Interruptions)

Self Employment Programme for
Urban Poor

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*63. **SHRI V.S. KRISHNA IYER:**
SHRI SHANTI DHARIWAL:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have introduced new bank credit scheme, 'Self-Employment Programme' for Urban Poor (SEPUP);

(b) if so, the details thereof including the categories and the number of people to

be benefited under the scheme; the ways for recovery and the guidelines issued to the banks in this regard;

(c) the amount earmarked for the purpose;

(d) the number of loan applications received under the said scheme and number of applicants sanctioned loans upto September, 1986;

(e) whether complaints have been received about blackmarketing and irregularities in distributing loan application forms for the scheme; and

(f) if so, the nature of the complaints and action taken in the matter?

THE MINISTER OF STATE IN THE
MINISTRY OF FINANCE (SHRI
JANARDHANA POOJARY): (a) to (f)
A Statement is given below.

Statement

(a) to (c) A Self Employment Programme for Urban Poor (SEPUP) has been launched from September, 1986 with a view to provide soft loan assistance to urban families having an income of less than Rs. 600/- per month. SEPUP will cover all cities and towns with population exceeding 10,000 as per 1981 census and which are not covered under Integrated Rural Development Programme (IRDP). Under this programme, which would be implemented by the public sector banks, financial assistance upto Rs. 5,000 per family will be provided to selected beneficiaries. The Central Government would provide subsidy at the rate of 25% of the amount of assistance. The subsidy amount will be kept with the financing bank as term deposit to be adjusted after the borrower has repaid 75% of the principal amount (with 10% interest) for which a period of 30 months, including initial grace period of 3 months, has been stipulated. It is estimated that loans amounting to Rs. 200 crores will flow from banks, during the current financial year, to 5 lakh beneficiaries under SEPUP.