

LOK SABHA DEBATES

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LOK SABHA

Tuesday, March 19, 1985/Phalguna 28, 1906

(Saka)

The Lok Sabha met at Eleven of the
Clock

[MR. SPEAKER in the Chair]

[English]

PROF. K.K. TEWARY (Buxar) :
Mr. Speaker, Sir, before you take up
the Questions, please permit me to make
a small submission.... (Interruptions).

MR. SPEAKER : Not now. After the
Question Hour.

PROF. MADHU DANDAVATE
(RAJAPUR) : You give notice under rule
388 for suspension of Question Hour.

PROF. K.K. TEWARY : I know
that.

ORAL ANSWERS TO QUESTIONS

Bengal Potteries take over

[English]

81. SHRI INDRAJIT GUPTA ;
SHRIMATI GEETA
MUKHERJEE ;

Will the Minister of INDUSTRY AND
COMPANY AFFAIRS be pleased to state :

(a) whether a Technical Committee
has examined the economic viability of
the Bengal Potteries Ltd., Calcutta ;

(b) if so, the findings thereof ;

(c) whether his Ministry has received
a memorandum from the workers and
Staff Union of Bengal Potteries for exten-
sion of the take over period beyond the
31st March, 1985 and for immediate
nationalisation of the said concern ; and

(d) if so, the steps being taken by
Government in this regard ?

THE MINISTER OF STATE IN THE
MINISTRY OF INDUSTRY AND
COMPANY AFFAIRS (SHRI ARIF
MOHAMMAD KHAN) : (a) Yes Sir.

(b) According to the findings of the
Working Group, the undertakings of
Bengal Potteries Ltd. may be viable pro-
vided certain short-term and long term
measures are taken which include :

1. induction of efficient manage-
ment ;
2. strengthening of marketing net
work ;
3. diversification of production for
the manufacture of other cera-
mic products such as glazed tiles,
vitreous China etc ;
4. guaranteed off-take of Low
Tension Insulators by Posts and
Telegraphs Deptt ;
5. rationalisation including sub-
stantial reduction of work-force ;
6. upgradation of technology ;
7. write-off of all statutory and
loan liabilities ; and
8. uninterrupted power supply.

(c) Yes, Sir.

(d) Extension of I (D & R) Act take-over period would depend on the time required by the Govt. to decide on the future disposition of the undertaking.

SHRI INDRAJIT GUPTA : Sir, this concern has been under the management of the Industries Rehabilitation Corporation for about eight and a half years now. I would like to know during this period, what steps the Government took through the IRCI for actually rehabilitating the company except to pump a large amount of money, a large dose of money. The Minister may kindly tell this House, how much money has altogether in these 8 1/2 years been given to the Managing Director of the Company, who is the old Executive Director of the same company and who was responsible for making it sick. How much money has been passed on to him and does the hon. Minister know that this gentleman—I don't wish to name him here—who has been made the Managing Director, was arrested on the 6th of July last year for alleged misappropriation of about Rs. 1.27 crores on the complaint made by the Punjab National Bank?

PROF. MADHU DANDAVATE : Then, how do you describe him as the gentleman?

SHRI INDRAJIT GUPTA : "Gentlemen" are the people who take the money out. You don't know that.

MR. SPEAKER : That is the present day definition.

SHRI INDRAJIT GUPTA : Sir, I would like to know firstly because the take-over notification expires on the 31st of March—that means in another 12 days' time only. The reply given just now is, whether the take-over will be extended or not depends on whether they can arrange to dispose of this undertaking. Have they got any scheme where within the next 12 days, they are going to announce some final decision?

If not, will they please announce that at least this period will be extended for

another six months or a year so that a time is obtained for working out a solution for this problem? Otherwise, within 12 days, you will have to denotify the company.

THE MINISTER OF CHEMICALS AND FERTILIZERS AND INDUSTRY AND COMPANY AFFAIRS (SHRI VEERENDRA PATIL) : Sir, before taking over this company for management, in 1976, the case was before the Court for liquidation. At that time, it was a closed unit. So, in order to bring it back to the running condition, the Government had to spend a lot of money. So, in 1977, IRCI sanctioned Rs. 146 lakhs for bringing it back to the working condition.

After 1977-78, the unit was working to a great extent satisfactorily because the losses were not that much. If I can give the figures, in 1977-78, the losses were only to the tune of Rs. 17 lakhs; in 1978-79, the losses were Rs. 13 lakhs; in 1979-80, the losses were only Rs. 7 lakhs and in 1980-81, the amount of loss was only Rs. 1 lakh. But suddenly, in 1981-82, the unit incurred losses to the extent of Rs. 2.27 crores and in 1982-83, this unit incurred the losses of Rs. 3.48 crores. This is a very old unit. I think, this Company is nearly over 60 years old.

Earlier, the Electricity Board and then the Posts and Telegraphs used to get their supplies of insulators from this unit. But in the meanwhile, so many small-scale sectors came in. Then, they were, as a matter of policy, were giving preference to small-scale units so far as insulators were concerned. That is how there were heavy losses during 1981-82 and 1982-83. Consistently, this unit was incurring losses.

The hon. Member is aware of the fact that the Company initially had appointed a consultant in order to find out whether this unit can be revived. They made certain recommendations. The IRCI also took a decision to appoint a Committee. That Committee also had gone into that matter and they also gave a

report. Then, at the Ministerial level, a Committee was constituted under the Chairmanship of one officer in the D.G.T.D. They also gave a report. I must admit that all these reports are there, and in all these reports, they have said that this unit can be made viable subject to such and such conditions. They have put so many conditions. But when we examine those conditions, we find that these are all theoretical recommendations and not practical recommendations.

The hon. Member wanted to know what the IRCI has done after taking over this unit. So far, the IRCI has given Rs. 7.7 crores to the Bengal Potteries after taking over.

SHRI INDRAJIT GUPTA : Sir, he has not answered my question. The period of taking-over is expiring on 31st March, 1985. Only 12 days are remaining. I wanted to know whether the Government has not already been able to make up its mind as to whether that period will be extended or whether on 31st March, they are going to wash their hands off the whole thing. Please tell us that.

MR. SPEAKER : And also about the man.

SHRI INDRAJIT GUPTA : He is a gentleman.

SHRI VEERENDRA PATIL : The period is going to expire on 31st March and, before that, the Government has to take a decision.

Recently, the hon. Member representing West Bengal—he is sitting on the other side—came to see me along with the representatives of workers. I explained the whole position to him, how the unit is incurring losses. This is a very old unit, the machinery is obsolete and there is no regular supply of power. There are so many difficulties. There is a stiff market also. It is not a monopoly market. There are so many units which have come up. I explained the whole position to him. I made an offer in the presence of the

hon. Member that if the workers are prepared to take it over and give me in writing at least saying that they are prepared to take it over in principle so that they can work out the details in consultation with the State Government or anybody else concerned and give it to me within a reasonable period, after that, I said that this will be a good ground for me to consider whether I should again approach the court for further extension.

SHRI INDRAJIT GUPTA : After 8-1/2 years and after putting about Rs. 12 crores into this concern, they now want to pass the burden on the workers because they have failed to do anything.

PROF. N.G. RANGA : Or they will close it.

SHRI INDRAJIT GUPTA : They will not be able to close it.

The hon. Minister mentioned that three or four Committees appointed at different times went into the viability of this concern and the basic recommendation of all the Committees was that provided the management is re-structured, this can be made a viable concern. If that is so, why the Government has persisted in leaving the management control of this concern in the hands of gentleman who made the unit sick in the first place and who has also been arrested on charges of embezzlement of money? Why the management has not been re-structured? Who prevented it from being done? Kindly tell us all this.

Those viability reports are lying in his files, I know. One suggestion was that insulators can be supplied to the P & T Department if they have a link up with the concern and every year they make first-class crockeries. The name of Bengal Potteries in the market is still very high. The ITDC is a Central Corporation.

MR. SPEAKER : Only their stock is low.

SHRI INDRAJIT GUPTA : They just now held very good exhibition of all their products in Park Hotel in Calcutta and ITDC is a Central Corporation which is building so many hotels, and rest houses and tourist homes and what not. Can they not make an arrangement to off-take their quality crockery from there? These things can be done. But they will not discuss any proper alternative plans with the workers or with the State Government. They should make a proper attempt to save the company, if necessary, by nationalisation. The unions there have pledged their support and cooperation if the Government nationalises the concern and the hon. Minister is not even prepared to tell us what they will do within the next 12 days.

I want to know specifically are they prepared to allow this company after the 31st March to be closed down.

SHRI VEERENDRA PATIL : All the suggestions made by the hon. Members have been examined. Not that they have not been examined and that the report that we have received has been kept by us in cold storage. Whatever report we have received, we have examined it. We have examined the reports and the recommendations contained in those reports.

For instance, the hon. Member feels that they are producing very good potteries and crockeries and there may not be any difficulty in selling them and an easy market can be found for those products.

I can quote the figures so far as ceramics production is concerned. Our experts say that so far as crockery is concerned, it can become viable if only this unit can produce 7,000 tonnes of crockery. But the requirement of the entire country is 14,000 tonnes and so many other units have come up with sophisticated technology and they are producing very good crockeries at a lesser price and I have already said that there is stiff competition. We had a discussion with ITDC. So far as crockery

is concerned, they said that they cannot be marketing agents or selling agents for Bengal Potteries and their requirement is very limited. Therefore, they were not interested. So far as Insulators Division is concerned, we approached the P & T Department and the hon. Members are aware that P & T is now going in for tele-communication and sophisticated methods and so far as their requirements are concerned, several small-scale units have already come and there is stiff competition from them because small-scale industries are enjoying certain concessions in the matter of excise duties and also sales tax. They are in a better position to compete with this unit. Therefore, they are preferring small-scale industry. They say that they may require them for a short time. After they change over to sophisticated tele-communication, their requirement may not be to that extent. I may even say for the information of the hon. House that Electricity Board where this unit is located, are also not taking their requirements from this unit. If they are taking, they are taking very little. This is the state of affairs. This unit is not getting sufficient power. They are all old and obsolete machineries. The share capital of this unit was Rs. 55 lakhs as against which the expenditure that has been incurred and the losses incurred are of the order of Rs. 20 crores. So, I do not know what to do with such a unit and now the hon. Member is finding fault with the management and with some gentleman who is sitting as Chief of the management. I am prepared to hand over management tomorrow only if somebody comes forward—I would request the hon. Member to come forward—with concrete proposals. I am here to consider.

SHRI INDRAJIT GUPTA : What about 31st March? Kindly tell us.

Are we to take our silence to mean that you are going to wash your hands off this concern? Please tell us what is your reply to that. You have not replied to that part at all.

SHRI VEERENDRA PATIL : We have to take a decision before 31st March, 1985, with regard to the future of this company. We have not yet taken a decision. It is under active consideration. We have not so far taken any decision.

SHRIMATI GEETA MUKHERJEE : Now I am very much confused, because I wrote a letter to the Prime Minister on this and he replied to me that this matter, namely, the representation of the Bengal Potteries Workers' and Staff Union, had been referred to the Department of Industrial Development. And yesterday itself I received a letter from Shri Arif Mohammad Khan saying that "various alternatives for the future disposition of M/s. Bengal Potteries Ltd. are under examination of the Government; a decision in this regard is expected to be taken early." From the statement made by the hon. Minister I really have not understood as to what are the various alternatives. He now says about handing over the management to the workers. That should really have been considered when the company was running in profit. Now, suddenly, after all these years, when it is running in loss, they are considering this. The first part of my question is this. He is avoiding answer about extension after 31st March. Since the fate of about 5,000 workers is involved in it, extension of the period is absolutely essential. I want to know whether they will extend the period. They cannot suddenly throw so many workers out of employment. I want to have a specific answer to this. Part (b) of my question is what are the various alternatives now being examined. I want to know what are the new alternatives which are under consideration.

SHRI VEERENDRA PATIL : I can spell out the alternatives. The first alternative is: if the workers are prepared to come forward, whether we should hand over the management to them. The second alternative is whether we should continue the *status quo* and extend the period of take-over. The third alternative is: if we cannot continue with this, whether we should de-

notify it before 31st March. All these are under active consideration.

PROF. MADHU DANDAVATE : Continuing the *status quo* means loss will continue.

SHRI VEERENDRA PATIL : I mean, extension of the take-over period.

SHRIMATI MAMTA BANERJEE : I want to know whether the Minister has received a joint memorandum from INTUC and other Unions of Bengal Potteries.

SHRI VEERENDRA PATIL : I have already said that all the Union leaders and their representatives had come. It is not a Party question at all. The INTUC also had represented that somehow this unit should be revived; it should not be allowed to be closed or it should not be de-notified. All these representations, we have already received.

Production of Paper based on bagasse

*82. **SHRI BALASAHEB VIKHE PATIL :** Will the Minister of INDUSTRY AND COMPANY AFFAIRS be pleased to state :

(a) whether the production of paper in the country this year is much more than the last year :

(b) if so, the break-up :

(c) how much of it is produced from bagasse ;

(d) the measures being taken to increase the production of bagasse-based paper ; and

(e) how much paper is still imported and the varieties of paper that come under this category ?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY AND COMPANY AFFAIRS (SHRI ARIF MOHAMMAD KHAN): (a) and (b) Production paper and paper board dur-