

TEXTILE WORKERS REHABILITATION FUND SCHEME

1. What is sickness in the textile industry?

Sickness in the organised industry is a general phenomenon not confined only to the textile industry. Incidence of sickness and closure in the organized textiles industry is a matter of concern. Also because the textile industry being the oldest and vast sector, at any point of time, there are always a few mills lying closed. Notwithstanding the remarkable growth in the textile sector, which has been showing considerable vibrancy in recent years, there are several mills, particularly composite mills, in the organised sector, which are sick.

2. What are the prime reasons of closure of textile mills?

One main reason of sickness is the structural transformation resulting in composite units in the organised sector losing ground to powerloom in the decentralised sector on account of latter's greater cost effectiveness. The other main causes of sickness/closure in industry can be attributed to various external and internal factors such as excess capacity, low productivity of both machine and labour due to lack of modernisation, poor management, stagnant demand and inability on the part of them (sick units) to access export market, failure to diversify in emerging areas, increase in the cost of inputs particularly labour and electric power, difficulties in getting timely and adequate working capital finance, irrational fiscal levies, internal factors etc.

3. What are the details of closed cotton/man-made fibre textile mills?

The details of closure of cotton/man-made fibre textile mills are given below:-

Year / Month end	No. of Mills			Installed Capacity			Employees on roll ('000)
	Spinning	Composit e	Total	Spindles (000)	Rotors (No.)	Looms ('00)	
1999-00	240	109	349	8408	31408	726	334
2000-01	262	121	383	8964	46012	690	344
2001-02	295	126	421	9459	59712	710	362
2002-03	349	134	483	10699	66936	741	390
2003-04	374	94	468	9390	83000	514	329
2004-05	376	99	475	9646	88160	538	335
2005-06	387	99	483	9680	92808	491	339
2006-07	380	87	467	9163	91544	451	320
2007-08	318	63	381	7285	80704	328	254
2008-09	339	64	403	7380	95185	331	254

2009-10	365	68	433	7870	105508	340	265
2010-11	471	82	552	9845	130788	372	305
2011-12 (As on 30.9.2011)	447	78	525	9520	127000	360	284

4. What steps have been taken by the Government for rehabilitation of workers of the closed textile mills?

With the objective to provide interim relief to textile workers rendered unemployed as a consequence of permanent closure of textile units, the Textile Workers' Rehabilitation Fund Scheme (TWRFS) is in operation with effect from 15th September, 1986. Relief under the Scheme is available only for three years on a tapering basis but will not extend beyond the date of superannuation of any worker. The worker is entitled to get the following relief:

- ❖ to the extent of 75% of the wage equivalent in the first year of the closure of the unit;
- ❖ to the extent of 50% of the wage equivalent in the second year; and
- ❖ to the extent of 25% of the wage equivalent in the third year.

5. What are the current provisions under TWRFS for closure of mills and the wage ceiling under the Scheme, and when were they last revised?

The scheme has been modified from time to time in the interest of displaced workers of closed textile units and for smooth operation of the guidelines. As a major modification, in the year 1992, the scheme was also applied to partially closed units and the wage ceiling was enhanced from ` 1600/- to ` 2500/-. Further, in 2005, the Cabinet Committee on Economic Affairs approved the enhancement of wage ceiling from ` 2500/- to ` 3500/- w.e.f. 1.4.1993. Relief under the scheme is available only for three years on tapering basis, 75% of the wages equivalent in the 1st year, 50% in the 2nd year and 25% in the 3rd year. The Scheme is applicable in respect of Non-SSI private Textile Mills which are

- closed with permission of State Government under Section 25(O) of the Industrial Disputes Act, 1947 or
- where Official Liquidator is appointed by High Court under the Companies Act, 1956 in the process of winding up the unit.

The scheme is not applicable to the State / Central Govt. Public Sector Undertakings and Cooperative Textile units.

An illegal strike by workmen, as defined in the Industrial Disputes Act, 1947, leading to the closure of the mills either under Section 25 (O) of the said Act, 1947 or by an Order of the High Court upon which an Official Liquidator is appointed, would not entitle the workmen to get relief under the Scheme.

The private sector SSI units are not covered under the Scheme because SSI units are registered and taken care of by the respective State Governments.

6. Are Government owned PSUs/ closed mills covered under the TWRF Scheme? If not, then why?

Only private mills are covered. Since workers of the Government owned mills already have adequate social security provisions this Scheme does not extend to them. This Scheme intends to establish a coherence with Government owned mills for the workers of the private sector mills.

7. What action can be taken against the Official Liquidator?

As the day-to-day functioning of Official Liquidators (OL's) are under the supervision of the High Court for winding up matters. Any aggrieved person against the functioning of OL, can approach the Hon'ble High Court of the State reporting its grievance.

8. What is the procedure for the replacement/removal of the Official Liquidator?

The OL's are appointed by the Ministry of Company Affairs and are posted/transferred as per Government policy. Aggrieved person can approach the Hon'ble High Court of the State for the replacement/removal of the OL. If any grievance is against the administrative functioning of OL, the Ministry of Company Affairs can also be approached being administrative Ministry.

9. Can the Official Liquidator be replaced by a Government appointee who will ensure that the auction process is transparent and a fair price is obtained for the sale of assets of mills under liquidation?

No, a Government appointee cannot replace official Liquidator.

10. Can the Government intervene as a purchaser of the property to be sold?

Yes, the Govt. is allowed in the process of auction etc, the Government is free to approach the concerned High Court in the matter.

11. Can the Government purchase the property in question?

Yes, the Government can participate in auction to purchase the property.

12. Will the Government then have to participate in the auction process or can it pre-empt it by paying a fair price calculated by either the Collector or a valuing agency?

The Government can participate in auction process but prior sanction of High Court is mandatory for disposal of such property. Sale of property is through bidding and the highest bidder acquires the property subject to approval of the concerned High Court.

13. Will Government have to purchase all the property in question, movable and immovable, in addition to the land, or can these be sold separately, while the Government retains the land?

All properties have to be sold with the sanction of the High Court.

14. On what basis can the Government seek a stay/moratorium on ongoing auction/liquidation process/processes?

Basic reason, on which Government can seek stay, cannot be specified. An applicant should satisfy the Court on grounds like under valuation/under pricing.

15. Does this have to be a single intervention for every ongoing auction or an omnibus intervention with the regard to certain mills in a specified city/State?

It depends upon the issue on which the stay is applied for.

16. Can a Government owned PSU be a party to the auction?

Yes, there is no bar for PSUs/Government to participate in an auction.

17. Can the Government or the PSU, claim a right to intervene on the ground that it has an alternative plan or rehabilitation scheme with regard to the land in question?

There is no legal provision vesting a right in the Govt. /PSUs to intervene with the liquidation proceeding. However, by virtue of the inherit power vested in the High Court; it may entertain a scheme of revival with participation of creditors/shareholders.

18. What is the progress of the Scheme?

Till 31.10.2011, 112609 workers out of 143532 workers on the rolls of 84 mills had been disbursed relief of ` 300.03 crore. The State-wise cumulative position is as follows-

S. No	State	No. of mills identified	No. of workers on roll	No. of workers benefited (as on 31.10.2011)		Disbursed amount (in crores)
				No. of mills	Workers received	

					relief	
1	2	3	4	5a	5b	6
1.	Gujarat	43	80749	43	63639	159.63
2.	Maharashtra	6	9958	6	7893	23.21
3.	Madhya Pradesh	5	19800	5	18857	52.64
4.	Tamil Nadu	6	5685	6	4761	7.45
5.	Karnataka	9	10020	9	5899	21.77
6.	Delhi	1	5187	1	5170	11.93
7.	West Bengal	3	2072	3	2042	5.34
8.	Kerala	1	500	1	437	2.47
9.	Punjab	4	6685	4	2310	8.96
10.	Andhra Pradesh	6	2876	6	1591	6.63
Total		84	143532	84	112609	300.03

19. Why only one State has benefited in this Scheme?

There are six states which have been benefited. However, the State of Gujarat has benefited the most. The reasons for this may be as follows:-

- Cooperation of the State Government of Gujarat in declaring closure of the mills legal under 25(O) of the ID Act and also in appointment of the Official Liquidator;
- Awareness of the Labour unions;
- Awareness of the textile workers;
- Concentration of the textile mills in the State of Gujarat etc.

20. What is the fund allocated and disbursement of the relief to the workers of closed non-SSI private textile mills under the Scheme?

Fund allocated and disbursement of the relief to the workers of closed non-SSI private textile mills under the Scheme is as under: -

(` in lakh)

Year	Approved outlay	Amount release	Amount disbursed during year	Workers paid during the year	Cumulative Amount disbursed	Cumulative workers paid	No. of mills paid cumulatively	Worker on roll cumulative
Upto 1999-2000	26696	12778	12567	59443	12567	59443	38	79381
2000-2001	1800	1800	1800	5742	14367	65185	41	88809
2001-2002	2500	1613	1593	5934	15960	71119	41	88809
2002-	431	431	410	980	16730	72099	41	88809

2003								
2003-2004	1500	113.50	111.43	343	16481.43	72442	41	88809
2004-2005	1500	800	799.86	3298	17281	75740	43	95381
2005-2006	1500	800	799.97	3224	18081	78964	44	97508
2006-2007	1425	1425	1425	3333	19506	82297	49	100356
2007-2008	3984	3984	3984	12002	23490	94299	61	116503
2008-2009	4000	3800	2711	8412	26201	102711	70	132130
2009-2010	4000	2506	2445.35	6658	28646.61	109366	78	140834
2010-2011	1228.49	1228.49	1228.12	2854	29874.73	112219	83	143333
2011-2012 (As on October 2011)	1500	7.65	1.29	390	29874.73	112219	83	143333
Total	52064.49	31286.64	29876.02	112609	-	-	-	-