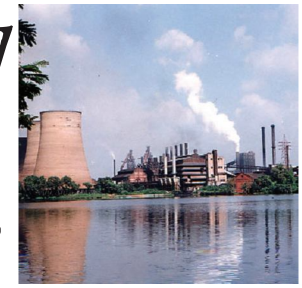
Public Enterprises and Industrial Reconstruction



PUBLIC ENTERPRISES

Prior to 2003 total number of PSEs in West Bengal was 87. During the 1st Phase of Restructuring Programme between 2003-2006 and 2nd Phase between 2008-2011, 22 PSEs have been closed and 4 have been transformed into Joint Ventures. Present number of PSEs is 57, out of which 13 PSEs are functioning under the administrative control of PE Department.

5 PSEs under this department have been restructured during the programme and remained profitable for a number of years. However, after extending 5th Pay Commission benefits all these 5 PSEs have gone into financial crisis and are trying hard to become viable. 3 PSEs viz. National Iron & Steel Co. Ltd, Lily Products Ltd. and Neo Pipes & Tubes Co. Ltd. have had negligible or no production for the last 5 years. In the Blood Bag Division of Electro-Medical & Allied Industries Ltd. also the production has come to a halt since 2009. However the Belghoria Unit of the company is performing more or less well. The remaining 4 PSEs viz. Saraswaty Press Ltd., Mackintosh Burn Ltd., W. B. State Warehousing Corporation and Eastern Distilleries & Chemicals Ltd. are performing satisfactorily with a reasonable margin of profit. Of them, Mackintosh Burn Ltd. and Saraswaty Press Ltd. are paying dividend to Government.

TOWARDS A PLAN OF ACTION

As far as PE Department is concerned, the following 3 PSEs have little or no production activity for last few years and the State Government is granting Non-Plan assistance to them for payment of salary of the employees:-

a. National Iron & Steel Co. Ltd. (121 acres of land, land owned by the company, 130 employees, Rs. 240.00 Lakhs per annum paid from state budget as salary of employees).

b. Neo Pipes & Tubes Co. Ltd. (7.10 acres of land, land owned by the company, 105 employees, Rs. 168.00 Lakhs per annum paid from state budget as salary of employees).

c. Lily Products Ltd. (12.5 acres of land divided between Ultadanga and Barasat sites, land is not owned by the company, company has lease-hold right on the land, 85 employees, Rs. 200.00 Lakhs per annum paid from state budget as salary of employees).

The department has started interacting with the management and other stakeholders of these three companies for revival of industrial activity and / or utilization of industrial resources.

In addition to this, this department is also contemplating inter-PSE collaboration e.g. Westinghouse Saxby Farmer Ltd — Britannia Engineering Ltd. and Electro-Medical & Allied Industries Ltd. — Gluconate Health Ltd. for better utilization of existing infrastructure facilities for mutual benefits of the PSEs.

The financial performance of the PSEs under this department are as follows :

- Eastern Distilleries & Chemicals Ltd. (EDCL) succeeded to make Rs. 23 lakh more profit in 2011-12.
- Saraswati Press Ltd (SPL) similarly earned Rs. 163 Lakh more profit in 2011-12.
- The Shalimar Works Ltd. (SWL) made Rs. 4 lakh more profit in 2011-12
- W.B. State Warehousing Corporation (WBSWC) was able to keep a profit margin of Rs. 370 Lakh which is Rs. 92 Lakh compare to previous year.
- Mackintosh Burn Ltd.(MBL) was not able to create more profit than 2010-11.
- Gluconate Health Ltd. (GHL), Durgapur Chemicals Ltd (DCL), Britannia Engineering Lt. (BEL) and Electro-Medical Allied Industries Ltd. (EMAIL) are continuously running in loss since some years.

INDUSTRIAL RECONSTRUCTION

This department has no specific plan scheme or central scheme being operated by it. The budget allocation in respect of this department has been provided under the three heads of account viz. Revenue Expenditure, Capital Expenditure and Loan for meeting expenditure towards revival/rehabilitation of closed/sick/weak industrial units on an approved scheme formulated by any of such eligible units with support of its secured creditors and other stake-holders and final approval of the Hon'ble BIFR.

Industrial sickness pertaining to medium/large scale industrial units-comparative analysis of revival through BIFR-route is tabled below(cumulative position):

	Status	PRIVATE			CENTRAL SECTOR			PROGRESS HIGLIGHTS
		09 -10	10 -11	11 -12	09 -10	10 -11	11 -12	
A	Revived/ceased to be sick and have come out of BIFR	27	36	43	4	5	6	Progress of revival is higher in 2011 -12
B	BIFR -approved revival packages at various stages of implementation/failed/revised scheme under consideration by BIFR	42	28	29	7	7	8	No. of sanction is higher in 2011 -12
C	Pending	114	123	101	2	1	2	Disposal of the cases by BIFR is higher in 2011-12

It may be noted that no state-sector industrial unit has so far been referred to BIFR as the government itself is exploring all the possibilities for their revival on long-term basis.

The new government led by Hon'ble Chief Minister Mamata Banerjee, has taken the oath of office on 20th May 2011. The new government is committed to keep the wheels of all the major and medium scale industrial units running for the protection of employment as well as economic growth of the state.

- Upon coming in power, the new government had observed that the economy of the state was in dire straits and many units were cash strapped. The earlier government had failed to formulate any pragmatic policy in addressing industrial sickness in the state. There was no worthwhile rejuvenation of sick industries by that government.
- The basic thrust of the policy taken by the new government is to play a facilitating role for the revival and rehabilitation of closed and sick industrial units by way of proactive guidance and coordinating the implementation of revival packages with support of certain reliefs and concessions; advising the rejuvenation of management structures; co-coordinating transfer of excess vacant land of closed and sick industrial units to generate resources for investment in their revival efforts vis-à-vis use of these lands for setting of new projects therein by intending entrepreneurs and guiding improvements in labour-management relations, with a view to ensure the continued productive use of their industrial assets.
- Despite several constraints, all effective steps have been taken by this new government under the guidance of the Hon'ble Chief Minister Mamata Banerjee in turning around the state from industrial sickness since the government took over the charge. Some of the progresses achieved during this short period of 10 months toward this objective are:

I. A comprehensive survey on sick/closed/weak industrial units in the state is being undertaken and the study-report is expected to be completed early.

II. Unblocking of industrial lands held by sick and/or closed industries for the proposed land bank for setting up new industrial units.

III. It is decided by the new government that no industrial land would be allowed to change its prospective character. Surplus land held by any sick/closed industrial unit could be transferred strictly for industrial use only.

IV. It is suggested that if an investor wishes to invest in the state he would be requested to explore the possibilities of taking one closed unit of the state along with new proposal.

V. The industrial policy adopted by the earlier government in 1994 having failed, new policy is going to be taken for addressing industrial sickness.

VI. Development of industrial clusters in different parts of the State.

VII. Priority would be given to reopen most of the existing closed industrial units in the state for the sake of employment.

VIII. Rejuvenation of sick jute mills and tea gardens.

IX. Approach to Government of India to transfer the idle lands held by sick central sector for setting up new industrial units.

X. Towards creation of a favourable environment for industrial development which will attract new entrepreneurs in course of time for taking-over closed/sick units having prospective viability, as expected by this government.

XI. During the period, this department has closely monitored the progress of revival of sick units in private as well as in central sector. Implementation of revival packages has been successfully completed in 6 CPSUs and 43 private units under the provisions of their respective revival packages duly approved by BIFR.

XII. Being urged by the state government, Govt. of India in its Ministry of Textiles have decided to run two closed jute mills of M/s National Jute Manufacturers Ltd. viz. Kinninson and Khardah.

XIII. Upon persuasion of this government, Government of India in its Ministry of Chemicals & Fertilizers has since decided to reopen and revive the closed units of Hindustan Fertilizer Corpn. Ltd. located at Durgapur and Haldia in this state.

XIV. Strategic JV partners comprising three major CPSUs viz. BEML, CIL and DVC have been formally transferred the factory land owned by GoWB for reopening/revival of closed MAMC unit at Durgapur.

XV. With the support of this department, take-over by Indian Railways has been completed in respect of Braithwaite and Burn Standard, both CPSUs having their major wagon manufacturing units located in this state.

XVI. Efforts have been taken by GOWB in consultation with GOI so that some other closed CPSUs could be revived with permission of the Hon'ble High Court as well as GOI. GOI/Ministry of Textiles has been requested by this government for setting-up of a textile-hub in the closed jute mills of M/s NJMC at Sankrail, Howrah.

XVII. Admissible relief/concessions for some deserving/eligible units having fully tied-up revival schemes duly approved by Hon'ble BIFR have already been granted "in principle" clearance by the department in accordance with the latest policy guidelines of the government.

XVIII. The government is taking proactive steps to reopen Dunlop plant at Sahaganj in consultation with all stakeholders.

XIX. Despite threat of winding-up by BIFR, this department is trying its best to revive M/s New Central Jute Mills at Budge Budge, in consultation with all of its Trade Unions.

XX. The new government has explored induction of new investors for reopening/revival of some closed/sick industrial units from their liquidation proceedings initiated at the Hon'ble High Court. A few entrepreneurs have already evinced interest in taking over some of these closed units upon seeking permission of the Hon'ble High Court.

XXI. The department has also declared the status of 'Relief Undertaking' to 10 ailing industrial units during the period under review.