

Cotton Trade (Development and Regulation) Bill, 2012

134. SHRI A. ELAVARASAN: Will the Minister of TEXTILES be pleased to state:

(a) whether there is tussle between the Ministries of Textiles and Agriculture over the draft Cotton Trade (Development and Regulation) Bill, 2012;

(b) whether Ministry of Textiles is in favour of making it mandatory for all cotton ginning and pressing units to be registered with the Textile Commission within three months from enactment of proposed law;

(c) if so, the details thereof;

(d) whether the Ministry of Agriculture has opposed the Bill as it will lead to bureaucratization of cotton trade and bring back Licence Raj into the country; and

(e) if so, the details thereof and the steps taken by Government to settle these issues?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRIMATI PANABAKA LAKSHMI): (a) Inter-Ministerial consultations are currently being undertaken on the Cotton Distribution (Collection of Statistics) Bill, 2012.

(b) and (c) Yes Sir. Every Cotton Processing Factory (Cotton Ginning factory, or Cotton Pressing factory or Cotton Ginning and Pressing factory), Trader and manufacturer shall be required to register itself in a prescribed manner with the Textile Commissioner within a period of six months from the date of enactment of this Bill and Rules made thereunder. Failure to register will be punishable with a fine equivalent to Rs. 1,000/- per day for the period of delay.

(d) and (e) Does not arise in view of (a) above.

Companies requiring debt restructuring

135. SHRI T.M. SELVAGANAPATHI: Will the Minister of TEXTILES be pleased to state:

(a) whether it is a fact that there are 450 companies that required debt restructuring;

(b) if so, the details thereof;

(c) whether it is also a fact that there is debt to rescheduling of Rs. 7000 crore term loan and Rs. 2000-2500 crore of working capital loan;

- (d) if so, the step taken by Government in this regard;
- (e) whether it is also a fact that Government held discussion with textile units in this regard; and
- (f) if so, the outcome thereof?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRIMATI PANABAKA LAKSHMI): (a) to (c) The Assessment Report on Stress in the Textile Industry conducted by Bank of Baroda Capital Markets Ltd., identified 290 companies consisting of 157 cotton and cotton yarn companies and 112 man-made fiber companies for debt-restructuring. The study also estimated that a long term debt of Rs. 27,111 crores and working capital borrowings of Rs. 7,500 crores was required to be re-scheduled.

(d) The Study Report was accepted by the Government, and forwarded to Reserve Bank of India (RBI) for consideration. The Reserve Bank of India, in its response on June 29, 2012 has said

- (i) The case for asset classification benefit on second restructuring is not justified
- (ii) The concession sought on provisioning is not acceded to, as provisioning is the first defence against expected losses
- (iii) The RBI has expressed its 'no objection' to moratorium on repayment of principal amounts and conversion of working capital into Working Capital Term Loans repayable over a period of 3-5 years.

In pursuance of RBI's advise, Ministry of Finance has issued directions to Banks to create a special window for textile industry debt-restructuring on case by case basis.

(e) and (f) A Group of Officers has been constituted by Government to coordinate with Banks and Textile industry for restructuring of loans.

Package for textile industry

136. SHRI P. BHATTACHARYA:

SHRI RAJKUMAR DHOOT:

Will the Minister of TEXTILES be pleased to state:

(a) whether Government has decided to give a package for debt laden domestic textile industry; and