

**GOVERNMENT OF INDIA  
TEXTILES  
LOK SABHA**

UNSTARRED QUESTION NO:1852  
ANSWERED ON:01.08.2003  
CREATION OF TEXTILE FUND  
T.M. SELVAGANAPATHI

**Will the Minister of TEXTILES be pleased to state:**

- (a) whether according to a report submitted by the India Cotton Mills Federation, the textile industry had a loan exposure of about Rs. 20,000 crore, of which Rs. 16,000 crore was from institutional sources;
- (b) whether with the creation of Rs. 5,000 crore textile fund, nearly Rs. 10,000 crore of the institutional loans could be repaid to the lenders;
- (c) whether a significant number of potentially viable units was not able to repay their debts owing to debt driven capital structure and high cost of debt;
- (d) if so, whether the Government have decided to come forward to rescue them; and
- (e) if so, the details thereof?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI BASANAGOUDA R. PATIL (YATNAL))

- (a) Yes Sir.
- (b) According to ICMF report, with the creation of Rs.5000 crores Textile Reconstruction Fund, nearly Rs.10,000 crores of the institutional loans could be restructured in such a way that repayment to the lenders could be ensured.
- (c) High cost of debt servicing was one of the main reasons for default in the repayment of debt by a number of potentially viable units.
- (d) & (e) A number of proposals in this regard are before the Government and the Government is in consultation with all stakeholders.