

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:912
ANSWERED ON:28.07.2000
CLOSURE OF NATIONAL PAPER MILLS
KOLUR BASAVANAGOUD;R.L. JALAPPA

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether the Government have closed down the National Paper Mills near Mandya in Karnataka;
- (b) if so, the reasons therefor;
- (c) the number of employees affected as a result thereof;
- (d) the number of employees opted for Voluntary Retirement Scheme;
- (e) whether there is any proposal to revive the said National Paper Mills; and
- (f) if so, the details thereof?

Answer

THE MINISTER OF STATE FOR HEAVY INDUSTRIES & PUBLIC ENTERPRISES (DR. VALLABHBHAI KATHIRIA)

(a) to (f): Board for Industrial and Financial Reconstruction (BIFR), in its order dated 31.07.1996, recorded its opinion under Section 20(1) of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), for winding up of Mandya National Paper Mills Ltd. (MNPM), Bellagula, Karnataka. Government of India (GOI) filed an appeal before Appellate Authority for Industrial and Financial Reconstruction (AAIFR). GOI also released Rs.8 crores to restart the Mill. However, the operations could not be viably sustained and remained suspended from August 1998 onwards. Efforts of Government for privatisation/ joint venture formation also did not materialise. GOI informed AAIFR on 29.02.2000 that MNPM is not capable of being revived and the opinion recorded by BIFR is acceptable. AAIFR dismissed appeals against the BIFR's opinion for winding up of MNPM. GOI decided to close down MNPM formally pending completion of winding up proceedings. As a safety net, Voluntary Separation Scheme (VSS) was introduced for three months w.e.f. 01.04.2000. Out of 651 employees, 639 employees have opted for VSS upto the date of closure of scheme.