

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

STARRED QUESTION NO:192

ANSWERED ON:04.08.2000

RESTRUCTURING OF HMT

M.V.CHANDRASHEKHARA MURTHY;T.M. SELVAGANAPATHI

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

- (a) whether the Government have refused to endorse the revival package for sick Hindustan Machine Tools Limited (HMT) and have decided to refer it to a Group of Ministers;
- (b) if so, the reasons therefor;
- (c) the details of recommendations made by the Group of Ministers in this regard;
- (d) whether the private sector companies and multinational companies have shown interest to have a joint venture with HMT;
- (e) if so, the reaction of the Government thereto;
- (f) whether the Government have identified five units of HMT for closure; and
- (g) if so, the details thereof and the reasons therefor?

Answer

THE MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI MANOHAR JOSHI)

(a) to (g) A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (g) OF LOK SABHA STARRED QUESTION NO.192 FOR REPLY OF 04.08.2000 ASKED BY SHRI M.V. CHANDRASHEKHARA MURTHY AND SHRI T.M. SELVAGANAPATHI REGARDING RESTRUCTURING OF HMT.

(a) to (c) Government have approved a restructuring plan for HMT with the following components:-

- (i) Conversion of GOI loan of Rs.39.70 crore into equity and write-off of interest accrued thereon of Rs.12.74 crore.
 - (ii) Infusion of fresh equity of Rs.250 crore.
 - (iii) Five unviable units to be closed down and VRS extended to the 454 employees.
 - (iv) Government to guarantee issue of bonds by HMT to raise Rs.469 crore for funding VRS for retiring 6493 employees within 2 years and provide interest subsidy of 50% along with guarantee fee waiver.
 - (v) The Machine Tool and Watch Group would be converted into subsidiaries by 31.12.2000. These subsidiaries would be disinvested in upto 74%. Subsidiarisation of and disinvestment in the Tractor Division would also be undertaken on a time-bound basis.
 - (vi) Watch Factory, Srinagar would be constituted as a subsidiary and be provided, for a period of three years, annual budgetary support as grant-in-aid to meet actual wages and salary outgo as per audited accounts in respect of employees posted at Srinagar.
 - (vii) Government will extend guarantee of Rs.40.43 crore for a period of two years to the Company to avail of working capital loan for the Watch subsidiary from banks.
 - (viii) Rs.15.10 crore will be given towards equity for incurring capital expenditure during 2000-01.
- (d) No, Sir.
- (e) Question does not arise.
- (f) & (g) Five perennially loss making and unviable units, namely, Central Metal Forming Institute, Watch Case Unit, Lamp Factory, Food Processing Machinery Plant and Miniature Battery Unit have been identified for closure. These 5 units incurred loss of Rs.222.15 crore upto 31.3.99.

