

**FIFTY-THIRD REPORT**

**COMMITTEE ON PETITIONS**

**(SIXTEENTH LOK SABHA)**

**MINISTRY OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES**

**(DEPARTMENT OF HEAVY INDUSTRY)**

**(Presented to Lok Sabha on 3.8.2018)**



**LOK SABHA SECRETARIAT**

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**COMPOSITION OF THE COMMITTEE ON PETITIONS  
(2017-2018)**

Shri Bhagat Singh Koshyari -*Chairperson*

**MEMBERS**

2. Shri Suresh C. Angadi
3. Shri Om Birla
4. Shri Jitendra Chaudhury
5. Shri Ram Tahal Choudhary
6. Dr. K. Gopal
7. Shri C.P. Joshi
8. Shri Chhedi Paswan
9. Shri Kamlesh Paswan
10. Shri Arjun Charan Sethi
11. Shri Kodikunnil Suresh
12. Shri Dinesh Trivedi
13. Shri Rajan Vichare
14. Shri Dharmendra Yadav
15. Vacant

**SECRETARIAT**

- |                            |   |                            |
|----------------------------|---|----------------------------|
| 1. Shri Shiv Kumar         | - | Joint Secretary            |
| 2. Shri Raju Srivastava    | - | Additional Director        |
| 3. Shri G.C. Dobhal        | - | Deputy Secretary           |
| 4. Shri Harish Kumar Sethi | - | Senior Executive Assistant |

(iii)

## **FIFTY-THIRD REPORT OF THE COMMITTEE ON PETITIONS**

**(SIXTEENTH LOK SABHA)**

### **INTRODUCTION**

I, the Chairperson, Committee on Petitions, having been authorised by the Committee to present the Report on their behalf, present this Fifty-Third Report (Sixteenth Lok Sabha) of the Committee to the House on the Representation received from S/Shri Ram Sharan Kantiwal and Mahender Singh regarding payment of salary to the employees of HMT, Pinjore and to restart its Tractor Unit.

2. The Committee considered and adopted the draft Fifty-Third Report at their sitting held on 31 July, 2018.

3. The observations/recommendations of the Committee on the above matters have been included in the Report.

**NEW DELHI;**  
**31 July, 2018**  
**9 Shravana, 1940 (Saka)**

**BHAGAT SINGH KOSHYARI,**  
***Chairperson,***  
***Committee on Petitions.***

## REPORT

### **REPRESENTATION RECEIVED FROM S/SHRI RAM SHARAN KANTIWAL AND MAHENDER SINGH REGARDING PAYMENT OF SALARY TO THE EMPLOYEES OF HMT, PINJORE AND TO RESTART ITS TRACTOR UNIT**

S/Shri Ram Sharan Kantiwal and Mahender Singh forwarded a Representation dated 19.02.2016 addressed to the Hon'ble Speaker, Lok Sabha regarding payment of salary to the employees of HMT, Pinjore and to restart its Tractor Unit.

2. S/Shri Ram Sharan Kantiwal and Mahender Singh, in their joint Representation, *inter-alia* stated that the employees of HMT, Pinjore have not been paid salary for the last 19 months. The non-payment of salary for such a long time has led to severe hardship to the workers and their families. A lot of them have been heavily indebted and even unable to meet their basic daily requirements. The Representationists further stated that the workers had represented their case before various dignitaries at the Central as well as the State levels, but to no avail. They alleged that the Management of the HMT, Pinjore is not serious with the problems of the workers and also not taking any meaningful step to attenuate the problems. They further alleged that the apathy of the Management had brought the Tractor Unit of the Company on the verge of closure. Further, the Representationists also proposed certain steps to revamp the Tractor Unit of the Company, i.e., infusion of one time equity by the Government to rebuild Company's finance so as to lessen the dependence of the Company on loan for salary and other running cost of the Plant, better marketing of HMT Tractors, etc. The Representationists, therefore, requested to resolve the matter of their withheld salary and also action to be taken to restart HMT Tractor Unit, Pinjore.

3. The Committee on Petitions took up the Representation for examination under Direction 95 of the Directions by the Speaker, Lok Sabha. Accordingly, the Representation received from S/Shri Ram Sharan Kantiwal and Mahender Singh was forwarded to the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry) for furnishing their comments on the issues raised therein.

4. Since the issues raised in the Representation pertain to the HMT Limited, a Government Public Sector Undertaking, the examination of the Representation by the Committee on Petitions is based on the following aspects:-

- (I) HMT - A Profile
- (II) Vision and Mission
- (III) Corporate Objectives and Goals
- (IV) Holding Company
- (V) Tractors Business
- (VI) Accolades
- (VII) Customer Services
- (VIII) Technology and R&D
- (IX) Infrastructure
- (X) Comments received from the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry) on the Representation of S/Shri Ram Sharan Kantiwal and Mahender Singh.

5. The examination on the points raised in the Representation is discussed in the succeeding paragraphs.

## **I. HMT - A Profile**

6. Incorporated in 1953 by the Government of India as a Machine Tools manufacturing company. Over the years diversified into Watches, Tractors, Printing Machinery, Metal Forming Presses, Die Casting and Plastic Processing Machinery, CNC Systems and Bearings. Successful technology absorption in all product groups through collaborations with world renowned manufacturers and further strengthened by continuous in-house R&D. Today, HMT comprises five subsidiaries under the ambit of a Holding Company, which also manages the Tractors Business directly. Since inception, HMT received many accolades as they grew up to a pre-eminent position in the Indian Industrial Landscape.

## **II. Vision and Mission**

7. \*
- To be a leading Global Engineering Conglomerate focused on Customer Delight in our fields of endeavour.
  - \* To establish ourselves as one of the world's premier companies in the engineering field having strong international competitiveness.
  - \* To achieve market leadership in India through ensuring customer satisfaction by supplying internationally competitive products and services.
  - \* To achieve sustained growth in the earnings of the group on behalf of shareholders.

### III. Corporate Objectives and Goals

8. \*
- To encourage the modernisation of Indian Industry through the supply of engineering goods and services of world class excellence.
  - \* To maintain technological leadership through continuous efforts to update product technology and manufacturing methods.
  - \* To globalise our operations by developing a mix of international markets and businesses.
  - \* To ensure a satisfactory return on capital employed, to meet the growth needs and the aspirations of our stakeholders.
  - \* To present an active, pleasant and productive working environment.

### IV. Holding Company

9. HMT Limited, with a diverse range of products, over 18 manufacturing Units and a countrywide well established Marketing Network restructured its various businesses into different subsidiaries under the ambit of a Holding Company. The constituent subsidiaries of HMT Limited are as below while the holding company retains the Tractors Business Group.

Sl.No.	Name of Subsidiary	% Holding
1	HMT Machine Tools Limited	100
2	HMT Watches Limited	100
3	HMT Chinar Watches Limited	100
4	HMT International Limited	100
5	HMT Bearings Limited	97.25
6	Praga Tools Limited	51.00

The Holding Company with its Corporate Head Quarters at Bangalore forms the hub for the activities of the different subsidiaries. The Holding Company while ensuring Good Corporate Governance also pursues strategies such as :-

- Creation of strategic alliances ;
- Development of brand equity ;



- Provision of strategic planning inputs ;
- Interface with regulatory agencies ; and
- Creation and maintenance of data warehouse with suitable corporate informational data for the use of all subsidiaries.

## **V. Tractor Business**

10. HMT's Tractor business commenced its operations in 1971 in Technical Collaboration with M/s MOTOKOV, Czechoslovakia Republic. Initially, HMT started the operation with the manufacture of 25 HP Tractor at the manufacturing plant established in Pinjore, Haryana State.

Over the years, it has developed Tractors ranging from 25 HP to 75 HP. The company achieved market leadership in Tractors by enlarging its range to cover most of the applications for the farming community. Currently the company has three Tractor Manufacturing Units in India located at Pinjore in Haryana, Mohali in Punjab and Hyderabad in Andhra Pradesh. It has a well equipped R&D Center duly recognized by the Department of Scientific and Industrial Research, the Government of India.

The Tractor Business Group of HMT has been a proud recipient of a number of National Level - Productivity Awards. It has also been certified for ISO-9001 by KEMA, Netherlands.

It has an installed capacity of 18,000 Tractors for Manufacturing and Assembly Operations. It has an in-house Marketing Organization comprising 17 Area Offices, 11 Stockyards and over 300 Dealers spread across the country. HMT Tractors Group is ably supported by over 40 Ancillary Units. It has qualified and experienced Workforce.

HMT has produced and marketed over 3,60,000 Tractors since inception in India and abroad.

MODEL	HP RANGE	MAIN FEATURE
<b>2522</b>	25	AVL fuel efficient engine and New Style Bonnet
<b>3022</b>	30	Fuel efficient engine (HMT Design); New Style Bonnet
<b>3522</b>	35	AVL adapted fuel efficient engine and New Style Bonnet

<b>4511</b>	45	HMT Design
<b>5911</b>	58	Heavy Duty Tractor (Czech Design)
<b>7511</b>	75	HMT Design; Power steering and ROPS
<b>2522 OS</b>	25	Low height and width for orchard applications
<b>3522 CS</b>	35	Wetland cultivation
<b>3522 DX</b>	35	Direct Axle Drive
<b>4511 CS</b>	45	Wetland cultivation
<b>4922 EDI</b>	49	AVL adapted fuel efficient engine and New Style Bonnet
<b>ENGINES</b>	<b>25, 30, 35, 45 and 58</b>	<b>Gen-set and Commercial applications</b>
<b>CS: Coastal Special      DX: Direct Axle      OS: Orchard Special</b>		

## VI. Accolades

YEAR	AWARD	INSTITUTED BY
1960-61	Outstanding Performance	President of India
1961-62	Outstanding Performance	President of India
1970-71	Excellence Performance in Exports	Government of Mysore
1971-72	Outstanding Export Performance	Government of Mysore
1971-72	Outstanding Export Performance	EEPC
1975-76	National Award for Outstanding Export Performance	Ministry of Commerce
1978-79	Best Product at IMTEX - 79	PMT and FIE
1981-82	Best Export Performance	EEPC
1981-82	Best Product at IMTEX - 82	FIE Foundation
1982-83	Export Excellence	EEPC
1982-83	Meritorious Performance in the field of Export	Ministry of Commerce
1983	Best Corporate Performance	Harvard Business School Association of India and Economic Times
1983-84	Most Effective Organisation	Foundation for Organisation Research (FORE)
1983-84	Best Productivity	Organisation Research (FORE)
1983-84	Export Excellence	EEPC
1984-85	Best Productivity	National Productivity Council
1984-85	Export Excellence	EEPC

1984-85	Meritorious Performance in the field of Export	Ministry of Commerce
1985-86	Best Product at IMTEX - 86	CMTI - PMT Trust
1985-86	Best Product at IMTEX - 86	FIE Foundation
1985-86	Best Productivity	National Productivity Council
1985-86	Export Excellence	EEPC
1986-87	Export Excellence	EEPC
1986-87	Excellence in Productivity	CEI
1986-87	Best Productivity	National Productivity Council
1987-88	Export Excellence	EEPC
1987-88	Best Productivity	National Productivity Council
1988-89	Company Standards	Bureau of Indian Standards
1988-89	Best Product at IMTEX - 89	CMTI - PMT Trust
1988-89	Best Product at IMTEX - 89	FIE Foundation
1988-89	Outstanding Performance in Industrial Safety	National Safety Council
1988-89	Best Productivity	National Productivity Council
1988-89	Best Company for HRD Practices	CEI
1990	National Award for R&D Efforts in Industry - 1990 in the Mechanical Industrial Sector	Dept. of Scientific and Industrial Research
1989-90	Valuable Contribution and Significant Encouragement to the cause of the Industrial Engineering Profession in India	H.N.THADANI
1990-91	Best Productivity	National Productivity Council
1990-91	Tech. Development for Machine Tools, Bangalore	Directorate General of Technical Development
1991-92	Best Productivity	National Productivity Council
1992	National Safety	National Safety Council
1994	Best Performance in Company Standardisation	Sir Jahangir Ghandy Trophy
1995	Best Products at IMTEX - 95	CMTI - PMT Trust Award
1995	Best Product at IMTEX - 95	FIE Foundation
1995-96	Regional 'Top Exporters Shield'	Engineering Export Promotion Council, Chennai
1996-97	Regional 'Top Exporters Shield -Project Exporters'	Engineering Export Promotion Council, Chennai
1997-98	All India Trophy for Highest Exporters	Engineering Export Promotion Council, Kolkata

1998	Best Product at IMTEX - 98	FIE Foundation
1998	Best Products at IMTEX - 98	CMTI - PMT Trust Award
1998-99	Regional Trophy for Highest Exporters in the Group - Services Exporter	Engineering Export Promotion Council, Southern Region, Chennai
2001	Best Product at IMTEX - 2001	FIE Foundation
2001	Best Products at IMTEX - 2001	CMTI - PMT Trust Award

## **VII. Customer Services (in Tractors)**

11. \*
- Countrywide Sales & Service network manned by qualified and trained personnel.
  - \* Service Camps organized frequently for the benefit of Customers.

## **VIII. Technology and R&D**

12. HMT has imbibed a wide range of technologies as a result of its diversification strategies, to be a truly multi-technology company. The list includes, though not limited to, the following technologies:-

- \* High Speed Machining
- \* Precision Machining
- \* Computer Numeric Controls
- \* Computer Integrated Manufacture
- \* Flexible Manufacturing Systems/ Modules/ Cells
- \* Metal Forming including Die casting and Plastic processing
- \* Horology
- \* Farm Mechanisation (Tractors and Implements)

R&D efforts in the above technology areas are a continuous and ongoing process at the Design & Development Centers of all HMT's Manufacturing Units. In each area of HMT's business domain, well-established research and testing facilities with experienced engineers to man them are in position. Extensive use is made of in-house CAD facilities for designing products. The R&D efforts include the design and development of :-

- \* Over a 100 new types/variants of Machine Tools ;

- \* Over a 1000 New Watch Models ;
- \* Several variants of Tractors to suit farmers' needs ; and
- \* HMT's R&D is committed to provide the best to the customer in terms of Contemporary Technology and Designs at competitive prices.

## **IX. Infrastructure**

### **13. In the Manufacture of Tractors**

- \* Facilities for Manufacture and Assembly of Tractors, Engines, Gear Box, Transmission Mechanisms, Housing etc.
- \* Full Fledged Painting and Pre-Treatment facilities.

## **X. Comments received from the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry)**

14. The Ministry of *vide* their Office Memorandum No.I-2/10/2016-PE-X dated 6 May, 2016, furnished the following comments:-

*"The Company, HMT Limited at present is facing severe financial crisis and is finding it difficult to manage its operations in the prevailing circumstances. It is not in a position to make timely payments of salaries/wages and other statutory dues to the employees of HMT Tractor Unit, Pinjore since last several months. The unit has virtually closed its operations due to financial crisis and other impeding factors. The Government have recently decided to close down the three subsidiaries of HMT Limited namely, HMT Watches Limited, HMT Chinari Watches Limited and HMT Bearings Limited by offering VRS/VSS to its employees. The VRS/VSS is under implementation in these companies.*

*However, the Government intends to revive HMT Limited through consolidation/merger of HMT Machine Tools Limited in it with prime focus on Machine Tools business. Accordingly, the company has prepared a proposal for consolidation and restructuring plan including manpower rightsizing, financial restructuring and business restructuring and operational restructuring to achieve technology leadership capabilities and a right sized lean and effective manpower. The instant issue of pending salaries/statutory dues of the employees of HMT*

*Tractor Unit, Pinjore will also be addressed in the above mentioned proposal while deciding the future roadmap for the company as a consolidated/merged entity."*

15. The Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry) vide their communication dated 19.5.2017 further informed the Committee as under:-

*"HMT Ltd., a Central Public Sector Enterprise under the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry) of the Government of India was established at Bangalore in 1953 with the objective of producing machine tools required for building an industrial edifice for the country. HMT played a key role in laying the foundation for evolution of engineering and manufacturing capabilities in the country. HMT Tractor Division was established in Pinjore, Haryana in 1971 to manufacture HMT Tractors. Performance of the company started to decline in the '90s, in the post liberalization economic environment with rising costs, stiff competition from international players and availability of imported goods at cheaper rates. Several efforts were made in past to arrest the declining trend but it could not succeed to turn around. HMT Ltd., profit making tractor business was affected due to poor off-take, under-utilisation of capacity working capital constraints, etc. It was observed that continuation in Tractor Business with its insignificant market share in the sector may not be a financially viable and sustainable option for HMT Ltd., and hence it would be prudent to close the tractor business, make an exit from this segment and focus on the core business activity of machine tools manufacturing for industrial sector.*

*The Company was provided a revival package in August, 2013. However, the Tractor Division could not revive itself due to various factors including rising costs, technology gap, market conditions, working capital constraints etc. It degenerated substantially with mounting losses and pending dues towards salaries, statutory liabilities, outstanding dues of suppliers and service providers as well as complete erosion of working capital. This led to gross insufficiency in business process and affected physical and financial performance of the company which resulted in huge accumulated losses.*

*The Tractor Division had been incurring losses continuously and was unable to pay even the salaries and other statutory dues of its employees. The employees of Tractor Division based at Pinjore had not been paid regular salary for over two years, since August, 2014 and other statutory dues, terminal benefits to retired employees were also pending since November, 2013.*

*In view of the deteriorating position of the company and hardship being faced by the employees due to non-payment of salary/wages and other terminal benefits, The Union Cabinet in its meeting held on 27.10.2016 approved the budgetary support to HMT Ltd for payment of outstanding Salaries/Wages and other statutory dues, introduction of VRS/VSS and closure of operation of Tractor Division. The break-up of approved financial cash assistance was as under:-*

Sl.No.	Particulars	Rs. in crore
1	Salaries and Statutory Dues of Tractor Division and other Divisions and VRS/ VSS on notional 2007 pay-scales	606.05
2	Clearing liabilities of HMT Tractor Division to banks, creditors etc.	112.67
	<b>Total requirement of Cash Assistance as interest free loan</b>	<b>718.72</b>

*The break up amount released so far as on 18.05.2017 and balance yet to be released:-*

Sl. No.	Particulars	The amount released so far [Rs. in crore]	Balance yet to be released [Rs. in crore]
1	Salaries and Statutory Dues of Tractor Division and other Divisions and VRS/ VSS on notional 2007 pay-scales	543.68	62.07
2	Clearing liabilities of HMT Tractor Division to banks, creditors etc.	97.90	14.77
	<b>Total</b>	<b>641.58</b>	<b>76.84</b>

*An application under Section 25(O) of the Industrial Dispute Act, 1947 for Closure of Tractor Division submitted by the Company on 17.11.2016 to the Ministry of Labour & Employment, New Delhi. After three hearings, the Ministry of Labour & Employment accorded permission for closure of units of Tractor Division vide order dated 14.02.2017 received on 23.02.2017.*

*Out of 1000 Employees, 855 Employees who applied for VRS/VSS, have been relieved. Remaining 145 Employees have filed writ petition against the Cabinet decision of closure in the Hon'ble High Court of Punjab and Haryana. The case was listed on 28.02.2017, 23.03.2017, 17.04.2017, 20.04.2017, 25.04.2017, 17.05.2017 and on 24.05.2017."*

The Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry), in its written reply also submitted before the Committee:-

*"As the one year period granted for closure was nearing completion, the Company terminated the Service Contract of the 150 workmen on 24.01.2018 as per the*

*Orders of the Ministry of Labour & Employment and has paid the applicable closure compensation and other terminal benefits."*

16. The Committee desired to know the details of all the Units of HMT Ltd. and their profit/liability during the last five years, the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry), in its written reply, submitted:-

(Value in Rs. Crore)

Year	Tractors Division, Pinjore		Food Processing Machinery Unit, Aurangabad	
	Sales	PBT	Sales	PBT
<b>2011-12</b>	153.72	-69.17	5.84	-1.15
<b>2012-13</b>	89.97	-130.82	9.45	0.01
<b>2013-14</b>	70.06	-92.01	8.38	0.23
<b>2014-15</b>	54.29	-103.30	5.99	-5.19
<b>2015-16</b>	38.54	-117.13	6.89	-3.22

17. The Committee further desired to know whether the salaries were being disbursed on time in the other units of HMT Limited, the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry), in its written reply, submitted:-

*"HMT Limited directly manages Units manufacturing Tractors and Food Processing Machinery. While the salaries of Tractors are pending from August 2014, the salaries of Food Processing Machinery Unit, Aurangabad is paid up to August 2016."*

18. The Committee thereafter desired to know the comments of the Ministry on the specific allegations raised in the Representation that the employees of HMT Pinjore have not been paid salary for the last 19 months and the Management has done nothing to improve the situation, the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry), in its written reply, submitted:-

*"The Tractor Unit, Pinjore employees have been paid salary up to July 2014 while statutory dues are cleared up to November 2013. The Machine Tool Unit, Pinjore employees have been paid salaries up to August 2015 while Statutory dues cleared upto March 2014. The Company has sought funds from the Government for releasing payment of salaries and statutory dues for Tractor Unit, Pinjore. A proposal which inter-alia includes funds for payment of salaries is under consideration of the Government."*

19. On being enquired by the Committee as to whether the Unions of these Units have represented their case before the management for timely disbursement of salary and the



details of the action taken thereon, the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry), in its written reply, submitted:-

*"The Unions of these Units have been representing their case time and again before the management for timely disbursement of salary. However, for sustenance a minimal advance is paid against salary. The management has explained the status of financial condition of the unit in detail to unions and reasons for non-disbursement of salaries on time."*

20. On being further enquired by the Committee about the steps taken by the Management of the HMT Ltd. to improve the overall situation viz., production, financial, personnel, etc., of these Units, the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry), in its written reply, submitted:-

*"The Management has made all possible efforts to raise funds to augment working capital and enhance production. However, banks are not forthcoming to provide funds in view of the financial status and insignificant market share (<0.5%) of the Tractors Business. While various measures for cutting costs have been taken up, the impact is minimal compared to the personnel cost. Tractor Industry is also showing a declining trend for the last three years. The Management has sought funds from Government for payment of salaries and statutory dues which is under consideration along with the proposal for closure of the Tractor Division."*

21. The Committee when asked about the status report of tractor production by the Company specifically, by the Pinjore Unit of the Company, the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry), in its written reply, submitted:-

<b>Tractor Production (Nos.)</b>				
<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
4426	1309	1546	1078	633

22. On being enquired by the Committee whether the Tractor Unit, Pinjore is running into losses, if yes, the reasons for incurring losses, the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry), in its written reply, submitted:-

*"Yes. Due to acute working capital constraints; old plant and machinery as well as disruption of supply-chain due to delay in vendor payment coupled with stiff competition from private players, the operations were severely affected. The Tractor*

*Business was in loss during the years from 2011-12 to 2015-16 which was Rs.69.17 crore, Rs.130.82 crore, Rs.92.01 crore, Rs.103.30 crore and Rs.117.13 crore respectively."*

23. When the Committee further enquired to know the detailed comparative chart of the HMT Tractors *vis a vis* its competitors in the market, the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry), in its written reply, submitted:-

*(figures in Nos.)*

<b>Company</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
M&M GROUP	238269	226412	259907	222334	203734
TAFE GROUP	146112	144377	157052	134571	114184
SONALIKA	50603	58397	65541	66260	58722
ESCORTS	62635	61972	68060	57565	50698
JD	55849	47217	37478	29365	30175
NHI	34990	35485	32222	28054	22198
VST	7033	6654	7266	6553	7530
FORCE	1743	2029	3219	4112	4733
SAME DEUTZ-FAHR	6785	4796	1923	1522	1057
HMT	3639	2005	1488	1127	733
<b>Total Industry</b>	<b>607658</b>	<b>589344</b>	<b>634156</b>	<b>551463</b>	<b>493764</b>

24. On being specifically enquired by the Committee about the details of various initiatives taken by the Company to improve the financial condition of the Company especially the Tractor Unit, the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry), in its written reply, submitted:-

*"The initiatives taken by the Company include efforts to raise funds from banks to augment working capital for enhancing production; various measures for cutting costs; rationalization of products; appointment of new dealers and distributors; incentive schemes for dealers and distributors; improvement in tractor aesthetics and features based on market feedback; tie-ups with various financial institutions for financing etc."*

25. The Committee further desired to know the comments of the Ministry in regard to the allegation made by the Representationists that *the Tractor Unit of the Company has been brought to a pitiable condition by the Management of HMT Ltd. however, one time infusion of equity by the Government and better marketing strategy of its products can bring the unit into profit*, the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry), in its written reply, submitted:-

*"In view of acute working capital constraints and disruption of supply-chain due to delays in payment to suppliers apart from stiff competition from private players, the Company could not scale up its operations. Dealers have deserted the Company due to non-availability of Tractors. The operations of the business have become totally unviable and the market share insignificant (<0.5%). Keeping in view the dwindling market share and deteriorating financial condition of the company it does not seem to be prudent to continue with the tractor business by infusing more public money in the company."*

26. The Committee thereafter sought the details of blueprint, if any, prepared by the Ministry/Company to revive its Units, especially the Tractor Unit and make it financially viable to withstand the competition in the market, the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry), in its written reply, submitted:-

*"A revival package was approved by CCEA in the year 2013. Even then the operations of the business have become totally unviable due to continuous losses and huge pending salaries and other liabilities as well as the insignificant market share."*

27. On being enquired by the Committee about the latest status related to the three subsidiaries of HMT Limited namely, HMT Watches Limited, HMT Chinar Watches Limited and HMT Bearings Limited which are being closed down by the Government by offering VRS/VSS to its employees, the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry), in its written reply, submitted:-

Sl. No.	Subject	Particulars
1	Name of the CPSE	<b>HMT Watches Ltd.</b>
2	Date of decision of closure	6 <sup>th</sup> January 2016
3	Action taken as on 31.08.2016	
a	Offer of VRS to employees	794 employees relieved including all employees of Bangalore Units, Tumkur Unit and Marketing Division; 165 on rolls.
b	Settlement of employee related dues	Salaries paid upto December 2015. 1992 pay revision arrears paid to outgoing employees; Payment ongoing for those retired.
c	Settlement of taxes and duties etc.	Out of Rs 22.41Cr received, Rs.7.38 cr paid to CISF, Rs.0.16 cr paid for WFR land lease;

		Balance under settlement
d	Sale of movable assets	Auctions for sale of Plant & Machinery through MSTC are under progress in Bangalore and Tumkur Units. Completion – 55%. Rs.171 Lakhs credited till date in the escrow A/C of HMT Watches Ltd. through sale of plant & machinery and inventory.
e	Sale of immovable assets	EOI floated initially and tender floated subsequently. Price bids received have been tabulated and forwarded to the Ministry for further directions.

Sl. No.	Subject	Particulars
1	Name of the CPSE	<b>HMT Chinar Watches Ltd.</b>
2	Date of decision of closure	6 <sup>th</sup> January 2016
3	Action taken as on 31.08.2016	
a	Offer of VRS to employees	All 30 employees relieved by Feb-2016
b	Settlement of employee related dues	Salaries paid upto December 2015. 1992 pay revision arrears paid to outgoing employees; Payment ongoing for those retired.
c	Settlement of taxes & duties etc	Settled
d	Sale of movable assets	Auctions for sale of Plant & Machinery through MSTC are under progress. Completion – 70%. Rs.260 Lakhs credited till date in the escrow A/C of HMT Chinar Watches Ltd. through sale of plant & machinery and inventory. However, buyers are finding it difficult to collect their items due to turbulent situation in J&K and many are seeking refunds
e	Transfer of immovable assets	Land is under lease and will be handed over to the State Government.

S. No.	Subject	Particulars
1	Name of the CPSE	<b>HMT Bearings Ltd.</b>
2	Date of decision of closure	6 <sup>th</sup> January 2016
3	Action taken as on 31.08.2016	

a	Offer of VRS to employees	All employees relieved by July 2016
b	Settlement of employee related dues	Settled
c	Settlement of taxes & duties etc	Settled
d	Sale of movable assets	Auctions for sale of Plant & Machinery through MSTC held up for want of clearance from BIFR
e	Sale of immovable assets	EOI floated initially and tender floated subsequently. Price bids received have been tabulated and forwarded to the Ministry for further directions.

28. Further, on being specifically asked by the Committee to furnish a brief note on the proposal to revive the machine tools industry, the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry), in its written reply, submitted:-

*"Department of Heavy Industry (DHI) has identified HMT for an important role to be played by it in furthering the objectives of 'Make in India'. It is considered view of the Department that HMT must focus on its core business of manufacturing Machine Tools in the Capital Goods Sector. It has also been identified for giving a push to the Skill India thrust of the Government to enable the country bridging the skill gap in the capital goods sector, especially in the machine tools sub-sector. Accordingly, HMT Ltd has been asked for prepare a technology plan and road map for its future to become a force to reckon with in the Machine Tools sub-sector. NITI Aayog has also opined in favour of the above proposal. Subsequent to discussions with NITI Aayog, a revised proposal for revival of HMT Machine Tools through modernization and restructuring of its business portfolio and the proposed Technology Roadmap for next 5 and 15 years has been prepared and sent to IIT Madras for technical vetting by the Company and the Business and operational plans along with manpower and financial restructuring proposals are finalized and will be submitted to SBI-CAPS for checking the financial viability."*

29. The Committee, thereafter, desired to know whether the revival proposal of the Company has been considered and approved by the Ministry, the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry), in its written reply, submitted:-

*"The revised proposal for Modernisation and Restructuring of Machine Tools Business of HMT, as approved by the Board, will be submitted by the Company for examination by the Department of Heavy Industry."*

30. On being enquired by the Committee about the steps taken by the Company to disburse the salary of its employees of various Units of HMT including the Pinjore Unit, the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry), in its written reply, submitted:-

*"The Company has requested for budgetary support for payment of outstanding salary/wages and other employee related statutory dues in the Tractor Division, Pinjore. It is under consideration of the Government and an appropriate decision will be taken in the matter with the approval of Competent Authority. In the case of other Units, the performance is improving and it is expected that the backlog of salaries would be made up shortly."*

31. On the subject, the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry), in a written reply, also submitted that HMT Ltd. is a Company registered under the Indian Companies Act, 1956. It is a juristic person with a separate and distinct legal identity. The Government of India is the promoter and Majority Shareholder in the Company. The Management and Operations of the Company are conducted under the provisions of the Indian Companies Act by a Board of Directors. The Board has the autonomy to manage the business of the company in the best possible manner to ensure a healthy return to its Shareholders. The Government as a Shareholder is not legally bound to pump in money to the company to continue its loss making business. However, keeping in view the hardship of the employees of the company due to non-payment of salary/Statutory Dues etc. has been providing financial support in form of equity infusion and loan to the company from time to time to continue its operations and remain viable. Performance and sustenance of a company depends upon many internal and external factors some of which are extraneous and beyond the control of Government viz. market conditions, consumers preference etc. In case of HMT Tractor business, it appears highly unlikely that it could be revived, hence it would be prudent to close down the business and relieve the employees on attractive VRS/VSS along with settlement of all their pending Salary/Wages and other statutory dues. The matter is under consideration of the Government and an appropriate decision will be taken shortly.

32. In this regard, the representatives of the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry), during their oral evidence held on 24.5.2017, deposed before the Committee as follows:-

*"In the Cabinet meeting, it was decided to close down the Tractor Unit, Pinjore by offering VRS/VSS to their employees. Further, the Tractor Unit, Pinjore will not be closed permanently, the Cabinet decision has one option that if any private industry or private investor is interested to run the Unit, they may come and run the show. The Ministry are soon starting the process to evolve a way to best possible use of the machineries of the Tractor Unit, Pinjore."*

33. Further, during the oral evidence, the representatives of the Ministry deposed before the Committee as under :-

*"Earlier, on one occasion, the Hindustan Cables Limited, Allahabad Unit, a Government Public Sector Undertaking was also close down by the Government and later on which was taken over by the Hindustan Aeronautics Limited, a PSU under the Ministry of Defence. The Ministry are trying to find someone who can run this Tractor Unit."*

## **OBSERVATIONS/RECOMMENDATIONS**

### **Expert Group for revival of all the Units of HMT Limited**

34. The Committee note from the submissions made by the Ministry of Heavy Industries and Public Enterprises (Department of Heavy Industry) that HMT Limited, a Central Public Sector Enterprise under of the Government of India, was established at Bangalore in 1953 with the objective of producing Machine Tools required for building an industrial edifice for the country. HMT played a key role in laying the foundation for evolution of Engineering and Manufacturing Capabilities in the country. HMT Tractor Division was established in Pinjore, Haryana in 1971 to manufacture HMT Tractors. Performance of the Company started to decline in the '90s, in the post liberalization economic environment with rising costs, stiff competition from International players and availability of imported goods at cheaper rates. Several efforts were made in past to arrest the declining trend but they could not succeed to turn around. The profit making Tractor Business of HMT Limited was affected due to poor off-take, under-utilisation of capacity, working capital constraints, etc. The Committee also note that since continuation in Tractor Business with its insignificant market share in the sector may not be a financially viable and sustainable option for HMT Ltd., and hence it would be prudent to close the Tractor Business and focus on the core business activity of Machine Tools Manufacturing for Industrial Sector. The Company was provided a revival package in August, 2013. However, the Tractor Division could not revive itself due to various factors including rising costs, technology gap, market conditions, working capital constraints, etc. It degenerated substantially with mounting losses and pending dues towards salaries, Statutory Liabilities, outstanding dues of Suppliers and Service Providers as well as complete erosion of Working Capital. This led to gross insufficiency in business



processes and affected physical and financial performance of the Company which resulted in huge accumulated losses.

35. The Committee do not accept the averments made by the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry) to the effect that on the one hand, the Government intend to revive HMT Limited by way of focusing on the core business activity of Machine Tools Manufacturing for the Industrial Sector, and on the other hand, not to continue with the Tractor Business due to various operational glitches. The Committee are dismayed to the note that the reasons attributed to winding up of Tractor Business, viz., poor off-take, under-utilisation of capacity, Working Capital constraints, stiff competition from International Players, etc., could also be equally applicable in the case of Machine Tools Manufacturing Business. The Committee are of the considered opinion that with the advent of modern Business Environment and the propensity of users of Industrial Products to purchase durable products at relatively cheaper price, irrespective of its being produced in any part of the world, our Public Sector Enterprises have now to re-fashion their operations in a most professional manner with an eye on cost-cutting, aggressive marketing, durability of their products, etc. The Committee also feel that until and unless our Public Sector Enterprises start giving prominence to 'Technocracy' over 'Bureaucracy', the closing down of Public Sector Enterprises, one after the other, could not be averted. Notwithstanding the fact that revival of Machine Tools Manufacturing Business is a welcome step of the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry), the Committee recommend that an Expert Group, consisting of renowned Technocrats, should be urgently constituted by the Government with a clear cut mandate to look into the prospects of revival of all the ailing Units of HMT Limited. The Committee urge the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry) to take

necessary action and apprise the Committee within three months of presentation of this Report to the House.

**Expeditious release of Pay & Allowances and 'Statutory Dues' to serving/retired employees of Public Sector Enterprises**

36. The Committee find that due to severe financial crisis, HMT Limited is finding it difficult to manage its operations in the prevailing circumstances. Further, the Company is not in a position to make timely payments of salaries/wages and other Statutory dues to the Employees of HMT Tractor Unit, Pinjore since last several months. The Unit has virtually closed its operations due to financial crisis and other operational factors. The Government have recently decided to close down the three subsidiaries of HMT Limited namely, HMT Watches Limited, HMT Chinara Watches Limited and HMT Bearings Limited by offering VRS/VSS to its Employees which is under implementation.

37. The Committee also note that HMT Limited directly manages the Units that are manufacturing Tractors and Food Processing Machinery. While the salaries of the employees of the Tractor Unit, Pinjore are pending from August, 2014, other Statutory dues, terminal benefits to retired Employees were also pending since November, 2013. Similarly, the Salaries of the Employees of the Food Processing Machinery Unit, Aurangabad are pending from September, 2016 and the salaries of the employees of the Employees of the Machine Tool Unit, Pinjore are pending from September, 2015.

38. The Committee are flabbergasted to find that not only there is a huge backlog in payment of salaries and other allowances to the Employees of various Units of HMT Limited, but also the 'Statutory Dues' of the retired Employees or those Employees who were forced to take retirement under Voluntary Retiring Scheme had

not been released. The Committee could very well gauge the plight of all the employees and their families whose subsistence is in peril due to absence of any source of income, other than working in Public Sector Enterprise, that too, without any remuneration. The Committee find it paradoxical that on the macro level, the Union Government has been implementing various people-centric welfare measures, viz., the Pradhan Mantri Mudra Yojana, Make in India, Stand Up India, National Health Protection Scheme - Ayushman Bharat - to provide hospitalization cover to over 10 crore poor and vulnerable families, etc., but, on the micro level, thousands of employees along with their families of Public Sector Undertakings - who in the past, shared the glory of one of the contributors in formulating a robust industrial base of the country - are made to suffer on the premise that due to financial constraints, the Public Sector Undertaking(s) are not able to release their pay & allowances and/or 'Statutory Dues'. The Committee, therefore, recommend that the Union Government should now take the initiative of working out a detailed Plan of giving a 'Special Financial Package' to all the Public Sector Undertakings, including all the subsidiaries of HMT Limited, to release the withheld Pay & Allowances along with the 'Statutory Dues' to all serving/retired employees prior to end of current Fiscal Year. The Committee would like to be apprised of the action taken by the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry) in this regard.

### An overview of Public Sector Enterprises

39. The Committee on Petitions, Lok Sabha have been receiving various Petitions/Representations from individuals, Associations, etc., working in various Public Sector Enterprises, alleging arbitrary decision of the Top Management in closing down the operations of the Company on the grounds of post liberalization economic environment, rising costs, obsolete manufacturing processes, stiff competition from International Companies, availability of imported goods at cheaper

rates, etc., due to which their Salaries/Allowances and/or other Statutory Dues have not been paid/released.

40. On the other hand, while making submissions before the Committee, the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry) invariably claims that a series of 'Revival Packages', with different nomenclature along with sale of non-core assets, had been formulated and implemented with a view to putting a new lease of life to the Public Sector Undertakings. However since all the efforts of the Union Government could not attain the intended objective of systematic revival, scores of Public Enterprises had been closed down and the employees were retrenched/granted the option of availing Voluntary Retirement. The Top Management of the Public Undertaking(s) often exhibit their inability before the Committee during oral evidence and/or informal discussion during Study Visits to release the withheld Pay & Allowances and other Statutory Dues of the employees due to non-release bailout package by the Union Government.

41. As the Committee could understand from the submissions made by various Ministries/Departments concerned of the Union Government from time-to-time, the common quotient of the entire fiasco concerning the present state of affairs of Public Sector Undertaking(s) is that the majority of Companies have not been able to re-configure themselves with the rapidly changing business environment, thereby, unwillingly allowing the Public Sector(s) to become an unviable proposition. After painstakingly examining the entire sequence, spread over the last three decades, the Committee strongly recommend the Union Government to undertake an original time-bound Comprehensive Study to assess the overall performance and requirements of Public Sector Undertakings in the country with a view to making them commercially viable; an engine of growth and a major employment generator. For this purpose, the

Committee urge the Union Government to furnish the following details *inter alia* reflecting an overview of the Public Sector Undertakings:-

- (i) *Total number of Public Sector Undertakings in the country.*
- (ii) *Total Employees working in these Public Sector Undertakings.*
- (iii) *Total Employees retired from these Public Sector Undertakings on attaining the age of superannuation during the last 10 years and are in receipt of any monthly financial assistance as Pension, etc.*
- (iv) *Total Public Sector Undertakings declared Sick by the Board for Industrial and Financial Reconstruction (BIFR) during the last five years.*
- (v) *Total number of Employees who had sought Voluntary Retirement from Public Sector Undertakings during the last five years.*
- (vi) *Total Public Sector Undertakings where there is backlog in the payment of salaries, allowances and other statutory dues to the serving/retired Employees.*
- (vii) *Total amount of outstanding dues on account of salary, allowances and other statutory obligations which the Public Sector Undertakings had to pay to its serving/retired Employees.*
- (viii) *Total amount of Revival Package(s) extended to Public Sector Undertakings by the Union Government during the last five years.*

42. Since all the aforesaid aspects would form the basis of Action Taken Report to be formulated by the Committee based on the Action Taken Reply, the Committee, therefore, urge the Ministry of Heavy Industries & Public Enterprises (Department of Heavy Industry) to furnish the requisite information within three months of presentation of this Report to the House.

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