

Bill Summary

The Textile Undertakings (Nationalisation) Laws (Amendment and Validation) Bill, 2014

- The Textile Undertakings (Nationalisation) Laws (Amendment and Validation) Bill, 2014 was introduced in the Lok Sabha by the Minister of Textiles, Mr. Santosh Kumar Gangwar on December 1, 2014.
- The Bill seeks to amend the Sick Textile Undertaking (Nationalisation) Act, 1974 and the Textile Undertakings (Nationalisation) Act, 1995. These Acts provide for the nationalisation of certain textile undertakings, and for their management by the National Textile Corporation (NTC). NTC is a Central Public Sector Enterprise under the Ministry of Textiles.
- The two Acts state that the right and title of the owner of a textile undertaking will vest with the central government. Further, every textile undertaking that vests with the central government will be transferred to and vest with NTC.
- In 2011, the Supreme Court held that NTC must vacate land on which Toyo Poddar Cotton Mills Limited, Mumbai, stood, as the lease-hold tenure had expired.¹
- NTC had argued that they need not vacate the premises as lease hold rights were with the central government. The Maharashtra Rent Control Act, 1999, under which NTC was asked to vacate the land, exempts land leased by the central government.
- According to the Statement of Objects and Reasons of the Bill, the Bills seeks to clarify the vesting of lease-hold land with the central government, in order to prevent the vacating of this land by NTC, at the expiry of the lease.
- The Bill states that lease-hold rights of the textile undertakings will vest with the central government, irrespective of the transfer and vesting of these undertakings to NTC. These rights will be exercised by the NTC on behalf of the central government. Further, no court may order the divestment of the property vested with NTC by the central government.
- Even though lease-hold rights of the land are vested in the central government, NTC has the right to prosecute or defend any proceedings in respect of this land.
- No proceedings can be instituted against NTC on the ground that textile operations were discontinued in the textile undertaking. Any lease-hold property divested from NTC to other persons as a result of court proceedings must be returned to NTC.
- Court proceedings directing lease-hold land to be divested from NTC will not be maintained or continued. Lease-hold rights over land will continue to be exercised by NTC on behalf of the central government, as provided for by the Bill.
- The transfer of any property from NTC, through any order of a civil court or other authority, which is not in keeping with either Act as amended by the Bill, will be deemed void.
- These new provisions will be applied retrospectively. Thus, these provisions will be deemed to have been in force from the time that each Act was enacted.

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¹ 'National Textile Corporation Ltd. vs. Nareshkumar Badrikumar Jagad and Ors', Supreme Court Civil Appeal No. 7448 of 2011, September 5, 2011, <http://judis.nic.in/supremecourt/imgs1.aspx?filename=38445>.