

Bill No. 127 of 2014

THE TEXTILE UNDERTAKINGS (NATIONALISATION) LAWS
(AMENDMENT AND VALIDATION) BILL, 2014

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BILL

further to amend the Sick Textile Undertakings (Nationalisation) Act, 1974 and the Textile Undertakings (Nationalisation) Act, 1995 in order to continue with the lease-hold rights vested in the National Textile Corporation on completion of the lease-hold tenure.

WHEREAS the National Textile Corporation subserves the interests of the general public and the land continue to be in possession of the said Corporation;

AND WHEREAS various other textile undertakings have been nationalised from time to time and their assets vested absolutely in the Central Government and thereafter transferred to the National Textile Corporation Limited by the Central Government free from all encumbrances;

AND WHEREAS after the nationalisation of the textile undertakings, a large sum of money have been invested with a view to making the said textile undertakings viable;

AND WHEREAS the Central Government has taken initiative to revive certain sick undertakings including the National Textile Corporation under a revival scheme sanctioned by the Board for Industrial and Financial Reconstruction under the Sick Industrial Companies (Special Provisions) Act, 1985;

AND WHEREAS it is necessary for the proper and effective implementation of the revival scheme and to protect the public investment in the acquired textile undertakings and to explicitly clarify the status of such vesting of the lease-hold rights in the Central Government.

BE it enacted by Parliament in the Sixty-fifth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

Short title and commencement.

1. (1) This Act may be called the Textile Undertakings (Nationalisation) Laws (Amendment and Validation) Act, 2014.

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(2) It shall be deemed to have come into force with effect from the 24th October, 2014.

CHAPTER II

AMENDMENTS TO THE SICK TEXTILE UNDERTAKINGS (NATIONALISATION) ACT, 1974

Amendment of section 3.

2. On and from the date of commencement of the Sick Textile Undertakings (Nationalisation) Act, 1974 (hereafter in this Chapter referred to as the principal Act), in section 3, after sub-section (2), the following sub-sections shall be inserted and shall be deemed to have been inserted, namely:—

10 57 of 1974.

“(3) Notwithstanding the transfer and vesting of any sick textile undertaking to the National Textile Corporation by virtue of sub-section (2), the lease-hold rights of the sick textile undertakings shall continue to remain vested in the Central Government on payment of lease-hold rents and shall be discharged, for and on behalf of that Government, by the National Textile Corporation as and when payment of such lease-hold rents or any amount becomes due and payable.

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(4) Subject to sub-section (3), no court shall have jurisdiction to order divestment from the National Textile Corporation of the property vested in it by the Central Government.”.

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Amendment of section 4.

3. On and from the date of commencement of the principal Act, in section 4, after sub-section (7), the following sub-sections shall be inserted and shall be deemed to have been inserted, namely:—

“(8) Notwithstanding the fact that the textile operations have been discontinued in any sick textile undertaking being revived, shall for all effects and purposes be deemed that the textile operations are being continued and no suit or proceeding shall be instituted or if instituted be maintainable against the National Textile Corporation on the ground that it has discontinued such activity in the sick textile undertaking.

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(9) For the removal of doubts, it is hereby declared that the continued deemed vesting of the lease-hold land in the Central Government shall not affect, impair or in any manner prejudice the rights of the National Textile Corporation to prosecute or defend any proceedings as a subsequent vestee in respect of any such lease-hold rights and no such proceedings shall fail only on account of the non-implementation of that Government.”.

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Insertion of new section 41.

4. After section 40 of the principal Act, the following section shall be inserted, namely:—

Validation.

“41. Notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority,—

(a) the provisions of this Act, as amended by the Textile Undertakings (Nationalisation) Laws (Amendment and Validation) Act, 2014, shall have and shall be deemed always to have effect for all purposes as if the provisions of this Act, as amended by the said Act, had been in force at all material times;

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(b) any lease-hold property divested from the National Textile Corporation to any person under the provisions of this Act, as it stood immediately before the commencement of the Textile Undertakings (Nationalisation) Laws (Amendment and Validation) Act, 2014, shall stand transferred to and vest or continue to vest, free from all encumbrances, in the National Textile Corporation in the same manner as it was vested in the National Textile Corporation before such divesting of that property under the provisions of this Act, as if the provisions of this Act as amended by the aforesaid Act, were in force at all material times;

(c) no suit or other proceedings shall, without prejudice to the generality of the foregoing provisions, be maintained or continued in any court or tribunal or authority for the enforcement of any decree or order or direction given by such court or tribunal or authority, notwithstanding any undertaking filed by the National Textile Corporation in any court or tribunal or authority, directing divestment of such lease-hold property from the National Textile Corporation vested in it under section 3 of this Act, as it stood before the commencement of the Textile Undertakings (Nationalisation) Laws (Amendment and Validation) Act, 2014, and such lease-hold property shall continue to vest in the National Textile Corporation under section 3 of this Act, as amended by the aforesaid Act, as if the said section was in force at all material times;

(d) any transfer of any property, vested in the National Textile Corporation, by virtue of any order of attachment, seizure or sale in execution of a decree of a civil court or orders of any tribunal or other authority in respect of lease-hold property vested in the National Textile Corporation which is contrary to the provisions of this Act, as amended by the Textile Undertakings (Nationalisation) Laws (Amendment and Validation) Act, 2014, shall be deemed to be null and void and notwithstanding such transfer, continue to vest in the National Textile Corporation under this Act.”.

CHAPTER III

AMENDMENTS TO THE TEXTILE UNDERTAKINGS (NATIONALISATION) ACT, 1995

5. On and from the date of commencement of the Textile Undertakings (Nationalisation) Act, 1995 (hereafter in this Chapter referred to as the principal Act), in section 3, after sub-section (2), the following sub-sections shall be inserted and shall be deemed to have been inserted, namely:—

(3) Notwithstanding the transfer and vesting of any textile undertaking to the National Textile Corporation by virtue of sub-section (2), the lease-hold rights of the textile undertakings shall continue to remain vested in the Central Government on payment of lease-hold rents and shall be discharged, for and on behalf of that Government, by the National Textile Corporation as and when payment of such lease-hold rents or any amount becomes due and payable.

(4) Subject to sub-section (3), no court shall have jurisdiction to order divestment from the National Textile Corporation of the property vested in it by the Central Government.”.

6. On and from the date of commencement of the principal Act, in section 4, after sub-section (7), the following sub-sections shall be inserted and shall be deemed to have been inserted, namely:—

(8) Notwithstanding the fact that the textile operations have been discontinued in any textile undertaking being revived, shall for all effects and purposes be deemed that the textile operations are being continued and no suit or proceeding shall be instituted or if instituted be maintainable against the National Textile Corporation on the ground that it has discontinued such activity in the textile undertaking.

(9) For the removal of doubts, it is hereby declared that the continued deemed vesting of the lease-hold land in the Central Government shall not affect, impair or in any manner prejudice the rights of the National Textile Corporation to prosecute or defend any proceedings as a subsequent vestee in respect of any such lease-hold rights and no such proceedings shall fail only on account of the non-impleadment of that Government.”. 5

Insertion of
new section
39.

7. After section 38 of the principal Act, the following section shall be inserted, namely:—

Validation.

"39. Notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority,—

(a) the provisions of this Act, as amended by the Textile Undertakings (Nationalisation) Laws (Amendment and Validation) Act, 2014, shall have and shall be deemed always to have effect for all purposes as if the provisions of this Act, as amended by the said Act, had been in force at all material times; 10

(b) any lease-hold property divested from the National Textile Corporation to any person under the provisions of this Act, as it stood immediately before the commencement of the Textile Undertakings (Nationalisation) Laws (Amendment and Validation) Act, 2014, shall stand transferred to and vest or continue to vest, free from all encumbrances, in the National Textile Corporation in the same manner as it was vested in the National Textile Corporation before such divesting of that property under the provisions of this Act as if the provisions of this Act, as amended by the aforesaid Act, were in force at all material times; 15 20

(c) no suit or other proceedings shall, without prejudice to the generality of the foregoing provisions, be maintained or continued in any court or tribunal or authority for the enforcement of any decree or order or direction given by such court or tribunal or authority, notwithstanding any undertaking filed by the National Textile Corporation in any court or tribunal or authority, directing divestment of such lease-hold property from the National Textile Corporation vested in it under section 3 of this Act, as it stood before the commencement of the Textile Undertakings (Nationalisation) Laws (Amendment and Validation) Act, 2014, and such lease-hold property shall continue to vest in the National Textile Corporation under section 3 of this Act, as amended by the aforesaid Act, as if the said section was in force at all material times; 25 30

(d) any transfer of any property, vested in the National Textile Corporation, by virtue of any order of attachment, seizure or sale in execution of a decree of a civil court or orders of any tribunal or other authority in respect of lease-hold property vested in the National Textile Corporation which is contrary to the provisions of this Act, as amended by the Textile Undertakings (Nationalisation) Laws (Amendment and Validation) Act, 2014, shall be deemed to be null and void and notwithstanding such transfer, continue to vest in the National Textile Corporation under this Act.”. 35 40

Repeal and
saving.

8. (1) The Textile Undertakings (Nationalisation) Laws (Amendment and Validation) Ordinance, 2014 is hereby repealed.

Ord. 6 of
2014.

(2) Notwithstanding the repeal of the Textile Undertakings (Nationalisation) Laws (Amendment and Validation) Ordinance, 2014, anything done or any action taken under the principal Acts as amended by the said Ordinance shall be deemed to have been done or taken under the principal Acts, as amended by this Act.

Ord. 6 of
2014. 45

STATEMENT OF OBJECTS AND REASONS

The Sick Textile Undertakings (Nationalisation) Act, 1974 and the Textile Undertakings (Nationalisation) Act, 1995 were enacted to vest in the Central Government the right, title and interest of the owners in respect of the sick textile undertakings and the textile undertakings referred to in sub-section (1) of section 3 of the respective Acts and the same were transferred to and vested with the National Textile Corporation Limited (NTC) under sub-section (2) of section 3 of the aforesaid Acts.

2. The Central Government approved the scheme sanctioned by the Board for Industrial and Financial Reconstruction for the revival of sick textile mills under the Sick Industrial Companies (Special Provisions) Act, 1985. Large sums of public funds have been invested in the mills with a view to making the said mills viable and protect the interest of workers.

3. Some of these undertakings were on lease-hold land and on expiry of the lease-hold tenure, the original lessor in some cases initiated proceedings against the NTC before the court and got the order for vacation of the lease-hold land and for handing over the same to the lessors.

4. In the absence of adequate legal protection, the NTC which has land in its possession on lease-hold basis may not be in a position to protect the lease-hold lands.

5. It is, therefore, necessary for the proper and effective implementation of the revival scheme and to protect the public investments in the acquired textile undertakings to explicitly clarify the status of such vesting of the lease-hold rights in the Central Government.

6. As immediate action was required to be taken and Parliament was not in session, the President promulgated the Textile Undertakings (Nationalisation) Laws (Amendment and Validation) Ordinance, 2014.

7. The Bill seeks to replace the aforesaid Ordinance.

NEW DELHI;
The 21st November, 2014.

SANTOSH KUMAR GANGWAR.

FINANCIAL MEMORANDUM

The Bill seeks to amend the Sick Textile Undertakings (Nationalisation) Act, 1974 and the Textile Undertakings (Nationalisation) Act, 1995 in order to continue with the lease-hold rights vested in the National Textile Corporation on completion of the lease-hold tenure. The Bill, if enacted, is not likely to involve any recurring or non-recurring expenditure.

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further to amend the Sick Textile Undertakings (Nationalisation) Act, 1974 and the Textile Undertakings (Nationalisation) Act, 1995 in order to continue with the lease-hold rights vested in the National Textile Corporation on completion of the lease-hold tenure.

(Shri Santosh Kumar Gangwar, Minister of Textiles)