

Adoni Cotton Mills Ltd. and Others

Vs

Union of India and Others

Writ Petition Nos. 3611-13 of 1978

(O. Chinnappa Reddy, M. M. Dutt JJ)

22.08.1986

ORDER

CHINNAPPA REDDY, J. –

The Adoni Cotton Mills Limited and their lessees are the petitioners in these three writ petitions in which the takeover of the management and the nationalisation of the sick textile undertaking, Adoni Cotton Mills, are questioned. The only ground of attack was that the Adoni Cotton Mills was not a sick textile undertaking at all and that it had been so classified merely because the mills had been leased by the company to the lessees. This allegation has been refuted in the counter-affidavit on behalf of the Union of India and the other respondents. In support of his contention, learned counsel for the petitioner, invited our attention to the survey report made at the instance of the Investigation Committee appointed by the Government of India under Section 15 of the Industries Development and Regulation Act, 1951 as well as the report of the Collector of Kurnool submitted to the Government of Andhra Pradesh. The first report sets out various details relating to the history and capacity of the mills and mentions that the mill was closed from November 6, 1969 onwards up to June 12, 1971 when it was worked by a lessee for a period of three months. The lessee again closed the mill as he was unable to work it. The present lessee came on the scene on April 22, 1972 and started working the mills from August 1, 1972 onwards. The report further mentions that the major portion of the machinery was over 15 years old and appeared to be neglected and sadly in need of repair and replacement. The report however adds that the present management appeared to be resourceful and confident of putting the mill on a sound footing. They were also proposing to increase the capacity of the mill. We do not see how this report can show that the undertaking was not a sick undertaking. The report clearly shows that the previous management had miserably failed to work the mill and that the machinery was old and in a state of sad neglect. Merely because the new management and the new lessee managed to start the mill just before the appointed day under the Sick Textile Undertakings (Taking Over of Management) Act, 1972 and appeared to be resourceful and confident, it did not follow that the mill was not a sick textile undertaking. The second report on which counsel placed reliance was that of the Collector of the District, who could by no means be said to be an expert on the subject. We are not in a position to attach any more value to this report. We do not think that the legislative opinion expressed by the inclusion of the mill in the schedule to the Sick Textile Undertakings (Taking Over of Management) Act has in any way been displaced by the material placed before us. The writ petition is, therefore, dismissed.

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