

GOVERNMENT OF INDIA
MINISTRY OF HEAVY INDUSTRIES
LOK SABHA
UNSTARRED QUESTION NO. 381
ANSWERED ON 04.02.2025

HMT TRACTOR DIVISION, PINJORE

381. SHRI VARUN CHAUDHRY:

Will the Minister of **HEAVY INDUSTRIES** be pleased to state:

- (a) whether the Government is aware of the financial challenges faced by the HMT Tractor Division in Pinjore, which eventually led to its closure and delays in salary payments to employees;
- (b) if so, the steps taken by the Government to address the financial and operational restructuring of HMT Pinjore prior to its closure;
- (c) whether the Government has considered options such as public-private partnerships or repurposing the unit into a skill development centre for local youth, and if so, the details thereof;
- (d) the measures undertaken by the Government to ensure the disbursement of statutory dues, pension arrears, and pending salaries to the former employees of the HMT Tractor Division; and
- (e) whether the Government has proposed any financial assistance or rehabilitation schemes for employees affected by the closure, and if so, the timeline for their implementation?

ANSWER
THE MINISTER OF STATE FOR HEAVY INDUSTRIES
(SHRI BHUPATHIRAJU SRINIVASA VARMA)

(a) & (b): Government of India was aware of financial challenges faced by the HMT Tractor Division, Pinjore and considering that Cabinet Committee of Economic Affairs (CCEA) in its meeting dated 27.10.2016 approved the closure of operations of HMT Tractor Division. Prior to its closure, a Revival Plan was approved for HMT Limited in 2013 with measures to re-energize the Tractor Division with fiscal support for working capital, technology upgradation and plant modernization, however, this had not helped in arresting the decline in performance.

(c): No.

(d) & (e): While approving the closure of the Tractor Division, CCEA had *inter alia* approved the Budgetary Support for payment of outstanding salary/wages and other statutory dues, with offer of attractive and improved VRS/VSS package to allow ex-gratia and terminal benefits to all the employees of Tractor Division based on 2007 notional pay scales, in relaxation of Government of India, Department of Public Enterprises (DPE) guidelines disallowing pay revision of sick / loss-making CPSEs, as against the then applicable pay scales of 1997. Funds amounting to Rs. 718.72 Crore for the said VRS/VSS with ex-gratia and terminal benefits based on 2007 notional pay scales for all employees of the Tractor Division were provided as interest free loan. In pursuance of the above budgetary support provided by the Government, the payments due were made by HMT Ltd. to all the employees of HMT Tractor Division. Hence, there are no pending statutory dues, pension arrears and pending salaries to former employees of HMT Tractor Division except the case(s) under litigation.
