# URBAN REJUVENATION THROUGH PROPERTY REDEVELOPMENT
## Reusing Lands of Textile Mills Under Liquidation in Ahmedabad City

A Study Supported by

**The Gujarat Foundation for Development Alternatives**

WITH COMPLIMENTS FROM
SHRI A. N. BUCH
TEXTILE LABOUR ASSOCIATION, AHMEDABAD

T.L.A.'s new slogan is :
"LET US PUSH OUT CLOSURE, LET US GO AHEAD WITH REJUVENATION OF THE ECONOMY OF THE CITY OF AHMEDABAD IN 1993".

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# EXECUTIVE SUMMARY

The city of Ahmedabad is facing severe stresses due to the on- going restructuring process in the textile industry. In the past decade, some twenty eight large composite textile mills have closed down leading to large-scale unemployment on the one hand and property dereliction, with its associated problems, on the other.

The aim of this study is to explore the possibilities of reusing the landholdings of fifteen closed textile mills which are currently under liquidation for productive uses and, in the process, not only generate enough resources so that workers and other creditors are paid their dues but also open up the possibilities of creating badly needed jobs at appropriate inner- city locations. This property redevelopment through what has been termed as a **Public-Private Partnership (PPP)** strategy is explored. This is felt as the best possible option in a traditionally entrepreneurial city such as Ahmedabad.

The fifteen textile units currently in the process of liquidation are the only units which are under consideration. The study presents the liabilities of these units in terms of the dues to workers and the secured as well as unsecured outstanding loans as declared in their respective last available balance sheets. It is estimated that the total liabilities of these 15 units come to around **Rupees 155.18 crores.**

The landholdings of each unit have been preliminarily appraised with a view to estimate their potential market value after redevelopment. In this process, it is presented that it will be necessary to break the large holdings into smaller plots for redevelopment. As estimated, it will be possible to develop 398 plots for industrial uses and 193 plots for commercial uses. In the process, a sum of **Rupees 83.90 crores** can be generated.

Since it is not possible to appraise the assets of each unit in terms of buildings and plant and machinery, the last available figures as declared in the balance sheets are assumed to be the scrap value as well. It is, therefore, estimated that the 15 units have combined assets estimated at **Rupees 64.12 crores**. The total value of assets combined with land is, therefore, around **Rupees 148.02 crores.**

**It is, likewise, estimated that around Rs.220 crores will be required as initial financial assistance to set a restructuring process in motion.** The last section estimates that such a process will not only pay for itself but will make it possible to generate more than 50,000 jobs at very convenient inner-city locations.The other multiplier effects of such an effort will surely rejuvenate the city of Ahmedabad as a whole.

## ACKNOWLEDGEMENTS

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Dr. Rasubhai Vakil, Hon. Dean of the Centre for Environmental Planning and Technology (CEPT), of which the School of Planning is a constituent part, encouraged me to take up the study. Prof. Dinesh Mehta (Director, National Institute of Urban Affairs, New Delhi) instigated the research process, Prof. Meera Mehta (Ex-Director, School of Planning) provided me with the initial push and Prof. S. S. Mehta of the Gandhi Labour Institute helped me at various stages. Mr. Bharat Jani enabled me to go through the technical details buried in the financial maze of Balance Sheets filed at the Registrar of Companies. Mr. Devanand and Mr. Nikhil Shingi took care of the draft as well as the final report preparation.

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# BACKGROUND

Since 1984-85, the city of Ahmedabad is facing severe problems as a consequence of its traditional linkages with the textile industry. Due to a variety of reasons, the industry as a whole has been going through a very painful restructuring process. This restructuring has resulted in the closing down of a third of the once 65 large textile mills of Ahmedabad and more such closures are expected. Most experts in the field agree that such a restructuring was inevitable and therefore closures were expected.

Broadly speaking, such a restructuring has put forth four very contentious issues for the city of Ahmedabad as a whole. They are as follows :

1. A large number of directly as well as indirectly employed workers have been thrown out of job. This has upset the day-to-day living patterns of thousands of people who depend on the wage-earners. Naturally then, numerous other small- and medium-scale enterprises which provided the appropriate services to the worker families have also been affected. This snowballing effect of sudden labour unemployment has had a tremendous negative impact on the overall economy of the city.

2. With the closure of the textile mills, the assets have been put under the charge of the Office of the Official Liquidator who is appointed by the High Court. This government agency is now responsible for the liquidation of the unit. All the mill premises have been sealed and it may take many years before the Official Liquidator is even able to initiate any action. The general feeling in trade circles is that even if any action is eventually taken, the workers may get only a very small percentage of their dues.

3. A significant consequence of the above is that large portions of urban industrial land have become idle and unproductive. This has obviously led to a loss of potential revenue to the city and a gross under-utilisation of existing supportive infrastructure networks. As the mills have been sealed, the large landholdings of these industrial units with idle buildings and rusting machines are fast becoming derelict. This serious dereliction of urban property, particularly in the eastern part of the city, has created multiple critical stresses on the urban environment. We know from experience that such dereliction, coupled with the rise in poverty level due to unemployment, lead to rising social tensions and crime.

4. The older industrial location policy had pushed out large industrial units far outside city limits. Coupled with the restructuring process, the effects on the city where large numbers of skilled workers lived was disastrous. Workers who found themselves out of job when the mills closed down were not able to find new jobs within the city. Most found it very difficult to move to out-of-city job locations. With a changed industrial location policy, it is now possible to develop non-polluting industries within city limits. The lands now blocked by the older textile units are, therefore, very valuable city resources which need to be effectively used.

Considering the above four issues, it has long been felt that there is a need for a solution which would:

a. enable the workers to get their dues;
b. rejuvenate the city's economy;
c. create additional employment opportunities at convenient inner city locations; and,
d. enable the financial institutions to recover their debts.

In a simplistic scenario, it has quite often been stated that the lands of the mills should be sold after demolishing the properties and selling the machinery. The money thus obtained, could be utilised to pay the workers and other creditors. While in a general sense, this does seem to be a possible alternative, it does not answer all our concerns. Obviously, the task is not as simple as it may seem.

## INSTITUTIONAL RESPONSIBILITY

A major question is : who should be responsible for the task of the sale of machinery, demolition of buildings and sale of land ? Existing official agencies, such as the official liquidator by the very nature of their organisational structures and mandates, are forced to see individual units as watertight compartments. They cannot and will not think of all the units as a common city resource. By legal mandate, they cannot make macro-level decisions, for instance, on which particular property to sell, at what time, and in what manner not only to obtain the highest price but also in a manner that would benefit the entire city. Unfortunately, in India we do not have any public agency which has the necessary legal mandate to take such citywide macro decisions.

We also have no knowledge of any official agency that has dealt in the disposal of urban land of this magnitude in any Indian city.

To be able to do what is best for the city as a whole, we would require concerted efforts by an agency capable of addressing the problems in macro as well as micro perspectives. Such an agency would have to be legally, morally and emotionally rooted in the city itself.

The Ahmedabad Municipal Corporation is mandated by law with a much wider list of functions and therefore would not be able to devote the administrative as well as the professional focus that would be necessary to undertake such a project. The existing administrative structure as well as its financial situation is not condusive for the Municipal Corporation to take the lead in this venture. Nevertheless, the Municipal Corporation would have to be a party to any agency entrusted with this very important task.

The Abid Hussain Committee report has outlined a possible institutional setup called Textile Restructuring Assets Trust (TRAT). The concept of a trust / board formed appropriately by representation from major interest groups and institutions, seems to be the best option. Such a board, if well structured, would be able to take into consideration the macro as well as the micro issues as mentioned above. It would be able to attract the necessary financial and technical talent that is available both in the public as well as in the private sectors. It also would be possible to give such a board a reasonable time-frame within which it would work. It is not necessary that it should be fully funded by the government.

## INSTITUTIONAL MANDATE AND ACTIONS

The public board would need to be given a clear and single-minded mandate. It should be simply but forthrightly put as the economic rejuvenation of Ahmedabad's economy by the redevelopment of land for productive uses. Naturally, interest groups would begin to play a very dominant role in trying to force decisions in their favour. Rather than seeing such influences as negative actions, the board should be broadbased enough to deal with all these in an appropriate manner through in-built measures of checks and balances in its decision-making. It is essential that representation from disadvantaged groups be actively encouraged and incorporated.

Moreover, the board would need to have a healthy attitude towards the private sector and actively strive to cultivate a genuine public-private sector partnership. It then would be possible to support the infinite pool of private initiative that exists in Ahmedabad. If the demand is for the setting up of wholesale trading premises, small-scale, medium-scale industries within the city limits, it should be able to provide the necessary serviced land. Private developers, who for long have been looked at with suspicion, would be able to obtain appropriate legally unemcumbered serviced plots officially at publicly declared prices.

In the best interests of the city, it would be prudent to emphasize on the creation of planned industrial estates for manufacturing industries. The primary focus would be to make available city-sites for the creation of as much value-added production as possible. The local government would need to support and encourage such activities by declaring these sites as 'enterprise zones' and by declaring a realistic and affordable tax policy.

## CURRENT SCENARIO

Today, about a third of the once 65 textile mills are closed. Of those closed, six were scrapped by the Government of Gujarat through its Gujarat State Textile Corporation (GSTC) in 1985-86. The workers of those mills were paid off but their properties continue to be unused.

Between 1984 and 1990 as many as twenty eight mills have been shut down and fifteen are now under the Official Liquidator. As a result, some 28,600 workers of the fifteen mills are eagerly awaiting to get their dues which are estimated to be around Rupees 83 crores.

More than 86 hectares of prime industrial land, which has all the necessary infrastructure for productive uses and which could support employment generating activities, are standing idle. Surrounding areas of these once highly productive pieces of real estate have subsequently also suffered because many industrial and trade organisations which formed the backward and forward linkages of the textile mills were located nearby.

With unemployment or under-employment, the workers' housing, which even at the best of times was substandard, has further deteriorated. The problem, therefore, affects not just the textile industry but the entire city of Ahmedabad.

However, it is not as if Ahmedabad has ceased to function. It continues to produce and provide employment opportunities. Ahmedabad's economy appears to show increasing trends of tertiarisation (Kashyap, 1988; Mehta and Mehta, 1988). Instead of large industrial units within the city limits, what we now have are a large number of tiny and small-scale industrial units. There has also been a boom in the wholesale trading activity.

The main problem of a large number of small-scale units is that they have had to make do with very badly planned, sometimes completely illegal and unsafe industrial estate developments. The mushrooming of such unplanned industrial development has led to serious environmental degradation. Workers of such units as well as inhabitants of surrounding residential areas have been put to very high and at times unacceptable risks.

## RESULTING SCENARIO

By a rough calculation, it is estimated that a redevelopment of the lands could possibly assist in the creation of at least 40 to 50 thousand jobs. It should be noted that these job locations would be well within walking distances for low-income, under - or unemployed persons. This infusion of job opportunities would kindle additional supportive activities.

If the landholdings of the closed textile mills are seen as a city-resource, it would also be possible to design city-serving facilities in appropriate locations. These could involve the development of well planned green spaces with their specific long-term management plans, technical training institutes, properly designated and located facilities for hawkers and periodic markets, etc. Redevelopment at locations that are already well served by supportive infrastructure such as roads, high-tension electricity lines with sub-stations, telephones, sewerage and watter supply systems as well as schools, hospitals and banks would entail enormous savings for the local authority.

It would also be possible to take the initiative and create demand for new uses that the prevailing market has not thought of. This means that the board would, once again, bring to Ahmedabad the one quality that seems to have got lost - turning our liabilities into assets.

The resulting profits would be just about enough to repay the dues to the workers and financial institutions. The indirect benefits would accrue to the entire city, not only in the short- term but as a long-term measure. The multiplier effects in the local economy would be manifold. The Ahmedabad Municipal Corporation would be able to get higher realisations from property taxes and other fees in the long-term. All these could be achieved at minimal cost to public agencies because all the necessary supportive infrastructure already exists. This would once again make Ahmedabad competitive in the national market.

## THE STUDY

On March 12, 1992, the Gandhi Labour Institute (GLI) of Ahmedabad and the Gujarat Foundation for Development Alternatives (GFDA) of Vadodara jointly organised a one-day seminar to discuss the implications of the Exit Policy which is implicit in the New Economic Policy. The initiative for the seminar came from Shri Sanat Mehta (former Finance Minister of Gujarat State) of the GFDA. The theme paper was prepared by Dr. S. S. Mehta of GLI and Prof. U. K. Srivastava of the Indian Institute of Management, Ahmedabad. The discussions were attented by about thirty eminent persons including Dr. Rakesh Mohan, Advisor Industries, Government of India, and Dr. Y. K. Alagh, Vice Chairman of the State Planning Commission, Government of Gujarat.

The theme paper highlighted the problem of industrial sickness in the private as well as the public sector. It argues that considering the freedom of entry and exit permitted to industries in the New Economic Policy, it is imperative that an appropriate safety net is designed and put into operation. This is so because any effort at restructuring sick units would involve retrenchment and would need redeployment of labour. In the absence of a safety net, the problems of retrenched workers would multiply. The authors further argued that the overall allocation of Rs. 200 crores in the National Renewal Fund was not sufficient to take care of the sick textile units of Ahmedabad city alone. Therefore, there was a definite need to explore various other alternatives.

Prof. Dinesh Mehta (former Director, School of Planning, Ahmedabad) presented a probable strategy whereby the assets of the textile units would be disposed off and the lands redeveloped to enable the settlement of all financial liabilities. He estimated that such a scheme would enable the authorities to settle the workers' dues to a great extent and the balance could be solved by allocations from the National Renewal Fund. The seminar recognised the feasibility of such a strategy and suggested that the approach be examined further.

Subsequently, the Gujarat Foundation for Development Alternatives commissioned this study to the School of Planning. At the outset, the study was meant to answer only one question: how can we raise more than Rupees 83 crores from the landholdings of the textile mills ? However, as the work progressed, it became very apparent that this may be one golden opportunity to address a much bigger and deeper problem -that of attempting the rejuvenation of a depressed urban economy by a judicious intervention through property redevelopment.

This study has attempted to demonstrate that it is imperative to support the restructuring of an urban industry for the sake of rejuvenating the local economy. It is financially possible to do so at very little cost to the public exchequer. What is required is the necessary political will and bureaucratic support to the process, with the government playing an active facilitative role.

## FINANCIAL LIABILITIES

The most pressing and immediate problem is that the workers have not been given their dues. Table 1.0 presents the dues as claimed by the Textile Labour Union (TLA) of Ahmedabad. As per the Table, the total number of workers affected by the closure of these 15 mills is 28,600 while the average dues per worker amount to Rupees 30,314. If the extent of the problem is to be understood, the total amount due to all the affected workers becomes very significant.

If a solution to this vexed problem of workers' dues is to be addressed as a single package, some Rupees 83 crore will need to be raised. Over and above that, each mill also owes money to numerous financial institutions, suppliers, shareholders, etc. The exact amount of total dues is not available at this juncture.

To overcome the problem of data non-availability, it was decided to track down the last available balance sheet for each textile mill and obtain information on the secured as well as unsecured loans that are declared. Table no. 2 presents the data as obtained. The 15 units together have an outstanding Rupees 68.49 crores as secured and unsecured loans. When the dues to the workers are added to this, it would amount to **Rupees 155.18 crores**. Over and above this amount, there would be interest arrears accumulated over the period. Figures of such additional liabilities are not available.

Table 1

## Dues to Workers Under Various Heads for Each of the 15 Textile Mills Currently Under Liquidation in Ahmedabad.

| No. | Name of Textile Unit | Closure Date | Due Salary (Rs.) | Earned leave Due (Rs.) | Due Bonus (Rs.) | Due Gratuity (Rs.) | Bekari Valtar (Rs.) | Credit Society (Rs.) | Total Dues (Rs.) | No. of Workers | Average Dues (Rs./worker) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Bansidhar Spg. & Wvg. | 07.09.85 | 1,300,000 | 800,000 | 2,000,000 | 17,000,000 | 17,000,000 | 0 | 38,100,000 | 1,300 | 29,308 |
| 2 | New Gujarat Synth. No.1 | 10.08.86 | 2,600,000 | 1,500,000 | 4,400,000 | 30,000,000 | 30,000,000 | 0 | 68,500,000 | 2,000 | 34,250 |
| 3 | New Gujarat Synth. No.2 | 01.09.86 | 2,800,000 | 1,200,000 | 3,600,000 | 22,500,000 | 22,500,000 | 0 | 25,600,000 | 1,600 | 32,875 |
| 4 | Omex | 01.08.86 | 1,500,000 | 1,000,000 | 2,300,000 | 20,000,000 | 20,000,000 | 0 | 44,800,000 | 1,500 | 29,867 |
| 5 | Bharat Suryodaya | 27.10.86 | 1,800,000 | 800,000 | 3,000,000 | 20,000,000 | 20,000,000 | 0 | 45,600,000 | 1,500 | 30,400 |
| 6 | Jubilee | 10.03.87 | 3,138,000 | 1,600,000 | 1,400,000 | 50,000,000 | 50,000,000 | 0 | 106,138,000 | 3,600 | 29,483 |
| 7 | Ramkrishna | 31.03.87 | 5,200,000 | 1,800,000 | 3,300,000 | 35,000,000 | 35,000,000 | 0 | 80,300,000 | 2,200 | 36,500 |
| 8 | Commercial Ahmedabad | 19.05.84 | 1,500,000 | 1,000,000 | 3,500,000 | 22,500,000 | 22,500,000 | 0 | 51,000,000 | 1,500 | 34,000 |
| 9 | Vivekanand | 13.04.87 | 1,600,000 | 900,000 | 3,200,000 | 20,000,000 | 20,000,000 | 0 | 45,700,000 | 1,500 | 30,467 |
| 10 | Prasad | 16.11.86 | 0 | 1,000,000 | 500,000 | 18,000,000 | 18,000,000 | 0 | 37,500,000 | 1,400 | 26,786 |
| 11 | Aryodaya Spinning | 18.11.86 | 1,000,000 | 400,000 | 5,000,000 | 31,000,000 | 31,000,000 | 0 | 68,400,000 | 2,500 | 27,360 |
| 12 | Aryodaya Ginning | 25.07.87 | 6,900,000 | 4,000,000 | 5,000,000 | 33,000,000 | 33,000,000 | 0 | 81,900,000 | 2,600 | 31,500 |
| 13 | Ajit | 19.11.87 | 0 | 1,500,000 | 150,000 | 20,000,000 | 20,000,000 | 0 | 41,650,000 | 1,500 | 27,767 |
| 14 | Vijay | 22.01.88 | 0 | 225,000 | 2,500,000 | 25,000,000 | 25,000,000 | 0 | 52,725,000 | 1,600 | 32,953 |
| 15 | Amruta | 05.11.90 | 50,000 | 2,485,445 | 2,399,625 | 22,999,148 | 22,999,148 | 1,119,793 | 52,053,159 | 2,300 | 22,632 |
| | Total | | 29,388,000 | 20,210,445 | 42,249,625 | 386,999,148 | 386,999,148 | 1,119,793 | 866,966,159 | 28,600 | 30,314 |

*Source :* *Textile Labour Union (Majoor Mahajan), Ahmedabad.*

Table 2

## Liabilities

| Name of Unit | Date of last balance sheet | Loans | | | Total workers dues | Total loans and dues |
|---|---|---|---|---|---|---|
| | | Secured (A) | Unsecured (B) | Total loans (A + B) (C) | (D) | (C + D) |
| New Gujarat Synth. No.1 & 2 | 31.03.84 | 4,32,94,000 | 2,32,07,000 | 6,65,01,000 | 12,11,00,000 | 18,76,01,000 |
| Aryodaya Ginning | 33.01.83 | 2,73,59,017 | 3,13,13,972 | 5,86,72,989 | 8,19,00,000 | 14,05,72,989 |
| Commercial Ahmedabad | 31.03.82 | 4,08,76,251 | 4,11,12,442 | 8,19,88,693 | 5,10,00,000 | 13,29,88,693 |
| Jubilee Mills | 30.06.87 | 19,22,212 | 25,63,333 | 44,85,545 | 10,61,38,000 | 11,06,23,545 |
| Aryodaya Spinning | 30.09.85 | 8,98,30,601 | 6,57,295 | 9,04,87,896 | 6,84,00,000 | 15,88,87,896 |
| Vijay | 31.12.86 | 8,36,19,817 | 52,94,730 | 8,89,14,547 | 5,27,25,000 | 14,16,39,547 |
| Bansidhar | 31.03.87 | 39,78,456 | 21,98,861 | 61,77,317 | 3,81,00,000 | 4,42,77,317 |
| Amruta | 31.03.89 | 10,04,14,845 | 41,90,629 | 10,46,05,474 | 5,20,53,159 | 15,66,58,633 |
| Vivekanand | 31.03.86 | 4,74,67,969 | 28,20,172 | 5,02,88,141 | 4,57,00,000 | 9,59,88,141 |
| Ramkrishna | 30.06.86 | 6,27,48,530 | 27,51,044 | 6,54,99,574 | 8,03,00,000 | 14,57,99,574 |
| Bharat Suryodaya | 31.12.85 | 2,27,88,861 | 50,72,661 | 2,78,61,522 | 4,56,00,000 | 7,34,61,522 |
| Ajit | 30.06.86 | 1,87,59,776 | 14,98,246 | 2,02,58,022 | 4,16,50,000 | 6,19,08,022 |
| Omex | 31.12.84 | - | 58,05,945 | 58,05,945 | 4,48,00,000 | 5,06,05,945 |
| Prasad | 31.12.82 | 1,27,05,198 | 6,63,000 | 1,33,68,198 | 3,75,00,000 | 5,08,68,198 |
| Total | | 55,57,65,533 | 12,91,49,330 | 68,49,14,863 | 86,69,66,159 | 155,18,81,022 |

*Source :* *Loans as declared in individual balance sheets.*
*Workers' dues as claimed by Majoor Mahajan.*

# REJUVENATION STRATEGY

Having gauged the extent of the financial and other liabilities, it is evident that an appropriate strategy of redevelopment is designed to meet the four aims listed earlier.

Three optional strategies are presented below for consideration:

1. **The Strategy of Business-as-Usual (BaU) :** This is hardly a strategy but it merits some consideration so as to highlight the reasons why it should not be so.

   BaU would imply :

   a. The Official Liquidator would follow due legal and administrative process. Individual units would be treated as separate cases and, therefore, the settlement of dues would depend on what individual units are worth.

   b. The above process would obviously entail a very lengthy process.

   c. There are all the chances that the workers and other creditors may have to settle for negligible amounts if and when the individual cases are settled.

   d. There would absolutely be no way that the city-level interests in the process of redevelopment would be considered. Future redevelopment may not consider implications on the city economy as a whole as such a project would be interested only in immediate profit.

2. **Public Sector Effort (PSE):** In this strategy, the public sector would acquire the entire assets of all the mills and become the sole redeveloper. The workers would be ensured of their dues and there may be a possibility that the public sector may be able to consider the interests of the city as a whole. However, the following issues would emerge as major hurdles :

   a. The history of public sector involvement in urban projects is not very encouraging. In Ahmedabad, the landholdings of the textile units that were acquired and scrapped almost a decade ago have still not been redeveloped. This has, in fact led to a serious problem of double urban dereliction and has been a major cause of public discontent.

b. A public body would obviously have a statewide mandate and would, therefore, be under pressure to spread itself too thin. A case in point, the Gujarat Industrial Development Corporation (GIDC) is a state- level organisation that has a very large commitment to the entire state. Its resources, both administrative and financial, would be stretched to their very limit if even this task is entrusted to them. Recognising the importance of the GIDC for Gujarat as a whole, it should not be burdened with this new, very different task.

c. It is quite certain that the pace of work and specific areas of interests would be governed by prevailing political interests. While accepting such political activity as a legitimate part of the democratic process, it has to be appreciated that given the realities of urban politics which has a tendency to leave out large sections of the population, there is a need to have in-built safeguards.

3. **Public-Private Partnership (PPP):** At the very core of this strategy is the fact that both the public and private sectors have inherent strengths. These potentials can be tapped by fostering a genuine symbiotic partnership, particularly in urban area. This seems to be the most workable strategy. Most success stories in development projects have been possible because they were based on a genuine PPP.

In this strategy, the government would form a board or a trust. The management of such an entity would be in the hands of a group as mentioned in the Abid Hussain Committee Report. In addition, involvement of the Gujarat Chamber of Commerce and Industry (GCCI) and its affiliates should be sought.

The entire technical work of redevelopment should be entrusted to a single, functional group which should not be very large. It should have a core group of planners and economists supported by surveyors, valuation experts and engineers.

The GCCI should be actively involved in soliciting ideas as well as projects from its affiliated trade, commerce and industrial associations. The private sector should be able to come and shop for alternative developed or to-be-developed inner-city sites. A nationwide publicity effort should 'sell' Ahmedabad as an industrial city with a willing workforce and ready infrastructure.

The sites to be redeveloped should be broken down into smaller manageable and serviceable plots which individual estate development firms could bid for in open auctions, could develop as per the development rules which are specified and sell in the open market.

By such a collaborative process, it would be possible not only to obtain the best and highest value for the properties but also to utilise the city resources of serviced land to rejuvenate the city.

## ISSUES FOR REDEVELOPMENT

Before we present the market potentials of each location, it is necessary to understand the implications of bringing large tracts of land into the Ahmedabad real estate market. An important issue is that of project size. The average mills landholding is about 55,000 sq.m. (5.5 hectares). If we were to assume that such a site would fetch Rupees 500 per sq.m., the investment required for land alone would be around Rupees 2.75 crores. The ground reality is that there would not be more than 2 or 3 developers who could put forth such money by cheque even in stages. Therefore, two unfavourable situations may arise.

In the first, we can foresee a cartel formation by a few large land developers who may then depress the land price levels. In the second instance, we may be faced with the non-implementation of such a single large project or a lower than expected level of development. Besides harming the city's economy, such a second failure would also create very negative images of Ahmedabad which, in our opinion, could prove to be disastrous in the long- run.

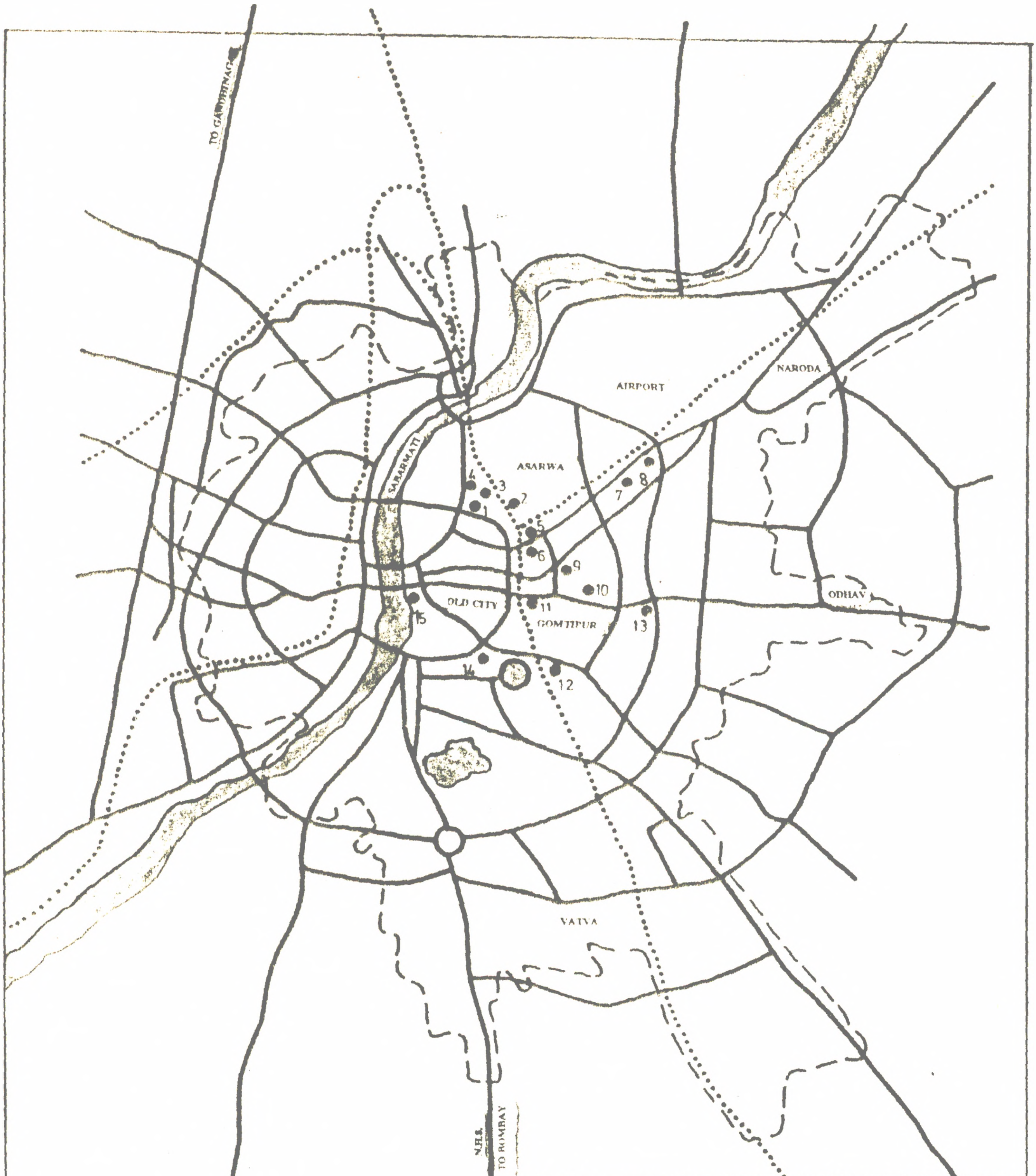
Therefore, to be able to obtain appropriate and higher land values, it would be important to sub-divide each large site into smaller more manageable plots. For instance, if a site of 55,000 sq.m. is sub-divided into serviced plots of 1500 sq.m. after accounting for 25 percent space for roads and other services, we would be able to form about 27 plots. These smaller plots would have a higher unit area value because of extra services as well as higher project viability. If each serviced plot is then sold at Rupees 1000 per sq.m., the individual developer would need to put up only Rupees 15 lakhs. This lower project land cost would attract a very large number of developers. The added advantages for any overall implementing agency would be that it would be possible to spread the risks as well as the benefits over a larger spectrum of the industry and guard against any unfavourable cartel formations. The overall returns from the land sale would also be more at Rupees 4.05 crores as compared with Rupees 2.75 crores.

## REDEVELOPMENT LOCATIONS

The 15 textile mills under study are located on the east bank of the Sabarmati. Only one mill is located within the city walls. To better understand their development potentials, we have classified the mills into six groups as follows :

| | | |
|---|---|---|
| A. | Madhupur - Asarwa | 1. New Gujarat Synthetic No. 2 |
| | | 2. Aryodaya Ginning |
| | | 3. Jubilee |
| | | 4. Commercial Ahmedabad |
| B. | Lower - Naroda Road | 5. Aryodaya Spinning |
| | | 6. New Gujarat Synthetic No. 1 |
| C. | Upper - Naroda Road | 7. Vijay |
| | | 8. Bansidhar |
| D. | Saraspur - Gomtipur-Rakhial | 9. Amruta |
| | | 10. Vivekanand |
| | | 11. Ramkrishna |
| | | 12. Bharat Suryodaya |
| | | 13. Vijay |
| E. | Maskati | 14. Omex |
| F. | Old City | 15. Prasad |

In the following sections, we have described the development potentials of each of the six groups as well as the individual sites (see Table No.3).




# AHMEDABAD CITY

MILLS UNDER LIQUIDATION :

| | | | |
|---|---|---|---|
| 1. | NEW GUJARAT SYNTH. NO. 2 | 9. | AMRUTA |
| 2. | ARYODAYA GINNING | 10. | VIVEKANAND |
| 3. | JUBILEE | 11. | RAMKRISHNA |
| 4. | COMMERCIAL AHMEDABAD | 12. | BHARAT SURYODAYA |
| 5. | ARYODAYA SPINNING | 13. | VIJAY |
| 6. | NEW GUJARAT SYNTH. NO.1 | 14. | OMEX |
| 7. | VIJAY | 15. | PRASAD |
| 8. | BANSIDHAR | | |

Table 3

## Estimated Market Values of Landholdings.

| Name of Unit and Future uses | Total Area (sq.m) | Roads and other services (sq.m) | Net Plot Area (sq.m) | No. of subplots of 1000 sq.m. each | Land value (Rs./per sq.m.) | Value of each subplot (Rs.) | Total value (Rs. crore) |
|---|---|---|---|---|---|---|---|
| A. MADHUPUR ASARWA | | | | | | | |
| A.1 New Gujarat Synthetic Mills No. 2 | | | | | | | |
| Commercial | 16,794 | 2398 | 8397 | 12 | 2100 | 21,00,000 | 2.52 |
| A.2 Aryodaya Ginning Mills | 53,175 | | | | | | |
| Commmercial & Residential | | 2000 | 8000 | 6 | 2000 | 20,00,000 | 1.20 |
| Commercial | | - | 2000 | 2 | 2000 | 20,00,000 | 0.40 |
| Industrial | | 11175 | 43175 | 32 | 1000 | 10,00,000 | 3.20 4.80 |
| A.3 Commercial Ahmedabad | | | | | | | |
| Industrial | 27,720 | 6730 | 21000 | 21 | 950 | 9,50,000 | 1.99 |
| **A.4 Jubilee Mills** | | | | | | | |
| **Industrial** | 63,634 | 15634 | 48000 | 48 | 1100 | 11,00,000 | 5.28 |
| Sub-Total | 161,323 | | 122175 | 121 | | | 14.59 |
| B. LOWER NARODA ROAD | | | | | | | |
| B.5 Aryodaya Spinning Mills | | | | | | | |
| Commercial | 51,129 | 13129 | 38000 | 10 | 1800 | 18,00,000 | 1.80 |
| Industrial | | | | 28 | 950 | 9,50,000 | 2.66 4.46 |
| B.6 New Gujarat Synthetics Mills No. 1 | | | | | | | |
| Commercial | 30,974 | 7974 | 23000 | 23 | 1800 | 18,00,000 | 4.14 |
| Sub-Total | 82,103 | | 61000 | 61 | | | 8.60 |
| C. UPPER NARODA ROAD | | | | | | | |
| C.7 Vijay Mills | | | | | | | |
| Industrial | 142,909 | 35909 | 107179 | 107 | 950 | 9,50,000 | 10.16 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| C.8 Bansidhar Spinning and Weaving Mills | | | | | | | | |
| Commercial | 62,310 | 15310 | 47000 | 14 | 1500 | 15,00,000 | 2.10 | |
| Industrial | | | | 33 | 1000 | 10,00,000 | 3.20 | 5.40 |
| Sub-Total | 205,219 | | 154179 | 154 | | | | 15.56 |
| D. SARASPUR-GOMTIPUR-RAKHIAL | | | | | | | | |
| D. 9 Amruta | | | | | | | | |
| Worker's Housing | 137,027 | 34260 | 102767 | 1x30567 sq.m | 25 | 7,64,175 | 0.76 | |
| Commercial | | | | 43 | 1850 | 18,50,000 | 7.95 | |
| Residential | | | 2000 | 29 | 1400 | 14,00,000 | 4.06 | 12.77 |
| D.10 Vivekanand | | | | | | | | |
| Commercial | 46,415 | 11415 | 35000 | 5 | 1850 | 18,50,000 | 0.92 | |
| Industrial | | | | 30 | 1650 | 16,50,000 | 4.95 | 5.87 |
| D.11 Ramkrishna Mills | | | | | | | | |
| Commercial | 27,924 | 6924 | 21000 | 21 | 1950 | 19,50,000 | | 4.09 |
| D.12 Bharat Suryodaya Mills | | | | | | | | |
| Industrial | 40,458 | 10,458 | 40000 | 40 | 1200 | 12,00,000 | | 4.80 |
| D.13 Ajit Mills | | | | | | | | |
| Commercial | 130,060 | 32060 | 98000 | 39 | 1500 | 15,00,000 | 5.85 | |
| Industrial | | | | 59 | 1100 | 11,00,000 | 6.49 | 12.34 |
| Sub-Total | 381,884 | | 296767 | 266 | | | | 39.87 |
| E. MASKATI | | | | | | | | |
| E.14 Omex | | | | | | | | |
| Commercial | 17,449 | 4449 | 13000 | 13 | 2200 | 22,00,000 | | 2.86 |
| F. OLD CITY | | | | | | | | |
| F. 15 Prasad | | | | | | | | |
| Commercial | 14,064 | 3064 | 11000 | 11 | 2200 | 22,00,000 | | 2.42 |
| GRAND TOTAL | 862,042 | | | | | | | 83.90 |
| Commercial | | | | 193 | | | | |
| Industrial | | | | 398 | | | | |

A. **Madhupur - Asarwa Group :**

This area is very close to the northern part of the fort wall. It has the advantage of being very highly accessible to the old city as well as to the existing wholesale trading activity. The Madhupura area is the centre of all the masala traders who generally bring in raw material and pack them or sell the masala in wholesale. The entire area is extremely overcrowded as there are no new facilities for their development (see Fig. 1).

The area has a high development potential because of the fact that the Kasturba Gandhi Road which links Gandhi Bridge with Kalupur is always open to traffic even when the city is facing a curfew. All transportation links with northern Gujarat and India are also easily approachable from this area.

Of this group, the New Gujarat Synthetic Mills No. 2 is probably the best located for immediate redevelopment. It is located adjoining the Madhupura Masala Market and numerous traders there have expressed interest in the redevelopment of the premises. The Ahmedabad City Development Plan has zoned the site for commercial development which enhances its redevelopment potential.

It has an area of 16,794 sq.m. (20,086 sq.yds.), with road access on two sides. Therefore, if the area is divided in two and then if each of the two parts is further sub-divided after provision for internal roads into plots of about 1000 sq.m., it would be possible to have six plots in each part. We estimate that such serviced plots would fetch around Rupees 2100 per sq.m.

This would mean that each developer would have to pay out only Rupees 21 lakhs for land. Such a price would be affordable to a very large number of developers. The ensuing competition among a large number of developers could result in pushing up the price. Therefore, we estimate that it would be possible to raise around Rupees 2.52 crores from the sale of serviced land alone.

The other well located site is that of the Aryodaya Ginning Mills. It is located on the main road which links the old city with the Civil Hospital. Another asset of the site is its proximity to the Asarwa Gamtal. Over the years, this area has developed as a residential area as well as a centre for wholesale trade which has spilled over from the road that runs along the old city walls.

The total area of its landholding is 53,175 sq.m. and has road frontage on the main road as well as on a side road to the north of the site. The future development potential of this site is very high if developed as a commercial-cum-residential area.

It would be possible to develop this site in three parts. Part A which is Final Plot No. 131 and has an approximate area of 8000 sq.m. could be developed into a commercial-cum-residential complex. Setting aside 25 percent for services and open spaces, it would be possible to develop 6 plots of 1000 sq.m. each. Such serviced plots would be able to fetch Rupees 2000 per sq.m. This would mean a land value of Rupees 1.20 crore for F.P. No. 131 alone.

The second part would mean 2 plots of 1000 sq.m. each with a frontage on the main Civil Hospital Road. These two plots would fetch a value of Rupees 2000/- sq.m. and therefore a total value of Rupees 40 lakhs.

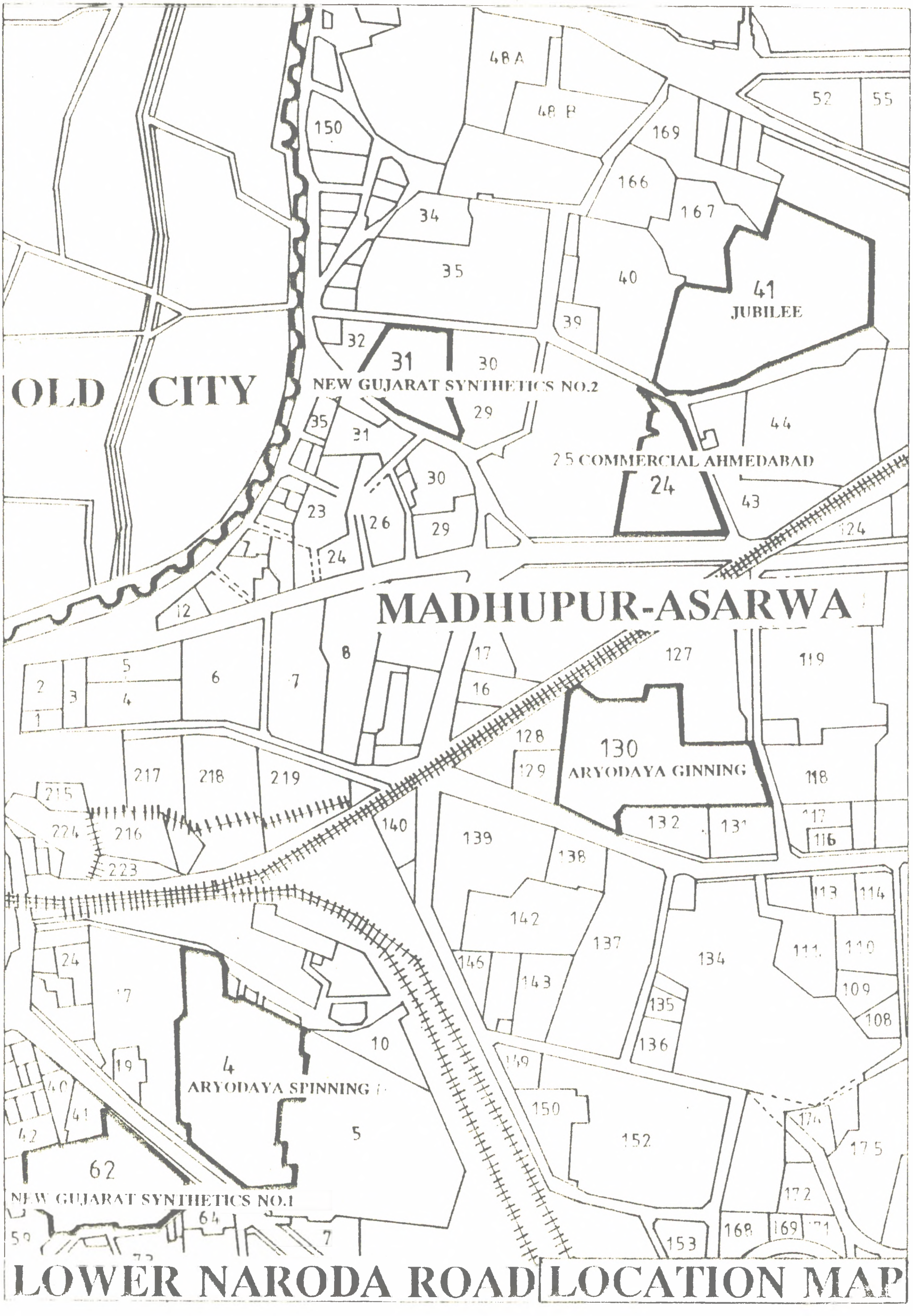
The third part which would consist of 31 plots of 1000 sq.m. each would fetch a price of Rupees 1000 per sq.m. and, therefore, a total land value of Rupees 3.10 crores. Taken together, the three parts of this site could fetch Rupees 4.80 crores.

A third site of this group is the Commercial Ahmedabad Textile Mills. With an area of 27,720 sq.m., it has a very narrow frontage on the Idgah Chowky side. Its current entrance is from a narrow internal road. The surrounding areas have been converted to small-scale industrial units and the older housing stock is in very poor condition.

However, if properly developed, this area could be very attractive to small-scale industrial units. As in the previous instances, it would be desirable if the area is sub-divided into 21 sub-plots of 1000 sq.m. each after setting aside around 6730 sq.m. (25%) for roads and other services. In our opinion, the market value of such plots could be around Rupees 950 per sq.m. or Rupees 9.50 lakhs per sub-plot. This would fetch a total of Rupees 1.99 crores.

The fourth site of Jubilee Mills is also located closeby. The total area of this site is 63,634 sq.m. The existing approach road of this site is not very conducive to extensive redevelopment.

However, an approach can be acquired either via the Hatipura Municipal Garden or via the Muslim Graveyard. This would open this site to the 100 foot road connecting Delhi Gate and Shahibaug.


OLD CITY
NEW GUJARAT SYNTHETICS NO.2
31
41
JUBILEE
25 COMMERCIAL AHMEDABAD
24
MADHUPUR-ASARWA
130
ARYODAYA GINNING
4
ARYODAYA SPINNING
62
NEW GUJARAT SYNTHETICS NO.1
LOWER NARODA ROAD
LOCATION MAP

It would then be possible to develop about 48 sub-plots of 1000 sq.m. each for small-scale industrial estates and we estimate that the market value could be Rupees 1100 sq.m. This would mean that each sub-plot could be worth Rupees 11 lakhs. The total market value of this land could be around Rupees 5.28 crores.

If the road access is not provided, the market value could be as low as Rupees 875 sq.m. and subsequently the total land value could be only Rupees 4.20 crores.

Taken together, this group of sites could be valued at around **Rupees 14.59** crores. It should be noted that this is the land value alone. Demolishing of existing structures and the sale of scrap and machinery would fetch an extra amount.

B. **Lower Naroda Road :**

As mentioned earlier, we have grouped two sites in this group, i.e., the Aryodaya Spinning Mills and the New Gujarat Synthetic Mills No. 1.

The **Aryodaya Spinning Mill** site is approachable from a very narrow internal road which goes at the lower level of the Naroda Railway flyover. The area has some large as well as quite a few small-scale industries. A current problem of this particular site is the law and order situation in the surrounding area. Therefore, its potentials for development are quite low if the existing approach is maintained.

However, an approach from the main Naroda Road is possible if two or three small properties are acquired. This strategic acquisition could open the entire 51,129 sq.m. for wholesale commercial as well as small-scale industries.

It would be possible to develop a total of 38 plots of 1000 sq.m. each. 10 such plots could be developed for commercial purposes which would fetch a price of Rupees 1800 per sq.m. Each such sub-plot would cost Rupees 18 lakhs and, therefore, a sum of around Rupees 1.80 crores could be raised.

The remaining 28 plots if developed for small-scale industries would fetch at least Rupees 950 per sq.m. Each industrial sub- plot would cost Rupees 9.50 lakhs. This would fetch at least Rupees 2.66 crores from industrial uses. The commercial as well as the industrial plots would therefore fetch around Rupees 4.66 crores.

However, if the main road access is not obtained, per sq.m. land value would be as low as Rupees 800 and this would mean a total value of Rupees 3 crores only.

The second site of this area is the New Gujarat Synthetic Mills No. 1 which is located right on the main Naroda Road. The advantage of this site is its ability to take the wholesale trading activity spill-over from the congested Kalupur Market from across the flyover.

The total area of this site is 30,974 sq.m. This area can be sub-divided into 23 plots of 1000 sq.m. and would fetch a market price of Rupees 1800 per sq.m. Each sub-plot would therefore cost Rupees 18 lakhs to individual buyers. Together, these plots could be valued at Rupees 4.14 crores.

The two sites of this group could therefore be valued at Rupees 8.60 crores.

## C Upper Naroda Road :

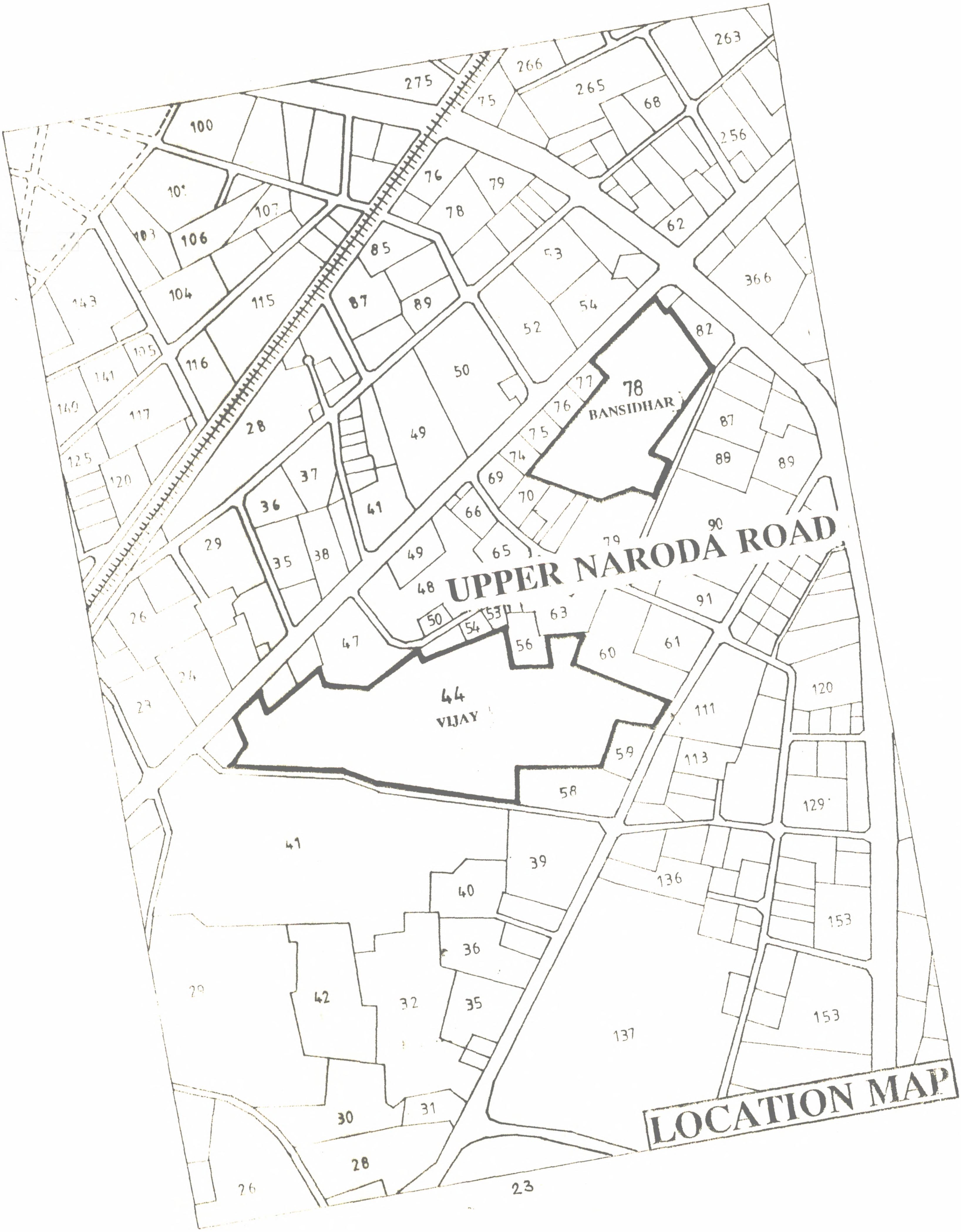
There are two sites in this group. The first site is of the Vijay Mills. It has a total area of 1,42,909 sq.m. It is located on the eastern side of the main 100 feet wide Naroda Road. The entire surrounding area is fully developed with medium- and large-scale industries.

It would be possible to develop 107 sub-plots of 1000 sq.m. each. According to our estimates, it would be possible to sell such plots for small scale industrial estate developments at the price of Rupees 950 per sq.m. Each sub-plot could be valued at Rupees 9.50 lakhs. Therefore, the total value of land can be estimated to be about Rupees 10.16 crores.

The next site is of the Bansidhar Spinning and Weaving Mills. It is also situated on the eastern side of the main Naroda Road to the north of Vijay Mills. An added advantage of this site is its proximity to the main 132 feet ring road which will connect Naroda with Maliksabar Stadium and Khokhra-Memdabad and beyond. This location is therefore ideal for a mixed development of wholesale commercial, small scale as well as medium-scale industrial units.

It has an area of 62,310 sq.m. which could be developed into 47 sub-plots of 1000 sq.m. each. Considering its advantages as stated above, the land can be valued at Rupees 1000 per sq.m. Each sub-plot would therefore cost Rupees 10 lakhs and the total land value obtainable would be around Rupees 4.70 crores.

The above two sites could therefore be valued at Rupees 14.86 crores.


UPPER NARODA ROAD
78
BANSIDHAR
44
VIJAY
LOCATION MAP

D Saraspur-Gomtipur-Rakhial :

This group of sites is in the eastern part of the city and is located in what is commonly perceived as the industrial area of Ahmedabad. The first site of this group is that of the Amruta Mills (previously known as Vikram Mills). The location is just off the Saraspur Village and has a fair amount of road frontage. Even though the overall area is commonly viewed as industrial, the immediate vicinity of this site is very well developed for residential purposes.

The total area is 1,37,027 sq.m. of which a very large part is still vacant open land. The best use of this site could be for residential as well as commercial purposes. It is our opinion that it would be quite possible to set aside land for a low- income housing project for the textile workers.

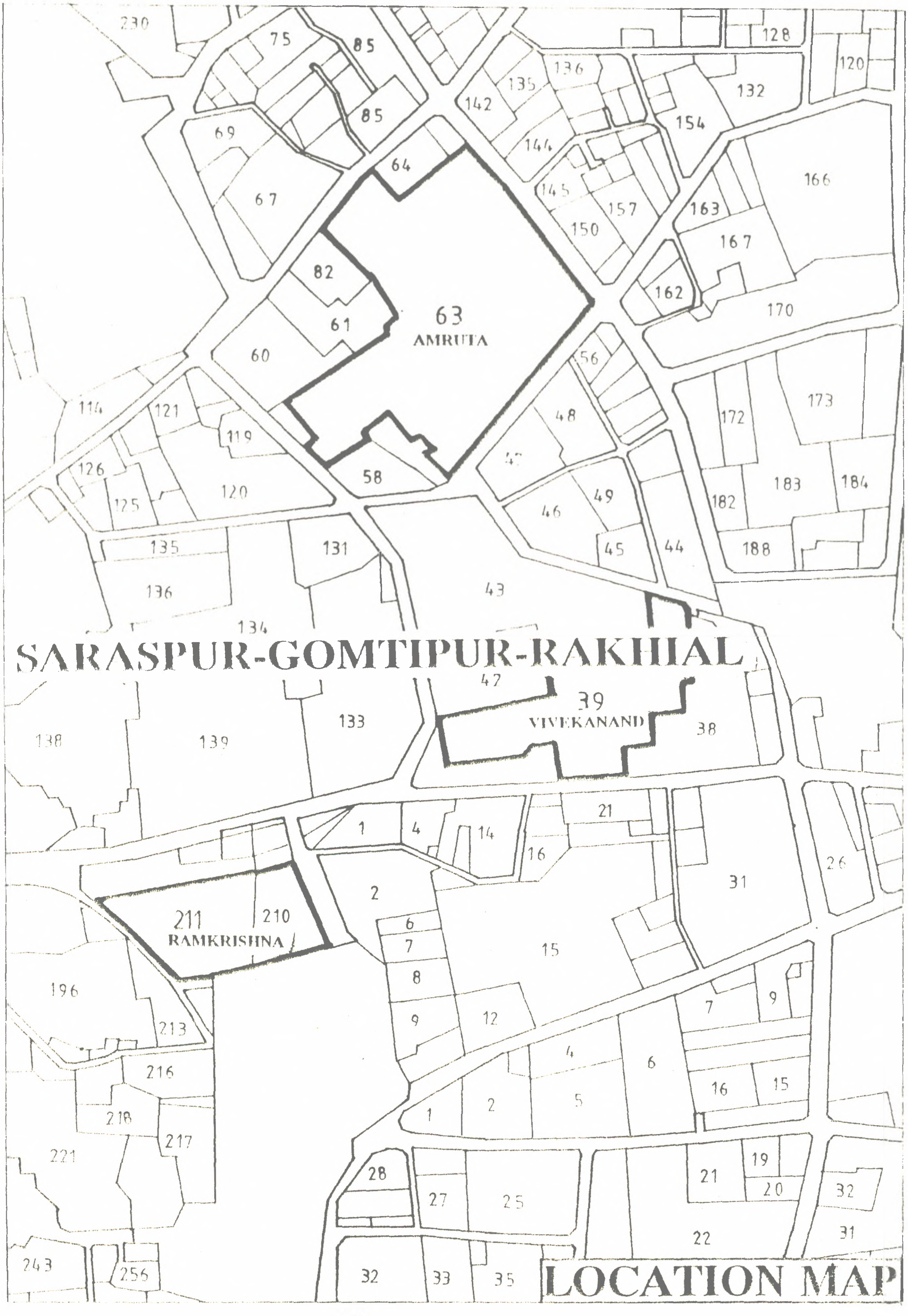
Leaving out 25 percent of land for roads and other services, we would get a net plot area of 1,02,767 sq.m. Of this, we could set aside 30,567 sq.m. for a textile workers' housing project. If we were to allot this land at a rate of Rupees 25 per sq.m., this project's contribution from the sale of land would amount to Rupees 7.64 lakhs.

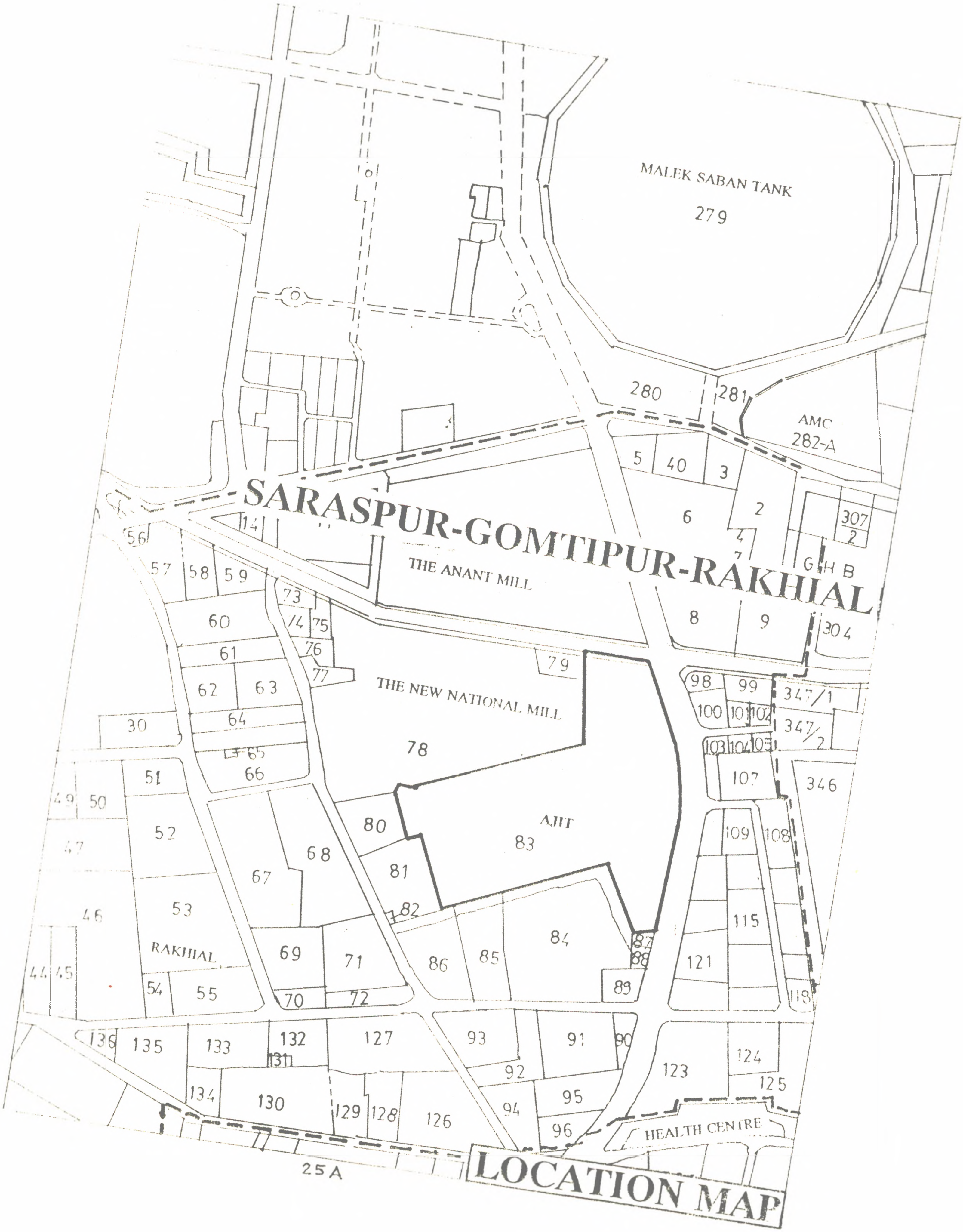
The remaining area of 72200 sq.m. could be further divided in a 60:40 ratio for commercial and residential purposes. It would then be possible to develop 43 sub-plots of 1000 sq.m. for commercial purposes and 29 sub-plots for residential purposes. A commercial plot would then be valued at Rupees 1850 per sq.m. and residential plots at Rupees 1400 per sq.m.

This would mean a value of Rupees 7.95 crores from the commercial plots and Rupees 4.06 crores from the residential plots. Including the low income textile workers' housing project, the total value that can be obtained from this site would be in the area of **Rupees 12.77 crores.**

The second site of this group is of the Vivekanand Mills on the Gomtipur-Rakhial main road. It has a total area of 46,415 sq.m. and has an excellent road frontage which would make it very profitable for the development of a wholesale commercial complex.

The whole site can be sub-divided into 35 sub-plots of 1000 sq.m. each. Of these, 5 would be able to obtain a higher rate considering road access and frontage. These could sell for Rupees 1850 per sq.m. and fetch a value of Rupees 32 lakhs. The remaining 30 can be valued at Rupees 1650 per sq.m. and would therefore be worth Rupees 4.95 crores. This site's land can therefore be valued at **Rupees 5.87 crores.**


SARASPUR-GOMTIPUR-RAKHIAL
63
AMRUTA
39
VIVEKANAND
211
210
RAMKRISHNA
LOCATION MAP


SARASPUR-GOMTIPUR-RAKHIAL
MALEK SABAN TANK
279
280
281
AMC
282-A
THE ANANT MILL
THE NEW NATIONAL MILL
78
AJIT
83
RAKHIAL
HEALTH CENTRE
G H B
307/2
304
347/1
347/2
346
25A
LOCATION MAP

The third site is the **Ramkrishna Mills**. Its location with respect to the existing commercial and transportation nodes located outside the Saragpur Gate and Gomtipur makes it a prime location for redevelopment.

It has an area of 27,924 sq.m. and has a long and rather regular site configuration. This would enable its development into an excellent location for transport agents and wholesale commission agents. We estimate that it would be possible to obtain Rupees 1950 per sq.m. for this site if sub-divided into 21 plots of 1000 sq.m. each. Therefore, the total value of **Rupees 4.09 crores** could be obtained from this site.

The fourth site of this group is the **Bharat Suryodaya Mills** which is located next to the Ambica Mills. It has a good road access and is located in a considerably developed industrial area. It does have a good potential for the development of small-scale industrial estates.

The land area is 40,458 sq.m. which could be developed into 40 sub-plots of 1000 sq.m. The land value of such industrial use sub-plots could be Rupees 1200 per sq.m. Therefore, a total value of **Rupees 4.80 crores** could be obtained.

The fifth site is of the **Ajit Mills** on Rakhial road. The land has road access from two major roads. The first road is the Gomtipur-Rakhial road which runs west to east while the second major road is the 132 feet ring road which connects with Naroda to the North and Khokhra Memdabad to the south. Available records show the total landholding to be 1,30,060 sq.m.

The entire area is very well-suited for the redevelopment of a series of small- and medium-scale industrial estates as well as commercial uses.

It would be possible to develop a total of 98 sub-plots of 1000 sq.m. each. Of these, 39 sub-plots could be developed for commercial uses with appropriate services. This would result in that land being sold at a rate of Rupees 1500 per sq.m. and fetch Rupees 5.85 crores. The remaining 59 sub-plots could be valued at the rate of Rupees 1100 per sq.m. and fetch Rupees 6.49 crores.

The total value of land is estimated to be around Rupees 12.34 crores.

This eastern Ahmedabad group of sites could therefore be valued at **Rupees 39.87 crores.**

## E. Maskati Area :

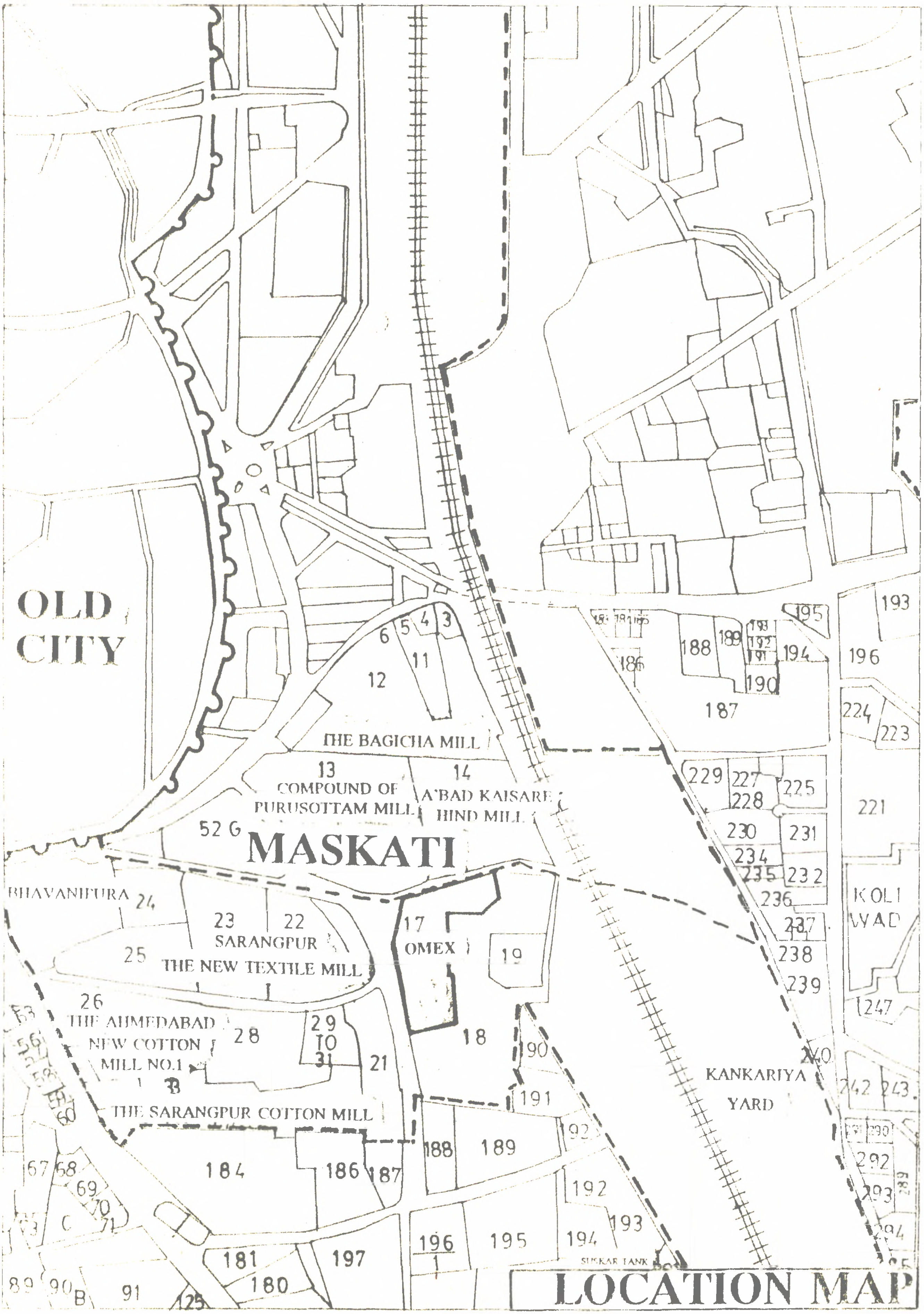
This area has only one site and that is the Omex Mills. It is located at a very strategic place next to the Maskati New Cloth Market which is showing signs of reaching a saturation point. This site, therefore, can be developed as a purely commercial area.

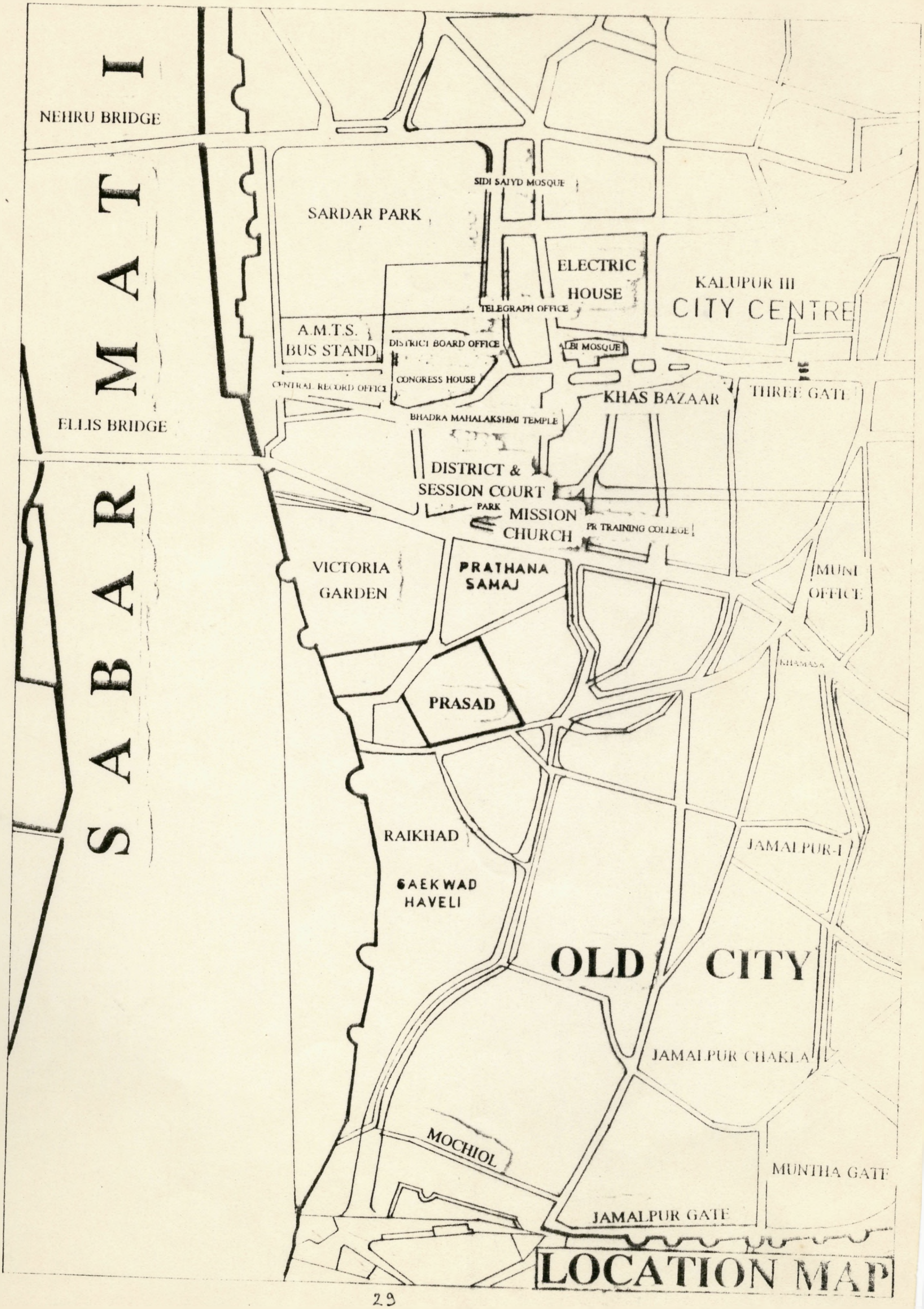
It has an area of 17,449 sq.m. There is a possibility to develop 13 sub-plots of 1000 sq.m. each. The land value here could be estimated to be Rupees 2200 per sq.m. This would mean the total land value would be around Rupees 2.86 crores.

## F. Old City :

This site is located on the river Sabarmati very close to the Ellisbridge. The area is currently predominantly residential. The Astodia Road has just recently been widened. With an area of 14,064 sq.m. within the Old City this site has a very potential for commercial development.

It would be possible to make 11 sub-plots of 1000 sq.m. each. The estimated market value is around Rupees 2,200 per sq.m. This would fetch Rupees 2.42 crores for the entire site.


OLD CITY
MASKATI
THE BAGICHA MILL
COMPOUND OF PURUSOTTAM MILL
A'BAD KAISARE HIND MILL
BHAVANIPURA
SARANGPUR
THE NEW TEXTILE MILL
OMEX
THE AHMEDABAD NEW COTTON MILL NO.1
THE SARANGPUR COTTON MILL
KANKARIYA YARD
KOLI WAD
SUKKAR TANK
LOCATION MAP


SABARMATI
NEHRU BRIDGE
ELLIS BRIDGE
SARDAR PARK
SIDI SAIYD MOSQUE
ELECTRIC HOUSE
KALUPUR III
CITY CENTRE
TELEGRAPH OFFICE
A.M.T.S. BUS STAND
DISTRICT BOARD OFFICE
CONGRESS HOUSE
KHAS BAZAAR
THREE GATE
BHADRA MAHALAKSHMI TEMPLE
DISTRICT & SESSION COURT
PARK
MISSION CHURCH
PR TRAINING COLLEGE
VICTORIA GARDEN
PRATHANA SAMAJ
MUNI OFFICE
PRASAD
RAIKHAD
GAEKWAD HAVELI
OLD CITY
JAMALPUR-I
JAMALPUR CHAKLA
MOCHIOL
MUNTHA GATE
JAMALPUR GATE
LOCATION MAP

# OTHER ASSETS

Besides the land, each textile unit has substantial assets in terms of buildings and machinery. However, it is beyond the scope of this study to judge the present value of these assets. It was, however, decided to obtain the last possible balance sheet of each of these units and take the net block value of the buildings and plant and machinery.

As the buildings are envisaged to be broken down and their material sold in scrap, it may be possible to obtain a slightly higher amount considering the component of steel fabrications in their structures.

As can be expected, the balance sheets were quite difficult to track down. The units have gone under liquidation at different times over the past decade. Some of the balance sheets are also quite dated. Nevertheless, this is probably the only authentic amalgamation of such data. It should be noted that before any serious implementation steps are taken, it will be essential to have up-to-date market reports for each unit.

Table No. 4 presents the consolidated findings of the net block value of buildings to be Rupees 9.14 crores and Rupees 54.97 crores of plant and machinery. Therefore, the total net block value of the assets would be around Rupees 64.12 crores.

Table 4

## Net Block Value of Buildings, Plant and Machinery.

| No. | Name of Unit | Net Block | | Total Value | Date of Last Balance Sheet |
|---|---|---|---|---|---|
| | | Value of Buildings (A) | Value of Plant & Machinery (B) | (A + B) | |
| 1 & 2 | New Gujarat Synthetics No. 1 & 2 | 82,06,000 | 12,04,24,000 | 12,86,30,000 | 31,03,84 |
| 3 | Aryodaya Ginning | 14,97,546 | 1,73,48,130 | 1,88,45,676 | 31.03.83 |
| 4 | Commercial Ahmedabad | 43,32,352 | 1,42,15,431 | 1,85,47,783 | 31.03.82 |
| 5 | Jubilee Mills | N.A. | 3,24,29,732 | 3,24,29,732 | 30.06.87 |
| 6 | Aryodaya Spinning | 2,67,14,254 | 13,56,74,347 | 16,23,88,601 | 30.09.85 |
| 7 | Vijay | 17,48,532 | 11,08,28,350 | 11,25,76,882 | 31.12.86 |
| 8 | Bansidhar | 10,45,227 | 34,95,824 | 45,41,051 | 31.03.87 |
| 9 | Amruta | 1,28,01,413 | 2,26,18,678 | 3,54,20,091 | 31.03.89 |
| 10 | Vivekanand | 2,67,50,000 | 2,45,55,406 | 5,13,05,406 | 31.03.86 |
| 11 | Ramkrishna | 29,01,101 | 2,92,10,023 | 3,21,11,124 | 30.06.86 |
| 12 | Bharat Surodaya | 18,92,798 | 1,11,69,683 | 1,30,62,481 | 31.12.85 |
| 13 | Ajit | 14,95,582 | 2,42,52,542 | 2,57,48,124 | 30.06.86 |
| 14 | Omex | 3,73,955 | 12,44,806 | 16,18,761 | 31.12.84 |
| 15 | Prasad | 17,01,334 | 23,28,281 | 40,29,615 | 31.12.82 |
| Total | | 9,14,60,094 | 54,97,95,233 | 64,12,55,327 | |

*Source* : *As declared by individual units in their respective Balance Sheets.*

*Notes* :
1. *Net Block is as declared after accounting for depreciation.*
2. *Individual values for New Gujarat Synthetics No. 1&2 are not applicable.*
3. *Jubilee Mills is a Unit of Calico Mills and the buildings are not transferred, therefore, value is not available.*

## ASSETS AND LIABILITIES

From the above discussion, it is apparent that financially the entire project of scrapping the textile units and redeveloping the land may just about break-even, or fall short by a margin of about Rupees 10 crores (see Table no. 5).

The point to be considered is the fact that if taken individually, many units may find it impossible to repay their dues by large amounts. However, if the assets of all these mills are grouped and if the entire operation is seen as one project, there are indications that it may be possible to have a workable, realistic solution.

## FINANCIAL ASSISTANCE

Based on the above it is possible to estimate the amount of financial assistance that such a venture may require. Financial assistance of the amount listed below will be required to initiate any action owing to the following reasons:

1. The landholdings of the textile mills need to be brought into the city's real-estate market in a phased manner so that the land price levels are not affected by a sudden glut. This would mean that the realisations from these assets will also be in a phased manner. Since all the displaced workers will need to be paid their dues as one package, it is necessary that the board or trust formed by the government be entrusted with seed capital for such repayment. In addition to the seed capital for workers' dues, the board / trust has to bridge the difference in the total dues and assets. Therefore, these items alone will mean **Rs. 90 crores for worker's dues and Rs. 10 crores for bridging the difference.**

2. It should be noted that it will not be possible for the board or trust to start redevelopment without expenses. As discussed earlier, it is necessary to subdivide the landholdings into sub-plots and to install on-site infrastructure such as internal roads, internal water supply, sanitation and telecommunication systems so as to realise higher land values. This pre-sale site development, we estimate, will cost about Rs. 10 crores. Therefore, the **financial assistance package for the 15 textile units will need a total of Rs. 110 crores.**

Table 5

## Assets and Liabilities.

| Name of Unit | Estimated market value of land (Rs.) | Value of buildings + plant & machinery (Rs.) | Assets | Liabilites | Difference |
|---|---|---|---|---|---|
| | | | (Rs.) (A + B) | Loans and dues (Rs.) | (Rs.) |
| | (A) | (B) | (C) | (D) | (C - D) |
| New Gujarat Synthetics 1 & 2 | 6,66,00,000 | 12,86,30,000 | 19,52,30,000 | 18,76,01,000 | + 76,29,000 |
| Aryodaya Ginning | 4,80,00,000 | 1,88,45,676 | 6,68,45,676 | 14,05,72,989 | - 7,37,27,313 |
| Commercial Ahmedabad | 1,99,00,000 | 1,85,47,783 | 3,84,47,783 | 13,29,88,693 | - 9,45,40,910 |
| Jubilee Mills | 5,28,00,000 | 3,24,29,732 | 8,52,29,732 | 11,06,23,545 | - 2,53,93,183 |
| Aryodaya Spinning | 4,46,00,000 | 16,23,88,601 | 20,69,88,601 | 15,88,87,896 | + 4,81,00,705 |
| Vijay | 10,16,00,000 | 11,25,76,882 | 21,41,76,882 | 14,16,39,547 | + 7,25,37,335 |
| Bansidhar | 5,40,00,000 | 45,41,051 | 5,85,41,051 | 4,42,77,317 | + 1,42,63,734 |
| Amruta | 12,77,00,000 | 3,54,20,091 | 16,31,20,091 | 15,66,58,633 | + 64,61,458 |
| Vivekanand | 5,87,00,000 | 5,13,05,406 | 11,00,05,406 | 9,59,88,141 | + 1,40,17,265 |
| Ramkrishna | 4,09,00,000 | 3,21,11,124 | 7,30,11,124 | 14,57,99,574 | - 7,27,88,450 |
| Bharat Suryodaya | 4,80,00,000 | 1,30,62,481 | 6,10,62,481 | 7,34,61,522 | - 1,23,99,041 |
| Ajit | 12,34,00,000 | 2,57,48,124 | 14,91,48,124 | 6,19,08,022 | + 8,72,40,102 |
| Omex | 2,86,00,000 | 16,18,761 | 3,02,18,761 | 5,06,05,945 | - 2,03,87,184 |
| Prasad | 2,42,00,000 | 40,29,615 | 2,82,29,615 | 5,08,68,198 | - 2,26,38,583 |
| Total | 83,90,00,000 | 64,12,55,327 | 148,02,55,327 | 155,18,81,022 | - 7,16,25,695 |
| | | | | If only secured loans are considered........ | + 5,75,23,635 |

*Source* : *Market value of land as estimated by CEPT.*
*For assets and liabilities, see Tables 1 and 2.*

3. Such estimates are only for the 15 textile units which we have investigated. As of today, there are a total of 28 textile mills which have closed down. Therefore, it can be estimated that it will require a similar amount to redevelop the landholdings of all units. This means that the proposed board should be given an initial financial assistance of about Rs 220 crores.

## CONCLUDING STATEMENT

The previous sections have highlighted the fact that it is imperative that the mills currently under liquidation be considered as a city resource. If the BaU strategy is adopted it will not be possible to pay workers dues for a number of textile mills. For example, units like Aryodaya Ginning, Commercial Ahmedabad, Ramkrishna, etc., do not have the necessary asset base to pay back the dues. A realistic solution can be found only if all the assets are pooled.

We estimate that a total of around 400 plots can be developed for industrial purposes. If we consider the prevailing development control rules, it will be possible to develop at least 10 small- scale industrial units on each plot. Therefore, we can conclude that there is a possibility to generate approximately 40,000 jobs in the industrial sector within the city limits. Similarly, it will be possible to generate another 10,000 job opportunities in the commercial sector.

It is therefore quite evident that a strategy of property redevelopment through an active public-private partnership would go a long way in rejuvenating the city of Ahmedabad.