

Shri S. N. Mishra: We have discussed with the State Governments their annual plans and the State Governments are going to improve their resources position. But we cannot give complete indications before the budgets are presented.

Shri Nagi Reddy: In view of the fact that whereas the Andhra Government was asked to raise Rs 11 crores by way of additional taxation, it has raised Rs. 17 crores, may I know whether the Planning Commission are going to increase the plan outlay for the coming two years of the Second Plan period?

Mr. Speaker: It is a suggestion for action.

Investment in Private Industries

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14 { **Shri Harish Chandra Mathur.**
Pandit D N. Tiwary:
Shri Halder.

Will the Minister of Planning be pleased to state

(a) whether Central Government have given any directive or advice to the State Governments regarding investments in private industries by the State Governments during the Second Five Year Plan and

(b) what is the nature of the advice and whether it has come to the notice of Government that this advice has been ignored by some of the State Governments?

The Deputy Minister of Planning (Shri S. N. Mishra). (a) Ye, Sir

(b) The State Governments were advised that "as a rule loan assistance to private sector projects should be arranged through the Industrial Finance Corporation or other similar institutions" and even "if in any exceptional case direct assistance by a State Government is felt to be essential no commitment of any kind should be made without prior reference to the Planning Commission"

In a few instances, this advice has not been followed and the matter is being pursued with the State Governments concerned.

Shri Harish Chandra Mathur. Has there been any exchange of views on this subject between the Central Government and the Government of Kerala on the one hand and the Government of Rajasthan on the other and if so, what are the view-points put forth by them and the reaction of the Central Government?

Shri S. N. Mishra. In fact, in every case where such proposals have been made, there has been an exchange of views between the State Government concerned and the Planning Commission. So far as the views of these State Governments, particularly Kerala are concerned they thought that a lump sum provision should be made for this purpose. The view of the Planning Commission is that if in any particular case any exceptional circumstance requires State investment that should be referred to the Planning Commission. On this basis we have agreed to certain proposals of the Kerala Government and also to certain proposals of the Rajasthan Government.

Shri Harish Chandra Mathur. What are the industries concerned and what is the amount that has already been invested without the consent of the Planning Commission?

Shri S. N. Mishra: A separate question may be put for that.

Pandit D N Tiwary. While investing money in private companies, may I know whether the State Governments have taken the permission of the Planning Commission and if not, what steps Planning Commission propose to take against allotting money to those States? Which are those States which have done so?

Shri S N Mishra. It is a very wide question. The hon Member wants to know how many State Governments made such a reference. But the

reasons for the Planning Commission not approving them in some cases were indicated in my reply itself. I do not know what exactly the hon Member wants.

Pandit D. N. Tiwary: I want to know whether in those cases in which the Planning Commission did not approve of investment of money by the State Governments and still the State Governments did take shares or invested money, the Planning Commission is going to sanction money for those purposes or not.

Shri S. N. Mishra: In some cases, where the State Governments invested without the prior approval of the Planning Commission, the matter is being pursued. In some cases earlier, when this matter was not sufficiently impressed upon the State Governments, some investments were made they had made deep commitments in some earlier instances—about 4 years back or so—and the Planning Commission had to give their approval for those cases.

Shri Dasappa: Is it not a fact that many of the entrepreneurs are now seeking the assistance of State Governments to participate in the capital for more reasons than one, viz., to create confidence in the investing public and also to get certain facilities and concessions from the State Governments?

Shri S. N. Mishra: In fact the point of view of the Kerala Government is—I am just saying this by way of illustration—that the Planning Commission's advice did not relate to the participation in the equity capital. But the Planning Commission's view is that anything that is sought to be done by way of participation, whether by way of equity capital or otherwise, should not be done without the prior approval of the Planning Commission.

Shri Bimal Ghose: I presume from the hon Deputy Minister's answer that there is no bar to participation in the equity capital provided the Planning Commission's approval is sought for. Is that so?

Shri S. N. Mishra: Theoretically that might be the construction put upon it.

Shri V. P. Nayar: May I know from which statute or rule the Planning Commission derives power to issue such directives as to prevent the investments of the State's own finances in certain schemes in which they want to invest?

Shri S. N. Mishra: There is no law whatsoever, but in the interests of planned economy, that seemed to be the right attitude.

Shri V. P. Nayar: It is obvious that

Mr. Speaker: The hon Member wanted to know if there is any law, the answer is, there is no law. I am not going to allow arguments.

Shri Punnoose: Is it not a fact that in certain States like Kerala industrial development has been made possible by State participation in the past? May I know why the Planning Commission takes objection to such historical development in such States?

Shri S. N. Mishra: So far as history is concerned, one does not require to go into it at this stage. But the view of the Planning Commission is based on certain sound reasons. One reason is that the States do not seem to possess the apparatus which may go into the technical examination of the projects and it is just possible that they might incur loss. The second reason is that there are financial institutions established for this purpose, through which this assistance may be routed. The third reason is that resources may be diverted from the plan resources that we have at the moment.

Shri Ranga: Is it not the general policy between the State Governments as well as the Government of India that to the extent that the State Finance Corporation's resources are adequate, every effort should be made by the State Government to

encourage the local entrepreneur to seek assistance from these Corporations and not directly from the State's resources?

Shri S. N. Mishra: That is what I have mentioned. It should be routed through the financial institutions.

Shri Kadiyan: In answer to an earlier supplementary, the hon. Deputy Minister stated that the Planning Commission has agreed to certain proposals of the Kerala Government in this connection. May I know those proposals?

Shri S. N. Mishra: Since the main question did not specifically relate to Kerala, I do not have all those schemes just now.

Shri Harish Chandra Mathur: Is it a fact that those State Governments which have tended to ignore the advice of the Planning Commission in this matter are those where the industrial development has been most insignificant during the last six or seven years? May I know what other incentives the Planning Commission is prepared to give for the industries in those States?

Shri S. N. Mishra: In the case of Assam, which is considered to be an extremely backward State industrially, we have made an exception. But the hon. Member would realize that if this is permitted without any proper examination, there would be a lot of competition and wooing by different States and probably the advanced States might get away with it.

Shri Harish Chandra Mathur: Why don't you trust the State Government to that extent?

Shri H. N. Mukerjee: May I know if the attention of the Government has been directed towards a report in West Bengal that certain money provided for the public sector for the purpose of setting up a fertilizer factory in West Bengal has been diverted to a private capitalist, Birlas, and if so whether this has been in conformity

with the Government's instructions and desires?

The Minister of Industry (Shri Manubhai Shah): That is not a fact. There was no provision for a fertilizer factory in public sector in West Bengal which could be diverted.

Synthetic Rubber Plant at Bareilly

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*15 { **Shri Bhakt Darshan:**
Shri Osman Ali Khan:
Shri Mohan Swarup:

Will the Minister of Commerce and Industry be pleased to refer to the reply given to Starred Question No 1058 on the 16th December 1958 and state the progress since made in setting up a synthetic rubber plant at Bareilly (U.P.)?

The Minister of Industry (Shri Manubhai Shah): There has been no new development in the last two months but we are expecting some definite proposals by March or April 1959.

श्री भक्त दर्शन श्रीमन् मैं जानना चाहता हूँ कि यह जो बातचीत चल रही है वह किस कम्पनी के साथ या किस संस्था के साथ चल रही है या वे जो प्रोपोज़िशन हैं वे किसके पास में प्राये हैं ?

श्री मनुभाई शाह: जैसे तो तीन चार कम्पनियों से बातचीत चल रही है और उनकी टीम भी प्रा गई है और हम प्राशा करते हैं कि अगले महीने में या दो एक महीनों में उसकी दरखास्ते प्रा जायेंगी ।

श्री भक्त दर्शन श्रीमन् क्या मंत्री महोदय यह बताने की कृपा करेंगे कि जिन संस्थाओं के साथ बातचीत चल रही है वे इस देश की हैं या बाहर की, अगर बाहर की हैं तो क्या उसका विवरण दिया जायेगा ?

श्री मनुभाई शाह: जहाँ तक टैकनीकल कोलेबोरेशन और फाइनेन्सल कोलेबोरेशन का सवाल है वे फारेन कम्पनीज