

[*Translation*]

**Assistance by State Financial Corporations for Development of Industries**

5764. SHRI GIRDHARI LAL BHAR-GAVA: Will the Minister of FINANCE be pleased to state:

(a) whether there is a central legislation regarding the State Financial Corporations for the development of industries and if so, the full details thereof;

(b) the extent to which State Governments are allowed to frame their own laws to manage these financial corporations;

(c) whether here is a separate provision at the Centre or State level for providing additional financial assistance to engineers and technical personnel and if so, the full details thereof;

(d) whether any provision has been incorporated in the agreements for providing of financial assistance to unemployed engineers prohibiting them from going in for other trade ventures; and

(e) if so, the full details thereof and the reasons therefor?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) to (c). There is a legislation regarding State Financial Corporations (SFCs) namely, State Financial Corporations Act, 1951 which is a Central Act. The SFCs have been constituted under the said Act by issue of notification by the respective State Governments for promotion and development of industries in the States. Under this Act, a State Government is, *inter-alia*, empowered to make Rules to give effect to the provisions of the Act. SFCs provide financial assistance mainly to industries in the small scale sector through their various schemes, which include, *inter-alia*,

concessions in respect of promoters contribution for technical entrepreneurs. They also provide additional financial assistance to the assisted industrial concerns promoted by various promoters to meet the overrun in the cost of project/expansion/modernisation/diversification schemes on the basis of appraisal of each proposal.

(d) and (e). IDBI has reported that one of the standard condition in the loan agreement between the borrower and the financial institution is that the borrower shall not undertake without the approval of lender any project/diversification/modernisation or substantial expansion of the project assisted by the institution. It is also stipulated where necessary that the main promoter will devote full time and attention to the assisted project. This is designed to ensure viable operation of the assisted project.

[*English*]

**National Aluminium Co. Ltd.**

5765. SHRI BALGOPAL MISHRA:  
SHRIGIRIDHARGOMANGO:

Will the Minister of STEEL AND MINES be pleased to state:

(a) the total production of National Aluminium Company Ltd. (NALCO) in the last three years and how the metal produced by NALCO is marketed;

(b) whether there is any proposal for the expansion of NALCO; and

(c) if so, the details thereof?

THE MINISTER OF STEEL AND MINES AND MINISTER OF LAW AND JUSTICE (SHRI DINESH GOSWAMI): (a) The production of aluminium by National Aluminium Company Limited (NALCO) during the last three years is given below:—

1987-88 25,379 tonnes  
 1988-89 78,753 tonnes  
 1989-90 (Provisional) 1,35,018 tonnes

The metal is marketed as per the marketing policy of the Company, as determined by the Board of Directors from time to time.

(b) and (c). Yes, Sir. NALCO has proposed expansion of their capacities as given below:—

- (i) Bauxite Mine from 2.4 million tonnes to 3.6 million tonnes per annum;
- (ii) Alumina Refinery from 8 lakh tonnes to 10 lakh tonnes per annum;
- (iii) Smelter Plant from 2.18 lakh tonnes to 3.33 lakh tonnes per annum.
- (iv) Power Plant from 600 MW to 960 MW, by adding three more units of 120 MW each. Of these three, investment decision for one of the units has already been taken.

The estimated cost of the NALCO's expansion proposal is Rs. 1240.5 crores. The Government of India has approved the preparation of a Detailed Project Report for the said expansion at a cost of Rs. 3.4 crores.

[*Translation*]

#### Tea Prices

5766. SHRI PACHERWAL:  
 SHRI RAJVEER SINGH:

Will the Minister of COMMERCE be pleased to state:

(a) the percentage increase in the tea

prices during the last six months;

(b) the reason for sudden rise in tea prices and steps taken by Government to reduce it;

(c) whether the tea companies have earned higher profit this year as compared to previous years; and

(d) if so, the reasons therefor and whether Government propose to impose a levy on tea companies?

THE MINISTER OF ENERGY AND MINISTER OF CIVIL AVIATION (SHRI ARIF MOHAMMAD KHAN): (a) The percentage increase/decrease in the price of tea at Indian auctions for the last six months is as follows:—

<i>Month</i>	<i>%increase (+) decrease (-)</i>
<i>over previous months</i>	
October, 1989	—
November, 1989	(-) 2.17
December, 1989	(-) 6.20
January, 1990	(+) 12.16
February, 1990	(+) 3.27
March, 1990	(-) 7.28

(b) The reasons for the increase in tea prices during mid 1989 are attributed to lower production of tea during 1989 as compared to 1988. The fall in production was mainly on account of unfavourable weather conditions, coupled with imbalance in supply-demand equation in the global tea situation.

The steps taken by Government to check