

Issue of Industrial Licences

873. DR. A.K. PATEL: Will the Minister of INDUSTRY be pleased to state:

(a) whether Government have decided upon a major package of de-licensing and exempted certain industries from obtaining industrial licences;

(b) if so, the facts thereof; and

(c) the follow up steps taken so far?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL DEVELOPMENT IN THE MINISTRY OF INDUSTRY (SHRI M. ARUNACHALAM): (a) and (b). The new package of exemptions from industrial licensing is given in press Note No. 14 (1988 Series) dated 3rd June, 1988, copy of which is given in the statement below

(c) Notification in this regard has been issued.

STATEMENT

PRESS NOTE NO. 14
(1988 Series)

Package of Delicensing of Industries and Incentives

In order to accelerate the industrial growth and give a strong impetus to the industrialisation of backward areas of the country, Government have decided upon a major package of delicensing and incentives. The salient feature of the decision of the Government are as follows:

A Liberalisation of the Industrial Licensing system

The industrial licensing system has been liberalised in very substantial manner for non-MRTP/non-FERA Companies.

Henceforth, there will be no need for non-MRTP/non-FERA Companies to obtain industrial licences under the Industries (Development & Regulation) Act, except in the following cases:

(1) Projects involving an investment in fixed assets of more than Rs. 50 crores if they are located in Centrally declared backward areas or more than Rs. 15 crores if they are located in non-backward areas provided, however, that the facility of delicensing will not be available in both cases if the project is located within:-

(a) 50 Kms of the periphery (i.e. boundary of the urban area limits) of cities having a population of more than 25 lakhs;

(b) 30 Kms of the periphery of cities having a population of more than 15 lakhs but less than 25 lakhs;

(c) 15 Kms of the periphery of cities having a population of more than 7.5 lakh but less than 15 lakhs;

(d) the standard urban area/municipal limits of other cities and towns.

(2) Projects falling in industries included in a "special list" (the special list is attached). This list supercedes the existing Schedules IV and V of the notification under the IDR Act.

(3) Projects which require exchange for imported raw materials (other than steel and specified items) and components for more than 30% of the value of

ex-factory production from the first year of commercial production.

So far as the reservation for small scale of public sector is concerned the existing policy would continue.

B. *Development of growth centres*

For promoting industrialisation of backward areas in an effective manner, the focus would henceforth be on the development of growth centres that would act as the magnet for attracting industries to backward areas. Such growth centres would be endowed with infrastructural facilities on par with the best available in the country, particularly in respect of power, water, telecommunications and banking.

2. To begin with, atleast 100 such growth centres would be developed throughout the country over the next about 5 years. Each growth centre would be provided with funds of the order of Rs.25-30 crores in order to create infrastructural facilities of a high order. In other words, an investment of the order of Rs.2500-3000 crores is envisaged over the next about 5 years for creating sound and efficient infrastructural facilities in selected growth centres in backward areas. The funds for this purpose will be found by the Centre, the States and the all India financial institutions acting together.

3. The growth centres will be located within a reasonable proximity of district headquarters or tehsil headquarters in backward areas at such places that have a good potential for attracting industries. A committee of Secretaries and representatives of all India financial institutions, headed by the Secretary, Planning Commission is being appointed to formulate the criteria and

guidelines for the selection and location of the growth centres. The States will be asked to submit their proposals for location of growth centres, in accordance with these criteria/ guidelines.

4. As stated above, atleast 100 growth centres would be selected to begin with and developed over the next about 5 years. Thereafter, the development of growth centres would be further expanded so that over the next 10 to 15 years, most of the backward areas of the country are covered by them. The ultimate objective is to develop one growth center in each of the 430 odd districts in the country.

5. The development of the growth centres is in addition to the existing backward areas scheme and is not in substitution of it. However, the backward areas scheme would be reviewed periodically with the progress in the establishment of the growth centres and such modifications will be made in it as are necessary.

C. *Financial incentives*

At present, any new industrial undertaking established in a Centrally declared backward district is eligible to income tax relief under the Section 80 HH of the Income Tax Act by way of deduction of 20% of the profits for a period of 10 years. Furthermore, under section 80I of the Income Tax Act, all new industrial undertakings are entitled to an income tax relief by way of deduction of 25% of the profits for a period of 8 years. The benefits of both these Sections are available cumulatively to industrial undertakings established in notified backward districts. The investment allowance scheme has recently been reintroduced and industrial units will be eligible to claim its benefit also. All these benefits will be available both to the industrial units established in the growth centres as well as those located in other Centrally declared backward areas.

D. Monetary incentives

In order to provide greater assistance, the norms for working capital funds required by industrial units established in backward areas would be reviewed and they will be accorded a more liberal treatment. The committee under Planning Secretary would also look into this matter and make its recommendations.

Government hope that these measures will give a boost to the investment climate and industrialisation of backward areas in the country.

List of Industries in Respect of which Industrial Licensing is Compulsory

1. Coal
2. Textiles: Units operated by power;
 - a) All weaving units
 - b) All spinning units with investment in fixed assets of more than Rs.15 crores.
3. Milk foods and malted foods.
4. Vegetable oils and vanaspati, excluding solvent extracted oils from minor oil seeds other than cotton seeds, rice bran oil and oil cakes.
5. Leather
6. Matches
7. Distillation and Brewing of alcoholic drinks.
8. Hot rolling of semis, bars, wire rods and structural sections of steel.
9. Tractors and self-propelled combine harvestors.
10. Motor cars, buses, trucks, jeeps, vans, scooters, motor cycles, mopeds and all other types of automobiles.
11. Slitting/ confectioning of photosensitized material from jumbo rolls.
12. Asbestos and asbestos based products.
13. Plywood, decorative veneers, particle board, medium density fibre board, block board and the like.
14. Sugar.
15. All types of steel manufactured through induction and electric arc furnaces.
16. Iron and steel pipes and tubes, and stainless steel tubes.
17. Cold rolled/ hot rolled and coated coils/ sheets/ strips including box strappings and plates of all categories of steel.
18. Non-ferrous semis, alloys, flat products and extrusions excluding those aluminium.
19. Cold rolled formed sections.
20. Ferro alloys.
21.
 - a) Telecommunication Equipment
 - b) Subscriber (End User) Communication Terminal Equipment
 - c) Wireless equipment: All types.
22. Computer peripherals excluding key boards and monitors.
23. Micro-processor based industrial control instrumentation system.

24. **Electronic aerospace and defence equipment: All types.** (xi) Nitro chloro benzenes
(xi), Formaldehyde
(xiii) Nylon chips/ Nylon moulding powder.
25. **Industrial explosives, including detonating fuse, safety fuse, gun powder and nitrocellulose.** (xiv) Polyester chips/ Polyester moulding powder.
(xv) Industrial alcohol.
26. **Chemicals (Other than fertilisers)** (xvi) Sodium/ Potassium Cyanide.
(xvii) Pesticides/ Insecticides formulations based on technical material obtained from sources other than own manufacture.
- (i) Sodium/ Potassium Chlorate
(ii) Calcium Carbonate
(iii) Elemental Phosphorous
(iv) Calcium Carbide (xviii) Carbaryl
(v) BHC Technical (xix) Quinalphos.
(vi) m-amino phenol (xx) Dimethoate.
(vii) m-dinitro benzene (xxi) Aluminium Phosphide
(viii) Nitro benzenes. (xxii) Isoproturon.
(ix) Nitro toluenes (xxiii) Phorate
(x) Alcohol based chemicals, (xxiv) Monocrotophes
namely Acetaldehyde, Acetic (xxv) Carbondazine
Acid, Acetic Anhydride, Ethyl (xxvi) Fenitrophion
Acetate and Diethyl ether. (xxvii) 6-APA.

Population of Selected Cities and Towns According to the 1981 Census Data

Category I (Cities with a population of above 25 lakhs)

		<i>Population in lakhs</i>
1.	Calcutta	91.9
2.	Bombay	82.4
3.	Delhi	57.3
4.	Madras	42.9
5.	Bangalore	29.2
6.	Ahmedabad	25.5
7.	Hyderabad	25.5

Category II (Cities having a population of above 15 lakhs but less than 25 lakhs)

1.	Pune	16.9
2.	Kanpur	16.4

*Population in lakhs***Category III (Cities and Towns with a population of above 7.5 lakhs but less than 15 lakhs)**

1.	Nagpur	15.0
2.	Jaipur	10.2
3.	Lucknow	10.1
4.	Coimbatore	9.2
5.	Patna	9.2
6.	Surat	9.1
7.	Madurai	9.1
8.	Indore	8.3
9.	Varanasi	8.0
10.	Jabalpur	7.6
11.	Agra	7.5
12.	Vadodra	7.5

**Completion of Western Yamuna
Hydro-Electric Project in Haryana**

874. SHRI Y.S.MAHAJAN:
SHRI SHIVENDRA
BAHADUR SINGH:

Will the Minister of ENERGY be pleased to state:

(a) whether the Western Yamuna hydro-electric project in Haryana which started in 1980 has not been completed so far;

(b) the reasons for delay and the steps taken by Government or proposed for expeditious completion of first stage of the project;

(c) the escalation in the cost of the proj-

ect over the original estimated cost and the anticipated cost at the time of completion; and

(d) when the project is likely to be completed?

THE MINISTER OF STATE IN THE DEPARTMENT OF POWER IN THE MINISTRY OF ENERGY (SHRI KALPNATH RAI): (a) Four units of Western Yamuna Canal H.E. Project Stage-I (6 x 8 MW) sanctioned by the planning commission in March, 1980, have been commissioned between 1985-1988.

(b) The project was originally scheduled for commissioning in 1984-85. The delay in commissioning of the project has