

over the management of sick Telefunken unit at Faridabad or to merge it with a public sector undertaking; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (SHRIMATI ABHA MAITI): (a) and (b). A series of meetings were held in the Ministry of Industry to explore possibilities of reviving this unit outside the framework of the Industries (Development and Regulation) Act, 1951, in consultation with the concerned financial institutions and the Electronic Trade and Technology Development Corporation. The efforts have so far not succeeded. There is no proposal for merger of this undertaking with any other public sector undertaking. However, Messrs. Dalmia Cement (Bharat) Limited have submitted an application under section 72A of the Income Tax Act, 1961, for merger of Messrs Telesound (India) Limited with their company. This is being processed in accordance with the procedure laid down for the purpose.

Setting Up of Factories of Watches, Blades and Small Engineering Items in Hill Areas

3488. **SHRI T. S. NEGI:** Will the Minister of INDUSTRY be pleased to state:

(a) whether Factories manufacturing watches, blades and small engineering items can be located in hills; and

(b) if so, what steps are being taken to do so?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (SHRIMATI ABHA MAITI): (a) Yes, Sir. There is no bar on setting up of factories for the manufacture of watches, blades and small engineering items in hills.

(b) Government is providing various facilities and incentives for pro-

motion of small scale industries in the hilly backward areas, the more noteworthy among them being:

(i) Concessional Refinance through IDBI.

(ii) Interest subsidy.

(iii) Supply of machinery on concessional terms by NSIC.

(iv) 15 per cent investment subsidy on capital investment in backward areas.

(v) Transport subsidy for hilly backward areas.

Setting Up of Paper Mill in Almora, Nainital and Garhwal

3490. **SHRI T. S. NEGI:** Will the Minister of INDUSTRY be pleased to state:

(a) whether paper mills for manufacturing paper can be established in hills with advantage; and

(b) if so, why no action has been taken to establish the same in Almora, Nainital and Garhwal?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (SHRIMATI ABHA MAITI): (a) Generally, hilly areas are not suitable for location of paper mills, due to unsuitability of terrain, lack of infrastructure, transportation problems etc. However, they have potential for supply of cellulosic raw materials which can be utilized for manufacture of paper in mills located nearby.

(b) Industrial licences/Letters of Intent have been issued in favour of a few private entrepreneurs for establishment of paper/pulp/newsprint mills in Nainital & Garhwal Districts of U.P. No appreciable progress has been made by any of the entrepreneurs towards implementation of these projects.