

(b) The Central budget for 1975-76 envisages deficit financing of Rs. 225 crores. In the light of the existing economic situation and the anticipated trend of production next year, this order of deficit financing is not likely to hamper the effort to keep in check the inflationary pressure in the economy. On the other hand, by providing additional resources, it would help in sustaining the tempo of development, which, in the ultimate analysis, is the real solution to the problem of inflation. It would, therefore, help in furthering the objectives of the Fifth Plan.

Letters of Intent to Technocrat Oriented Institutions for Medium Scale Sector

5040. SHRI K. S. CHAVDA: Will the Minister of INDUSTRY AND CIVIL SUPPLIES be pleased to state:

(a) whether Centre propose to give free hand in issuing fresh letters of intent to technocrat-oriented institutions and new entrepreneurs of medium scale sector particularly in the backward areas;

(b) whether the Ministry propose to direct the Licensing Committee not to reject the proposals of medium scale 100 per cent Indian Sector for next five years, in the interest and growth of Indian sector; and

(c) whether Government propose to amend its policy or improve its execution through the Licensing Committee for Indianisation?

THE MINISTER OF INDUSTRY AND CIVIL SUPPLIES (SHRI T. A. PAI): (a) to (c). In terms of the industrial licensing policy statement announced on 2nd February, 1973, Government will ensure that licensing decisions conform to the growth profile of the 5th plan and that techno-economic and social considerations such as economies of scale, appropriate technology, balanced regional development and development of backward areas are fully reflected. Government's policy will continue to be

to encourage competent small and medium entrepreneurs in all industries including those in which large industrial houses and foreign majority companies are eligible to participate. Such entrepreneurs will be preferred *vis-a-vis* the larger industrial houses and foreign companies in the setting up of new capacity.

New and medium entrepreneurs particularly those having technical background are encouraged in setting up new capacity. However as their proposals have to be considered from other angles also e.g. availability of foreign exchange, plan profiles, financial soundness, etc., it is not necessary to give directions to L.C. not to reject such proposals.

Foreign concerns and subsidiaries of foreign companies will be eligible to participate in 19 specified industries and their investments will be examined in accordance with the "guidelines on the dilution of foreign equity" with a view to bringing about progressive Indianisation.

Failure of Licensing Policy

5041. SHRI K. S. CHAVDA: Will the Minister of INDUSTRY AND CIVIL SUPPLIES be pleased to state:

(a) whether Licensing Committee has failed to keep the broad objectives of Industrial Licensing Policy and system adopted by Government; if not, the grounds as to how the Licensing Committee recommendations have become useful to growth of industries in our country during last three years;

(b) whether there is a big cry in our country that multi-national and foreign firms have got bigger sales due to amending and recommending approval by the Licensing Committee; and

(c) whether Government propose to amend this faulty way of making recommendations by the Licensing

Committee in the interest of Indianisation of industries?

THE MINISTER OF INDUSTRY AND CIVIL SUPPLIES (SHRI T. A. PAI): (a) to (c). In taking a decision on industrial licence applications, the Licensing Committee *inter alia* takes into consideration, the following broad objectives of industrial licensing policy;

- (i) The policy framework contained in the Industrial Policy Resolution, 1956;
- (ii) The detailed considerations set-out in the Government statement dated 2nd February, 1973 on industrial licensing policy;
- (iii) The priorities and production targets of current Five Year Plan and annual Plans;
- (iv) Techno-economic considerations relevant to a particular industry; and
- (v) Techno-economic features of the project proposal.

The Industrial Policy Resolution of 1956 continues to provide the framework to govern Government's policies for achieving the objectives of growth, social justice and self-reliance in the industrial sphere. To facilitate the achievement of these objectives in the context of the Fifth Plan an Industrial Licensing Policy Statement was issued by Government in a Press Note dated 2nd February, 1973 (copy placed on the Table of the House as Annexure to the Lok Sabha Unstarred Question No. 281 answered on 21st February, 1973). Under the revised policy, foreign concerns are expected to participate in 19 scheduled industries listed in the appendix to the Press Note. The specific items reserved for the public sector and the small scale sector are, however, excluded. Even in the fields in which foreign majority companies are eligible to participate, if

suitable applicants are forthcoming from amongst small and medium entrepreneurs, they would be given preference over foreign majority companies.

Government have also issued guidelines formulating a workable relationship between the size of any expansion allowed to a foreign companies and the extent of dilution in its foreign holdings to be stipulated as a condition thereof. This has been done with a view to bring about progressive Indianisation.

केन्द्रीय उद्योग सलाहकार परिषद् की बैठक

5042. श्री हुकम चन्द कछवाय :
क्या उद्योग और नागरिक पूति मंत्री यह बताने की कृपा करेंगे कि :

(क) जनवरी, 1974 से दिसम्बर, 1974 तक केन्द्रीय उद्योग सलाहकार परिषद् की कितनी बैठकें हुईं और क्या उन बैठकों में मंत्री महोदय भी उपस्थित थे ;

(ख) यदि हां, तो परिषद् ने क्या-क्या सुझाव दिये और क्या-क्या शिकायतें प्राप्त हुईं; और

(ग) शिकायतों को दूर करने तथा सुझावों को स्वीकार करने के लिए सरकार द्वारा क्या कार्यवाही की गई है ?

उद्योग और नागरिक पूति मंत्री (श्री टो० ए० पाई) : (क) से (ग). केन्द्रीय उद्योग सलाहकार परिषद् की पिछली बैठक 16 नवम्बर, 1973 को हुई थी। परिषद् के अध्यक्ष की हैसियत से औद्योगिक विकास मंत्री ने उस बैठक में सुझाव दिया था कि परिषद् को कुछ मुख्य उद्योगों के उत्पादन में सुधार करने के उपायों पर विचार करना चाहिए। उन्होंने ऐसे उद्योगों की छोटे और उनके लिए लक्ष्य निर्धारित करने के लिए परिषद् के सदस्यों के विचार मांगे थे।