

nine and not seven. We are going to invest Rs. 756.60 million crores in them.

[English]

SHRIMATI GEETA MUKHERJEE: She must be given proper notice to answer about sand filling.

MR. DEPUTY SPEAKER: She is consulting the papers.

[Translation]

SHRIMATI KANTI SINGH: About sand filling, I will say that whatever amount has been allocated for it, it is fully being released to them.

[English]

SHRI K.P. SINGH DEO: You may kindly allow Shri Panigrahi and me to ask supplementary on it. We belong to the Mahanadi Coalfield areas.

[Translation]

MR. DEPUTY SPEAKER: Five supplementaries have already been asked. If the House permits, I have no objection at all but the decision will be yours.

SHRI NITISH KUMAR: Mr. Deputy Speaker, Sir, I request you that such a rule should not be enacted.

[English]

SHRI K.P. SINGH DEO (DHENKANAL): We tried to catch your eye but failed. What can we do?

MR. DEPUTY-SPEAKER: All right.

[Translation]

SHRIMATI SUMITRA MAHAJAN: Mr. Deputy Speaker Sir, the vehicle is running in reverse.

MR. DEPUTY SPEAKER: It was missed. I will just call.

[English]

SHRI K.P. SINGH DEO: Sir, one-third of the coal reserves of India is in Ib Valley and Mahanadi Coalfields. The hon. Minister's distinguished predecessor, the hon. Speaker at the moment, had announced that a massive Rs. 1200 crore project was being taken up for Mahanadi Coalfields, when he inaugurated it in Sambalpur. Now Mahanadi Coalfields will be feeding six steel plants in Dubhri and all the power houses of South India. Last year, the Coal Ministry as well as the Government of Orissa inaugurated the Chhendipada Open cast project in the month of March 1996. Till today no work has started. When will the work start and what are the impediments in the way? Why was it inaugurated one year back and why no work has started? May I have answers to these questions?

[Translation]

SMT. KANTI SINGH: It was inaugurated one year ago and the company is taking action. If you want some special information then you can ask as ... (Interruption)

MR. DEPUTY SPEAKER: We can conclude it in one minute, instead of five, seven supplementary can be asked

(Interruptions)

[English]

SHRI SRIBALABH PANIGRAHI: This question relates to my constituency directly.

[Translation]

Mahanadi Colfields is the junior most company but it is the best in India in respect of profitability, growth rate and productivity. A target of 47.20 lakhs has been fixed till the end of the Ninth Plan and what is position regarding land acquisition and our other requirements? Then, Government have just adopted their Chari Committee Report.

[English]

It means a reversal of the Government's policy and privatisation of coal industry and coalfields is going to take place.

[Translation]

Recently import duty on coal has been reduced and it is causing loss to entire coal industry a dangerous situation has been created and challenging situation has arisen and under it, the target of 47.20 lakhs fixed for Mahanadi Coalfields will be achieved in Ninth Plan or not? What is the present position regarding the provision of funds made for this purpose and whether the Ministry will give its reply?

SHRI K.P. SINGH DEO: He has already talked about privatisation.

SHRIMATI KANTI SINGH: Privatisation is not being done. As mentioned by the Hon. Member just now. Our Govt. have a scheme ... (Interruptions)

SHRI SRIBALLABH PANIGRAHI: Now, your coal will be cheaper.

MR. DEPUTY SPEAKER: You have asked. All right.

SHRIMATI KANTI SINGH: Regarding import, you have said that it has been reduced, what will happen? If we offer to private parties then it will create sense of competitiveness and our companies will also perform better ... (Interruptions)

MR. DEPUTY SPEAKER: Now instead of five, seven supplementaries have been asked. You can ask next supplementary under another question.

(Interruptions)

[English]

Tax Holiday to Industrially Backward Areas

+
*282. SHRI KASHI RAM RANA:
SHRI BRAJ MOHAN RAM:

Will the Minister of FINANCE be pleased to state:

(a) whether in his budget speech for the year 1994-95, the former Finance Minister had announced 100% tax holiday for initial 5 years assessment in respect of industrial units to be set up in an industrially backward area in the country;

(b) if so, whether even after a lapse of three years, the Government have not notified the industrially backward areas in the country to enable the industrial units to take advantage of 100% tax holiday;

(c) if so, the reasons therefor;

(d) whether the announcement made by the former Finance Minister has not been fulfilled; and

(e) if so, the reasons therefor?

THE MINISTER OF FINANCE (SH. P. CHIDAMBARAM):

(a) In the Budget speech for the year 1994-95, while presenting the Finance Bill, 1994, the then Finance Minister announced a five-year tax holiday to new industrial undertakings commencing production during the period from 1.10.1994 to 31.3.1999 in such districts which are backward according to certain guidelines which will be prescribed.

(b) to (e) A study group was constituted in the Ministry of Finance for identification of industrially backward districts for the purpose of granting 100% tax holiday under Section 80-IA of the Income-tax Act. The study group submitted its report in October, 1994. Some of the State Governments had requested that small units like *taluka* or *tehsil* be extended the benefit instead of districts. To look into this aspect and certain other issues, a group was constituted to review the report of the study group. The review study group has submitted its report in July, 1996 and the same is under the consideration of the Government.

SHRI KASHI RAM RANA: The Finance Act, 1993 introduced a five-year tax holiday under Section 80 of the income-tax Act for new industrial undertakings which started production from 1-4-1993 but before 31-3-1998 in any of the backward States specified in the Eighth Schedule of the Income-tax Act.

Numerous representations have been made to the Government demanding extension of the five-year tax holiday to industrially backward districts of other States. The Minister of Finance has just now said that the then Finance Minister while moving the Finance Bill, 1993 had announced in the Lok Sabha that he would be setting up a Study Group for this purpose. That Study Group has since submitted a report and it is under the consideration of the Finance Minister.

So, in these circumstances I would like to know from the hon. Minister whether the benefit of five-year tax holiday to the industrially backward districts will be given and whether the Government is considering giving further extension so far as the backward States are concerned, from 31-3-1998. I am asking this question because there is a vast scope for it.

SHRI P. CHIDAMBARAM: Sir, there are really two

separate questions. As far as the backward States are concerned, the States listed in the Eighth Schedule to the Constitution, continue to receive the incentives. If it is necessary to extend that period after the current period comes to an end, we shall consider it at the appropriate time. I have an open mind on that.

As regards backward districts, it is true that there is a Study Group report and it is true that there is a report of the Review Group based on the representations received from the State Governments. We have considered it at the highest level at one meeting. I am hopeful that we shall be able to take a decision soon. It is not easy to persuade everyone to agree to the list reported by the Study Group because some district or the other is left out and everybody wants his district to be included. Therefore, I am trying to persuade everybody to agree to the report of the Study Group.

[Translation]

SHRI KASHRI RAM RANA: Hon'ble Minister has said that there is no hurry. He mentioned about 1993's report. Then, Review Study Group was formed and it is in existence for the last four years. I want to say that backward districts should be taken up immediately. You have laid certain criteria and guidelines for the backward districts and several Governments have urged to change them.

[English]

A district in our country is very big area for determining industrial backwardness.

[Translation]

I want to know what measures are prepared to be taken by the Government regarding the objection raised by the State Governments on these guidelines so that backward districts are fully benefitted? Are you considering to extend the tax holiday facility to taluka also instead of districts, at the same level?

[English]

SHRI P. CHIDAMBARAM: Sir, the report of the Study Group was received only in October, 1994. After that, it was considered by the previous Government. But they could not take a decision, for reasons which are quite plain to me now, until June, 1996. Then the Review Group, which took into account the State Governments' views and some other views which were represented, gave its report in 1996. As I said, about two months back we had a meeting at the highest level. I am trying to persuade everybody to accept the report of the Study Group. As it is, it is difficult for me to persuade everyone to accept the report because someone's district is included and someone's district is not included. If I go down to *taluka* and *tehsil* level, I shall never be able to get a consensus. I think we should try to get a consensus on the districts which have been identified, and I am doing my best.

[Translation]

SHRI BRAJ MOHAN RAM: While presenting the Budget for the year 1994-95 the then Finance Minister had announced that tax holiday will be granted to such units which will be set up in backward districts during the period from October, 1994 till 31st March, 1999. Government have received all reports in this connection, yet nothing has been done so far. I want to know from the Government the names of the districts in Bihar where the benefit of tax holiday is likely to be extended to the industrial units.

[English]

SHRI P. CHIDAMBARAM: Sir, you would kindly pardon me for saying that I do not think it is proper now to give the districts of each State. It will only open the Pandora's box. Once the Government decides on which districts are included, I will place the list. But to say it now, will never lead to any consensus.

SHRI SONTOSH MOHAN DEV: Sir, the Minister has rightly said that the scheme was introduced in 1994-95.

Till now, it has gone through various difficulties. It has been gone through by the committees and sub-committees and now the Report has come. When it is implemented, are you going to start from that point of time of five years because four years are already over? Secondly, be very gracious and consider all the political parties on pro-rata basis instead of instead of going by your 13 constituents.

SHRI P. CHIDAMBARAM: Sir, I do not think we should change the year of commencement of the holiday period which is 1994. But we can consider extending the terminal period which is 1999. As it is, I have a difficulty persuading everyone to agree to the districts that have been identified. Now, you are adding to my difficulty. I will do my best to persuade everybody to agree to the districts that have been identified. ... (Interruptions)

[Translation]

MR. DEPUTY SPEAKER: I am calling. I will call one by one only.

(Interruptions)

[English]

SHRI SUNIL KHAN: Sir, may I know from the hon. Minister whether any proposal has been made by the United Front Government to set up an industrial unit at Bakura which is a very backward district in West Bengal?

SHRI P. CHIDAMBARAM: This question must be addressed to the hon. Minister of Industry.

SHRIMATI RAJANI PATIL: At first, identification was done on the basis of districts. In your answer, you have stated that some of the State Governments had requested that this must be done on the basis of small units like, *talukas and tehsils*. Sir, in the name of *talukas*, practically what has happened, is the same districts which were already industrially developed were given more facilities

again. For example, I can cite, Indapur, Baramati and Shirur areas in Pune district and Bhiwandi and Shahpur areas in Thane district. I would like to know whether Government has any specific plan for the totally undeveloped districts like Beed and Osmanabad areas of Marathwada?

SHRI P. CHIDAMBARAM: I would not be able to answer in respect of any particular district. ... (Interruptions) Sir, they should allow me two answer. If they interrupt me, how can I answer?

MR. DEPUTY-SPEAKER: Please allow him to answer.

[Translation]

SHRIMATI RAJANI PATIL: Give generalised reply.

[English]

SHRI P. CHIDAMBARAM: Yes, I am giving a generalised answer. There is no proposal to grant benefits to *talukas* and *tehsils*. The proposal is only to grant it to districts. I do not think it is possible at all to arrive at any kind of consensus if we go down to *talukas* and *tehsils*. It would be virtually an impossible task. We have got districts now. There are reports which have identified the districts. The hon. Member is right. The report has said that in a district which has been classified under certain criteria as 'no industry district', that district should be included. We are inclined to accept that suggestion.

SHRI G. G. SWELL: Sir, as I understand from the reply of the hon. Minister his problem is that he is not able to persuade the different State Governments and authorities concerned to agree to which should be the backward area and which should not be. I can understand that problem. You are faced with this problem. But there are certain areas in this country which have been accepted as industrially backward. There is no question and no controversy about it. The whole of North-East is known as industrially backward. I would like to know whether North-East has been exempted. If not, why not do this on a selective basis to begin with as advance action rather than delaying the whole thing.

SHRI P. CHIDAMBARAM: The whole of North-East has already been covered under the scheme. This scheme does not in any way touch the benefits of the North-East. All the States and Union Territories specified in eighth schedule are already getting this income-tax benefit. We are now talking about identifying districts in other States. The whole of North-East has already been covered.

Remuneration of Employees of Multinational Companies

*283. SHRIMATI SUMITRA MAHAJAN: Will the Minister of FINANCE be pleased to state:

(a) whether the Government propose to remove the ceiling on managerial remunerations to the employees of multinational Companies; and

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