

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:1861
ANSWERED ON:15.03.2005
INDUSTRIAL PROJECTS PENDING CLEARANCE
Athawale Shri Ramdas

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the Government has made any efforts to supplement the initiatives of the State Governments to set up any big industry during the last five years, State-wise, UT-wise;
- (b) if so, the details thereof including the financial implications;
- (c) whether there has been any request pending with the Government from any of the State Governments or Union Territory to set up industries in their respective State to advance them industrially;
- (d) if so, the details thereof and the reasons for delay in their approval;
- (e) whether there is any proposal to establish industrial units in any part of the country with the joint support of public and private sectors;
- (f) if so, details thereof;
- (g) whether the Government has taken or intends to take steps to promote industrial hubs of yesteryear such as Kanpur; and
- (h) if so, steps taken thereon?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S ELANGO VAN)

(a)&(b): Yes, sir. Promotion of industrial development is primarily dependent on the initiative of the State Governments. The Union Government supports the State's efforts through various incentive/development schemes. The details of various major Schemes/incentives being implemented by the Central Government are placed at Annexure.

(c) to (f): After the announcement of the new industrial policy, investment decisions are based on the commercial perception of the entrepreneurs. The majority of the industrial activities have been de-licensed and very few industrial activities now require the industrial licence from the Government. Entrepreneurs are free to set up industries anywhere in the Country that satisfy their requirements. Sanction of Industrial Licences to the proposals received in the Government is an on going process and the same are disposed of within the timeframe fixed in this regard.

(g)&(h) Government has introduced a new Scheme in the year 2003 in the name of Industrial Infrastructure Upgradation Scheme whose details are already given above. Basically, this scheme aims to promote the competitiveness of the traditional industrial hubs through public-private partnership. Recently, a proposal to improve infrastructure facilities at Kanpur Leather Cluster with 75% Central Assistance has been approved by the Government of India under this Scheme.

Annexure to the Lok Sabha Unstarred Question No. 1861 dated 15.3.2005

(I) INCOME TAX CONCESSION :-

1) Section 80-IC of the Income-Tax Act provides fiscal incentives to certain special category states including the North-Eastern States. As per this provision a new industrial undertaking set up on or after the 24th of December 1997 but before 1.4.2007 or an existing undertaking which undertakes substantial expansion during this period and which is located in certain notified areas is eligible for 100% income-tax exemption for a period of 10 assessment years. A similar deduction is available for all new undertakings or existing undertakings which undertake substantial expansion and which are engaged in specified thrust sector activities.

2) Tax incentives are also available to industries set up on or before 31.3.2004 in the backward districts of the country. While industries in Category A backward districts are eligible for 100% deduction for 5 years followed by 25% (30% in the case of companies) for the next 5 years, industries in Category B backward districts are eligible for 100% deduction for 3 years followed by 25% (30% in the case of companies) for the next 5 years. The copy of Ministry of Finance's order regarding Category A and B backward districts is appended (Annexure-I).

II) INDUSTRIAL INFRASTRUCTURE UPGRADATION SCHEME:

The salient features of this scheme include creation of quality infrastructure in existing industrial clusters/locations with high growth potential requiring strategic interventions in providing common facilities for transport, road, water, power, gas/fuel supply effluent treatment, solid waste disposal. In addition, Product design, Information & Communication Technology support and such other physical infrastructures would also be provided. Initially 20-25 clusters/locations will be taken up for development in the Tenth Plan period. Special feature of this new initiative is that the scheme will be implemented through Special Purpose Vehicle (SPV) formed by the cluster /industry association at the individual cluster level so as to ensure that the infrastructure development/ upgradation is user-driven. This arrangement will also ensure the creation of useful assets and sustainability of assets created.

(III) GROWTH CENTRE SCHEME:

With a view to promote industrialization of backward areas in the country, the Government of India, in June, 1988, had announced the Growth Centre Scheme which became operational from 1991 under which 71 Growth Centres were proposed to be set up throughout the country with basic infrastructure facilities such as power, water, telecommunications and banking to enable them to attract industries. These have been allocated amongst States on the basis of a combined criteria of area, population and extent of industrial backwardness. All the Seventy One growth centres have been sanctioned by the Government of India.

The Central Government assists the State Governments by contributing upto Rs.10 crores by way of equity for each growth centre. The balance funds are to be raised by the State Governments and their agencies who implement the projects. The amount of Central assistance has been increased to Rs.15 crores for each growth centre in the North-Eastern Region, Himachal, Uttaranchal, Jammu & Kashmir & Sikkim.

IV) Integrated Infrastructure Development Scheme (IID):

The office of the Development Commissioner (Small Scale Industries), Ministry of Small Scale Industries is also implementing the Integrated Infrastructure Development Scheme (IID) for development of backward areas.

The scheme, introduced in 1994, envisages to develop infrastructure facilities for small industries to facilitate location of industries in rural/backward areas. The Central Government and Small Industries Development Bank of India contribute to each IID Centres Rs. 5 crore in the ratio of 2:3 and the cost in excess thereof and the cost of land is met by the concerned State Government.

For the North Eastern States, the funding pattern (sharing of funds) has been changed from 2:3 between Government of India and SIDBI/Financial Institutions to 4:1.

Annexure - I

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
CENTRAL BOARD OF DIRECT TAXES

NEW DELHI, THE 7TH OCTOBER, 1997

NOTIFICATION INCOME-TAX

S.O. 714(E) - In exercise of powers conferred by Section 80-IA of the Income Tax Act, 1961 (43 of 1961), as amended by Section 3 of the Income Tax (Amendment) Ordinance, 1997 (15 of 1997) and in supersession of the notification of Government of India, Ministry of Finance, Department of Revenue (Central Board of Direct Taxes) number 636(E), dated 3rd September, 1997, except as respects things done or omitted to be done before such supersession, the Central Government specifies the following districts as industrially backward districts of Category `A` and Category `B` under Sub-clause (c) of clause (iv) of sub-section (2) of Section 80-IA read with rule 11EA of the Income Tax Rules, 1962 ; namely :-

A. Category `A` industrially backward districts

1. Godda Bihar
2. Gumla Bihar
3. Araria Bihar
4. Gadchiroli Maharashtra

5. Madhepura Bihar
6. Sidharthanagar Uttar Pradesh

7 Dumka Bihar

8. Mandla Madhya Pradesh

9. Khagaria Bihar
10. Kishanganj Bihar
11. Malda West Bengal
12. Palamau Bihar
13. Phulbani Orissa
14. Madhubani Bihar
15. Kalahandi Orissa
16. Jehanabad Bihar
17. Saharsa Bihar
18. West Dinajpur West Bengal
19. Nawadah Bihar
20. Bahraich Uttar Pradesh
21. Sitamarhi Bihar
22. Sahebganj Bihar
23. Murshidabad West Bengal
24. Cooch Behar West Bengal
25. Bankura West Bengal
26. Panna Madhya Pradesh
27. Pratapgarh Uttar Pradesh
28. Maharajganj Uttar Pradesh
29. Jalore Rajasthan
30. Aurangabad Bihar
31. Each Charaparan Bihar
32. Banda Uttar Pradesh
33. Banner Rajasthan
34. Purnia Bihar
35. Bastar Madhya Pradesh
36. Srwan Bihar
37. Vaishali Bihar
38. Basti Uttar Pradesh
39. Sarguja Madhya Pradesh
40. Chamoli Uttar Pradesh
41. Jaisalmer Rajasthan
42. Lohardagga Bihar
43. Chhatarpur Madhya Pradesh
44. Uttarkashi Uttar Pradesh
45. Churu Rajasthan
46. Wayanad Kerala
47. Idukki Kerala
48. Jalpaiguri West Bengal
49. Almora Uttar Pradesh
50. Pithoragarh Uttar Pradesh
51. Tehri Garhwal Uttar Pradesh
52. The Dangs Gujarat
53. Banswara Rajasthan

B. Category 'B' Industrially backward districts:

1. Srikakulam Andhra Pradesh
2. Mahbubnagar, Andhra Pradesh
3. Katiyar Bihar
4. Bhagalpur Bihar
5. Gopalganj Bihar
6. Darbhanga Bihar
- 7 West Champaran Bihar
8. Saran Bihar

9. Bhojpur Bihar
10. Samastipur Bihar
11. Deoghar Bihar
12. Nalanda Bihar
13. Gaya Bihar
14. Mazaffarpur Bihar
15. Rohtas Bihar
16. Banaskantha Gujarat
17. Sabarkantha Gujarat
18. Bidar Madhya Pradesh
19. Seoni Madhya Pradesh
20. Tikamgarh Madhya Pradesh
21. Shivpuri Madhya Pradesh
22. Balaghat Madhya Pradesh
23. Jhabua Madhya Pradesh
24. Sidhi Madhya Pradesh
25. Vidisha Madhya Pradesh
26. Raigarh Madhya Pradesh
27. Morena Madhya Pradesh
28. Betul Madhya Pradesh
29. Raigarh Madhya Pradesh
30. Rajftandgaon Madhya Pradesh
31. Sagar Madhya Pradesh
32. Beed Maharashtra
33. Bolangir Orissa
34. Mayurbhanj Orissa
35. Balasore Rajasthan
36. Ganjam Rajasthan
37. Dungarpur Rajasthan
38. Dholpur Rajasthan
39. Sawai Madhopur Rajasthan
40. Tonk Rajasthan
41. Nagaur Rajasthan
42. Jhalawar Rajasthan
43. Sikar Rajasthan
44. Hardoi Uttar Pradesh
45. Lalitpur Uttar Pradesh
46. Hamirpur Uttar Pradesh
47. Badail Uttar Pradesh
48. Fatehpur Uttar Pradesh
49. Azamgarh Uttar Pradesh
50. Etah Uttar Pradesh
51. Barabanki Uttar Pradesh
52. Etawah Uttar Pradesh
53. Deoria Uttar Pradesh
54. Ghazipur Uttar Pradesh
55. Ballia Uttar Pradesh
56. Jaunpur Uttar Pradesh
57. Sitapur Uttar Pradesh
58. Jalaun Uttar Pradesh
59. Unnao Uttar Pradesh
60. Faizabad Uttar Pradesh
61. Kanpur Dehat Uttar Pradesh
62. Mainpuri Uttar Pradesh
63. Gonda Uttar Pradesh
64. Farukhabad Uttar Pradesh
65. Sultanpur Uttar Pradesh
66. Mirzapur Uttar Pradesh
67. Mau Uttar Pradesh
68. Purlia West Bengal
69. Birbhum West Bengal
70. Midnapore West Bengal

Explanation: For the purpose of this notification, the districts correspond to the districts mentioned in the report of the Study Group on identification of Backward Districts dated 4th October, 1994 and are based on districts as they stood in the Census Report of 1991. Where a district specified as an industrially backward district for the purpose of Section 80-1A is reorganized, either by split or otherwise, after the Census Report of 1991, all the areas comprised in the district as it existed in the Census Report of 1991 will qualify for the purpose of this rule.

2. This notification shall be deemed to have come into force with effect from the 1st day of October, 1994.

Explanatory Memorandum

The Central Government had set up a Study Group to identify industrially backward districts for the purposes of Section 80-1A of the Income Tax Act, 1961. The Group submitted its Report to the Central Government in the month of October, 1994. The Central

Government constituted another Study Group to review the said Report. On the basis of the reports of both the Study Groups, the Central Government decided that the industrially backward districts should be classified into two categories i.e., Category `A` and Category `B` Section 80-IA was amended by the Income Tax (Amendment) Ordinance, 1997 (15 of 1997) so as to classify the industrially backward districts of

category `A` and industrially backward districts of Category `B`. The said Ordinance has come into force on the 16th September, 1997. Rule 1 IE A of the Income Tax Rules, 1962 has also been amended retrospectively with effect from 1-10-1994 so as to give effect to the amendment made in Section 80-IA of the Income Tax Act by the said Ordinance. It is certified that the retrospective operation of this amendment shall not prejudicially effect the interest of assesseees.

Sd/-

(Dr. DHEERAJ BHAT AGAR) UNDER SECRETARY TO THE GOVERNMENT OF INDIA
F.No. 142/20/94-TPL (Pt. HI)
Notification No. 10441.