

**COMMITTEE  
ON  
GOVERNMENT ASSURANCES  
(1990-91)**

(NINTH LOK SABHA)

**THIRD REPORT**

(Presented on ———) 30 AUG 1990



**LOK SABHA SECRETARIAT  
NEW DELHI**

*June 1990/Asadha, 1912 (Saka)*

*Price: Rs. 2.00*

LOK SABHA

C O R R I G E N D A

to the Third Report  
of CGA (1990-91)

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Page No.		line	Correction
8	Col. No. I of Statement	1	<u>for</u> 'or' <u>read</u> 'for'
9	Col. No.2 of Statement	last line	<u>Delete</u> 'As in Col. 2 Page 4'
11	Col. No. 2 of Statement	11	<u>for</u> 'I' <u>read</u> 'care'
	Between lines and 14	13	<u>add</u> 'Recomendation No. 21'
12	Col. No. 2 of statement	6	<u>for</u> 'sanction' <u>read</u> 'sanctioned'

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**COMPOSITION OF THE COMMITTEE ON GOVERNMENT  
ASSURANCES\***  
(1990-91)

- Dr. Vijay Kumar Malhotra — *Chairman*
2. Shri Jai Parkash Agarwal
  3. Smt. Subhasini Ali
  - \*\*4. Shri Bhajaman Behera
  5. Shri Het Ram
  6. Shri Kamal Nath
  7. Shri Mahabir Prasad
  8. Dr. Mahadeepak Singh Shakya
  9. Shri Haribhau Shankar Mahale
  10. Shri Kusuma Krishnamurthy
  11. Shri Debi P. Paul
  12. Shri Amar Roy Pradhan
  13. Shri C. Srinivasan
  14. Shri Ramji Lal Suman
  15. Shri P. K. Thungon

**SECRETARIAT**

- Shri C. K. Jain — *Joint Secretary*  
Shri S. C. Gupta — *Director*  
Shri Jyoti Prasad — *Under Secretary*

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\*The Committee was nominated by the Speaker w.e.f. January 19, 1990 *vide* para No. 125 of Lok Sabha Bulletin Part-II dated 19 January, 1990.

\*\*Ceased to be a Member of the Committee consequent upon his appointment as Minister of State w.e.f. 21 April, 1990.

## INTRODUCTION

1. I, the Chairman of the Committee on Government Assurances, as authorised by the Committee, do present on their behalf this Third Report of the Committee on Government Assurances.

2. The Committee (1990-91) were constituted on 19 January, 1990.

3. The Committee, at their sitting held on 6 March, 1990 took the evidence of the representatives of the Ministry of Industry (Department of Industrial Development) in connection with the non-implementation of the assurance given on 3 March, 1987, in reply to Unstarred Question No. 985 regarding strategy for industrial development of backward areas. The Committee considered and adopted the draft Third Report at their sitting held on 29 June, 1990.

4. The Minutes of the aforesaid sittings of the Committee form part of this Report.

5. The conclusions/observations of the Committee are contained in Para 17 of the Report.

6. The Committee wish to express their thanks to the officials of the Ministry of Industry (Department of Industrial Development) who appeared before the Committee.

NEW DELHI ;

29 June, 1990

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8 Asadha, 1912 (Saka)

DR. VIJAY KUMAR MALHOTRA,

*Chairman,  
Committee on Government Assurances.*

## REPORT

### *Assurance regarding Strategy for Industrial Development of Backward Areas*

1. On 3 March, 1987, Shri H.M. Nanje Gowda, M.P. and others addressed the following Unstarred Question No. 985 to the Minister of Industry:—

- (a) Whether a high level Inter-Ministerial Committee has been set up to formulate a fresh strategy for industrial development of backward areas;
- (b) if so, whether the Committee has finalised its report and submitted the same to Government;
- (c) whether Government have examined the recommendations of the Committee; and
- (d) if so, the main features of the recommendations and by what time these are likely to be implemented?

2. In reply to the said question, the then Minister of State for Industrial Development in the Ministry of Industry (Shri M. Arunachalam) stated as follows:-

(a) : Yes, Sir.

(b) : Yes, Sir.

(c) & (d) The recommendations of the Inter-Ministerial Committee are under consideration.

3. The reply to parts (c) & (d) of the question was treated as an assurance by the Lok Sabha Secretariat and the Ministry of Parliamentary Affairs. The assurance was to be implemented by the Ministry of Industry by 2 June, 1987.

4. In a note furnished to the Committee on 26 February, 1990, the Ministry of Industry have stated that the Government of India constituted an Inter-Ministerial Committee to review the incentive scheme for industrialisation of backward areas on July, 18, 1985, with the following terms of reference:

“The Inter-Ministerial Committee would formulate the revised incentive scheme based on the concept of growth centres and distance criteria and with emphasis on the development of infrastructure, with special components of the scheme being designed for hill areas and the North-East and other remote areas, keeping in view also the suitability of various types of industries

for location in these areas from the environment angle. The Inter-Ministerial Committee gave its report in December, 1986."

5. As the assurance remained unfulfilled, the Committee took the oral evidence of the representatives of the Ministry of Industry at their sitting held on 6 March, 1990.

6. When asked during evidence about the reasons for delay in implementing the assurance, the representative of the Ministry of Industry stated:—

"This assurance has arisen on the basis of the reply given to Qn. No. 985 answered on 3rd March, 1987. The question related to the recommendations of the inter-Ministerial committee for formulating a strategy for industrial development of backward areas.

Since the date of reply, we have been seeking extension from time to time from the Assurances Committee and the last request we made was on 10th January and we were given time up to the 3rd March, 1990. The latest development was in the form of a reply given to an Unstarred Question No. 67 on the 26th December, 1989 by the hon. Minister for Industry. This question again related to the same subject of the Inter-Ministerial Committee. The Question was in three parts:—

(a) Whether consideration of the recommendations by the Inter-Ministerial Committee constituted to review and revive the Central Incentive Schemes for the Industrial Development of backward areas in its report submitted in December, 1986 has been completed;

(b) if so, the outcome thereof and the action proposed to be taken thereon; and

(c) the salient recommendations made by the Committee?

To this, the hon-Minister had replied.

The Inter-ministerial Committee's recommendations *inter-alia* deal with:—

(1) Establishment of growth centres.

(2) Identification of backward districts.

(3) Revision of existing Central Incentive Scheme.

The Government have taken the following decisions which have a bearing on the main recommendations of the Inter-Ministerial Committee:—

(i) The Central Investment Subsidy Scheme has been discontinued w.e.f. 1-10-1988.

(ii) A scheme to set up 100 new growth centres all over the

country endowed with necessary infrastructural facilities in respect of power, water, tele-communication and banking has been announced.

The recommendations of the Inter-Ministerial Committee will be examined in the light of decisions already taken.

We have to request you once again on account of this decision.”

7. Regarding the steps taken for the processing of the recommendations of the Committee, the Ministry of Industry have stated in their note that the Inter-Ministerial Committee gave its report in December, 1986, based on the recommendations of the Committee, the Department had taken a note to the Cabinet which was considered by the Cabinet in its meeting held on 24.2.1987. The Cabinet decided to remit the matter to a Group of Ministers. The Group of Ministers which met on 24th March, 1987 sought additional information, as a result of which, another note dated 27th May, 1987 was submitted. The Group of Ministers held meetings and based on their recommendations, a note was again sent to the Cabinet on 23rd July, 1987. The decision of the Cabinet is still awaited.

8. In their note, the Ministry of Industry also requested for the dropping of the assurance on the following grounds:—

“A number of representations have been received from the State Governments, various organisations etc. for continuation of the Central Investment Subsidy Scheme. Therefore both the Central Investment Subsidy Scheme and the New Growth Centres Scheme are under review in the Ministry. This exercise is likely to take some more time. As and when a decision is taken, the same will be made public.”

9. When pointed out during evidence that in the reply given to USQ No. 67 on 26 December, 1989, the Ministry has not specifically mentioned that the consideration of the matter is over, the representative of the Ministry of Industry stated:—

“In our statement we have sent a background note. We had tried to point out how we had taken some decisions relating to some of the recommendations of the Inter-Ministerial Committee so far.”

10. When asked about their request for dropping the assurance, the representative of the Ministry of Industry stated:

“The reason for dropping the assurance is, we are to take some action on some important aspects on the basis of the Cabinet decision. For instance, the subsidy scheme. It has been discontinued. \* \* \* \* \*

The difficulty was that we had taken up the recommendations to the Cabinet and on that paper, in part, decisions were taken and as a result of that, I have just indicated to you the action that we



are able to take. But on the rest of the recommendations, a decision has not been taken. So I cannot factually make a statement as to whether they will be accepted or rejected. \* \* \*

11. When asked to state the reasons as to why it was not possible to take a final decision during the last three years in the matter, the Ministry of Industry in their note dated 20 March, 1990 stated that:

“The recommendations of the Inter-Ministerial Committee Report were implemented in stages and a final note was sent to the Cabinet on 23rd July, 1987. A decision on this note could not be taken by the out-going Cabinet. All the recommendations of the Inter-Ministerial Committee and the decisions thereon are at Annexure-I.”

12. It has been further added by the representative of the Ministry.

“As decisions have already been taken on the major recommendations of the Inter-Ministerial Committee Report, it is requested that the assurance may be treated as fulfilled.”

13. Regarding the reasons for the discontinuance of Central Investment Subsidy Scheme, the Ministry of Industry in a note furnished on 20 March, 1990 have stated:

“The Central Investment Subsidy Scheme was last extended for a period of 6 months from April, 1988 to September, 1988. Further extension of the scheme was not agreed to by the Ministry of Finance. However, Government have since announced during Finance Minister’s budget speech for 1990-91 that a Central Investment Subsidy for small scale units in rural areas and backward region is proposed to be re-introduced.”

14. The Ministry in their note further stated as follows:—

“The Central Investment Subsidy Scheme has been withdrawn from 1.10.88. However, projects that were sanctioned before 30.9.88 would continue to receive the subsidy if the actual disbursement has been made by the State Governments/Union Territories concerned prior to 30.9.1989 in respect of non-manufacturing activities and 31.12.1989 in respect of manufacturing activities.

Those growth centres under the No Industry Districts Scheme which have already been approved and which are in various stages of implementation will continue to get Central Assistance.”

15. When asked to state the reasons for reviewing new Growth Centres Scheme, the Ministry of Industry in the note dated 20 March, 1990 stated that:

“Following the receipt of representations from a number of State Governments and other organisations requesting continuation of

the Central Investment Subsidy Scheme, a review of the Central Investment Subsidy Scheme was undertaken. It has since been decided to take up the Growth Centre Scheme for implementation during the 8th Five Year Plan period.”

16. The Ministry of Industry (Department of Industrial Development) have not sought extension of time beyond 3 March, 1990 for fulfilment of the assurance. The assurance is yet to be implemented.

17. The Committee note that the Inter-Ministerial Committee constituted in July, 1985 to review the incentive scheme for industrialisation of backward areas submitted its report in December, 1986 but Government's decisions on the recommendations contained in the Inter-Ministerial Committee Report have been hanging fire.

The Committee also note that it has taken more than three years and a half to arrive at a decision on the major recommendations of the Inter-Ministerial Committee Report. The Committee do not find any reason as to why the Government should seek the dropping of the assurance especially when the major part of the exercise relating to the finalisation of the matter has been already over. Such a request, in the view of the Committee, reveals only an attitude of withdrawal by the Ministry of Industry from the solemn commitment made to the Parliament. The Committee recommend that the matter should be processed forward to its logical conclusion, as the matter is of enormous significance to the industrial development of backward areas which brooks no further delay. The Committee, therefore, recommend immediate implementation of the assurance by laying a fulfilment statement in this regard on the Table of the House in the Monsoon Session of 1990 itself.

NEW DELHI ;  
29 June, 1990  

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8 Asadha, 1912 (Saka)

DR. VIJAY KUMAR MALHOTRA,  
*Chairman,*  
*Committee on Government Assurances.*

## ANNEXURE

(Vide Para 11 of the Report)

Recommendations of the Inter-Ministerial Committee	Decisions of the Government								
1	2								
<p>(1) The Committee is of the view that areas eligible for incentive scheme should be away from the existing industrial centres including their zone of influence.</p>	<b>RECOMMENDATIONS 1-6</b>								
<p>(2) Centres with more than 25,000 people employed in non-household manufacturing activities may be treated as existing industrial centres.</p>	<p>Government agree in principle with the recommendation that area eligible for incentive scheme should be away from the existing industrial centres including their zone of influence. This proposal has been implemented in a modified form in so far as de-licensing of industries and setting up of new Growth Centres are concerned. On 3rd June, 1988, Government announced a package of delicensing of industries and incentives for accelerating industrial growth in the country. One of the features was that henceforth, there will be no need for non-MRTP, non-FERA Companies to obtain industrial licences under the I(D&amp;R) Act for projects involving an investment in fixed assets of less than Rs. 50 crores if they are located in centrally declared backward areas and outside the distance criteria announced in the above-mentioned Press Note.</p>								
<p>(3) The cut-off distance (<i>viz.</i> zone of influence) beyond which incentive scheme for industrialisation should be made applicable is given below:—</p>	<p>That is, they shall not be within 50 Kms from the boundary of the 7 cities with a population above 25 lakhs; 30 Kms from the boundary of the 2 cities with a population of above 15 lakhs but below 25 lakhs; and 15 Kms.</p>								
<table border="1"><thead><tr><th data-bbox="104 847 332 946">Level of employment in non-household manufacturing activities in existing centres</th><th data-bbox="350 847 505 946">Cut-off distance for determination of backward areas</th></tr></thead><tbody><tr><td data-bbox="104 978 285 999">Over 150 thousand</td><td data-bbox="422 978 505 999">100 Kms</td></tr><tr><td data-bbox="104 1005 260 1026">50-150 thousand</td><td data-bbox="433 1005 505 1026">75 Kms</td></tr><tr><td data-bbox="104 1032 249 1053">25-50 thousand</td><td data-bbox="433 1032 505 1053">50 Kms</td></tr></tbody></table>	Level of employment in non-household manufacturing activities in existing centres	Cut-off distance for determination of backward areas	Over 150 thousand	100 Kms	50-150 thousand	75 Kms	25-50 thousand	50 Kms	
Level of employment in non-household manufacturing activities in existing centres	Cut-off distance for determination of backward areas								
Over 150 thousand	100 Kms								
50-150 thousand	75 Kms								
25-50 thousand	50 Kms								
<p>(4) For determining the level of non-household manufacturing employment, the 1981 Census may be taken into account.</p>									
<p>(5) The list of industrial centres should remain unchanged till the end of 8th Five Year Plan to ensure certainty and continuity.</p>									
<p>(6) Block should be the unit for demarcating industrial backwardness. All block outside the zone/circle of influence may</p>									

be treated as industrially backward. If 50% or more of the block is outside the circle, it may be treated as industrially backward.

(7) All blocks with an investment of more than Rs. 30 crores in industrial units which have gone into production as on 31-3-1985 should be excluded for the purpose of the incentive scheme.

(8) A district may be deemed to be a no-industry district if no large or medium scale industry exists in the district as on 31-3-1985 excluding any industry which has become sick and remained closed as on 31-3-1985.

(9) The industrially backward areas determined on the basis of the block may be divided into two categories:—

#### **CATEGORY-I**

Blocks in no-industry districts except those which fall within the distance criteria (zone of influence) and all blocks in the hill areas of Jammu & Kashmir, Himachal Pradesh, Uttar Pradesh, North-Eastern Region, Andaman & Nicobar Islands and Lakshadweep.

#### **CATEGORY-II**

All other blocks outside the circle except those in Category-I and blocks of erstwhile no-industry districts falling within the circle. However, for these blocks in no-industry districts inside the circle, incentives will cease by 31-3-1990.

(10) When the scheme is extended during the Eighth Five

from the boundary of the 12 cities with a population of 7.5 lakhs but below 15 lakhs as per 1981 census.

No growth centre under the New Scheme will be set up within the zone of influence of 21 cities mentioned in the Press Note dated. 3.6.88.

For the present, the existing categorisation of backward areas as Category 'A' 'B' and 'C' will continue till further review.

Blocks with an investment of over Rs. 50 crores will be excluded from the list of backward areas from a date to be notified.

At present No Industry Districts are those districts which did not have any large or medium scale industry as per the District Industries Centres Action Plan 1979-80 and the hilly, remote and inaccessible districts. The cut-off date will be reviewed in the light of industrial development of these areas which have taken place subsequently and a new cut-off date will be notified. Therefore, the cut-off date of 31.3.1985 suggested by Inter-Ministerial Committee is not relevant.

The Central Investment Subsidy Scheme has been discontinued with effect from 1.10.1988. However, other incentives such as Income-Tax exemption, priority in licensing, concessional finance etc. on the basis of existing Categories of backward areas are continuing.

As in recommendation No. 8.

Year Plan, the cut-off date both or the purpose of determining no-industry districts and ineligible blocks should again be shifted from 31-3-1985 to 31-3-1990.

(11) In view of the fact that a scheme is under implementation for educated unemployed which covers, *inter-alia*, non-manufacturing activities, the Committee recommends that in future only manufacturing activities, hotel industries and small scale service establishments (namely, repair and service units, maintenance units etc.) should be made eligible for investment subsidy and other incentives under the scheme. Projects with an investment of more than Rs. 5 crores in plant and machinery will not be eligible for cash subsidy as they obtain significant income tax concessions. However, such units will be eligible for all other incentives.

(12) The investment subsidy may be 25 per cent for Category-I and 15 per cent for Category-II blocks with the upper ceiling of Rs. 25 lakhs and Rs. 15 lakhs respectively.

For electronics units in hill areas in Category-I and Category-II blocks the upper limit will be Rs. 50 lakhs.

(13) The newly defined Category-I blocks will be eligible for all incentives including over-riding priority in the matter of industrial licensing now available to Category 'A' districts. Category-II blocks will be eligible for all incentives now applicable to Category 'B' districts/areas.

The Central Investment Subsidy Scheme has been discontinued from 1st October, 1988.

The Central Investment Subsidy Scheme has been discontinued from 1st October, 1988.

All other features of the Central Scheme for industrialisation of backward areas such as Income-tax exemption, priority in licensing, concessional finance etc., are continuing notwithstanding the fact that Central Investment Subsidy has been discontinued. The new growth centres will be eligible for incentives as applicable to Category 'B' backward areas.

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(14) The scheme for development of infrastructure in growth centres should be revised as follows:—

(i) Central subsidy 1/3rd subject to a maximum of	Rs. 3 crores
(ii) IDBI assistance 1/3rd subject to a maximum of	Rs. 3 crores
(iii) State Government contribution 1/3rd or more	Rs. 3 crores or more
	Rs. 9 crores
(iv) Special allocation for provision of Telecommunication facilities	Rs. 1 crores (max)
Total	Rs. 10 crores

(15) The Committee recommends that the distribution of growth centres including those already taken up among the States should be as follows:—

State/Union Territory	No. of growth centres recommended
1. Andhra Pradesh	9
2. Assam	3
3. Bihar	8
4. Gujarat	5
5. Haryana	1
6. Himachal Pradesh	5
7. Jammu & Kashmir	7
8. Karnataka	5
9. Kerala	3
10. Madhya Pradesh	18
11. Manipur	6
12. Maharashtra	8

## RECOMMENDATIONS 14-18

The Government announced in June, 1988 that 100 Growth Centres would be set up throughout the country over the next five years or so. These Growth Centres would be endowed with the best of infrastructural facilities particularly in respect of power, telecommunication, water and banking enabling them to attract industries. Each Growth Centre would be provided with funds to the tune of Rs.25-30 crores towards the creation of infrastructural facilities. The allocation of growth centres to the States was made in a combined criteria of area, population and the extent of industrial backwardness. In the first phase, a total of 70 growth centres were to be established. Location of 50 Growth Centres has been identified and announced.

In addition to the above, those growth centres under the No Industry Districts Scheme which have already been approved and which are in various stages of implementation will continue to get Central Assistance.

As in Col. 2 page 4

1	2
State/Union Territory	No. of growth centres recommended
13. Meghalaya	4
14. Nagaland	1
15. Orissa	5
16. Punjab	2
17. Rajasthan	8
18. Sikkim	4
19. Tamil Nadu	5
20. Tripura	3
21. Uttar Pradesh	13
22. West Bengal	5
23. Andaman & Nicobar Islands	1
24. Arunachal Pradesh	4
25. Dadra & Nagar Haveli	1
26. Goa, Daman & Diu	1
27. Lakshadweep	1
28. Mizoram	2
29. Pondicherry	1

139

(16) In view of the fact that it takes considerable time to develop the growth centres, it is recommended that these 139 growth centres may be developed during the 7th and 8th Plans, and the incentive scheme continued during the 8th Plan.

(17) The State Governments should obtain approval of the Planning Commission for selection in future of any growth centre if it is other than that recommended by the NCDBA. In addition to 139 growth centres, the Committee feels that a reserve of

11 growth centres could be allotted by the Planning Commission on the basis of criteria such as population, area etc.

(18) Considering the fact that many of the North Eastern States may not have either the necessity or the resources for developing growth centres with an investment of Rs. 10 crores, the financing pattern in their case may be modified suitably by the Ministry of Industry in consultation with the North Eastern States, the Ministry of Finance and the Planning Commission.

(19) The ecologically fragile areas constitute

- (A) protected districts; and
- (B) Non-polluting industry districts.

In protected districts, on the basis of environment, industries will be permitted to be set up. A list of industries that may be permitted has also been identified. The non-polluting industries have also been identified for location in non-polluting industry districts. Incentives under the scheme should be given only for such identified industries.

(20) Special assistance (including financial assistance) may be extended to ecologically fragile areas to retain local people for skilled and semi-skilled jobs.

(21) The Committee recommends that nodal agencies may be identified / established which would not only provide escort services but will also ensure

#### **RECOMMENDATIONS 19 & 20**

From the licensing angle, the industries, which are considered to be highly polluting and are to be set up in an area which is ecologically fragile, the clearance of competent Government authorities is necessary.

In the case of Growth Centres to be set up under the New Scheme, I will be taken to see that they are not set up in ecologically fragile areas.

At the central level, the Department of Industrial Development is the nodal department for promotion and dispersal of industrial units in backward areas. Most of the State Governments already have existing mechanisms to promote, implement and monitor the programmes relating to industrial development in their States. In addition, the Central Financial institution also have special arrange-



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speedy clearance for establishment of industrial units in the backward areas of the States.

(22) In order to maintain continuity, industrial units as well as infrastructure development projects in growth centres for which approval of Government of India/ State Governments has been obtained before the announcement of the new scheme, may continue to be eligible for all incentives presently available till 31-3-90, as such investments were planned on the assumption of availability of the concessions according to the existing scheme.

ments for promotion of industrial development in backward areas.

The Central Investment Subsidy scheme has been withdrawn from 1.10.88. However, projects that were sanctioned before 30.9.88 would continue to receive the subsidy if the actual disbursement has been made by the State Governments/Union Territories concerned prior to 30.9.1989 in respect of non-manufacturing activities and 31.12.1989 in respect of manufacturing activities.

Those growth centres under the No Industry Districts Scheme which have already been approved and which are in various stages of implementation will continue to get Central Assistance.

**MINUTES**  
**FOURTH SITTING**

*Minutes of the fourth sitting of the Committee on Government Assurances held on 6 March, 1990 in Committee Room 'C', Parliament House Annexe, New Delhi.*

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The Committee met on Tuesday, the 6 March, 1990 from 11.00 hours to 12.45 hours.

**PRESENT**

1. Dr. Vijay Kumar Malhotra — *Chairman*

**MEMBERS**

2. Shri Bhajaman Behera
3. Shri Het Ram
4. Shri Mahabir Prasad
5. Dr. Mahadeepak Singh Shakya
6. Shri Kusuma Krishnamurthy

**SECRETARIAT**

1. Shri C.K. Jain — *Joint Secretary*
2. Shri S.C. Gupta — *Director*
3. Shri Jyoti Prasad — *Under Secretary*

**WITNESSES EXAMINED**

\* \* \* \* \*

*Ministry of Industry (Department of Industrial Development)*

1. Shri. A.N. Varma — *Secretary*
2. Shri N.K. Sabharwal — *Joint Secretary*

2. At the outset, the Chairman drew the attention of the witnesses to Direction 58 of the Directions by the Speaker whereunder their evidence could be treated as public and was liable to be published unless the witnesses specifically desired that all or any part of the evidence given by them was to be treated as confidential.

\* \* \* \* \*

*Assurance regarding strategy for industrial development of backward areas*

11. The Committee then took evidence of the representatives of the Ministry of Industry (Department of Industrial Development) regarding non-implementation of the assurance given on 3 March, 1987 in reply to Unstarred Question No. 985 regarding strategy for industrial development of backward areas.

12. The Committee enquired about the reasons for delay in implementing the assurance. The representative of the Ministry of Industry stated:

“This assurance has arisen on the basis of the reply given to Qn. No. 985 answered on 3rd March, 1987. The question related to the recommendation of the Inter-Ministerial Committee for formulating a strategy for industrial development of backward areas. In reply to parts (c) and (d) of the Question, namely whether the Government has examined the recommendations of the Committee and if so, the main features of the recommendations and by what time, these are likely to be implemented, the answer was: “The recommendations of the Inter-Ministerial Committee are under consideration”.

“Since the date of reply, we have been seeking extension from time to time from the Assurances Committee and the last request we made was on 10th January and we were given time up to the 3rd March, 1990. The latest development was in the form of a reply given to an Unstarred Question No. 67 on the 26th December, 1989 by the hon. Minister for Industry. This question again related to the subject of the Inter-Ministerial Committee. The question was in three parts:—

(a) whether consideration of the recommendations made by the Inter-Ministerial Committee constituted to review and revise the Central Incentive Schemes for the Industrial Development of backward areas in its report submitted in December, 1986 has been completed.

(b) if so, the outcome thereof and the action proposed to be taken thereon; and

(c) the salient recommendations made by the Committee?

To this, the hon. Minister had replied.

The Inter-Ministerial Committee's recommendations *inter alia* deal with:—

- (1) Establishment of growth centres;
- (2) Identification of backward districts.
- (3) Revision of existing Central Incentive Scheme.

The Government have taken the following decisions which have a

bearing on the main recommendations of the Inter-ministerial Committee:—

(i) The Central Investment Scheme has been discontinued w.e.f. 1-10-1988;

(ii) A scheme to set up [100 new growth centres all over the country endowed with necessary infrastructural facilities in respect of power, water, tele-communication and banking has been announced.

The recommendations of the Inter-ministerial Committee will be examined in the light of decisions already taken.

We have to request you once again on account of this decision.”

13. When pointed out that in the reply given to USA No. 67 on 26 December, 1989, the Minister had not specifically mentioned that the consideration of the matter is over, the representative of the Ministry of Industry stated:—

“In our statement we have sent a background note. We had tried to point out how we had taken some decisions relating to some of the recommendations of the Inter-Ministerial Committee so far.”

14. When asked about their request for dropping the assurance, the representative of the Ministry of Industry stated:—

“The difficulty was that we had taken up the recommendations to the Cabinet and on that paper, in part, decisions were taken and as a result of that, I have just indicated to you the action that we are able to take. But on the rest of the recommendations, a decision has not been taken. So I cannot factually make a statement as to whether they will be accepted or rejected.....The reason for dropping the assurance is, we are to take some action on some important aspects on the basis of the Cabinet decision. For instance, the subsidy scheme. It has been discontinued.”

15. The Committee directed that the matter be placed before the Committee giving details of the total number of recommendations, the number of recommendations implemented, the number of recommendations in the Cabinet and the number of recommendations which were to be dropped. The representative promised to furnish the information within two days.

16. The representatives of the Ministry of Industry then withdrew.

\* \* \* \* \*

*The Committee then adjourned.*

**MINUTES**  
**EIGHTH SITTING**

*Minutes of the Eighth sitting of the Committee on Government Assurances held on 29 June 1990 in Committee Room 'B', Parliament House Annexe, New Delhi.*

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The Committee met on Friday, the 29 June, 1990 from 15.00 hrs. to 15.30 hrs.

**PRESENT**

1. Dr. Vijay Kumar Malhotra — *Chairman*

**MEMBERS**

2. Smt. Subhasini Ali  
3. Dr. Mahadeepak Singh Shakya  
4. Shri Haribhau Shankar Mahale  
5. Shri Kusuma Krishna Murthy  
6. Shri Amar Roy Pradhan.

**SECRETARIAT**

1. Shri C.K. Jain — *Joint Secretary*  
2. Shri Jyoti Prasad — *Under Secretary*  
2. The Committee considered and adopted the draft Third Report of the Committee.

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*The Committee then adjourned.*

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