

The motion was adopted.

Clauses 2 to 9 were added to the Bill.

MR. SPEAKER : Clause 10. There is an amendment. Shri Ram Singh Bhai Verma—he is not moving. The question is :

“That clause 10 stand part of the Bill.”

The motion was adopted.

Clause 10 was added to the Bill.

Clauses 11 to 24 were added to the Bill.

Clause 1—(Short title and commencement)

SHRI RAGHUNATHA REDDY :
I beg to move :

“Page 1, line 4,—for “1972” substitute “1973”” (2)

MR. SPEAKER : The question is :

“Page 1, line 4, —for “1972” substitute “1973””

The motion was adopted.

MR. SPEAKER : The question is :

“That clause 1, as amended, stand part of the Bill.”

The motion was adopted.

Clause 1, as amended was added to the Bill.

Enacting Formula

MR. SPEAKER : There is an amendment to the Enacting Formula.

SHRI RAGHUNATHA REDDY : I beg to move :

“Page 1, line 1, —for “Twenty-third” substitute “Twenty-fourth”” (1)

MR. SPEAKER : The question is :

“Page 1, line 1, —for “Twenty-third” substitute “Twenty-fourth””

The motion was adopted.

MR. SPEAKER : The question is :
“That the Enacting Formula, as amended, stand part of the Bill”

The motion was adopted.

The enacting Formula, as amended, was added to the Bill.

The Title was added to the Bill.

SHRI RAGHUNATHA REDDY : Sir,
I beg to move :

“That the Bill, as amended, be passed.”

MR. SPEAKER : The question is :
“That the Bill, as amended, be passed.”

The motion was adopted.

13.03 hours

DISCUSSION RE : LOCATION OF TRACTOR FACTORY AT PRATAP- GARH

MR. SPEAKER : Shri Dinesh Singh. You will finish at 1.30 and we shall take up the next discussion against item No. 16 at 1.30.

SHRI DINESH SINGH (Pratapgarh) :
May I take 15 minutes ?

MR. SPEAKER : Unless others are there to speak, you can take the whole time.

SHRI DINESH SINGH : I have no objection to share the time with others.

Mr. Speaker, Sir, I am most grateful to you for permitting this discussion on the tractor factory to be located at Pratapgarh. I am raising this matter not merely because it is a factory that concerns my constituency but because it is story of Government's policy regarding locating factories in backward areas. I hope that during this discussion it will become apparent that whatever may be said by Government about their desire of implementing their policy of locating industries in the backward areas, nothing has been done by them which can show that they have any desire to implement this policy. This particular tractor factory was given a letter

[Shri Dimosh Singh]
of intent on the 13th of October 1970. I shall begin the story with a quotation from a letter written to me by the then Minister of Industrial Development, Shri Moinalu Haque Choudhuri on 26 June, 1971 :

"After Messrs. Automobile Products of India Ltd. were granted a letter of intent on 30 October, 1970, provisional approval to the collaboration agreement has been accorded on 22-3-1971 and final draft of the collaboration agreement has now been received from the party and is being examined. They have published their requirements of capital goods in the Indian Trade Journal and would submit their application for import of capital goods after getting the response to their advertisement. The party has agreed to set up a factory at Pratapgarh, U.P. we have not so far received any proposal from the party for changing the location."

This is June, 1971. The party had taken a letter of intent with the specific purpose of setting up a factory in a backward area in Pratapgarh district. Nearly one year after they got the letter of intent, the Minister informed me that they had the intention of setting up the factory in Pratapgarh and that necessary Government approval was being given to them to set up this factory in that place. No difficulty had been pointed out and no special requests had been made to the Government for extra facilities that they wanted. They had every intention to set up the factory there, according to what the then Minister wrote to me.

Then I got another letter from the Minister in October 1971. Now they started wavering. Interestingly, it will show how a letter of intent given for location of a factory in a backward area is gradually allowed to be moved to what is a developed area, or a city. The Minister writes to me :

"As you are perhaps aware, Messrs. A.P.I. had to set up their project in an under-developed area in U.P. provided land and other facilities were made available to them. Subsequently they informed the Government that they would be prepared to locate their factory in the district of Pratapgarh for the manufacture of tractors and would be approaching the U.P. Government for providing the necessary facilities on the site."

"I had intimated to you in my D.O. letter dated 21 June 1970"—to which I made a reference a little while ago.—"Sometime thereafter my attention was drawn to the fact that the party had represented to the Government of India that the basic infrastructure particularly railway siding and power were not available and they would therefore find it very difficult to set up their project in Pratapgarh. It seems the party had also approached the U.P. Government regarding these matters and their requirements for housing for the tractor project at Pratapgarh. The U.P. Government says that on account of paucity of funds they would not be able to include the project in the list of housing colonies to be constructed by the State Government. In view of these difficulties the party has sought our permission to change the location from Pratapgarh and locate it in stead of another backward district of U.P. However, on receipt of this letter we decided to obtain a report on the factual position and the views of the State Government before taking a final decision."

Now, my point is that he had asked for facilities for land and power. Then, later on, this was converted into a housing colony. The whole point of setting up a factory in a backward area is to provide employment to large numbers of people who would not have enough to do in the

rural areas. It is mainly a project for employment in rural areas. The people would live in their houses and go to work. The land is already available. They have put up their board that they are going to locate this factory there. The District Magistrate has assumed me that the land that they had seen is still available and they could purchase that. They talked of power shortage. But, U.P. has already put up a sub-station there and assured that power will be available. In any case, there is a power grid in U.P. If they can make power available in Lucknow, they can as well make it available in Pratapgarh. If there is no power in U.P., then that is entirely a different matter. If he would move it from one place to another, how can U.P. Government say that because of paucity of funds, they cannot build housing colonies in Pratapgarh but that they would build a housing colony in some other backward area. This, I do not believe is the case. Therefore, it is a desire to shift the factory not because the facilities are not available, not because there is any technical difficulty but because they do not want to set it up in backward area. They want to take it to Lucknow. This is a fact because many of my friends and colleagues in this House had repeatedly asked questions on this and this matter has been discussed in the House on a number of occasions. It has become a symbol of government's desire or otherwise to set up factories in backward areas.

Anyway, to continue this story, this matter moves on. A number of questions and answers were given in the House. For example, in reply to a question put by my hon. friend Shri Hukamchand Kachwai (S.Q. No.267) namely, whether the proposal regarding the setting up of a tractor factory in Pratapgarh, U.P. has been implemented; the number of persons likely to be provided with employment etc., the answer given is 'No, Sir'. The proposal envisages employ-

ment of about 2,500 persons. It is not possible at this stage to say as to when the construction work will start.

Then, in December 1972, in reply to a question that was put by me (Unstarred Question No. 3213), namely, whether the party, to whom the Letter of Intent was issued, for setting up a tractor factory in Pratapgarh has taken any steps to set up the factory and if so, the progress made in this regard, the answer that was given was that the Letter of Intent issued to Messrs. Automobile Products of India, Bombay was converted into an industrial licence on 10-10-1972. The party has informed the Government that they are going ahead with the detailed planning of the project, which they expect, to complete in six months. They also expect that the work at Pratapgarh factory will commence within the next 12 months. In December, 1972 everything is agreed. They got the Letter of Intent. This was converted into a licence. The hon. Minister knows the rules regarding the conversion of a Letter of Intent into an industrial licence. This is done only when the Government are satisfied that the project is coming up. In December, 1972 the Government was sure and was assured by the manufacturer that the project will come up, that the work will start within six months and that the factory will start functioning within 12 months.

Then, Sir, I asked another question in April, 1973.

I, asked—

- "(a) whether the letter of intent issued to the manufacturer of tractors at Pratapgarh has been converted into an industrial licence;
- (b) if so, when the factory is expected to go into production;
- (c) whether the factory has been permitted to import tractors and parts thereof;

[Shri Dinesh Singh]

(d) if so, the number of tractors to be imported?"

This is unstarred question No 6190 dated 5th April. The reply from the Ministry of Heavy Industry was

"(a) Yes, Sir"—which means the letter of intent has been converted into an industrial licence —

"(b) It is not possible at this stage to forecast the date when it will go into production.

(c) and (d) They have been permitted to import 500 tractors in semi-knocked down condition"

In December 1972 Government was sure that they will start the work within six months and the factory will go into production in one year. In April 1973, four months afterwards, Government is not sure when it will go into production and in the meantime they have allowed them to import 500 tractors in semi-knocked down condition. Would it not be reasonable to ask the Government, where they assemble these tractors? Without their not even having acquired the land and put up a building, will these tractors be assembled in the ship in which they come? Will they be assembled at the docks in Bombay or in their factory in Lucknow?

AN HON MEMBER At 5, Rajendra Prasad Road

SHRI DINESH SINGH - What are we to make of this ? Here is a Government which says that it wants to develop backward areas by locating industries there. But how will industries be located in backward areas unless the infrastructure is made available? Or, is the industrialist expected to set up his own infrastructure? So, the Government has to provide the infrastructure. All infrastructure, they say, will be provided naturally, otherwise there will be no development of backward areas. This tractor factory

wants land and power. U.P. Government have already set up a sub-station. Land is available. Now he wants a housing colony. May be he wants various other things also; I do not know what he has told the Government. But the Government apparently in December last year were satisfied that the factory will come up. This year they are not satisfied. They do not even know. They have given them these 500 tractors in semi-knocked down, condition to be assembled somewhere. That is why I say that either the Government is not serious about implementing their policy of industries being located in backward areas, or there is something fishy about this particular case.

There is unfortunately another story that came out when this matter was discussed in this House. Some hon members had raised the question as to what was going to happen to the tractor factory at Pratapgarh and in April, 1972 the then Minister of Industrial Development had given an answer. Since the time is short, I would not read out the answer. It is available in the record of this House. But his main contention was that a tractor factory was to be set up in Pratapgarh, that a letter of intent was issued on that basis, but subsequently, there was some political pressure on him and therefore, he felt that this may be shifted to Unnao.

SHRI PILOO MODY (Godhra) : Who is the representative of Unnao?

SHRI DINESH SINGH : That is not the question just now.

Then it was said that Unnao was only a pretext, that the factory was really going to go to Lucknow, because the party has already bought land there and it has put up some shed there and they apparently wanted to take it to Lucknow. So, the U.P. Government was brought into the picture. It was apparently discussed with the Industries Minister of U.P. and I do not know how but it is said that he said

that the U.P. Government would not mind it whether it is in one backward area or another backward area of U.P. so long as the factory is not moved out of UP. The name of the Chief Minister was also brought in. I took the trouble of approaching the Chief Minister and the Minister of Industries and they assured me that they had no desire to see that this tractor factory was moved out of Pratapgarh. In fact, as late as 6th May, 1973 the Chief Minister of U.P. has stated that there is a report in *Dainik Hindustan* which says:

संख्यक, 4 नई:-मुख्य मंत्री जी कमनापति सिपाही ने कल यहाँ कहा कि प्रतापगढ़ में एक ट्रैक्टर कारखाने की स्थापना की जायेगी जिसकी समता 12 हजार ट्रैक्टर प्रति वर्ष होगी। मुख्य मंत्री जी ने बताया कि केन्द्रीय सरकार ने बम्बई के मेसर्स प्राटोमोबाइल प्रोडक्ट्स प्राफ इविया को 10 अक्टूबर, 1972 को वाइसेन्स जारी किया था था लेकिन फर्म ने अभी तक यह नहीं बताया कि कारखाने में कब से उत्पादन शुरू होगा।

Therefore, the U.P. Government feel that it should be in Pratapgarh and they have assured me that all facilities within the competence of the Government of U.P. will be provided. But there is something wrong somewhere which is making it difficult for this tractor factory to be set up at Pratapgarh. I, therefore, took the opportunity to take up this matter with the Prime Minister herself, and the Prime Minister assured me in her letter of the 20th May, 1972:

"I have got your letter of April 20, 1972 regarding the proposed tractor factory at Pratapgarh. I understand that the Ministry of Industrial Development have turned down the request to move the project from Pratapgarh."

Then, I have got a letter from the then Minister of Industrial on the 26th May, 1972 which says. :

"Please refer to your D.O. Letter of 9th May, 1972 regarding the tractor factory in Pratapgarh. Messrs Automobile Products of India Limited, New Delhi, have been informed by my Ministry on the 19th May, 1972 that their request for shifting the location of the proposed tractor factory project from Pratapgarh to some other site in UP cannot be acceded to."

After all that, I understand that the matter is still in dispute. There is still doubt as to whether this will come up. I do not understand how the Ministry of Heavy Industry can go against what their predecessors have committed themselves in this House and now come with a bland statement to say they do not know when this will start. What was the basis for giving them the licence? I would like the Minister to clarify the position and assure this House that the development of backward areas will take place, that Government will provide the infrastructure for development of backward areas, that the tractor factory proposed to be set up at Pratapgarh will not be shifted from there, that if this particular manufacturer is not willing to set up this factory they will advertise and seek other manufacturers who may wish to set up a tractor factory but on no account will this factory be moved, or allowed to be moved, from Pratapgarh, especially after the assurance given by the Prime Minister and the Minister of Industrial Development last year.

SHRI K. D MALAVIYA (Domariaganj) : Sir, unfortunately I also come from a backward area, which is perhaps the most backward district of U.P. I am very much interested in knowing the highly developed technique of attracting industrialists to set up industries in backward areas.

SHRI FATESINGHRAO GAEKWAD (Baroda) : Mr. Speaker, Sir the reason why I wish to speak on this is that I am a Director of the Company mentioned by Shri Dinesh Singh, that is, the Automobile Products of India. I am fully aware of the historical background which he has stated just now.

MR. SPEAKER : But your speech should be not as a Director of the Company.

SHRI FATESINGHRAO GAEKWAD : As a Member of Parliament deeply interested in backward area.

What I want to say here is, most of what he has said is true, 95 per cent of it. Shri Dinesh Singh is also fully aware of the main reason for the possible shifting of the location...

SHRI ATAL BIHARI VAJPAYEE (Gwalior) : This cannot be allowed. It is for the Minister to reply.

MR. SPEAKER : I am sorry, I cannot allow you.

SHRI DINESH SINGH : Otherwise, I should have a right to reply to him at the same time.

SHRI ATAL BIHARI VAJPAYEE : It is not for him to reply; it is for the Minister to reply.

MR. SPEAKER : Mr. Gaekwad, you have an interest in this. You kindly sit down. It would have been better if you had not got up to speak. You have an interest in the Company. There are rules on the subject. I cannot allow you.

SHRI FATESINGHRAO GAEKWAD : Those particular words I withdraw with the permission of the House.

What I wanted to say is, I am not aware of the possible shifting, and this controversy.....

MR. SPEAKER : The Minister will speak about it. Why are you speaking? The hon. Minister.

श्री मदन सिन्हाजी काकणेजी : अध्यक्ष महोदय, जापकी जाता हो तो एक बात कहना चाहता हूँ। श्री दिनेश सिंह जी ने कहा सारे मामले में कुछ बात में कसा है। मैं जानना चाहता हूँ मन्त्री महोदय इस बात पर जवाब देंगे इसमें क्या कोई किसी पीछ है? एक बार साइटेन्स दे दिया क्या और एसाय कर दिया क्या कि कैंटरी बनेगी लेकिन अब उसको यहाँ से हटाया जा रहा है, क्यों हटाया जा रहा है, उसके क्या कारण हैं?

THE MINISTER OF HEAVY INDUSTRY (SHRI T. A. PAI) : Mr. Speaker, Sir, so far as I am aware, there have not been any efforts to pressurise me or to induce me to shift the location of this factory from Pratapgarh to anywhere else.

SHRI PILOO MODY : What about your predecessor?

SHRI T. A. PAI : My predecessor had also given an assurance that the factory would not be permitted to be shifted.

The circumstances under which the licence was issued were that it was a temptation to get the collaboration for this tractor factory and that it would be located in a backward area. The Automobile Products of India had agreed to locate this factory in Pratapgarh and, on that condition, the letter of intent was issued and, later on, when the other terms and conditions of the letter of intent were cleared, it was given an industrial licence.

SHRI DINESH SINGH : Without even their having got the land?

SHRI T. A. PAI : Mostly, when the conversion takes place, greater importance is given to the clearance of capital goods and the assurance of their buying the necessary machinery. They have been giving us an assurance that they would go ahead with the project planning and complete it within six months or take up the work within a year.

In the meanwhile, after our statement also that it will not be permitted to be

shifted, in April, 1973, they have written to us for permission to shift it to Lucknow. They have pointed out:

"No facilities are available at Pratapgarh to start the factory. Even power is not available there at the moment and it is understood that the State Electricity Board would be able to supply them power only by the end of 1974;

It will be difficult for them to stand competition in the market from the established tractor manufacturing units which are mostly located in the major industrial towns or close to them, thereby having all the advantages which go with such location;

"The establishment of the factory at Pratapgarh would mean incurring additional expenditure which will result in increase in the cost of production and the selling price of the tractor.

As compared the difficulties which the company may have to face in locating the factory at Pratapgarh, they have stated the following advantages in locating the factory at Lucknow:

"They have already necessary facilities like land, power and about 50,000 sq. ft. of constructed area at Lucknow. They have already completed facilities for assembly of SKD packs of tractors at Lucknow.

"They will be able to implement the project by at least a year or 18 months earlier, thereby creating employment potential for 2,500 engineers and workers.

"They will be able to manufacture tractors at reasonable price, thereby benefiting the farmers."

Merely because we have received their application, it does not mean that we have conceded it; the hon. Member need not entertain the apprehension that it will be

conceded. But, on the other hand, I would like to point out that merely issuing an industrial licence does not mean that we can force anybody to start the industry; the power that we have here is to revoke that licence. And if the parties do not go ahead with it, we would not mind revoking the licence.....

SHRI DINESH SINGH : You have allowed them to make all the profits by importing tractors, assembling and selling them. What is the point in revoking the licence now? Will you impose a penalty on them now?

SHRI T. A. PAI : This was part of the policy. When the Ministry of Agriculture allowed import of tractors, all those who were given licences for manufacture of tractors were allowed to import 500 tractors in CKD condition so that they could popularise them. But it has already been announced in the House that I have stopped import of such tractors because most of them assembled the tractors and sold them off without taking the next step of going ahead with starting of the industry. Therefore, such of those who had been allowed to import have imported. But, as I have said, no more imports will be permitted. Here, in this particular case, we can refuse, and we shall refuse them to shift their factory from Pratapgarh. But I cannot hold out an assurance that the factory will be started. It is up to them. I can assure the House that if the U.P. Development Corporation comes forward and HMT is willing to give them collaboration—because I am anxious that there should be as few makes of tractors in this country as possible since proliferation of a number of collaborations is not going to help the country in the long run—we can consider, if the parties are not willing to go ahead within a reasonable time—I would get in touch with them and if they are not prepared to go ahead. But, on the other hand, some

[Shri T. A. Pai]

of the difficulties that they have pointed out may be genuine. It is no use the State Government declaring some areas as backward and saying that monetary concessions will be given for such people who start industries there, unless the necessary infra-structure also goes along with that; unless an attempt on the part of the State Government to bring the infra-structure goes along with that declaration, I am afraid it would only be on paper that most of the schemes will appear. I would earnestly request the hon. Member to see that sufficient pressure is brought on the U.P. Government to give them all the facilities and build up the infra-structure so that they may be able to go ahead with this...

SHRI DINESH SINGH : The hon. Minister has just taken over this Ministry. Therefore, I would not like to say anything more except that it is not the U.P. Government which has declared the area as backward; it is the Central Government which has declared it backward. Therefore, it is the responsibility of the Central Government to provide this. What is the use of passing it on to the poor Government like the U.P. Government? I hope, the Minister will read the background of this and assure that it will be put up in pratapgarh.

[**SHRI T. A. PAI :** If we have declared certain districts as backward and have not gone ahead with the rest of the programme, then I am sorry, it is a mistake. I still own that declaration that, if a particular district is backward, only providing monetary incentive to start any industry there is not going to help; unless the necessary infra-structure by way of communication, roads and electricity is also assured, no industrialist is likely to go ahead. While it is still open to us to take up the question, the assurance of power supply will be with the State Government; I, on my part, would persuade the State Government to expedite it as much as possible.

SHRI DINEN BHATTACHARYYA (Serampore): Were all these not gone into before you issued the industrial licence?

AN HON MEMBER : He is shifting it to some other place.

SHRI T.A. PAI : No, Sir. He is not going. He has only asked for permission.

SHRI DINEN BHATTACHARYYA : Why did you issue permission ?

SHRI PILOO MODY : On the other hand we have here an example of a passenger car manufacturing company which has only got a letter of intent but it has built up tremendous sheds and factories and machines, everything right here in Haryana.

SHRI T. A. PAI : I hope the hon. Member will be satisfied with my assurance that the request of the party for shifting of this factory will not be given, but, on the other hand, we shall try to persuade the party to set it up in Pratapgarh District as a lot of expectations has been raised in the minds of the people that the tractor factory will come. All the same, a lot of facilities have to be provided for training the local personnel because merely the location of an industry is not going to remove the backwardness of the area unless the men are also trained and prepared for being absorbed in this industry as also in the ancillary industries that are going to be set up.

13.37 hrs.

**DISCUSSION RE : ACUTE SHORT-
AGE AND ABNORMAL RISE IN
PRICES OF ESSENTIAL COMMODI-
TIES.**

श्री बाल सिंह जीरा (भरिवा) : सम्भव महोदय, आप ने मुझे इस महत्वपूर्ण समस्या पर जो बोलने का मौका दिया इस के लिये मैं आप का शुक्रगुजार हूँ। जैसा मैं ने कहा यह बहुत ही महत्वपूर्ण विषय है। 10 तारीख को श्री बाल काल अटेंशन आया था उस वक़्त मंत्री महोदय, श्री बाल सिंह वहाँ पर थे। वही बात मैं