

LOK SABHA DEBATES

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LOK SABHA

*Tuesday, November 24, 1987/Agrahayana
3, 1909 (Saka)*

*The Lok Sabha met at Eleven of
the Clock*

[MR. SPEAKER *in the Chair*]

ORAL ANSWERS TO QUESTIONS

[*English*]

Revised guidelines for Industrially backward areas

*249. SHRI N. DENNIS: Will the Minister of INDUSTRY be pleased to state:

(a) whether Government have formulated revised guidelines for industrially backward areas; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL DEVELOPMENT IN THE MINISTRY OF INDUSTRY (SHRI M. ARUNACHALAM): (a) and (b). The report of the inter-ministerial committee on revision of guidelines for industrially backward areas is under consideration of the Government.

SHRI N. DENNIS: The criterion adopted for determination of backward areas is outdated; it was adopted in the year 1969. Now, the Bajjal Committee has submitted its report on this subject and it is reported that there is no consensus arrived at on the environmental aspects. I would like to know whether the other aspects of industrial backwardness in regard to the backward areas would be taken into consideration at the earliest as any delay in the decision or postponement would cause difficulties.

May I know from the hon. Minister whether the criterion for determination of industrially backward areas, that is, in terms of blocks or taluks could be taken as a unit instead of district for industrial backwardness.

SHRI M. ARUNACHALAM: I accept the hon. Member's views that the policy we have followed earlier is a little outdated. An inter-ministerial committee was appointed under the chairmanship of the Planning Commission secretary. The committee has submitted its report to the Government. The Government is still considering it. The committee has gone in detail into the ecological aspect referred to by our friend. I hope that the Government will be taking a decision shortly on that and other things.

PROF. N. G. RANGA: When that report would be available?

THE MINISTER OF INDUSTRY (SHRI J. VENGAL RAO): Let me answer Rangaji's question.

MR. DEPUTY SPEAKER: You can add anything to what your colleague, the Minister has already said in reply to Mr. Dennis's question.

SHRI J. VENGAL RAO: I will certainly add.

SHRI C. G. SWELL: If a member shoots up a question from his seat by way of a casual remark, will it entail answer from the minister? If it matches a precedent laid down, it should be carried out. We will go by that.

MR. DEPUTY SPEAKER: There is no precedent like that.

SHRI C. G. SWELL: No, no. the hon. Minister is going to answer. I am on a precedent.

MR. DEPUTY SPEAKER: No. There is no precedent. It is not a precedent. I told the hon. Minister not to answer. Rangaji's question.

SHRI G. G. SWELL: We want it to be accepted as a precedent. We can do that.

MR. DEPUTY SPEAKER: I am not creating any precedent like that. I only told the minister that he can add to the answer given to the question of Mr. Dennis. I am not allowing Mr. Rangaji's question.

SHRI G. G. SWELL: We shall be happy with it.

SHRI J. VENGAL RAO: We would not like to make you happy about this.

SHRI G. G. SWELL: You cannot make me happy. I know!

SHRI N. DENNIS: Some districts which are classified as industrially backward, remain so without industrial establishments for a number of years. The policy of providing fiscal and physical incentives did not succeed fully. The policy of the Government regarding dispersal of industries away from metropolitan cities and towns also did not materialise. So, may I know from the hon. Minister what concrete steps the Government is going to take up for the emergence of industrial establishments in the backward areas? As per the present policy of dispersal of industries, industries continue to emerge in towns and cities which is creating problems of environment and also congestion. I would also like to put one more question. I would also like to know whether it is a fact that in some of the states like Tamil Nadu, Public Sector industries have not been started for the past 20 years or so; whether the Government would consider to establish public sector industries in such States to give away the disparities and imbalances that exist in our country.

SHRI J. VENGAL RAO: I would like to add to my colleague's answer only. The last question which he asked was about Tamil Nadu. Tamil Nadu is one of the developed states in the country. It ranks third position in the

country. He has also pointed out about the Public Sector Undertakings. Recently, I inaugurated one Public Sector Unit in Madras which has been constructed by M/s. Andrew Yule's. I inaugurated it. Already there is a lot of Central Government investment made in Tamil Nadu. The other question was about the Inter-Ministerial Committee. The Government of India appointed the commission under Shri Baijal, Secretary, Planning Commission. The Baijal Committee report was submitted to the Government. It is under active consideration of the Government. I think in the new year—in 1988—January or February, we will take a decision to implement the recommendations of that committee.

PROF. N. G. RANGA: Sir, I am sorry that I unnecessarily created that problem earlier. I would like to know as to how soon the consideration of the report would be over and when that would be placed on the Table of this House; whether Government would see that those industries which have already been started in the then classified backward areas would not be, in any way, put to disadvantageous position by the recommendations made by this committee.

SHRI J. VENGAL RAO: Regarding subsidy, the industries which have been located in the backward areas will not get any subsidy after 31st January 1988 and we are removing that subsidy. For the dispersal of industries to various parts of the backward areas in the whole of the country, the Baijal Committee has recommended nearly 150 Growth Centers. Now that is before the Cabinet. After that, I will place it on the Table of the House.

SHRI ANANDA GAJAPATHI RAJU: Mr. Deputy Speaker Sir, I would like to know from the hon. Minister whether the employment criteria in jobs that are created will be taken into consideration while deciding certain areas as backward areas. Secondly, regarding the part (b) of the question, I would like to know whether my District—Vijayanagaram—in view of its huge disadvantageous position as far as industry is concerned, as far as Agriculture is concerned,

would also be considered to be declared as backward area.

SHRI J. VENGAL RAO: I think certainly in your constituency that agency—Parvathipuram agency—will get benefit out of that Committee's recommendations.

[*Translation*]

SHRI RAM PYARE PANIKA: Mr. Deputy speaker, Sir, for the last few days, the Government has been assuring for making amendments in the guidelines but it has not so far arrived at any conclusion to take a concrete decision. As a result of this, imbalance is being created in several areas, particularly in backward areas of the country. Will the hon. Minister announce a definite date for the scheme under which certain districts are to be declared backward? Will block and talukas too in the districts be declared backward? Because by setting up industries in a particular block or taluka, the whole district, particularly in the hilly, desert, tribal or cyclonic areas, does not get developed. Will the hon. Minister assure that on the basis of the report certain areas will be declared backward?

[*English*]

SHRI J. VENGAL RAO: It is only to remove the imbalance in development in these areas and, secondly, for dispersal of the industries in remote areas. The main recommendation in this Report is not to locate industries in places which are already congested like metropolitan towns and other big Municipalities; the industry should be located in other far-off places. It is under the active consideration of the Government. I think, as early as possible, we will take a decision on this.

SHRI RAM PYARE PANIKA: Incentives are not being given to them.

SHRI M. ARUNACHALAM: I will supplement. We have the existing backward area development policy, and if you analyse the present policy and the letters of intent, licences and DGTD registration granted to the backward areas, you will find that a substantial percentage of these licences has gone to

backward areas. In 1984, the total letters of intent issued 1064, and out of that, 624 letters of intent have been issued to the backward areas; as far as industrial licences are concerned, out of 905, 323 licences have been issued to the backward areas; as far as DGTD registration is concerned, out of 1915, 1144 have been allotted to the backward areas. In 1986, if you see the figures, out of 1130 letters of intent, 621 have been issued to the backward areas; as far as industrial licences are concerned, out of 618, 278 have been given to the backward areas; as far as DGTD registration is concerned, in 1986, out of 1162, 610 have been registered in backward areas. Another indicator is the release of Central investment subsidy; over the last three years, there has been a considerable increase in releases of subsidy. In 1982....

SHRI RAM PYARE PANIKA: There is no dispute on this. The only dispute is about declaring an area as a backward area. The guidelines under which backward areas are being declared are not such that the actual backward areas will be covered by them.

SHRI M. ARUNACHALAM: The Baijal Committee has gone into it. The State Governments have made many suggestions. The Baijal Committee has gone into those, and it has given its recommendations. The Government is considering the Report.

DR. DATTA SAMANT: The hon. Minister has said that industries should be set up in backward areas. Government is giving a lot of concessions in excise duties and other subsidies also. It is a good point and I appreciate that. But the whole difficulty is this. Whatever big industrial houses are there with parallel industries in Bombay, Calcutta and other cities, the same people are taking advantage of all the concessions offered for backward areas; they are closing down the industries in metropolitan cities and are shifting to the backward areas. That should be banned. In Maharashtra, about 140 big industries and about 9,000 small industries are closed, and in 98 per cent of the cases, the reason is 'employer'. The same industrialists have taken advantage of the concessions offered for

setting up industries in backward areas, be it in Gujarat or in Karnataka or in Andhra Pradesh. Four Chief Ministers have come in Bombay. They had called all these employers in the Taj Hotel and they are treating them as son-in-law and saying, "please, come. I will give you everything like infrastructure, subsidy and all these things." May I know whether the Government is going to put a restriction, while starting a factory in the backward area, that in other areas and places the parallel or the existing factory should not be closed. I can understand when it is said that new factories should not be started. But at the same time, existing factories in the metropolitan places should not be closed. They can start new factories by giving concessions. What type of monitoring the Government is going to do?

(Interruptions)

THE MINISTER OF ENERGY (SHRI VASANT SATHE): But if they are closing it on account of Datta Samant, what can you do?

DR. DATTA SAMANT: Are you going to start the factories of only big people like Tatas and Birlas?

(Interruptions)

SHRI J. VENGAL RAO: I am sorry, without my reply, they are unnecessarily bothering. As the Hon. Member Dr. Datta Samant has said, we are not going to close the existing industries in the cities, and in the backward areas also, the scheme will end by the end of January 1988. I do not want to annoy Dr. Datta Samant. But the highest number of closed industries are in Maharashtra. I want the cooperation of Dr. Datta Samant.

(Interruptions)

DR. DATTA SAMANT: Industries are not closed due to Datta Samant. It is because some people are getting advantage of that, you are giving them all concessions. Are you starting the factories for industrialists?

SHRI S. SOBHANADREESWARA RAO:

would like to know categorically from the Hon. Minister whether it is not a fact that the Sivaraman Committee has recommended to treat the block as a unit for identifying the industrial backwardness as well as the Baijal Committee which also recommended to take taluk as a unit for industrial backwardness. In the entire country while there are 93 'no-industry districts' in the entire South, there is only one no industry district 'which clearly' shows that the industries are not dispersed to the rural areas. In these circumstances, I would like to know categorically from the Hon. Minister—I am happy that he has made an announcement that the Government will take a decision in January next—one thing about which we are very much perturbed that there will not be any subsidy or incentives in future except those in the growth centre. I ask the Government, is it proper and whether the Government will assure that these incentives which are at present available for starting industries in the backward areas will continue in future also in this 'no industry' blocks or taluks and is it a fact that from Uttar Pradesh there is a lot of resistance for this change of the policy, that is, from 'no industry' district to 'no industry' taluks or blocks? Is it a fact and if so, whether the Government will withstand that type of pressure or lobbying from one State in view of the greater interest to develop industries in the backward areas in the South. I would like to have a categorical answer from the Hon. Minister.

SHRI J. VENGAL RAO: Sir, in the present policy, there is no 'no industry' districts in Andhra. According to Baijal report, all these anomalies will be removed in Andhra Pradesh, Karnataka Tamil Nadu who are all beneficiaries of the recommendation.

[Translation]

SHRI K.D. SULTANPURI: The Hon. Minister has said that more than 1000 licences have been issued. I would like to know as to how many licences have been issued to hilly areas and by what time they have been asked to set up industries? How many factories have since been set up and how many are yet

to be set up? Will the Government ensure that employment is made available to the people of the area where these factories are set up? It should also be indicated whether licences are not being misused.

[*English*]

SHRI M. ARUNACHALAM: The hilly areas have been classified as backward special regions. We are giving licences to the backward areas. I don't have the figures for the hilly areas alone: I have the total figure for the entire backward area. If the Hon. Member needs it, I will collect it and pass it on to him.

Foreign Loans for Power Projects

*250. SHRI PRAKASH CHANDRA:
SHRI DHARAM PAL
SINGH MALIK:

Will the Minister of ENERGY be pleased to state:

(a) whether Government propose to seek foreign loans to fund power projects to meet the energy demand of the country, and

(b) if so, the details thereof?

THE MINISTER OF ENERGY (SHRI VASANT SATHE). (a) and (b) While primary reliance continues to be placed on plan resources and on indigenous sources of supply of power equipment, in view of the overall resource constraint, external assistance for some power projects is resorted to on a case-to-case basis. Specific offers received in this regard are examined on the basis of the merits of each case.

[*Translation*]

SHRI PRAKASH CHANDRA: Mr Deputy Speaker, Sir, which power projects in the country are under consideration of the Government for which it is proposed to take foreign assistance? Which are the countries from whom assistance is proposed to be taken?

SHRI VASANT SATHE: Mr. Speaker, Sir, as I have stated in my reply, we are meeting the gap of about 10,000 MW between demand and supply from indigenous sources as has been provided in the Plan. I have already stated in the House that there will be a shortage of 10,000 MW in the Seventh Five Year Plan. So far as the question of resources is concerned, we have incurred an expenditure to the tune of Rs. 34 thousand crores for 22,000 MW. However, there will be a requirement of 32,000 MW. Hence in order to meet the gap, we will be required to take foreign assistance. This assistance is received on bi-lateral basis as in the case of the U.S.S.R. We are receiving maximum assistance from them. They have assured us to supply the equipment for creating about 4,000 MW capacity. One is for Tehri and the other is for Bakreshwar. Negotiations are on in this regard. I have discussed the matter with the Chief Minister of West Bengal about the offer from the U.S.S.R. If the Government of West Bengal agrees, it will be easier. Offers have also been received from other countries viz Canada, Germany, United Kingdom etc. We are considering various projects on merit. Hence, I cannot say about any particular project because it has not been finalised.

[*English*]

SHRI BASUDEB ACHARIA: May I know from the hon. Minister whether there are conditionalities that these countries are imposing on these loans and insisting that boilers and other equipments should also be purchased from those countries and as a result of this our boiler manufacturing units like ABL and BHEL are not getting orders? I would like to know whether it is a fact or not?

SHRI VASANT SATHE: It is not a fact. As far as indigenous capacity of BHEL or ABL or other units is concerned we can only assign our Plan resources to these companies. We are doing that fully. As far as conditionality is concerned no country outside if it wants to give that assistance will come as a charity. They will naturally want to serve their own interest. What we have to see is that our