

SHRI NIREN GHOSH : Sir, he has again successfully avoided the question.

MR. SPEAKER : At least you have admitted that.

SHRI NIREN GHOSH : Either he does not know anything or he has avoided.

MR. SPEAKER : What can I say ?

SHRI NIREN GHOSH : However, you have not been able to make him answer the question. But it shows complete irresponsibility on the part of the Government and the planning process. That much I can say. At once they should have gone in for a technical report from a competent consultancy and by this time it should have been renovated and modernised.

Now, the second question I would like to put is this. He said he would get the report very soon and thereafter work on it. But in the statement laid on the Table he has said : "After approval of the expenditure by the Government." Then, who will approve that expenditure ? Will he tell us that that will be approved and that will be allocated immediately ? It is because I know that they will say that somebody is considering some other report and another 3-4 years will go by that time and it will betray the purpose. So, you assure the House that the moment you get the report the necessary expenditure will be approved and the reconstruction of the plant will start in order to save the country from huge losses, or you scrap it or finish it.

SHRI N.K.P. SALVE : I have given the assurance that I could give that we have entrusted the task to a very eminent USSR agency, The report will come; we have to follow. We have to go to the Government for getting the expenses approved and there is no possibility of my giving any other assurance to the hon. Member.

SHRI INDRAJIT GUPTA : I would like to have an assurance from the

Minister that there is no point of view in the Ministry which advocates or was advocating, which may be incidentally one of the reasons why such a long delay has taken place, that actually this plant should be scrapped altogether on the plea that it is making so much of losses. Is there such a point of view in the Ministry still or was it there previously and has it been given up now ? We want an assurance that you will really go in for modernisation and renovation of the plant and not for abandoning or scrapping.

SHRI N.K.P. SALVE : I have already said that we are awaiting a report. As soon as it is received, we will take further action.

Misuse of Facilities by MRTP and FERA Companies

*350. **SHRI INDERJIT GUPTA :**
SHRI SANAT KUMAR MANDAL : Will the Minister of INDUSTRY be pleased to state :

(a) whether a recent study by the Indian Institute of Public Administration's Corporate Study Group has highlighted misuse of facilities for small units by MRTP registered and FERA Companies, their subsidiaries and associates and other well established large Companies in violation of the Industrial Policy Resolution of 1956;

(b) if so, whether Government have examined the above Report and found the Companies/Industrial Houses indulging in such malpractices;

(c) which are these companies, Houses and their subsidiaries and the type of small-scale units established by them; and

(d) the steps Government propose to take against these Companies ?

THE MINISTER OF INDUSTRY (SHRI NARAYAN DATT TIWARI) :
(a) to (d) The report has been published in February, 1984 and the Government is getting it examined. The exemptions from the licensing provisions

under the Industries (Development & Regulation) Act, 1951 are not available to a small scale industrial unit or an ancillary which is a subsidiary of, or is owned or controlled by, any other undertaking. Necessary action would be taken on the basis of the examination.

SHRI INDRAJIT GUPTA : Since the Minister says that he has not yet studied the Report, I cannot ask him very much about the contents of the Report because he is unaware of it. I have studied the Report. I would, therefore, at this stage ask him, is it not a fact that the ceiling on investment to qualify as small scale industry has not very long ago been raised to a figure, please tell us the figure, which makes it possible for a large number of companies which cannot be described as small scale at all to be registered as small scale Industries? What is the present ceiling of that investment figure below which anybody can be registered as a small scale concern irrespective of whether it is really small scale or not?

SHRI NARAYAN DATT TIWARI : Is it not correct to say that I am not aware of the Report. I never said that I am unaware of the Report. I am aware of the Report. Therefore, we are getting it examined. It is a comprehensive report covering many aspects and giving many examples and illustrations. We thought that it should be examined in depth. As far as the definition of the small scale industry goes, it was changed in 1980 to cover the inflationary aspects of investment. The latest 1980 ceilings are Rs. 20 lakhs of investment as far as value goes for plant and machinery purposes. For ancillary it is Rs. 25 lakhs.

SHRI INDRAJIT GUPTA : Pending the final examination of the Report, would he be prepared to say as he has said in his reply that exemption and other concessions which are available are not extended to those small scale concerns which are functioning as auxiliaries or subsidiaries of large houses? Is he prepared to say that there are no such concerns which are actually

functioning either as ancillary or as so-called marketing selling organisations or as subsidiaries of houses which are actually MRTP or even FERIA companies which are registered in various States as small scale industries and are enjoying benefits of exemptions and concessions?

SHRI NARAYAN DATT TIWARI : It would be difficult for me to say... ..

SHRI INDRAJIT GUPTA : They have given in the report so many examples.

SHRI NARAYAN DATT TIWARI : It is exactly on the basis of this Report we decided to go into it. I am thankful to the Institute of Public Administration for having made a study. Therefore, we are going into it. We are going into the specific examples. As the hon. Member knows, because of its very nature the registration is done at the States Directorate. Most of the work regarding monitoring of small scale industries is at the state level and therefore, it requires some time before we can make an announcement of what they have studied. We are thankful for this study and certainly we will give a positive look as far as its examination goes.

SHRI INDRAJIT GUPTA : Only last week the Parliament has passed this Amending Bill of the Industries Development and Regulation, Act. They brought an Amending Bill. When this Report was already in their hands, why did they bring an Amending Bill which does not cover this problem at all and has nothing to do with it?

PROF. N. G. RANGA : They can amend it further.

SHRI NARAYAN DATT TIWARI : When we came out with an ordinance it was not in connection with this particular matter. It was in connection with the reservation; the Government taking over powers for providing for reservation of items exclusively manufactured by small scale industries under specific conditions and now we are considering a comprehensive Legislation

for small scale industries. Legislation is required to protect the interests of the genuine small scale industries.

DR. SUBRAMANIAM SWAMY :

One of the conclusions of this study is that despite all the controls and regulations the MRTP companies, particularly the large industrial houses', assets have been growing at the rate of 15 to 20% per year. In view of the fact that Government has set up a Committee to examine whether these controls can be replaced by financial incentives and disincentives—I think the Committee was appointed a couple of months ago—is the Government considering now in view of its failure to control the growth of MRTP companies to scab the Act altogether? In view of the setting up of this Committee, the Committee's terms of reference are that fiscal control should be replaced by financial incentives and disincentives. This is the terms of reference of the Committee. I would like to know whether the Government is thinking in this direction.

SHRI NARAYAN DATT TIWARI :

Sir, as you know, the Khushroo Committee in the Planning Commission is going into the whole matter as to what is to be done for the development of small scale industries. This report does not concern the MRTP companies directly.

DR. SUBRAMANIAM SWAMY :

I would like to know whether they are considering any change in the MRTP legislation in view of the fact that the monopoly houses are finding ways and means to grow at this rate.

MR. SPEAKER : He means, scrapping altogether.

SHRI NARAYAN DATT TIWARI :

There is a separate MRTP Bill on the anvil and I think, it is already a subject-matter of consideration in this House.

SHRI SOMNATH CHATTERJEE :

Sir, the hon. Minister is, no doubt,

right that the registration of small scale units is done at the State level. But the implementation of the MRTP Act and the FERA and overseeing and functioning of the MRTP companies are to be done by the Central Government.

May I know from the hon. Minister whether until the publication of these reports, the Government had any intimation or information about the big companies sponsoring small scale units? In some cases, their employees are being projected as entrepreneurs in the small scale sector and those small scale units, at the behest of the big industrialists and big concerns, were trying to get the maximum benefit meant for the small scale units. Has the Government any information and if so, when, and in respect of which companies and what action has been taken so far?

SHRI NARAYAN DATT TIWARI :

Sir, whenever the Government have any information regarding any particular matter or any complaint, we take action just based on that particular detail. Now, I again propose to write to the Chief Ministers drawing their attention to this particular report also so that in future the Directorates of Industries in the States should be more careful while registering the small scale industries in this matter.

SHRI SOMNATH CHATTERJEE :

You have to look into the MRTP companies.

SHRI NARAYAN DATT TIWARI :

As I said, we look from case to case. The hon. Member would agree that it is difficult for me to catalogue the whole list because it is not registered by us but by the MRTP Commission, and by the Company Law Board etc. There is a whole mechanism which deals with this matter and the hon. Member would agree that during the course of this supplementary, I cannot furnish all the details.