

**APPLICATIONS FOR EXPANSION OF
PRODUCTION CAPACITY**

*29, SHRI S. UMARAN:
SHRI KALYAN ROY:

Will the Minister of COMPANY AFFAIRS be pleased to state:

(a) what is the number of applications received so far by Government under Section 21 of the Monopolies and Restrictive Trade Practices Act seeking approval for expansion of the existing production capacity;

(b) the names of the industrial units which have submitted these applications and the details of the expansion proposed in each case;

(c) whether any of the applications have been approved by Government; and

(d) if so, the details thereof?

THE MINISTER OF COMPANY AFFAIRS (SHRI K. V. RAOHUNATHA REDDY): (a) The number of applications received up to the 31st March 1971 was 76.

Of these, in 11 cases it was found that the provisions of Section 21 did not apply and one application was withdrawn. Hence the effective number of applications is 72.

(b) A Statement is laid on the Table of the House. [See Appendix LXXV, Annexure No. 13.]

(c) Not yet.

(d) The question does not arise.

SHRI KALYAN ROY: It is regrettable—I think the hon. Minister will agree with me—that the entire policy of the Government is leading to the strengthening of these particular monopoly houses which are mainly responsible today for unemployment, exploitation of the workers and disparity in income. Is it not a fact that 11 applications have been made directly under the Monopolies Act for substantial expansion and new projects. Out of that, 12 are under Section 24 for substantial expansion and new projects under section 22? But the Government has not referred any case to the Monopolies Commission so far.

Secondly, is the Government aware of the serious criticism for issuing the Letter of Intent to Tatas? What is the position of the project today? In view of the criticisms and direct violation of the Monopolies Act by the Tatas, would the Government consider now to withdraw the Letter of Intent?

Transferred from the 29th March, 1971. The question as actually asked on the floor of the House by Shri Kalyan Roy,

My last question. They have submitted before the House a list of 76 companies who have been given okay for expansion. Now, I feel, Sir, that all these expansions are going to take place outside West Bengal. Is the hon. Minister aware of this? In the name of issuing licences or in the name of increase in the production, the whole aim of the monopolies in Calcutta is to shift the production to other States . . .

MR. CHAIRMAN: Please shorten your question.

SHRI KALYAN ROY: Have the Government scrutinized these applications why this expansion is going to take place. Would he assure that in the name of expansion of output or production, none of these units, who are being issued licences, will be allowed to shift their production and start new units in other States.

SHRI K. V. RAGHUNATHA REDDY: As far as the first part of the question, which the hon. Member asked, is concerned, I may very respectfully state that the question is confined to Section 21 of the Monopolies and Restrictive Trade Practices Act. Under this Section, for the purpose of expansion, 76 applications have been filed. As I submitted, in respect of three applications, the Act was not found to be applicable and one application was withdrawn. In respect of 72 applications, so far no order has been passed approving the applications under Section 21.

The second part of the question is whether any applications have been referred to the Monopolies Commission for enquiry. Sir, under Section 21, if the Government want further enquiry to be made, then it is open to the Government to make a reference to the Monopolies Commission for enquiry. In respect of such an enquiry, four applications have been referred to the Monopolies Commission for further enquiry and report.

SHRI KALYAN ROY: You did not reply about Mithapur.

SHRI K. V. RAGHUNATHA REDDY: So far as Mithapur is concerned, it is not an application under Section 21. Notices were given under this Section.

SHRI THILLAI VILLIAN: Sir, from the statement I understand that Ashok Leyland Ltd., Madras, has applied for the expansion from 54,000 numbers to 10,000 plus 25 per cent spares. I would like to know from the hon. Minister when the application has

been received and what is the present stage of the application and I would like to know from the Minister when the final orders will be passed on the application.

SHRI K. V. RAGHUNATHA REDDY: I am in the record, Sir, I have seen that the application from Ashok Leyland has been received on S-2-1071. The application is being pursued.

श्री मान सिंह वर्मा : मैं माननीय मंत्री जी से यह जानना चाहूंगा कि एक्सपेंशन की इजाजत देने से पूर्व क्या आपने कभी यह जानने की कोशिश की है कि उनके द्वारा जो माल बनाया जा रहा है, उसकी क्वालिटी कहीं गिरी तो नहीं है और यदि ऐसा है, तो आपकी कौन सी मशीनरी है जिसके द्वारा आप समय-समय पर इस प्रकार की जांच करते रहते हैं ?

SHRI K. V. RAGHUNATHA REDDY: As far as the applications are concerned, the applications to be filed under this would arise only if they fall under sections 24A and 24B. When applications are filed, there is an advisory committee constituted for the purpose to look into the applications. The representatives of the various Ministries are represented in the advisory committee and this committee consists of experts and also officers of the various Ministries. They would look into them. Certainly the quality and also the nature of the product will be taken into consideration in judging the concept of public interest.

SHRI A. D. MANI: According to the statement, the applications relate to materials which are in acute shortage in this country. May I ask whether it is the policy of the Government to allow this shortage to continue? If somebody wants to relieve the shortage, why cannot the Government grant the application provided the applicant has agreed in price control?

SHRI K. V. RAGHUNATHA REDDY: These are considered in the advisory committee and the Government when they are taking the decision and the various factors of public interest are considered.

SHRI PRANAB KUMAR MUKHERJEE: The Minister stated that 76 applications have not been disposed of. May I know whether this unusual delay in the disposal is mainly caused by the present arrangement of disposal of the applications by two

committees, one headed by the Secretary of the Industrial Development Department and the other by the Secretary of the Company Affairs Department and so what means the Government are going to adopt for the speedy disposal of the applications;

SHRI K. V. RAGHUNATHA REDDY:

As far as the applications filed under the Monopolies and Restrictive Trade Practices Act are concerned, the Government has laid down the time-limit within which the applications will have to be disposed of. So we are taking expeditious steps to see that the applications in the advisory committee (and the advisory committee dispose of the applications simultaneously) so that time may not be wasted and speedy disposal can be had.

SHRI BHUPESH GUPTA: From the list it would appear that large numbers of monopolies exist against whom much has been said not only in the Monopolies Commission but otherwise also, are getting now more facilities for expansion. Is it not a danger that in the case of expansion, monopolies will increase their stranglehold on the economy as a whole and indulge in other malpractices? I would like to know what steps the Government has to protect against this kind of fraudulent expansion with a view to concentration of economic wealth and power? Will the Government itself should not go into this question comprehensively and come to the conclusion that in many cases the expansions are not justified in the light of the ground principles of public policy and public interest of which the Minister has just spoken?

SHRI K. V. RAGHUNATHA REDDY: The Act and the provisions have been considered necessary for controlling the concentration of economic power. If the provisions are not enough, if they are found to be wanting, the matter will be reviewed and necessary amendments will be brought.

SHRI MONORANJAN ROY: May I know whether in granting the expansion the licensing authority will be taking into consideration whether big finance is involved? Will they find out whether there is any medium industry which, if expanded in an under-developed area, can meet the situation? Are there cases where big monopoly houses have been given licence for expansion in order to have export orientation through the product can be produced in the small-scale industry? Have you taken into consideration this category? Secondly...

MR. CHAIRMAN: That is a short question. You are entitled to only one question.

SHRI MONO AVIAN ROY: May I know why the English Electric Co. has been allowed to be expanded? The cartridge fuse is used only for defence purposes, both the cartridge tube and the ceramic fuse bodies, and I want to know why it has been left with the British monopoly concern instead of being taken over by Defence itself. So also storage batteries.

SHRI K. V. HAGHUNATHA REDDY: As far as the financial aspects of the problem are concerned which the hon. Member referred to in his question, there is provision in the Act in Section 21 for approval by Government of the scheme of finance. The scheme of finance of any company cannot be changed except with the approval of the Government and this aspect of the problem will be taken care of.

Willi regard to backward areas, section 21 of the Act fully deals with this problem of locating industrially backward areas and the principles and policies are well laid down in that regard.

SHRI MONMIANJAN ROY: Sir, His Minister has in reply to my question at all.

MR. CHAIRMAN: Your question has been replied.

SHRI MONOHANJAN ROY: No, Sir. What is the use of putting questions if they are not replied.

MR. CHAIRMAN: Please sit down Mr. Krishan Kant.

SHRI KRISHAN KANT: The statement laid out on the Table is possibly on the basis of companies registered under the Company Law. According to the Monopolies Act in respect of most undertakings which do not register, such in the Government and the Monopolies Commissions have to earn out surveys. May I know if the Government carried out any survey in respect of undertakings which have not registered themselves? Secondly, is it fact that the Chairman of the Monopolies Commission is mostly in Madras and not in Delhi and the Monopolies Commission is having American standards? They have sitting like the Supreme Court of America, 14 days in a week, 11 hours a day. May I know for how many days the Chairman was in Delhi and for how many days in Madras.

SHRI K. V. RAGHUNATHA REDDY: The undertakings which attract the provisions of section 21, whether dominant or having more than Rs. 20 crores of assets are

registered. In respect of other corporate bodies which may fall within the purview of the Act the Department is studying this problem.

SHRI KRISHAN KANT: 'What about the Chairman? How many days was he in Delhi?'

SHRI K. V. RAGHUNATHA REDDY: Having regard to the status which the Chairman of the Monopolies Commission occupies in this country I hope the hon. Member will be a little hesitant in putting this question.

WORKING OF HINDUSTAN STEEL LTD

*180 DR. B. N. ANTANI: SHRI K.

SUNDARAM: SHRI M. K. MOHTA:

Will the Minister of FINANCE be pleased to state:

(a) whether a top level conference was held recently to go into the working of the Hindustan Steel Limited in pursuance of the statement made in the Minister of Revenue and Expenditure in the Rajya Sabha on the 8th December, 1971:

(b) if so, what has been the outcome thereof, and

(c) what are the steps proposed to be taken by the Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI VIDYA CHARAN SHUKLA): (a) It has not been possible yet to hold a meeting under the Chairmanship of Finance Minister to discuss the performance of Hindustan Steel Ltd.

(In Does not arise.

(c) The performance of Hindustan Steel Ltd. is kept under constant review by the management of the company and the Ministry of Steel & Heavy Engineering, as also the Bureau of Public Enterprises, with a view to improving its profitability.

DR. B. N. ANTANI: Will the Minister be able to indicate some definite time limit within which these consultations will be possible? May I also know whether the Finance Ministry is kept informed of any definite limits fixed by the Hindustan Steel for monthly allotments of the requirements of steel- Is it done on any fixed basis or is it done on a personal appearance?

SHRI VIDYA CHARAN SHUKLA: The Bureau of Public Enterprises, which functions under the Ministry of Finance, keeps

†The question was actually asked on the floor of the House by Dr. B. N. Anlani.