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INDUSTRIAL PLANNING
AND
LICENSING POLICY

FINAL REPORT

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Volume I

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Volume I

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INTRODUCTION

I was appointed an Honorary Consultant in the Planning Commission in July 1966 to conduct a study of licensing under the Industries (Development and Regulation) Act 1951. The study had two objectives:

- (i) To review the operation of licensing under the Industries Act broadly over the last two Plan Periods and more closely over the last six-seven years, including the orderly phasing of licensing with reference to targets of capacity.
- (ii) To consider and suggest in the light of the present stage of economic development, where and in what directions modifications may be made in the licensing policy.

The precise areas of industrial planning and licensing policy on which I was to work were left to my discretion in consultation with the Industry and Minerals Division of the Planning Commission. I was informed that the broad objectives of industrial policy which were sought to be achieved through the Industries Act were the following:

- (a) the regulation of industrial development and canalising of resources according to plan priorities and targets;
- (b) avoidance of monopoly and prevention of concentration of wealth;
- (c) protection of small scale industries against undue competition from large scale industries;
- (d) encouragement of new entrepreneurs to establish industries;
- (e) distribution of industrial development on a more widespread basis in different regions; and
- (f) fostering of technology and economic improvements in industries by ensuring units of economic sizes and adopting modern processes.

Though licensing under the Industries Act has been the principal official instrument of industrial planning, and the Act has been in force since 1952, the only appraisal of licensing carried out so far (by the Swaminathan Committee) has been confined to procedures and allied matters. There has been no attempt to appraise the role and purpose of industrial licensing in an industrial environment which has changed considerably since the enactment of the Industries Act or, to aggregate, classify or otherwise analyse the data provided in applications for licenses. These omissions are quite apart from deficiencies in follow-up after the grant of licenses.

The Industry and Minerals Division of the Planning Commission kindly placed at my disposal all the files available with them relating to the Licensing Committee and the Capital Goods Committee and intra-government correspondence on industrial policy. These are the only sources of statistical data analysed in this report.

In early August 1966, I submitted a preliminary draft on Industrial Planning and Licensing Policy. This was followed in mid-November 1966 by a supplementary note which presented a statistical analysis of the licensing data collected. An interim report submitted in December 1966, incorporated these two notes, as modified in the light of discussions held in the Planning Commission and Ministry of Industry. It analysed the aggregate statistical data on licensing for the calendar years 1959, 1960, 1964, 1965, and January-June 1966. The case study data on the Birla Group covered the period 1957—June 1966.

This final report covers industrial licensing from 1959 through June 1966. It has been possible now to give somewhat detailed breakdowns of data for individual states, 200 industrial products, 99 categories of 'industrial houses' (including cooperatives, state governments and government companies), 3 types of industrial licenses *i.e.*, new undertaking, substantial expansion and new article, all other types being excluded) and varying sizes of investment. Data on applications deferred for further consideration are presented separately in Volume II. The import component of estimated investment in capital equipment is shown under each heading. The frequency of foreign collaboration has been estimated for 1959, 1960 and 1964—June 1966; data on the intervening years were inadvertently omitted at the collection stage. All detailed statements have been segregated in Volume II. The statistical data suffer from a number of limitations which are specified later.

The analysis of licensing policy and framework as well as the major recommendations are substantially the same as in the Interim Report. The recommendations relating to tax and credit policy and measures to reduce concentration of economic power have been further elaborated.

This study was commissioned on the initiative of the late S. G. Barve, then Member (Industry), Planning Commission. I am grateful to the Industry and Minerals Division of the Planning Commission for providing me with the facilities required for this study. M. Satyapal and Hari Bhushan gave freely of their time and knowledge to enable me to understand the objectives and mechanism of licensing. I have also benefited from discussion with S. S. Marathe and K. J. George of the Ministry of Industry.

P. B. Medhora of I.C.I.C.I. helped with many useful suggestions.

Kapur and Khanna of the I. and M. Division, Planning Commission culled the basic data from the files of the Licensing Committee.

(i i)

I was assisted in this work at the University of Bombay by Rajendra Abhyankar, Geeta Mehta, Paulomi Bhansali, Indu Kale and Kamal Patel. V. J. Puntambekar and his staff of the Electronic Data Processing Centre were extremely helpful. K. Kuttykrishnan typed the manuscript.

I thank the University of Bombay for permission to take up and complete this assignment.

The responsibility for the analysis, conclusions and recommendations is exclusively mine.

Bombay

September 14, 1967.

R. K. Hazari

PART I

Statistical Outline

0.1. This outline analyses the data on applications, investment in capital equipment and its estimated import component collected from the agenda papers and minutes of the Licensing Committee. The outline covers the distribution of applications (net of those deferred) and approvals for licences from 1959 through June 1966, by

- (a) products
- (b) size of investment in capital equipment
- (c) type of proposal, *i.e.*, new article, substantial expansion and new undertaking
- (d) collaboration
- (e) location in various states, and
- (f) industrial houses (including cooperatives and Government).

0.2. The data suffer from severe limitations, as set out later. Briefly the data are

- (i) partial because items on the free list are excluded altogether
- (ii) incomplete because information on investment is not available in some cases, and
- (iii) not fully reliable because the information given in applications for licences is preliminary and tentative.

They should be taken as rough indicators of magnitudes, not precise amounts.

1.1. The peak of initial investment intentions, as indicated by investment applied for, was reached in 1960—62 (calendar years). It has clearly faltered since then (Table 1). Investment approved, which is the next stage of investment but far from the ultimate achievement, was highest in 1960 but has fluctuated considerably each year since then around reduced levels, which would be lower still if recast in constant prices. Investment applied for (to the extent data are available) averaged Rs. 342 crores in 1959—60, Rs. 403 crores in 1961—63, and Rs. 341 crores in 1964—June 1966. Investment approved was Rs. 250 crores, Rs. 245 crores and Rs. 284 crores, respectively; these roughly constant figures indicate a decline in real terms since they are not adjusted for price increases. The number of applications and approvals has, on the whole, tended to decline.

1.2. It must be remembered, however, that a significant part of licensing in 1959 and 1960 remained infructuous, and the exemption limit for licensing of new undertakings was raised from Rs. 5 lakhs to Rs. 10 lakhs in 1960 and further to Rs. 25 lakhs in 1964.

2.1. The import component of investment in capital equipment averaged two-thirds over the period; it was fractionally lower for approvals as compared with applications. It has declined from about three-fourths at the beginning to roughly two-thirds at the end of the period though it dipped lower in 1962-63. The data on import component here are as estimated initially by applicants before finalisation of projects and thorough scrutiny, among others, by the Directorate General of Technical Development. The addition of new capital intensive industries constantly offsets the import substitution achieved in older industries. The fact remains, nevertheless, that the import-component of capital equipment, as estimated by entrepreneurs, still exceeds 60 per cent. This level does not represent a distinct gain in import substitution.

3.1. The predominant part of approvals, both number and investment, has been for products other than consumer goods* (Table 2. For detailed product-wise classification, see Vol. II). True, some of the proposed investment in other products can also be imputed to consumer goods because it ultimately gets embodied in them, and the rough categorisation essayed in Table 2 is not altogether immune against objections. The over-all trend is, however, so predominantly away from consumer goods that it would not be substantially altered by any sophisticated adjustments.

3.2. This trend cannot, at the same time, be attributed wholly or even largely to the existence and operation of the industrial licensing mechanism. It represents, in the main, a common feature of industrialisation, and the working of the arithmetic of growth. As income increases and the needs of the economy diversify, the demand for intermediate, producer and capital goods increases much faster than for consumer goods even in a poor country. Massive growth can take place only under conditions of progressive reduction of dependence upon the processing of natural materials. Even the demand for consumer goods arises from income generation and their supply requires technological inputs from industry.

3.3. The import component of investment in consumer goods as a whole is only fractionally lower than in engineering and chemicals. Import saving can hardly, therefore, be an argument in favour of substantially larger investment in consumer goods.

3.4. It is impossible to assess whether the product pattern of approved investment has been consistent with the Plans for the simple reason that

* This picture would not differ significantly if application, instead of approvals, were taken into account.

the Plans specify capacity projections, and not the amounts of investment involved. In broad terms, nevertheless, I do not find the pattern of approved investment to be inconsistent with the strategy of development which underlies the Plans.

3.5. In spite of the progress in literacy and media of communication, manufacture of printing machinery does not seem to have made any progress.

4.1. Taking the period as a whole, investment proposals of Rs. 1 crore and above each account for about one-tenth of the total number of applications but three-fourths of total investment and import component. (Table 3).

4.2. Between 1959-60 and 1964-66, the number of proposals above Rs. 1 crore each increased considerably but their share in total investment remained practically constant at two-thirds. The size of new investments is becoming larger. This cannot be attributed wholly to higher prices for there is a substantial increase in the number of large investment proposals.

4.3. There was no significant difference in the import component between the various size groups. All of them had an import component of about two-thirds.

5.1. Roughly one-half of the applications (for which investment data are available) were for new undertakings and the rest were almost equally divided between substantial expansion and new articles. (All other kinds of licences are excluded in this study). The share in total investment and import component was skewed even more in favour of new undertakings, while substantial expansion accounted for most of the balance. (Table 4).

5.2. The ratio of approvals to applications has been more favourable to substantial expansion and new articles than to new undertakings.

5.3. As between 1959-60 and 1964-66, new articles have acquired more significance in both applications and approvals, number as well as investment. The share of new undertakings has declined in numbers but gone up in investment. Substantial expansion has become less significant in both number and investment. This trend, perhaps, indicates greater diversification, in preference to growth in established lines.

5.4. The import component of all the three types of licences approved was roughly the same at about two-thirds.

6.1. The relative frequency of proposals with foreign collaboration declined significantly between 1959-60 and 1964-66. So far as the proposals for which investment data are available, however, the share in investment and import component of those with collaboration recorded a considerable increase (Table 6).

6.2. Out of 5,774 applications for licences in the 4½ years 1959-60 and 1964-66, 1,529 proposed to have foreign collaboration. Out of 3,684 approvals granted in these years, 1,186 involved collaboration (this is not the same as approval of collaboration itself which is handled separately from licensing).

6.3. In 1959-60, the major proportion of the number of approvals for all the three types of licences did not involve foreign collaboration; the same position held for investment in new undertakings and new articles but not, strangely enough, for substantial expansion. The position was reversed in 1964-66; collaboration became less significant for substantial expansion but more significant for new undertakings and new articles (Table 7).

6.4. It is difficult to say how far this analysis would require modification to allow for the proposals whose investment data are not available. In their case, the frequency of those not involving collaboration was much greater.

7.1. The bulk of approved investment during 1959-66 has been in Maharashtra, West Bengal, Madras, U.P., Bihar, M.P., Andhra and Gujarat, in that order, with Maharashtra way up on top. Curiously enough, the share of Maharashtra, West Bengal and Gujarat in the number of approvals was much larger than in the amount of investment. (Table 8).

7.2. The year-wise trends are somewhat erratic. As compared with the initial years, the share in approvals of Maharashtra, Mysore, U.P. and West Bengal has declined (the decline in Delhi could be due to the shift of industry out of the Territory's narrow limits). About 46 per cent of the approved investment in 1959-66 was in the three top states, Maharashtra, West Bengal and Madras.

7.3. The share of Maharashtra and West Bengal in substantial expansion and new articles is, as may be expected, larger than in new undertaking; this is also true of Gujarat. The less advanced states have secured a larger share of new undertakings. (Table 9).

7.4. The approved investment for new undertakings in West Bengal during 1959-66 was Rs. 100 crores only, against Rs. 171 crores in Maharashtra, Rs. 128 crores in Madras, Rs. 117 crores in Bihar, Rs. 116 crores in Madhya Pradesh, Rs. 83 crores in U.P., Rs. 66 crores in Andhra, Rs. 64 crores in Punjab-Haryana-Himachal and Rs. 53 crores in Rajasthan. This unsatisfactory performance in West Bengal was partially relieved by fairly large investment in substantial expansion and new articles but it could hardly have provided the stimulus which comes from fresh starts.

8.1. Community-wise, the Marwaris are, by far, at the top. Their share in approved investment during 1959-66 was 24 per cent, followed by Gujaratis 15 per cent, Southern 8 per cent, Punjabis 5 per cent and

Parsis 4 per cent. The share of Marwaris and Gujaratis might be slightly larger than is indicated by the above figures for, in cases of doubt and ignorance, the relevant licencees are classified under 'other Indian'. (Table 10). This classification is subject to some degree of error but that would not invalidate the general picture.

8.2. Domiciled foreign houses accounted for only 1 per cent of approved investment but international combines were way up at 7 per cent.

8.3. Among international combines, those originating in U. K. had nearly 4 per cent of approved investment, followed by U.S.A. 2 per cent. West Germany, Switzerland and Sweden were the other countries of origin of some significance. (Table 11).

8.4. The Government sector got nearly 16 per cent, which is a severe underestimate because most of the larger investment proposals from this sector do not come before the Licensing Committee. (Table 10). Out of this, the bulk, 13 per cent, went to Government companies and the rest was thinly distributed, mainly between Andhra, Punjab, Orissa and U.P.

8.5. Cooperatives accounted for less than 1 per cent of approved investment and of this, those in the Western states accounted for one-half.

9.1. Approved Marwari investment has taken place in all states except Jammu and Kashmir. The bulk of this investment was in West Bengal, U.P., Maharashtra, M.P., and Bihar. (Table 12).

9.2. Gujarati investment was mainly in Maharashtra, Gujarat, Madras and U.P.

9.3. Southern houses were practically confined to the Southern states, Madras, Andhra and Mysore, but there was a significant investment in Maharashtra, too.

9.4. Punjabi investment was mainly in the Punjab-Delhi region but is also found in Maharashtra, West Bengal, M.P., Bihar, and Madras.

9.5. Parsi investment was mainly in Maharashtra and Bihar.

9.6. The investment of domiciled foreign houses was restricted to the old presidency areas, West Bengal, Madras, Assam, Maharashtra, and Bihar.

9.7. International combines dispersed their investment a little more widely but in their case, too, the old presidency areas were predominant.

9.8. Government investment was more widely dispersed than that of any other category. It was highest in M.P., followed by Andhra, Bihar, Madras, Mysore, Orissa, Kerala, Delhi, and West Bengal.

10.1. During the period 1959—June 1966, 28 Indian industrial houses applied for licences for investment exceeding Rs. 10 crores each, net of those applications which were deferred for reconsideration. (Table 13).

10.2. These 28 houses made 1,961 applications (21 per cent of all applications) of which investment data are available for 1,178. These 1,178 applications involved an investment in capital equipment of Rs. 1627 crores (59 per cent of total applied) with an import component of Rs. 704 crores (38 per cent). Approval was granted for 1,233 applications (21 per cent of all approvals), of which investment data are available for 832. These 832 approvals involved an investment in capital equipment of Rs. 740 crores (38 per cent of total approved) with an import component of Rs. 490 crores (38 per cent again).

10.3. The shares of the top four houses in total applications (net of deferred) and approvals during 1959—June 1966 are given below. The Birla share is strikingly high in application and approval, number and investment.

(Percentages)

House		Number date not avail- able	Number data avail- able	Invest- ment of (4) (Rs. crores)	Import component of (5) (Rs. crores) [†]
1	2	3	4	5	6
1 Birla	Applied	7.4	7.2	14.1	13.8
	Approved	5.8	6.5	14.1	14.4
2. J. K.	Applied	1.0	0.9	2.5	2.7
	Approved	0.8	0.9	2.5	2.5
3 Tata	Applied	1.1	1.3	2.0	1.9
	Approved	1.8	1.5	2.4	2.3
4. Shri Ram	Applied	0.5	0.6	1.9	2.6
	Approved	0.6	0.6	2.4	3.5

10.4. The largest number of applications were made by Birla, Tata, J.K., and Amichand Pyarelall, in that order. The last mentioned house ranks 13th in the amount of investment approved in so far as investment data are available.

11.1. It is somewhat difficult to compare the beginning and the end of the period to assess the changes in the shares of houses for, investment behaviour (which alone is really analysed here) as distinct from asset formation is not spread continuously over time. The task can be risked nevertheless. The share of these 28 houses in total approved investment declined from 46 per cent in 1959-60 to 39 per cent in 1964-66. The share of the four top houses, Birla, J.K., Tata and Shri Ram increased, however, from 22.4 to 25.6 per cent, wholly on account of the latter three because the share of Birla actually fell. (Table 14).

11.2. The houses (out of 28) which were relatively more active in 1964-66 as compared with 1959-60 were J.K., Tata, Shri Ram, A.C.C., Sarabhai, Kamani, Mafatlal, Bajaj, Kirloskar, Mahindra and Thapar. Those which became much less active in 1964-66 were Walchand, Sahu Jain, Kalichand, V. Ramakrishna, B. Patnaik, Amichand Pyarelal, Anantharamakrishnan, Wadia-Shapoorji, Chinai and Jaipuria.

12.1. The 28 houses had larger investment, as compared with the aggregate, in substantial expansion and new articles, and smaller investment in new undertakings. (Table 15).

12.2. Among the 28, however, there were several which had the major or predominant part of approved investment in new undertakings; J.K., Shri Ram, Sahu Jain, Bangur, Somani, A.C.C., Kilachand, V. Ramakrishna, Amichand Pyarelal, Kamani, Mafatlal, Seshasayee, Bajoria-Jalan, Modi, Goenka and Jaipuria.

12.3. Substantial expansion accounted for the bulk of investment only in Walchand, Sarabhai, Kasturbhai, Mahindra, Thapar and Chinai.

12.4. New articles accounted for the major part of investment in very few houses; Patnaik, Kirloskar, and Wadia-Shapoorji. They were of considerable significance in Mafatlal, Bajaj, and Bajoria-Jalan.

12.5. Birla received approval for investment in capital equipment of Rs. 114 crores in new undertakings, Rs. 126 crores in substantial expansion and Rs. 32 crores in new articles. These related to 100, 94, and 61 applications, respectively. In addition, there were 36, 47 and 26 approved applications, respectively, for which investment data are not available.

13.1. Some houses follow the practice of putting in a number of applications for each product. Some repeat applications are unavoidable—and welcome—over a period of $7\frac{1}{2}$ years and some are for different types of licences. The situation depicted in Table 16, however, justifies the presumption that multiple applications for the same product and for a wide,

very wide indeed, variety of products are meant to foreclose licensable capacity.* This appears to be particularly true of Birla applications.

13.2. It is difficult to evaluate the multitude of Birla applications in almost every product without a close and complete follow-up of developments after the consideration of applications by the Licensing Committee. The data in hand indicate abiding or at least persevering interest in a tremendous variety of products, interest which at times defies several deferments or rejections of applications to attain consummation in approval, interest which seeks to overwhelm the relevant authorities with multiple proposals the moment suitable opportunities offer themselves. This performance is unrivalled, and is not to be belittled or under-estimated. Whether and if so, to what extent, this performance actually blocks the entry of other, existing or potential, entrepreneurs is an open question.

13.3. In my interim report, I essayed a rough comparison of Licensing Committee data with CGC data to show that a large number of Birla licences did not appear to have been followed through to the CGC. I have not further pursued this line of investigation in the hope that the better equipped Licensing Enquiry (Thacker) Committee would be looking into this matter, among other things. Here I can only draw attention to the table in para 10.8 of my interim report to indicate that the magnitude of this lack of follow-through seems to be considerable.

13.4. It is to some extent legitimate to infer, that Birla enterprise, justifiable or not in terms of ultimate performance, does tend to pre-empt licensable capacity in many industries. The sheer pressure of multiple applications for each product must be such as to yield positive results for at least two or more applications. If all the licences received do fructify or are intended to fructify, their progress, if any, before or after capital goods approval can be so adjusted or spaced as to minimise the financial and managerial burdens of the group at any time—not necessarily those of the economy as a whole. If the applications are rejected or deferred for subsequent consideration, they remain on the waiting list against future licensing, ahead of new applications from others.

13.5. The obligation on all units having fixed assets of more than Rs. 25 lakhs to take out a licence for new articles—applications which can be rejected out of hand on the ground of sufficient licensed (not necessarily actual) capacity keeps at bay existing large undertakings which might have the capacity to offer competitive products by feasible diversification. Enterprise plus imaginative understanding of licensing formalities, thus, enables

*I should emphasise that the application data in table 16 are net of deferred and therefore, eliminate multiple counting as far as possible. Some deferred applications do not return to the Licensing Committee but get approved otherwise. Such approvals are not covered in this study at all.

the Birlas to foreclose the market. Astute management turns this process into high and quick returns on investment, which earns foreclosure of economic resources generally, and helps magnify the halo round the House of Birla.

13.6. It is, perhaps, no accident that certain Birla companies which appear repeatedly among the ranks of applicants—and some of which do get approval for their proposals—have little to boast of in their balance sheets and profit and loss accounts. A rough sample check with data available in the Company Law Board reveals that Aryavarta Industries, Bikaner Commercial, Eastern Equipment and Sales, Manjushree Industries, and Orient General Industries, which put in a large number of applications for a variety of products are either, trading and/or finance companies or, have very small assets to show against the licences issued to them. Aryavarta, Bikaner Commercial and Eastern Equipment show hardly any fixed assets in their latest available balance sheets, though the last mentioned has a sizable trading turnover. Orient General had (as on 31st March 1965) fixed assets of Rs. 35 lakhs against investments worth Rs. 57 lakhs in shares, and a sales turnover of Rs. 463 lakhs; during the year ended 31st March 1963, its sales amounted to Rs. 370 lakhs against fixed assets of Rs. 9 lakhs. Manjushree, which holds licences/letters of intent, among other things, for acrylic fibre, bamboo pulp, steel castings and cotton spinning had, on 30th September 1964, a share capital of Rs. 5,000 and no liabilities or assets to speak of. Bikaner Commercial which obtained a licence for industrial explosives (probably in 1963) proposed in 1964 to transfer it to Kingsley Golaghat Assam Tea, “a company under the same management”, because it could not raise the necessary funds.

13.7. It should be possible to enlarge the scope of such checking to include many similar cases. These are without prejudice to the substantial number and investment significance of applications from companies which have proceeded to implement their licences.

Limitations of Data

14.1. The data are taken wholly from the agenda papers and minutes of the Licensing Committee set up under the Industries (Development and Regulation) Act. This is, I understand, the first time that investment and import component data from this source have been aggregated and classified. The applications also contain some information on the requirements of physical resources like power, railway wagons, water, raw materials, etc. I further understand that it has never been considered worthwhile to aggregate these data either; in any event, they have not been used for purposes of planning or administration.

14.2. Since 1962 the Ministry of Industry has maintained three lists of industries which are subject to change every six months: (i) free list, in

which licences are given without reference to the Licensing Committee, (ii) merit list, in which licences are given on merits after scrutiny by the Licensing Committee, and (iii) rejection list, in which applications are rejected on grounds of sufficient licensed capacity without reference to the Licensing Committee.

Applications for the free list, as it stands from time to time, do not come before the Licensing Committee. *Such applications and approvals are not included in the data analysed here.* It is reasonable to suppose that the number of such applications and approvals, and the investment proposed under them, are considerable.

Applications rejected on grounds of their being on the rejection list are reported to the Licensing Committee which sometimes does consider them on merit. This reporting does not normally contain any data beyond specifying the applicant's name, product applied for and the state of location. Hence the data analysed here are incomplete to that extent.

The Licensing Committee is furnished with a fairly comprehensive summary of the data only in respect of the merit list. Even in this case, the amount of proposed investment is, in many cases, not specified or the summaries as presented omit some particulars; e.g., state of location type of proposal, etc.

14.3. There is a time lag between approval by the Licensing Committee, which is technically a recommendation to Government, and the issue of a license or, sometimes an intra-Government difference of opinion which delays confirmation of the minutes of meetings.

Since 1964, it has been the practice of the Licensing Committee to issue first a letter of intent, valid for a specified period and, after completion of various preliminaries, to give a licence. In this Report, *no distinction is made between licences and letters of intent.*

14.4. The same application with or without alterations is, at times, considered more than once by the Licensing Committee which may defer or reject it and then reconsider, again, sometimes, more than once, at the request of the applicant or the state of location or consequent upon re-opening of a whole issue. Data for deferred applications are given separately in Volume II. In the analysis, applications have been taken net of deferred, but this is open to the objection that deferred applications do not always have full data when they come up for reconsideration. Some of the deferred cases are decided "on file" at a higher level and the decision is not available in the Licensing Committee papers. Some others do not return to the Committee, presumably, because the applicants withdraw them.

14.5. The distinction between the three types of licences, new article, substantial expansion and new undertaking, is not always clear in the papers available. Errors of recording are somewhat common in this area.

14.6. Owing to these limitations, *the data on the number of applications and approvals analysed here are not expected to tally with those released periodically by the Ministry of Industry.*

14.7. Estimates of investment and import component are, in most cases, tentative and are to be taken as broad magnitudes only. For the sake of convenience, investment is identified in this analysis with capital equipment and excludes all other fixed investment. The import component is as estimated initially by the applicant.

14.8. The minimum exemption limit for licensing of new undertakings was raised from Rs. 5 lakhs to Rs. 10 lakhs in 1960 and further (with the exception of some industries) to Rs. 25 lakhs in 1964. Inter-temporal comparisons have to keep in mind the changes in exemption limits, though these would not appreciably affect the distribution of investment as distinct from the number of applications.

New articles and substantial expansion of undertakings already licensed are not covered by the exemption limit. A separate licence is required for each such proposal, even if no investment is required for the manufacture of a new article.

Substantial expansion is not defined precisely in the Industries Act but is interpreted to mean an addition of more than 10 per cent (25 per cent since end-1966) to licensed capacity. The distinction between substantial expansion and new article is not always clear.

14.9. Under the Industries Act, only the Central Government and specified Governments are exempt from licensing. State Governments and public sector bodies corporate have to apply for licences in the normal course. The procedure for considering proposals from such applicants is not uniform. Apparently, many of the larger investment proposals do not come before the Licensing Committee; the data of such proposals are not included here.

14.10. The classification of products is subject to the usual difficulties of such classifications, especially the difficulty of distinguishing complete plants from components and different varieties and grades of equipment and materials from one another.

14.11. The state of location refers generally to the location of the undertaking. Sometimes, however, it also refers to the state of location of the registered or liaison office, etc. It has not been possible to be absolutely accurate on this account.

14.12. The definition of industrial houses and their regional/communal origin conforms to that used in my book *The Structure of the Corporate Private Sector—A Study of Concentration, Ownership and Control*. The classification made on this basis is not infallible though care has been taken to see that it is consistent with the information available to me. In many cases, especially of private and new companies as also individuals and partnership firms, classification is difficult—and is subject to some degree of error. On the whole, however, my impression is that the errors so far as several major industrial houses, or categories are concerned, are more of omission than commission.

14.13. *The data have no reference to follow-up action after consideration of proposals by the Licensing Committee.*—To the extent licences do not fructify ultimately or, there is a time lag between sanction and actual investment or, a difference between estimated cost and actual cost, there would be a wide gap between investment intentions and fulfilment.

PART II

FRAMEWORK AND POLICY

15.1. I turn now to the articulation and effectiveness of industrial planning. Since the analysis is based on certain views about planning in general, I shall first set out the broad outline of my thinking on the subject.

15.2. The Indian economy is an amalgam of various elements. The public sector accounts for less than 20 per cent of national income though its share in new investment is considerably larger. In 1950-51, the contribution of the public sector to the output of (organised) industrial manufactures was less than 2 per cent; this contribution rose to about 8 per cent in 1960-61 and should have exceeded 20 per cent at the end of the Third Plan. This improvement notwithstanding, the general picture is one of an economy in which the private sector (monetized and non-monetized) accounts for the bulk of output, income and savings. In other words, aside from subsistence activity, economic operations are subject to the market mechanism, in so far as the allocation and management of economic prices, rates of returns, managerial flexibility, etc., for effective planning and of Government.

15.3. Nobody seriously suggests that the market mechanism is or can be an exclusive or perfect means for the allocation of resources and maximisation of the growth rate. Equally, there are grave doubts, particularly in view of our past experience, about the possibility of achieving a perfect administration which would successfully and efficiently override or supplant what are usually described as market criteria or market assessment of operations. Even a perfect administration in a fully centrally planned economy (which was held at one time as the planned counterpart of classical 'perfect competition') would need, it is now recognised, shadow prices, rates of returns, managerial flexibility, etc., for effective planning and assessment of performance.

15.4. In a mixed economy, with a relatively small but fast growing public sector in industrial production, and a large but not so fast growing private sector subject to various administrative controls, the allocation of resources is guided by a combination of market forces and administrative directions. Since the private sector generates the bulk of resources, which are a common pool upon which both public and private sectors draw and since economic activity takes place in a traditionally free environment, it is obvious that the market mechanism is in fact of greater import than administrative fiat.

16.1. A number of measures have been taken of late in the direction of making greater use of fiscal and monetary devices to regulate, among other things, the direction of private investment. At the same time, many direct controls on the prices, production and distribution of various commodities have been relaxed or lifted altogether. Tax concessions and credit policies have been more selective since 1964 while the prices and/or distribution of several industrial products have been decontrolled. Some industries have been delicensed pursuant to the recommendations of the Swaminathan Committee.* (I shall comment later on this approach to delicensing). Profitability standards have been or are proposed to be laid down and enforced for public enterprises. It is broadly accepted in principle that essential or high priority industries in the private sector, too, should make adequate profits to generate and mobilise resources.

16.2. All these, and devaluation, represent greater conscious and deliberate reliance upon the market mechanism without abandoning strategic controls (particularly on allocation of foreign exchange) and emphasis on a growing public sector. They are to be considered not as an exercise in pragmatism or an escape from tedious administrative burdens but as a move towards a more rational and effective policy.

16.3. I agree with the view that planning should make the best use of the market mechanism, at the same time as it steps up the growth of public

*Eleven industries were delicensed in May 1966: (1) iron and steel castings and forgings, (2) iron and steel structurals, (3) electric motors upto 10 h.p., (4) pulp, (5) power alcohol, (6) solvent extracted oils, (7) glue and gelatin, (8) glass, (9) firebricks and furnace linings, (10) cement, gypsum and insulating boards, (11) timber products.

The reconstituted Swaminathan Committee recommended in March 1966 that "...generally speaking, industries which do not involve the import of capital goods and of raw materials should be exempted from the licensing provisions of the Act.... It should by and large be left to the economic judgement of the entrepreneur to decide whether or not he will enter the field and make an investment and to what extent. In these fields the targets laid down by the Planning Commission should serve as indicative targets and as a factor to be considered by the prospective investor in his assessment of demand and other economic data."

In November 1966, 29 more industries were delicensed on the two grounds mentioned above, plus the need to create additional Fourth Plan capacity and to exploit export potential and increase agricultural production: (1) cast iron spun pipes, (2) steel ingots/billets by electric furnace, (3) non-vehicular internal/combustion engines below 50 h.p. (both diesel and petrol), (4) electric motors upto 50 h.p., (5) electric furnaces without import of switchgear and transformer, (6) bicycles and component, (7) tea machinery, (8) power driven pumps, (9) agricultural sprayers (except manual) (conventional and knapsack type with indigenous engines), (10) air and gas compressors upto 6 C.M.C., (11) fire fighting equipment, (12) coated abrasives, (13) sewing machines and components, (14) weighing machines, (15) mathematical, surveying and drawing instruments, (16) mixed fertilisers, (17) calcium carbonate, (18) barium carbonate, (19) barium chloride, (20) barium nitrate (21) barium sulphate, (22) blanc fixe, (23) activated bleaching earth, (24) activated carbon, (25) metallic stearates, (26) sodium aluminate, (27) paper board/straw board, (28) paper for packaging, (29) hard board including fibre board, chip board and particle boards.

sector investment and output, and that it should depend upon fiscal, monetary and foreign exchange controls for manipulation of the market mechanism in the desired directions. In the context of industrial planning, this implies, among other things, a clear advance statement of priorities, greater reliance on relative profitability, taxation (both direct and indirect), and provision of credit and foreign exchange, rather than pre-occupation with the system and procedure of industrial licensing. Since planning is essentially the projection of (entrepreneurship and) management on a national scale, there has to be a clear perception of the areas which are of overwhelming importance in relation to the principal objectives and which, therefore, require planning in depth. These have to be distinguished from other areas which are of lesser significance in quantitative terms or for attainment of the principal objectives and which, therefore, require only nominal attention in planning.

17.1. Industrial planning, in the present situation, has to aim at three main interrelated objectives:

- (a) minimising the net aggregate foreign exchange cost of the industrial programme and making the best available use of available foreign exchange,
- (b) minimising the total (including rupee) cost of the industrial programme, and
- (c) maximising the total output (especially in the priority areas) in relation to the given volume of investment and materials.

17.2. It is difficult to assess the extent to which industrial licensing (or planning in general) has so far contributed towards the fulfilment of these objectives. As emphasised earlier, the market mechanism is stronger and more pervasive than administrative fiat in channelising investment and determining output, directly, in the private sector and, indirectly, through the common pool of resources, in the public sector, too. Besides, licensing had a number of objectives which, at the time of enactment of the Industries (Development and Regulation) Act fifteen years back were, perhaps, considered as equal in importance to channelisation of investment. These objectives concerned balanced regional development, protection of small and cottage industries, and avoidance of concentration and monopoly. These, and discouragement of 'wasteful competition', have received attention in planning and administration.

18.1. The area of significance which industrial licensing occupies is progressively shrinking.

18.2. From about one-fourth of total (large scale) industrial investment in the First Plan, the public sector raised its share to roughly one-half in

the following two Plans; the proportion would be about 60 per cent in the Fourth Plan. Formalities apart, industrial licensing does not apply to the public sector.

18.3. Similarly, large private projects, which account for the bulk of proposed total private investment, are subjected to a procedure somewhat different from that for 'normal' licensing.

18.4. Moreover, for some time to come, most of the expansion and diversification of output and fresh investment is expected from existing, rather than new, undertakings and, to that extent, licensing is either not required or involves considerations and problems different from those till, say, 1961.

18.5. As for balanced regional development, the more diffused availability of power and what are in effect postage stamp rates for steel, cement and coal, together with the setting up of new industrial centres, mostly around public sector projects, have been a positive beneficial influence as against the rather negative bias which industrial licensing has.

18.6. It can also be suggested that licensing (though, perhaps, to a lesser extent than the foreign exchange crisis) has been one of the successful instruments of the policy during the Second Plan period to create the urge to industrialise. This urge was reinforced, among other things, by the implicit assurance of more or less monopolistic (or non-competitive) positions which licencees expected to occupy, with the help of foreign collaborators who initiated them into new industries. Now, the urge is there (perhaps, not so much due to as in spite of the foreign exchange crisis) and there is a greater degree of familiarity with new technology. The extent to which additional output comes from existing rather than new units makes things somewhat easier. Correspondingly, the need to assure monopolistic positions is, to put it mildly, less pressing. More output, at less cost, has become more important than licensing of additional capacity *per se*.

Objectives of Licensing

19.1. The main objectives of the Industries (Development and Regulation) Act were to:

- (1) Provide for Government control over the location, expansion and setting up of private industrial undertakings with a view *inter alia* to channel investments into the desired directions, promote balanced regional development, protect small and cottage industries, and prevent concentration of ownership and control to the common detriment;
- (2) take over or transfer the management of those undertakings which are being conducted in a manner detrimental to the industry or the public investment; and

- (3) set up Development Councils, one for each major industry, to act as some kind of industrial planning and development organisations.

19.2. Leaving aside (2) and (3), which I deem to be outside my terms of reference, the major assumption implicit in the Act is that growth and allocation of resources should be looked after wholly or mainly by administrative guidance, promotion and control, and hardly at all by the market mechanism. This assumption was justified upto a point for, left to itself, the market mechanism could not deliver the goods, especially in the absence of an adequate infra-structure direct Government participation in industry and trade and the planned manifestation of inter-dependent growth of various sectors. The scale and complexity of the effort undertaken subsequently by both public and private sectors and acute continuing shortage of foreign exchange could barely be foreseen in the early fifties.

19.3. As plan programmes for industry acquired significance, the essentially negative instrument of licensing assumed the positive role of being the principal administrative instrument and sanction for projecting the installation of capacity upto or around the targets laid down in the Plan. Licensing was not, however, concerned with the actual fulfilment of these capacity targets or the output resulting from additional capacity or the (foreign exchange and domestic) cost of additional capacity and output. It paid homage to import substitution often regardless of the rupee cost per unit of foreign exchange saved, and the "urge to industrialise".

19.4. Since 1957, licensing has also sought (more at the Capital Goods Committee than the Licensing Committee stage) to keep the volume of projected investment within the available resources of foreign exchange and/or to utilise available foreign credits.

19.5. This wide variety of objectives, between which conflict is inherent when key resources become acutely scarce, has imposed a strain on licensing, which has been relieved only marginally by recent procedural adjustments and relaxations.

20.1. It is a well established and admitted fact that, since the First Plan, shortfalls in investment and output have been large and persistent mainly in basic industries, notably, steel, cement, machinery and fertilisers. The gains in terms of balanced regional development and wider distribution of entrepreneurship are, at best, moderate. That licensing has served to channelise investment appears to me extremely doubtful.

20.2. Within official circles, the following are by now recognised on defects in the licensing system:

- (a) Licensing is only among the first of the many hurdles that have to be crossed by a private entrepreneur, so that a licence does not automatically provide a package sanction or clearance.

- (b) The issue of licences tends to give an exaggerated picture of industrial capacity which sometimes scares away genuine entrepreneurs who might be chronologically late, at the same time as it encourages fore-closure of licensed capacity by influential groups and sitting tight on unimplemented licences.
- (c) Licences are normally or, in most cases, issued for a capacity 10 to 25 per cent above the target for the end-Plan year and that, too, mostly around the beginning of a Plan period. An excessive—though quantitatively unverifiable—pressure is thus exerted on the available foreign exchange and possible collaborators and also on domestic suppliers. This leads to bottlenecks and delays, apart from adversely affecting the terms of negotiation with foreign and domestic suppliers and creditors.
- (d) The process of consideration and re-consideration of applications at various levels and at various times contributes to delays and higher costs, without improving the feasibility of the projects concerned.
- (e) There is very little follow-up of licensing to see that the approved projects fructify in a satisfactory phased schedule. *Even the authorities concerned are not fully aware of the total investment and foreign exchange commitments of licences issued or those under implementation at any particular period of time.*

Analysis of Deficiencies.

21.1. The above failures and deficiencies are not less important because they are obvious and admitted. These were inherent in the licensing system as it was conceived and made to function. They were bound to arise because the Planning Commission laid no guidelines and there was no official insistence or market pressure on entrepreneurs to prepare thorough feasibility studies.

21.2. Licensing has proceeded on the assumption that capacity targets for individual industries are the only constants in a changing economic situation.* No attempt has been made to synchronise or adjust the pace of licensing and revocation to the actual trends in capacity and output in relation to emerging demand. The Planning Commission has *never*, on its own, set out the criteria for fixation of priorities or listed the priority industries/projects which should receive preferential allocation of foreign exchange and other scarce inputs. Nor has it, at any time, given clear guidelines about how precisely the various conflicting objectives of licensing

*In a plan, only the targets of aggregate income, consumption and investment can be considered as relatively invariant. I am unable to uncover any sanctity or utility in treating each component target as a constant, though I readily concede that some targets should be less variable than others.

should be reconciled on an industry-wise, project-wise, or applicant-wise basis. There has also been no quantitative indication from the Planning Commission to the executive ministries (or licensing authorities) of the effect of lags in the fulfilment of various targets from time to time on the requirements of additional capacity or output in inter-linked sectors of industry. To my knowledge, no exercise has been undertaken to assess the relative costs of securing additional output from existing against fresh investment or of domestic manufacture against imports. Setting and licensing of physical targets have not been reinforced with considerations of unit costs and over-all financing.

21.3. At the entrepreneurial end, the desire to be at the head of the queue and to foreclose as much of the target as possible is not matched by adequate home-work and vetting of projects. This tendency has been encouraged by the practice of issuing licences or, more recently, letters of intent, somewhat liberally in the belief that the proposals would in any case be closely scrutinised at the CGC and/or indigenous clearance stage and subsequently, by financial institutions in many cases. Deficient entrepreneurial home-work was, perhaps, inevitable to some extent so long as there was an overwhelming dependence upon the foreign collaborator to vet projects and give specifications of equipment. With the establishment of greater know-how within the country and reliance upon existing rather than new undertakings, this deficiency is no longer wholly excusable or incurable.

21.4. I would spell out the principal shortcomings of industrial planning and licensing as follows:

- (a) There have been no overall policy guidelines to reinforce and supplement the plan targets, which indicate the capacity and output to be achieved at the end of each five year period. The Planning Commission has not indicated the precise areas in which investment plans are to be encouraged or discouraged and how this encouragement or discouragement is to be carried out with reference to available foreign exchange and other factors—without having to get involved in the scrutiny of each individual proposal or project.
- (b) In the absence of well ordered priorities and flexibility of inter-related programmes at various levels of performance, there has been a tendency to rely upon various *ad hoc* criteria. One of these has been the policy of licensing projects, the foreign exchange costs of which on capital and/or maintenance account are covered by available credits and/or foreign collaboration and/or export obligations. It can be said in defence of this policy that there has been no resulting distortion of planning or industrial development because the projects so approved

are, in nearly all cases, included in the plan. That does not, however, answer the basic argument that this is a reversal or inversion of what is implied in planning. A project must first of all be intrinsically feasible and occupy a high place in the list of priorities before it can be considered for the allotment of scarce resources, especially foreign exchange. Just because a project is, or can be made, amenable to availability of foreign exchange should not qualify it for approval.

- (c) In attempting to cover almost the whole range of large scale industrial development, licensing inevitably loses sight of the relative importance of different projects and/or products. The licensing authority and the departments which service it are loaded at any one time with hundreds or thousands of proposals, without clear and definite criteria to appraise their worth in terms of relative costs and the attainment of targets in related, particularly basic, industries/projects.
- (d) The maintenance or re-shuffling of three lists, rejection, merit and relatively free, which passes under the euphemistic title of industrial licensing policy, has nothing to do with priorities or their fulfilment or actual fructification of licences. These lists are based on the historical or contrived accident of the pace of previous licensing in relation to end-plan targets.
- (e) The basic idea of a license was, and has to be, that it represents a social sanction for drawing scarce resources from the national pool, for a project of significant size. To the extent to which licenses or letters of intent have not in fact been utilised implies that licensing has not performed this function. At the same time, those licencees who seriously intend to utilise them find that they are no more than formal passports which have to be shown to various authorities for clearances in due course. A large floating population of licences inevitably reduces the utility of a licence for placing indents upon scarce resources for priority projects.

21.5. These deficiencies are so fundamental that they cannot be overcome by procedural or administrative changes. They indicate the need for better and more effective planning by the Government and the entrepreneur, recasting of the scope and working of the licensing system, conscious use of the market mechanism, supported by appropriate modifications in tax and credit policies. The recommendations in Part III are made against this background.

PART III

Recommendations

22.1. I would say emphatically that there can be no improvement in the licensing system unless there is a basic change in the scope and drawing up of industrial programmes in the Planning Commission. The role of the Planning Commission in this context should not comprise merely laying down of end-Plan targets, representation on the Licensing and Capital Goods Committees, and *ad hoc* intervention on certain issues.

22.2. The industrial programmes of the Five Year Plan must separate the grain from the chaff. One must know which targets are compulsive and have to be fulfilled, as distinct from those which are merely indicative and have no major impact upon income generation or crucial investment. In a word, priorities have to be clearly distinguished from posteriorsities.

22.3. Practical observation and the blessings of literacy have made the elite familiar with the concept and working of interdependence but only a planning body can establish the precise location and magnitude of such interdependence where it exists and/or its insignificance where it does not.

22.4. The Planning Commission has to lay down the criteria for fixing priorities, specify the major priority areas and suggest from time to time the broad policies on taxation, credit, prices and allocation of foreign exchange required to fulfil the targets set for these areas. The selection of priority areas has to be in terms not just of consumer *vs.* producer or capital goods but of deriving the maximum benefit of income and net foreign exchange saving per rupee of investment. While it is understandably difficult to have uniform priority lists for various purposes, there should, in principle, be a close relationship between priority lists in the Plan, and those maintained for taxes and tax concessions, import licensing* or tariffs, credit policies and, finally (though, for individual units, it is essentially an entrepreneurial responsibility), for alignment of relative profitability.

22.5. Earlier Fourth Plan projections were based on the assumption, *inter alia*, of certain growth rates and estimates of foreign aid. These would now be revised in keeping with the changed situation, and fresh estimates of aggregate, sectoral and industry-wise requirements, consistent

*I would like in this connection to point out, as an illustration, that in spite of the strong case made out by the Bhabha Committee, the import of electronic components has not been given priority status, which is enjoyed by many items with a much smaller potential for income generation, net import substitution, export and employment.

with the over-all plan and availability of resources, would be derived. It is not merely worthwhile but essential that these estimates, in so far as they relate to priority and inter-dependent areas, should be worked out for various alternative levels of realisable or expected performance.

22.6. This exercise would enable the Planning Commission to know in advance the implications of various lags and leads in different areas and thereby to suggest the corrective action that is necessary and/or to modify the individual targets. Imbalances or distortions would, with the help of these exercises, be treated within the strategy of the Plan instead of remaining external to it and creating further imbalances and distortions. The industrial aggregations which find expression in the Plan have to be periodically reconciled with developments at the level of individual firms or groups of inter-related projects. The targets computed on a macro-economic basis have to be made consistent with projections of capacity, output and returns of major individual programmes and projects.

22.7. Having indicated the priorities and selected a few basic industries/projects which qualify for them, Government should undertake to *pre-empt* foreign exchange and (where necessary) rupee resources, and arrange to provide key physical resources like power, transport and land for their benefit. Out of the given available foreign exchange or whatever is in sight, it should be possible to reserve block allocations in favour of these industries/projects, even if this means exhausting the entire available quantum or transitional locking up of foreign exchange at the expense of other sectors of the economy.

23.1. During the Third Plan period, total CGC approvals (excluding releases by the *ad hoc* committee and the Textile sub-committee since April 1963) amounted to Rs. 688 crores (Table 17) while licences were issued for Rs. 396 crores only (including a bare Rs. 8 crores during 1965-66). Actual payments against the licences are apparently not known to anybody. Of the total licences issued, cash licences against official credits/trade agreements amounted to Rs. 227 crores and licences against IFC/ICICI sub-loans to Rs. 53 crores, making a total of Rs. 280 crores or 70 per cent of aggregate licensing. (Table 18). This 70 per cent, together with small amounts from other sources, at least, is reasonably amenable to pre-emption, if the remaining 25 or 27 per cent which comes from direct foreign credits/investments and deferred payments is not. The brief industry-wise picture (Table 19) shows that, a few industries account for a large absorption—and most of these few in turn have only a few units each. It should not be difficult, therefore, to carry out pre-emption.

23.2. There are, it is true, significant lags between allocation, licensing and actual payment, so that in the mechanics of operation, pre-emption is not as clear-cut or easy as it sounds. Pre-emption, obviously, can apply only to allocation and licensing, not payments once the earlier stages are

gone through. I understand that no insuperable difficulties are expected with the introduction of pre-emption, in spite of the problems thrown up by these lags.

23.3. For more than five years now, the policy of Government has been to allow the private sector to import capital goods only against credits, investments or similar facilities. (A rather similar principle is applied to the public sector also but its demands are, on an average, substantially larger). As will be observed from Table 18, a nominal approval of Rs. 5 crores and licences worth Rs. 3 crores were given against free resources during the entire Third Plan period. (Most of this amount went to iron and steel companies). This policy was justified, to a considerable extent, by the extreme shortage of foreign exchange and the project bias of foreign aid and investment. While the foreign exchange shortage continues, non-project credits currently account for two-thirds or three-fourths of fresh assistance.

23.4. There is no special virtue in continuing to adhere steadfastly to this rule of allowing capital goods against credits/investments only. Increasing domestic manufacture of machinery and availability of foreign exchange for importing machinery components are helping—or should help—to improve our bargaining position in the procurement of capital goods out of country-tied credits. This process can be reinforced by some increase in the allocation of free exchange. In absolute terms, the amounts required would be small.

23.5. It would be worthwhile to allocate an additional Rs. 5 crores per year to select *priority* projects, on condition that (i) sub-allocations are in lieu of specified multiples of the equivalent in country-tied allocations and (ii) no single applicant or industrial house gets more than a specified amount.

24.1. Correspondingly, the industries or projects which are not included in the priority lists should know in unambiguous terms that (i) foreign exchange allocation to them over a period on account of both capital goods and maintenance would be either, within a specified ceiling or, on merits after the needs of the priority sectors have been fulfilled and (ii) their progress is left to the operation of market forces and they should expect little or no assistance from Government.

24.2. For consideration on merits, the principal factor should be the extent to which the proposals save foreign exchange for the priority industries/projects rather than vaguely for the country as a whole. The other factors which may be kept in mind for consideration on merits should be

- (a) does the project utilise by products or industrial wastes and thereby contributes to value added on a scale disproportionately large in relation to the initial investment? and

- (b) technical institutions or laboratories may be allowed to import proto-type plants for promoting subsequent fabrication without foreign collaboration and according to Indian specifications.

25.1. Better and more effective use can be made of the technical servicing capacity of DGTD. At present, one gets the impression that this organisation is used several times over for scrutinising a large number of amorphous proposals through the various stages of their progress (or lack of it).

25.2. The DGTD should publish a regular Bulletin giving information on the indigenous availability, present and future, of engineering and chemical products, and Test House/ISI/national laboratory reports on the quality, etc., of relatively new products. The Bulletin should also publish regularly information on the prices of domestic engineering and chemical products, especially intermediates, and compare them with the landed cost or international prices of comparable products, together with the import duties levied on them.

25.3. It should also be possible for DGTD to give positive advice by publicising the areas in which it would be economical to produce components for various industrial goods, and the minimum economic capacity, investment and foreign exchange required for their production, as also the possibility of manufacturing these items with *domestic* collaboration.

26.1. I now come to the related objectives which industrial planning has to subserve. These are balanced regional development, promotion of small industries and reduction of monopoly and concentration of economic power.

27.1. The industrial programmes should specify in advance the industries in which setting up of fresh capacity or substantial expansion in output from existing capacity is amenable to regional allocation. The industries which are not so allocable on grounds of techno-economic feasibility should be developed regardless of regional considerations and the programmes must say so.

27.2 Subject to considerations of economic size and foreign exchange costs, regional allocations of capacity and output can be indicated at the beginning of each plan period for the 'allocable' industries. The allocations should be reviewed every two years or so in the light of actual developments.

27.3 One of the advantages of long term planning is that programmes of development and even major individual projects can be contemplated, their feasibility assessed and preliminaries undertaken well in advance of the actual implementation. Provided this central effort is backed up by local

initiative and preparation, it should be possible to assure each region of a fair and reasonable share in development, consistent with the over-all availability of resources and the economics of location.

28.1. The Government should also indicate in advance the industries and/or products which are to be either wholly reserved for small units or in which a specified percentage of projected output is to be reserved for small units over a specified period and/or in which large units would not as a rule be permitted to set up competitive plants. These lists can be reviewed every two years or so in the light of various, including technological, developments.

28.2. It might be worthwhile for the Centre to allocate foreign exchange quotas to state directors of industries, on an agency basis, for disbursement of import licenses to industrial units with assets of less than Rs. 7.5 lakhs. If the experiment is successful, it can be extended to units with assets of upto Rs. 25 lakhs. Such units have to obtain, at present, essentiality certificates from States and then apply for an import license to the Centre. The suggested decentralisation would reduce administrative delays and applicants' difficulties in dealing with a remote Centre. This limited foreign exchange quota would be a small fraction of the total resources annually transferred from the Centre to the States and, since it would be handled on an agency basis, the Centre would continue to have control over foreign exchange matters.

29.1. As a matter of policy, Government should declare that certain traditional industrial activities shall be closed in future to the specified ten or fifteen largest industrial houses and their associates. This would imply that the large houses already established in these activities shall not be permitted to expand in these areas, which would henceforth be reserved for small houses and independent businessmen.

29.2. In the event of a change in the coverage of industrial licensing or its practical abolition, the large houses should not receive any capital goods import clearance or assistance from financial institutions for expansion of investment within the traditional industries; facilities for modernisation should not, however, be denied. It should also be stated at the same time that the large houses would be welcome in areas of new technology and where there are economic possibilities of large exports.

29.3. I am, thus, not in favour of imposing a complete embargo on the expansion and diversification of large industrial houses, where these are techno-economically feasible and where other dependable promoters might not be available. Even between the large houses, it should be possible to give preference, other things being equal, to relatively smaller as against the larger houses. Going by conventional yardsticks, there is little or no substance in the belief that the largest houses are the most efficient or most

dependable for growth; several medium sized houses have a creditable record of achievement.*

29.4. Government should be reasonably clear in its mind at the outset regarding the industries in which competition can and should be fostered and others in which, on account of technological and economic compulsions, there is no alternative to some degree of monopoly. In the latter group of cases, it is obviously better to tolerate monopoly—though not monopolistic abuses—than to pursue *ad hoc* anti-monopoly licensing practices, which encourage uneconomically small plants.

30.1. In fiscal policy, the major tax concessions like development rebate and tax holiday should be (a) selective, matched with plan priorities, and graded accordingly with a larger differential than given at present, and (b) related directly to larger output, lower cost and higher profits, instead of conferring a bounty on the amount of investment *per se*. This principle would help to match priorities with relative profitability, and incentives with output performance rather than mere investment.

30.2. Excise duties can be used to mop up excess profitability where it is not consistent with priorities in order to prevent mis-allocation of resources. This device, together with denial of foreign exchange, would be more useful than having a "banned list" for further industrial licensing which has no relevance to priorities but rests exclusively on the accident of past licensing.

31.1. Over a period of time, import policy should be liberalised in respect of those products where the cost differential between domestic production and imports is so adverse (which involves spending, say, more than Rs. 11 to save \$ 1) as to make domestic production uneconomical. The schedule of import duties should be closely related to the programmes and priorities of industrial development, informed with the net benefit calculus of import substitution.

32.1. Credit planning is one of the main areas which has been left unexplored in the search for instruments to make planning more effective. Planned allocation of credit should, henceforth, assume the role of the principal strategic control for guidance of investment in both fixed assets and inventories, in place of the diffused variety of direct controls which have been in operation till recently. A number of measures would be required to make the flow of credit consistent with Plan priorities and the objective of reducing concentration of economic power. Some of these are indicated below.

32.2. A specified small but progressively increasing percentage of commercial bank deposits should be statutorily deposited with the Industrial

*See V. D. Lall: "Taxation and profitability", *Economic and Political Weekly* (Special Number), August 1967.

Development Bank, at a rate of interest equivalent to the prevailing Bank Rate. Each percentage point of such deposits would, at present levels, fetch nearly Rs. 30 crores into IDB and thereby (a) reduce the draft on Government finances, and (b) make for more priority-based utilisation of public deposits with banks.

32.3. Second, a credit-deposit ratio should be laid down for commercial bank lending in the aggregate to priority sectors like agriculture, small industries, export, hire-purchase or sale on deferred payment of commercial vehicles and domestic machinery items, within this ratio, individual banks should be free to decide the particular areas in which they are specially interested.

32.4. Third, for all individual short term credits limits above Rs. 1 crore (whether with one or more banks), which account for a large proportion of total bank credit, a constant check must be maintained not just on the security against the loan but the purpose for which the credit limit is utilised. Large borrowers should be required in principle to have a higher ratio of equity to debt and, also wherever possible, to have a shorter period of repayment.

32.5. Fourth, since the bulk of bank credit is extended against inventories, appraisal of such cash outflow from the banking system should be an essential part of annual planning. Financing of priority sector inventories should be considered almost as important as financing of fixed investment, even if this means denial of credit elsewhere.

32.6. These measures would change the traditional pattern of bank credit and, perhaps, reduce the availability of credit to a few sectors, which is unavoidable, given the total available volume of resources.

33.1. For new projects, the promoter's equity is normally about 10 per cent of the total project cost. New or smaller or professional entrepreneurs often find the raising of this 10 per cent equity a difficult proposition, especially when they venture into relatively large projects and have, simultaneously, to protect their controlling interest. It should be worthwhile for public financial institutions to lend, on special terms, to such entrepreneurs, a reasonable part of the promoter's equity requirements, repayable, for instance, in monthly instalments out of the managing director's emoluments. Correspondingly, for projects undertaken by large houses, financial institutions should insist on a larger proportion of promoter's equity, as well as of total equity to debt; if public participation in share capital is consequently lower, it would reduce and not increase concentration of economic power for, the large promoter would be compelled to find more resources himself.

33.2. This principle of grading the proportion of promoter's equity can be usefully applied on an industry-wise basis also. If, say, cement has a

higher priority than cotton, the promoter's equity in cement can be tolerated at a lower level than in cotton.

33.3. At the risk of over-stepping my terms of reference, I should express my doubts about the viability of carrying through the above suggestions so long as many of the major credit institutions are under the direct control and or influence of those who might suffer under the suggested arrangements. It would be difficult to undertake credit planning unless the linked control of industry and banks in the same hands is snapped by nationalisation of banks.

Project Preparation

34.1. The licensing system does not place adequate emphasis upon entrepreneurial homework. It favours chronological precedence instead of stressing the preparation of thorough feasibility—and project—reports. Even at the CGC stage, leave aside the letter of intent stage, there is no firm basis for accepting the feasibility (including its import component) of a project to qualify it for the allocation of the most scarce input, namely, foreign exchange.

34.2. It might be argued (as it has been) that the expense and effort involved in this preparatory work is worthwhile only if a licence is assured and there is a reasonable assurance of other clearances. This argument reflects the extent to which the licensing system has discouraged the performance of intrinsically entrepreneurial functions and the length to which plan fulfilment has been made to depend upon a long drawn out scrutiny of inadequately prepared proposals.

34.3. Any project with a total fixed investment of Rs. 1 crore and above or having a capital goods import component of Rs. 25 lakhs and above should be considered for approval by Government only if it is supported by a thorough feasibility report, certified by a recognised (preferably domestic) consultant.

34.4. The feasibility reports should contain at least the following:

- (a) Promoter's background and inter-connected undertakings, if any.
 - (b) Total investment, scheme of financing, import requirements on capital and maintenance accounts.
 - (c) Market prospects and selling prices for each product line and expected profitability.
 - (d) Phased programme of import substitution and/or exports.
 - (e) Terms of foreign technical and/or financial collaboration, if any.
- Capacity of each product line, number of shifts to be operated and manufacturing process,

- (g) Requirements, availability and prices of major physical inputs.
- (h) Location and transport.

34.5. These feasibility reports should be appraised by *ad hoc* committees, one each for a group of projects, consisting of persons from DGTD, financial institutions, ministries concerned and approved consultancy firms on technical institutions.

34.6. This requirement would ensure that every project of reasonable size, which makes a draft upon national resources is intrinsically feasible and eligible for priority rating, and not just waiting to jump the queue because it is amenable to availability of foreign credits or collaboration. Projects with an investment of Rs. 1 crore and above account for more than two-thirds of total private investment but their number of each year is less than 100 (on the basis of approvals in 1964—66). The scrutiny involved would, therefore, cover relatively few projects but the major part of investment. This would be a feasible and worthwhile exercise.

34.7. It has been suggested that this requirement would handicap the smaller industrialists wishing to take up large projects. I feel, on the contrary, that prior establishment of feasibility is even more necessary in their case in order to safeguard them against greater risks; it is better to spend a lakh or two for this purpose rather than jeopardise a crore.

Coverage of Licensing

35.1. Given action on the above lines, the policy that is adopted for modification of the scope and mechanism of licensing is a relatively secondary matter. I hold this view because most of the defects of licensing policy appear to have arisen from planning deficiencies though administrative complications, too, have made their contribution. The suggestions made below on the scope of licensing are consistent with the planning approach suggested earlier, namely, that if one puts aside the public sector as being in fact outside the scope of licensing, the problem is one of laying down priorities and selecting a few top priority areas for planning in depth, and leaving the rest of the economy to look after itself within a framework of indicative targets and drastically restricted availability of foreign exchange.

35.2. Recent changes in licensing policy fall under two broad heads. Some industries/products have been delicensed on the ground that they require little or no foreign exchange on capital and maintenance account and/or they have a large export or agricultural growth potential. Besides, in October 1966, Government revised the definition of 'substantial expansion' from 10 to 25 per cent of existing licensed capacity and gave freedom to manufacture new articles (*i.e.*, to diversify), subject to a 'no entry' small industry list of 71 products, no additional expenditure of foreign exchange.

installation if any of only minor indigenous balancing equipment and a diversification ceiling of 25 per cent on total production.

35.3. These relaxations confirm the view that licensing and its ancillary sanctions are concerned primarily with conservation and (some kind of) allocation of foreign exchange, rather than with channelisation of investment which was the original purpose of the Industries Act. True, a channelisation purpose is implied in the relaxations and that is in the direction of indigenous procurement of machinery and materials, and away from foreign goods. At the same time, delicensing and freedom to expand and diversify imply that regulation of the level and pace of investment in specified industries, balancing of demand for and supply of individual products, location and size of plants is being left to the market mechanism, regulated by fiscal and credit policies, in so far as there is no direct foreign exchange burden.

35.4. Consistent with the statistical analysis and approach here, I do not appreciate the basis of delicensing by industries or, more correctly, products, as recommended by the Swaminathan Committee. The industries' products concerned are a mixed bag of high and low priority items, requiring widely varying amounts of investment and number of units, and having, I suspect, widely disparate *indirect* import components. Some require a degree of planning in depth, others merely indicative targets or no targets at all.

35.5. The liberalisation of policy on substantial expansion and diversification is a move in the right direction, provided the preliminary essentials of industrial planning, referred to earlier, have been firmly grasped. These would imply, in brief, the selection of a few top priority areas for planning in depth, pre-emption of foreign exchange and complementary domestic resources for them, a systematic use of fiscal and credit policies to encourage or discourage investment/production where held desirable and, continued and growing emphasis upon public sector expansion and returns on investment. Matching of priorities and relative profitability, of planning objectives and techniques with market criteria and tests, should be the main instruments of industrial planning and policy. Social channelisation of investment cannot be achieved by reliance upon one instrument alone, be it industrial licensing, taxation, market mechanism or any other. Elements of all these and other techniques have to be used in concert.

36.1. Whether or not industrial licensing is retained, it is clear that Government has, in some way or other, to look after the bulk of private investment for, it has a close bearing on national objectives and the resource position. This, it should be emphasised, is not the same as regulating the bulk of investment proposals for, most of the investment is concentrated in a relatively few projects.

36.2 In 1964-June 1966, applications for the manufacture of *new articles* with an investment in capital equipment of less than Rs. 25 lakhs accounted for 72 per cent of such applications but only 21 per cent of the proposed investment under this head. In the case of *substantial expansion*, similarly, proposals of less than Rs. 25 lakhs accounted for 57 per cent of applications but only 10 per cent of total investment. For *new undertakings* during the same period, if Rs. 1 crore is adopted as the dividing line, applications for less than that amount were 80 per cent of total applications but would have absorbed only 25 per cent of total investment. (Table 5).

36.3 I am unable to find a meaningful or purposive distinction between 'substantial expansion' and 'new article'. Licensing is a futile exercise if the latter involves little or no investment, and represents more effective utilisation of investment already undertaken. In fact, freedom to produce new articles would help to make the market competitive and give room for managerial flexibility, too. If, on the other hand, the manufacture of a new article requires substantial investment, then, it is really a case of substantial expansion and ought to be treated on that basis.

36.4 Furthermore, substantial expansion itself should be defined in terms of investment, which is a readily ascertainable and quantifiable amount, than licensed capacity for a physical volume of production which is a vague and somewhat misleading concept.

36.5 The purpose of licensing, in short, should be to regulate investment, not product-wise capacity or production.

37.1 Taking these dividing lines, namely, Rs. 25 lakhs for substantial expansion and Rs. 1 crore for new undertakings, applications above these limits would leave the industrial policy administration with less than a quarter of the present number of applications but about three-fourths of proposed investment in capital equipment, assuming that the broad distribution pattern of 1964-June 1966 continues to hold good. The number of new undertakings to be "looked after" would be less than 100 per year which is a reasonable number for worthwhile follow-up in detail.

37.2 I recommend that, if licensing is retained, the exempt limit for new undertakings should be raised from Rs. 25 lakhs to Rs. 1 crore, and that for substantial expansion should be Rs. 25 lakhs or 25 per cent of existing investment in capital equipment. The category 'new article' should be abolished. In substantial expansion, there should be no restriction on the installation of domestically produced equipment, and no percentage ceiling on diversified production within the total production.

38.1 The issue of a licence in the priority sectors must assure the entrepreneur concerned of full assistance from Government in securing such major inputs as foreign exchange, rupee resources, power, transport and land. In the non-priority sectors, such assistance, if any, should be minimal.

38.2 The entrepreneur must, in return, undertake to commission the project within an agreed period of time. A licence should be valid for a maximum period of two years and, if not implemented till then, should lapse automatically without any formalities. Implementation should mean the fulfilment of all of the following conditions:

- (a) Raising of more than 50 per cent of the share capital and/or loans required for the project;
- (b) Acquisition (whether by purchase or lease) of the necessary land and erection of more than 50 per cent of the factory building;
- (c) Completion of foreign collaboration arrangements, if any; and
- (d) Clearance by CGC of at least two-thirds of the value of imported capital goods or, alternatively, opening of letters of credit for at least two-thirds of the plant and machinery required.

38.3 Given the feasibility reports, demand estimates and decisions on the number of units to be licensed, the licensing process would be somewhat analogous to inviting tenders, from which a selection can be made (and a waiting list maintained) on the basis of the lowest foreign exchange cost, inclusive of collaboration servicing payments, if any, and maintenance imports over a specified period. While making this selection, the licensing authority must be quite clear about whether the projects covered are to be set up at any cost or, with reference to international costs and the possibility of reaching parity with them in the foreseeable future, taking, where necessary, import duties into account.

38.4 The parties which fail to make adequate progress in the implementation of licences should be penalised by transferring their feasibility reports, licences and preliminary clearances to an alternative agency for completion of the project and its subsequent management.

39.1 There appears to be some evidence that a few influential houses make a deliberate attempt to foreclose licensable capacity by putting in multiple applications and taking out several licences for the same product. I understand that quite often there is considerable delay, that is, if there is any progress, in the utilisation of such multiple licenses—even after CGC approval. The freedom to set up small and medium sized undertakings and to expand and diversify production with little or no investment, suggested earlier, would take away much of the inducement for foreclosure. For major products requiring substantial investment and foreign exchange, where these market checks might not exist, not more than one licence and/or CGC clearance for a single product should, as a rule, be issued to a

single firm or industrial house, unless there is a demonstrable cost advantage in favour of that firm or house.

40.1. Applicants should not be required to see approved of a change of location within the State specified originally or, from one State to another in case the industry falls outside the list of industries for which a regional angle has been accepted. The clearance of proposals by State Governments should be restricted to the availability of power and land only. Assuring or arranging the supply of domestic raw materials and water is and should be the concern of the entrepreneur.

40.2. I see no benefit or advantage in getting the opinion of a large number of departments, so long as the projects conform to the criteria of clearance set out in advance by these departments, etc, and the projects are cleared by DGTD after a thorough techno-economic appraisal.

41.1. As of January 1964 (for which the latest data are available), 751 applications for foreign exchange equivalent to Rs. 231 crores (pre-devaluation) were pending with CGC for more than one year. Applications received in 1961 and earlier, *i.e.*, pending for more than two years, were 182, and these indented foreign exchange of Rs. 173 crores. (Table 20).

41.2. There is no justification for allowing cases to remain before CGC for more than two years for, by then, much of the perspective changes altogether. An application to CGC should be deemed to lapse automatically if it is not approved within two years.

41.3. It would be worthwhile to revoke all licences issued before December 31, 1964, with reference to which implementation as defined earlier has not taken place. This would give industrial programmes a reasonably clear slate to begin with.

41.4. Steps should if also be taken to revoke CGC approvals/licences the applicants fail to make adequate and rapid progress to utilise them. Data are not available on the extent of unutilised CGC approvals and import licences due to causes other than the normal lag in shipments but one suspects that this non-utilisation is not negligible.

42.1. Broad indicative targets should be laid down by the Planning Commission, more for information than Government involvement, for industries/projects which are not included in the priority lists or which are not covered by licensing. The fears that this so-called relaxation would lead to a distortion of the pattern of investment misallocation of resources and excessive pressure on available foreign exchange are, in my opinion, highly, exaggerated. The bulk of industrial investment and allocation of foreign exchange would be in the public sector and the priority/licensed area of the private sector, both of which would be within the ambit of planning

be squeezed back into the desired shape by fiscal and credit measures and denial of foreign exchange. It should also be emphasised that the production of luxury goods would be effectively limited by the small size of the market for them. If the goods have a *net* export potential, both investment and production would certainly be worthwhile.

42.2. In the context of the above scheme, it would be neither necessary nor logical to retain the present distinction between the free, merit and banned lists for industrial licensing. These are based essentially on the historical or contrived accident of the pace of past licensing and have little to do with the realities of the situation at any particular time.

42.3. Once ceilings are set on foreign exchange allocations to certain industries and the issue of import licences to individual units is related to their actual production performance, the abolition of the banned list (except for small industry reservation) will not place any additional strain on available foreign exchange. Such ceilings and performance—based allocation of foreign exchange will liberate industrial and import licensing from the historical pre-occupation with installed capacity, base period quotas, number of units to be licensed and the production targets for each of those units.

42.4. If investments in certain directions are to be discouraged, there are other and more effective ways of doing so. Licensing by itself, one suspects from past experience, is not an economical or very effective instrument for discouraging what may be considered from the planning viewpoint as the wrong kind of investment.

TABLES

Table 1 - Licensing : A Synoptic View
1959 - June 1966

	1959	1960	1961	1962	1963	1964	1965	1966 (upto June)	Total
<u>Applied *</u>									
1. Number/data not available	466	392	355	505	461	563	781	265	4053
2. Number/data available	916	988	758	820	713	709	530	164	5598
3. Investment of (2) Rs. Cr.	220	463	462	453	296	393	373	87	2748
4. Import component of (3) Rs. Cr.	170	368	327	274	168	245	239	60	1852
5. (4) as % of (3)	77.3	79.5	70.8	60.5	56.8	62.3	64.1	69.0	67.4
<u>Approved</u>									
1. Number data not available	336	239	258	220	228	211	287	104	1883
2. Number data available	698	685	422	471	512	534	448	142	3912
3. Investment of (2) Rs. Cr.	159	341	178	328	228	318	314	78	1945
4. Import component of (3) Rs. Cr.	119	267	122	197	130	196	199	54	1284
5. (4) as % of (3)	74.4	78.3	68.7	59.9	56.8	61.7	63.2	69.2	66.0

* Net of applications deferred for reconsideration.

Table 2 - Approvals by Product Groups 1959 - June 1966

Product Groups	Product Code Nos.	Number Data available	%	Invest- ment Rs. Cr.	%	Import component Rs. Cr.	%	(7) (5) as % of
1	2	3	4	5	6	7	8	9
Grand Total	001 - 200	3912	100.0	1945	100.0	1284	100.0	66.0
1. Consumer goods	(010-013, 016, 020-023, 045, 050, 067, 084, 085)	446	11.4	153	7.9	101	7.8	66.0
2. Other consumer goods	(015, 018, 019, 024-025, 029, 051, 082, 101, 105- 107, 122, 160-168, 180-183)	249	6.3	50	2.6	34	2.6	68.0
3. Chemicals	(009, 014, 031-039, 056, 057, 068-083, 086-091, 100)	617	16.5	386	19.9	272	21.2	70.5
4. Engineering n.e.c.	(108-121, 123-139)	841	21.5	475	24.4	325	25.3	68.4
5. Machinery & Components	(140-159, 177-179, 185, 190-192, 195)	722	18.5	170	8.7	115	9.0	67.7
6. Transport equipment	(160-165, 169-175)	242	6.3	155	8.0	115	9.0	74.2
7. Minerals & processing	(005-008, 092, 186-187, 193)	107	2.7	209	10.7	101	7.9	48.3
8. Other	(001-003, 026-028, 030, 040- 043, 053-055, 060-066, 093- 099, 102-103, 184, 188, 194, 196, 200)	658	16.8	346	17.9	220	17.2	63.6

For details, see Volume II, Statements VII to X, and I (Summary).
Product Code at end of Report.

Table 3 - Size Distribution ©

Size (Rs lakhs)	Period	Number ^d	%	Invest- ment	%	Import component	%
<u>Applications</u> *							
Total	1959-66	5598	100.0	2748	100.0	1852	100.0
-10		2099	37.5	101	3.7	61	3.3
10-24		1543	27.6	232	8.4	158	9.6
25-49		898	16.0	295	10.7	202	10.9
50-99		484	8.6	322	11.7	221	11.9
100-499		491	8.8	977	35.6	660	35.7
500-999		67	1.2	431	15.7	302	16.3
1000 & above		21	0.4	390	14.2	249	13.4
Total	1959-60	1904	100.0	683	100.0	539	100.0
-10		10007	52.9	40	5.9	30	5.6
10-24		465	24.4	68	9.9	54	10.0
25-49		208	10.9	69	10.1	54	10.0
50-99		101	5.3	70	10.2	54	10.0
100-499		125	6.6	251	36.7	212	39.3
500-999		12	0.9	73	10.7	58	10.8
1000 & above		6	0.3	114	16.7	75	13.9
Total	1964-66	1403	100.0	853	100.0	544	100.0
-10		367	26.1	17	1.9	11	2.0
10-24		368	26.2	60	7.0	38	6.9
25-49		323	23.0	105	12.3	68	12.3
50-99		164	11.7	106	12.4	71	13.1
100-499		151	10.8	305	35.8	180	33.1
500-999		26	1.9	176	20.6	116	21.3
1000 & above		4	0.3	84	9.8	62	11.4
<u>Approvals</u>							
Total	1959-66	3912	100.0	1945	100.0	1284	100.0
-10		1557	39.8	67	2.4	44	3.4
10-24		1044	26.7	157	8.1	107	8.3
25-49		611	15.6	202	10.4	138	10.7
50-99		299	7.6	200	10.3	133	10.4
100-499		339	8.7	690	35.5	445	34.7
500-999		46	1.8	300	15.4	208	16.2
1000 & above		16	0.4	328	16.9	208	16.2
Total	1959-60	1383	100.0	500	100.0	386	100.0
-10		746	53.9	30	9.6	23	6.1
10-24		337	24.4	50	10.0	39	10.1
25-49		140	10.1	46	9.9	37	9.6
50-99		61	4.4	41	8.2	32	8.3
100-499		84	5.1	165	33.0	138	35.8
500-999		9	0.7	58	10.8	42	10.9
1000 & above		6	0.4	114	22.8	75	19.4
Total	1964-66	1124	100.0	710	100.0	449	100.0
-10		310	27.6	14	2.0	8	1.7
10-24		288	25.6	47	6.6	29	6.5
25-49		256	22.8	84	11.8	53	11.8
50-99		120	10.7	79	11.1	53	11.8
100-499		124	11.0	256	36.1	144	32.1
500-999		22	2.0	147	20.7	100	22.3
1000 & above		4	0.4	84	11.8	62	13.8

© Excluding applications and approvals for which investment data are not available.

* Net of deferred.

Table 4 - Type Distribution
(Amounts in Rs. crores)

Type	Period	Number data not available	%	Number data available	%	Investment	%	Import component	%
<u>Applications *</u>									
Total	1959-66	3788	100.0	5598	100.0	2748	100.0	1852	100.0
NU		1705	45.0	2953	52.8	1752	63.7	1196	64.6
SE		1081	28.5	1413	25.2	660	24.0	439	24.1
NA		1002	26.5	1232	22.0	336	12.2	217	11.7
Total	1959-60	858	100.0	1904	100.0	683	100.0	539	100.0
NU		349	40.7	1086	57.1	406	59.4	330	61.2
SE		302	35.2	628	33.0	226	33.1	168	31.2
NA		207	24.1	208	10.9	51	7.5	41	7.6
Total	1964-66	1609	100.0	1403	100.0	853	100.0	544	100.0
		775	48.2	633	45.1	554	64.9	360	66.2
SE		367	22.8	314	22.4	180	21.1	110	20.2
NA		467	29.0	456	32.5	119	14.0	75	13.8
<u>Approvals</u>									
Total	1959-66	1833	100.0	3912	100.0	1945	100.0	1284	100.0
NU		627	33.3	1827	46.7	1133	58.3	755	58.8
SE		730	38.8	1153	29.5	575	29.6	374	29.1
NA		526	27.9	932	23.8	237	12.2	155	12.1
Total	1959-60	575	100.0	1383	100.0	500	100.0	386	100.0
NU		219	38.1	742	53.7	276	55.2	223	57.8
SE		208	36.2	509	36.8	186	37.2	134	34.7
NA		148	25.7	132	9.5	38	7.6	29	7.5
Total	1964-66	602	100.0	1124	100.0	710	100.0	449	100.0
NU		181	30.1	447	39.8	442	62.3	284	63.3
SE		219	36.4	287	25.5	174	24.5	107	23.8
NA		202	33.6	390	34.7	94	13.2	58	12.9

* Not of deferred

N.U. New Undertakings
 S.E. Substantial Expansion
 N.A. New Articles

For details see Volume II, Statements III (Summary), VIII, XI-XIV.

Table 5 - Size Distribution by Type of Applications*

1964 - June 1966

(percentages)

Type	Size (Rs. lakhs)	Number	Investments	Import
NU	- 10	9.3	0.5	0.6
	10 - 24	25.3	4.6	4.6
	25 - 49	29.7	9.7	9.8
	50 - 99	16.1	10.1	10.4
	100 - 499	15.1	31.7	29.6
	500 - 999	3.3	22.6	24.0
	1000 & above	1.2	20.8	21.0
	Total	100.0	100.0	100.0
SE	-10	30.7	2.5	2.5
	10 - 24	26.2	7.7	7.6
	25 - 49	20.2	12.4	12.7
	50 - 99	10.1	12.8	13.6
	100 - 499	11.2	40.8	37.3
	500 - 999	1.6	23.8	26.3
	1000 & above	0.0	0.0	0.0
	Total	100.0	100.0	100.0
NA	-10	46.6	7.8	7.9
	10 - 24	25.6	13.5	13.6
	25 - 49	15.2	18.4	17.0
	50 - 99	7.3	17.0	19.3
	100 - 499	4.5	27.0	29.6
	500 - 999	0.8	16.3	12.6
	1000 & above	0.0	0.0	0.0
	Total	100.0	100.0	100.0

* Net of deferred, and excluding applications for which investment data are not available.

For details, see Volume II, Statement XI.

Table 6 - Distribution by Foreign Collaboration
(Amounts in Rs. crores)

	Period	Number data not available	%	Number data avail- able	%	Investment % of (5)	Import compo- nent of (7)	%		
	1	2	3	4	5	6	7	8	9	10
<u>Application *</u>										
Total	1959-60	858	100.0	1904	100.0	683	100.0	539	100.0	
With collaboration		98	11.4	547	28.7	311	45.5	236	43.8	
Without collaboration		760	88.6	1357	71.3	373	54.5	303	56.2	
Total	1964-66	1609	100.0	1403	100.0	853	100.0	554	100.0	
With collaboration		154	9.6	730	52.1	476	55.8	321	57.9	
Without collaboration		1455	90.4	673	47.9	377	44.2	233	42.1	
<u>Approvals</u>										
Total	1959-60	575	100.0	1383	100.0	500	100.0	386	100.0	
With collaboration		70	12.2	413	29.9	255	51.0	188	48.7	
Without collaboration		505	87.8	970	70.1	246	49.0	198	51.3	
Total	1964-66	602	100.0	1124	100.0	710	100.0	449	100.0	
With collaboration		106	17.6	597	53.1	412	58.0	280	62.4	
Without collaboration		496	82.4	527	46.9	298	42.0	169	37.6	

* Not of deferred

Note : Data for 1961-63 were not received.

For details, see Volume II, Statement IV (Summary), X, XII.

Table 7 - Collaboration by Types of Licence Approved
1959-60 and 1964-66

Type	Period	Number data not available		Number data available		Investment (Rs crores)		Import of (Rs crores)	
		C	NC	C	NC	(5)	(6)	(7)	(8)
1	2	3	4	5	6	7	8	9	10
Total	1959-60	70	505	413	970	255	246	188	198
	%	12.2	87.8	29.9	70.1	51.0	49.0	48.7	51.3
NU		19	200	211	531	130	146	104	119
	%	8.7	91.3	28.4	71.6	47.1	52.9	46.6	53.4
SE		27	181	149	360	113	73	77	57
	%	13.0	87.0	29.3	70.7	60.8	39.2	57.5	42.5
NA		24	124	53	79	11	27	7	23
	%	16.2	83.8	40.2	59.8	28.9	71.1	24.1	75.9
Total	1964-66	106	496	597	527	412	298	280	169
	%	17.6	82.4	53.1	46.9	58.0	42.0	62.4	37.6
NU		17	164	269	178	275	167	195	89
	%	9.4	90.6	60.2	39.8	62.2	37.8	68.7	31.3
SE		26	193	109	178	78	96	48	60
	%	11.9	88.1	38.0	62.0	44.8	55.2	44.9	55.1
NA		63	139	219	171	60	34	38	20
	%	31.1	68.9	56.2	43.8	63.8	36.2	65.5	34.5

Note : Percentages are in terms of total approvals

C : Collaboration NC : No collaboration

For details see Volume II, Statement XII.

Table 8 - Approvals* by States

1959-June 1966

(Percentages)

State		1959	1960	1961	1962	1963	1964	1965	1966	Total
Grand Total	No.	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
	Investment	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Andhra	No.	2.29	3.06	3.79	2.76	2.73	3.37	4.46	2.12	3.09
	Investment	2.64	4.89	6.79	9.13	5.62	3.94	3.06	7.73	5.40
Assam	No.	1.14	1.60	1.65	0.64	0.59	0.00	0.00	0.00	0.82
	Investment	0.47	1.76	5.66	2.20	0.23	0.00	0.00	0.00	1.27
Bihar	No.	1.86	2.77	2.84	4.03	4.10	2.62	5.13	2.81	3.19
	Investment	5.94	3.44	2.11	4.57	6.39	9.42	17.10	1.97	7.52
Delhi	No.	5.73	5.83	2.36	2.54	0.39	2.06	1.12	4.23	2.10
	Investment	2.62	8.27	0.75	0.78	0.11	0.71	0.34	1.05	2.09
Jammu & Kashmir	No.	0.00	0.00	0.00	0.00	0.58	1.87	0.00	0.00	0.10
	Investment	0.00	0.00	0.00	0.00	0.34	0.07	0.00	0.00	0.05
Gujarat	No.	5.01	5.83	10.88	8.70	7.22	8.24	8.03	9.15	7.46
	Investment	2.65	2.55	8.24	2.96	5.23	8.54	4.72	7.04	4.95
Kerala	No.	2.15	2.04	3.55	2.55	2.15	0.94	2.23	2.11	2.17
	Investment	2.09	1.54	2.97	2.57	4.87	2.22	0.81	1.25	2.26
Madhya Pradesh	No.	1.60	8.20	2.66	4.05	4.90	1.30	3.35	1.41	3.94
	Investment	10.12	1.30	1.31	13.56	18.67	8.29	5.89	0.48	7.20
Madras	No.	7.74	8.18	7.11	8.70	7.42	8.43	9.60	9.15	8.18
	Investment	7.86	7.07	12.40	6.09	6.57	13.75	8.80	41.03	10.14
Maharashtra	No.	35.37	31.39	32.46	31.42	31.05	32.77	26.79	33.10	31.90
	Investment	23.57	20.36	29.97	28.88	15.77	18.42	18.51	12.28	21.46
Mysore	No.	5.01	2.63	2.84	3.82	3.71	3.56	3.57	4.23	3.66
	Investment	7.76	4.01	2.61	1.44	6.53	6.58	4.96	6.69	4.73
Orissa	No.	0.72	1.02	0.24	2.76	1.37	1.69	0.45	1.41	1.18
	Investment	1.00	0.75	0.07	6.83	1.80	3.75	1.45	1.43	2.49
Punjab, Haryana & Himachal	No.	5.16	5.55	6.16	7.22	8.40	7.87	10.49	6.34	7.03
	Investment	2.45	4.16	5.04	2.09	6.71	5.47	5.24	2.07	4.36
Rajasthan	No.	1.00	1.02	3.55	2.34	1.17	1.12	2.46	0.00	1.61
	Investment	0.33	0.74	2.51	1.52	1.10	1.27	14.06	0.00	3.25
U.P.	No.	3.87	6.42	4.27	4.25	3.91	5.81	8.48	5.63	5.27
	Investment	11.08	18.32	4.82	2.70	6.93	4.18	5.49	3.19	7.94
West Bengal	No.	21.35	20.88	15.40	14.01	19.53	17.79	13.17	18.31	17.97
	Investment	19.42	20.76	14.49	14.68	11.20	13.05	9.24	13.79	14.53
Other	No.	0.00	0.15	0.24	0.21	0.78	0.56	0.67	0.00	0.33
	Investment	0.00	0.08	0.26	0.00	1.93	0.34	0.33	0.00	0.36

* Excluding those for which investment data are not available.

For details see Volume II, Statements V (Summary), XIV, XV.

Table 9 - Approvals by States and Types

1959-June 1966

(Amounts in Rs. crores)

State	NU				SE				NA			
	Number data available	%	Investment	%	Number data available	%	Investment	%	Number data available	%	Investment	%
Grand Total	1827	100.00	1133	100.00	1153	100.00	575	100.00	932	100.00	237	100.00
Andhra	64	3.50	66	5.83	29	2.52	32	5.57	28	3.00	6	2.53
Assam	25	1.36	24	2.12	5	0.43	Neg	0.00	2	0.21	1	0.42
Bihar	70	3.84	117	10.33	38	3.30	20	3.48	17	1.82	9	3.80
Delhi	66	3.61	34	3.00	30	2.60	4	0.70	30	3.22	3	1.27
Jammu & Kashmir	1	0.05	neg	0.00	3	0.26	1	0.17	-	0.00	-	0.00
Gujarat	140	7.66	49	4.32	78	6.76	31	5.39	74	7.94	17	7.17
Kerala	47	2.57	32	2.82	26	2.25	11	1.91	12	1.29	2	0.84
M.P.	77	4.21	116	10.24	21	1.82	15	2.61	12	1.29	10	4.22
Madras	170	9.30	128	11.30	91	7.89	50	8.69	59	6.33	19	8.02
Maharashtra	501	27.44	171	15.10	402	34.87	171	29.74	345	37.05	74	31.22
Mysore	51	2.79	49	4.32	63	5.48	35	6.09	29	3.11	8	3.38
Orissa	32	1.75	44	3.88	8	0.69	1	0.17	6	0.64	3	1.27
Punjab, Haryana & Himachal	157	8.59	64	5.65	40	3.47	9	1.56	73	8.37	12	5.06
Rajasthan	44	2.41	53	4.67	8	0.69	5	0.87	11	1.18	5	2.11
U.P.	121	6.62	83	7.33	45	3.90	56	9.74	40	4.29	16	6.75
West Bengal	252	13.81	100	8.85	263	22.81	130	22.61	188	20.17	52	21.94
Other	9	0.49	3	0.26	3	0.26	4	0.70	1	0.11	neg	0.00

For details see Volume II, Statement XIV.

Table 10 - Distribution of Approvals by Categories of Applications

1959 - June 1966

Classification of Licensees	Industrial House code Nos.	Number data not available	Number data available	Investment of (4) (Rs. cores)	Import component of (5) (Rs. crores)
1	2	3	4	5	6
Grand Total %	01 - 99	1883 (100.0)	3912 (100.0)	1945 (100.0)	1284 (100.0)
A Marwaris %	01 - 19	320 16.5	670 17.1	477 24.4	315 24.5
B Gujarati %	30-39, 47	339 18.0	654 16.7	284 14.9	196 15.3
C Punjabi %	29,49-54	118 6.4	315 8.1	90 4.6	67 5.2
D Parsi %	20,27,48,56	46 2.5	97 2.5	68 3.5	44 3.4
E Bengali %	21,26,58	43 2.4	95 2.4	34 1.6	18 1.4
F Maharashtra %	24,57	35 2.0	103 2.6	43 2.1	28 2.2
G Southern %	40 - 45	218 11.6	350 9.0	153 7.8	103 8.1
H Other Indian %	22,23,25,28,46, 55,59	479 25.5	1067 27.3	325 16.9	229 17.8
Sub-total A to H %		1599 84.9	3351 85.7	1474 75.8	1000 77.9
I Domiciled Foreign %	60 - 69	49 2.6	77 1.9	20 1.0	14 1.1
J International Combines %	70 - 79	148 7.9	285 7.3	133 6.9	85 6.6
Sub-total I + J %	60 - 79	195 10.4	362 9.2	153 7.9	99 7.7
Total: Private Sector A to J %	01 - 79	1794 95.3	3713 94.9	1627 83.7	1099 85.6
K Cooperative %	80 - 83	40 2.1	34 0.9	16 0.8	8 0.6
L Government %	90 - 99	50 2.6	165 4.2	302 15.5	177 13.8
Total: Public Sector K + L %	80 - 99	90 4.7	199 5.1	318 16.3	185 14.4

Derived from Volume II, Statement VI.

Table 11 - Distribution of Approvals to International Combines

1959 - June 1966

Country of origin	Industrial House Code Nos.	Number data not available	Number data available	Investment of (4)	Import component of (5)
1	2	3	4	(Rs. crores)	(Rs. crores)
				5	6
International Combines (Total)	70 - 79	148	285	133	85
%		7.9	7.3	6.9	6.6
U.K.	70	77	141	71	42
%		4.1	3.6	3.7	3.3
U.S.A.	71	30	56	38	28
%		1.7	1.4	2.0	2.1
W. Germany	72	10	21	8	6
%		0.5	0.5	0.4	0.5
Switzerland	73	6	14	6	3
%		0.3	0.4	0.3	0.2
Sweden	74	2	14	5	3
%		0.1	0.4	0.3	0.2
Netherland	75	6	24	2	2
%		0.3	0.6	0.1	0.2
Denmark	76	6	3	Neg.	Neg.
%		0.3	0.1	0.0	0.0
France	77	3	4	Neg.	Neg.
%		0.2	0.1	0.0	0.0
Italy	78	2	0	0	0
%		0.1	0.0	0.0	0.0
Other	79	6	8	1	1
%		0.3	0.2	0.1	0.1

Note: Percentages are in terms of total approvals.

Derived from Volume II, Statement VI.

Table 11 - Distribution of Approvals to International Combines

1959 - June 1966

Country of origin 1	Industrial House Code Nos. 2	Number data not available 3	Number data available 4	Investment of (4) (Rs. crores) 5	Import component of (5) (Rs. crores) 6
International Combines (Total) %	70 - 79	148 7.9	285 7.3	133 6.9	85 6.6
U.K. %	70	77 4.1	141 3.6	71 3.7	42 3.3
U.S.A. %	71	30 1.7	56 1.4	38 2.0	28 2.1
W. Germany %	72	10 0.5	21 0.5	8 0.4	6 0.5
Switzerland %	73	6 0.3	14 0.4	6 0.3	3 0.2
Sweden %	74	2 0.1	14 0.4	5 0.3	3 0.2
Netherland %	75	6 0.3	24 0.6	2 0.1	2 0.2
Denmark %	76	6 0.3	3 0.1	Neg. 0.0	Neg. 0.0
France %	77	3 0.2	4 0.1	Neg. 0.0	Neg. 0.0
Italy %	78	2 0.1	0 0.0	0 0.0	0 0.0
Other %	79	6 0.3	8 0.2	1 0.1	1 0.1

Note: Percentages are in terms of total approvals.

Derived from Volume II, Statement VI.

Table 12 - Distribution of Approved Investment by States and Categories of Applicants

1959-June 1966

(Amount in Rs. crores)

		Madras	Gujaratis	Punjabis	Paris	Bengalis	Maharashtrians	Southern	Other Indian	Domestic foreign	International combines	Total : Private Sector	Cooperatives	Government	Total : Public Sector	Grand Total
Grand Total	Amount	477	284	90	68	34	43	153	323	20	133	1625	16	302	318	1942
	%	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Andhra	Amount	9	5	0	-	5	-	31	11	-	2	63	2	39	41	106
	%	1.89	1.76	0.00	-	14.70	-	20.26	3.41	-	1.50	3.88	12.50	12.91	12.89	5.39
Assam	Amount	16	0	0	-	0	-	0	1	4	1	22	0	0	2	27
	%	3.35	0.00	0.00	-	0.00	-	0.00	0.31	20.00	0.75	1.35	6.25	0.33	0.63	1.35
Bihar	Amount	45	0	3	29	8	-	-	22	2	1	110	0	36	36	144
	%	9.43	0.00	3.33	42.65	23.59	-	-	6.81	10.00	0.75	6.77	0.00	11.92	11.32	7.39
Delhi	Amount	1	1	7	-	0	-	0	12	-	0	21	-	19	19	40
	%	0.21	0.35	7.77	-	0.00	-	0.00	3.72	-	0.00	1.26	-	6.29	5.97	2.05
Jammu & Kashmir	Amount	0	0	0	-	-	-	-	1	-	-	1	-	0	0	0
	%	0.00	0.00	0.00	-	-	-	-	0.31	-	-	0.06	-	0.00	0.00	0.00
Gujarat	Amount	8	68	0	4	0	3	0	9	-	0	92	2	1	3	99
	%	1.68	24.29	0.00	5.88	0.00	6.98	0.00	2.79	-	0.00	5.72	12.50	0.33	0.94	4.88
Kerala	Amount	6	1	0	0	0	0	12	2	0	3	24	1	20	21	44
	%	1.26	0.35	0.00	0.00	0.00	0.00	7.84	0.62	0.00	2.26	1.47	6.25	6.62	6.60	2.33
M.P.	Amount	50	5	3	1	2	0	3	14	-	-	78	0	62	62	140
	%	10.48	1.76	3.33	1.47	5.88	0.00	1.96	4.33	-	-	4.80	0.00	20.53	19.50	7.29
Madras	Amount	18	30	2	0	-	0	78	20	4	15	167	1	29	30	197
	%	3.77	10.56	2.22	0.00	-	0.00	50.98	6.19	20.00	11.28	10.28	6.25	9.60	9.43	10.00
Maharashtra	Amount	62	153	18	33	0	23	33	68	2	37	417	8	10	18	433
	%	12.99	53.87	20.00	48.52	0.00	53.43	15.03	21.05	10.00	27.82	25.66	50.00	3.31	5.66	22.33
Mysore	Amount	5	1	0	0	0	11	26	15	0	4	62	-	29	29	99
	%	1.04	0.35	0.00	0.00	0.00	25.58	16.99	4.64	0.00	3.01	3.81	-	9.60	9.12	4.66
Orissa	Amount	6	0	0	1	5	0	0	11	1	1	25	1	23	24	49
	%	1.26	0.00	0.00	1.47	14.70	0.00	0.00	3.41	5.00	0.75	1.53	6.25	7.61	7.55	2.51
Punjab, Haryana & Himachal Pradesh	Amount	8	4	45	-	-	2	0	15	0	1	75	0	9	9	88
	%	1.68	1.41	50.00	-	-	4.65	0.00	4.64	0.00	0.75	4.62	0.00	2.98	2.83	4.31
Rajasthan	Amount	23	0	0	-	-	-	-	39	0	-	62	0	1	1	63
	%	4.82	0.00	0.00	-	-	-	-	12.07	0.00	-	3.81	0.00	0.33	0.32	3.24
U.P.	Amount	88	15	2	1	-	-	0	35	0	1	142	0	7	7	149
	%	18.45	5.28	2.22	1.47	-	-	0.00	10.83	0.00	0.75	8.74	0.00	2.32	2.20	7.66
West Bengal	Amount	132	1	9	1	14	0	0	44	8	66	275	1	14	15	290
	%	27.67	0.35	10.00	1.47	41.18	0.00	0.00	13.62	40.00	49.62	16.92	6.25	4.64	4.72	14.92
Other	Amount	0	0	-	-	-	4	1	1	-	-	6	-	0	0	6
	%	0.00	0.00	-	-	-	9.30	0.65	0.31	-	-	0.37	-	0.00	0.00	0.31

- Stands for negligible

For details, see Volume II, Statement XV.

Table 13 - 28 Houses - Applications and Approvals*
1959 - June 1966
(Amounts in Rs crores)

		Number data not available	Number data available	Investment of (4)	Import component of (5)			Number data not available	Number data available	Investment of (4)	Import component of (5)
1	2	3	4	5	6	1	2	3	4	5	6
Grand Total	Applied @ Approved	3788 1883	5598 3912	2748 1945	1852 1284	17. Kirloskar	Applied Approved	11 6	39 33	14 12	10 8
1. Birla	Applied Approved	279 109	404 255	388 272	255 172	18. Kasturbhai	Applied Approved	21 11	36 30	14 12	9 8
2. J.K.	Applied Approved	37 16	83 36	69 48	50 32	19. Seshagayee	Applied Approved	8 6	24 22	12 11	9 7
3. Tata	Applied Approved	41 33	71 61	55 46	36 29	20. Anatharama- krishnan	Applied Approved	7 5	26 24	11 10	8 7
4. Shri Ram	Applied Approved	20 12	31 22	52 46	49 45	21. Mahindra	Applied Approved	7 5	18 15	11 10	9 9
5. Walchand	Applied Approved	12 50	26 22	39 38	30 30	22. Wadia Shapoorji	Applied Approved	7 7	16 12	11 9	6 5
6. Sahu Jain	Applied Approved	28 10	41 27	45 26	32 19	23. Bajoria Jalan	Applied Approved	33 18	30 17	29 9	21 7
7. Bangur Somani	Applied Approved	35 20	46 29	36 22	21 17	24. Thapar	Applied Approved	16 10	20 19	7 7	4 4
8. A.C.C.	Applied Approved	18 14	14 14	19 19	8 8	25. Modi	Applied Approved	17 9	14 7	13 7	12 6
9. Kilachand	Applied Approved	8 8	12 8	19 18	10 8	26. Goenka	Applied Approved	19 5	28 21	19 6	10 3
10. V. Ramakrishnan	Applied Approved	20 16	20 15	19 17	10 9	27. Chinai	Applied Approved	11 6	11 6	12 4	9 2
11. B. Patnaik	Applied Approved	6 2	11 11	17 17	15 15	28. Jaipuria	Applied Approved	6 4	10 3	15 3	12 3
12. Sarabhai	Applied Approved	37 21	40 33	15 15	11 10	Total 1 to 28	Applied Approved	783 401	1178 832	1127 740	704 490
13. Amichand Pyarelal	Applied Approved	27 50	66 36	35 15	26 11						
14. Kamani	Applied Approved	20 7	33 21	19 14	14 10						
15. Mafstlal	Applied Approved	21 16	15 12	17 14	11 9						
16. Bajaj	Applied Approved	11 7	23 21	14 13	7 7						

* This Table lists those individual houses which applied for licences for investment exceeding Rs.10 crores during the period.

The ranking is based on the data available on investment approved. It is possible that rankings below 10th would be different if investment data were available for all approvals.

@ Net of deferred.

For details see Volume II, Statement VI.

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Table 14 - 28 Houses : Applications and Approvals
1959-60 and 1964-66

		1959-60		1964-66				1959-60		1964-66			
		Investment (Rs crore)	%	Investment (Rs crore)	%			Investment (Rs crore)	%	Investment (Rs crore)	%		
1.	Birla	Applied Approved	121 88	17.7 17.6	116 93	13.5 13.2	17.	Kirloskar	Applied Approved	3 1	0.4 0.2	7 6	0.8 0.8
2.	J.K.	Applied Approved	9 3	1.3 0.6	27 26	3.2 3.8	18.	Kasturbhai	Applied Approved	6 6	0.9 1.2	6 5	0.7 0.7
3.	Tata	Applied Approved	14 12	2.0 2.4	24 24	2.8 3.4	19.	Seshasayee	Applied Approved	4 4	0.6 0.8	3 3	0.4 0.4
4.	Shree Ram	Applied Approved	14 9	2.0 1.8	37 37	4.3 5.2	20.	Anantharamakrishnan	Applied Approved	3 3	0.4 0.6	1 1	0.1 0.1
5.	Walchand	Applied Approved	1 1	0.1 0.2	Neg Neg	Neg Neg	21.	Mahindra	Applied Approved	2 1	0.3 0.2	9 9	1.1 1.3
6.	Sahu Jain	Applied Approved	21 14	3.1 2.8	10 9	1.2 1.3	22.	Wadia Shapoorji	Applied Approved	8 8	1.2 1.6	Neg Neg	Neg Neg
7.	Bangur Somani	Applied Approved	9 8	1.3 1.6	9 8	1.1 1.1	23.	Bajoria Jalan	Applied Approved	11 5	1.6 1.0	11 3	1.3 0.4
8.	A C C	Applied Approved	Neg Neg	Neg Neg	11 11	1.3 1.5	24.	Thapar	Applied Approved	1 1	0.1 0.2	4 4	0.5 0.6
9.	Kilachand	Applied Approved	18 17	2.6 3.4	2 1	0.2 0.1	25.	Modi	Applied Approved	3 3	0.4 0.6	4 3	0.5 0.4
10.	V. Ramkrishna	Applied Approved	13 12	1.9 2.4	1 Neg	0.1 Neg	26.	Goenka	Applied Approved	2 2	0.3 0.4	2 2	0.2 0.3
11.	B. Patnaik	Applied Approved	15 15	2.2 3.0	1 1	0.1 0.1	27.	Chinai	Applied Approved	8 3	1.2 0.6	0 0	0.0 0.0
12.	Sarabhai	Applied Approved	3 3	0.4 0.6	10 10	1.2 1.4	28.	Jaipuria	Applied Approved	7 3	1.0 0.6	2 0	0.2 0.0
13.	Amichand ryarelal	Applied Approved	11 6	1.6 1.2	3 3	0.4 0.4							
14.	Kamani	Applied Approved	1 1	0.1 0.2	5 3	0.6 0.4							
15.	Mafatlal	Applied Approved	3 0	0.4 0.0	9 9	1.1 1.3							
16.	Bajaj	Applied Approved	3 3	0.4 0.6	6 6	0.7 0.8							
								Total 1 to 28	Applied Approved	312 232	45.5 46.4	320 277	37.6 39.0
								Grand Total (All houses)	Applied Approved	683 500	100.00 100.00	853 710	100.00 100.00

* Applications are net of deferred

Note: Applications for which investment data are not available are excluded.

Table 15 - Type Distribution of Approvals to 28 Houses
1959-June 1966

Industrial House	Number data not available						Number data available						Investment (Rs crores)					
	NU	%	SE	%	NA	%	NU	%	SE	%	NA	%	NU	%	SE	%	NA	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1 Birla	36	33.0	47	43.1	26	23.9	100	39.2	94	36.9	61	23.9	114	41.9	126	46.3	32	11.8
2 J.K.	4	25.0	6	37.5	6	37.5	17	47.2	14	38.9	5	13.9	31	64.6	12	25.0	5	10.4
3 Tata	4	12.1	14	42.4	15	45.5	8	13.1	24	39.3	29	47.6	23	50.0	17	37.0	6	13.0
4 Shri Ram	1	8.3	8	66.7	3	25.0	7	31.8	8	36.4	7	31.8	43	93.5	2	4.4	1	2.2
5 Walchand	1	11.2	4	44.4	4	44.4	2	9.1	13	59.1	7	31.8	neg	0.0	37	97.4	1	2.2
6 Sahu Jain	6	60.0	1	10.0	3	30.0	11	40.8	8	29.6	8	29.6	17	65.4	6	23.1	3	11.1
7 Bangur Somani	8	40.0	7	35.0	5	25.0	11	37.9	16	55.2	2	6.9	12	54.6	10	45.4	neg	
8 A.C.C.	2	14.3	10	71.4	2	14.3	5	35.7	5	35.7	4	28.6	13	68.4	4	21.1	2	10.4
9 Kilachand	1	12.5	5	62.5	2	25.0	3	37.5	3	37.5	2	25.0	13	72.2	3	16.7	2	11.1
10 V. Ramakrishna	5	31.3	6	37.4	5	31.3	3	20.0	3	20.0	9	60.0	13	76.5	1	5.9	3	17.7
11 B. Patnaik	2	100.0	-	-	-	-	4	36.4	4	36.4	3	27.2	3	17.7	1	5.8	13	76.5
12 Sarabhai	-	-	11	52.4	10	47.6	2	6.1	22	66.6	9	27.3	1	6.7	12	80.0	2	13.0
13 Amichand Pyarelal	4	44.4	3	33.3	2	22.3	22	61.1	3	8.3	11	30.6	13	86.7	neg	-	2	13.0
14 Kamani	2	28.6	1	14.3	4	57.1	13	61.9	2	9.5	6	28.6	12	85.7	neg	-	2	14.3
15 Mafatlal	5	31.3	7	43.7	4	25.0	5	41.7	-	-	7	58.3	8	57.1	-	-	6	42.9
16 Bajaj	2	28.6	4	57.1	1	14.3	3	14.3	12	57.1	6	28.6	5	38.5	2	15.4	6	46.4
17 Kirloskar	-	-	3	50.0	3	50.0	3	9.0	15	45.5	15	45.5	2	16.7	4	33.3	6	50.0
18 Kasturbhai	1	9.0	6	54.6	4	37.4	3	10.0	19	63.3	8	26.7	1	8.3	9	75.0	2	16.7
19 Seshasayee	3	50.0	3	50.0	-	-	9	40.9	7	31.8	6	27.3	6	54.5	4	36.4	1	9.1
20 Anantharamakrishnan	2	40.0	-	-	3	60.0	9	37.5	10	41.7	5	20.8	4	40.0	4	40.0	2	20.0
21 Mahindra	-	-	1	20.0	4	80.0	6	40.0	5	33.3	4	26.7	1	10.0	8	80.0	1	10.0
22 Wadia Shapoorji	2	28.6	4	57.1	1	14.3	4	33.3	5	41.7	3	35.0	3	33.3	1	11.1	5	55.6
23 Bajori Jalan	1	5.6	13	72.2	4	22.2	6	35.3	7	41.2	1	23.5	6	66.7	1	11.1	2	22.2
24 Thapar	1	10.0	3	30.0	6	60.0	3	15.8	12	63.1	4	21.1	2	28.6	5	71.4	neg	
25 Modi	-	-	5	55.6	4	44.4	4	57.1	1	14.3	2	28.6	7	100.0	neg	-	neg	
26 Goenka	-	-	3	60.0	2	40.0	12	57.1	3	14.3	6	28.6	5	83.3	neg	-	1	16.7
27 Chinai	4	66.7	2	33.3	-	-	1	16.7	4	66.6	1	16.7	neg	-	4	100.0	-	
28 Jaipuria	1	25.0	2	50.0	1	25.0	1	33.3	2	66.7	-	-	3	100.0	neg	-	-	
Total 1 to 28	98	24.4	179	44.7	124	30.9	277	33.3	321	38.6	234	28.1	361	48.8	273	36.9	106	14.3
Grand Total (all houses)	627	33.3	730	38.8	526	37.9	1827	46.7	1153	29.5	932	23.8	1133	58.2	575	29.6	237	12.2

For details see Volume II, Statement XIII.

Table 16 - Select Products : Applications and Approvals to Certain Houses
1959 - June 1966(Numbers only, applications net of deferred, but including those
for which investment data are not available)

Product Code No.	Product	Birla		Other Houses Applied and Approved
		Applied	Approved	
005	Coal	6	4	Thapar 4 and 4
008	'Other processed minerals'	7	0	Bangur 2 and 2
010	Sugar	5	3	V. Ramakrishna 4 and 4, Bajoria Jalan 4 and 4.
012	Processed Food	6	4	
013	Vanaspati	11	6	Shri Ram 4 and 4
018	Cosmetics	4	1	Tata 2 and 2
020	Cotton Yarn	16	5	Tata 3 and 3, Bangur 3 and 1, Mafatlal 5 and 4, Kasturbhai 8 and 2, Bajoria Jalan 4 and 2, Jaipuria 3 and 3
021	Cotton Fabrics	15	13	J.K. 2 and 2, Tata 3 and 3, Kasturbhai 4 and 4, Wadia Shapoorji 3 and 3, Bajoria Jalan 3 and 3, Modi 2 and 2, Jaipuria 2 and 1
022	Cotton yarn & fabrics	6	3	
023	Cotton other	5	4	
025	Synthetic fabrics	3	3	
026	Jute Carpet & backing	5	1	
028	Textiles n.e.c.	7	2	
029	Non-Woven fabrics	-	-	Tata 3 and 1
030	Rayon fibre & yarn	13	4	J.K. 5 and 2, Chinai 2 and 1
032	Polyester fibre	3	0	J.K. 2 and 0, Chinai 2 and 0
033	Polypropylene	3	0	
034	Acrylic fibre	2	1	J.K. 3 and 3,
035	Tyre cord	7	3	J.K. 4 and 2, Tata 2 and 1, Shri Ram 2 and 2, Chinai 2 and 1
036	Nylon	3	3	J.K. 5 and 4, Modi 2 and 1, Jaipuria 2 and 1
037	P V A fibre	2	0	
038	Other petroleum fibres	6	0	
040	Chip & other boards	14	14	J.K. 2 and 2, Bangur 3 and 3, Mafatlal 2 and 2
041	Flywood	6	4	Sahu Jain 4 and 3
050	Paper	7	2	J.K. 3 and 1, Shri Ram 2 and 2, Sahu Jain 4 and 2, Bangur 2 and 2, Amichand 2 and 1, Bajaj 2 and 2, Seshasayee 2 and 2, Bajoria-Jalan 2 and 2
051	Paper, special finish	2	1	Kamani 2 and 0,
052	Paper film (incl. Cellophane)	6	5	
053	Paper, industrial (incl. printing)	3	3	Sahu Jain 2 and 2, Bangur 5 and 5, Seshasayee 2 and 2, Bajoria Jalan 2 and 2
057	Rayon Pulp.	4	1	Chinai 2 and 1
063	Rubber tyres & tubes	4	3	
064	Rubber, industrial	4	2	Kamani 3 and 3
068	Alcohol Chemicals	3	0	Kilachand 2 and 2, Sarabhai 2 and 0
070	Caustic Soda	21	7	J.K. 4 and 2, Shree Ram 4 and 3, Sahu Jain 4 and 1, Bangur 4 and 3, Sarabhai 3 and 2, Mafatlal 3 and 3, Kasturbhai 2 and 2, Thapar 2 and 1, Modi 4 and 1, Chinai 4 and 2.
071	Soda ash	5	2	Sahu Jain 2 and 1
072	Sulphuric acid	11	5	Shri Ram 2 and 2, Kasturbhai 4 and 3
075	Petro-chemicals n.e.c.	5	1	Mafatlal 6 and 6, Goenka 3 and 0,
076	Acids, n.e.c.	4	2	Kasturbhai 3 and 3
077	Carbon black	4	0	Bajoria Jalan 2 and 0, Goenka 4 and 4
079	Glycerine	2	2	

Table 16 - Select Products : Applications and Approvals to Certain Houses
1959 - June 1966 (cont'd)(Numbers only, applications net of deferred, but including those
for which investment data are not available)

Product Code	Product	Birla		Other Houses Applied and Approved
		Applied	Approved	
1	Fertilisers	6	0	J.K. 3 and 2, Kasturbhai 3 and 3
2	Insecticides	4	1	Tata 5 and 5
3	Resins & Plastics	17	6	Shri Ram 2 and 1, Walchand 4 and 3, Sahu Jain 2 and 1, Bangur 2 and 0, Kilachand 3 and 1, Sarabhai 10 and 4, Anantharamakrishnan 3 and 3.
8	Gases	17	6	Bajoria - Jalan 4 and 2, Modi 5 and 3
2	Coke & carbonisation	2	1	
3	Ceramics	3	2	
4	Glass	11	7	Shri Ram 4 and 0, Amichand 2 and 0, Goenka 3 and 1
5	Refractories	2	2	
6	Cement	32	17	Sahu Jain 15 and 10, Bangur 6 and 6, A.C.C. 19 and 17, Amichand 3 and 2, Bajaj 4 and 4
7	Cement, slag	2	0	Sahu Jain 5 and 1
8	Cement, asbestos	7	7	Sahu Jain 3 and 0, Bangur 2 and 2, Ramakrishna 3 and 2, Seshasayee 2 and 0
9	Grinding Wheels	2	1	
01	Sanitary ware	3	0	Walchand 2 and 1, Kasturbhai 2 and 1, Chinai 2 and 2
08	Cold rolls	6	3	Tata 4 and 3, Amichand 2 and 1
10	Pig Iron	5	3	J.K. 2 and 0, Ramakrishna 3 and 3, Amichand 2 and 0, Kamani 3 and 1, Goenka 2 and 0
12	Structurals	4	3	Amichand 12 and 5, Kamani 3 and 3
13	Rolled Products	4	3	Amichand 3 and 2, Kamani 2 and 0
14	Sheet & flats	4	2	Tata 2 and 2, Amichand 4 and 1
16	Tinplate	2	0	Amichand 6 and 2
17	Stainless & alloy steel	9	2	Tata 3 and 2, Amichand 2 and 1
18	Containers	11	5	Tata 3 and 2, Shri Ram 5 and 3, Bajoria Jalan 2 and 2
	Castings	8	4	Tata 4 and 4, Sahu Jain 3 and 1, Bangur 3 and 2, Ramakrishnan 4 and 2, Amichand 5 and 2, Kirloskar 3 and 2, Bajoria Jalan 2 and 1
121	Forgings	6	5	Sahu Jain 2 and 1, Amichand 2 and 2,
122	Fans & sewing machines	2	2	Shri Ram 2 and 2,
123	Bars & rods	3	3	Amichand 2 and 2, Wadia Shapoorji 2 and 2
124	C.I. Spun pipes	5	3	Amichand 2 and 2
125	Steel pipes	7	3	Tata 2 and 2, Patnaik 3 and 2,
126	Pipes n.e.c.	3	1	
127	Steel files	2	2	
128	Pipes, industrial	7	3	Patnaik 3 and 1, Amichand 6 and 1
129	Steel wire & rope	7	3	Sahu Jain 2 and 0, Bangur 4 and 2, Seshasayee 3 and 3, Bajoria Jalan 2 and 1
131	Hand & small tools	6	5	Sahu Jain 2 and 1, Bangur 2 and 0, Amichand 2 and 2, Anantharamakrishnan 2 and 2.
133	Bearings	4	3	
135	Aluminium, basic	5	5	J.K. 5 and 3
136	Aluminium products (excl. cables)	10	3	J.K. 2 and 1, Amichand 3 and 1, Kamani 3 and 1
137	Wires	4	0	Bangur 7 and 3, Kamani 6 and 1, Modi 2 and 1
138	Cables	13	10	J.K. 3 and 1, Bangur 5 and 3, Kamani 4 and 4, Seshasayee 8 and 7
141	Machinery conveying	12	8	Tata 3 and 3, A. C.C. 6 and 4, Amichand 3 and 2

Table 16 - Select Products : Applications and Approvals to Certain Houses 1959 - June 1966 (cont'd)

(Numbers only, applications net of deferred, but including those for which investment data are not available)

Product Code No.	Product	Birla Applied	Birla Approved	Other Houses Applied and Approved
142	Machinery construction	-	-	Tata 4 and 4, Bajoria Jalan 5 and 4
146	Machine tools	13	11	Walchand 3 and 3, Kirloskar 4 and 3, Anantharamakrishnan 2 and 2, Mahindra 2 and 2
147	Drilling & cutting tools	8	5	Tata 5 and 2,
150	Motors & generators	12	8	Shri Ram 3 and 1, Bajaj 3 and 3, Kirloskar 5 and 4
151	Switchgears & transformers	15	5	Bajaj 2 and 2, Kirloskar 3 and 3, Anantharamakrishnan 2 and 2
152	Other electrical machinery & components	8	6	Shri Ram 2 and 1, Kamani 2 and 1, Bajaj 3 and 2, Kirloskar 8 and 6, Thapar 4 and 3
169	Transport : electric components	8	5	
170	Transport : mechanical components	8	7	Tata 2 and 2, Walchand 2 and 2, Ramakrishna 2 and 1, Anantharamakrishnan 9 and 8, Mahindra 2 and 2.
175	Tractors & power tillers	8	3	Amichand 2 and 0, Kirloskar 3 and 0, Anantharamakrishnan 2 and 2, Mahindra 2 and 2, Bajoria 4 and 1
180	Electric lamps, starters	-	-	Bajaj 5 and 4, Goenka 4 and 4
181	Household appliances	9	5	
182	Office appliances	4	1	J.K. 4 and 2, Bajoria Jalan 2 and 0
183	Radio & components	3	2	Tata 4 and 2.

Table 17 - CGC Releases in Third Plan by Years
(Rs. crores)

<u>Year</u>	<u>Approved</u>	<u>Licensed</u>
Grand total	687.83	395.67
1961-62	158.64	134.34
1962-63	133.35	102.69
1963-64	207.68	111.87
1964-65	114.74	38.29
1965-66	73.42	8.48

Table 18 - CGC Releases in Third Plan by Sources*
(Rs. crores)

<u>Source</u>	<u>Approved</u>	<u>Licensed</u>
Grand Total	687.83	395.67
1. U.S.A.	170.06	107.00
2. West Germany	17.60	10.62
3. U.K.	14.89	12.58
4. Japan	40.49	19.69
5. France	43.78	23.67
6. Belgium	6.99	3.88
7. Canada	5.14	1.93
8. Austria	2.01	1.25
9. Holland	7.46	6.01
10. Italy	11.42	6.46
11. Switzerland	7.21	5.39
12. Denmark	1.20	0.67
13. Sweden	0.55	- -
Sub-total 1 to 13	328.80	199.15
14. Poland	0.74	0.74
15. Yugoslavia	7.64	5.95
16. Hungary	1.27	1.27
17. Czechoslovakia	0.54	- -
Sub-total 14 to 17	10.19	7.96
18. Rupee Payment	38.07	18.71
19. IFC/ICICI	123.13	53.10
20. Free resources	4.62	3.08
21. IDA	0.94	0.80
Sub-total 18 to 21	166.76	75.69
22. Export earnings	3.67	1.38
23. STC link	3.60	2.77
Sub-total 22 + 23	7.27	4.15
24. Foreign share capital	80.45	53.75
25. Loans from principals	47.34	28.71
26. C.D.F.C.	11.69	6.09
27. IFC Washington	12.75	1.49
28. Deferred payments	22.60	18.70
Sub-total 24 to 28	174.83	108.74

Source for Tables 17 to 20: Economic Adviser, Ministry of Industry.

*Excluding releases by CG Textile Sub-Committee since April 1963 and

Table 19 - CGC Releases April 1961-September 1964 by Industries*
(Rs. crores)

Industry	Total	Of which					
		Foreign share capital	Local Institutions & Principals	Rupee Payment	Deferred Payment	STC Link & Exports	Free & IDA
A Total licensed	322.92	46.06	69.09	15.04	14.19	4.12	3.69
B Total approved	559.42	67.96	147.81	25.44	20.81	6.69	5.22
Of B :							
1. Automobiles	77.47	8.36	10.82	1.20	- -	0.28	0.69
2. Bicycles	0.77	0.18	0.12	0.21	- -	0.04	0.05
3. Electricals	27.53	5.97	11.14	1.56	0.26	0.27	0.47
4. Engineering	69.13	8.96	21.93	6.93	0.04	1.23	1.27
5. Heavy electricals	3.56	1.37	0.26	- -	1.08	0.16	0.06
6. Iron & Steel	93.28	10.96	37.47	3.34	1.81	1.07	0.29
7. Other metals	28.61	2.03	12.22	0.07	- -	1.16	0.21
8. Cement	21.37	0.36	5.82	2.80	- -	0.05	0.40
9. Ceramics	3.56	0.29	1.81	1.30	- -	- -	- -
10. Chemicals	90.24	13.31	19.03	0.95	3.40	0.46	0.80
11. Glass	6.69	1.77	1.87	0.18	- -	- -	- -
12. Industrial gases	4.90	0.41	2.13	0.91	- -	- -	0.01
13. Paper & pulp	32.69	2.21	6.60	- -	2.59	0.03	0.15
14. Refractory	2.99	- -	1.01	0.20	- -	- -	- -
15. Rubber	12.08	5.31	4.09	0.38	0.06	- -	0.01
16. Cotton tex. upto March '63	28.97	- -	- -	2.25	10.30	1.05	0.26
17. Non-cotton textiles	39.00	4.32	5.35	2.19	1.05	- -	0.10
18. Miscellaneous	16.58	2.33	6.12	0.96	0.21	1.0	0.43

* As corrected upto January 12, 1965.
Figures include amounts on waiting list

Table 20 - Industrial Licenses not covered by Foreign Exchange Clearance as on January 1, 1964*

(Foreign exchange amounts in Rs. lakhs)

Sr. No.	Product	Item	Year of issue of industrial license					Total
			1962	1961	1960	1959	Before 1959	
1	Alloy tool & special steel	No.	1	5	-	-	-	6
		Th. tonnes	15	90	-	-	-	105
		F. ex.	17	648	-	-	-	665
2	Pig iron	No.	1	-	-	-	-	1
		Th. tonnes	100	-	-	-	-	100
		F. ex.	200	-	-	-	-	200
3	Ferro manganese	No.	-	-	-	-	1	1
		Th. tonnes	-	-	-	-	44	44
		F. ex.	-	-	-	-	150	150
4	Steel wire	No.	1	-	1	-	-	2
		Tonnes	1050	-	700	-	-	1750
		F. ex.	5	-	1	-	-	6
5	Tinplate	No.	-	-	1	-	-	1
		Th. tonnes	-	-	90	-	-	90
		F. ex.	-	-	675	-	-	675
6.	Steel forgings	No.	1	1	4	-	-	6
		Th. tonnes	3	3	14	-	-	20
		F. ex.	7	L	41	-	-	48
7.	Steel forgings	No.	3	4	3	-	1	11
		Th. tonnes	8	12	10	-	5	35
		F. ex.	35	181	17	-	22	255
8.	Grey iron castings	No.	3	6	3	-	-	12
		Th. tonnes	27	18	22	-	-	67
		F. ex.	20	25	25	-	-	70
9	M I Castings	No.	6	7	3	1	-	17
		Th. tonnes	12	16	8	1	-	37
		F. ex.	57	49	59	neg	-	165
10	C I spun pipes	No.	-	8	2	-	3	13
		Th. tonnes	-	230	85	-	56	371
		F. ex.	-	281	52	-	101	434
11	Steel pipes & tubes	No.	-	7	4	-	-	11
		Th. tonnes	-	408	83	-	-	491
		F. ex.	-	1240	207	-	-	1447
12	Steel wire ropes	No.	4	-	1	-	-	5
		Th. tonnes	12	-	3	-	-	15
		F. ex.	131	-	45	-	-	176
13	Paper mill machinery	No.	-	2	-	-	-	2
		Rs. lakhs	-	840	-	-	-	840
		F. ex.	-	93	-	-	-	93

* Licences issued in 1963 are excluded.

L linked with other products.

Source: Economic Adviser, Ministry of Industry.

Table 20

Industrial Licenses not covered by Foreign Exchange Clearance as on January 1, 1964* (cont)

(Foreign exchange amounts in Rs. lakhs)

Sr. No.	Product	Item	Year of issue of industrial license					Total
			1962	1961	1960	1959	Before 1959	
14	Ball & roller bearings	No.	2	2	2	-	-	6
		Lakh nos.	5	21	22	-	-	48
		F. ex.	98	99	231	-	-	428
15	Aluminium	No.	-	-	1	-	-	1
		Th. tonnes	-	-	20	-	-	20
		F. ex.	-	-	900	-	-	900
16	Clocks, watches, time pieces	No.	2	2	2	-	-	6
		Th. nos.	270	400	155	-	-	825
		F. ex.	9	38	6	-	-	53
17	Cables, VIR, PVC,	No.	-	-	3	1	-	4
		Mn. yds.	-	-	36@	na	-	36@
		F. ex.	-	-	n.a.	na	-	na
18	Winding wires, B. & C.	No.	5	-	2	-	-	7
		Tonnes	1680	-	500@@	-	-	2180
		F. ex.	9**	-	19	-	-	28
19	Electric fans	No.	-	-	-	-	2+	2
		Th. nos.	-	-	-	-	52	52
		F. ex.	-	-	-	-	14	14
20	House service meters	No.	-	3	3	-	1	7
		Th. nos.	-	147	138	-	15	300
		F. ex.	-	31	14	-	3	48
21	Fertilisers, nitrogen	No.	4	3	-	-	-	7
		Th. tonnes	262	224	-	-	-	486
		F. ex.	4279	3180	-	-	-	7459
22	Fertilisers, phosphate	No.	2	3	2	-	-	7
		Th. tonnes	66	107	9	-	-	182
		F. ex.	L	4***	32	-	-	36
23	Sulphuric acid	No.	1	3	3	2	-	9
		Th. tonnes	165	326	59	17	-	567
		F. ex.	L	15	10	6	-	31
24	Caustic soda	No.	-	3	-	-	1	4
		Th. tonnes	-	32	-	-	33	65
		F. ex.	-	265	-	-	L	265
25	Soda ash	No.	-	-	1	-	1	2
		Th. tonnes	-	-	33	-	132	165
		F. ex.	-	-	50	-	460	510
26	Paper & paper board	No.	-	5	6	-	-	11
		Th. tonnes	-	133	66	-	-	199
		F. ex.	-	1485	1147	-	-	2632
27	Newsprint	No.	-	2	1	-	-	3
		Th. tonnes	-	120	30	-	-	150
		F. ex.	-	1150	550	-	-	1700

@ For one licence only; capacity of other two not available

@@ For one licence only.

** Two licences only.

+ Both 1955

Table 20

59

Industrial Licenses not covered by Foreign Exchange Clearance as on January 1, 1964 (cont'd)

(Foreign exchange amounts in Rs. lakhs)

Sr. No.	Product	Item	Year of issue of industrial license					Total
			1962	1961	1960	1959	Before 1959	
28	Cement	No.	4	2	-	-	2	8
		Lakh tonnes	7.7	2.7	-	-	4.5	14.9
		F. ex.	180	90	-	-	90	360
29	Refractories	No.	6	-	5	-	1	12
		Th. tonnes	68	-	157	-	102	327
		F. ex.	51	-	200	-	n.a.	251
30	Insulators, LT. & H.T.	No.	4	3	1	-	-	8
		Th. tonnes	4.7	4.2	1.4	-	-	10.3
		F. ex.	60	84	16	-	-	160
31	Pulp, rayon grade	No.	-	2	1	-	-	3
		Th. tonnes	-	52	60	-	-	112
		F. ex.	-	1034	650	-	-	1684
32	Other products	No.	19	16	17	-	4	56
		F. ex.	629	688	795	-	19	2131
Grand Total		No.	69	89	72	4	17	251
		F. ex.	5787	10680	5742	6	859	23079

INDUSTRIAL HOUSE CODE

01 Birla	58 Bengali n.e.c.	
02 Sahu Jain	59 Other n.e.c.	
03 Dalmia		
04 Bangur Somani	60 Bird Heilger	
05 Goonka	61 Andrew Yule	
06 J.K.	62 Inchcape Mackay	
07 Bajoria Jalan	63 Larsen & Toubro	
08 Kamani	64 E I D Parry	
09 Khaitan	65 Balmer Lawrie	
10 Morarka	66 Harvey	
11 Bajaj	67 Ballis	
12 Modi	68 Gillanders	
13 Khandelwal	69 Other domiciled foreign	
14 Poddar		
15 Jaipuria	70 International combines	UK
16 Raia	71	USA
17 Mundhra	72	West German
18	73	Switzerland
19 Other Marwari	74	Sweden
	75	Netherlands
20 Tata	76	Denmark
21 Martin Burn	77	France
22 A C C	78	Italy
23 Shri Ram	79	Other
24 Kirloskar		
25 Srivastava	80 Co-operatives:	Northern States
26 Sen	81	Eastern States
27 Godrej	82	Western States
28 Devidayal	83	Southern States
29 Jolly		
30 Mafatlal		
31 Walchand		
32 Kasturbhai		
33 Kilachand		
34 Sarabhai		
35 Thackersay		
36 Amin		
37 Dharamsi Morarji		
38 Chinai	90 State Govts, SIDC's ;	Andhra
39 Other Gujarati	91	Assam
	92	Gujarat
40 Anantaramkrishnan	93	Kerala
41 Seshasayee	94	Orissa
42 Ramkrishna	95	Punjab
43 T V S	96	U P
44	97	Other
45 Other Southern		
46 B. Patnaik	99 Government companies	
47 Bombay Burmah & Visanji		
48 Wadio Shapoorji		
49 Escorts		
50 Thapar		
51 Mahindra		
52 Amichand Pyarelall		
53 Harbans Lal Malhotra		
54 Other Punjabi		
55 Sindhi		
56 Parsi, n.e.c.		
57 Maharashtra n.e.c.		

PRODUCT CODE

- 001 Gum and Natural resin
- 002 Glue and gelatine
- 003 Animal feed
- 005 Coal and lignite
- 006 Other mining
- 007 Coal washery
- 008 Other processed minerals
- 009 Salt
- 010 Sugar
- 011 Flour and confectionery
- 012 Processed food
- 013 Vanaspati and edible oil
- 014 Alcohol industrial
- 015 Alcohol potable
- 016 Soap
- 018 Cosmetics
- 019 Tobacco
- 020 Cotton yarn
- 021 Cotton fabrics
- 022 Cotton composite
- 023 Cotton other
- 024 Woollen (incl. carpets)
- 025 Synthetic fabrics
- 026 Jute carpet & backing (incl. tufted)
- 027 Jute other
- 028 Textiles n.e.c.
- 029 Non-woven fabrics
- 030 Rayon fibre and yarn
- 031 Intermediate: petrochemical fibres
- 032 Polyester
- 033 Polypropylene
- 034 Acrylic
- 035 Tyre cord rayon/nylon
- 036 Nylon
- 037 Poly Vinyl Alcohol
- 038 Petro-chem other fibre
- 039 Cellulose n.e.c.
- 040 Chipboard
- 041 Plywood
- 042 Cork
- 043 Wood n.e.c.
- 045 Matches

- 051 Paper Spl. finish
- 052 Paper film
- 053 Paper industrial (incl. printing)
- 054 Paper board
- 055 Newsprint
- 056 Pulp paper
- 057 Pulp rayon
- 060 Leather
- 061 Synthetic leather
- 062 Synthetic tanning agents
- 063 Rubber, tyres and tubes
- 064 Rubber industrial
- 065 Rubber synthetic
- 066 Rubber other
- 067 Contraceptives
- 068 Alcohol chemicals
- 069 Bleaching agents
- 070 Caustic soda
- 071 Soda ash
- 072 Sulphuric acid
- 073 Calcium carbide
- 074 Chlorine
- 075 Petrochemicals n.e.c.
- 076 Acids n.e.c.
- 077 Carbon black
- 078 P V C products
- 079 Glycerine
- 080 Dyes
- 081 Fertilisers
- 082 Insecticides
- 083 Resins, plastics, laminates
- 084 Drugs
- 085 Detergents
- 086 Paints
- 087 Solvents & extractions
- 088 Gases
- 089 Chemicals n.e.c.
- 090 Batteries
- 091 Electrodes
- 092 Coke and carbonisation
- 093 Ceramics
- 094 Glass
- 095 Refractories
- Gener.

- 153 turbines and turbo units
- 154 boilers
- 155 air compressors
- 156 furnaces
- 157 stampings
- 158 Welding & cutting equipment
- 159 Valves, industrial etc. (excl. radio)

- 160 Transport equipment : railways wagons
- 161 railway other
- 164 engines
- 165 trucks, buses, jeeps
- 166 motor cars
- 167 motor cycles & scooters
- 168 bicycles & components
- 169 electrical components
- 170 mechanical components
- 171 aviation
- 172 ropeways
- 173 vessels and barges
- 174 trailers
- 175 tractors & power tillers

- 177 Heavy & special castings
- 179 Heavy engg. components n.e.c.

- 180 Electric lamps, starters
- 181 Household appliances
- 182 Office & commercial appliances
- 183 Tele-Comm. equip. & components

- 184 Photo equipment & materials (incl X-ray)

- 185 Meters

- 186 Petroleum refining

- 187 Petroleum lubricants

- 188 Surgical equipment

- 190 Weighing machinery
- 191 Electronics & advanced communications equip.
- 192 Electronic computers

- 193 Titanium dioxide

- 194 Instruments, mechanical

- 195 Instruments electrical and industrial

- 196 Refrigeration equipment

- 200 Manufacturing n.e.c.