

The extent of reserves and potential of the structure would be known after drilling three more exploratory locations planned during 1987-88."

I would like to know from the hon. Minister, so far, how many wells have been drilled in that region and what is the possibility of finding more oil and gas in that area?

**SHRI BRAHM DUTT:** Sir, I will not be able to give the detailed information at this stage. But we hope to find oil in that four sq. km. area. The exact quantity of oil will be known after the three exploratory wells are drilled.

**SHRI NIRMAL CHATTERJEE** (West Bengal): To what extent, is this effort indigenous in terms of rigs, in terms of expertise? This is the question by answering which the Minister can gladden our hearts, if possible.

**SHRI BRAHM DUTT:** This is being done by the ONGC. (*Interruptions*)

**THE VICE-CHAIRMAN** (SHRI M. P. KAUSHIK): I will put the question. Mr. Minister, he is asking whether the rigs are Indian-made or imported.

**SHRI BRAHM DUTT:** I will have to get the particulars.

**SHRI JAGESH DESAI** (Maharashtra): I would like to know, how the quality of this oil compares with that of other oil-fields?

**SHRI BRAHM DUTT:** Generally, the quality of Assam oil is quite good.

**THE VICE-CHAIRMAN** (SHRI M. P. KAUSHIK): The House is now adjourned for lunch to meet again at 2.30 P.M.

The House then adjourned for lunch at twenty-seven minutes past one of the clock.

The House reassembled after lunch at thirty-four minutes past two of the clock. The **Vice-Chairman**, (SHRI M. P. KAUSHIK) in the Chair.

### REFERENCE TO THE REPORTED DEATH OF KIM IL SUNG BROADCAST BY ALL INDIA RADIO

**SHRI GURUDAS DAS GUPTA** (West Bengal): Sir, I have a small point. In today's morning bulletin of the All India Radio, an unfounded and unsubstantiated report has been circulated that Mr. Kim IL Sung has been murdered. We rang up the Embassy here who said that this news has been planted or sent by South Korea.

**THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS** (SHRI M. M. JACOB): It is not a confirmed news. Why to raise it?

**SHRI GURUDAS DAS GUPTA:** I am only drawing the attention of the House that the Government agency should not have circulated such an unfounded news. In the past also they had circulated the news of the death of Shri Jayaprakash Narayan and the death of Shri Jagjivan Ram wrongly. I would request the concerned Minister to see that the All India Radio does not do the same thing in future. I also want to know what the real fact is.

### THE INDUSTRIAL FINANCE CORPORATION (AMENDMENT) BILL, 1986—Contd.

**SHRI RAJNI RANJAN SAHU** (Bihar): Mr. Vice-Chairman, Sir, before I resume the discussion on the Industrial Finance Corporation of India (Amendment) Bill, I congratulate you for giving me this opportunity. All of us know that this Bill was left out in the lurch and passed over by another Bill moved by hon. lady Minister, Mrs. Margaret Alva.

[Shri Rajni Ranjan Sahu]

This Bill was left stranded like a passenger train and that passenger train which at times remains stranded between two stations as it is passed over by a super-fast train which reaches its destination in time. I feel pity for our hon. Minister of State for Finance, who moved the Bill but had to remain stranded and was passed over by the hon. lady Minister of State, both coming from the same State.

Now, Sir, coming to the Bill proper, I propose to support the Industrial Finance Corporation (Amendment) Bill, 1986. On the other day the discussion was initiated by my learned friend, Prof. Nirmal Chatterjee, while initiating the debate, he opposed the Bill by referring to the system in the Soviet Union in respect of the Schedule attached to the Bill—regarding declaration on fidelity and secrecy. Respectfully, I would like to remind my senior friend that we are considering this Bill in Indian atmosphere and not in the Soviet Union atmosphere. More so, there is nothing wrong in the declaration attached to the Schedule, which is meant for bringing more and more discipline among all concerned attached to the working of the Corporation. Perhaps our learned friend is aware that details in regard to the working of such Corporations are made available to the public in the Annual Reports of the Corporations. So I would like to know from my learned friend what is wrong in this Schedule.

Further, Sir why has this amendment been necessitated? Originally the IFCI Act was enacted in 1948 just after Independence with a view "making medium and long-term credit more readily available to industrial concerns in India, particularly in circumstances where normal banking accommodation is inappropriate or recourse to capital issue method is impracticable". The original object of IFCI Act which was established in 1948 is to usher in a healthy growth of industrial development and construction of infrastructure. After a

lapse of 37-38 years since our Independence, the industrial context has changed, the concept and culture thereof have changed. So this amendment has been brought to bring rapid industrial growth and technological development.

The salient features of the Bill, as stated in the aims and objects, are to enlarge the area of activities under section 2 of this amendment. A wide range of activities have been brought which include the generation, storage or distribution of electricity or any other form of energy. There are several substitutions in sub-clause (vii) and sub-clause (ix) such as "machinery or equipment" and "the setting up of, or development of, an industrial area or an industrial estate". Sir, I congratulate the Finance Minister for bringing such an amendment as it is high time to bring certain modifications in the original Act. This amendment will bring in allround growth in the country and I am definite that the targets fixed by the Planning Commission from time to time at specified rates shall be achieved.

Sir, likewise, section 4 has been amended and the authorized capital of the Corporation is being increased up to Rs. 250 crores. This is most opportune in view of the multiplied ambit or scope working and pace of all activities which have magnified manifold. This amendment will meet the requirements of assistance to a large number of entrepreneurs in a big way in different activities and thereby it will achieve the desired result, as envisaged by our Prime Minister, to give a thrust to our economy to usher in the 21st century.

Sir, there is a proposal under section 10 to appoint Chairman and Managing Director in consultation with the Development Bank. The proposal to nominate one of the Directors by the Reserve Bank is also laudable. Sir, it is not desirable to appoint one and the same person at Chairman and

Managing Director in a financial institution like the IFCI. There must be the principle of checks and balances. But, at the same time, I suggest that the Chairman and Managing Director should be a professional person having knowledge of finance with commitment and dedication.

Sir, there are certain amendment providing for speedy disposal of cases, procedure of Board meetings and involvement of the Reserve Bank, which are also laudable. I support them. Sir, there is an important substitution in section 23 of the Act by providing consultancy and merchant banking services within and outside India. By this substitution the IFCI will have a vital role to play in the society apart from the financial assistance which is being given since its very inception.

Sir, I have to make a few other suggestions which the honourable Finance Minister may kindly look into. Firstly, Sir, although the activities of the IFCI have been enlarged, yet, one activity, that is, tourism and hotel industry, is left out. This should be included in the area of operations of the IFCI. Secondly, in view of the wide powers of the Chairman and Managing Director is entrusted with, there must be some restrictions and a penal condition should be imposed in the appointment letter in case of their lapses and failures. Thirdly, Sir, the Corporation should be restricted not to divert the funds to purposes other than those for which they are allocated. Sometimes it has been found that funds meant for subsidies are diverted for loans and other activities. This should be avoided. Fourthly, the IFCI should ensure proper growth. From the figure available with me, the growth of the Corporation in the last five years has been only 22 per cent, and it needs improvement. Fifthly, financial assistance to backward areas is also not up to the mark. Only Rs. 3,230 crores have been given to about 2,272 projects. Out of these, the IFCI has assisted 1,055 projects in backward areas, which is very low.

Sir, to have a balanced development in our country, the activities in the backward areas should be much more. The profitability in 1986 is also not very much encouraging in view of the liability. There is a profit of Rs. 34.18 crores in 1986 as against the liability of 1,838 crores. The profit in 1984 and 1985 was also not very much appreciable, that is, in 1984 the profit was Rs. 23.89 crores with the total liability of Rs. 1,095 crores and in 1985 the profit was Rs. 29.31 crores with the total liability of Rs. 1,431 crores. This is not encouraging considering the proportionate liability.

Sir, I also do not know whether these profits have been calculated on cost system of accounting or on the basis of accrual system of accounting. If it is on the basis of the cost system of accounting, to some extent the profit is tolerable, but if it is on the accrual system of accounting, it is absolutely not up to the mark.

Sir, to have a balanced development in our country, the IFCI should also participate in the projects assisted by the SIDC in the States at least in the backward States to provide liquidity of funds to the SIDC.

Seventh, there should be a close monitoring of projects to avoid an industry being sick from the very implementation stage. Sir, there is one unit in Bihar where the land financier is the IFCI. This unit is close for several years, and funds of other financial institutions have also been locked up due to lack of close monitoring.

Eight, the IFCI should take special measures and devices for recovery which is at the lowest ebb.

Ninth, Sir, to avoid escalation and overrun, speedy, time-bound disposal of loan application and the implementation of the project should be the first and the last aim of the IFCI. Similarly, phase-wise disbursement should also be planned by the IFCI.

Tenth, Sir, the gap between the sanction and the disbursement, as said by our earlier speakers, should be narrowed to the minimum extent.

[Shri Rajni Ranjan Sahu]

Eleventh, the nominee director of the IFCI in the assisted unit should be pinned with responsibility.

Sir, lastly, I would like to draw the attention of the House and also the attention of our hon. Finance Minister to the activities of the IFCI in Bihar which is not only poor but the poorest. From the figures available to me so far, the IFCI has assisted only 60 projects in Bihar, and in 1986 only 5 projects, that too with Rs. 29.92 crores. (*Time bell rings*).

Sir, I cannot check myself to vindicate my views when the total investment of the Government of India is 5.5 per cent in the mining sector and 34.8 per cent in the manufacturing sector which is much less than the corresponding figures for Assam and Orissa. So, the IFCI should come forward in a big way and plan to pull up Bihar by their investment in a maximum number of projects to bring Bihar at par with other States.

With these words, I support the Bill.

Thank you, Sir.

THE VICE-CHAIRMAN (SHRI M. P. KAUSHIK): Shri Sharad Yadav not there. Shri V. M. Jadhav not there. Shri G. R. Matto not there. Shri Sagar Rayka not there.

SHRI K. VASUDEVA PANICKER (Orissa): Thank you for inviting me to speak earlier.

First of all let me support this Bill introduced by the hon. Finance Minister. In fact, I am not very clear as to what I should speak on this Bill in the House, mainly because it is a fact that this country is a nation where we are having more than enough legislations. Besides we are having more than enough institutions either for financing or otherwise, if these legislations had been properly implemented and if these institutions had worked properly, we would have done miracles. I will give you one or two examples and with these examples I will try to end my speech. In Kerala, there is a new Industry. I understand

there are such industries throughout India. This one is a notorious industry producing nothing. It is called blade industry. In fact, it is not manufacturing blades for the purpose of shaving beards. This is an industry for financing blackmarketing. I will illustrate how it happens in this industry. If I am in need of Rs. 100, it is quite easy for me to get it on loan. I ask Mr. X to give me the money. He gives me Rs. 90 in the morning at 10 a.m. In the evening I have to pay back this money plus the interest on it. If a loan is for Rs. 90 I have to repay Rs. 105 in the evening, say after eight or ten hours. The margin of profit which Mr. X, who is the financier, of mine is Rs. 15. If you multiply Rs. 15 per day into 30, it will be Rs. 450. All the assets which Mr. X is having is only Rs. 90 and in a month's time Mr. X, the financier, is manufacturing Rs. 450. So, this is a very highly profitable business, though it is notorious.

This is called blade industry because it completely shaves off the loanee. What I am trying to bring out is this fact which is existing in Kerala and elsewhere. This is also to highlight that something is going wrong somewhere in the whole institutional financing in India. We have made rapid strides in the way of progress of banking. We have made rapid stride in the progress of institutional financing. We have made rapid progress in these fields and now stands foremost. But despite all this who takes the benefit of the institutional financing? If the institutional financing had been successful to the desired extend, this type of blade industry would not have taken birth in Kerala and elsewhere.

Now, bear with me for another minute and I will give you another example. A friend of mine was telling me a story. One Mr. X has been doing business with one of the agencies of the Government of India for the last many years. His yearly business turnover with the Government of India was somewhere around Rs. 20 crores. Mr. X was doing business with the Government agency of the tune of Rs. 20 crores every year for the last so many years. So he was transacting his business through a particular bank in India.

1 this particular person was in need of few lakhs of rupees somewhere around Rs. 25 or 50 lakhs, he approached the regular bank through which he has been transacting his business. A person who is having business to the tune of Rs. 20 crores every year was denied payment of loan. Why? Because when the matter was further investigated into, it was revealed that the officer who was to sign the papers was interested to destabilise Mr. X who was doing business with the Government for the last so many years. These are two questions before the banking institution in our country. If this pattern is not going to be looked into and investigated, the purpose for which we are trying to have institutional financing business will go to dogs.

This Industrial Financial Corporation is an excellent idea. This was constituted in 1948. Since 1948 this institution has made a lot of contribution for the development of India. I do not deny this fact. But the question is whether these financial institutions could really percolate down to our masses who want to produce goods for the benefit of our country. I cannot say 'yes' or 'no' despite the fact that we see visible progress.

Therefore, my submission on this point is that we have to see that there is a correlation between agricultural development or industrial development on the one side and private sector and public sector on the other side through our banking institutions. Our financial institutions are there in the public sector as well as in the private sector for the development of our country. Banking itself means that somebody banks on you. And that somebody who banks on you is not in a position to get the benefit.

Then the very concept of banking itself is irrelevant and obsolete. I am not going to be critical about our financial institutions. But what I am trying to say is that it has to be further streamlined. Our banking institutions have to be streamlined. Sir, industrial development should be the super-most criteria for the institutional financing in India. Before concluding, I want to make two submissions on this point. The Industrial Financial

Corporation instead of confining itself to the cities and urban areas should try to percolate down to the villages, because we have to develop our villages. There is an exodus from the villages to cities and our cities are becoming intolerable and not fit for habitation because of so many reasons. We have to develop these villages into a more economically developed areas. For that this Financial Corporation can do a lot of things.

With these words, I conclude my speech. Thank you.

3.00 P. M.

श्री सुरज प्रसाद (बिहार) : महोदय, इंडस्ट्रियल फाइनेंस कॉरपोरेशन बिल जो हम लोगों के सामने प्रस्तुत किया गया है इसमें कुछ नई बातें जोड़ने की कोशिश की गई है। इस बिल के अन्दर यह प्रावधान किया गया है कि जो पूँजी की सीमा थी उस सीमा को बढ़ाया जाए। तथा नये उद्योग जो पिछले साल सहायता पाने में असमर्थ थे उन उद्योगों को इसमें शामिल किया जाये ताकि उन्हें भी सहायता मिल सके। व्यवस्था में, मैनेजमेंट में परिवर्तन किया जाए। गत दो वर्षों से सरकार ने औद्योगिक नीतियों में परिवर्तन किया है ताकि हिन्दुस्तान के उद्योगपति अधिक से अधिक हिन्दुस्तान में उद्योगों का विकास कर सकें। उन्हें काफी तरह की सहायतें और सहायता दी गई है। अर्थतंत्र की नीतियां भी कुछ उदार बनाने की कोशिश की गई है। कुछ उद्योग जो पहले लाइसेंस से ही खोले जाते थे उन्हें डी-लाइसेंस कर दिया गया है। और आधुनिकीकरण करने के लिए विदेशों से उत्तम किस्म की मशीनों मंगाने की सहायतें दी गई हैं। उसी दिशा में सरकार द्वारा उद्योगपतियों को सहायता दी जा रही है। उसी श्रृंखला में यह बिल एक कड़ी है। देखना यह है कि सरकार ने गत दो वर्षों से जो नीतियां देश के अन्दर चलाई हैं उससे हिन्दुस्तान के अन्दर औद्योगिक विकास में क्या प्रगति हुई है? अगर यह देखा जाए तो सातवीं पंचवर्षीय योजना में 8 परसेंट औद्योगिक विकास का लक्ष्य था और अभी गत दो वर्षों से 6.3 परसेंट के हिसाब से उद्योग विकसित

## [ श्री सुरज प्रसाद ]

हो रहे हैं और सबसे खराब अवस्था पूँजीगत उद्योगों की है जिसमें 3.2 परसेंट की तरह से विकास हो रहा है।

सरकार यह जो बिल साई है इसलिए साई है कि इस देश के अन्दर जो उद्योगपति हैं उन्हें सहायता प्रदान की जाए ताकि औद्योगिक विकास तेजी से इस देश में कर सकें। इस लिए भी पूँजी की सीमा बढ़ाने के लिए सरकार ने कदम उठाया है। मेरी समझ में यह आ रहा है कि जिस प्रकार से गत दो वर्षों के दरमियान सरकार ने उद्योगपतियों को विभिन्न तरह की सहायता और सहूलियतें दी हैं फिर भी देश में औद्योगिक विकास स्टैगनेशन की अवस्था में है। और इस बिल के द्वारा भी काफी सहायता लेने के बाद उद्योग हिन्दुस्तान में तेजी के साथ विकसित होंगे ऐसा नजर आता नहीं है। अभी तक जो पुराना बिल 1948 में पहले-पहल पारित हुआ था उस समय से अब तक की हम गति देखें तो यह पाते हैं कि इस गति का जो लक्ष्य था वह यह था कि लोम टर्म कर्ज देना, मध्यम टर्म कर्ज देना। इस में जो कर्ज वितरित किया है इसमें देश के अन्दर जितने भी बड़े-बड़े निजी क्षेत्र के उद्योगपति हैं उन्हीं को अधिकतर कर्ज वितरित किया है। जो सहायक क्षेत्र हैं, कृषि पर आधारित उद्योग हैं उस दिशा में सरकार का जो इंडस्ट्रियल फाइनेंस कॉरपोरेशन है उसने भी कर्ज देने में काफी बेईमानी की है। चीनी के क्षेत्र में भी उसने बड़े-बड़े उद्योगपतियों को कर्ज दिया। बड़े-बड़े उद्योगपतियों को जहाँ 63.4 परसेंट कर्ज दिया गया वहाँ संयुक्त क्षेत्र में 13.4 प्रतिशत कर्ज दिया गया। सरकारी क्षेत्र में 11.9 परसेंट और सहकारी क्षेत्र में 11.3 प्रतिशत कर्ज दिया गया। इससे ऐसा लगता है कि यह निगम देश के अन्दर जो उद्योगपति हैं उसके लिए ही गठित किया गया है। देश के अन्दर में जो अन्य उद्योग हैं उनको कर्ज देने में इसने बेईमानी की है।

हमारे देश में कुछ विकसित राज्य हैं और कुछ अविकसित राज्य हैं। हमारे देश के अन्दर ऐसे भी राज्य हैं जहाँ पर उद्योग-धन्धे काफी बड़े-बड़े हैं, लेकिन कुछ ऐसे भी राज्य हैं जहाँ उद्योग कम विकसित हुए हैं और जहाँ पर इंडस्ट्रियल कल्चर का विकास नहीं हुआ है। बिहार की चर्चामाननीय सदस्य श्री साहू जी ने की है, लेकिन निगम ने ऋण वितरण के क्षेत्र में सिर्फ विकसित राज्यों को ही चुना है। उन्हीं राज्यों का विकास हुआ है जो पहले से ही औद्योगिक दृष्टि से विकसित हैं। जो अविकसित राज्य हैं उनको ऋण वितरण में बेईमानी की गई है। देश के अन्दर 88 उद्योगरहित जिले हैं, नो इंडस्ट्री जिले हैं। हमें देखना यह है कि उन राज्यों को भी विकसित करने की जिम्मेदारी उन राज्यों को भी कर्ज देने की जिम्मेदारी निगम की है। मेरे पास जो आंकड़े हैं उनसे पता चलता है कि नो इंडस्ट्री जिलों में 49 योजनाओं को मंजूरी दी गई है और 87 करोड़ रुपये वहाँ दिया है, यद्यपि इस निगम ने 19 अरब रुपये की राशि बड़े-बड़े उद्योगपतियों को दी है। इससे ऐसा लगता है कि देश के अन्दर जो उद्योग रहित जिले हैं, जो नो इंडस्ट्री जिले हैं, उन जिलों को विकसित करने की दिशा में निगम ने कोई ठोस कदम नहीं उठाये हैं। इसीलिए बहुत से जिले ऐसे हैं जहाँ पर कोई भी उद्योग विकसित नहीं हुए हैं। निगम का लक्ष्य होना चाहिए देश के अन्दर जो रीजनल इम्बेलेन्स है, जो असंतुलन है, उसको दूर किया जाये ताकि सब जिलों का विकास एक स्तर पर हो सके। लेकिन इस दिशा में भी निगम ने बेईमानी की है हमारे देश में कृषि पर आधारित बहुत से उद्योग हैं। सहकारिता के क्षेत्र में कृषि पर आधारित बहुत से उद्योग हैं। जूट उद्योग कृषि पर आधारित उद्योग है। कपड़ा उद्योग भी कृषि पर आधारित उद्योग है। चीनी बनाने वाले कारखाने कृषि पर आधारित हैं। लेकिन कृषि के क्षेत्र में जो कर्ज दिया गया है वह

नाम मात्र का है। सहकारिता के क्षेत्र में 192 करोड़ रुपये निगम ने अपनी पूरी जिन्दगी में दिये हैं। इसलिए ऐसा लगता है कि किसी भी दृष्टि से देखा जाय निगम के सामने जो लक्ष्य था उसको पूरा करने में वह बिल्कुल पूरी तरह से असफल रहा है। उसने सिर्फ निजी क्षेत्र को विकसित करने की तरफ अपना ध्यान केन्द्रित किया है। इसलिए हमारा सुझाव यह है कि देश के आदर बहुत-सी नई-नई योजनाएं शुरू की जाय। सरकार ने कुछ योजनाएं शुरू भी की हैं। सुनियोजन का भी एक क्षेत्र है। जहां नौजवानों को सुनियोजन के क्षेत्र में काम मिल सके; इस दृष्टि से भी उद्योगों को विकसित करने की जरूरत है। मुझे आंकड़े प्राप्त हैं कि जहां किसी क्षेत्र में निगम ने अगर कर्जा दिया तो महज 10-15 लाख ही दिया है। निगम की पूंजी बढ़ाई जा रही है और कुछ नये उद्योग इसके अन्दर लाये जा रहे हैं, नये कन्सर्न इसके अन्दर लाये जा रहे हैं, इसका तो मैं स्वागत करता हूं। लेकिन साथ ही साथ मैं यह चाहूंगा कि देश के अन्दर उद्योगों के क्षेत्र में जो असमन्ता है, असमान जो विकास है, जो पिछड़े हुए राज्य हैं उन राज्यों को यह निगम अधिक से अधिक कर्जा देने की दिशा में कदम उठाये। दूसरी बात जो मैं कहना चाहता हूं वह यह है कि जो नो-इंडस्ट्री जिले हैं, जहां बिल्कुल उद्योग नहीं हैं या एक-आध मिलें ही हैं, उन जिलों को विकसित करने की दिशा में यह निगम कदम उठाये। साथ ही सुनियोजन के क्षेत्र में, सेल्फ-इम्प्लॉई-मेंट का जो क्षेत्र है, जहां नौजवानों को काम देने की बात हो रही है, जहां अधिक से अधिक नौजवान बेकार पड़े हैं, वहां पर उनको कर्जा दिया जाय इसमें वहां पर नये उद्योग खड़े हो सकते हैं, और नये तौर पर इंटरप्रिन्योर पैदा हो जाते हैं और उस क्षेत्र का औद्योगिक विकास हो सकता है। इस दिशा में भी निगम को काम करना चाहिए। अंत में मैं उम्मीद करता हूं

कि अगर यह निगम काम करने लगे तो जो सुझाव मैंने दिये हैं, उस दिशा में भी वह विचार करे ताकि संतुलित ढंग से देश का औद्योगिक विकास हो सके। इन शब्दों के साथ मैं अपनी बात समाप्त करता हूं।

**SHRI CHIMANBHAI MEHTA (Gujarat) :** Mr. Vice-Chairman, I welcome this Bill because it incorporates the experience of almost four decades of the functioning of the Corporation and, therefore, it has enlarged the canvas of its activities, has enlarged the outlay of the capital and has also put several fresh, new ideas. Therefore, it is an attempt in the right direction and commendable.

Before I go to the various aspects of this Bill I would like to suggest first that housing should also be incorporated as an industry. This has not been done here because housing is considered a non-essential project. - With the growing urbanisation we find that unless labour and other people are given proper recreational facilities, it is going to adversely affect industrialisation also. I have seen that in the other financial corporations that came before this House this was not included. Even at this late stage I am recommending to the Minister that this should be considered. In the Seventh Plan we are laying a greater emphasis on housing and, therefore, the financial institutions are also enjoined upon to help the Seventh Plan objectives and targets.

Secondly, I have seen that the posts of the Chairman and the Managing Director are being combined in one person nowadays. In the case of this institution hitherto there was provision in the Act only for Chairman but now Managing Director is also being provided, with the provision that both the positions can be combined in one person, the same person can hold both the positions under the present Bill. I do not understand why we should go with this recently developed concept of both Chairman and Managing Director

[Shri Chimanbhai Mehta]

being combined in one person. Do we lack talent and it is because of this that we think that the Chairman and the Managing Director should be combined into one person? Do we think that there would be conflicts between these two and, therefore, the work would be delayed? And Sir, if there is going to be a conflict, what is the conflict? Difference of opinion in any organisation is a healthy thing. Now, to avoid difference of opinion, we say that that two persons will be combined into one. This is not the method for avoiding delays or avoiding conflicts. This strikes at the root of collective spirit and collective working. My fundamental objection to this arises from this approach that gradually these two posts are being combined into one. Formerly, some non-official public figure was put as the Chairman and this was the practice for so many years back. Then, gradually, administrative personnel started coming into it and then technical personnel came into it. So, gradually, we have removed the non-official public workers.

I am not of the view that every non-official who is appointed there is a political favourite of somebody. That is a wrong concept. The Minister, are heading so many departments, what wrong is there if a non-official belonging to a political party also became the Chairman of the Corporation. Now, there are two centres, not for execution or executive functions, but of thinking developing approach and another for execution. This will democratise the administration. The criticism that came from some quarters was that this Corporation could not help backward States and backward areas. But it is not a totally correct criticism. It has helped backward areas and sixty per cent of the loans has gone to the backward areas. But it has helped the advanced States also, but they are not totally advanced States, just advanced in certain areas only.

Sir, in the backward States, it is the responsibility of these financial institutions also

to sponsor industrial leadership, to cultivate industrial leadership. If only technical personnel or administrative personnel are going to be there in such corporations, this will not come within his purview and this will not come under his jurisdiction, either is it his duty to do this. He would say that he has got many crores of rupees and that he must use them properly and he must have proper results and proper return and that there should be more production and all that.

I know that out of the units that were taking loans from this Corporation, 48 per cent of the units were running into losses. This is a big number. Now, if there are two centres, with different philosophies of chairman and managing Director I think they can think about it and find out why some units are incurring losses and what the reason for this. But if there is only an administrative approach or only a technical approach, you cannot do it and you cannot do it if the Chairman and the Managing Director are combined into one person. You know how such Boards also function and how they meet. Once in a month they come and cursorily discuss certain things and, ultimately, only one or two people run the whole show. Therefore, there is no collective experience which is reflected in this kind of approach. Of course, some particular MD might be a better person; but that is another matter.

Now, Sir, sickness has taken place in industries and a number of units are going sick. Even after financing such units. They are going sick. Now there are big industrial houses who manipulate things. So, a Managing Director alone would not be able to tackle such a kind of thing. I will give you a recent example. I was reading recently an article in a magazine in the Library about Bombay Dyeing.

[The Vice-Chairman (Shri Pawan Kumar Bansal) in the Chair]

A lot of discussion is going on. It was sanctioned during the time of the Janata



Government. But I do not want to blame this Government or that Government. Now, the Janata Government ultimately gave a Letter of Intent, for D. M. T. Plant. At that time it was a project worth Rs. 30 crores. Then it went up to Rs. 56 crores. Then, recently in the Balance Sheet of Bombay Dyeing it went up to Rs. 120 crores. Now, if you raise the capital structure of a particular undertaking, then you can work out the more loss and get more deductions from income-tax, depreciation, etc. on that you can get bigger loan from the banks come-tax, depreciation, etc. On that capital and, therefore, you can get Rs. 80-90 crores.

Now, is it possible that one MD or one technical man will be able to manage and change this kind of practice of the business houses? Therefore, I request the hon. Minister to consider and divide this authority. You want to put a single person for the whole thing. But you know that a single person is not that efficient, I do not want to use any harsh language, because this is a very objective discussion. However nice he may be, our business houses culture, that they have developed recently you know. Almost all the business houses have Government money—I mean to say banks' money or financial institutions' money. And they are running the show as if it was their own affair.

Sir, in these financial institutions they do not always insist that efficient Directors should be in these companies and sometimes they put Directors who are not able to deliver goods. Otherwise how they can go on manipulating such huge losses—Rs. 30 crores amount going up to Rs. 120 crores. I have given one example. These things are happening. And these institutions are not oriented towards our basic ideal of socialism of the Constitution. You have given the guidelines. There are guiding principles. If thousands of crores of rupees are going to be invested in private companies and other institutions, why don't you insist on one condition also, that labour participation will be enforced in all these things. Why I am talking about labour participation

is because you will have your money secured and you can get proper recovery. I will tell you, Sir, that only labour is interested in running the industry basically. Entrepreneurs or rich men would come basically for profit but for the poor man or the worker in the industry it is a question of livelihood and he would not like to face closure of the industry or factory. Therefore, he is much more interested in running the industry and factory. But, Sir, we deliberately develop some sort of capitalism, capitalist culture, where the entrepreneurs are not development-oriented. Had there been that case of developmental orientation, I would have been happy that something is being generated for the country, more production is coming. Their basic interest is making more and more money by these means. This is happening in the private sector. Therefore, I would request the hon. Minister to consider appointing more non-officials. They are approachable by the people; we can go and tell them what is wrong. But about this officialdom, Sir, I am not against all officers, some officers are good. That is not the point here. But, why have you only one channel? Sir, this Bill is going to be voted today after this discussion. I know that at this stage moving my amendment cannot be done because amendment cannot be done because the the Bill has already come from the Lok Sabha. But when it is going to be implemented, when you make rules and regulations, kindly see to this one thing that there is this labour participation clause in one way or the other... *(Time bell rings)* I would not take much time.

About the take-over, Sir, there are powers under the Bill to take over any industrial undertaking which is going in a wrong direction. I do not know how many undertakings will be taken over and what is the way of taking over, and when you are likely to take-over. This should also be properly worked out because 48 per cent of the units, according to the Report, are going in a loss and the recovery is not so good. About the sickness clause, you must work out something. That is, the moment the first report is available, you associate the labour also

[Shri Chimanbhai Mehta]

because once the factory is closed, they suffer. And this gentleman is going away with the money. We are not going to seize his bungalow. All the luxuries he is going to enjoy. Therefore, make it more labour-oriented.

Sir, ours is a high cost economy. But this is a general question; this cannot be applied to only one Financial Corporation. One has to consider the rates of interest. The interest rate is going to be 12 per cent or 14 per cent or sometimes even more. And penalty interest and other things are there. Now, can we build any industry on a sound basis in this way? In the Western countries—I do not want to quote because the things are not comparable—it is 5 per cent in Japan, 4 per cent in West Germany, and 7 per cent in the USA. In our country, we are having a very high interest rate and sometimes that also makes the industry sick. And once it becomes sick, it can never recover because this load of interest is so high. Sometimes I feel what the use is of these financial institutions. Are we going to help the industrialisation? Is this the way to help industrialisation by imposing such higher rates of interested taxation? In Japan, it is very less.

Now, Sir, I come to my last point. We should also request the industries that are taking help from this Corporation that they must also have some discipline, manufacturing discipline, price discipline, etc. Sometimes they also make a lot of profit. Ultimately, this is meant for giving goods to the public, to the consumer at a reasonable price. Nowhere are we able to give even the guidelines to those industries as to what sort of profits they should make generally. I have seen that they are prone to so much of losses although they may not be doing losses. But some units are there which are making good profits. Let them also be told that there should not be a very high rate of profit.

Sir, with these words, I support the Bill. In the beginning, I have also said that there are so many positive aspects in the Bill. And definitely it is an ad-

vance compared to the previous set. I congratulate the Minister also for doing several good things because I must say one or two words and I know they are penalising the industrialists who are going on a wrong line. They are raiding them. It is very good. Recently, one Mr. L. M. Thapar was raided. I was very happy. This gentleman had connections with so many high-ups. And he has been brought to the book. In the same way, you bring to book those capitalists; these crooks who are taking away the State money. And they make a show. Some of them invite us to their parties. They invite during day-time and during night-time and have photographs and then they use these things against financial institutions, against bureaucracy, against custom officers, against excise officers. You have done the right thing, made him apologise and he could not run away, although I was surprised that at mid-night the Supreme Court gave him bail. This was unprecedented. Perhaps I do not know much about the history of the Supreme Court. But I am proud of the Finance Department. Sir, I am proud of the Finance Minister, Shri V. P. Singh who got the apology from the industrialists concerned.

Sir, if you go into the links of Mr. Thapar, there are so many links. He was fondled by the Janata Party also. Some of the leaders of the Janata Party have got their money there. Some leaders want to close his cases. They are also taking money from there. So, keep them away. These institutions should also be requested to look into such nefarious deeds.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): Sir, I am grateful to the hon. Members for participating in this discussion. I am sorry that because of election campaigning my voice has been spoilt.

THE VICE-CHAIRMAN (SHRI PAWAN KUMAR BANSAL): You have another Bill to pilot.

SHRI JANARDHAN POOJARI: Yes, Sir. (Interruptions).

Sir, on this Bill I will confine myself to the questions that have been raised here. Some of the hon. Members have welcomed the Bill. They have supported the Bill. Some of the hon. Members while supporting it, criticised it saying that we are departing from our established policies.

Sir, our first speaker was Shri Nirmal Chatterjee, the respected Member of this august House. Along with him some of the hon. Members, including a young Member of Parliament, Shri Mirza Beg, also made a very effective contribution. Sir Shri Nirmal Chatterjee has stated that we are going for privatisation and we are giving more and more assistance from the IFCI to the private sector. It is true, Sir, that IFCI has given more assistance to the private sector. The main objective for which IFCI was started was to give assistance to big and medium industries. And here we have got a system, some of the financial institutions are to give assistance to the private sector and at the same time we have to see whether we have neglected the public sector. Sir, hon. Member, Shri Chatterjee is an economist. He is well-conversant with the historical facts. At the time of the Independence and after Independence in 50s, we had only five public undertakings with an investment of Rs. 27 crores. Today, Sir, we have got a total investment of Rs. 42,000 crores in public sector. From which source has this money come? There is another system and yet another source from which the money could flow to the public sector, that is, from the budgetary allocation, market borrowing and foreign assistance. So far as the private sector is concerned, we have got the system of financial institutions from which the money should flow. Here, Sir, the argument or the criticism that has been made against the Government was that we are running away from the policy of socialism, that we are going for privatisation, and it was asked whether this argument was true. Sir, I can tell the august House, it is the commitment that has been given to the nation by the Government, the Government which has been established by the people of this nation,

that public sector will play its commanding role and we will go in for public sector and will never neglect this sector of the economy. At the same time, we cannot shut our eyes and we cannot forget the reality that there is a contribution from the private sector to the economic development of the nation. And if we overlook this fact, definitely we will be committing the greatest crime against the Indian economy.

Now, whether there is a qualitative change in the Indian economy after Independence, whether we, as a nation, have come up to the expectations of the people of this great country, if we analyse, the answer is positive. It is not a negative answer. The answer is 'Yes'. With the help of the public sector and also with the help of the private sector, we have come up to the expectation of the nation and we have also made a mark in the Indian economy and also we can go with our head high in the world economy.

When my friend spoke in the beginning, he said that Poojari is making much about the Sixth Five Year Plan contribution to the nation. Yes, it is the duty of the Government to tell the nation what we have done. Here, during the Sixth Five Year Plan, what was our public sector outlay? It was Rs. 97,500 crores. It was a massive outlay. Today, in the Seventh Five Year Plan, we have come up before the nation with a massive public sector outlay of Rs. 1,80,000 crores. At the same time, in the Seventh Five Year Plan, there is a role to be played by the private sector. From there to the economy, Rs. 1,40,000 crores would flow. Now, we have to compare whether we have done anything during the Sixth Five Year Plan. We have to tell the nation, that it is our achievement. What is the achievement. There was the outlay of Rs. 97,500 crores and in the first four years of the Sixth Five Year Plan, we spent about Rs. 80,000 crores and in the last year of the Sixth Five Year Plan, the investment was to the tune of Rs. 30,000 crores, and the Plan ended with the total of Rs. 1,10,000 crores. Friends may ask, outside and inside the Parliament as to what is the assistance we got

[Shri Janardhan Poojari]

from foreign countries, and that it is not our achievement. Yes, let us see what is the contribution from foreign countries, both bilateral and multilateral, the IMF, the World Bank. What is the contribution? The contribution is only seven per cent. Ninety-three per cent of the total investment comes from within the country. Is it a small achievement? Should we not be proud of this achievement?

Let us compare our growth rate with that of other countries. Even the World Bank has praised it, eulogised it. They have said that India's performance should be emulated by other countries. Some people, sometimes, say that the achievement of America or Japan or Germany is greater than ours. What is their growth-rate? During the period of the Sixth Five-Year Plan, that is, 1980-85, it was only 2.17 per cent. What was the growth-rate of the developing countries during this period? It was 2.45 per cent. What was, on an average, the world growth-rate? It was 2.37 per cent. What was the growth-rate of India, our country, during this period, between 1980-85? It was 5.3 per cent. Is it a small achievement? Are we not going forward? We do not say that there is no scope for improvement. At the time of Independence, we had to import even pin from foreign countries. Today, we have factories producing all kinds of things right from pin. I do not want to go into the details. In every field, in every area, we have achieved tremendous progress and we have shown our performance. Who are responsible for this? Our workers in the factories, our people working as coolies, our people working in the fields, even Government servants, everybody. This is the achievement we have shown to the world. Nobody can say that we have neglected the public sector. No. I am fully with the hon. Member, Shri Chatterjee, that we should encourage the public sector more. We will do it. We will take the advice of Parliament. We will go by the will of the nation. We will not, we

shall not, neglect the public sector. Our philosophy, our thinking, in regard to socialism will not go from our mind, from the mind of the nation. Therefore, I say, our economic development is very impressive and commendable and all of us should be proud of it. Let us work more. Let us show improvement. Let us show efficiency. Let us show to the world that we can achieve our goal. As our hon. Prime Minister has been saying, let us reach very fast the Twenty-first Century, with fast development.

When I say this, I would like to point out to hon. Member, Shri Nirmal Chatterjee, that we cannot, at the same time, neglect the private sector. So far as the performance of the Industrial Finance Corporation of India is concerned, the contribution made by it to the private sector has come down from 73 per cent earlier. We are going in for more investment in the public sector as well as in the co-operative sector. In the case of the co-operative sector, there is another source also to finance it, apart from the Industrial Finance Corporation of India. Here, I would like to assure hon. Members that the cooperative sector will not be ignored. Coming to another point raised by hon. Shri Chatterjee about the fidelity and secrecy clause, it is true, we have introduced this clause of fidelity and secrecy, and to a certain extent I agree with the hon. Member that the secrecy should be avoided. One day or the other we should go nearer to that step to be taken, but at the same time, we have to see not only to the Indian investment but also to the investment environment in the world. We have to get people from outside also to invest in the country. We have also to see how the banking system and the financial institutions function. To a certain extent, certain degree of secrecy is required. Take for example, one industry is passing through a temporary phenomenon, it fails to pay the amount back to the institution. Now if it is made public, the credibility of that business man or industry will im-

mediately collapse in the market. There will not be any opportunity for him to come up. And then what will happen? In such circumstances, we have to go to the rescue of these people. They may find resources, they may improve their position and they may then contribute to the development of the particular industry. Therefore, we find that, to a certain extent, this secrecy clause is required. At the same time, we make it very clear that if some people are going to misuse it, we will not spare them. Action will be taken against them. Hon. Members have made a point that lakhs of industries are sick. Yes, it is true. From the banking sector and financial institution point of view 101063 units today are sick and a sum of Rs. 4699 crores is locked up. For that we have to find out the reason.

A study has been conducted. Various reasons are there. In some cases, it is due to power shortage, in some it is due to mismanagement, and in majority of the cases it is due to non-availability of raw material. In some cases, it is due to labour trouble also. So, we have to find out, we have to diagnose the reasons for this sickness. If there are cogent, bonafide reasons for the sickness, we have to rehabilitate them, we have to nurse them. If they are playing a mischief, if they have diverted their funds, if they have mismanaged their companies, we would not spare them. For that the Parliament has passed one Bill relating to sick industries. The board is to be set up. Here also, I can assure the hon. Member that the board can find out the reason if the sickness is deliberate. If it is due to mismanagement on the part of any promoter or the managing director, he will be black-listed, no amount will be given from the financial institution. No amount will flow from the banking sector to such a man, whether he be the Managing Director, or partner or Director in any company. We are going to be very firm in this area. I can tell the Parliament that no interference will be allowed and we will see that such people's illegal activities are curbed.

Then the hon. Member, Shri Desai, made one point that IFCI have got a lot of money in their portfolio as overdues. Now, Sir, if I bring to the notice of the hon. Members when there is performance, it is better to give them their due share of appreciation. In the case of IFCI, the overdue amount is Rs. 61.64 crores, against the total outstanding loan portfolio of Rs. 1649 crores. Percentage-wise it is only 3.7 per cent. When they are dealing with industrial concerns, they have to meet the risk also. We have to give some margin for their risk-taking. So we cannot say here that the IFCI was not vigilant or that they were not performing to the satisfaction of the people. While I appreciate the performance of the IFCI in this area, I must emphasise that their effort should be to get back these overdues with all the efforts at their command.

Some of the hon. Members have said that in Orissa there were some sick industries, or more sick industries were there. I will give you the figure. In Orissa there were only two concerns which made default out of 44 assisted concerns. In the case of Bihar, out of 31 assisted concerns, only 8 made default. Sir, we can definitely say, as the hon. Member, Shri Panicker, made the point saying that we should go to the backward areas and neglected areas, we have to go to Orissa, we have to go to Bihar. What is the role that has been played by IFCI so far as backward areas are concerned? Their investment is to the extent of 53 per cent as figures stand today. I can assure the hon. Members that I have already given instructions to the Chairman and also the Heads of financial institutions that we should go more and more to the rural areas, particularly in backward States. At the same time I appeal to the State Government to create infrastructural facilities for the entrepreneurs to go there and start industries. We should have sufficient power, we should have raw materials, we should have other infrastructural facilities also. So unless we work together, whether it is State Government or the Central Government, for the development of these areas, I don't think we can move forward.

[Shri Janardhan Poojari]

Now only one thing, I want to take this opportunity to tell to some of our Union leaders to also take into consideration.

They have been representing to us that the units are closed, the labour force is suffering, you please open the units. Sir, I request them, whenever the units are running profitably, when there are profits, when they are having effective managements, please see that such units develop. I may also tell them, in the interests of the labour, that if those units become sick because of the activities of the labour the labour will be blamed. Ultimately the entire blame will be put on the labour. That cause should not be there. That is why, in the interests of the labour and their children and in view of their plight after the closure of the units, taking into consideration all these aspects, please see that the units move forward and give all your assistance.

I agree with the honourable Member, Mr. Mehta, that participation of the labour is required in management. Here the steps have been taken. We are going to take some more steps also. Mr. Mehta has also stated that non-official people should be there on the board of management. I fully agree with the suggestion. But who are criticizing it? We, the politicians. Inside Parliament and outside Parliament we degrade ourselves, we degrade our politicians, we say inside Parliament and outside Parliament that we are not up to the standard. Sometimes this is done and we say that we are not competent and, if some people are corrupt, we say that all the politicians are corrupt. This is the tragedy. There are, in the country, politicians who are very effective and honest, known for their integrity, for their competence. They must be involved, they must be given full strength. Whenever I see this sort of criticism, I feel there is no use of cursing others. We have to curse ourselves. We should not belittle the politicians as a whole. Here I would like to appeal to the honourable Members that I feel, if at all the administration is to be improved, if the administration is to be strengthened, the role of the political people—non officials—is required.

Sir, I want to make one more point here.

The honourable Member, Shri Panicker, has made a point stating that we should go to the rural areas. Some other honourable Members also have made that point that we have to help the small people, small entrepreneurs. It is not the main role of the IFCI to help the small-scale sector. But they have taken on the role and through promotional schemes they have been helping in so many areas. But some honourable Members made a point, why in the rural areas there is a demand to go to the urban areas? We have to go to the rescue of the rural people, the small people; we have to give them economic strength, we have to help them in their economic activities. Sir, pardon me when I say, if one villager in a village is given a sewing machine and if he, with that sewing machine generates income and for his family members if he purchases a piece of cloth which he was not in a position to purchase before, then business is there for the cloth merchant, not only business for the cloth merchant but there is also business for the 4 P.M. mill which manufactures the cloth. It is also a business for the manufacture of sewing machines. That is how the economic activities will generate. That is why I fully agree with the hon. Members when they said give them economic strength and they will generate income. Let us give them a purchasing power. This is a link in the economy with which we are to bring our nation forward.

An. Hon. Member has made a point that in the rural areas the poor people may misuse the economic strength which we are providing to them. We have been making points in Parliament that we have locked up a sum of Rs. 4,699 crores in the sick industries. Whose decision was it—the decision of the intellectuals or the administrators? This decision to a certain extent failed. But when we come to the weaker sections some people criticise that the rules and guidelines are not followed. When we go to the weaker sections, I request the political people and the hon. Members to come to the help of the people living below the poverty line. Let us go in a big way and give them economic strength. If we give them opportunities to live in the rural areas,

nobody will come to urban areas. That is the culture of our people.

I agree with the hon. Members who made the point that we have to give more assistance to the people living in the rural areas. That should be our objective. Hon. Members have raised some points which I will keep in mind and make their use where they are required. Some hon. Members have raised major questions. I will definitely write to them giving them my answers.

As I said in the beginning, my voice failed because of the election campaign. Therefore, please excuse me.

**SHRI PARVATHANENI UPENDRA** (Andhra Pradesh): You spoke for two and a half hours, I believe.

**SHRI JANARDHAN POOJARI**: I thank once again the hon. Members for their valuable contribution. I will definitely take your advice. Thank you.

**SHRI ALADI ARUNA** alias **V. ARUNACHALAM** (Tamil Nadu): From the Saturation Point of view the IFC has proposed not to give financial assistance to certain industries. I would like to know whether the Government is going to reconsider the decision of the IFC.

**SHRI JANARDHAN POOJARI**: The industries that have reached the saturation point, there is no demand for their products. The hon. Member has made a point what will happen to those industries. They should not fall sick. We will keep it in our mind and when the situation improves and where there is demand for such industries, definitely we will see that the assistance flows from the financial institutions, including the banking sector.

**THE VICE-CHAIRMAN (SHRI PAWAN KUMAR BANSAL)**: The question is:

"That the Bill further to amend the Industrial Finance Corporation Act, 1948, as passed by the Lok Sabha, be taken into consideration."

*The motion was adopted.*

**THE VICE-CHAIRMAN (SHRI PAWAN KUMAR BANSAL)**: We shall now take up clause-by-clause consideration of the Bill.

*Clauses 2 to 22 were added to the Bill.*

*Clause 1, Enacting Formula and Title were added to the Bill.*

**SHRI JANARDHAN POOJARI**: Sir, I move:

"That the Bill be passed."

*The question was put and the motion was adopted.*

### **THE ESTATE DUTY (AMENDMENT) Bill, 1986**

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI)**: Sir, I move: -

"That the Bill further to amend the Estate Duty Act, 1953, as passed by the Lok Sabha, be taken into consideration."

Honourable Members may recall that the Estate Duty Act was amended in 1984 with a view to discontinuing the levy of estate duty in respect of agricultural lands. As a result of the said amendment and the resolutions passed by various State Legislatures under article 252 of the Constitution, the Estate Duty Act has ceased to apply to the agricultural lands situated in all the Union Territories and all the States except the State of Nagaland, Punjab and Tripura.

Honourable Members may also recall that the Estate Duty Act was amended last year so as to discontinue the levy of estate duty in respect of property other than agricultural lands with effect from 16th March, 1985.

The State Legislatures of Punjab and Tripura have passed resolutions under article 252 of the Constitution to the effect that the Estate Duty Act may be amended by Parliament so as to discontinue the levy of estate duty in respect of agricultural land which are situated in these States and after 16th March, 1985. This