

SHRI KHURSHID ALAM KHAN: Some members mentioned that Mr. Nixon has said that he wanted to use the atom bomb at the time of the 1971 war, but it has not been stated against whom. This is a guess.

SHRI B. SATYANARAYAN REDDY: Mr. Nixon has given an interview.

SHRI KHURSHID ALAM KHAN: In the interview, he said, he wanted to use the atom bomb, but he did not say against whom.

SHRIMATI USHA MALHOTRA: India.

SHRI B. SATYANARAYAN REDDY: Against India only.

SHRI KHURSHID ALAM KHAN: This is your inference. This is her inference. It is for you to decide among yourselves.

I have already mentioned about Nazirs case that he was indicted for smuggling out 50 krytons. Actually, the indictment was there, he should have been punished severely, but he got very light punishment.

Shri' Dhabe mentioned about Kahutu establishment. The Kahuta establishment is there. In the first instance its existence was denied and kept secret, but we all know that the Kahuta establishment is there and it is being used for enrichment of uranium.

As regards the Delhi Declaration, this is our policy and the Delhi Declaration is really the policy which we have been propagating and we have been trying to build up public opinion not only in this country but in the world about the nuclear weapons' use and discouragement of the nuclear weapons arms race. Unfortunately this arms race is continuing unabated.

SHRI S. W. DHABE: No impact on Pakistan.

SHRI KHURSHID ALAM KHAN. Shri Sen. of course, mentioned that there are many useful things which we can do

regarding education, health and other things instead of spending money on making bombs and other things. I think he has got his own opinion, other members have got their own opinion and well<sup>1</sup> the Government has got its own option.

SHRI R. RAMAKRISHNAN: Mr. Minister, make your position clear. What are you going to do?

SHRI KHURSHID ALAM KHAN: I You would not like me to tell all the secrets. Now, Madam, the only lady member who spoke, appreciated our policy and I thank her very much and I know she has always been appreciating our policy.

SHRI V. GOPALSAMY: IS there any pressure on the Minister to songrnti:ati her?

# THE STATE FINANCIAL CORPORATIONS (AMENDMENT) BILL, 1985— Conid.

THE DEPUTY CHAIRMAN: Further debate on the State Financial Corporations (Amendment) Bill. 1985. Shri Virendar Verma.

श्री वीरेन्द्र वर्मा (उत्तर प्रदेश) :  
आदरणीय उपसभापति महोदय, राज्  
वित्तीय निगम अधिनियम में जो आवश्यक  
संशोधन माननीय वित्त मंत्री जी लाए हैं  
में उनका स्वागत करता हूँ। पिछले 35 वर्ष  
के निगमों के तजर्बे को देखते हुए इन निगमों  
की फंक्शनिंग में सुधार की आवश्यकता  
है, मैं ऐसा महसूस करता हूँ। निहित स्वार्थ  
जिसे वेस्टेड इंटरेस्ट कहते हैं वे पैदा हो गये हैं,  
हो भी जाते हैं। पुराने जो उद्योगपति हैं  
वे विभिन्न प्रकार के सोर्स से कर्ज लेते  
रहते हैं प्राथमिकता के आधार पर इन  
निगमों से भी उन्हीं को कर्ज मिलता है  
जो नये उद्योग लगाने वाले हैं उनको कर्ज  
मिलने में बहुत कठिनाई होती है। दुख की  
बात यह है कि इन निगमों का ऋण का  
बकाया 1977 में 92 करोड़ था और  
1982 में यह बढ़ कर 267 करोड़  
रुपया हो गया। यह अलार्मात अन्वेष नहीं  
है। इन निगमों द्वारा जिन उद्योगों को  
ऋण डिने गये उन में से 83911 उद्योग

आज कृष्ण अवस्था में हैं, बीमारी की अवस्था में हैं। जब स्वयं बीमार है तो कर्ज की अदायगी कैसे करेंगे। मेरा सबसे पहला सुझाव यह है कि इन बीमार उद्योगों को जो बड़ी तादाद में हैं कर्ज अदा करने की स्थिति में नहीं है उनके पुनर्वास और पुनर्धार की और रचनात्मक ढंग से सोचा जाए जिससे कि वे अपने पैरों पर पड़े हो सकें, अपने काम को आगे बढ़ा सकें। मान्यवर उद्योग विभाग लाइसेंस प्रदान करने में बहुत विलम्ब करता है और लाइसेंस मिल भी जाए तो इन निगमों से ऋण मिलने में बहुत कठिनाई होती है। साल भर भी लग जाता है और नतीजा उसका यह होता है कि जो एस्टिमेट बना कर वह चला था, उसको अपना एस्टिमेट भी रिवाइज करना पड़ता है और फिर ऋण मिलने में भी उसको कठिनाई होती है।

इसलिए कोशिश यह की जानी चाहिये कि उद्योग विभाग में भी लाइसेंस देश की बेकारी और बेरोजगारी को ध्यान में रखते हुए शीघ्रता के साथ मिले और इन निगमों से भी लोगों को कर्ज अविलम्ब मिलता रहे। पात्रता हमारा आधार होना चाहिये। पैसा और पोलिटिकल प्रेशर-लोग-बांग कोशिश करते हैं पोलिटिकल प्रेशर से या रिश्ते से और कर्ज ले लेते हैं। यह नहीं बल्कि कर्ज लेने की पात्र जो हैं, वह उसका आधार होना चाहिये कि किसको कर्ज दिया जाये।

इसके अतिरिक्त मेरे चंद और सुझाव हैं, महोदया, जो मैं आपके सामने रखना चाहता हूँ। सबसे पहला यह सुझाव है कि बड़े उद्योग वालों को इससे ऋण कटौत न दिया जाये। लघु और मध्यम और लघु में भी प्राथमिकता लघु उद्योग को दी जाये। मध्यम नम्बर 2 पर आयें और बड़े उद्योग को इससे कटौत न मिले।

दूसरा, स्व-रोजगार योजना के लिए इनके शीघ्रता के साथ कर्ज दिया जाये। जो जिसित बेरोजगार दिन-प्रति-दिन इस में बढ़ते जाते हैं—(समय की घड़ी)—उनको इससे कर्ज दिया जाए, और भवनीय महोदया, जो हमारे इंजीनियर्स हैं, जो

मैकेनिक्स हैं, जो टेक्नोक्रेट्स हैं, जो बड़ी संख्या में, संसार में तो उनका नम्बर बहुत बड़ा है इस देश के इंजीनियर्स, मैकेनिक्स और टेक्नोक्रेट्स का, लेकिन इस देश में वह बेकार हैं। इसलिए वह बाहर भागने की कोशिश करते हैं। प्राथमिकता के आधार पर इंजीनियर्स, मैकेनिक्स और टेक्नोक्रेट्स को इनसे कर्ज दिया जाए और दिलवाया जाये।

पिछड़े क्षेत्रों में, विशेषकर जो आदिवासी क्षेत्र हैं, जहाँ अभी प्रधान मंत्री भव, मध्य प्रदेश और उड़ीसा में भी और बिहार में भी जो झारखंड का इलाका है जिसे छोटा नागपुर कहते हैं, इन सभी क्षेत्रों में आवश्यकता है इस प्रकार के उद्योग की स्थापना की, जिससे कि लोगों को रोजगार मिले और वह अपने पैरों के ऊपर खड़े हो सकें।

महोदया, जहाँ उद्योग स्थापित किये जायें, वहाँ यह भी सुनिश्चित कर लिया जाए कि जिस प्रकार का यह उद्योग लगाना चाहते हैं, उसके लिए कच्चा माल कहा से मिलेगा या कच्चा माल उस एरिया में उपलब्ध भी है कि नहीं। यदि उद्योग लग भी गये और कच्चा माल भी मिल गया लेकिन मार्केटिंग की भी व्यवस्था है कि नहीं। कितने उद्योग ऐसे पड़े हैं, लग भी गये, माल भी बना, लेकिन बिक्री को कोई व्यवस्था नहीं है। इसलिए आवश्यकता होनी चाहिये कि उनकी बिक्री की व्यवस्था सुनिश्चित कर दी जाये जिससे कि उनको कोई दिक्कत न हो और जब इतने बड़े कर्ज देने की व्यवस्था आप कर रहे हैं, नये उद्योगों के लिए, नये को चलाने के लिए, तो मेरा सुझाव है कि इन निगमों में एक सेल ऐसा होना चाहिये जिसमें कुछ विशेषज्ञ रहें, जो लोगों को टेक्नीकल नो-हाऊट, उनका जानकारी दें कि कहाँ पर यह उद्योग ठीक लगेगा, कहाँ से कच्चा माल मिलेगा, कहाँ बिक्री हो सकती है।

[श्री वारेन्द्र वर्मा]

इसलिए आवश्यकता है कि इस प्रकार के सेल की स्थापना की जाये। समय का (चंदी) माननीय महोदय, मेरा एक सुझाव यह है कि कोम्पारेटिव सैक्टर को भी प्राथमिकता आपने नियमों के द्वारा मिलनी चाहिये, वह पाछे न रह जायें। बहुत बड़ी रुचि है सभी की। इस ग़रब देश के लिए कोम्पारेटिव सैक्टर बड़ा महत्वपूर्ण स्थान रखता है और अदा भी करेगा।

माननीय, एक मेरा सबसे अच्छा सुझाव यह है कि कर्म दिये जाते हैं, लेकिन लोग-बाग कर्ज़ों का सदुपयोग नहीं करते, उनको खा भी लेते हैं, दूसरे तर्जों में इस्तेमाल कर लेते हैं, न तो लोगों को रोजगार मिलता है और न वह अपने पैरों पर खड़े हो पाते हैं और रुपये का दुरुपयोग हो जाता है। उसके लिए मेरा सुझाव है कि कर्म देने के बाद आफ्टर सुपरवाइजन्ट की कोई मशिनरी होनी चाहिये जो केम्पनिज उद्योग को पहला इन्स्टालमेंट के बाद यह देखे कि उस रुपए का सदुपयोग हुआ या नहीं। दूसरी किशत और तीसरी किशत जब दो एक मुफ्त नहीं दें, बल्कि पहली किशतों के सदुपयोग को भी आप देख लिये करें। एक मेरा सुझाव है। कई लोग टैक्स का काम प्रारम्भ करते हैं, कई मिनी बस लेते हैं और कई बस तथा ट्रक भी लेते हैं, इस प्रकार के जितने भी ये लोग हैं इनके लिए भी आपके यहाँ से कर्ज़ा मिलना चाहिये। बड़े-बड़े वाहनों से वे कर्ज़ा लेते हैं और उनको बड़ा भारी सूट देना पड़ता है। इसलिए नए रोजगार चलाने के लिए अगर ट्रक और बसों के लिए भी आपका कर्ज़ा जा सकेगा तो इससे उन्हें सुविधा रहेगी। इसलिए इसकी तरफ भी मैं आपका ध्यान आकर्षित करना चाहता हूँ। महोदय, आखिर में मैं दो बातें कह करके समाप्त करता हूँ। (समय की घंटी) महोदय, घंटी तो आप बहुत जोर से बजा रही हैं और मालूम नहीं कि मेरे ही लिए घंटी क्यों बज रही है? खैर, तो मैं यह कह रहा था महोदय, कि जो आप चेयरमैन बनाएँ, जो इसके आप मैनेजिंग डायरेक्टर बनाएँ, वे अगर

प्रशिक्षित हों और उन्हें इस क्षेत्र का ज्ञान हो तभी वे ठीक से कार्य कर सकते हैं और काम को सुचारु रूप से चला सकते हैं और इसकी बुराइयों को रोक सकते हैं। न कि ऐसे आदमियों को इन पदों पर बिठा दिया जाए कि उनसे कंट्रोल ही न हो सके और भ्रष्टाचार बढ़ता चला जाए। इससे वे तो ऐश ही करते जायेंगे। जहाँ तक चेयरमैन और एम० डी० की बात है, क्या आवश्यकता है कि ये दोनों ही रखे जाएँ, एक आदमी भी इसके लिए बहुत है। या तो आप चेयरमैन रखिएगा और या फिर एम० डी० रखिएगा, यह भी मेरा सुझाव है। साथ ही मेरा यह भी सुझाव रहेगा कि इसके लिए कोई योग्यता निर्धारित की जाए कि किस प्रकार की योग्यता के आधार पर आदमी चेयरमैन या एम० डी० बनाया जाएगा? मैंने उत्तर प्रदेश में देखा है और संभव है दूसरे स्थानों पर भी ऐसा ही हो कि जो पी० सी० एस० और आई० ए० एस० कंडम हो जाते हैं, बल्कि जिनको योग्य नहीं समझा जाता, उनको इन कार्पोरेशनों में भेज देते हैं। इसीलिए धन भी लुटता है। इसलिए आवश्यक है कि ऐसे आदमियों को इन पदों पर नहीं बैठाया जाए और कोशिश यह करें कि 35 साल के तबुर्वे के आधार पर जो इसमें खामियाँ हैं, खराबियाँ हैं, उनको दूर करें, जिससे आप जो अमेंडमेंट यहाँ लाये हैं नई आशाओं के साथ, इरादों के साथ, नए प्रयास और कोशिशों के साथ इनको आप बढ़ावा देंगे और कामयाबी के साथ इस समाज में इससे नए-नए रोजगार स्थापित होंगे।

धन्यवाद।

THE DEPUTY CHAIRMAN: PROF C. LAKSHMANNA

PROF. C. LAKSHMANNA (Andhra Pradesh): Madam Deputy Chairman, if we look at the basis on which the State Financial Corporations came into existence in the year 1951 and if we look at the changed circumstances which have been mentioned even by the Finance Minister himself, it appears that there is a need for a comprehensive Bill in order to strengthen the State Financial Corporations.

In the year 1951 most of the banks were not nationalised. They were commercial. And, therefore, there was a need for a financial organisation which can strengthen, which can help the small-scale sector in the States, and that has been the prime objective of the creation of the State Financial Corporations. If we look at the philosophy envisaged by the Finance Minister himself, there is a change in the philosophy from the security-oriented approach to, what is known as, the project approach. If we carefully go through all the amendments, Madam Deputy Chairman there are as many as 29 amendments in this very particular Bill then, we find that it becomes very difficult to say which of these amendments will be helpful in adopting the project approach in place of the security-oriented approach which was in existence. Thirdly, the 4 P.M. States which have the prime responsibility of looking after the small scale sector have to be strengthened. If that is to happen, the financial institutions of the nature which this particular Bill envisages have to be further strengthened. It would have been better if the Finance Minister brought a more comprehensive Bill envisaging the change in the approach and the need for strengthening the States in order that the small scale industry which has been suffering during the last 35 years could be further strengthened. I am saying this because the small scale industries are suffering for various reasons. There are as many as 80,000 small scale units sick in the country. These 80,000 sick units either have to be made active and they have to be helped to become useful instruments for the development of the backward regions in the country. This problem becomes acute when we look at the overdue! which these State Financial Corporations are today having. I understand in 1977 it was about Rs. 92 crores. It rose to Rs. 267 crores in 1982 which could be around Rs. 300 crores now. If we take into account the extent of arrears due to the State Financial Corporations as well as the extent of sick units which is to the tune of 80,000 in the country, I think, this speaks volumes of the state of affairs in this sector. Therefore, there is a need for the Finance Minister to give more thought

to these problems so that the small scale sector which has not been able to come up as it ought to have come up is made healthy. He himself has emphasised that those entrepreneurs who have got the technical know, how and innovativeness but who did not have the financial support to back up them are not able to have their say in the industrial growth of the concerned State. Therefore, it is necessary that these entrepreneurs who are having the technical knowhow and who are having other capabilities become active in the development process. If that is the case, then, there is a need for a fresh look at this problem. On the other hand, if we carefully look at the entire private sector which gets most of the finances from the financial institutions, their own contribution happens to be almost negligible. It is not the case with the small scale industries, because they do not have the backing and they are suffering. They are not able to contribute to the development of the State. If this point is kept in mind, the Finance Minister will do well to think in terms of strengthening the State Financial Corporations as well as the small scale industries. Indeed some attempt has been made in the very Bill. The authorised capital has been permitted to be raised from Rs. 10 crores to Rs. 50 crores and with the recommendation of the Industrial Development Bank of India it can even be raised to Rs. 100 crores. This is a welcome measure. I am sure this will help the development of small scale industries.

I would like to mention one more point. I do not know, how the Finance Minister thought that it is fit to combine the functions of the Managing Director and the Chairman. If we look at the functions of the Managing Director and Chairman carefully, they are sometimes of different type and different orientation. If the same person combines all these things, I do not think, the person would be able to discharge the duties as it ought to be done. Therefore, I would like to request the Finance Minister to kindly consider this factor or he should be able to explain the rationale in trying to combine the offices of the Managing Director and the Chairman in the same person. If the

[Prof. C. Lakshmana]

same person can manage in one particular place, he can as well do it in other places.

Therefore, it will lead to certain problems and it may lead to inefficiency as a result of combining these two functions. Therefore, I would request the Finance Minister to look into this and if necessary, bring about a change. In the end I would request the Finance Minister to keep in mind the interests of the small scale industry which will ultimately pave the way for a balanced development in backward regions and among weaker sections and with that end in view, to look at the problem afresh, maybe, bring a fresh comprehensive legislation to strengthen the States, to strengthen the weaker sections and to strengthen the backward areas.

SHRI RAMESHWAR THAKUR (Bihar): Madam Deputy Chairperson, I congratulate the Finance Minister for the long awaited laudable proposals contained in the State Financial Corporations (Amendment) Bill, 1985. As we are waiv immediately after independence, the national Government under the leadership of the first Prime Minister, Pandit Jawaharlal Nehru, took several steps for a speedier industrial expansion. So, the first Industrial Finance Corporation of India was established in July 1948 as an all-India industrial development bank to provide finance for large scale industries, for setting up new industries and for modernisation and replacement of existing obsolete machinery and so on. Immediately after that, in 1951, the State Financial Corporations Act was passed to cater to the needs of small and medium scale industries and to provide finances for them. The achievements of these corporations, that is, the 18 State-level corporations, are quite laudable. They provided Rs. 637 crores in 1982-83 *m* compared, according to the latest figures available, to Rs. 514 crores during the previous year. The total assistance extended between the period 1971—1983 came to Rs. 2948 crores which is a very substantial amount. In between during the First Five

Year Plan and the Second Five Year Plan other long-term financial institutions\* were established like the TCICI, the IDBI, the LIC, the UTI, the GIC, the IRDL and also the State Financial Corporations and the State Industrial Development Corporations and the State Credit and Investment Corporations. Now, the performance of these corporations taken together, due to the favourable economic environment, investment climate and /improper government policy, has been quite laudable. It has resulted in growth in industrial investment. The financial assistance sanctioned by all the financial institutions in the country has nearly doubled during the Sixth Five Year Plan, from Rs. 2060.47 crores in 1979-80 to Rs. 4,053.50 crores in 1983-84. Similarly disbursements have also increased more than double, that is, from Rs. 1352.21 crores in 1979-80 to Rs. 2864.25 crores in 1983-84 with an annual compound growth rate of 20.5 per cent. Now, the amendments proposed are very important. Section 2 includes certain areas which were not being financed earlier and they are "mining or development of mines". Similarly, "the setting up or development of an industrial area or industrial estate." It is very important for backward States\* and also to provide funds for "research and development of any process or product". These are important areas. Then Clause 4 raises the amount of authorised capital from 10 to 50 and with a recommendation of the IDBI to 100 crores. This also is laudable. In Section 7 the limits of the bonds and debentures are being raised from 10 times to 30 times of the paid up capital have been omitted. This is very important. In Section 8 the limit has been raised for deposits. From 100% to 200 % of the paid up capital.

This will also enable larger mobilisation of funds by the State Financial Corporations. Now, section 15 is important. The same person can now become the Chairman and the Managing Director which was not there so far. Section 26 provides a limit on advance\* and now it is being revised from fifty lakhs to sixty lakhs\*.

11 can be increased with the permission of the IDBI four times. Then, section 28 deals with the grant of loans to companies with a paid-up capital and reserve of Rs. 1 crore and it is being raised to three crores and by a notification in the Gazette, the Central Government can raise it from three to thirty crores. The last section is section 32 which deals with recovery of dues and this is also very important. It can be done as an arrear of Land Revenue with the help of the State Governments.

Now, Madam, I have a few suggestions to make in this regard. I have a suggestion to make with regard to section 28. This authorises the Government to raise the limit of loans to companies with paid-up capital from three crores to thirty crores through notification. But, in the other clauses I find that the authorised capital can be raised from fifty crores to a hundred crores after the recommendation of the IDBI. Similarly, in section 26, it is provided that with the approval or on the recommendation of the IDBI this can be done. I would suggest to the honourable Minister of Finance that in section 28 also, the power to increase the capital from three to thirty crores through a notification should be there, but it should also be provided that this should be on the recommendation of the IDBI and that would be more appropriate.

The other thing that I want to say is that since the Industrial Development Bank of India is being given a lot of powers in regard to making recommendations, they should take care before raising the limits and recommending higher limits, and they should exercise care and caution and the Government also before accepting their recommendations, should make a detailed examination of those recommendations so that there is no lopsided development. The other suggestion that I have in my mind is with regard to the working or the performance of these Corporations. The situation today is that the working of the many of these Corporations is not up to the mark. The Industrial Development Bank of India should undertake an

in-depth study of the performance of these Corporation\* with regard to their working, with regard to the success at the various projects that they have run, with regard to their failures and the seasons therefore and the remedial action to be taken in the future. They should also study and find out whether any new entrepreneurs have been given sufficient incentives and assistance to set up industries particularly in the backward areas.

Then, Madam, the other part of my suggestion relates to the question of recovery. It is a fact that the recovery has been very slow in many cases and the Corporations are in difficulty. There is a large amount of outstanding dues and they are not able to get even interest. In order to get over the difficulty, they are now changing the very system of accounting. They are now changing the accounting system from the merchantile system to the cash system. In the normal circumstances, whatever interest is due is taken into account and the income of the Corporation is calculated for purposes of tax and since they cannot pay the tax, they are now changing the very system of accounting. Whatever is actually received is shown as income and they are paying tax on that. This is a serious situation and some effective steps are to be taken to ensure that the recovery is speeded up. The other thing that I want to mention is the sickness of the portfolios. We find that a large number of units are sick particularly in the small sector. It has been reported by the Reserve Bank of India that 58,500 units were sick in June 1983 in the small sector. Now, a large number of sick units are there which are financed by the Corporation. We have to see how these sick units could be made viable. We have to see how they can be revitalised. A thorough examination of all these should be undertaken and if they can be revitalised and restarted, then effective steps should be taken to restart them. If they cannot be revitalised, certain other steps should be taken to close them down. More steps have to be taken to ensure that in future there are minimum number of sick industries. For that, effective steps should-

[Shri Rameshwar Thakur]

be taken by the Corporation to finance such portfolios.

One more suggestion that I would like to make is in regard to the management of these corporations. A lot of improvements are required. We call (hem Regional Development Banks. Now, if they are really development banks, then the pattern followed by all-India development banks, the TDBI or the TCICI should be followed. In fact, a lot of similarities are there. In effect, we find that in regard to the appointment of members of the Board, the Chairman, the Managing-Director and senior executive a lot needs to be improved. In this connection what the Members have suggested is essential to consider. It is not a question of IAS officers or otherwise. The question is that all the development banks follow a pattern that they take their chairman, as in the case of all India development banks, persons with certain professional qualifications expected. Similar pattern should be followed in the case of State corporations. Also when we depute suitable officers to State financial-corporations they should also be there for the full tenure. Unless this is done, it will not be possible for them to improve in spite of other provision which are made.

One more suggestion I would like to make in regard to the State financial corporations. They do not have adequate finance. In the past we have seen that they make so many commitments but they are not able to make timely disbursements and it creates problems for small-scale industries; interest goes on mounting and there is no proper follow-up. That creates problems. The industries suffer. Therefore, the last suggestion I would like to make is that as a development bank we have a few specific things to consider. One is that the role, functions and the working patterns of these State financial corporations should be redefined, and especially whatever decisions are taken they should be faithfully implemented. These corporations have enabling clauses also. They should go ahead with survey, identification and preparation of

the project reports, based primarily on local raw material, about which other Members have made suggestions, and also the need-based industries. A full appraisal of the project is very essential in the light of the difficulties that are likely to come and there should be a thorough follow-up. (27me *Bell rings*) And a detailed monitoring of the various projects on a constant and regular basis. And the technical and financial assistance, about which Hon. Minister himself has mentioned in his initial statement, should be provided on a regular basis by the corporations to the loanee companies to enable them to really stand on their own legs and really to be able to fulfil their obligations. Assistance in regard to research, development, training, particularly in the direction of training new entrepreneurs should be provided for.

The last point I would like to make is that the position of these corporations must change from a moneylender to a catalytic agent, to be a partner in the development process, as a real regional development bank, and not merely as a moneylender.

Thank you.

\*SHRI D. HEERACHAND (Tamil Nadu):  
 Madam Deputy Chairman I thank you for giving me this opportunity to participate in this debate. In a great-country like India, in spite of famous financial corporations like IDBI, IFCI, ICICI extending loan facilities for Industrial growth, it is not upto the mark. In order to improve the industrial growth in various States and to curtail regional imbalances in the States, Regional Development Banks are a must. With this very intention, in 1949 Madras Industrial Investment Corporation was established. This was established for the first time in India in the State of Tamil Nadu. Later in 1953 such corporations were established in the States like Punjab, Kerala and Maharashtra.

Today the Finance Minister has introduced The State Financial Corporations

-English translation of the original speech delivered in Tamil.

(Amendment) Bill, 1985 with necessary amendments. This Bill was accepted as an Act in 1953 and now after 30 years it has come up with thirty amendments I whole heartedly welcome this Bill with the necessary amendments, but feel that an introduction of a new comprehensive Bill would have been better. The Finance Minister of State Shri Poojari while introducing this Bill in Lok Sabha said that the provision in the Act restricts granting of assistance only to industrial concerns having aggregate of paid-up share capital and free reserves upto Rs. 1 crore. This limit is proposed to be raised to Rs. 3 crores. I fully welcome this. But there is a condition that if financial assistance of Rs. 30 crores is needed they can avail it through a specified notification from the Central Government. I do not understand why such a condition should prevail. If this authority is given to the State Financial Corporations it would have been more better, but I do not know why it is given to the Centre. Today 83,911, nearly 84,000 financial corporations have been shut down without rendering any useful service. A lot of money from government resources and public taxes amounting to nearly Rs. 4,000 crores is held up, in these Financial Corporations. We should see that such situations do not occur again.

In our country, we find situations where loans are benefited by unworthy industries and persons. Before the loan is sanctioned, the Financial Corporations should make sure whether the industry as such exists or not, whether it has capable administrative sources. Whether they can start and prolong with the business successfully or not. After all these enquiries, the loan should be granted. At the same time sanctioning of loan should not take much time, as the receiver should not get disgusted with this procedure and change his mind to start some other business. Unless he receives the loan in time he will, not be encouraged to do the business and this would ultimately promote economic development and progress of the country.

So far, the main aim of the Financial Corporations was giving loans. But now the List of Business which the Financial Corporations could undertake is proposed to be expanded. This will enable them to lay more stress on technical know-how, administrative capacity and also service relating to marketing and investment capacity. At the same time the new Financial Corporations which recently came up are giving low rate of interest to their public share holders. If such Financial Corporations funded by shares from public are encouraged by giving higher rate of interest, this would multiply the number of contributors to such Financial Corporations.

In India though there are drawbacks in many Financial Corporations in Tamil Nadu like TITCO, SITCO, SIPCORP etc. are comparably efficient and are competing with Corporations of other States in a more efficient way. If such Corporations are encouraged by giving more financial assistance by the Centre this would help in the development of the industries and would facilitate them to improve for the better. Supporting the Bill with all its amendments I conclude my speech.

Thank you.

SHRI R. MOHANARANGAM (Tamil - Nadu): Madam Deputy Chairman, I would like to just mention on this floor of the Parliament that we rarely speak here in Tamil. Sometimes, if any one of the Members belonging to our Party wants to speak, we intimate to you and the Interpreter will be here to translate the speech from Tamil to English or Tamil to Hindi. We have been just listening to so many translations from different languages. But Tamil is a language that should be translated or interpreted into any other language only when you are so well-versed with that language. But I do not want to condemn anybody, I do not have any-



[Shri R. Mohanarvangam] mosity towards anybody. But the interpretation from Tamil to English, I fino is not the exact interpretation. It is not even verbatim. The ideas given by our hon. Member here are not the ideas given in the translation or the interpretation. So. I would like to request you, Madam, just to select somebody. Or if you don't have anybody now, kindly appoint someone who has passed in Tamil or at least who is a degree-holder in Tamil and also well-versed in English and also Hindi. It does not indicate that I am blaming anybody who has translated it now. They may have studied in different languages. But this Tamil language, this ancient language can be translated only when you are well-versed in that language. Finally, Madam f would like to say that all the Members are not speaking in Tamil even though they are very good speakers in Tamil. If we speak in Tamil, nobody can translate it. It is a very tough language. That is why you kindly appoint some person who is very well-versed in English as well as in Tamil.

SHRI R. RAMAKRISHNAN I Tamil Nadu); And experienced.

THE DEPUTY CHAIRMAN; I enquired. This girl is new. She will take some time to settle.

SHRI R. MOHANARANGAM: Whatever our hon. Finance Minister has listened to through something like that is not the correct speech of my friend, Mr. Heerachand.

SHRI R. RAMAKRISHNAN: I support my hon. friend and leader. We have nothing against the new girl who was appointed. Let her gather experience. But in the process get somebody from Lok Sabha or an experienced man. Let her undergo a period of training because simultaneous interpretation is a difficult matter. I was also very carefully listening to the interpretation only for this reason. We can take the hon. Finance Minister into confidence and we can tell him sepa-

rately what we warn to say. But on impor-lant occasions, if one of our important speakers conveys something, and the proper idea is not conveyed, then the whole effect will be lost. What is the purpose of our speaking here? Therefore, we have nothing against the new person here. Let her gain the experience and apprenticeship under a more experience person. Appoint a new man or an experienced lady for this purpose.

SHRI K. MOHANARANGAM: I do not want to lake more than half a minute. There was a speech in Tamil, Mr. Finance Minister. The Tamil speech was; "Naan Annavinudaiya vazhiyai, Periyarudai.va vazhiyai pinpatruven". Anna was our leader. Periyar was the founder of our DK movement. The translation was, "'I am following the footsteps of my brother and elder brother" because Anna means brother. But Anna is the name of Anna-durai. who was a former Member of Ms House and who was the leader of our party. And Periyar is the name of the person. There is another meaning. It is 'elderly person'. The translation was, "I am following the footsteps of my brother and elder brother".

THE DEPUTY CHAIRMAN: I think the translation must be correct. If you mean that the interpreter also has to have the political knowledge, that is a different thing. But if 'Anna' is brother, the translation is correct.

SHRI R. MOHANARANGAM: You kindly appoint persons who can interpret properly into English from the other languages. Kindly look into this matter.

THE DEPUTY CHAIRMAN; They will take care of it. Shri R. R. Sahu

श्री रंजनी रंजन साहू (बिहार) :  
उपसभापति महोदया, स्टेट फाइनेंसियल  
कारपोरेशन बिल, 1951 में संशोधन  
के लिए एक प्रतिवेदन प्रस्तुत किया

गया है, इसका मैं समर्थन करता हूँ। यह संशोधन आज के परिवेश में आज की परिस्थिति में बड़ा ही उपयुक्त है। जब 1951 में यह बिल पास किया गया था उस समय की परिस्थिति और उस समय का इंडस्ट्रीयल क्लाइमेट और इंडस्ट्रीयल क्लाइमेट भिन्न था। औद्योगिक प्रतिष्ठानों के लिए मीडियम और स्माल स्केल इंडस्ट्रीज के लिए लॉग टर्म क्रेडिट देने की बात; ऋण देने की बात कही गई थी ऐसे उद्योगों को ऋण देने की बात कही गई थी जो कमशियल बैंक की परिधि से बाहर थे। इसके पूर्व 1951 के बिल के पूर्व 1948 में इंडस्ट्रीयल कारपोरेशन एक्ट पारित हुआ था और उसी आधार पर अलग अलग राज्यों में उद्योग में विकास हो सके इसके अनुरूप स्टेट फाइनेंशियल कारपोरेशन बिल पारित किया गया था। ऐसा माना गया था कि यह स्टेट फाइनेंशियल कारपोरेशन बिल आई० एफ० एफ० सी० का पूरक होगा और साथ ही राज्य सरकार अपने दायरे में या दायरे को सीमित रखते हुए मीडियम और स्माल स्केल इंडस्ट्रीज में पूंजी सरकार द्वारा जो निर्धारित की जाएगी उसके अनुरूप कार्य करेंगी। आज जो भी विकास देश में स्माल स्केल इंडस्ट्रीज का हुआ है उसमें फाइनेंशियल कारपोरेशन की भूमिका बड़ी ही सराहनीय है। स्टेट फाइनेंशियल कारपोरेशन की पूंजी की गारंटी भी सरकार की अनुमति से किये जाने का प्रावधान उस समय था। राज्य सरकार द्वारा स्टेट फाइनेंशियल कारपोरेशन को 25 वर्ष के लिए कर्ज देने की अधिकृत किया गया था, उसमें यह भी प्रावधान किया गया था कि जो भी मुनाफा स्टेट फाइनेंशियल कारपोरेशन को होगा उसकी वापसी के लिए उस मुनाफे में राज्य सरकार को हिस्सा दिया जाएगा और जो भी कर्ज दिया जाएगा उसकी वापसी के लिए कठिन से कठिन कदम उठाये जाएंगे। आज स्टेट फाइनेंशियल कारपोरेशन अधिनियम में संशोधन की आवश्यकता पड़ी है और संशोधन का यह जो बिल प्रस्तुत हुआ है इसमें और भी कुछ सुधार करने की आवश्यकता है। मैं माननीय वित्त मंत्री का ध्यान आकृष्ट करना चाहूंगा

793 RS—8

कि आज जो औद्योगिक विकास इन 35 वर्षों में हुआ है मैं कह सकता हूँ कि इन 35 सालों में कम नहीं हुआ है। देश की हालत को देखते हुए बढ़ती हुई जनसंख्या की जो परिस्थिति है उसको देखते हुए स्टेट फाइनेंशियल कारपोरेशन के माध्यम से स्माल स्केल और मीडियम इंडस्ट्रीज का विकास बहुत ज्यादा हुआ है। इस संबंध में बहुत से आंकड़े आपके समक्ष रखे गये उन आंकड़ों को मैं दोहराना नहीं चाहता हूँ। ऋण की वसूली के बारे में, इंडस्ट्रीज के सिक होने के बारे में, कहा गया है। उद्योगों में विकास जितना हुआ है उतना ऋण का वकाया था उस रेश्यो में वकाया जो ऋण है वह ज्यादा नहीं है। जो सिक उद्योग हैं, वह विचारणीय है। इस अमेंडमेंट के संबंध में मैं एक सुझाव देना चाहता हूँ कि पहले स्टेट फाइनेंस कारपोरेशन का कैपिटल 10 करोड़ था, जिसे बढ़ाया जा रहा है। इस अमेंडमेंट में आथोराइज्ड कैपिटल बढ़ाने का प्रस्ताव है, आज के दृष्टिकोण से, आज की परिस्थिति में इसे कम कहा जा सकता है। यद्यपि आपने एम० आर० टी० पी० के लिए भी पांच गुना, 20 करोड़ से 100 करोड़ पूंजी बढ़ाई, यहां भी दस से पचास करोड़ का प्रावधान है। आथोराइज्ड कैपिटल की वृद्धि कम है। इसे सीधे 100 करोड़ करना चाहिए क्योंकि इंटरनेशनल इंस्टीट्यूशनल मीटिंग में यह तय हुआ था कि ऐसे कारपोरेशन, जो राज्यों में काम करते हैं 3 करोड़ तक के उद्योग पर वित्तीय सहायता प्रदान करेंगे।

अब जब व्यावहारिक दृष्टिकोण से यह देखा जाए, तो पता लगेगा कि यदि कोई उद्यमी 3 करोड़ का उद्योग लगाता है, तो उसके लिए पूंजी का प्रावधान, वह फाइनेंशियल इंस्टीट्यूशन को देगा, उसमें 10 प्रतिशत एंटरप्रेन्योर का कंट्रीब्यूशन होगा, 60-90 लाख की सीमा इनवैस्टमेंट कारपोरेशन की कर दी गई है और स्टेट फाइनेंस कारपोरेशन की सीमा 50 करोड़ करने का प्रावधान है। तो यह 1.70 करोड़ होता है, जो फिर भी 3 करोड़ के उद्योग में 1.30 करोड़ का गैप रह जाता है। बैंक से सहायता,

[रजनी रंजन साहू]

सब्सिडी एवम् हिस्सा पूंजी लेने की बात में कहां तक यह गैप पूरा हो सकेगा, इस पर विचार करना चाहिए।

मेरा ऐसा सुझाव है कि इसका आयो-राइज्ड कैपिटल सीधा 100 करोड़ कर देना चाहिए। 50 करोड़ में आज के परिवेश में इससे कार्य चलाने में बाधा हो सकती है।

दूसरी बात यह है कि सब्सिडिजेशन आफ शेयर्स में भी अमेंडमेंट की बात कही गई है। यह अमेंडमेंट स्पष्ट होना चाहिए कि उद्यमी को कम से कम 10 प्रतिशत आफ टोटल लेंडिंग का शेयर्स के रूप में मदद मिलेगी यानी कि फाइनेंशियल इस्टीमेट्स 10 प्रतिशत शेयर्स लेंगी। यह अमेंडमेंट इसलिए भी बहुत आवश्यक है कि रिसोर्स मोबिलाइजेशन में इसकी महत्वपूर्ण भूमिका होगी।

स्टेट फाइनेंस कारपोरेशन के बारे में जो अभी हमारे साथियों ने बताया, सिक यूनिट्स से संबंधित बातें कही हैं, मैं उन बातों को दोहराना नहीं चाहता हूँ, पर इतना माननीय वित्त मंत्री जी से निवेदन करना चाहूंगा कि यहां मानिट्रिंग का प्रावधान बहुत ही आवश्यक है जिससे मोडियम और स्माल स्केल यूनिट्स जो सिक होते जा रहे हैं, उनकी स्टेट फाइनेंशियल कारपोरेशन द्वारा मानिट्रिंग की जाए। एक एक्सपर्ट कमेटी बना कर इन सिक यूनिट्स को पुनः कैसे चालू किया जाए—(समय की घंटी)—इसकी योजना होनी चाहिए और एक निश्चित अवधि में वह अपनी रिपोर्ट दे ताकि जो भी सिक यूनिट्स हैं वह सिकनेस से ऊपर उठ सकें।

एक- दो शब्द मैं माडर्नाइजेशन के बारे में कहना चाहूंगा। उद्योग लम्बे अरसे तक सही, एवं सुचारु रूप से चलाने के लिए यह बड़ा ही आवश्यक है। उद्यमी को कर्ज दिया जाता है और अक्सर देखा जाता है कि वह रुपया जो कर्ज के रूप में लेते हैं, उसका सही-सही उपयोग नहीं होता है और उनका बैलेंस-शीट में जो डिप्रिसिएशन की

रकम रखी जाती है, जिससे माडर्नाइजेशन की जा सकती है, उसका सही-सही उपयोग नहीं होता है।

तो ऐसा प्रावधान होना चाहिए कि उचित माडर्नाइजेशन के जरिये जितने भी सिक यूनिट्स हैं या जो भी यूनिट्स में पुरानी मशीनें हैं, उनके माडर्नाइजेशन के लिए एक कमेटी के द्वारा निगरानी रखी जानी चाहिए।

मेरा तीसरा सुझाव है जो मैं वित्त मंत्री महोदय को देना चाहूंगा कि यह जो कर्जा लेने वाले स्माल और मीडियम स्केल इण्डस्ट्रीज के लोग होते हैं, उन्हें बहुत ही दिक्कतों का सामना करना पड़ता है, उद्योगों को आवेदन देने में निर्धारित समय पर कर्जा नहीं मिलने से प्राइस एस्केलेशन होता है और उस प्राइस एस्केलेशन से वह ओवर-रन के लिए, वह उद्योग पुनः वित्तीय संस्थानों के पास जाते हैं। फलस्वरूप वह वित्तीय संस्थान उन्हें ऋण देने से हिचकिचाता है और वह उद्योग रुक हो जाता है। अतः इसके लिए एक ऐसा प्रावधान होना चाहिए जो वन विंडो सिस्टम के अन्तर्गत एक उद्यमी को सभी बातों के लिए एक ही जगह से सारी सुविधा मिल सके। एक उद्यमी को उद्योग लगाने के लिए बिजली, पानी, जमीन या सारी इनफ्रास्ट्रक्चर की आवश्यकता होती है, उन्हें विभिन्न विभागों में दौड़ना पड़ता है। इसकी वजह से पिछड़े राज्यों में उद्योग लगाने में काफी कठिनाइयों का सामना करना पड़ता है। इसलिए माननीय वित्त मंत्री जी से मेरा सुझाव है कि वह वन विंडो सिस्टम का प्रावधान भी करें और वन विंडो सिस्टम के जरिए उद्यमी को उद्योग लगाने में सहायता करें। स्टेट फाइनेंस कारपोरेशन को सुदृढ़ बनाने के लिए मैंने जो सुझाव दिए हैं इस पर मैं समझता हूँ कि माननीय वित्त मंत्री जी अवश्य विचार करेंगे। मैं आपका और इस सदन का अधिक समय नहीं लेना चाहता। लेकिन कुछ बातों को मैं पुनः दोहरा देना चाहता हूँ। जो इंडस्ट्रियल डिवेलपमेंट बैंक का रोल है, जैसा ठाकुर जी ने कहा है, वह महाजन के रूप में नहीं होना चाहिए, महाजन के रूप में वह कार्य नहीं करे इसकी सख्त हिदायत होनी चाहिए और बैंकों को

भी हिदायत होनी चाहिए कि जो भी उद्यमी का बैंक के साथ कोआर्डिनेट किया जाना है वह किया जाए और बैंक उसे सही-सही रूप से मदद करे। क्योंकि फाइनांसियल इन्स्टीट्यूशन और बैंक में कोआर्डिनेशन नहीं हो पाता है, इसका एक निर्देश होना चाहिए कि इनमें कोआर्डिनेशन हो। दूसरी बात एकाउंटिंग सिस्टम चेंज करने के बारे में कही गई है। इन्कम टैक्स डिपार्टमेंट वित्त मंत्री जी के अधीन है। मैं एक शब्द में खत्म करता हूँ। यह एक बड़ा ही एनामलो है कि इन्कम टैक्स बचाने के लिए ये फाइनांसियल इन्स्टीट्यूशन अपना कैश सिस्टम एकाउंटिंग करना चाहती हैं और धीरे-धीरे सभी फाइनांसियल इन्स्टीट्यूशन स्टेट कारपोरेशन के हों या इन्वेस्टमेंट कारपोरेशन के हों, वे अपने एकाउंटिंग सिस्टम कैश सिस्टम पर ले जा रही हैं। इससे एक खटरे का घंटी सामने आने वाली है। किसी भी फाइनांसियल इन्स्टीट्यूशन का एकाउंट जो कर्जदार हैं उनके साथ वह सही-सही एकाउंट नहीं रख पायेगा, क्योंकि रेक्यूअल सिस्टम पर सारा मकॅन्टाइल सिस्टम आफ एकाउंटिंग है और उसमें जो भी बच रहता है वह भी बैलेंस शीट में रिफ्लेक्ट करता है। यह कैश सिस्टम आफ एकाउंटिंग होने से कठिनाई का सामना करना पड़ेगा और आगे चल कर किसी भी फाइनांसियल इन्स्टीट्यूशन का सही-सही हिसाबका अंकेक्षण नहीं हो सकेगा। अतः ऐसा कुछ प्रावधान होना चाहिए कि रेक्यूअल सिस्टम पर जो मुनाफा होता है फाइनांसियल इन्स्टीट्यूशन का उस पर टैक्स का रिबेट या कुछ टैक्स का कानून में ऐसा प्रावधान होना चाहिए जिसे कि वह अपने सिस्टम को बदले नहीं और उससे सरकार का नुकसान भी नहीं हो।

इन्हीं शब्दों के साथ आपका धन्यवाद करते हुए मैं बैठना चाहता हूँ।

SHRI GHULAM RASOOL MATTO (Jammu and Kashmir): Madam Deputy Chairman, I rise to support this Bill. The Bill seeks to finance all kinds of industrial activities with the exception of shipping being financed by the all-India financial institutions. I am sure, while this scop\* has been broadened, the handicraft industry has also been taken into consideration and this will also be considered as one of the industries as it has all along been recognised. The second point that this Bill wants to make is that the assistance to the extent of Rs. 30 lakhs to companies is to be raised to Rs. 60 lakhs and in the case of partnership firms it is sought to be raised from Rs. 15 lakhs to Rs. 30 lakhs. This is a very welcome measure. But there is one difficulty which the hon. Finance Minister should take into consideration. The main object of the Financial Corporations is to show in their balance-sheet how much they have advanced, with the increase in their portfolio from 30 lakhs to 60 lakhs. What they will tend to do is this. We know that the small scale industrialists get Rs. 2000 or 5000 or 7000. In the case of Jammu and Kashmir, I can tell you that the portfolio includes payment to transport industry as well as to the house-boat industry. Now this should not be there, because the processing of the case for 60 lakhs is the same as for a case for Rs. 5000 to 10,000. So strict guidelines should be issued to the Financial Corporations that while this thing has been done, it should not be at the cost of the small scale industrialists and the portfolio that will come at the end of the financial year should include all those companies to whom 60 lakhs have been given and not these small scale industrialists. This thing is very essential. This may kindly be taken into consideration.

An extremely welcome measure is about allowing them to undertake research and surveys for evaluating or dealing with marketing or investments and undertaking and carrying on techno-economic studies.

[Shri Ghulam Rasool Matto] providing technical and administrative assistance, planning and assisting in the promotion and development of industries and doing such other business as the Development Bank may authorise. This is an extremely welcome measure. Having been a Direc'or of the Financial Corporation for 12 long years, I have the experience why this thing was not being done previously. It was because the Financial Corporation would ask the particu'ar person who goes with an application to go to some technical expert and get a techno-feasibility report. Now this facility has been offered and it is a very welcome measure. The Finance Minister would do well in giving a guideline to all Financial Corporations that these technoeconomic cells should be started as soon as possible, because merely allowing them and being there on the Statute are not enough; it should be implemented; and the implementation can only be done when guidelfnes are issued.

Then coming to the new clnise 11. it is provided that the same person may be appointed to function both a' Chairtian and as Managing Director. M; expedience of 12 years that I have been in the Financial Corporation is that this is a very bad suggestion, simply for this re:ison There may be some rationale in havin- a combined Managing Director and Chairman in any other company where day-to-day things are not being done, but here even a case for Rs. 2000 is processed by the Board. The powers of the Board are so> vast in the case of financial institutions particularly, that every case has got to go to it. If every case is to go there the Managing Director is the direct autnor'ty, the executive head, who processes this case. And he should be the Chairman also is something which should be d!?-our-aged. There is a saving factor in this -"provided further that the same person may be appointed-----"It is not "shall be" appointed. So this discretion of appointing the same person as th^ Managing Director and the Chairman should be exercised with complete caution, because I

feel if there is a separate Chairman, he may be a watch-dog on the working of the pariicular Financial Corporation.

Madam, under the State Financial Corporation Aci, a shareholder has to be elected from amongst men other than institutions. The ordinary shareholders can also become directors in the Corporation. Consequently under section 10(d)"i three directors are sought to be appointed from amongst the public shareholders. This is a very welcome thing because public is also associated with it as I had been associated as a director, being a shareholder of the company. But there is one section. I would like to point out to the hon. 'Minis ter, section 35, which becomes deterrent to inclusion of small shareholders in the functioning of the Corporations, This section is with regard to the disposal of profits. It provides:

" 'After making provision for bad and doubtful debts, depreciation of assets and all other matters which are usually provided for by banking companies, the Financial Corporation may, out of its net annual profits, declare a dividend:'

'Provided that for so long as the reserve fund is Jess than the paid-up share capital of the Financial Corporation and until there has been repaid to the. State Government such sum, if any, as that Government may have paid under the guarantee given in pursuance of section 6 or section 7 or section 8 the rate of such dividend—This is very important —shall not exceed the rate guvanteed by the State Government under section 6

What is this position at the present moment? I will take the instance of the Jammu and Kashmir Financial Corporation which was established 25 years ago. At that particular time, because the Act provides that there must be private share holders also in the State Financial Corporations, the Minister at that time persuaded some people there, some busines people, some people like me, to subscribe to the share capital of the Corporation. So Mr. Minister, Sir, I have subscribed Rs. 7.500. Under this provision, although this Finnn-

eta] Coiporation has made lakhs and lakhs of rupees of profit, crores ami crores of rupees of income, I am getting only 4.5 per cent as dividend because under this coviso they shall be guaranteed such dividend which shall not exceed the rate •aaranteed by the State Government. The State guarantee is only 4.5 per cent. So, inspite of the Corporation mating very huge profits, the dividend paid is only 4.5 per cent. What happens after deducting taxes is that it comes to only about 3 per cent, or 2 per cent like that. So, my submission would be that this provision of section 35 may please be examined in detail and should be amended so that the private shareholders will at least get as much as they can get from the banks if they deposit the same amount in the banks which are giving 10 to 11 per cent interest. If you are not giving them according to the profits of the corporation which may amount to 20 per cent dividend, at least they should be pro-ided with such i merest as they ;an get from the banks. Why I say this is, if this is not done, the privat; share capital will be discouraged in the Financial Corporation and the very effect of that would be that private directors who are a must—three directors have to be appointed—will not be available because there will not be share capital available from the private capital when such things have to be done. So, I would request, you to get this section, section 35, examined and amended so that at least the return, the dividend, that the private shareholders may get may be to the extent that they would get from the banks.

With these remarks, I welcome the Bill. Of course, I had to say much more. Because this is a very fine piece of legislation, I congratulate the Finance M'nister. Better late than never: this Bill has come.

I conclude my speech.

THE MINISTER OF FINANCE AND COMMERCE (SHRI VISHWANATH PRATAP SINGH); Madam Deputy Chairperson, it is very encouraging and

Heartening to hear the hon. Members. they have by and large, supported the Bili. I have also taken note of some of the suggestions they have made, some improvements they have suggested, and also the note of caution they thye have sounded. Some hon. Members have expiessed apprehension that there might be a shift oi emphasis from the small scale sector to the medium or the larger units, because the provision of higher limit upto Rs. 30 crores has been made. This amount of Rs. 30 crores is only an enabling provision; otherwise it is Rs. 3 crores. In the case of the State Financial Corporations, the higher limit is Rs. 60 lakhs. It is got correct that large sums have been passed on to the larger units. If we see the performance of the State Financial Corporations even when the higher limit was Rs. 30 lakhs, about 7,383 larger units, were benefited till March, 1984, whereas in the case of the smaller units, the number is 2,02,368. If that was the tendeeae/ it would have manifested itself here. The smaller units have been taken care of and there are guidelines also. Shri Varmaji expressed his concern about the smaller units. Shri Mattoji also said just now that there should be some guidelines for taking care of the small scale sector. That will remain our priority. This provrion has been made as a measure of flexibility so that more coverage is given.

Shri Nirmal Cbatterjee expressed that since now the authorised capital is upto Rs. 100 crores, most of the benefit will go to the private sector. We have been discussing and every Member has expressed that the small scale sector should be taken care of. This is a unanimous view If that is the unanimous view and if we still envisage the small scale to continue in the private sector, I do not know how we can say that the benefit will not go to the private sector, unless we say that the small sector will also be in the State sector, then, it is a different proposition. But, I think that is not the proposition or at least our thinking. While commanding heights of the economy will be in the public see\*

[Shri Vishwanath Singh] too, the small scale sector is envisaged even in the Industrial Policy Resolution to continue in the private sector. If we want to increase the coverage of the small scale sector, certainly the benefit will go there. There cannot be any other option on that account.

Shri Kalpanathji yesterday emphasised about unemployment and export oriented industries. All this could be taken care of by this new provision.

Shri Gurupadaswamy suggested the project oriented approach. I am thankful to him. He emphasised about simplifying the procedures and expressed the apprehension that if these are not simplified then the benefits may not flow, there is a provision in the Bill for assets to enable it to acquire instruments relating to loans and advances by any notified financial institution. This is one of the steps for such simplifications. I am sure when the new Board is formed other simplifications will be taken care of.

Shri Bhardwaj ji mentioned yesterday about technical and administrative assistance to units. Clause 15 of this Bill to amend section 15 exactly provides this provision and takes care of this aspect.

Shri Shanti Tyagi and Shri Chimaibhai Mehta expressed that there will be lot of favouritism; and there could also be corruption; and non-officials should be appointed. So far as inefficiency is concerned, so far as favouritism is concerned, so far as corruption is concerned, we should

certainly fight it and take what-ever measures necessary to tighten the machinery even though administrative methods by putting people of integrity and competence so that they enforce discipline.

So far as appointing officials or non-officials is concerned non-officials can be appointed; there is no bar not that. It is the State Governments that make appointment to this post. Certainly it is their

option and they are free to appoint good, competent, non-official people. Shri Chimaibhai raised this point. I don't have to go into the details of that. He said that knowledgeable people should be there. Yes; there is provision for director nominated by the Reserve Bank of India and for directors from IDBI. As regards Chairman & MD, it is the State Government's option. The State Government may appoint a chairman and a managing director or the same person as chairman and managing director. It is not obligatory. There may be two separate posts and persons. In case both are in one now, then one more can be appointed. There is no obligation. They can be separate or both can be in one.

Then, yesterday Mishraji made a reference that deposits being allowed exceed twice the paid-up share capital. Previously the provision was equal. The current capital is already more. So that increase is made, it is only in the direction of what he said. He could recommend much more, but it is this far that we could go just now.

Then about industrial sickness, we are coming up with a Bill. But that Bill is not related to small scale industry. We are applying our mind to it. We are coming up with a Bill on industrial sickness and how to deal with it.

Then Mishraji said that it is difficult for the State Government to subscribe 50 per cent of the share capital. There is no statutory provision that the State Government must hold 50 per cent of share capital. The provision is that if other organisations like banks, insurance companies, investment trusts, etc. to whom shares are allotted, do not take them up, then the State Government and IDBI will share equally, half-half. That is the provision.

Then Virendra Vermaji spoke about educated unemployed. This scheme envisages that banks will provide finance to educated unemployed. About arrangement of markets for SFC, it has to assess

the marketability or the market angle when it assesses viability. There are limits on fixing. Providing markets and facilities, of course, some other organisation will have to take care of. The financial institutions make assessments and while making assessments they discuss with them. That is how far the financial institutions can go. Shri Virendra Verma also spoke about loans to cooperatives. The limit on loans that can be given to cooperatives is proposed to be enhanced in this bill. About recoveries some mention was made, about arrears etc. Of course, provision has been made about recovery of arrears of loan also.

Shri Lakshmana referred to appointment of chairman and managing director. I have already replied to it. Shri Rameshwar Thakur talked about IDBI recommendations, that they should be considered. Well, Government takes account of all relevant factors and I don't think there is need of making a statutory provision regarding that. About industrial sickness I have already mentioned. We are coming up with a Bill. About research and development he mentioned. Provision has been made in this Bill regarding assistance for research and development.

A mention was made by Shri Gurupadaswamy that this should have gone to a Select Committee and he also expressed the view that this tradition is fast fading out. But these are only amendments to the Act and these are not changing the basic structure of the Act which is just going in the direction which the House had originally approved. So, I thought that I could go straight to the House and not lose time in going to a Select Committee.

Madam, I think there are many other suggestions and I could go on responding to them. But to some of the more important points I have tried to respond and, certainly, to the other suggestions which have been made we will give all the consideration.

With these words, Madam I thank the honourable Members again and commend me Bill for the consideration of the House.

THE DEPUTY CHAIRMAN: The question is:

"That the Bill further to amend the State Financial Corporations Act, 1951, as passed by the Lok Sabha, be taken into consideration."

*The motion was adopted.*

THE DEPUTY CHAIRMAN: We shall now take up the clause-by-clause consideration of the Bill.

*Clauses 2 to 30 were added to the Bill*

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

SHRI VISHWANATH PRATAP SINGH: Madam, I beg to move:

"That the Bill be passed."

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

#### **THE CRIMINAL LAW AMENDMENT (AMENDING) BILL, 1985**

THE DEPUTY CHAIRMAN: Now, we have about one hour or so. We will now take up the Criminal Law Amendment (Amending) Bill, 1985. The time allotted is two hours. Now, Mr K. P. Singh Deo to move.

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL AND TRAINING, ADMINISTRATIVE REFORMS AND PUBLIC GRIEVANCES AND PENSION AND IN THE DEPARTMENT OF CULTURE (SHRI K. P. SINGH DEO): Madam, I beg to move:

"That the Bill further to amend the Criminal Law Amendment Act, 1952, as passed by the Lok Sabha, be taken into consideration."