

**REFERENCE TO THE REPORTED
CRITICISM OF MEMBERS OF
RAJYA SABHA BY THE 'KESRI' OF
PUNE FOR THEIR SPEECHES IN
THE HOUSE ON THE RECENT
PUNE INCIDENTS OF COMMUNAL
RIOTS**

SHRI ARVIND GANESH KULKARNI (Maharashtra): Sir, I have to rise on a very funny and very serious matter. Recently in the Rajya Sabha we discussed a Calling-Attention Motion on the communal riots in Pune, Kolhapur and Baramati. Here is a news item which appeared in the *Kesari*. Of all the organisations, the Pune Municipal Corporation condemned all the Rajya Sabha Members—some of our friends spoke on that day—for having involved the Pune Municipal Corporation into the communal riot. I think my friend Mr. Surjeet was speaking on it. He was speaking in English. He might have said 'hathi'. My friends might have thought that he was speaking in Hindi. In Marathi, 'hath' and 'hathi' go together. They thought that it was said that the Poona Municipal Corporation had its hand in communal riots. Thereby, they raised the issue in the form of a condemnation motion or an adjournment motion, etc. I am moving a privilege motion against the Editor of *Kesari*. I would request the Government or the Leader of the House to clarify the issue.

MR. DEPUTY CHAIRMAN: When you are moving a privilege motion, it will be considered at that stage. Message from the Lok Sabha.

SHRI SADASHIV BAGAITKAR: Sir, I have sought your permission.

MR. DEPUTY CHAIRMAN: That has not been granted. He is raising a privilege motion. At that stage, it will be considered.

MESSAGE FROM THE LOK SABHA

The African Development Fund, 1982

SECRETARY-GENERAL: Sir, I

have to report to the House the following message received from the Lok Sabha, signed by the Secretary of the Lok Sabha:

"In accordance with the provisions of Rule 101 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to inform you that the following amendments made by Rajya Sabha in the African Development Fund Bill, 1981, at its sitting held on 23rd February, 1982, were taken into consideration and agreed to by Lok Sabha at its sitting held on Monday, the 1st March, 1982:—

Enacting Formula

1. That at page 1, line 1, for the word 'Thirty-second' the word 'Thirty-third' be substituted.

Clause 1

2. That at page 1, line 3, for the figure, '1981' the figure '1982' be substituted.

श्री उपसभापति : सदन की कार्य-
वाही पीने 3 बजे तक के लिए स्थगित
की जाती है ।

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

The House reassembled after lunch at forty-seven minutes past two of the clock, The Vice-Chairman, (Dr. Shrimati Najma Heptulla) in the Chair.

THE INDUSTRIAL FINANCE CORPORATION (AMENDMENT) BILL, 1982.

THE MINISTER OF FINANCE (SHRI PRANAB KUMAR MUKHERJEE): Madam Vice-Chairman, before I start, let me congratulate you for assuming the office of Vice-Chairman.

SHRI BIPINPAL DAS (Assam): On our behalf also.

SHRI PRANAB KUMAR MUKHERJEE: Madam, I beg to move:

[Shri Pranab Kumar Mukherjee]

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

As the hon. Members are aware, the Industrial Finance Corporation of India was the first development bank established in the country by an Act of Parliament, on the 1st July, 1948. The Corporation was established with the object of providing medium and long-term credit facilities to eligible industrial concerns in India. The Industrial Finance Corporation Act, 1948, was last amended in 1976. With the establishment of the Industrial Development Bank of India as the apex development bank and amendments carried out to the parent Act in 1964, the shares held by the Central Government and the Reserve Bank were transferred to the Industrial Development Bank of India which now holds 50 per cent of the share capital in the Industrial Finance Corporation of India; the rest is held by nationalised and other scheduled banks, cooperative banks, insurance concerns and investment trusts.

The IFCI provides financial assistance in the form of rupee and foreign currency loans, underwriting and/or direct subscription to shares/debentures as also guarantees for deferred payments and foreign loans to eligible medium and large-sized industrial projects. Financial assistance from the Corporation is available for setting up of new industrial projects as also for expansion, diversification and renovation or modernisation of existing projects.

The cumulative net financial assistance sanctioned by the IFCI during 33 years of its service to industry aggregated to Rs. 1,293.05 crores up to the 30th June, 1981, for 1,404 projects. The IFCI's contribution to the industrial development of the country has been substantial. The two major recipients of IFCI's assistance, namely, sugar and textile industries, are largely in the co-operative sec-

tor. They have not only channelised the savings of the agricultural sector for industrial use but have provided larger avenues for both direct and indirect employment. The IFCI has also been taking considerable interest in the industrial development of less developed areas so as to have a balanced economic development in the country. Up to the 30th June, 1981, the IFCI had sanctioned financial assistance aggregating to Rs. 539.79 crores to 552 projects located in the notified less developed districts and areas. Industries of high national priority and other selected industries of importance claimed 83.4 per cent share of assistance sanctioned during the last accounting year.

Through its specially devised promotional schemes like the Technical Consultancy Organisation and Risk Capital Foundation, the IFCI provides much needed guidance to small and medium scale units and new entrepreneurs. It has sponsored the Management Development Institute and the Development Banking Centre to provide training in modern management techniques and thereby help in the development of entrepreneurship and managerial skills in different sectors of industry.

The experience gained over the years in the functioning of the Corporation has emphasised the need to make certain amendments in the Industrial Finance Corporation Act. These amendments are aimed mainly at increasing the resources of the Corporation to meet its rapidly increasing requirements and expanding operations, removing unnecessary and irrelevant restrictions in the procedures and operational matters of the Corporation and expanding the list of business which the Corporation can undertake and the kinds of activities which it can assist so as, *inter alia*, to allow the Corporation to participate effectively in consortium lending with other financial institutions. The objective is also to facilitate strengthening and widening of the organisational structure of the Corporation.

With a view to augmenting the resources of the Corporation, it is proposed to raise the authorised capital from Rs. 20 crores up to a maximum limit of Rs. 100 crores. It is also proposed to remove the provision which limits the borrowings of the Corporation to ten times the aggregate of the paid-up capital and reserves. Further it is proposed to allow widening of the shareholding base of the Corporation and also to enable the Corporation to accept deposits from various approved sources and borrow from approved institutions.

With a view to strengthening the organisational structure of the Corporation, it is proposed to make amendments to enable the Corporation to have officers at senior levels in accordance with its requirements, and to open new offices, branches or agencies as may be necessary.

It is proposed to widen the definition of industrial concern in the Act to bring it at par with the definition given in the IDBI Act so as to enable the Corporation to participate effectively in joint financing cases. Similarly, it is proposed to expand the list of business which the Corporation can undertake, for example, guaranteeing loans raised by industrial concerns from other institutions, purchasing stocks, shares and debentures from existing holders and undertaking merchant banking operations.

Details regarding some of the more important provisions of the Bill are given in the Statement of Objects and Reasons appended to the Bill and it may not be necessary for me to repeat them here. Apart from these important amendments, there are a few other amendments, which are of a minor and consequential nature and I would not like to take any further time of the House in elaborating them.

With these remarks, I commend the Bill for the consideration of the House.

THE VICE-CHAIRMAN (DR. SHRIMATI NAJMA HEPTULLA): There is one amendment in the name of Shri Shiva Chandra Jha.

SHRI SHIVA CHANDRA JHA (Bihar): Madam Vice-Chairman, I beg to move—

“That the Bill further to amend the Industrial Finance Corporation Act, 1948, be referred to a Select Committee of the Rajya Sabha consisting of the following Members, namely:—

1. Shri R. R. Morarka
 2. Shri Shridhar Wasudeo Dhabe
 3. Shri Harekrushna Mallick
 4. Shri Viswa Goswami
 5. Shri Rameshwar Singh
 6. Shri Hari Shankar Bhabhra
 7. Prof. Sourendra Bhattacharjee
 8. Shri G. C. Bhattacharya
 9. Shri V. Gopalsamy
 10. Shri Pattiam Rajan
 11. Shri Shiva Chandra Jha
- with instructions to report by the first week of next Session.”

The questions were proposed.

THE VICE-CHAIRMAN (DR. SHRIMATI NAJMA HEPTULLA): The motion for consideration of the Bill and Shri Jha's amendment are now open for discussion. Mr. N. P. Nanda.

SHRI NARASINGHA PRASAD NANDA (Orissa): Madam Vice-Chairman, no doubt the experience gained during the course of the year necessitated some amendment to the Industrial Finance Corporation Act. I will make three short points. The first one is about enabling a director who has substantial interest in other industrial concerns, to take assistance from the Finance Corporation. I have an apprehension that though it has been laid down in the proposed amendment that the Corporation will be

[Shri Narasingha Prasad Nanda]

enable to grant such assistance to industrial concerns in which its directors have substantial interests if it is satisfied that it is necessary in the public interest to do so, I personally feel that this may not be a sufficient safeguard regard being had to the conduct of directors of the various public sector concerns and I would request the honourable Finance Minister to allay this apprehension from the minds of those who raise this question that these directors are likely to use the finances of the Corporation in favour of such concerns where they have got substantial interests which may not actually served the public interest. It may be said that there is no reasonable basis for this apprehension, but the way directors of public sector undertakings have behaved in the past and dealt with the finances of the various financial institutions does give rise to such a reasonable apprehension in our minds.

The other point that I would like to make with regard to the Bill is about guaranteeing of loans. Not only would the directors be able to take funds from the Industrial Finance Corporation for such industrial undertakings where they have got substantial interest which may or may not serve public interest, the loan taken from the Industrial Finance Corporation by them is now guaranteed under the provisions of the present Bill. In other words, not 3 P.M. only they get the money, but if they do not repay it or fail to repay it, then the banks stand guarantee to repay the money. This kind of bank guarantee for the loans raised by the industrial concern where these directors are there, enable them to siphon off this money in favour of such industrial organisations where they have substantial interest. This kind of guarantee gives rise to a reasonable apprehension in our minds that this can happen. And I hope the hon. Finance Minister will allay this fear from our minds. This is the

second point I wanted to raise on this Amendment Bill.

My third point, Sir—I am sorry, madam—is about purchase of shares of existing concerns. The basic objective of this Act was to help new entrepreneurs who are in the small and medium sectors. When the Industrial Finance Corporation purchases shares of existing concerns, I think this basic objective is likely to be defeated. I do not want to elaborate this point because our present Finance Minister is intelligent enough to understand what I mean.

These are the three points—short points—I would like to make. Otherwise, there is nothing to speak against the Bill generally. As a result of experience these amendments have become necessary. But these doubts arise and I hope, Sir—madam—

It has become the habit to address the Chair as Sir because rarely a lady takes the chair. I think we have to get ourselves accustomed to address you 'madam'. It makes no difference. This is an exception . . .

SHRI PRANAB KUMAR MUKHERJEE: A pleasant exception.

SHRI R. R. MORARKA (Rajasthan): Chair has no sex.

SHRI NARASINGHA PRASAD NANDA: After all Chair has no sex.

THE VICE-CHAIRMAN (DR. SHRIMATI NAJMA HEPTULLA): But the person who sits on the Chair does have sex.

SHRI NARASINGHA PRASAD NANDA: You are right. I do agree with you.

I would request the hon. Finance Minister to satisfy the House on the three points I have raised now.

श्री जे. के. जैन (मध्य प्रदेश) :
उपसभाध्यक्ष महोदय, इंडस्ट्रियल फाइनेंस
कारपोरेशन एक्ट में एसेंबली का जो बिल
यहां पर हमारे कुशल मंत्री जी ने पेश

किया है, मैं उसका जबर्दस्त समर्थन करता हूँ क्योंकि आज फाइनेशियल बोडीज का, फाइनेशियल कारपोरेशन का जो महत्व है वह खास तौर से हमारी प्रधान मंत्री श्रीमती इन्दिरा गांधी की इस घोषणा के बाद कि सन 1982 का वर्ष उत्पादन का वर्ष है, बहुत बढ़ जाता है। मैं मंत्री महोदय से यह कहना चाहता हूँ कि जहाँ हम अपने फाइनेशियल कारपोरेशन को मजबूत बनाना चाहते हैं वहाँ मैं आपका ध्यान इन फाइनेशियल बाडीज की कुछ कमियों की ओर भी दिलाना चाहता हूँ और आप से इस बात की अपेक्षा करता हूँ कि फाइनेशियल बाडीज के नाम पर जो वहाँ पर भ्रष्टाचार व्याप्त हो रहा है उसकी आप जरूर निगरानी करेंगे।

इंडस्ट्रियल डेवलपमेंट बैंक की नीतियों के बारे में ग्राम राय यह बन चुकी है कि इंडस्ट्रियल डेवलपमेंट बैंक आफ इंडिया इंडस्ट्रियल डिस्ट्रिक्ट बैंक आफ इंडिया रह गया है। लोग क्यों यह बात कह रहे हैं? क्योंकि बैंक को वहाँ के आफिसरान चलाते हैं, वहाँ का जो बॉर्ड है वह चलाता है। जिस समान कोई भी इंडस्ट्रियल हाउस लोन के लिये अप्लीकेशन देता है तो वहाँ के अधिकारी बारगेन करते हैं, इन इंडस्ट्रियल हाउसेज के साथ कि आप उस इंडस्ट्रियल हाउस में अमुक व्यक्ति को डाइरेक्टर बनायेंगे या नहीं या जाँ आपका उत्पादन होगा उसकी एजेंसी या उसकी डील शिफ्ट अमुक व्यक्ति को देंगे या नहीं। मंत्री जी, ये बहुत गम्भीर बातें हैं। मैं वहाँ पर बड़े खेद के साथ इन चीजों को पेश कर रहा हूँ। क्योंकि बराबर ऐसी घटनाएँ इंडस्ट्रियल फाइनेशियल कारपोरेशन और इंडस्ट्रियल डेवलपमेंट बैंक आफ इंडिया में होती रही हैं। मैं आपसे इस बात के लिये निवेदन करता हूँ कि आप इसकी एक खुली जाँच करायें कि

वहाँ के जो अब तक डाइरेक्टर बने हैं, आई० एफ० सी० और आई० डी० बी० आई० के, उनके सम्बन्ध में जिन इंडस्ट्रियल हाउसेज में इन दोनों बाडीज से लोन लिया, क्या है, वहाँ के डाइरेक्टरों से उनकी क्या रिश्तेदारी है और उन उद्योग धंधों में जो माल वह बनाते हैं उसकी एजेंसी जिन जिन व्यक्तियों को जहाँ जहाँ दी गई है, उनके साथ इन फाइनेशियल बाडीज के प्रबन्धकों की क्या रिश्तेदारी है। इस बात की एक उच्च स्तरीय जाँच करनी चाहिए। मंत्री जी, बहुत सी लाबीज इन फाइनेशियल बाडीज में काम कर रही हैं। जो बड़े बड़े इंडस्ट्रियल हाउसेज हैं वे हमारी इन फाइनेशियल बाडीज को दबा रहे हैं क्योंकि यदि नये उद्योग-धंधे पनपेंगे तो इन मोनोपली हाउसेज का जो धंधा है वह कमजोर हो जायेगा, कम्पिटेशन बन जायेगा। इसलिये इन बड़े हाउसेज का हमेशा यह प्रयास रहता है कि जिस आइटम को वे लोग डील कर रहे हैं, जिस आइटम का वे लोग उत्पादन कर रहे हैं, ऐसे इंडस्ट्रियल हाउसेज को वे फाइनेशियल हेल्प मिलने से रोकते रहते हैं। कई बार ऐसा हुआ है। कम्पिटेशन के इस युग में इस तरह से छोटे उद्योग धंधों का गला इन बड़े बिजनेस हाउसेज, इंडस्ट्रियल हाउसेज ने घोंटा है। उपरभाष्यक्ष महोदया, जब दो चीजें बाजार के अन्दर आ जाती हैं तो बड़े जो मोनोपली इंडस्ट्रियल हाउसेज हैं वे उस छोटे इंडस्ट्रियल हाउस को परेशान करने की कोशिश करते हैं और उसकी परेशानी तब आती है जब कि फाइनेशियल कारपोरेशन और आई० डी० बी० आई० उनके लोन को सेक्शन करने में इतनी डिले करता है कि उसकी यूनिट सिक हो जाती है और सिक होने के बाद वह यूनिट बन्द हो जाती है और उसका खुले आम बड़े इंडस्ट्रियल हाउसेज

[श्री जे० के० जैन]

लाभ उठाते हैं। इसका नतीजा क्या निकलता है, चीजें महंगी हो जाती हैं और जब चीजें महंगी हो जाती हैं तो सरकार को बढ़तामी मिलती है। इसलिये प्रोटेक्शन की नीति न अपनाकर हमको इस चीज का और ध्यान देना चाहिए। किसी भी तरह से जो वहां पर करेशन है उसको हम निकालें। मेरा आपसे यहां पर निवेदन है कि आई० एफ० सी० आई० जिसको इंडस्ट्रियल फाइनेंस कारपोरेशन आफ इंडिया कहते हैं उसका नाम इंडस्ट्रियल फ्रस्टेशन आफ इंडिया हो गया है। सरकार ने पैसे पर मज्जा कर रहे हैं। आप कृपया बताये कि कितनी अग्लिकेशनस कितने दिनों में क्लियर की गई, कितने रुपये इन बाडीज ने फाइनेंस किये और कितने रुपये डूबे और कहां पर डूबे। जिन इंडस्ट्रियल हाउसेज में यह रुपया डूबा है उनका वहां की बाडीज के अधिकारियों से क्या सम्बन्ध है। अगर इसकी आप सी० बी० आई० से जांच करायेंगे तो आप देखेंगे, पर्दा फाश हो जायेगा। करौड़ों रुपये इन लोगों के डिस्पोजल में होत है मगर खले आम जैसी मर्जी होती है दांटेते हैं और इंडस्ट्रियल हाउसेज के मैनेजमेंट से बारगेन करते हैं कि अगर इसको चेयरमैन बनाओगे, अमुक व्यक्ति को डाइरेक्टर बनाओगे तो आपका फाइनेंस सेक्शन किया जायेगा। इसके लिये बहुत से टोट इन अधिकारियों ने रखे हुए हैं। मैं आशा करता हूं कि अब आपने इस विभाग को सम्भाला है और जिस प्रकार से आपने बड़ी कुशलता के साथ वाणिज्य मंत्रालय को चलाया है तो हमें पूरी आशा है और पूरा विश्वास है कि आपके नेतृत्व में यह फाइनेंशियल बाडीज सचमुच ही हमारे इंडस्ट्रियल हाउसेज की मदद करेंगी। कहीं ऐसी बात न हो जाए कि

मरीज मर जाए और डाक्टर बाद में पहुंचे। यह हमारी जो फाइनेंशियल बाडीज हैं यह इसी प्रकार से अनुसरण कर रही हैं कि जिस समय इंडस्ट्रियल हाउसेज को जरूरत होती है फाइनेंसिंग की, जिस समय जरूरत होती है मदद की उस समय यह लोग अपनी कड़ी नजर ऐसी रखते हैं उनके ऊपर उनको फाइनेंस नहीं देते हैं, उनके साथ बारगेनिंग करते हैं। उपाध्यक्ष महोदया, मैं आपके माध्यम से भारत सरकार के हमारे कुशल वित्त मंत्री से निवेदन करता हूं कि आई० डी० बी० आई० और आई० एफ० सी० आई० के अन्दर जो अष्टाचार चल रहा है उसकी ओर ध्यान देंगे और यह भी जांच करेंगे कि वहां जो अधिकार हैं उनका किन किन इंडस्ट्रियल हाउसेज के डाइरेक्टरों के साथ नाता, रिश्ता और संबंध है। इंडस्ट्रियल हाउसेज की एजेंसिज और डीलरशिप किस किस डाइरेक्टर से मिले हुए हैं, उनके रिश्तेदारों को इसकी आप जांच करे। उन अधिकारियों के ऊपर जिम्मेदारी डालें ताकि यह जो फाइनेंशियल कारपोरेशन है यह उद्योग धंधों के लिए रुपया समय पर दें ताकि उद्योग धंधे पनपें और कम्पिटिशन बनेगा जब कम्पिटिशन बनेगा तो चीजें अच्छी और सस्ते दामों में मिलेंगी और लग लाभ उठा सकेंगे। जिस नियत से, हमारी सरकार ने यह इम्पेडमेंट बिल रखा है मैं उसका समर्थन करता हूँ क्योंकि मैं जानता हूँ कि हमारी सरकार की जो हमारे मंत्री की नीति है वह फाइनेंशियल कारपोरेशन में सुधार करने की है। हम हमेशा सुधार में, फिफ्टेंशन में विश्वास करते आए हैं। हमारी पार्टी फिफ्टेंशन में विश्वास करती है। मैं पूर्ण आशा है कि आपके कुशल नेतृत्व के अन्दर आप इन फाइनेंशियल बाडीज की जांच करायेंगे और

हमारे उद्योगों का पैसा ठीक समय पर मिले इसके लिए भी पूरी जिम्मेदारी रखेंगे। धन्यवाद।

SHRI R. R. MORARKA: Madam Vice-Chairman, I welcome this Bill. It is quite a non-controversial Bill, and at least two provisions—one, to augment its resources, and second, to increase its managerial cadre—are the most welcome features of this Bill. I however, do not agree with the third amendment of the Government which seeks to give power to purchase the shares and debentures from the existing shareholders or debenture-holders. I do not object to the subscribing or under-writing the shares. But I do not see any justification at all for purchasing the shares from the existing shareholders.

The main objective, Madam Vice-Chairman, of the Industrial Finance Corporation is to develop industries, and for that purpose they must provide loans to under-write shares or subscribe to the shares of new concerns for promoting new ventures. For purchasing shares from the existing shareholders, you have institutions like the LIC, Unit Trust of India, General Insurance Corporation etc. I do not know why the Government feels compelled to give this power to the Financial Corporation.

Madam, having said this, I would like now to point out a few weaknesses in the working of this Corporation.

The first point of mine is that this Corporation has been following a very conservative policy. So far, in the last 33 years this Corporation has given—I am saying, only loans—of about Rs. 1000 crores. And the project cost in respect of which this loan of Rs. 1000 crores was given, was about Rs. 9000 crores. In other words, the Corporation, on an average, has been giving about 11 per cent of the project cost by way of loans to various projects. This, according to

me, is a very conservative policy. Even in the recent past, a programme of soft loans was started. But the Corporation has given only Rs. 142 crores to the projects where the project cost was Rs. 803 crores. In percentage, it comes to about 17.65. If you give only 17 per cent or 18 per cent of aid under soft loan scheme started for rehabilitating the units which were either sick or on the verge of sickness, I am sure that the rehabilitation of that unit cannot be ensured and the money that you invest may be sunk further in the sickness of that unit.

The second point I want to make is that there was a lot of default in the recovery of loans, in the recovery of interests and in the recovery of guarantee amounts. I have got the figures which I have taken from printed reports. In the case of principal amount, there is a default of 43 crores. In interest, there is a default of 26.58 crores and in deferred guarantee payments, there is a default of 1.77 crores. Some of these amounts of defaults have been re-scheduled. Even then, there is a large amount still remaining in balance. The number of concerns which are in default is 258 out of 755 concerns, which is the total number of concerns to whom loans have been given. In other words, about 33 per cent of the units or concerns are in default. According to me, this is a very large proportion.

Then I come to the point made by Mr. Nanda. There are concerns in which the Directors of the Corporation are also Directors of those concerns. From such concerns also, 90 lakhs of rupees are in default. According to me, this is a big amount and the Directors realise the responsibility of seeing that at least least their own concerns do not default.

Then, there are about 27.53 lakhs of rupees which the Corporation has lost in companies which have gone into liquidation. Though the amount may appear to be small, I do not see

[Shri R. R. Morarka]

how a concern which takes aid or assistance from the Industrial Finance Corporation and the Industrial Finance Corporation, while giving that assistance or loan, takes all the steps to safeguard that money, can go in default and how such a large amount could be involved in companies which have gone into liquidation. More than that, there are two other amounts. One is the sum of Rs. 8.79 crores. It is due from companies which have been taken over by the Government and it is not known as to what would happen to these amounts, whether any portion of this amount will come back or whether it would be a total loss. Similarly, there is another amount of Rs. 6.36 crores which the Government has frozen. These are the companies whose liabilities have been frozen by the Government under the Industrial Regulation and Development Act. My suggestion to the hon. Finance Minister is that when the Government takes over these concerns are freezes the liability, it must protect the advances made by the term loan institutions so that they do not suffer. Otherwise, it would have the impact of discouraging the disbursement of developmental finance.

There are one or two more points which I would like to make. The first point I want to bring to the notice of the hon. Finance Minister is the steep increase in establishment charges. In the year 1979-80, it was 1.82 crores and in the year 1980-81 it has increased to 2.57 crores. The increase is almost 42 per cent in one year. I am sure the Finance Minister would like to enquire from the managers of this institution as to why there is such a steep rise of 42 per cent in one year. Now, the second point I want to make is that in the profit and loss account they have shown the income from interest of Rs. 44.38 crores. But in that, in the bracket they have said, 'interest, less bad debts written off and doubtful debts, etc.' Now, now—where have they given the figure of what is the amount of bad debts

written off. Right from the time of inception, that is for the last 33 bad debts that you have written off. It would be informative for the House to know as to why these bad debts take place and to what extent the institution has suffered. Then, the sundry creditors, Madam Chairman, had increased from Rs. 9.74 crores to Rs. 16.74 crores in one year. Why? What is the reason for such a steep increase over a period of one year? Then the total investment of the Finance Corporation is Rs. 35.48 crores, and on this investment the income is Rs. 1.67 crores which comes to a little more than 4 per cent. I think, this, taking everything into consideration, is on the low side.

Madam, during the year 1980-81, they have given the loan to more than 200, almost 250 projects. Out of 250 projects, the new projects are only 104. For modernisation and renovation they have given to 84, for expansion and diversification they have given to 15, and soft loan to 50 projects. Now the main point which I want to make a slight grievance about is that out of these Rs. 131 crores which they have given, 88.5 per cent is given to about 15 concerns, that means those who have taken more than Rs. 5 crores and Rs. 10 crores each. The remaining concerns, 85 or 90, have been given only about Rs. 14 crores. So, there is this disproportionate disbursement and this desire to encourage only the big projects. Same thing happens in the ICCI. And, therefore, the medium—the ICCI. And, therefore, the medium-sized projects and small-sized projects get completely neglected.

Madam, I have got my amendments to Clauses 3, 9 and 12. When we come to the Clauses in the Second Reading, I would have your permission to move them. But I may say here that my amendments to Clauses 3 and 9 are only of drafting nature. But my substantial amendments are only to clause 12. Madam, I hope to move them when we go to the Second Reading. Thank you.

श्री लाखन सिंह (उत्तर प्रदेश) :

उपसभाध्यक्ष महोदय, औद्योगिक वित्त निगम संशोधन, 1982 का मैं स्वागत करता हूँ। 1948 में मूलक में इस विधेयक को लाया गया था, अधिनियम बना। तब से अब तक यदि हम इस औद्योगिक वित्त निगम के द्वारा जो ऋण देने की व्यवस्था हुई है, उस पर नजर डालें, तो पता चलेगा कि 80 फीसदी से अधिक पैसा इस देश के बड़े औद्योगिक घरानों के पास चला गया है।

मूल उद्देश्य तो यह था कि देश के पिछड़े क्षेत्रों में विशेष कर जम्मू और काश्मीर से लेकर असम तक के हिमालयन और पिछड़े इलाकों में, जैसे उत्तर प्रदेश का बुरेन्दखंड क्षेत्र है, या जन-जाति क्षेत्रों को ये ऋण जाने चाहिए थे जिससे कि वहाँ के लोगों का विकास होता, उद्योग-धंधे लग जाने के माध्यम से। लेकिन यह अभी तक नहीं हुआ।

महोदय, हमारा देश कृषि प्रधान देश है। कृषि प्रधान देश होने के नाते आज भी इस देश की जो जनसंख्या है, उस के 70-75 फीसदी लोग कृषि पर निर्भर हैं। मैं मंत्री महोदय से निवेदन करूंगा कि कृषि की ओर भी अधिक ध्यान दें और ऋण का जो पैसा आपने आवंटित किया है, जो आपने 20 करोड़ से एक अरब २० की राशि का प्रावधान किया है, इस बिल के माध्यम से उस का कम से कम पचास प्रतिशत कृषि के कार्यों में करना चाहिए या उन उद्योगों में लगना चाहिए जो क्षेत्र कृषि के विकास में अपना योगदान दे सकते हैं।

इसी के साथ मैं मंत्री जी से यह भी कहना चाहूंगा कि देश में बेकारी और बेरोजगारी कम नहीं है। देश में इतनी गरीबी है कि 80 फीसदी लोग गरीब हैं, जिसमें 50 फीसदी लोग गरीबी की रेखा से नीचे का जीवन जी रहे हैं। तो बेकार बेरोजगारों के लिए ऐसी कोई व्यवस्था होनी चाहिए कि वे भी उद्योगपति

बन सकें, उनको भी बढ़ावा मिल सके। यदि ऐसे बेकार बेरोजगारों को बढ़ावा मिलेगा और नए उद्यम हम खड़े कर पाएंगे तो हम वास्तव में देश के विकास में, उत्थान में कुछ योगदान दे पाएंगे वरना तो जैसा चल रहा है आज तक, वैसा ही चलता रहेगा। मिसाल के तौर पर, बिहार में सबसे ज्यादा उद्योग-धंधे लगे हैं लेकिन बिहार में गरीबी कम नहीं है। पंजाब में छोटे और मझोले किस्म के उद्योग लगे हैं उस से पंजाब में प्रति व्यक्ति आमदनी अधिक है। वहाँ पर गरीबी कम है। तो छोटे उद्योगों के लिए और विशेषकर, जो सेल्फ इम्प्लाइड सेक्टर में काम करते हैं या करना चाहते हैं, ऐसे व्यक्तियों के वास्तव ऋण की व्यवस्था की जाए ताकि वे लोग अपने स्थान के, अपने प्रदेश के उत्थान में अपना योगदान दे सकें। इसी बिल में आप ने प्रावधान किया है कि उद्योगपतियों को 3 करोड़ से बढ़ कर 15 करोड़ २० अधिक ऋण दिया जा सकेगा पुराने मशीनों को ठीक कराने के लिए या मरम्मत कराने के लिए। यह रकम बहुत अधिक है। ये पूंजीपति लोग उद्योग विकास निगम के अधिकारियों से साठगांठ करके इस पैसे का दुरुपयोग कर सकते हैं, पहले भी हुआ है, और इससे भ्रष्टाचार पनपा है। इसलिए इस संबंध में नियंत्रण करने के लिए आप कोई उचित कारगर कदम उठाएंगे ऐसी मुझे आशा है।

महोदय, उत्तर प्रदेश के उत्तराखंड में जहाँ कि कोई भी विकास नहीं हुआ है, औद्योगिक दृष्टि से वहाँ पर ऋण की कोई एजेंसी इस प्रकार से नहीं खोली गई है जिस से कि वहाँ के लोगों का उत्थान हो सके और मैंने पहले भी कहा है कि पूरे हिमालयन क्षेत्र में, जम्मू से लेकर असम तक, यह पूरे का पूरा इलाका पिछड़ा हुआ है। ऐसे स्थानों पर आप इस निगम को ब्रांचेज खोलें और ब्रांचेज खोल कर वहाँ से विकास और उत्थान में प्रभावी योगदान दे सकें तो अच्छा है।

अंत में मैं यह कहना चाहूंगा कि इस निगम के माध्यम से ऐसे उद्योग अवश्य खोले जाएं

[श्री लाखन सिंह]

जिस से कि ग्रामी अंचल के किसान भाइयों का भी कोई उरथान हो सके ।

वैसे तो सरकार ने आज तक अपनी रीति नीति के माध्यम से केवल बड़े बड़े नगरों में बड़े-बड़े शहरों में ही विकास को गति दी है । लेकिन ग्रामी अंचल में इस तरह का कोई ध्यान नहीं दिया है । अतः आपका ध्यान इस देश की ओर जाना चाहिए जो कि कृषि प्रधान देश है क्योंकि जब तक किसानों की उन्नति नहीं होगी, तब तक इस देश का विकास नहीं होगा । 50 बड़े बड़े उद्योगधंधों के पनप जाने से ही किसी देश का विकास नहीं हो सकता । यदि आप छोटे छोटे और मझोले किस्म के उद्योग धंधों को बढ़ावा नहीं देंगे, ऋण देने के सम्बन्ध में कोई आपकी सरल नीति नहीं होगी तो वही कहावत होगी कि जिसके पास कुछ नहीं है तो कुछ नहीं मिलेगा और जिसके पास सब कुछ है, उसको सब कुछ मिलेगा । यह सरकार की नीति है तो इस नीति से काम नहीं चलेगा । आप इस नीति को बदलियें । आप उसके स्थान पर एक सुविचारित नीति को कायम करेंगे तो आगे चलकर हम कुछ कर पायेंगे ।

वैसे तो यह बिल आप जल्दबाजी में लाये हैं । कोई इंटिप्रेटेड या कांप्रिहेंसिव बिल आना चाहिए था । यदि इस प्रकार का कांप्रिहेंसिव बिल यदि आता तो मैं समझता हूँ कि सभी ऋण एजेंसियाँ जो कि इस देश में ऋण देती हैं या देना चाहती हैं उनको एक सूत्र में बांधकर विकास की रफ्तार को बढ़ाया जा सकता था ।

अन्त में मैं फिर आपको धन्यवाद देता हूँ और इस बिल का स्वागत करता हूँ ।

*SHRI O. J. JOSEPH (Kerala):
Madam Vice Chairman, one of the main objectives sought to be achieved through the Bill under discussion is

to raise its authorised capital. The Second objective is to open branches of the Corporation in various parts of the country for expanding its operations. It is good.

The Hon'ble Minister has mentioned some particular industries which are mainly sought to be financed by this Corporation. He said that the loans would be mainly meant for a few industries like cotton, sugar and cement. I feel that it is not a proper approach to mobilise capital and then distribute it in such manner to some particular industries especially in the private sector. I would like to know whether they have any proposal for advancing loans to industries like coir and handloom in backward areas in which lakhs of workers are employed? Another thing I would like to know is that if all the available funds are distributed among some particular industries how can the cooperative sector develop and make any progress? How can we develop the small scale industries? Therefore what I have to suggest is that a ratio should be fixed as to what amount should be advanced to the Cooperative sector, small-scale industries and the traditional industries. I would certainly welcome such an approach. I don't know whether we can attain that objective through this Bill. But I certainly hope that if the Government is sincere about it, they can advance sufficient funds to these Sectors through their lending institutions.

Madam, it is an open secret that nowadays if we want to secure a loan from any financial institution a 'Commission' has to be paid to certain quarters for expediting the matter. We may probably not be able to stop this practice altogether. However we must make all efforts to eliminate this evil practice. Another point I would like to mention is that this loan facility should not be confined to certain big industries. There should be some arrangement for mak-

ing these loans available to small-scale industries, the Cooperative Sector and the backward areas.

I am sure that the Government would certainly claim that they are taking all possible steps to recover the loans. But that itself is not enough. They should take effective measures for realising the loan repayments. Otherwise the people would not know how the money collected from them is being taken care of by the Government. Therefore I request that keeping all these things in view, as I have stated already, the Government should set up a machinery to cater to the needs of the cottage industries, the traditional industries and the Cooperative Sector. Then only the purpose sought to be achieved through this bill would be fully served. Madam, with these words I conclude. Thank you.

श्री सदाशिव बागाईतकर : (महाराष्ट्र) :
उपसभाध्यक्ष महोदया, इस संशोधन विधेयक पर माननीय सदस्य श्री जैन और मोरारका साहब का वक्तव्य सुनने के बाद मेरा यह मन दृढ़ हो गया है कि यह बहुत अच्छा होता कि इस विधेयक के साथ जिस वित्त निगम के कानून में संशोधन का बिल माननीय मंत्री जी ने पेश किया है उस वित्त निगम का कार्य कैसा चल रहा है उसका कुछ अप-टू-डेट ब्यौरा हम लोगों को मिल जाता। आखिरकार यह जो वित्तीय संस्था है इस में लगी हुई पूंजी बड़े पैमाने पर या सभी पब्लिक फाइनेंशियल इंस्टीट्यूशन्स से आती है। उस में 2500 ईक्विटी शेयर रिजर्व बैंक के हैं, 100 एल० आइ० सी० और जनरल इंश्योरेंस के और बाकी यूनिट ट्रस्ट वर्गरेह के ईक्विटी शेयर हैं। इस लिए यह बहुत जरूरी हो जाता है कि कहीं ऐसा तो न हो जाय कि इन संस्थाओं की तरफ से, लोगों की तरफ से जो पैसा इस संस्था में आता है उस का इस्तेमाल कुछ चन्द घरानों को मिल जाय। यह मैं इस लिए कह रहा हूँ क्यों कि मुझे याद है जब श्री वेंकटरमन साहब वित्त मंत्री थे।...

श्री नरसिंह प्रसाद नन्द : अभी वही हो रहा है, आगे भी वही होगा।

श्री सदाशिव बागाईतकर : यह दुर्भाग्य की बात होगी, नन्द जी। मैं जिक्र कर रहा था कि श्री वेंकटरमन ने गये सत्र में दूसरे सदन में यह बताया था कि इस वित्त संस्था से जो ऋण दिये गये हैं उन में से एक हजार करोड़ का ऋण या उस से भी ज्यादा ऋण जिन को एम०आर०टी०पी० हाउसेज कहा जाता है, मोनोपोली हाउसेज कहा जाता है उन को दिया हुआ है। अब इन मोनोपोली हाउसेज की तरफ से किस तरह का व्यवहार हो रहा है इस की जानकारी सब को है, यानी लोगों का पैसा ले कर लोगों को लूटने का काम करने के लिए अगर सरकार ऋण दे तो मैं समझता हूँ कि, अच्छा नहीं है। सही ढंग से भी नहीं, गलत ढंग से इस तरह का व्यवहार करते हैं कि इसी सदन में माननीय मंत्री जी जब कामर्स मिनिस्टर थे तब उन्होंने स्वीकार किया था कि बिड़ला साहब का केरल में विस्कोस फाइबर का प्लांट है जिस के लिए इंडस्ट्रियल लाइसेंस भी उन्होंने नहीं लिया है, बिना लाइसेंस दिए हुए वह चलाये जा रहे हैं और उस वक्त माननीय मंत्री जी ने स्वीकार किया था कि यह हकीकत है, लेकिन कानून मंत्रालय की सलाह के बिना कुछ नहीं किया जा सकता। इतने गैरकानूनी कार्य को भी उन को बर्दाश्त करना पड़ रहा है। इस तरह के कार्य मोनोपोली हाउसेज कर रहे हैं। कहीं ऐसा न हो कि इस वित्त संस्था का इस्तेमाल वे अपने मुनाफे के लिए और लोगों का शोषण करने के लिए करें—तब मैं नहीं समझता कि जिस उद्देश्य से यह वित्त निगम बनाया गया था और जिस उद्देश्य को ले कर माननीय मंत्री जी इस संशोधन को ला रहे हैं उस में कुछ सफलता हम लोगों को मिलेगी।

इस के साथ-साथ मैं मंत्री जी से एक बात और भी जानना चाहता हूँ। जो एस्टेब्लिश्ड प्लांट्स हैं उन को माडर्नाइजेशन और दूसरी

[श्री सदाशिव वगईतकर]

चीजों में आप ऋण देते हैं, लेकिन क्या आप ने ऐसी सुची भी बनाई है इस वित्त निगम की मार्फत ऋण देने के लिए कि जिस किस्म का प्रोडक्शन देश के लिए जरूरी है उसी को बनाने के लिए कोई अगर आयेगा तो उसकी एप्लीकेशन, उस की याचिका पर हम प्रथम विचार करेंगे । अगर ऐसा होता रहे कि जिस चीज की आज हम को जरूरत नहीं है लेकिन, हायर प्राफिट मार्जिन जिस में है इस तरह की चीजों को उत्पादित करने की सरकार अगर अनुमति देती रहे उससे आम नागरिक को कोई लाभ नहीं होगा, लेकिन उन का अना मुनाफा बढ़ता रहेगा । इस लिये मैं यह भी पूछना चाहता हूं कि इस ऋण संस्था को जो आप ने गाइड लाइन्स दी हैं उन में ऐसी बात आप ने रखी है कि किन किन उद्योगों को इस में ऋण के लिये प्राय-रिटी देनी चाहिए पूंजी या मदद देने के लिये । यह इस लिये भी जरूरी है, जरूरी हो गया है कि अभी अभी कल इसी सदन में हमारी प्रधान मंत्री जी ने जो वक्तव्य दिया है और बजट के बाद जो धारणा लोगों में बनी है कि अब कोर सेक्टर में भी प्राइवेट सेक्टर को खुले आम इजाजत मिलने जा रही है उत्पादन बढ़ाने के नाम पर, उस के अनुसार सरकार की नीति का एक नया रुझाव अब सामने आ रहा है और इस के हिसाब से देश में आज तक जिन को कोर सेक्टर की इंडस्ट्री कहते हैं उन में भी आप प्राइवेट कैपिटल और पूंजी अगर बढ़ाना चाहते हैं । तो क्या सरकार इन वित्त संस्थाओं की मार्फत ऐसे कामों के लिये रुपया देगी ? ऐसा होने से तो मैं समझता हूं कि धीरे धीरे पब्लिक सेक्टर इलिमिनेट हो जायेगा और पब्लिक सेक्टर को मजबूत बनाने का आगे बढ़ाने का, एफोशियेंट बनाने का, कुशलता से चलाने की जो मंशा और

जो बात थी वह अपनी जगह पर रह जायगी और एफोशियेंसी के नाम पर हम जो पूंजीपति हैं उन्हीं को बढ़ावा देते जायेंगे । यह खतरा सामने आ रहा है । इसलिये जब वित्त मंत्री जी यह ध्यान लाये हैं तो मैं उन से आग्रह करना चाहूंगा कि कम से कम दो चीजों को ले कर वह हम को आश्वासन दें कि एक तो एम आर टी पी हाउसेज जो हैं उन का जो दबाव इन संस्थाओं पर रहता है और उन के जो संबंध रहते हैं, उन का बखान अभी हमारे पूर्व वक्ता ने किया और उन हाउसेज को जिस मात्रा में ऋण या जमीन सही-लियत मिल रही है वैसी सदा नहीं रहेगी और देश में रोजगार बढ़ाने की दृष्टि से, नये किस्म की टेक्नालाजी बढ़ाने की दृष्टि से जो स्माल और मीडियम साइज की इंडस्ट्री चलाने वाले हैं उन का भी विचार इन वित्त संस्थाओं की मार्फत होगा । इन की तो पहुंच भी नहीं है, इन का कोई इंप्लुयेंस भी नहीं है तो भी मेरिट पर उन की बात को स्वीकार किया जायगा, इस बात का आश्वासन मैं समझता हूं कि बहुत जरूरी हो गया है । जो दो चीजें मैंने अभी सदन के सामने रखी हैं उन को देखते हुए यह जरूरी है । इस लिये जब यह संशोधन विधेयक वह लाये हैं 100 करोड़ तक इस की पूंजी बढ़ाने के लिये तो इस का उपयोग समूचे देश को करना है और इस लिये इन चीजों की तरफ ध्यान देना आवश्यक हो गया है

इसलिये मैं मंत्री जी के सामने आपकी माफ़त यह कहना चाहता हूँ कि स्माल और मीडियम इंडस्ट्रीज के लिये अगर मुमकिन हो तो आप इसी किस्म का कुछ रिजर्वेशन क्यों नहीं करते। जो अप्लीकेशन्स वित्त निगम के माफ़त एक साल के अन्दर फैसला की जायेंगी, जिन पर डिस्मिशन होगा ऋण देने का उन का कुछ परसेंटेज स्माल और मीडियम साइज की इंडस्ट्रीज के लिये रखा जाय इस तरह का प्रावधान, इस तरह का नियम अगर वह बनायेंगे तभी मैं समझता हूँ कि इन लोगों की कुछ मदद हम लोग कर पायेंगे वरना इन संस्थाओं का उपयोग जैसे एम आर टी पी हाउसेज आज भी कर रहे हैं और पब्लिक फाइनेंस ले कर निजी पूंजी और मुताफा बढ़ाने का काम करते रहे हैं वह करते रहेंगे और उस चीज को हम लोग बर्दाश्त करते रहेंगे। यह खतरा मुझे दिखाई दे रहा है। इसलिये मैं चाहता हूँ कि आज तजुर्बे और अनुभव के आधार पर इस संशोधन को पास करना है, लाना है, तो इस संस्था को चलाने का जो अनुभव है, जैसा कि मोरारका साहब ने बताया है, वह भी बहुत अनुभवी हैं, तो उस का फायदा उठा कर इस को ठीक करने के लिये आप बतायें कि क्या क्या उपाय आप कर रहे हैं। इसका भी अगर आप कुछ बयान कर देंगे तो मैं समझता हूँ कि यह बहस कुछ सार्थक होगी। वरना सिर्फ 'इन संशोधनों' को पास कर देने से हम इन संस्थाओं को भजबूत नहीं कर सकते हैं। मैं समझता हूँ कि इन संस्थाओं को अगर स्वस्थ और अच्छे ढंग से चलना है तो जो इनके उद्देश्य हैं उनका ईमानदारी से पालन करना होगा। उन उद्देश्यों को हासिल करने के लिए मैंने दो तीन जो सवाल किये हैं और जिन सवालों को मैंने मंत्री जी के सामने रखा है, अगर उनके बारे

में कुछ प्रकाश डाला जाये तो अच्छा रहेगा। मैं आशा करता हूँ कि अभी नहीं तो आने वाले कुछ दिनों में अगर इन सुझावों पर अमल किया जाय तो वह इन संस्थाओं के हित में होगा। इसके साथ-साथ मैं यह भी कहना चाहता हूँ कि किस ढंग से इन संस्थाओं में काम किया जा रहा है और इन संस्थाओं के पास क्या है, अगर इसका भी कुछ खुलासा किया जाय और उसको सदन के सामने रखा जाय तो वह भी एक बहुत उपयोगी चिज़ होगी। इतना ही कह कर मैं अपना भाषण समाप्त करता हूँ।

SHRI R. RAMAKRISHNAN (Tamil Nadu): Madam Vice-Chairman, you must pardon my throat since it is still on the road to recovery. I support this Bill wholeheartedly.

This Bill by itself is a very innocuous one and proposes only a very few minor changes in the working of the Industrial Finance Corporation Act. One relates to the increase in the authorised capital, the other to the increase in the limits of borrowing, and then we have some minor and consequential changes regarding the need to recruit some more officers, to improve the expertise and also the need to expand the definition of the term "industrial concern" to bring it on par with the Industrial Development Bank.

By and large, Madam, the Industrial Finance Corporation, which is one of the oldest financial institutions in our country after Independence, has been doing good work. If one looks at its record over a period of 33 years, since 1948, it is not bad at all as figures go. But then, as some of my friends like

[Shri R. Ramakrishnan]

Mr. Morarka very carefully analysed the balance sheet of this Corporation from year to year, it does reveal certain structural and other inbuilt weaknesses which I would like to place before our hon. Finance Minister today, taking this opportunity, so that he may see what best can be done to improve the working of this Corporation. As far as the IFC Annual Report goes, the loan disbursal over a period of, say, the last four or five years, has been improved from 1968 to 1980. A study revealed that the States of Andhra Pradesh, Bihar, Haryana, Karnataka, Kerala, Punjab, Rajasthan, Uttar Pradesh and Delhi have been getting increasing disbursal while there is a decline in the disbursal relating to Assam, Madhya Pradesh, Orissa and West Bengal. Our hon. Finance Minister is from West Bengal and this being the Council of States and though I do not belong to the party which vociferously advocates the industrialisation or improvement of West Bengal. (Interruptions) ... I am taking about West Bengal—his nativity. The hon. Finance Minister, Madam, would, perhaps, like to know that the disbursal has fallen from 15.2 per cent to 2.3 per cent in the case of West Bengal and, in the case of Orissa, from 2.1 per cent to nil. As far as my home State of Tamil Nadu is concerned, from 1968 it has been stationary at around 10 per cent. On this occasion, Madam, perhaps a reappraisal of the basic cause of this malady is required so that these States which are getting less and less during the last few years will not slip back into industrial stagnation. The pattern of these investments, however, indicates that there is a conscious attempt to develop the less developed States. But there is one thing which once a former Chairman of this Industrial Finance Corporation said during an Annual General Meeting, just like people say about greatness. One or two of my friends referred to sickness which is a part of our Indian heritage which seems to have overtaken this Cor-

poration also. Just like greatness, the health, perhaps, of this industry can be summed up in these words: Some industries are born sick, some become sick and, on some, sickness is thrust. But it is really staggering to note that as on date the total default, including the principal and interest, exceeds Rs. 55.66 crores. I think this must really be a cause for concern and I would very much like to request the hon. Finance Minister to have a special cell set up to monitor these advances and also speed up collection from the defaulting parties.

I would like to place one or two bits of information before him. The sugar industry after decontrol has been going on well in recent years. But for this amount of Rs. 55.66 crores, I think more than 60 per cent or so has to come from two industries sugar and textile. When the industry is doing well, I do not know why IFC has not been able to accelerate the pace of collections from these industries. Secondly, Madam, one feature which some of my friends have criticised is that it is lending more to the private sector to the co-operative to differ from them. The purpose of this Corporation is to loan to the private section, to the co-operative sector and more than 85 per cent it has been giving to these two sectors, particularly where heavy industries are situated, industries like paper, textile, cement, steel, electric and other types of such industries. Now regarding this sickness aspect, one thing which IFC could have done, and which I would like very much our hon. Finance Minister to look into, is that in case where industries have fallen sick, benefit of the clauses for conversion of loans to equity could have been taken. It may be startling for you, Madam, to know that from 1948 to 1981 the total amount of equity conversion is hardly 0.5 per cent. This loan equity conversion clause is like a red bull before the

entrepreneurs. This is one method by which they will know that if they do not manage properly, the industries will be taken over. But IFC finds some excuse or the other. For example, they say that already the public institutions hold 40 per cent statutory share, so we cannot convert it. Or, they may take refuge under some guidelines issued by the Ministry and say that a modernisation programme is going on and, therefore, it cannot be implemented. Therefore, I would like the Finance Minister to see how far these clauses which are built in as safeguards for IFC could be effectively used to see that the stock excises which managements give like recurring shortage of working capital, deficiencies in management or production costs, severe competition—these are the usual excuses which are given when they default—are not accepted and we must see that the default rate which went up to as much as 5.53 per cent in 1975, as compared to about .66 per cent a decade ago—I do not know what the latest information is—is stepped down.

SHRI R. R. MORARKA: It is more than 11 per cent now.

SHRI R. RAMAKRISHNAN : Mr. Morarka tells me that it is more than 11 per cent. It is really a cause for concern.

And then I refer to one of the clauses of this Bill. On page 3, item 16, it says: "The Corporation may appoint such number of officers and other employees as it considers necessary or desirable for the efficient performance of its functions...." This Corporation which has for thirty years acquired expertise and trained many entrepreneurs has now realised—wisdom has dawned upon them—that they should take in some more experts in the field to sort of set right the things. It is too much to believe. I think Mr. Morarka observed that the overheads in the form of bureaucrats should not be allowed to go up. I think

the existing bureaucrats, if they are toned properly, can do the work.

One or two more things before I conclude, Madam. One thing is about the soft loan scheme during the last four years. The soft loan scheme was advertised and publicised very widely, but—during the last three or four years it has not been taken much advantage of, particularly in critical industries such as jute; and for one reason or the other—I do not know, why—IFC has not been able to push through the scheme, particularly for the sick industries. Secondly, Madam, there was some wonderful announcement in October, 1981 about a new scheme whereby the Corporation would give up to Rs. 10 lakhs to any entrepreneur against his project earnings. I do not know whether this scheme has been fully utilized and how much headway the Corporation has made in this regard.

The third thing is the honourable Minister of Finance referred in his introductory speech to the risk capital foundation which has been set up during the last six, seven years. There is no record which we have been told about the performance of this risk capital foundation and how much this is contributing in trying to increase the pace of industrial development.

These are some of the points which I would like to make on this occasion. Before I conclude, I would only like to place before the honourable Finance Minister one suggestion which he may consider, which is the development or starting of sickness fund. Why I am saying this is that the Finance Corporation, the IFC, has itself accepted it by its own experience in dealing with industrial sickness. Therefore some method may be found out where some nominal charge can be made from the industries which enjoy the benefit of this fund and this can be funded into a separate sickness fund. This may help them perhaps in the critical years

[Shri R. Ramakrishnan]

to come to the rescue of the self-same sick industries which have contributed to this. I think the Finance Minister will consider this suggestion and try to remedy the situation.

With these words support this Bill.

DR. MALCOLM S. ADISESHIAH (Nominated): Madam Vice-Chairman, I join with other Members of the House in supporting the Bill before us, the Industrial Finance Corporation (Amendment) Bill of 1982. I would like to make briefly eight points.

First of all, I believe that the Bill concerning the Corporation Act has been long overdue. It should have come before us many years ago, because the Corporation was founded at a time when the total industrial production of the country was less than Rs. 2000 crores, and we have now a situation where the contribution of industry to the national income is over Rs. 20,000 crores. This ten-fold increase has taken place at a time when the pace of banking, of our term lending institutions, has been held down. Therefore, I welcome this Bill though, as I said, it is little overdue.

Secondly, I also support the amendment which is proposed to expand the definition of "industry". In Clause 2(c) the term "industrial concern" is now defined and the first five of what is set forth in (c) on page 2 are from the older, existing, Clause, and it is from (vi) to (xii) that there is an enumeration of the new approach that is suggested, the areas to be included under the term "industrial concern", and I hope very much that this will really be followed in the years to come, because I must say that the Industrial Finance Corporation has limited itself only to 17 industrial groups, of which cotton textiles occupy about 18 per cent, cement and sugar about 11 per cent each, paper 9 per cent, machinery 5.8 per cent and basic industrial chemicals 5.7 per cent. These percentages together

with the limitation of the operation of the Corporation to 17 industrial groups is not in consonance with the rapid development of industry in the country. And I hope very much that the provisions here giving "industrial concern" a new definition, an extended definition, in Clause 2(c), would really be put into effect.

My third comment refers to the inadequate assets and liabilities reported by the Bank at 31st March; it is reported at 31st March 1981 at Rs 606 crores, with bonds and debentures at Rs. 409 crores and loans and borrowings at Rs. 534 crores. Again, this is totally inadequate in relation to the industrial development of the country, even allowing that there is the IDBI and there is the ICICI.

4 P.M.

Fourth, I welcome the suggestion that the borrowing limit should be expanded beyond the present Rs. 200 crores. I do not know what have read the annual report correctly. But I see from it that only half of this borrowing limit is at present being used. I wonder why even the existing limit of Rs. 200 crores is not being fully taken advantage of.

Fifth I have the same question in regard to the limit of Rs. 3 crores which is increased to Rs. 15 crores in the two Reserve Bank reports. Reading the Report on the Banking in the country, I see that the report states that the RBI has renewed the borrowing limit of Rs. 3 crore sanctioned to the IFCI. But the balance sheet itself shows that no borrowing from the Reserve Bank of India is taken. Am I right? According to the RBI report this borrowing limit has been continued for 1980-81. This clause means only this. I have a feeling that the IFCI is not really using even its existing powers of borrowing from the RBI and other sources.

Sixth, I welcome section 23(1) which provides in its sub-clauses (j), (k), (l) and (m) certain new activities. Here I have a question for which I could not get an answer from my colleagues. My first basic point is that this bill is rather late. But I welcome it. My second basic question is: Why is the IFCI still continuing separately from the IRBI? Why did we not merge the two into one. If you look at the reports of the two agencies and analyse them, as I have done, one thing is certain. The original function of the IFCI was to concentrate on attracting foreign exchange. It has not done so. It could get only a miserable amount of foreign exchange—just Rs. 95 crores. Even a hotel gets more. Then, why are we keeping the IFCI and IDBI separate? I agree with Mr. Morarka that it will add to the administrative costs. We are already spending more than Rs. 2.1 crores on administration. The time has come when we have to rationalise the administrative cost and help the industries. It will not help industries to have many new duplicating term-lending institutions. Various groups set up within the IFCI such as the financial reconstruction cell, etc. cannot help solve the problems facing any industry, leave alone sickness of industries. I simply raise the question as to why we should continue the separation of IDBI and IFCI.

Finally I join Mr. Morarka and Mr. Ramakrishnan in expressing my worry about the very heavy outstandings. As Mr. Ramakrishnan has pointed out, from sugar industry the outstanding is about Rs.1400 lakhs. There is absolutely no reason for this. My friends in the sugar industry earned crores of rupees of profits last year. There is no question of a single sugar concern last year making any loss. Why is it that the sugar industry owes Rs. 1,400 lakhs, the textiles Rs. 377 lakhs, electrical machinery Rs. 338 lakhs, iron and

steel Rs. 334 lakhs and so on? This is the absolute amount and from the point of view of percentage, in the case of non-ferrous items it is 78.9, machinery 39, electrical machinery 20 and so on. I must say here that having a separate establishment, that is, the IFC, with its very large staff, is not helping even in running the business as it ought to be run. Therefore, I support the Bill very warmly because it is needed. But I hope very much that a time would come soon when some of these issues, especially the question of rationalising our term-lending institutions, would be looked into. Thank you.

PROF. SOURENDRA BHATTACHARJEE (West Bengal): Madam Vice-Chairman, most of the points have perhaps been covered by this time. Anyway, Madam, Dr. Adishiah, while warmly welcoming and supporting the Bill, raised a moot point and I think perhaps he would have liked the Bill in a different shape covering both the Industrial Finance Corporation of India and the Industrial Development Bank of India. But that is a task naturally not before us just at the moment. But the one point which I would like to emphasise is that the definition of the term "industrial concern" which has been widened, so to say, and which has been welcomed by many, raises another question and it is whether the Industrial Finance Corporation will have recourse to, in its task of financing, a well laid-out plan or it will rely on just the chance element. One effect of this chance element has been that the big industrial houses have benefited more. The figure which was quoted earlier by Mr. Morarka need not be repeated. One problem has arisen now and it is that their financing policy ultimately helps in the concentration of wealth in a fewer hands and the question now is whether that pitfall could be avoided and would be avoided. More than that, Madam, the question is

[Prof. Surendra Bhattacharjee] whether the Industrial Finance Corporation will determine its policy of financing or lending according to a plan with a priority in view. Here, Madam, twelve items have been mentioned in clause 2(c). One particular item attracts me also, I think, the honourable Finance Minister, who hails from the same area, and it is item (x) under clause 2(c), that is, "fishing or providing shore facilities for fishing or maintenance thereof." It is as wide as anything, with the prospect of improvement of supply of fish, with the improvement of fishing, undertaking schemes for the purpose and so on and the eastern region is deficient in this respect. But merely putting it here won't help unless the Industrial Finance Corporation has a perspective before it in helping all these individual aspects through its policy of lending or financing. That is another aspect. In other words, the IFC should determine its policy of financing in a planned manner, not depending just on chance element which perhaps, has been the guiding principle, that is, depending on chance elements and perhaps on pressure elements, in its lending operations. I would expect the Finance Minister, who has moved this Bill which has been supported by all sections of the House, to take care of all these aspects and try to assure us. Thank you.

THE VICE-CHAIRMAN (DR. (SHRIMATI NAJMA HAPTULLA): The Minister will reply now .. (Interruptions)

SHRI SHIVA CHANDRA JHA: I have moved an amendment for referring the Bill to a Select Committee. That amendment has to be discussed before the reply of the Minister. I will discuss my amendment before the Minister's reply.

That is the convention. (Interruptions)

THE VICE-CHAIRMAN (DR. (SHRIMATI NAJMA HAPTULLA): The Minister will reply. Then you will discuss your amendment. Let the Minister reply to the House and then you can speak on your amendment. Let the Minister reply.

SHRI SHIVA CHANDRA JHA: How can I speak on my amendment at the second stage? This is a different kind of amendment—not like other amendments which will come at the second stage. (Interruptions)

THE VICE-CHAIRMAN (DR. (SHRIMATI NAJMA HAPTULLA): All right, you speak for two minutes on your amendment.

श्री शिव चन्द्र झा : यह परम्परा होती है, सेलेक्ट कमेटी वाले प्रस्ताव पर पहले बोला जाता है। दूसरा अ क ट जो चल रहा है उस पर सेकेंड स्टेज में कहा जाएगा। आप से उम्मीद है कि आप हमारे सदन की परम्परा को निभाएंगी बहुत बार प्रयास होता है इनको तोड़ने का, औरों के द्वारा।

महोदया, यह विधेयक जो है औद्योगिक वित्त निगम (संशोधन) विधेयक, 1982, मोटे तौर पर यदि हम इस का समर्थन भी करते हैं तो कुछ बातें ऐसी आ जाती हैं जिन को सामने रखना जरूरी हो जाता है। इन कारपोरेशन पर नए सिरे से रूपा लगाएंगे, इसकी कैपेसिटी बढ़ाएंगे इस में अफसर भी बढ़ाएंगे। ये सब परिस्थिति बदल गई लेकिन एक बात जो बुनियादी आ जाती है, जो भी औद्योगिक विकास देश में हुआ है उस से क्या डेवलपमेंट देश का हुआ है, यानी कोन सा रूप निकल कर आया है? आप कहेंगे इतनी ग्रोथ हुई इसमें, इतनी उसमें—देंट इज टेकिंग अस नोव्हेयर। यदि आपका दृष्टिकोण समाजवाद है, सोशलिज्म है महोदया, तो मैं पंडित

जवाहर लाल नेहरू की बात उन के सामने रखना चाहता हूँ। पंडित जी के सामने जब हम कहते थे, स्टेटिस्टिशियन लोग कहते थे—आंकड़े दो—कि इतना हमारा डेवलपमेंट हुआ, इसमें इतना हुआ, उसमें इतना हुआ, तो पंडित जी कहा करते थे कि इस सब का कोई मतलब नहीं होता है जब तक देश में एक भी भूखा इन्सान है। यानी, जब तक देश भंगरीबी है, बराबरी नहीं है, तब तक इन आंकड़ों का जो जाल हमारे सामने बिछा है उस का कोई मतलब नहीं है। तो उस दृष्टिकोण से, जो विकास कार्य हुए हैं आजादी के बाद और यह इंडस्ट्रियल फाइनेंस कारपोरेशन आई डी बी आई और जितने फाइनेशियल इंस्टीट्यूशंस हैं जिन से लोन पाकर इंडस्ट्रियल डेवलपमेंट करते हैं—उस से कौन सी वनावट आई है, कौन सी व्यवस्था आई है जिससे हम ग्रस्त हैं जिसको कैपिटलिस्ट व्यवस्था कहते हैं उसको हम रखना चाहते हैं—ग्रोइंग पब्लिक सेक्टर, ग्रोइंग प्राइवेट सेक्टर—और जितना उसमें खराबियां होती हैं उनकी तफसील में मैं नहीं जाना चाहता हूँ। सिर्फ इतना ही कहना चाहता हूँ, जिस रूप में विकास हुए हैं उस से एक कैपिटलिस्ट पैसिफिस्ट व्यवस्था आ गई है। तो ग्रोइंग पब्लिक सेक्टर और ग्रोइंग प्राइवेट सेक्टर दोनों का साथ नहीं हो सकता है। हंसना और मुंह फुलाना साथ नहीं हो सकता है। एक मियान में दो तलवारें नहीं रह सकती हैं।

कल बहुत दुहाई दी गई जब प्रधान मंत्री बोलीं और हम लोग कुछ बोले नहीं, थोड़ा सा टोका, और भाषण खत्म हो गया लेकिन समाजवाद यदि आपका निशाना है, तो यह जो संकट आ रहा है, प्राइवेट सेक्टर बढ़ रहा है, यह आप को अंधकार में ले जाएगा।

तो जो कुछ भी हुआ है उससे व्यवस्था संकट में पड़ी है, क्रेडिस और खराबी हो रही है।

उपसभाध्यक्ष डा० (श्रीमती) नाजमा हेफतुल्ला : आप संक्षेप में कहिये।

श्री नरसिंह प्रसाद नन्द : ये सारा भाषण समाप्त करके कहेंगे कि इसीलिए इसको सलेक्ट कमेटी में जाना चाहिए। आप ने मौका दिया है, बोलने का आप इंतजार कीजिए।

श्री शिव चन्द्र झा : आपने अफसरों को बहाल करने के लिए आब्जेक्ट एण्ड रीजन्स में दिया है कि जनरल मनेजर से काम नहीं चलेगा और अफसरों का प्रावधान आप कर रहे हैं। इससे एक खतरा है जिससे कि उद्योग खराब हो रहे हैं। आफिशियल उम में ज्यादा खराब हो रहे हैं। इसका निराकरण करना ही जरूरी नहीं है बल्कि जो पब्लिक सेक्टर है उनमें भी नौकरशाही का कब्जा हो गया है उससे यह बीमारी उनमें भी आ गई है। इसलिए इसमें और भी खराबियां होंगी, मैं एक उदाहरण देकर खत्म कर देना चाहता हूँ। एक ग्रशोक पेपर मिल है।

उपसभाध्यक्ष डा० (श्रीमती) नाजमा हेफतुल्ला) : आपकी बात समझ में आ गई।

श्री शिव चन्द्र झा : वह आपकी विहार सरकार और असम सरकार के मातहत है। आई० डी० बी० आई० और एफ० सी० आई० का कैपिटल उसमें 95 परसेंट लगा है लेकिन मिसमनेजमेंट की वजह से वह आज दम तोड़ रही है। उसको भी जरूरत है कम से कम 5 करोड़ रुपये की, तब थोड़ी जान आ सकती है उसमें, वह आपका क्लोज होने को है और जो मिसमनेजमेंट हो रहा है वावजूद पब्लिक सेक्टर होने के, यह खराबी के रास्ते पर है। इस वक्त जो आपने प्रावधान किया है क्या वह

[श्री शिवचन्द्र झा]

इसमें मदद कर सकता है? ऐसे ही बहुत से सिक उद्योग हैं, पब्लिक सेक्टर के उद्योग हैं। मैं प्राइवेट सेक्टर की बात नहीं कर रहा हूँ... (व्यवधान)

श्री अरविन्द गणेश कुलकर्णी (महाराष्ट्र):
बिहार में कोन सा अच्छा चला है, वह तो बोलो।

श्री शिव चन्द्र झा : पब्लिक सेक्टर के बहुत से उद्योग हैं जो कि आज दम तोड़ रहे हैं। उनको आप तब तक नहीं बचा सकते जब तक आप कानून में परिवर्तन नहीं करेंगे।

उपसभाध्यक्ष डा० (श्रीमती) : नाजमा हेपतुल्ला : आपने बोल दिया, अब मिनिस्टर साहब को जवाब देने दीजिए।

श्री शिव चन्द्र झा : इसी तरह से आप जो नया इंडस्ट्रियल फाइनेंस देने का प्रावधान कर रहे हैं, इसमें परिवर्तन लाते हैं, उसका हम स्वागत करते हैं। लेकिन छोटों को नहीं दिया है। अभी बताया गया कि जो इंडस्टीयल यूशंस हैं उनको 88.5 परसेंट बड़ों को दिया गया है। 5 करोड़ से ऊपर वालों को दिया गया है। अभी मोरारका साहब ने बताया है कि बड़े-बड़े उद्योगपतियों को आपने दिया है। अभी आपने जवाब दिया कि नहीं छोटी को दिया है। मैंने कहा कि नहीं बड़े उद्योगों को मिला है। तो ये जो खराबियाँ हैं इनकी ओर आपको ध्यान देना है। मैं चाहता हूँ कि इन सभी पर विस्तार से ध्यान हो और ऐसा तभी होगा जब इसे सेलेक्ट कमेटी में भेज देंगे और इस पर विस्तारपूर्वक गौर करने के बाद अगले सेशन के शुरू में रिपोर्ट आयेगी। जब इस को आप लायेंगे, तो इस विधेयक का रूप दूसरा ही होगा और आपका मतलब भी ठीक से समझेंगे इसलिए इसे सेलेक्ट कमेटी में भेज दें।

SHRI PRANAB KUMAR MUKHERJEE: Madam, Vice-Chairman, first of all let me express my grati-

tude to all the hon. Members who have participated in this non-controversial Bill and have made very useful contribution.

श्री अरविन्द गणेश कुलकर्णी (महाराष्ट्र):
वह हमेशा ही होता है।

श्री प्रणब मुकर्जी : वह हमेशा ही होता है, सा साहब का कंटीव्यूशन भी अच्छा ही है।

Sir, starting from Dr. Adiseshiah who had put the objectives of the amending Bill in correct perspective, I would like to point out only one thing. The same question was raised when the I.D.B.I. Act was enacted. At that time also, I had the privilege of piloting that Bill in both the Houses. The question is as to whether there is any need for proliferation of institutions like this.

But at the same time it was thought that perhaps, it would be better even at that time—I am talking of 1975 when a suggestion was thrown that both these institutions, the IDBI and the IFCI, could be put together. But at that point of time it was thought that as a premier and first developmental bank—since 1948 it is—it has developed some sort of expertise in certain areas and so it may continue. The second point which he mentioned and about which there is I think, a little mis-apprehension or misunderstanding is why the IFCI is not utilising its full borrowing limit. In fact the IFCI can go, the limit which it has created are about Rs. 39.22 crores and crore paid-up capital which has been fully subscribed and paid up. And if these two are taken together, it would come to Rs. 59.22 crores, and ten times of it should be Rs. 592 and odd crores. But the IFCI has gone to the borrowing limit, upto date, of Rs. 576.13 crores. And now by 22nd March, it is Misusing a further Bond of Rs. 15.53 crores. If you add these, then it will reach the saturation point. Therefore, it has actually reached the

saturation point of borrowing power. So, it is necessary to expand it. This is the point of information which I thought I should pass on to Dr. Adiseshiah.

Certain other points have been made and they are more or less in the form of seeking information or of clarificatory nature, starting from Mr. Nanda. Mr. Nanda expressed his apprehension whether the directors would utilise the Fund for the concerns in which they have a substantial interest, and particularly when there was a blanket ban in this particular institution. Now, if you look into the financial pattern of this institution, it is not that the IFCI is providing the financial assistance as an institution alone. By and large, it is a package, and more a consortium approach is coming. With the present provision, it is not merely the question of the IFCI, where the IFCI is a part of the consortium, from that consortium also, the directors are not entitled to have the loans. Therefore, this is the necessity of making the amendment. But the standing administrative instructions are there that before such loans are issued, approval of the Government would be necessary so that at that point of time we can take care of that point whether they are exercising because of their office in the institution itself any undue influence and whether they are taking advantage of it. So, that point can be taken care of.

Mr. Morarka has raised a question that why the assistance has been given to the large industries compared to the medium-scale industries. One of the major reasons is that this assistance is for modernisation. And a substantial part of this assistance has gone to the NTC also. They are also treated as the large industries. That is one of the reasons why percentage-wise it has become a little high. And in regard to the investment in the establishment charge, particularly in one year, it is mainly because that there were some pending demands and practically the salaries

and other allowances of the employees increased two and a half times and that got reflected in one particular account. That is the reason why it had to increase substantially.

Another point to which Mr. Morarka referred and also put an amendment, and about which I feel that I can explain a little bit is why we are permitting them to purchase the shares. This is an enabling provision, as he himself has seen in the amending Act itself. And we would like to have this power because if we find that if certain recalcitrant unit is to be monitored or disciplined, the financial institution should have this power. There are two types of complaints that we are getting. Sometimes we are getting the complaint that the financial institutions are exercising too much control and as a result the unit cannot operate and its manoeuvrability is extremely limited. The other type of complaints, which, I think, are much more than the first type of complaints are that financial institutions are not taking due care where they are investing their money and this is a matter for concern to all of us. In fact, in my first meeting with the Executives of the Banks I raised this question that when a unit becomes sick it is the responsibility of the bank and the financial institution to nurse it and to put it back to health. But the way the financial institutions are putting their money, a day may come when the financial institution itself would be sick and we may require another institution to restore health to the sick financial institution. Therefore, this is an area where I do feel that it is not merely an area where they should inject money, there is definitely something wrong. I am not hiding anything, there is definitely something wrong in the system itself, because from our own experiences I have found that sometimes we are advised in the beginning that if we just take a particular unit and inject some money, the unit will be brought back to health and it would be made economical and viable and after five

[Shri Pranab Kumar Mukherjee]

or six years in respect of the same unit we are advised--and all this is coming from the experts--and confronted with a situation and told that unless you nationalise and inject further money, the money which we have already sunk in that is gone and it can never be made viable. This is not a very healthy state of affairs and in a number of cases it has happened. That is why, I think, our approach should be that sickness should be diagnosed at the earliest moment and corrective measures should be suggested. Otherwise, if you feel that the patient cannot be cured it is of no use in just going on injecting good money after it and create a situation in which good money is lost over bad money. After all, our objective is social commitment. Our objective is to create more employment and to create more wealth. And, if I find that in a better manner I can do it in certain other areas, it may not always be prudent and necessary, because of some sort of emotional or sentimental approach, that we should go on having a particular one way approach. Therefore, this is one of the reasons why we want to have control. If it is necessary we can purchase the shares, we can have the dominant control and take corrective measures. And, my point here is that the financial institutions ought to exercise more, better, control and they should send the signal to the appropriate administrative authority at the right moment, that sickness is visible and corrective steps ought to be taken so that the administrative authorities, various Ministries, various State Governments or the Central Government are in a position to take the corrective measures. That is the reason why we are taking this enabling provision in this particular case.

SHRI R. R. MORARKA: Would this apply only to sick industries?

SHRI PRANAB KUMAR MUKHERJEE: Why? It can also be applied to healthy industries. That

is why I am saying that it is an enabling provision. Wherever we do find that it is necessary to have the shares, to have the dominant control, we can apply the provisions. Where it is not necessary, the financial institutions need not go there.

SHRI JAGDISH PRASAD MATHUR: (Uttar Pradesh) That is an indirect method of taking them over. You can pressurise them and take them over.

SHRI PRANAB KUMAR MUKHERJEE: Mathur sahib, there are various means of taking over. Taking over may be through the various sections of the IDBI Act. Taking over may be through the various of shares and, you know, in number of cases we have done it. I myself did it. I think, in the case of Binny. We took over the unit by the acquisition of shares and nothing wrong in that.

Another point that has been raised and this was also raised by Mr. Morarka is in regard to the defaulting companies and this is also an area where we feel concerned and if we do not have sufficient resources to recycle and it will create problems. But, just compare the figures which I have received in regard to the performance in the last year. It has little improvement. I won't say that it is sizable improvement, but it is little improvement. In 243 concerns on 31-12-1981 the amount involved is Rs. 52.03 crores compared to Rs. 80-09 crores in 344 concerns one year before. And, per centagewise it has come down from 15.6 per cent to 8.3 per cent.

Mr. Ramakrishnan wanted to know what the performance of the Risk Corporation Foundation was.

Up to 30th June, 1981, we have provided assistance to 60 professionals and technocrat entrepreneurs and the amount involved is Rs. 254 crores.

Mr. Bagaitkar wanted to know, what is the share of the big or large

houses in relation to the assistance provided by the Corporation. There too, you will notice that it is coming down. In 1978-79, the amount was Rs. 55.42 crores. Percentage-wise, it was 35.9 per cent. In 1979-80, it was Rs 47.15 crores. Percentage-wise, it was 30.5 per cent. In 1980-81, it was Rs. 36.97 crores. Percentage-wise, it was 17.4 per cent. Here, I would like to make one thing quite clear—I have made it quite clear in the Lok Sabha also—that in our system, both the public sector and the private sector are to play their respective roles. In the case of IFCI, it is providing assistance mainly to the textile industry, the sugar industry and to the cement industry. And it has been very rightly pointed out by Dr. Adiseshiah that there was some sort of a narrow compartment within which the IFCI was to operate and mostly these are in the private sector. Therefore, whatever assistance which will be coming from this institution is bound to go to the private sector. In this amending Bill, we are enlarging...

SHRI ARVIND GANESH KULKARNI: I think, Mr. Minister, your statement that it is only for the private sector may be a little incorrect because of the fact that IFCI's major contribution is to the co-operative sector.

SHRI PRANAB KUMAR MUKHERJEE: Private sector and co-operatives.

SHRI R. RAMAKRISHNAN: It is 85 per cent.

SHRI PRANAB KUMAR MUKHERJEE: I was answering Mr. Bagaitkar's point. I was just taking support from the observations of Dr. Adiseshiah. Mr. Bagaitkar had asked, why it is going to the corporate sector or to the private sector. This is because of the very nature of the assistance and the nature of the industries which are at the receiving end as far as the giving of loan from this institution is concerned.

Madam, here, I would like to make one general point. When we have allowed the private sector to function in our system, then, there is no point in creating artificial barriers in regard to the flow of credit to this sector. Once we agree that this is the area earmarked for the private sector, within that area, we should permit the private sector to function without any interruption and without any obstruction. Otherwise, it is open to us to take a decision that we do not want private sector in our system. Parliament is sovereign. It can take a decision that there need not be any private sector in our system. But once we agree that the private sector should be there and it should play its role, then, it is no use saying 'Don't give them more money; don't allow them to modernise; don't allow them to expand'. In this way, we are creating a situation which, to my mind, to some extent, is self-defeating. This is the simple point I wanted to make.

Madam, one last point. This is about the complaint we get that financial institutions take a very long time in clearing the projects. I will agree with the general view that we are taking unnecessarily long time. One of the major reasons is that, sometimes, they do not have sufficient number of experts to make a correct type of appraisal. That is the reason why we are saying that they should not only open their branches in different parts of the country, but they should have sufficient number of experts also. These experts and other persons will be recruited as per the rules. But it is not merely a question of sanction. We should keep a watch on two points. These are, the projects should be expeditiously cleared and sanctioned and after sanction, there should not be any time lag between sanction and its disbursement. In two stages, time is being wasted. As a result of this, in a situation like this, not because of any other thing, but simply because of the fact of delay, cost gets increased.

[Shri Pranab Kumar Mukherjee]

This is one area and there too, some improvement has taken place as we can see from the figures. In 1979-80, up to three months, 93 projects were cleared, applications of 93 concerns were cleared. In 1980, it increased to 160 during the same period. In 1981, it increased to 158. By and large...

AN HON. MEMBER: This is a decrease and not an increase.

SHRI ARVIND GANESH KULKARNI: What about disbursement?

SHRI PRANAB KUMAR MUKHERJEE: I do not have the figures. But I am not very hopeful. I am talking about the sanction figures now.

SHRI NARASINGHA PRASAD NANDA: Mr. Minister, I have made a point in regard to guarantee. The original provision read 'guaranteeing on such terms and conditions as may be agreed upon'. Because I made the point in brief you might not have taken it. That was the original provision and by this amendment you are giving this guarantee. You are substituting that provision by the new clause guaranteeing deferred payments due from any industrial concern. That means, here you are giving a blanket guarantee for healthy units as well as sick units. In other words, when I said—Mr. Morarka also did make a point about the defaults—that several payments are outstanding, in such cases the corporation itself becomes sick. You have also this point. Therefore, you kindly explain to us what necessitated this particular amendment. Even terms and conditions you are not prepared to impose on these industrial concerns and you want to stand guarantee for payment of defaults also. This is a very important point.

SHRI PRANAB KUMAR MUKHERJEE: This is necessary because

we want to bring them at par with IDBI and other financial institutions. That is how, as I mentioned, the consortium approach is going. To answer your anxiety and your doubt whether that is the question of correct type of appraisal, correct type of monitoring, this an enabling provision which can provide the institution with the authority to guarantee. If it is found necessary for nursing the unit which is being served by the institution.

But to take care of the problem which you are mentioning, it would be that if the institution can develop the system of monitoring and correct type of appraisal and can apply its commercial judgement, then this type of things could be avoided. Otherwise, if they do not apply their commercial judgment, if they do not know the system of monitoring, if they do not apply their mind, howsoever legally you may confine their power, this type of things will have to be there. That is why we wanted to have this power in order to bring them at par with other type of financial institutions also, in cooperation with which it will take a consortium approach.

I think now Mr. Jha will not insist on sending it to the Joint Committee.

THE VICE-CHAIRMAN (DR. (SHRIMATI) NAJMA HEPTULLA): Mr. Jha, are you withdrawing your amendment?

SHRI SHIVA CHANDRA JHA: You first put my amendment to vote.

THE VICE-CHAIRMAN: I will now put Mr. Jha's amendment to vote.

The question is:

"That the Bill further to amend the Industrial Finance Corporation Act, 1948, be referred to a Select Committee of the Rajya Sabha

consisting of the following members, namely:

1. Shri R. R. Morarka
2. Shri Shridhar Wasudeo Dhabe
3. Shri Harekrushna Mallick
4. Shri Biswa Goswami
5. Shri Rameshwar Singh
6. Shri Hari Shankar Bhabhra
7. Professor Sourendra Bhatta-
charjee
8. Shri G. C. Bhattacharya
9. Shri V. Gopalsamy
10. Shri Pattiam Rajan
11. Shri Shiva Chandra Jha

with instructions to report by the first week of next Session."

The motion was negatived.

THE VICE-CHAIRMAN (DR. (SHRIMATI) NAJMA HEPTULLA): Now I will put the motion. 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 (DR. (SHRIMATI) NAJMA HAPTULLA): We shall now take up clause by clause consideration of the Bill.

Clause 2 was added to the Bill.

Clause 3 (Amendment of section 4).

SHRI R. R. MORARKA: Madam, I move:

1. "That at page 3, lines 1 to 4, for the words 'may be increased to such amount not exceeding one hundred crores of rupees as the Central Government may, from time to time, by notification in the Official Gazette, fix' the words 'is increased to one hundred crores of rupees' be substituted."

Madam my amendment is purely a drafting amendment in the sense that
1988 RS—10.

this clause increases the authorised capital of the Corporation to Rs. 100 crores. Why should the Government take this right to issue notification from time to time in the Official Gazette? For the paid up capital if they want I can understand, but why are they unnecessarily burdening themselves with this unnecessary power? So, as I said, it is not a significant amendment, it is purely a drafting amendment and I hope the Finance Minister will take this into consideration. I understand his difficulty because the Bill has already been passed in the Lok Sabha, but at least for the sake of record I must say that the Government should not have the power for increasing the authorised capital of the Corporation from time to time. For paid-up capital yes. Therefore, Madam, for the sake of record, I move my amendment.

The question was proposed.

SHRI PRANAB KUMAR MUKHERJEE: I have not touched this point while replying to the debate because we thought that as and when it will be required by the institution, we should fix the quantum within the ceiling limit of Rs. 100 crores. Presently, it is Rs. 20 crores. We are now extending it to Rs. 100 crores. Instead of just putting it as Rs. 100 crores, we thought as and when it is required, we should fix the quantum. We are taking the power. That is why I did not want to fix it that, it should be fixed at Rs. 100 crores.

SHRI R. R. MORARKA: Authorised capital will not make any difference. Anyway, I do not press my amendment.

The amendment No. 1 was, by leave, withdrawn.*

THE VICE-CHAIRMAN (DR. (SHRIMATI) NAJMA HEPTULLA): The question is:

"That clause 3 stand part of the Bill."

*For text of the amendment vide col. 289 *Supra*.

[Dr. (Shrimati) Najma Heptulla].

The motion was adopted.

Clause 3 was added to the Bill.

Clauses 4 to 8 were added to the Bill.

Clause 9—Amendment of section 21.

SHRI R. R. MORARKA: I beg to move:

2. "That at page 4, line 9, the words 'general or special' be deleted."

Madam, I want to move this amendment. This again is a drafting amendment. It says that "after the word 'Development Bank', the words 'or, with the general or special approval of the Central Government from any other authority or institution in India' shall be inserted." If these two words "general or special" are deleted, it would read "with the approval of the Central Government". I do not know what is the necessity of "general or special". If they wanted to say with the "general", permission, or with the "special" permission, I can understand it. But what is "general" permission, once it is given? These two words are absolutely redundant.

The question was proposed.

SHRI PRANAB KUMAR MUKHERJEE: There may be special circumstances. That is why I wanted to cover it. I do not know the lawyers.

SHRI NARASINGHA PRASAD NANDA: It is in abundant caution.

SHRI PRANAB KUMAR MUKHERJEE: It is in abundant caution. As you know, "and", "or", stroke—all these things we keep together. I wanted to cover the general condition and the special situation also.

SHRI R. R. MORARKA: Knowing the fate of my amendment, I do not want to press it.

The amendment* No. 2 was by leave, withdrawn.

THE VICE-CHAIRMAN (DR (SHRIMATI) NAJMA HEPTULLA): Now I shall put clause 9 to vote.

The question is:

"That clause 9 stand part of the Bill."

The motion was adopted.

Clause 9 was added to the Bill.

Clauses 10 and 11 were added to the Bill.

Clause 12—Amendment of section 23.

SHRI R. R. MORARKA: I beg to move:

3. "That at page 5, line 9 the words, 'or purchasing,' be deleted."

4. "That at page 5, line 14, the words 'or purchasing,' be deleted."

5. "That at page 5, line 17, the words 'or purchasing,' be deleted."

Madam, Vice-Chairman, after hearing the hon. Finance Minister, who was so convincing otherwise, I still feel that there is no justification for him to take wholesale power and to give it to the Finance Corporation to buy shares from the existing shareholders. If he had taken power only in respect of sick units, I can understand it and there is justification for it perhaps. But this power can be abused, may not be during the period the present Finance Minister is in power but later on they can start using it for ulterior motives. I think there must be a positive check and these powers should not be given to the Industrial Finance Corporation, whose main purpose is promoting and developing the industrial concerns and not to acquire the existing ones. Therefore, I must press these amendments.

The questions were proposed.

*For text of the amendment vide col. 291 *Supra*.

THE VICE-CHAIRMAN (DR. (SHRIMATI) NAJMA HEPTULLA): I shall now put Shri Morarka's amendments to vote.

The question is:

3. "That at page 5, line 9, the words 'or purchasing' be deleted."

4 "That at page 5, line 14, the words 'or purchasing' be deleted."

5. "That at page 5, line 17 the words 'or purchasing' be deleted."

The motions were negatived.

THE VICE-CHAIRMAN (DR. (SHRIMATI) NAJMA HEPTULLA):

The question is:

"That clause 12 stand part of the Bill.

The motion was adopted.

Clause 12 was added to the Bill.

Clauses 13 to 19 were added to the Bill.

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

SHRI PRANAB KUMAR MUKHERJEE: I beg to move:

"That the Bill be passed."

The question was put and the motion was adopted.

THE INDIAN VETERINARY COUNCIL BILL, 1981

THE MINISTER OF STATE IN THE MINISTRIES OF AGRICULTURE AND RURAL DEVELOPMENT (SHRI R. V. SWAMINATHAN): Madam, Vice-Chairman, I beg to move:—

"That the Bill to regulate veterinary practice and to provide, for that purpose, for the establishment of a Veterinary Council of India and State Veterinary Councils and the maintenance of registers of the veterinary practitioners and for

matters connected therewith, be referred to a Joint Committee of the House the names of members to be 15 members from this House, namely:

1. Shri Narendra Singh
2. Shri Ram Pujan Patel
3. Shrimati Usha Malhotra
4. Shri J. K. Jain
5. Shri Ibrahim Kalaniya
6. Shri (Maulana) Asarul Haq
7. Shri P. N. Sukul
8. Shri C. Haridas
9. Shri Manubhai Patel
10. Shri Hari Shankar Bhabhra
11. Shri Arabinda Ghosh
12. Shri Sadashiv Bagaitkar
13. Shri R. Ramakrishnan
14. Shri V. Gopalsamy
15. Shri Buddha Priya Maurya;

and 30 members from the Lok Sabha;

that in order to constitute a meeting of the Joint Committee the quorum shall be one-third of the total number of members of the Joint Committee;

that in other respects, the Rules of Procedure of this House relating to Select Committees shall apply with such variations and modifications as the Chairman may make;

that the Committee shall make a report to this House by the last day of the first week of the 123rd Session of the Rajya Sabha; and

that this House recommends to the Lok Sabha that the Lok Sabha do join in the said Joint Committee and communicate to this Houses consisting of 45 members: appointed by the Lok Sabha to the Joint Committee."

The question was put and the motion was adopted.