

PARLIAMENTARY CONTROL ON PRIVATE  
SECTOR UNDERTAKINGS

- \*295. SHRI KRISHAN KANT-f  
SHRI ARJUN ARORA:  
DR. SALIG RAM: SHRI  
RAJENDRA PRATAP SINHA  
:  
SHRI R. P. KHAITAN:

Will the Minister of INDUSTRIAL DEVELOPMENT/औद्योगिक विकास मंत्री be pleased to state :

(a) whether there is any proposal under Government's consideration to bring all those private sector undertakings under the parliamentary control where the public financial institutions have helped those industries financially; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE  
MINISTRY OF INDUSTRIAL  
DEVELOPMENT/औद्योगिक विकास मंत्री  
:नय में राज्य मंत्री (SHRI GHANSHYAM  
OZA): (a) No, Sir.

(b) Does not arise.

SHRI KRISHAN KANT : May I know from the hon. Minister whether his attention has been drawn to the speeches made by the Prime Minister starting from the Faridabad Congress Session and the Economic Panel of the A ICC where they had mentioned that the public sector today gets a bad name mostly because of parliamentary control and the investigations that the parliamentary committees make about them while on the other hand the private sector goes scot-free in spite of corruption, inefficiency and other things being more there? In view of that may I know whether the Government has considered somehow to bring the private sector under parliamentary scrutiny especially those units of the public sector where the Government has contributed for their establishment and growth and what steps are the Government taking for this?

SHRI GHANSHYAM OZA : Sir, the Government is aware of the speeches referred to by the hon. Member and the

†The question was actually asked on the floor of the House by Shri Krishan Kant.

views expressed by the hon. Prime Minister. We also know that the public sector undertakings are directly under the supervision of parliament because we vote all the funds that are given to them. So far as the private sector is concerned .

SHRI ARJUN ARORA : The private sector is private.

MR. CHAIRMAN : No, no. Let him answer.

SHRI GHANSHYAM OZA : So far as the private sector is concerned though we are not prepared to give any certificate that all the private sector units are behaving in a proper manner, at the same time may I submit to the hon. House that we are not prepared to condemn it outright ? We want the private sector to play the role which is assigned to it in the particular context. Now those private sector units which are receiving financial help from the various financial institutions are in one way or other under the supervision of those financial institutions which are lending out money to them. In a way they exercise some control over those units; they have their Directors in the Board of Directors. We also know that in certain cases loans are converted into equity shares. So they exercise some control over them. In the present context it is not the thinking of the Government that we should have these private sector units under the direct parliamentary control from many points of view.

SHRI KRISHAN KANT : May I know from the hon. Minister whether they will reconsider the present position in view of the rising demand that the private sector must be brought under parliamentary control ? Secondly, can I know the number of industries where the loans have been converted into equities as in the case of Tatas ? Which are the industries where the Government have followed this policy ?

SHRI GHANSHYAM OZA : 'Private sector is such a wide term . . .

SHRI KRISHAN KANT : Give me one instance.

SHRI GHANSHYAM OZA : . . . that it includes right from the small industry to the big industry to which my learned friend referred. We have to get one lakh small scale industries . . .

SHRI ARJUN ARORA : On a point of order...

MR. CHAIRMAN : Let him finish his answer.

SHRI ARJUN ARORA : I am rising on a point of order. The Minister, before he replies to a question, should at least do the House the courtesy of reading the question at least once. This question does not pertain to the whole of the private sector. It pertains only to undertakings which are financed by the Government or public financial institutions. It appears that the Minister has unfortunately overlooked this point.

MR. CHAIRMAN : Your point of order is very clear. Let him answer.

SHRI GHANSHYAM OZA : I say that the hon. Member is a bit unkind to me.

SHRI ARJUN ARORA : Not at all.

SHRI GHANSHYAM OZA : I read the question as closely as he has done, if not more. I am also aware that the question refers to those private sector units which have taken financial assistance from the various public financial institutions, but so many small-scale industries have also taken financial assistance from so many institutions. Are they not covered by this question ? Imagine the wideness of the term. For example, I would say that the IFC has given loans to as many as 505 units and the ICICI has given loans to as many as 536 units. So also so many other financial institutions, about which I have not got the figures, have given assistance to so many big units like Tatas and Birlas. But may I point out to my friend that we have appointed a one-man commission under the chairmanship of Mr. Sarkar, which is going into all these questions, viz., how this financial help has been diverted and whether it has been properly utilised or not ? All these questions have been referred to this Commission. Let us await the report of the Commission and then only we can properly assess it.

SHRI KRISHAN KANT : What about the second part of my question ? In the case of how many industries have the loans been converted into equities ?

SHRI GHANSHYAM OZA : I require notice.

MR. CHAIRMAN: Shri Rajendra Pratap Sinha.

SHRI KRISHAN KANT; Shri Rajendra Pratap Sinha's name has been called twice. Shri Arjun Arora should have been called.

MR. CHAIRMAN : Mr. Arjun Arora. I will call you. Shri R. P. Khaitan.

श्री आर० पी० खेतान : अभी माननीय मन्त्री जी ने बताया कि यहां पर जो छोटी छोटी इंडस्ट्रीज हैं उनको रुपया दिया जाता है तो क्या जिन को 50 लाख रुपये से ऊपर दिया जाता है उनके लिये क्या वे कोई कमेटी ब्रिगाने का विचार करेंगे ?

SHRI GHANSHYAM OZA : It is a suggestion for action.

MR. CHAIRMAN : Mr. Arjun Arora.

SHRI BABUBHAI M. CHINAI : Is a Member entitled to have his say by proxy ? Mr. Arora's name has been suggested by Mr. Krishan Kant. Now, you are asking Mr. Arjun Arora. I raised my hand first.

SHRI ARJUN ARORA : I gave notice of the question.

MR. CHAIRMAN : There is a misprint. The name of Shri Rajendra Pratap Sinha has appeared twice in the list. The name of Shri Arjun Arora should have appeared. It was a mistake of the press. That is why I have called him.

SHRI ARJUN ARORA : It is a printer's devil, Mr. Babubhai Chinai.

MR. CHAIRMAN : But still I have the right to call anybody.

SHRI ARJUN ARORA : The Minister appears to be suffering from a complex that scrutiny and condemnation, means the same thing. We do not want condemnation. We want scrutiny, parliamentary scrutiny.

MR. CHAIRMAN : You have made it quite clear. He will answer.

I SHRI ARJUN ARORA : I tried to hear him, I tried to understand him, but

the difficulty is he does not understand what he is saying.

MR. CHAIRMAN : No, no, Mr. Arora

SHRI ARJUN ARORA: May I know what are his objections to parliamentary scrutiny of the firms where public money is invested and, secondly, has it come to his notice that many of the industrial undertakings where public sector financial institutions have invested money have been found guilty of black-marketing and tax evasion? Will he at least submit these firms to parliamentary scrutiny?

SHRI GHANSHYAM OZA : Those concerns which have taken assistance from financial institutions which are not behaving properly ...

SHRI ARJUN ARORA : "Behaving properly" does not mean anything. They may appear to behave properly to the Minister but still they may be indulging in blackmarket . . .

MR. CHAIRMAN : Let him finish his answer.

SHRI ARJUN ARORA: This sort of vague reply has no meaning.

SHRI GHANSHYAM OZA : When I said not behaving properly, he has not the patience to hear me completely. Those which are not utilising the funds for the purpose for which they were given or are indulging in blackmarket, for all these things we have certain measures by which we can control all these things. At present under the I.D.R. Act and the Company Law. These institutions which advance loans—for example, the I.F.C. their reports are discussed on the floor of the House; whenever the annual reports are submitted, we can go into these cases. When I said that, I said that the private sector should not be condemned outright. I did not say all of them are not corrupt. Some of them may be corrupt, some of them may not be corrupt. When he referred to malpractices in companies, I said we should not condemn them outright. Not all units are like that.

MR. CHAIRMAN : He wants to know whether in those cases where there is corruption or some other default you can have parliamentary scrutiny. That is what he said.

SHRI GHANSHYAM OZA : What sort of scrutiny is envisaged by him I have not been able to follow. They are already under scrutiny...

SHRI ARJUN ARORA : He has not been able to follow me, follow the question which you kindly permitted and which you also tried to explain. May I explain to him? Parliamentary scrutiny means examination by a Committee of Members of Parliament. My question is whether he is prepared to appoint a Parliamentary Committee, to get a Parliamentary Committee appointed, to examine the working of those undertakings where public money is invested and which indulge in tax evasion, blackmarketing and other antisocial activities.

MR. CHAIRMAN : Your question has been elaborated.

SHRI ARJUN ARORA : I have done it, still he says he has not been able to follow.

SHRI GHANSHYAM OZA : I have been able to follow, but I say the present machineries available to the Government are enough. The Government does not think of appointing it.

SHRI BABUBHAI M. CHINAI : May I know from the Minister in view of the Government policy of accepting the mixed economy in the country, firstly, whether in view of the fact that the private sector industries are checked by putting directors of the financial institutions on them if the loans are taken by them, secondly, in view of the fact that the Company Law and other rules and regulations are there; thirdly, in view of the fact that because of the nationalisation of the banks and general insurance where where the question of guarantee and other things come they are being checked by the nationalised banks and nationalised insurance and also, fourthly, in view of the fact that so far as the public sector undertakings are concerned parliamentary control has not been of any help but that on the contrary the raising in Parliament every day the economic question of the public sector has more or less paralysed the public sector with the result that in an investment of Rs. 3,333 crores only .06 per cent is the return, will the hon. Minister quite categorically say that in the private sector the shareholders are the masters, that they are looking after their interests

and that therefore the Government does not think that any Parliamentary Committee on this type... (*Interruptions by Shri Arjun Arora*) I have a right to ask. I have not finished. Mr. Arora, you rose three times, and I never disturbed you. I have yet to put forth my point of view. Please, please.

SHRI ARJUN ARORA : I want to raise a point of order.

SHRI BABUBHAI M. CHINAI : In view of this, will the hon. Minister categorically state that it is not the intention of the Government to paralyse the private sector by parliamentary control ?

SHRI C. D. PANDE : As they have done in the public sector.

SHRI GHANSHYAM OZA : Sir, the Government does not subscribe to the view that the Committee on Public Sector Undertakings is not playing a useful role ; so far as the public sector undertakings are concerned, it is playing a very useful role under the supervision of Parliament. I do not subscribe to that view at all. So far as the private sector is concerned, those private sector units which do not have any financial assistance from the public financial institutions, they may be under the direct supervision of the shareholders ; we have no grudge about it. But when the private sector units draw financial assistance from public financial institutions, then certainly we have got a right to look into them.. .

SHRI BABUBHAI M. CHINAI : The private sector is under the strict control of the shareholders because they are the masters.

SHRI GHANSHYAM OZA : Sometimes existing provisions may not be enough and in that case, we may resort to other contrivances also.

SHRI CHANDRA SEKHAR : May I know from the hon. Minister whether his attention has been drawn to this fact ? Every time an Inquiry Commission was appointed to go into the functioning of the private sector, they have come to the conclusion—there are various Reports from the beginning to this day—that the present checks are not adequate, and in spite of all your regulations under the Company Law I

and the Industries (Development and Regulation) Act, they have,—if I can use the word—defrauded the public money, and there is the latest Report of Licensing Committee also. In spite of all this, why is the Government hesitant to appoint or to make provision for Parliamentary control over the public sector because in the case of the public sector, though there are so many checks and balances, the Government and Parliament thought it proper to create a Public Undertakings Committee to go into the working of the public sector units. Why this special favour to the private sector and why should they not agree to create or appoint a Committee to go into the affairs of at least those private sector undertakings which are getting substantial amounts as help and loan from the public financial institutions ?

SHRI GHANSHYAM OZA : As I said, Government keeps a watch over those firms which have drawn substantial financial help from the public institutions and, as I said, we have got a few contrivances by which we can regulate them, such as the Industries (Development and Regulation) Act, the Company Law, and we have also got the Commissions of Inquiry Act. They all can go into the matter. But over and above that, we have also appointed as one-man Commission, the Sarker Commission, which is looking into the matter. We are pressing them to present the Report as early as possible. After we have the Report with us, we will examine the case.

SHRI C. D. PANDE : The hon. Minister has said that the Committee on Public Undertakings has done a very commendable work. May I draw the attention of the House and the Minister that for the last ten years the Committee has been in existence. The result of the working of the Committee is well known. The Hindustan Antibiotics have faced a loss of Rs. 9 crores when they sold goods worth Rs. 1 crore. Similar thing happened in Bhopal.

MR. CHAIRMAN: Now, Please come to your question.

SHRI C. D. PANDE : In view of the inefficacy of the Parliamentary control, will the Government think twice before making the same mistake of unnecessarily interfering in the private sector so that they may not be paralysed? There

may be so many malpractices. But the fact remains that if a sum of Rs. 4,000 crores is invested in the public sector there is a loss of Rs. 400 crores. Whereas the private sector is giving you at least income tax. They are giving some profit and they are also eating something. Does the Government think that the private sector should also be paralysed in the same manner as they have paralysed their own public sector undertakings. . .

SHRI ARJUN ARORA : I am rising on a point of order ....

श्री सी० डी० पांडे : यह मन्त्रीयों को बलैक मेल के लिये है ।

He is trying to cow down the Minister . . .

SHRI ARJUN ARORA : . . . Why Mr. C. D. Pande is so furious ? Why does he become so furious as soon as I get up ? Let him become furious after I have finished.

SHRI C. D. PANDE : . . . Let us fight outside.

SHRI ARJUN ARORA : I am on a point of order.

MR. CHAIRMAN : Mr. Arjun Arora, do you want that only one question should be taken up?

SHRI ARJUN ARORA : I am on a point of order. That is what I say.

SHRI C. D. PANDE : You want to bully the Minister.

SHRI ARJUN ARORA : Mr. C. D. Pande's question must be ruled out.

MR. CHAIRMAN : No. I have allowed this question. Please sit down. The whole time has been spent on this question.

SHRI GHANSHYAM OZA : My hon'ble friend asked me two questions. So far as the role of the Parliamentary Committee on Public Undertakings is concerned, it is a question of opinion. As I said, I am of the opinion that it does play a useful role and it should continue to exercise that control. Regarding other things, it is a question of opinion.

MR. CHAIRMAN : Mr. Rajnarain. Last question. We have taken a very long time over this question.

श्री राजनारायण : सरकार को क्या दिक्कत महसूस हो रही है ? ऐसी संस्था में, जो व्यक्तिगत मालिकान के हाथ में है और सरकार उनको सहायता करती है, पब्लिक धन देती है, जनता का धन देती है, उस धन का सदुपयोग हो रहा है, या दुरुपयोग हो रहा है इसकी जांच के लिए अगर पार्लियामेंटरी कमेटी बैठें और लगातार जांच करती रहे तो इसमें सरकार को क्या दिक्कत है ? मैं तो समझता हूँ कि ऐसे संसदीय नियंत्रण में लाने का स्ताव न रखना क्या इसका मूल कारण यह नहीं है कि जो मन्त्री कन्सर्न्ड इस विभाग के हैं वे खुद ओनर्स से मिले रहते हैं और धन का नाजायज उपयोग निजी काम के लिए करते रहते हैं और इसीलिए संसदीय नियंत्रण में लाने के लिए दत्तचित्त नहीं हैं ।

MR. CHAIRMAN : Please sit down.

SHRI GHANSHYAM OZA : I forthwith reject the last suggestion made by the hon'able Member. About the previous question that he put, I think he was not here when I said that we use many contrivances to regulate the private sector which are taking loans from the Government.

श्री राजनारायण : इन्होंने मेरी किस बात को रिजेक्ट किया है ?

श्री सभापति : रिजेक्ट इस बात को किया है कि मिनिस्टर का और मालिकान का कोई ताल्लुक रहता है ।

श्री राजनारायण : मेरा कहना है कि व्यक्तिगत निजी मालिकान और मन्त्रियों को सौदा बना रहता है । क्या यह सत्य है ?

MR. CHAIRMAN : I think the reply has come, Mr. Rajnarain.

श्री राजनारायण : यही सत्य है ।

MR. CHAIRMAN : Please sit down now.