

[श्री सी० एल० वर्मा]

हमारे बजट में करते हैं और लोग कहते हैं कि आप को 20 करोड़ रु० मिला। मिलता मिलाता कुछ नहीं है। 5, 6 करोड़ रुपया मिलता है। आप की स्कीम है, आप ने हम को एजेंट मुकर्रर कर दिया, हम उसे पूरा कर देते हैं, लेकिन हमारा उस में हाथ नहीं है और खामखवाह उस में आप हिमाचल की सरकार को फंसा देते हैं। इस वास्ते मैं बहुत अदब के साथ आप से और माननीय होम मिनिस्टर साहब से प्रार्थना करूंगा कि हिमाचल को और ज्यादा देर तक यूनियन टैरिटरी न रखा जाये; उस को स्टेटहुड दी जाये क्योंकि यह एक बार्डर स्टेट है। हम बड़े खुशनसीब हैं कि इस समय वहां भाई परमार जैसे सियासतदां हैं जिन के हाथ में ताकत है। जे० ए० अहमद साहब ने कहा कि मास मूवमेंट चलाओ। यह हमारे लिये मुश्किल नहीं है, लेकिन हम उस को चलाना नहीं चाहते और न ही हमारे नेता उस को इजाजत देते हैं। लेकिन सवाल यह है कि अगर इस तरह की जवान या टुकड़े बढ़ते जायेंगे तो मास मूवमेंट लोग खुदबखुद चलायेंगे। यह तो गवर्नमेंट की खुशनसीबी है कि वहां एक स्टैबिल गवर्नमेंट रही और रहेगी, लेकिन अभी तक यह नहीं सोचा गया है कि उस को पूर्ण राज्य का दर्जा क्यों न दिया जाय। मेरी प्रार्थना है माननीय होम मिनिस्टर साहब से कि वह इस को बड़े ध्यान से सोचें कि इस में ज्यादा देरी करने से गड़बड़ होने का इमकान है और यह हो जाना चाहिये।

सर्विसेज के बारे में जो एक जानवर है धानी सर्विस, जितनी जल्दी उसे निकाल सकें बेहतर है। क्योंकि हिमाचल के लिये वह बड़ा कर्स है। आप मनीपुर, नागालैंड और काश्मीर के लिये आई० ए० एस०, आई० पी० एस० बना सकते हैं, हिमाचल के लिये क्यों नहीं बना सकते। यूनियन टैरिटरीज के लिये एक ज्वाइंट कैंडर है। उस में आप कोई इम्तहान नहीं लेते। नतीजा यह है कि जो

आई० ए० एस० में फेल होते हैं उन्हीं को आप यहां पोस्ट कर देते हैं। हिमाचल का कोई लड़का पिछले 8 साल में उसमें नहीं आ पाया है। जो सर्विस में हैं उन्हीं को तरक्की मिल जाती है, लेकिन जो नये लड़के हैं उन के लिये दरवाजा बंद है। अगर यह धानी सर्विस बंद नहीं होती है तो काफी गड़बड़ होने वाली है। इसलिये प्रार्थना है कि इस से जल्द से जल्द निकाल दिया जाये। मैं एक मिनट और लेना चाहूंगा। मैं यह भी कहना चाहता हूं कि सिविल सर्विस है वह मनीपुर के लिये अलग है, त्रिपुरा के लिये अलग है, लेकिन हिमाचल को रख दिया गया है दिल्ली के साथ। एक तरफ कहते हैं कि हिमाचल बैकवर्ड है और दूसरी तरफ उसे दिल्ली के साथ रख दिया। दिल्ली तो इतना बड़ा सिटी है कि उसारे मुल्क पर हुक्मत करता है। क्या दिल्ली के किसी आदमी के साथ हिमाचल का कोई आदमी मुकाबिला कर सकता है। यही कह देते कि हम को आप को सर्विस नहीं देना है, पीछे रखना है तो ज्यादा अच्छा होता। हम को कम से कम मालूम हो जाता कि होम मिनिस्ट्री नहीं चाहती कि हम उसी कोई सर्विस मिले। बस, मुझे इतना ही कहना है। थैंक यू, बेरी मच।

THE DEPUTY CHAIRMAN: Are you withdrawing this resolution or are you pressing it?

SHRI C. L. VARMA: I am withdrawing it, Madam.

*The resolution was, by leave, withdrawn.

RESOLUTION RE REVISION OF INVESTMENT POLICY OF LIFE INSURANCE CORPORATION OF INDIA AND OTHER FINANCIAL INSTITUTIONS OF GOVERNMENT

SHRI ARJUN ARORA (Uttar Pradesh): Madam Deputy Chairman, I move that—

“This House is of opinion that

*For text of the Resolution, vide col. 908 supra.

Government should take steps to ensure that the Life Insurance Corporation of India and the financial institutions of the Government so revise their investment policy that—

(1) their funds are available to the public sector;

(2) regional imbalances in industrial development are removed by dispersing the investments in various States;

(3) rural electrification and rural housing are given adequate support; and

(4) the investments in private sector lead to the appointment of a number of government directors in the companies proportionate to the investments of the L.I.C. and other financial institutions and they guide the policies of these companies to subserve national interest as envisaged in the Planning Commission's document, the Approach to the Fourth Five Year Plan."

Madam, this Resolution must be considered in the light of certain Directive Principles of our Constitution which makes it obligatory on the part of the Government to pursue a policy which will avoid concentration of economic power, which will improve the living standard of people, which will afford our people opportunities of employment. It was in the light of these Directive Principles of the Constitution that Parliament accepted the Government's Industrial Policy Resolution. But what we find is that in spite of what the Constitution says, in spite of what the Industrial Policy Resolution says, the concentration of economic power in a few hands continues to become bigger and bigger. That is why it has become necessary that at least the institutions controlled and financed by the Government should revise their policy.

Madam, I may presently point out that the investment policy of the Life Insurance Corporation, the Industrial Development Bank, the Industrial Finance Corporation, the Industrial Credit and Investment Corporation of India and the Unit Trust of India and other financial institutions of the Government are such that they afford the rich the opportunity to become richer and when they afford the rich the opportunity to become richer, they follow that policy. As far as various individual monopoly groups are concern-

ed, and even in the wider context the area where greater capital is already invested are the areas which benefit from the investment policy of these bodies.

Madam, the most important of these institutions is the Life Insurance Corporation of India. It is pertinent to point out, Madam, some of the reasons why Life Insurance in this country was nationalised or, rather, taken over in 1955. We all know the affairs of insurance companies like the Bharat Life Insurance Co., the Jupiter General Insurance Co., the Empire Life Insurance, to mention only three which were exposed in Parliament. Some of the doings of those who control these companies led to arrest, prosecution, conviction and imprisonment. Mr. Feroze Gandhi, one of the most distinguished Parliamentarians that this country has produced, played a notable part in exposing the fraud in which the private management of Bharat Insurance Co., the Jupiter General Co., the Empire Life Insurance Co and other insurance companies indulged, and that is why as a result of the exposures the life insurance business was taken over by the Government and the L.I.C. came into being. We expected that the L.I.C. will not only eradicate corruption from the life insurance business but it will also serve some social purpose, that it will so evolve an investment policy that the purpose behind the Industrial Policy Resolution, the purpose mentioned in the Directive Principles of our Constitution would be fulfilled. (*Interruption by Kumari Shanta Vasisht*) you get up and say what you like. This whispering will not help either you or me.

KUMARI SHANTA VASISHT (Delhi): I am not saying anything. You go on.

SHRI ARJUN ARORA: The investment policy of the Life Insurance Corporation has remained such that the Corporation collects the poor people's money from all over the country and pours it into the pockets of a few rich.

Madam, who are the rich in the country, who are the monopolists in the country? Now there is no doubt about them. The Government appointed a Monopolies Enquiry Commission. That Monopolies Enquiry Commission produced a monumental report, and in that report they have mentioned 75

[Shri Arjun Arora]

monopolies. These 75 concerns represent the concentration of economic power in the country. But what we find is that one after the other of these financial institutions of the Government of India go on investing money in the centres controlled by these 75 units. The Life Insurance Corporation, the Industrial Finance Corporation, the Unit Trust of India, they are all guilty of this charge that they go on pouring money into the companies controlled by these monopolies whose doings, whose economic strangulation was exposed by the report of the Monopolies Enquiry Commission in 1965.

Madam, area-wise also these Corporations do not follow any definite policy. To mention only the L.I.C., I find that their region-wise investment is peculiar. The Eastern region has 28 per cent. of investment. The Western region has 29 per cent. of investment. The Southern region has 27 per cent. of investment and the Northern region has only 16.5 per cent of investment. That is why in my Resolution I say that the investment policy should be so revised that regional imbalances in industrial development are removed by dispersing the investment in the various States.

Madam, what I find is that when the L.I.C. and the other financial institutions of the Government invest public money in industries controlled by the private sector, the L.I.C., the other institutions and the Government as a whole do nothing to see that their investments get at least a proportional representation in management. At least in proportion to their investment they should get seats in the Board of Directors and a say in the management of the affairs of the companies. But this is not done. And even where the L.I.C. and other financial institutions have invested a majority of equity holding, they do not seek a share in management. Only yesterday, we were told by more than one speaker that control of management has a big value. But even where the L.I.C. and other Government financial institutions are in absolute majority as far as equity share-holdings are concerned, they do not try to get any say in management, and even part with shares to enable all sorts of people to get control of companies. A scandal

which recently came to light related to Indian Iron and Steel. At one stage, the L.I.C. and other financial institutions of the Government controlled more than 50 per cent of the share holding of this company, but somehow the L.I.C. began to sell its holdings and it sold its holdings in such an undesirable manner that somebody who has nothing to do with the steel industry, somebody whose public morals are not known to be very high, somebody who refuses to implement the award of the wage board in the newspaper industry, was in a position to acquire that concern. I mean the very powerful Mr. Ramnath Goenka with his very large chain of newspapers. So, instead of making use of their investment to get control over a company and make that company serve the purposes enumerated in the Approach Document to the Five-Year Plan, these institutions squander their holdings and give opportunities to undesirable people to come into a position to get control of these undertakings.

The L.I.C. investments in the private sector are not a very small amount. According to the latest Report of the Life Insurance Corporation of India that is available to me—this relates to year ended on the 31st March 1967—the total book value of the Corporation's investments pertaining to Life Insurance in stock exchange securities were Rs. 832.21 crores, of which Rs. 808.70 crores was in India and Rs. 23.51 crores out of India. Madam, this investment of Rs. 832 crores is very remarkable because it is much more than the L.I.C. total holdings in Central Government securities which are Rs. 334.59 crores; it is much more than the total holdings in State Government securities which are only Rs. 179.56 crores. The fact is that the amount of more than Rs. 800 crores should enable the L.I.C. to have some say somewhere, but that is not done. And that is why we are anxious that the policy should be changed.

(Time-bell rings)

Madam, I thought I would get half-an-hour.

THE DEPUTY CHAIRMAN : The mover gets 20 minutes. You can take five minutes more.

SHRI ARJUN ARORA : Thank you, Madam.

Then I come to the Industrial Finance Corporation. About the L.I.C., Madam, it is very remarkable that the Finance Minister comes to this House and the other House and refuses to divulge the names of the companies in which L.I.C. funds are invested. When this Parliament has nationalised life insurance and created the Life Insurance Corporation, we are responsible for the money which people invest in the policies of the L.I.C. But we are denied the information. In the case of the Industrial Finance Corporation, however, there is a little less secrecy about investment. The result is that I find that seven monopoly groups mentioned in the Monopolies Inquiry Commission Report received Rs. 4.13 crores out of a total of Rs. 21 crores advanced as loans during the year 1961-62. This is more than 19 per cent. of the loans sanctioned to the corporate sector. Of these, one group alone was given 7 per cent. of the loans. The trend continued in the subsequent years. In 1962-63, four monopoly groups received about 13 per cent. of the aggregate loan . . .

SHRI BHUPESH GUPTA (West Bengal): Mention the groups if you have got the names.

SHRI ARJUN ARORA: The rest 87 per cent was advanced to firms all of which were among the 75 monopoly groups. Nobody who was not declared a monopolist got any loan from the Industrial Finance Corporation in 1962-63. The trend has continued and during the last year for which figures are available, i.e., 1965-66, 10 monopoly business groups received about 37 per cent. of the loans and more than 9 per cent. went to one group the Mafatlal Group.

Apart from loans, the Industrial Finance Corporation also gives guarantees, and the biggest gainers from this system of giving guarantees about deferred payment are the Bangurs, Modis, the Birlas and so on. Another business indulged in by the Industrial Finance Corporation is underwriting of shares. To take only one year for lack of time, in 1964-65, the total value of shares underwritten by the Industrial Finance Corporation was Rs. 3.14 crores, 21 per cent. of which were for three monopoly groups—the A.C.C., Bangur and the Birlas. In addition, debentures were also underwritten by

the Industrial Finance Corporation for these three monopoly groups. Of the total value of debentures underwritten by the Industrial Finance Corporation, 75 per cent. was for the A.C.C., the cement monopolist. An analysis of the total financial assistance sanctioned by the Industrial Finance Corporation during the five-year period ending March 1966 reveals that out of a total loan of Rs. 10,405 lakhs, a sum of Rs. 2,209.3 lakhs was sanctioned to 25 business groups and this constituted more than 21 per cent. of the total financial assistance rendered in the form of direct loans to all companies in the corporate sector. The maximum loan of Rs. 250 lakhs was advanced to companies belonging to Mafatlal Group. This was followed by the A.C.C. which received about 2 per cent. of the loan. An analysis of the total guarantee issued to groups during the five-year period will reveal that a sum of Rs. 350 lakhs was issued as guarantee on deferred payment to six business groups, of which the Modi Group alone received about 10 per cent. of the total guarantee issued by the Industrial Finance Corporation. Then I come to another credit organisation called the Industrial Credit and Investment Corporation of India. Out of the total value of shares underwritten by this organisation, i.e. Rs. 764 lakhs, a sum of Rs. 180 lakhs was underwritten in respect of the shares issued by companies belonging to seven monopoly groups. Tatas and Mafatlals were the biggest gainers. This was also true of the debenture issues underwritten by this Industrial Credit and Investment Corporation. Mafatlal, Tata and A.C.C. accounted for the bulk of it. Madam, it appears there are these 75 monopoly groups. Almost all of the financial institutions of the Government choose their plants only from these 75 monopolies, in spite of the declared policy of the Government that growth of monopolies has to be discouraged. Monopolies like Tatas, Mafatlal, Bangurs, A.C.C., Mody and Birlas go to almost all the agencies where they are welcome. It is not possible for me but it should be possible for the Government to total up the advances, the guarantees, the participation in equity and debenture issues of the monopoly groups by all this.

SHRI BHUPESH GUPTA: In Calcutta the big LIC building has been taken over by monopolists.

SHRI ARJUN ARORA: They are probably paying rent. If all the total investment of the LIC and other institutions in these 75 monopoly groups are added up, it will appear that the so-called capitalists of India do not invest their own capital. It is the job of the Government, the LIC and Government institutions which are financed by the poor people's money collected in taxes to give them advances, loans, equity shares, guarantees for deferred payments. That is something contrary to the declared policies and it is time that the investment policies of all these undertakings were thoroughly revised on the lines indicated in my Resolution. With these words, Madam, I thank you and commend this Resolution to the House.

The question was proposed.

SHRI M. K. MOHTA (Rajasthan): Madam Deputy Chairman, I rise to oppose the Resolution. My hon. friend, Shri Arora, has quoted figures regarding the LIC investments but it appears that there is some mix-up with regard to the information in his possession.

[THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA in the Chair)]

Sir, according to the information that has been made available to me, the LIC investments as on 31-3-1967 stood at Rs. 1081 crores. Out of this figure of Rs. 1081 crores, the investment in the public sector was to the extent of 73.4 per cent., in the co-operative sector to the extent of 6.9 per cent. and the private sector to the extent of 19 per cent. Now it would be useful, Sir, to examine the statutory position in this respect. The statutory requirement is that the LIC should invest at least 25 per cent. in Government securities, another 25 per cent. in other Government securities or approved securities and the balance in approved investment except to the extent of 15 per cent. for which the Corporation has its discretion. As against the statutory requirement for investments in Government securities and approved securities of 50 per cent., the investments of the LIC actually stood at 73.4 per cent. So no charge can be levelled against the LIC that it has not invested sufficient or adequate funds in the public sector.

In this connection, Sir, I would like to place before the House through you,

the fundamental principle that has got to be followed by any insurance company, including the LIC, namely, that the safety of the money of policyholders and maximum return to the Corporation, keeping in view the safety of the investments, should be the primary concern of the Corporation. It is all very well to say that this ideology should apply or that ideology should apply but if any ideology is at variance with the interests of the policyholders, the latter must have precedence. It is a well-known fact that investments in the private sector yield a much higher return than investments in the public sector. Short-term loans of Government yield something like 4½ per cent., long term loans of Government, say, for 20 to 25 years yield 5.75 per cent, as against which preference shares in the private sector companies yield about 9.75 or 10 per cent., secured debentures yield 8½ to 9 per cent. From this angle then it is quite clear that it would be in the interests of the policy holders to have their money invested in the private sector securities so long as sufficient care is taken that the money so invested is not unduly risked. My hon. friend, Shri Arora, has laid down several criteria regarding the investment of LIC and other financial institutions' resources. I have dealt with his point regarding the money being made available to the public sector.

The second point he made was regarding regional imbalances in industrial development. I would like to submit, Sir, that this is quite outside the purview of the LIC. It is the duty of the Government to see that regional imbalances are corrected but as an investor, as a trustee of the policy holders' money the LIC has got to see, first and foremost, about the safety of their investment and about the yield. It cannot waste its time and energy by entering into controversies about regional imbalances. I would also like to mention that the LIC must not be made an instrument for propagating regionalism. Unfortunately if such a directive is going to be given the LIC what will happen is that regional projects will be sort of forced on the LIC without any consideration about the safety or any consideration about the yields.

Another point Mr. Arora made was regarding the proportional representation on the Board of Directors by the LIC and other Government institutions. The Board of Directors of a company

has, of necessity, to be homogeneous; otherwise, the management of a company cannot be carried on in the best interests of the company. As an investor the LIC cannot claim any special position in this respect and any such provision in law or directive by Government will only create difficulties in the management of the private sector concerns. In this respect I wish to make one more point regarding the investment of the LIC. Yesterday, as also the day before, the Deputy Prime Minister as well as the Home Minister mentioned in the House that there is a certain extra value for majority interest or controlling interest in companies. With the same reasoning, it should be clear that there is a certain disadvantage in holding a minority share holding, particularly if the minority shareholding is so large, that the liquidity in the stock exchange is lost. I will illustrate this point a little further. Supposing the management of a company and their friends hold 51 per cent. shares in a company and the LIC should find itself saddled with 49 per cent. shares, the result would be that it would be very difficult for the LIC to sell these shares in the market because there will be no liquidity and at the same time the LIC could not have any controlling interest or say in the management of the concern. Therefore it would be necessary for the LIC to safeguard its own position, to have a certain maximum limit on its investments in individual concerns and I would suggest that a maximum limit of 15 per cent. would ensure that there is liquidity in the stock exchange and the LIC would not be investing its funds in such a way that it would be difficult for it to resell them whenever it likes.

Shri Arora mentioned several other institutions apart from the LIC, namely IDP, ICICI, the IFC and the UTI. Out of these, I think it is wrong to mention the ICICI as a Government concern because so far as my knowledge goes, it cannot accurately be called a Government concern and it should be kept outside the purview of this discussion.

SHRI ARJUN ARORA : Why not?

SHRI M. K. MOHTA : Regarding the IDB and the IFC, they concern themselves mostly with granting loans. The loans are mostly secured and the question of proportional representation on the Board of Directors does

not really arise in a big way in their cases. As regards the UTI and the LIC, as I said before, to my mind their investments in particular concerns should be low enough to ensure liquidity and if it is so, then there would be no real necessity for any representation on the Board of Directors of the companies in which shares are held. It was also amusing to hear Shri Arora mention the word 'monopolies' in a rather lighthearted way. According to him 75 business groups are monopoly groups in the country even though they compete with each other in almost every sphere.

SHRI JOACHIM ALVA (Nominated) : In mutual interest.

SHRI M. K. MOHTA : Those who are in the know of business know that there is nothing like mutual interest between these 75 groups. The ACC was termed as a monopoly concern but if another party wanted to set up a cement unit, that was also termed as a monopoly concern. So actually the word 'monopoly' is being misused and according to the usual and accepted meaning of the word 'monopoly' there are very few concerns which can be really called monopoly concerns in this country.

Shri Arora also mentioned the purchase of a very large block of shares by a businessman and stated that he had acquired control of the company. So far as my knowledge goes, that is not factually correct but I would definitely like to say in this connection that the policy of re-sale of shares by the LIC should also be so devised it would discourage or deter people who would like to make, what is known as, raids on companies. The re-sale of shares should be in such a way that the shares are widely dispersed in the market and not offered to only one party as huge chunk or block. In case it is found that it is in the interest of the LIC to offer the shares as one block, it might also make it obligatory on the purchaser to make an offer to the general public to purchase the remaining shares at a certain price. The LIC should not unwittingly become a party to cornering of shares and to raids on public companies.

With these words, I oppose the Resolution.

SHRI CHANDRA SHEKHAR (Uttar Pradesh) : Mr. Vice-Chairman, I congratulate Shri Arora for bringing

[Shri Chandra Shekhar.]

this subject for discussion today. Before I go into the subject, I think it necessary to reply to the remarks made by the previous speaker about the ideological consideration. It is true that the fight or conflict or struggle is ideological. It will be wrong to deny the fact that in economic life whatever is happening is not ideological. or this struggle is something which is away from ideology. He has been pleading all along that the LIC and all these financial institutions should take note of the first criterion and this criterion that perhaps he has in his mind is that these deposits are safe and the persons to whom they are given are credit-worthy or trust-worthy or whatever adjective he may choose to give. Mr. Vice-Chairman, I do not know whether the LIC or the Finance Ministry or the Government of India as such have ever cared to scrutinise what Wealth Tax these people have paid during the last 10 years, what Incometax have been paid by these groups which have been getting all these facilities from these financial institutions. What wealth they have created and what tax they have paid on that to the Government is not known to the nation and at least it has not been made known by anybody else.

4 P.M.

Anyhow, Mr. Vice-Chairman, may I be permitted to emphasize one point, which was emphasized by the mover of the Resolution, and it is that we are functioning in this Parliament not to safeguard the interests of certain depositors alone, not to safeguard the interests of certain investors alone, but we are here to safeguard the interests of the nation as a whole. We also must be quite clear that this Parliament and the whole set-up of parliamentary democracy is to see to and safeguard the interests of those teeming millions who have no other voice but the voice of their representatives in this august House.

Mr. Vice-Chairman, I think it will not be out of place to quote Mahatma Gandhi when he went to attend the Round Table Conference in London in 1931. Some people and some great Gandhians—even from our side also—always give us lessons “Do not take to agitations, struggles and conflicts. Everything should be done in a peaceful

way, in a very orderly way, without any struggle, without any conflict.” But, Mr. Vice-Chairman, all those Gandhians and all those who plead the interests of the depositors, I want to remind them of what Mahatma Gandhi had said. He had said: “Conflict of interests is there, and if there is a conflict of interests I shall have no hesitation to side with the teeming millions of India.” The question is whether this particular investment policy has been doing favour to those principles which are enshrined in the Constitution of India, which Constitution is the embodiment of the aspirations of all the martyrs and all the freedom fighters who fought for the freedom of this country.

Mr. Vice-Chairman, Sir, with this introductory remark I shall again remind you and the hon. House that only a few days back, when we were talking about social control of banking institutions, I gave certain figures. Now again let us consider these financial institutions in the same light, what has been the development of the financial institutions and how the monopoly concentration has corresponded with the development of these financial institutions. With your permission, Mr. Vice-Chairman, I shall like to give some figures. On the 31st of March 1957, the number of companies was 8,771 with a paid-up capital of 695.7 crores of rupees. On the 31st of March, 1967, the number of companies got reduced to 6,309 but the paid up capital went up to 1401.8 crores of rupees. And what does this fact indicate? This fact indicates that the number of companies has gone down while the paid-up capital has doubled itself. Mr. Vice-Chairman, if the number of companies has gone down from 8771 to 6309, and the paid-up capital has gone up from about Rs. 700 crores to more than 1400 crores, does it not indicate that there has been concentration of economic power in a few hands? If there is any other figure and if there is any other conclusion, I shall invite my friends to indicate that figure and that conclusion.

Mr. Vice-Chairman, I shall try to emphasise another point. What has been the result of this tendency? Is it only my view? I have got the report of the Working Group of the Com-

pany Law Administration. And what is their observation? These were not only communists or socialists or other people holding other ideologies, but even businessmen like Mr. M. V. Venkataram and Mr. H. P. Nanda have signed this report. And what has been their conclusion? What have they said? I quote :

"The remarkable growth in the public limited corporate sector during the last few years has been substantially led by the financial institutions, such as the Life Insurance Corporation, Industrial Credit and Investment Corporation of India, Industrial Financial Corporation, I.D.B.I., U.T.I. etc."

These financial corporations are responsible for the growth of these few companies whose names and whose creditworthiness I shall quote later on, are responsible for the growth of this tendency.

Mr. Vice-Chairman, there is another peculiar features that these financial institutions were constituted by the Government for the industrial growth of this country. But these financial institutions were directed not to favour the public sector undertakings. These financial institutions were constituted

solely to help those people who were dominating the economic life of our country. Mr. Vice-Chairman, if I just give the figures now, they will by themselves indicate what has been the role of these financial institutions. If I leave it at that without dilating on it, it is because my time is very short. Our public undertakings, even for defence purposes, have not received any consideration or accommodation from these financial institutions. Time and again we have seen that essential industrial undertakings could not be started only because of paucity of funds. On the other hand, for chewing gums, for—as my friend, Mr. Mohan Dharia, time and again reminds this House—lipstick and cosmetics these financial institutions have been generously giving credit to those industrialists.

SHRI LOKANATH MISRA (Orissa): It is because they pay back, and your public sector undertakings do not pay back.

SHRI CHANDRA SHEKHAR : That is also not true. What amount has been given by the LIC, by the ICICI, and others during the last few figures, to show that, with your permission, Mr. Vice-Chairman, I shall give some figures.

(Amount in lakhs of rupees)

	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68
LIC	119.4	167.5	360.0	390.0	319.5	432.3
ICICI	32.5	157.5	281.0	218.0	211.1	237.0
IFC	50.4	238.0	300.0	285.0	164.5	75.5
IDBI . . . . .	..	..	106.0	577.0	408.7	61.5
UTI . . . . .	..	..	29.8	45.0	85.7	185.0
State Governments . . .	..	48.4	57.0	26.0	..	10.0
State Finance Corporation	22.5	220.5	396.0	412.0	191.8	140.3
Other institutions . . .	581.0	952.9	864.5	689.0	439.8	925.9

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This is investment in equity shares. From Rs. 805.8 lakhs in 1962-63 it has risen to Rs. 2067.5 lakhs in 1967-68. Now if you take the debentures those figures are also indicative of something very peculiar. The LIC's share for the various years is as follows :

	(Rs. in lakhs)
1962-63	850.0
1963-64	313.0
1964-65	625.0
1965-66	175.0
1966-67	343.0
1967-68	415.0

Now I shall not go into the details of figures in respect of other institutions. I should like to ask here : who have been the beneficiaries of consideration on the part of these financial institutions ? The LIC has been directed by the Government of India and the Finance Ministry that they should always vote in favour of established controllers of companies. The LIC gives this money. The money is that of depositors but those depositors are not represented in its Board of Directors. My friend, Mr. Mohta, was very much worried about the depositors' interests but when my friend, Mr. Arjun Arora, says that the LIC should have their representatives then Mr. Mohta's contention is that if there is no homogeneous team in the Board of Director the company will not work. Homogeneous team of whom ? Homogeneous team of certain people who are controlling the economy of this country. Mr. Vice-Chairman, without going into details I would bring to your notice that if you take the investment structure of 414 companies with shares capital of over Rs. 50 lakhs each, you will find that 23 to 24 per cent of their capital is invested by the financial institutions. That is only if you take the investment ; if you take into account the loans, underwritings and other considerations, the figure will go much higher.

Mr. Vice-Chairman, again, with your permission, I would like to quote from the Report of the Working Group of the Administrative Reforms Commission :

"Since a large part of the capital underwritten by these institutions has

been subscribed by them, these financial institutions have in the process also become important shareholders in public limited companies and constitute the backbone of the committed shareholders."

(Time bell rings.)

I hope you will give me a few more minutes. Now it has been the tragic consequence of our wrong policy that we have been giving all facilities to a certain group of industrialists but we have no say in the management of those companies. I am sorry my friend, Mr. Pahadia, the Deputy Minister of Finance is sitting here ; perhaps he knows little about the investments of LIC.

SHRI ARJUN ARORA : No, no. He knows everything.

SHRI CHANDRA SHEKHAR : But where is the Finance Minister and the Minister of State for Finance who said something the other day about the State Bank giving out the figures. Now I shall give those figures which the Finance Ministry has been denying to this House. These will show what consideration these people have got from the LIC. These are the figures :

	(Rs. in lakhs)
<i>Kesoram Cotton Mills (A Birla concern)</i>	
L.I.C. Shares	75
L.I.C. Debentures	115
U.T.I. Shares	25
I.C.I.C.I. Loans	85
<i>Modi Spinning Weaving (Modi concern)</i>	
L.I.C. Shares	55
U.T.I.	10
I.F.C.	240
<i>Bharat Commerce and Industries (Ag in a Birla concern.)</i>	
L.I.C. Shares	40
U.T.I. Shares]	4
I.D.B.I. Loans	100

	(Rs. in lakhs)
<i>Gwalior Rayon & Silk</i> (Again Birla concern)	
L.I.C.	120
U.T.I.	10
I.C.I.C.I.	40
<i>Mahindra & Mahindra</i> (Another big business)	
L.I.C.	70
U.T.I.	20
I.C.I.C.I. Shares	23
I.C.I.C.I. Loans	100
<i>Bangalore Woollen & Cottons</i>	
Paid-up Capital	250
L.I.C.	50
<i>Indian Iron & Steel</i> (Mentioned by Mr. Arjun Arora).	
Paid-up capital	2,758
L.I.C. Shares	700
U.T.I.	45
I.D.B.I. loans	500

This is just an indication of how these few big business houses are getting consideration from these financial institutions of Government. Again see these figures.

	(Rs. in lakhs)
<i>Hindustan Motors</i> (Again a Birla concern)	
L.I.C.	130
U.T.I.	30
<i>Jay Engineering</i> (This is Bharat Ram and Charat Ram) I mentioned this other day.	
L.I.C.	73
U.T.I.	13
I.C.I.C.I. Loans	55
I.F.C.	75

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : You should now finish.

SHRI CHANDRA SHEKHAR : A few minutes more please.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : No ; under the rules I cannot give you more time. You have to wind up.

(Interruption)

SHRI CHANDRA SHEKHAR : Again two more Birla concerns are here.

(Rs. lakhs)

Orient Paper Mills

L.I.C.	110
U.T.I.	2
I.F.C. loans	50

Century Spinning

L.I.C.	50
U.T.I.	5
I.F.C.	200

Mr. Vice-Chairman, how does this happen that if you take the State Bank loans these very gentlemen figure in that list also ? If you take the financial institutions the same Birla is there ; the same Sahu Jain, the same Mahindra, the same Mafatlal ; all these people are getting consideration from everywhere. Not only that ; this Government has been favouring this very group of persons in giving loans from the Cooley Funds. I would like to give here...

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : But I cannot give you any more time now.

SHRI CHANDRA SHEKHAR : Now, the Hindustan Aluminium of the Birlas has got Rs. 200 lakhs from the Cooley funds; Renusagar Power (again Birlas) has got Rs. 450 lakhs, Mysore Cement (Birla) Rs. 138.0 lakhs; York India Ltd. (Birla again) Rs. 15 lakhs; Graphite India Ltd. Rs. 69 lakhs; East India Hotels Rs. 76.2 lakhs; Synthetics & Chemicals (Kailachand) Rs. 650 lakhs; and Goodyear Tyre Rs. 225 lakhs.

Ten loans are pending before the American Government relating to the Cooley loans and two companies, again, Hindustan Aluminium and Taylor Instruments ; which account for more

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than 60 per cent of the total, are pending with the American Government for Cooley loans. These companies belong to the Birlas.

In the end, the most startling and most agonising factor is that it is not only that these loans are given and these favours are being shown, but even in banking institutions these financial institutions are subscribing to a great extent. Again, with your permission, because I am in a hurry and I have no time...

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : I am in a hurry.

SHRI CHANDRA SHEKHAR : I give you some figures. The Bank of Baroda has nearly 40 per cent of its shares held by LIC, UTI, Government and other institutions. The United Commercial Bank has nearly 25 per cent of the shares with the Government and semi-Government institutions. In the case of the Punjab National Bank, it is nearly 20 per cent of shares from the Government financial institutions. Again, the Bank of India has nearly 30 per cent of its shares from the Government financial institutions. In the case of the Central Bank it is again nearly 25 per cent and for Dena Bank it is 20.5 per cent.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : Now, you wind up.

SHRI CHANDRA SHEKHAR : I shall wind up with this observation. Time is limited and I can understand your difficulty, but you should understand the difficulties of this country, the difficulties that are being faced by this nation, the difficulties that are being faced by the cottage industry people, the difficulties that are being faced by the small farmers...

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : Mr. Chandra Shekhar, you would appreciate my difficulty. Dr. Bhai Mahavir.

SHRI CHANDRA SHEKHAR : These deposits come from the poor people and these deposits are made available to some business tycoons. When we want to know certain facts about these, the Finance Ministry, again and again, comes and says that it is not in the public interest to divulge these facts. Is it in the public interest that the Birlas, the Dalmias and the

Singhanias should be protected by this Government, the Government which claims to have the heritage of Mahatma Gandhi? Is it the contention of Mr. Morarji Desai that they are serving this country by protecting the business tycoons and by concealing these figures?

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : I have already called another Member.

SHRI CHANDRA SHEKHAR : Let them deny that these figures are wrong. In the end, I say it is for you and it is for this House to consider if these figures are correct and if these figures are concealed by the Government, there is same conspiracy at the top level and this conspiracy should be exposed in the interests of the nation, in the interests of the teeming millions, for whom Bapu fought and won freedom for the country.

DR. BHAI MAHAVIR (Delhi) : Mr. Vice-Chairman, the other day I asked a question about the investments by LIC, which the hon. Minister refused to answer under the cloak of public interest. I am obliged to my friend, Mr. Chandra Shekhar, who took up the question later and tried to pinpoint the necessity of bringing before this House the investment figures of LIC. I find that the time which he was trying to borrow from me or steal from me he has used to highlight this very issue, the issue of LIC investments not being discussed and not being open to public scrutiny. It appears to me that there is much force in the argument that the LIC is a public institution, an institution which gets its funds from the poor people, from the middle-class people. Naturally the poor and the middle class people of the country have a right to know what is being done with their funds, whether somebody is playing ducks and drakes with them or whether they are being used to formen and strengthen any wrong type of business house in the country, or whether they are being pampered with in wrong types of deal. I think when it was said that the LIC was established, firstly, for the purpose of eradicating corruption and, secondly, for serving some social purpose, merely taking over some type of business from private hands and nationalising it does not lead to any guarantee of eradication of corruption or serve a social purpose. Something more is required and that something is a watchful public scrutiny over the

affairs of such an institution. Unfortunately, that has not been permitted so far. There is a veil of secrecy being kept on the investment policies of the LIC. Does it mean that we can know of what the LIC is doing only when something like the Mundra episode occurs and we are faced with a situation where some Minister has to resign, where some high official has to be sacked when the people are taken aback as they see the skeletons kept in the public cupboard? My submission, therefore, is that we should know more about these things now when things have not gone wrong at this stage. There is an appeal in this Resolution that more funds should be made available to the public sector and my friend, Mr. Chandra Shekhar, was saying that there is an ideological conflict.

I would put it slightly differently. It is not only an ideological conflict. Sometimes it is a conflict of a doctrinaire nature. We take to certain doctrines make them into grooves and fads and then try to stand up or fight for them, ignoring for the time being at least, the vital interests of the nation's economy at large. I would not plead for the public sector simply because it is the public sector. The public sector also has to justify the confidence that is reposed in it by the people. Unfortunately that cannot be said of our public sector at the present moment. There is inefficiency. There are losses. There is corruption. There is maladministration and it appears that sometimes discredited politicians, discredited public men or other people who have lost favour in one line or the other, are put at the top of such public sector undertakings. They have very little capacity or very little competence. The other day the question was put and the Minister replied that no directors had been appointed from defeated candidates and that appointments had been made purely on considerations of merit. My friend here, who happened to know more about it, asked me to put a supplementary, but unfortunately I did not have the chance. He told me that one Congress candidate from Bhopal, Mrs. Maimoona Sultana, has been appointed a director of a concern, the Bharat Heavy Electricals, Bhopal. Now, what particular qualification that good lady has to be the director of such a technical concern as that, is far from my comprehension to imagine. But then if the Congress or

if the Government were to consider public sector undertakings as a backyard, where it could provide shelter to those who have been discredited in public life, it would not be a good omen and it would not be good for the future of the public sector undertakings in our country.

I submit, therefore, that the public sector has to improve its efficiency, its administration, its profitability and, also, it has to come up to the level of an ideal employer by providing its employees with whatever the private undertakings provide to their employees. When this is not being done, putting more money into inefficient hands, putting the poor man's money into their hands is not good. After all, it is public money it is not the money of one individual Minister or even of the Cabinet as a whole. The money belongs to the poor people. As has been repeatedly said here, money cannot be mercilessly or callously poured into the hands of people who do not know how to look after it, who do not know how to manage it, who only show losses at the end of the year. If that keeps on going, people will lose faith in the Governor and the cry for the nationalisation of any undertaking which is not running well will lose its strength. People will find that inefficiency is more rampant in such public sector undertakings. I hope, I think and I submit for the consideration of this hon. House that the public sector also must have a certain minimum level of efficiency and administrative competence before we can plead for more funds being given to them.

Therefore, my submission is that we should basically be guided by national interests and what can be called economic commonsense, not merely by this fad or that fad, this creed or that. This point of view has to be kept that whatever investments are made by the LIC, they should certainly look after the interests of those depositors, those policy-holders who have given their money to the LIC and that money should be used basically for the country's total economic interests and also in a narrower sense for getting dividends which are certainly going later on to mean bonus to the policy-holders. I am not divulging any secret when I say that there are talks about the investment policies of the LIC being influenced by people who can approach the concerned persons, by people who

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can provide illicit gratification, by people who can deal through brokers, by people who can settle commissions for such deals, and such investments if they are made by the LIC in undertakings which do not deserve this support, it is something to be deplored; it is something which calls for a good and a deep probe. My submission is that when these doubts are there—there are companies, I do not like to mention here any names, but there are companies which are being run with foreign collaboration, and a good investment has been made by the LIC in the shares of those companies, whereas the shares of those companies are selling at a discount; the companies are in a bad shape. If any probe were to be made and if it were to be found that there are other considerations guiding the LIC in its investment policy, that would be something which should make the Government sit up, which should make our Finance Ministry sit up and enquire into the whole mess which might have been made and which is likely to be made in the future by such deals.

Secondly, there is a great trusteeship which devolves on the LIC. All the sums which have been taken from the people, all the sums, the right of controlling which the Government has taken from the private companies, they have been given to the LIC, and there are other financial businesses also which Mr. Arora mentioned. I am not giving any detailed figures. I am talking only in a general way on the approach which this resolution has tried to bring forward. I am not in favour of monopolies, I am not in favour of monopoly interests controlling any particular section of the country's economy, nor am I in favour of any monopolist power being given to the public sector in such a way that the public sector runs amuck and is not controlled properly in national interests again. Therefore, it is something higher than a mere fad of the public sector. If we want socialism, mere continuous expansion, mere pampering, mere overfeeding, overdieting and overnurturing the public sector is not going to lead to socialism. There are ways of reaching socialism if socialism means the benefit of the masses, and I would suggest here that the LIC can certainly revise its investment poli-

cies from the point of view of doing more good to the common people. I would suggest, for example, that more funds can be invested and should be given in the form of easier and more attractive loans to people to enable them to build houses for themselves, particularly in a city like Delhi where housing is a chronic problem and we have not been able to tackle that problem on anything like a satisfactory scale so far. Why cannot the LIC provide loans to people in an attractive manner and ask them to build houses for themselves, thus solving the social problem as well as providing the LIC with an opportunity to utilise its funds in a very healthy and very clean manner? Similarly there is the rural area. There is agriculture. It needs investment. Social control of banks is being imposed for the purpose of asking them to make more funds available to the rural sector or the agricultural sector. Small irrigation schemes can be financed, installation of tube-wells can be financed by the LIC. Such things need to be done in order to encourage better cultivation, better yield. Similarly, where small mechanisation measures are being contemplated and tractors are sought to be purchased, why not the LIC finance such projects?

Such things, I feel, will be doing a better service than merely asking for more funds to be given to the public sector. Let the public sector try to deserve all that it has got. After all when a father tries to pamper his child too much by feeding it too much, by giving it too much of nutritious food but does not let it move its limbs, does not let it compete with the other boys of the area, does not let it run with them, does not allow it to compete for its right and opportunity for equal existence with his follow-boys, naturally such a boy will remain a cripple; although he may grow fatty, he will become a duffer; he will not be able to deliver the goods in any responsible undertaking which he takes upon himself. Let us not make our public sector like that. My insistence therefore would be that the LIC needs certainly to be looked into, and we certainly recommend to the Government to have some sort of probe into the investment policies of the LIC and to see why, whatever finances are being provided, goes into the pockets of the big industry, why small industry remains

starved, why medium industry remains starved.

The other day when this question came up, we were insisting that the small-scale and the cottage industries had the key to the problem of unemployment. They can keep our economy what it is, without pulling it and reshaping it on the pattern of the industrialised, concentrated economies of the West. We do not want concentration of any type. We do not want concentration of economic power either in the hands of a few capitalists or in the hands of the politicians or in the hands of the State. Therefore, let us not go on with the slogan that the public sector ought to expand and keep on expanding. Let us have a sector which gives us more, some sort of an economy which has more to distribute, which distributes economic power, which distributes economic potential, which distributes the capacity to earn, the opportunity. Therefore, our financial institutions should distribute whatever financial aid they have to enable the small and the medium undertakings to stand up on their feet and to compete with big units also and in this way to establish what we can term an economic democracy in the real sense of the term, saving ourselves from economic totalitarianism of one type as well as the other type. Let us not save ourselves from one trap and fall into the other. What we need is that we have an economy which has a distributive character, which is not concentrated, which is spread over in both ways, in the vertical sense as well as in the horizontal sense.

My submission is that although this Resolution comes with an approach with which we should not differ, the suggestions that have been given are not to be taken literally. All of them cannot be accepted as they stand. I would suggest that the whole thing should be looked at basically from the point of view of the country's national economic interest, efficiency considerations required of the public sector undertakings, the financial needs of the small and medium industries and of our rural sector, etc. Regional considerations have been suggested. My view is that regional considerations should not have an overriding influence because after all the country is one economic unit. We have treated it as one economic entity. Let us not

believe if one area does not have a steel plant, it must start a political agitation to have a steel plant; if one area does not have a shipyard, it should start a political agitation to have a shipyard. If we are going to let our economics be guided by such political and narrow regional considerations, we are not going to have one country. We are going to have a country which would get balkanised in the near future. My submission is that regional considerations should be kept certainly in view, but the basic thing should be the ultimate total interest of the country, the economy and the poor people as a whole.

Thank you.

SHRI A. G. KULKARNI (Maharashtra) : Mr. Vice-Chairman, at the outset I am really grateful to my colleague, Mr. Arora, who has brought a resolution before this House which was overdue and which was very urgently necessary to be discussed in the House. In the present condition of the country where confusion is there about the economic policies, I am really grateful to my colleague, Mr. Arora, for bringing this Resolution. Mr. Vice-Chairman, I do not want to take the time of the House by unfolding another set of figures when two of my colleagues have given formidable statistics, one Mr. Arora and the other Mr. Chandra Shekhar.

So, I would only try to supply an ideological framework which ought to have been evolved by this Government so that our oft-repeated programme of attaining a socialistic society would have been really achieved. It is ordinarily a common man's view, there may not be any economist's or any ideologist's thesis contained in my submission. But I look at this in a way that all this trouble has started after this country adopted the policy resolution of a mixed economy after independence. Why are we discussing these credit policies and the credit policies of the financial institutions? It is because ultimately they affect the interests right from the weaker sector. He might be a farmer or a cottage workshop owner or a small industry man or a medium industry man. That is why I say that this entire approach to the problem should have been evolved in a way which should involve risks being taken at every level of the development of this society. What I am

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pointing out is that after the policy of mixed economy was initiated in the year 1956 in the Industrial Policy Resolution—in 1948 also it was evolved—the goal of attaining a socialistic society found a place in the subsequent plans which were carried on by this country. I most humbly submit that the elders and the political leaders of this country, who wanted these plans, had made a very sad mistake. They thought that the present set-up of the administration would fall in line with the idea of the development of a country which is underdeveloped or which is weak, and that was the biggest mistake made. That is why we are facing all these problems.

Why I want to say this is, we want to reduce the income disparities. That was one of the aims of the Monopolies Inquiry Commission. Prof. Mahalanobis made herculean efforts and presented a voluminous report and brought out very useful information for evolving a new policy. I only talk of the measures here. About the argument for granting all credit facilities to the existing industries, how will it be practicable at this stage to afford those credit facilities to the existing industries or the existing industrial houses as such? Here I have got my view that once the capacity has been created, whether it is 75 houses or 10 houses is a negligible problem to me because under the taxation structure, under what you call a phased reduction, within a specific period, within a period of 40 years or two generations, perhaps economic levelling will be done in those houses also. But I am one with my friends when they argue, and the force of their argument lies in this that granting credit to the present economic houses will ultimately ruin our cherished goal of reducing the economic disparities. And to that extent, I want to submit: all these things have been really the logical conclusion of one's decision. The Board of Directors, who are empowered to take decisions, are the masters of the credit available in that institution. And in this connection, I want to say that once the Board of Directors has taken a decision, then naturally, human nature being what it is, the interest of human beings starts playing a mischievous role. And that has started. There are the banks, the LIC, IFC, ICICI, IDP and other semi-

Government financial institutions and the Reserve Bank. Though we may say that the Boards of Directors of all these institutions have come from the various sectors of the society like the consumers, agriculturists, etc., but the predominant interests belong to the private sector industrialists who have got their cherished aim at heart of expanding their industries at a very minimum cost to themselves. I am not going to expound any idea. But if you really screen any big industrial house, you will see that during the last ten years barely 10 to 15 per cent is brought in as equity capital of an entrepreneur in this country and that the balance money is coming from all the Government sources as well as from the banks where the depositors' money is available for distribution to these big industrialists. What I want to say is that the appointment of the Board of Directors and the scheme of appointing the Board of Directors is the most important factor in increasing monopolies in this country, whether it be a commercial bank or the IFC or the IDP or the LIC. I would say that once their Board of Directorship is arranged, Parliament will have its final say and it will be open to the scrutiny of Parliament. Then only will the Board of Directors behave properly. I am not going to quote all these figures, as I have already pointed out. But I say this: here some figures have been quoted about the investments of the IFC. As a loanee on behalf of the co-operative institutions, I am also concerned with the IFC. What I have found out is this. The IFC very recently granted loans to the co-operative sector on an increasing scale. It is no use blaming the IFC. But that is for only one type or sector of industry, that is sugar. But I want to say that even the IFC Board of Directors have come from the private sector. It is my experience—I do not want to charge anybody—that when they sit in the IFC office for taking decisions on credit policy, naturally the man is concerned with his own industry and he will not think of anything else. To that extent, there is always that limitation on the IFC to take a fair decision in the interests of the whole country.

There is another example available with me. As a member of the Working Group of the Administrative Reforms Commission on Small Industries, I extensively toured the country to assess

the views of the small industrialists and of the banks. What I am making out is, whenever we met the bankers, they said, our doors are open. We are sitting here to entertain the small-scale industrialists. But nobody has approached us. That was their contention. And when the associations of small industries and individual witnesses came before us, what had they to say? They said, we went there. They say, you want Rs. 5,000. We are not interested. Who is going to take so much trouble and scrutinise your application for Rs. 2,000 or Rs. 5,000 or Rs. 10,000? We want customers who can take Rs. 20,000 or Rs. 5,00,000, so that they are able to run their bank and earn more returns. I am only saying that whether it is the small industry or the co-operative sector, in the LIC investment policy it has found no place.

I am coming now to the LIC investments proper. What I am thinking is, ideologically the result will be the same whatever you do. Whatever we may say or argue, unless the Government comes and takes some risks and changes the pattern of credit-worthiness, the entire pattern of the management of the banks and the entire pattern of the management of the semi-Government financial institutions, the result will not flow in the direction in which we want and desire it to flow, in order to attain our goal of a socialistic society and reduce the income disparity.

Mr. Vice-Chairman, there is another case also. I am only going to give an instance. Mr. Vice-Chairman, the commercial banks, because of this nationalisation threat or whatever this credit policy, have come with their proposals—"No, we will now finance the agriculturists". Mr. Vice-Chairman, after a strenuous journey of 20 years, this co-operative sector is establishing a rapport with the farmers in the rural areas. They are trying to meet their needs and the cooperative sector is establishing itself in this country. I understand that the cooperative sector is not so viable or not so efficient in certain States—it may be efficient in certain others States. After all, you and I are Indians. One thing is followed in Gujarat; something else can be followed in Orissa or U.P. or Bihar. But the failure is there in the cooperative sector—the failure of the human element and not of the ideology. Mr. Vice-Chairman, I would say that if you want to really achieve the best

interests of this country, for the development of this country, I think the cooperative will be the only slogan. If we achieve the cooperative of agriculture and a processing of industry, I do think that the income disparities will be removed. But why I am coming to this point is, now the slogan is there that the commercial banks want to finance the agriculturists. I have now decided not to criticise the ICS and the IAS bureaucratic people because some people ask why we should criticise them. I do not want to criticise them. Mr. Vice-Chairman, these secretariat people have now devised another means that the cooperative sector should grant loans to the weaker farmers, below five acres and the other sector above five acres should be given loan by these commercial banks. Naturally, the man who has got no credit and whose money will not be repaid immediately is given under an other name. All these big farmers above five, ten, acres want, they should be attached to the commercial banks and the entire idea of credit is to get that easy thing...

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : That is enough. Please wind up.

SHRI A. G. KULKARNI : Mr. Vice-Chairman, I am just going to the next point because that is a very important one. The licensing policy also has damaged the entire structure and that is why these economic disparities, the institutional... (*Interruption*)

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : No, no cross talk, please.

SHRI A. G. KULKARNI : Mr. Vice-Chairman, I want to say that the licensing policy is also another culprit in this respect because the entire credit is a means of increasing the monopolies. The licensing is the same. I do not want to blame the industrialists if he has increased his industry or expanded it. I do not blame him. The blame lies with this Government who have made this scheme of licensing where all such things occur, where all the nepotism, corruption, takes place and why should we blame the industrialist? Really if it were in my hands, I would have said, "I am not going to grant you the licence because this will add to your industry." That is why Mr. Vice-Chairman, the licensing policy also needs a

[Shri A. G. Kulkarni]

change. And this bureaucracy has now evolved a procedure. When we want to protect a private sector industry, they say, their target is finished. If a co-operative comes, they say, "No, no, production will be too much."...

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : Mr. Kulkarni, you have taken too much time. No, no, now Mr. Balkrishna Gupta...

SHRI A. G. KULKARNI : Just one minute, Mr. Vice-Chairman. What I wanted to say is, the licensing policy, leave that aside... I will come to the very important problem of rural electrification and energising of wells...

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : No, no, please take your seat. Mr. Balkrishna Gupta. Mr. Balkrishna Gupta now.

श्री बालकृष्ण गुप्त (बिहार) : उपस अध्यक्ष महोदय, एल० आई० सी० की कई दफा इस सदन में चर्चा होती रहती है। यह सरकारी सेक्टर में है लेकिन यह इतनी बुरी तरह से प्रबंधकों के हाथ में है कि इस का किस्सा बहुत बड़ा, लम्बा चौड़ा है। इस के डाइरेक्टरों का नाम सुनिये। एक श्रीमती रक्षासरन हैं जो कांग्रेस की बड़ी कृपापाती और दिल्ली की करोड़पति हैं। एक कलकत्ता के श्री आश्वर मित्र हैं जो सचिन चौधरी, फाइनेंस मिनिस्टर के साले हैं और जो बंगलोर ज्वेल कंपनी के मैनेजिंग डाइरेक्टरों में से एक हैं। इसी तरह से सर अकबर हैदरी साहब हैं जो तीन पीढ़ी से ऊंचे ऊंचे पदों पर चलते चले आ रहे हैं। मैं किस किस का नाम लू। जगह जगह लोग ऐसे ऐसे बैठे हैं इस में कि जिनकी एक लम्बी चौड़ी लिस्ट है। अगर आप नाम निकालें तो हिन्दुस्तान के सारे कैपिटलिस्ट उसी में मिल जायेंगे, सारे कांग्रेस के बड़े आदमी उस में मिल जायेंगे। श्री अमरनाथ अग्रवाल, जो लालबहादुर शास्त्री जी का चुनाव लड़ते थे और जो पंडित नेहरू के विशेष कृपापात्र थे इस के बोर्ड आफ डाइरेक्टर्स में मौजूद हैं। यह कल तक

कांग्रेसी थे। बिहार के केदार नाथ पांड भी इस के बोर्ड आफ डाइरेक्टर्स में थे। इस तरह से यह तमाम आई० सी० एस०, बिजनेसमैन और कांग्रेसमैन का एक झुंड है जो इस पब्लिक सेक्टर को चलाता है। अर्जुन अरोड़ा जी के प्रस्ताव का समर्थन करते हुए भी मैं यह कहूंगा कि उन को इस तरह के बोर्ड आफ डाइरेक्टर्स के नीचे पब्लिक सेक्टर की ओर गंदगी चल रही है उस का पता नहीं है। दो सौ करोड़ रुपया सालाना आय है और 53 करोड़ रुपये का खर्चा है। अगर अमेरिकन मेट्रोपोलिटन प्राइवेट इन्श्योरेंस कंपनियों में इस तरह का खर्चा होता तो कभी का उन का दिवाला निकल जाता और कभी के बोर्ड आफ डाइरेक्टर्स चेंज हो जाते। 27, 72 परसेंट एक्सपेंस रेख्यो है। यह पालिसी होल्डरों का रुपया जो एक एक रुपया, दो दो रुपया कर के आता है, हिन्दुस्तान के दस लाख पालिसी-होल्डरों का रुपया 27 परसेंट यह डाइरेक्टर बैठे बैठे उड़ा रहे हैं। इस में देखा जाय कि इन के कमीशन एजेंट इन से असंतुष्ट हैं, कर्मचारी इनसे असंतुष्ट हैं, रोजाना हड़ताल होती है, रोजाना बरखास्तगी होती है, इस में इतना भ्रष्टाचार फैला हुआ है कि मेरे बड़े बड़े मित्र मुझे से कहते हैं कि यह जो दो सौ करोड़ रुपया इन्वस्टेड है प्राइवेट सेक्टर में यह बंबई में दो, तीन परसेंट घूस देने पर ही दोन या डिबेंचर से यह शेयर खरीद जाते हैं। अभी अभी थोड़े दिन पहले एल० आई० सी० के मिस्टर बोरा ने बहुत से शेयर कलकत्ता के स्टॉक एक्सचेंज में बेच दिये और श्री रामनाथ पोयन्का, जो इंडियन एक्सचेंज के डाइरेक्टर हैं और जो इंडियन आयरन को कानून करने का जा रहे हैं उन्होंने वे खरीद लिये। यह एल० आई० सी० एक बिचित्र गोरख धंधा है। सरकार बिगड़ी पड़ी है। मुदड़ा के जमाने में एक फाइनेंस मिनिस्टर ने मार्केट को उतारने के लिये, कृष्णमाचारी साहब ने बहुत से शेयर खरीद लिये जिन में एल० आई० सी० का रुपया डूब ही

गया। उस में जाली शेयर भी निकल आये, गैर जाली शेयर भी निकल आये। यह दो 1 करोड़ रुपये का जो पोर्टफोलियो एल० आई० सी० में जमा है उस का दाम 1 थाई हो गया है, उन का दाम खत्म हो गया है। जब खरीदे गये थे तब देखा जाय कि किस दाम में खरीदे गये थे। यह एल० आई० सी० तो बी० आई० सी० में फंसी हुई है। ऐसी ऐसी जगह फंसी हुई है जहां कि कोई बजनेस-मन पैर रखने की हिम्मत नहीं करता। यूं यह सरकारी रुपया है, शेयर होल्डरों का रुपया है, 53 करोड़ रुपया सालाना खर्च करने को है, दो सौ करोड़ रुपये सालाना की आमदनी है। मोनोपोली, मोनोपोली, 75 मोनोपोली का जिक्र तो सुना, लेकिन सब से बड़ी मोनोपोली 1200 से 1500 करोड़ रुपये की जो है यह ऐसे आदमियों के हाथ में समूहला दी गयी है जिनका नाम सुन कर अर्जुन अरोड़ा साहब कहेंगे कि यह पब्लिक सेक्टर है या प्राइवेट सेक्टर है। यहां तो दोनों सेक्टर गुथमगुथ्या हैं, दोनों एक दूसरे से मिले हुए हैं। दोनों एक साथ बैठ कर, मिल कर षडयंत्र करते हैं और दोनों देशों के गरीबों का, पालिसी होल्डरों का रुपया बर्बाद कर रहे हैं। आज 6½ सौ करोड़ रुपया गवर्नमेंट सिक्क्योरिटीज में और एलेक्ट्रिसिटी बोर्ड्स में लगा हुआ है। उस का भी बुरा हाल है। इ 1 में एक तालिका दी गयी है कि जो गवर्नमेंट सिक्क्योरिटीज खरीदी गयी थीं उन का दाम पौना और 80 परसेंट है। सब जगह गरीबों से रुपया वसूल करो, उन की बात करो . . .

उपसभाध्यक्ष (श्री महाबीर प्रसाद भार्गव) : गुप्त जो, अब गरीबों की बात दूसरे दिन करियेगा। अब दूसरा काम लेना होगा।

श्री बालकृष्ण गुप्त : सब 1 टाइम मिला मुझे नहीं मिला।

उपसभाध्यक्ष (श्री महाबीर प्रसाद भार्गव) : 5 बज दूसरा काम निश्चित है। टाइम का सवाल नहीं है।

5 P.M.

SHORT DURATION DISCUSSION UNDER RULE 176 RE DROUGHT SITUATION IN THE COUNTRY

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : Now we take the one-hour discussion about the drought situation and consequent famine conditions in certain parts of Mysore, Andhra Pradesh, etc. I have got a very long list. So what I propose is to give ten minutes to the three movers each and then five minutes to others. Mr. Mulka Govinda Reddy.

AN. HON. MEMBER : Five minutes only.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : I have got a list of 16 names. I do not know how long the House would like to sit. One hour discussion can be stretched at the most to 1½ hours. Beyond that it will not be proper.

SHRI SUNDAR SINGH BHANDARI (Rajasthan) : The sense of the House may be taken.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : Yes. Let us start. Mr. Govinda Reddy.

SHRI MULKA GOVINDA REDDY : (Mysore) : Mr. Vice-Chairman, Sir, with your permission I rise to raise a discussion on the drought situation and consequent famine conditions prevailing in certain parts of Mysore, Andhra Pradesh, Rajasthan, Assam, Bihar, Orissa and Uttar Pradesh. Mr. Vice-Chairman, we have spent more than Rs. 20,000 during the last three Five-Year Plans, and after 22 years of independence we are faced with the question of famine almost every year in some parts of the country or the other. On the other hand, we are faced with **devastating floods** damaging crores of rupees worth of crops and other properties. This is a very sad commentary on the performance of the Congress Government which has been in office for such a long time. Yet, some-