

whosoever is interested, so that economic handicap does not stand in the way. But I should certainly want that the standards of the University should be maintained; they should no be lowered by any means whatsoever in the Delhi University particular<sup>1</sup>}, which has a very good place among the universities and which has very high standards at the present time. I want that those high standards should be maintained and the correspondence course should not blur our goal before us or the ideals before us which is that education should give the best that it can to the people. With these words I support the Bill.

THE VICE-CHAIRMAN (SHRI NA-FISUL HASAN) : It is 3 o'clock now. There is another business fixed to be taken up at 3. We have to postpone discussion on this Bill till tomorrow.

3 P.M.

**MOTION RE ANNUAL REPORT OF  
THE INDUSTRIAL FINANCE COR-  
PORATION OF INDIA**

SHRI BHUPESH GUPTA (West Bengal): I move:

"That the Thirteenth Annual Report of the Board of Directors of the Industrial Finance Corporation of India on the working of the Corporation for the year ended the 30th June, 1961, laid on the Table of the Rajya Sabha on the 29th November, 1961, be taken into consideration."

Sir, my purpose in moving this motion is to raise certain policy matters in this discussion, with regard to the manner in which the Industrial Finance Corporation in the country is functioning today. Sir, as you will remember, in 1952 this House and the other House had an elaborate discussion about the malpractices, corruptions and misdeeds of the Industrial Finance Corporation after which a committee was appointed to go into this question, and this<sup>1</sup> committee, known as the Sucheta Kirpalani

Committee, which is actually called the Industrial Finance Corporation Enquiry Committee, submitted its report in 1953. Many of the charges that were made in this House and in the other House were proved, and the Committee made certain recommendations. Nowadays we do not recall what the said Enquiry Committee said in its report—almost a decade has passed since that time—at least 8 years have passed since then. Now, Sir, the very first thing that I would like to say is that whereas 8 years ago the Industrial Finance Corporation became an instrument of crude money-grabbing on the part of certain favoured industrial concerns—multimillionaire houses—now it has become a streamlined and calculated instrument for building up monopoly capital in our country; what was done somewhat crudely and recklessly is done now with great deliberation and in a manner which generally does not reach the eye of the common man. In this connection let me begin, Sir, with a reference to the speech made by Mr. T. T. Krishnamachari in the other House in 1957. At that time he was the Finance Minister—he seems to be again coming somewhere near there. Anyway, Sir, this is what he said:

"We have served this country well and in doing so we have served the poor man ill, because we served the vested interests extraordinarily well, because we wanted the wealth of this country to grow. I knew that money was going into the black market. I knew that taxes were not being paid. I knew huge profits were being made because we gave quantitative protection of a blanket nature."

This is what Mr. T. T. Krishnamachari, the Finance Minister of the time, said on the 23rd March, 1957, in reply to the General Discussion on the Budget. Since that time the I. F. C. as an instrument of monopoly capital is serving them still better, than what Mr. T. T. Krishnamachari ever thought of, and I shall presently

[Shri Bhupesh Gupta.] show how this Industrial Finance Corporation today is building up monopoly capital, helping concentration of wealth in our country, in defiance of the social objectives of the Second and Third Five Year Plans—let alone sunshine talk that we have in the election manifesto of the ruling party, the Congress Party.

Now, Sir, I shall deal with some of the aspects of the report. First of all I want to point out a few things to you. Today, as you know, the loans go to the private sector. Now Mr. Nigam made a study of the private sector companies, and, so on, in our country. I am reading out what he said:

"Over the years 1947—1960 the number of quoted companies"—companies which are quoted on the seven well known stock exchanges in the country—"remained more or less unchanged whereas the number of scrips has gone up by 20 per cent, and the total value has become nearly 2½ times the value observed in 1957."

The companies remain the same but the value of the scrips is going up—at a higher rate. It shows only a boom in certain sections of our industry and the extent of the resources that are coming into the possession of the industrial class—especially the millionaire class.

Now there is another interesting aspect of the matter. Of these, nearly 300 companies have a paid-up capital of Rs. 50 lakhs each—he points out; he was speaking of 1300 companies accounting for a total paid-up capital of Rs. 700 crores. Such is the company structure in our country—top-heavy; concentration of wealth at the top. Here, Sir, I have got the correspondence that passed between the Prime Minister of India and the President of the Federation of Indian Chambers of Commerce and Industry

in 1960. There he expected—in a letter to the Prime Minister dated the 18th April, 1960—that the industries would be getting Rs. 40 crores from the Industrial Finance Corporation. He was evidently relying on the Second Five Year Plan targets. Now we find from the report that we have got here that his hopes have been fulfilled. In the Second Plan period, out of approved loans aggregating Rs. 105 crores, approved loans worth Rs. 63 crores have gone to the private sector industries in the Second Plan period. That only shows how the Government is overfulfilling even the fondest expectations of the big business in our country.

Then, Mr. Vice-Chairman, let me come to some other aspect of the matter. Since its inception the Industrial Finance Corporation—up to and inclusive of June this year—has approved an aggregate loan of about Rs. 106 crores for 239 concerns, the number of applications being 386. Of these loans, loans of the value of Rs. 50 lakhs and more each, aggregated Rs. 75 crores or so, that is to say, almost the entire amount is taken up by heavy loans, each of the value of Rs. 50 lakhs and over. Now what does it show? It shows that money is going to big business, very big business, and the small and medium industries are not in a position to assimilate them, nor are they qualified for such heavy loans of Rs. 50 lakhs and more. Now if you take the loans of Rs. 1 crore and more each, you will find that 19 concerns, between them have got from the Corporation loan? aggregating Rs. 32 crores; that is to say, nearly one-third of the total approved loans of the Industrial Finance Corporation has gone to those people who are in a position to take loans worth Rs. 1 crore and more each, and they are only 19 concerns. I mentioned; from the point of view of concerns the number is very small. This is a clear indication of concentration of wealth in the hands of fewer concerns. All that we are told is that there were

239 concerns which had been assisted by the Industrial Finance Corporation, but you see that only 19 of them, between them, took away, well nearly one-third of the total approved loans of the Industrial Finance Corporation since its inception.

Now let us come to the other aspect of the matter. Here again, this, in itself, Mr. Vice-Chairman, would show where the funds are going. Let us see how many new undertakings have got this money. When I say new undertakings, according to them it is those undertakings which were not in existence before independence— 15th August, 1947. Of the total of 152 undertakings that got the loans I think 87 are old, they were in existence before independence; that makes the total number. Well, they have been sanctioned loans. Now who is old? Again I will show they are the big business concerns. Now if you look at it from the point of view of how the industrial set-up is being improved, you must go into the report. I would invite your attention, Mr. Vice-Chairman, to Appendix 'B' of the report under discussion. There you will find who are getting these loans. Andamans Timber Industries Ltd.' The directors are Mr. Khaitan and so on. Everybody knows Mr. Birla is connected with Khaitans and they have got Rs. 13,00,000 worth of loan for meeting their business requirements. Then, Sir, G.L. Hotels, Ltd. have got a loan of Rs. 9 lakhs for financing the Company's scheme of setting up a modern hotel in Bombay. In the earlier part of their Report we get an interesting news, perhaps somewhat inadvertently given because such things are not usually given It says:—

"The Corporation, during the year under review, approved one application from a concern engaged in hotel industry for guaranteeing a dollar loan amounting to Rs. 147 lakhs, including interest, from the Exim Bank of the U.S.A. for the

implementation of its scheme to set up a chain of hotels in India."

May I know, Sir, from the hon. Minister since when a chain of hotels has become an industry in the sense of industrialisation of the country? I would like to know it. Money is given and money in foreign exchange is being made available in order that the hotelier could make a lot of money. Do not call it industrialisation. Now I could have understood it if it were the Hotel Finance Corporation. It is not that. It is supposed to be the Industrial Finance Corporation.

DIWAN CHAMAN LALL (Punjab): Who is the hotelier?

SHRI BHUPESH GUPTA: Shri P.L. Lamba is the Director. Other particulars are not given. Now, for a chain of hotels he is starting the Government has made money available to him.

Then, I find Hindusthan Transmission Products Ltd. General Sarda Shumshere Jung Bahadur Rana of Nepal is the Chairman. I know he is the man behind it. Other names are there, but he is the Chairman of it. He has been given Rs. 35,00,000/-. Everybody knows that the Ranas have got plenty of money and they can find money from their internal sources. Then, Kirloskar Oil Engines Ltd. have been given Rs. 20 lakhs. Again, Kirloskars, as you know, are not very poor people or needy people that way. Then, I find the Bengal Paper Mill Co. Ltd.—Mr. Dhanuka and Mr. Bangur are Directors. They have been given Rs. 85 lakhs. Now, Mr. Bangur at least owns a quarter of Calcutta. If you ask anybody in West Bengal or in India who is the richest man among the financiers, he will say Mr. Bangur. Mr. Bangur has no need to get this loan from the I.F.C. About Mr. Dhanuka I must mention that I brought forward charges against him for his *benami* transactions and I gave facts and figures in this very House. I do not know what happened to my

[Shri Bhupesh Gupta.] query, but I do find that they are getting Rs. 85 lakhs from this benign Government. Then, Mr. C. C. Desai is the Chairman of Sifco Ltd. He is connected with Birlas. After having retired from the I. C. S. he seems to have invested money here and he immediately got Rs. 4,75,000, all in U. S. dollars. We have our suspicions when an I.C.S. man becomes the Chairman of the Board of Directors and when money flows to them from the Industrial Finance Corporation. We need a little more explanation on that. Then, Dyer Meakin Breweries Ltd.—Shri N. N. Mohan, Managing Director—have been sanctioned Rs. 32,00,000 in U.S. dollars. Then, I come to Polychem Ltd.—Shri Ramdas Kila-chand, Chairman. One crore of rupees in U.S. dollars has been sanctioned to him. Everybody knows Mr. Kila-chand's financial position. Another Khaitan concern—Andamans Timber Industries—has been given an extra loan of Rs. 7,92,000 in U.S. dollars. Then I come to Kalinga Tubes Ltd. of which the great Mr. Bijoyanand Patnaik is the Managing Director. He is given an additional sum of Rs. 30 lakhs in the current year. Now, the Aluminium Corporation of India, Ltd. and J.K. Industries are the Managing Agents. You know that J.K. Industries are very powerful. Additionally you have sanctioned to this concern Rs. 30 lakhs.

SHRI RAJENDRA PRATAP SINHA (Bihar): Mr. Gupta, we have got all these figures. Tell us your criticisms or your objections only. We have got all the figures here.

SHRI BHUPESH GUPTA: You will have my objections. I will come to that. You do not seem to have any objection.

SHRI SHEEL BHADRA YAJEE (Bihar): He does not seem to have any matter.

SHRI BHUPESH GUPTA: Now, he wants my objections. He seems to be "oset.

SHRI RAJENDRA PRATAP SINHA: I am not upset. I want to save pour time.

SHRI BHUPESH GUPTA: Now, they are being given money irrespective of their internal resources. Their internal resources are not gone into and they are in a position to find money from their own internal resources. That is objection number one. For the purpose of my esteemed friend Mr. Sinha, here, is what the Company Law Administration has said in their Report:—

"Another common practice was the giving of loans to financially weaker sister companies by the better placed companies in the same group. This practice was often found to be prejudicial to the interests of the shareholders of the lending company as in many cases the loans were made without security or against inadequate security and carried interest at rates below the market rate."

what happens is these concerns pay money to their sister concerns, make the resources available for other types of investment including speculation, then they come to the Industrial Finance Corporation to tap the loans from there and carry on. Now, this leads to . . .

THE DEPUTY MINISTER OF FINANCE (SHRI B. R. BHAGAT): May I interrupt? Instead of making a general allegation, let him cite the cases, in the advances made to various concerns, in which there are inadequate resources or which one of them has frittered away its resources and transferred them. It is no use making general allegations which will be difficult to reply to.

SHRI BHUPESH GUPTA: There are too many interruptions. So that time should be allowed to me. It will be very difficult to reply, indeed, especially when the elections are there. I. know it. It will be very difficult.

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SHRI B. R. BHAGAT: It seems he i has no allegation in respect of each | particular company.

SHRI BHUPESH GUPTA: I am not concerned. I put them in the same basket, in the multi-millionaire class. Now, Mr. Vice-Chairman, my first criticism is that this Report does not indicate at all whether the internal resources of these people who have been advanced such heavy loans have been gone into.

SHRI B. R. BHAGAT: They have been gone into.

SHRI BHUPESH GUPTA; They control millions and millions of rupees according to the recent study of Mr. Nigam. It is clear that the Birla group of industries control the assets of about three hundred concerns with, say, nearly Rs. 300 crores. Similarly, the Tata complex industries also are there. As I said, we read from the economic experts such things. Therefore, I am asking whether their internal resources were looked into. Now, it has also been proved from various studies that seven families of our country—Tatas, Birlas, Mafatlals and so on among them have an industrial complex investment of the order of Rs. 774 crores. When money goes to them, to any of their associates and other concerns under their control, we have certainly a right to ask why they are taking money from the Industrial Finance Corporation. Then, Sir, the private banks are there which are controlled by Birlas, Dalmia-Jain and so on. The private scheduled banks have deposits of the order of Rs. 1700 crores. (Interruption.) Please do not disturb. This is what is being done. I know that it is very difficult for you to follow these economic matters, but even so....

THE VICE-CHAIRMAN(SHRI NAFISUL HASAN): Please do not - address him direct.

SHRI BHUPESH GUPTA: Therefore, Mr. Vice-Chairman, they have got resources. Not only have they financial resources, but the Government is also helping them. Now, where is that money going, first of all? What for? How much of it is going for the industrialisation of the country? According to the report here we find that 68 per cent, of the requirements for modernisation, renovation, etc. of the borrowing concerns have been met by loans from the I.F.C. That is to say, instead of allowing them to find resources from their own savings and so on, the I.F.C. has advanced them money to carry out automation, rationalisation, etc. which on the one hand leads to retrenchment of workers and intensification of the exploitation of labour. On the other hand, they make enormous profits. This is what is being done. If you look at page 13 of the Report, you will find an interesting account of how things are happening. For setting up of new units 41 per cent, of the requirements of the borrowing concerns have been met by the I.F.C. For expansion of existing units, likewise, 44 per cent, of the requirements of the borrowing concei-ns have been met by the I.F.C. Therefore, much of the money is going for expansion, modernisation and rationalisation, in ' other words strengthening, and buttressing the position of big monopolies in our country—Tatas, Birlas, Dalmia-Jains, Khaitans and the whole lot of them. This is the position.

Now, Mr. Vice-Chairman, come to another aspect of the matter, viz., which industries are growing? Even in this Report you will see sugar, paper, textile, etc. The sugar industry seems to be particularly patronised. I do not know what magic-wand the sugar magnates wield today whereby they are in a position to get I' so much money even in the current I year. Even in the current year they are getting Rs. 5£ crores loans. Then comes papers—Rs. 3J crores. Then come textiles—a little over Rs. 2 «rores. This is given in the Appendix here. What does it show? The

[Shri Bhupesh Gupta.] priorities are being neglected. Certain industries are being given money just to make money, just to make profit, to fleece the consumer on the one hand and to inflate their reserves on the other. That is another aspect of the story.

[MR. DEPUTY CHAIRMAN in the Chair]

If you take the regional question, industries in Andhra Pradesh have got Rs. 6 crores; Assam Rs. 4½ crores; Orissa nearly Rs. 4 crores; Kerala Rs. 4-32 crores; Rajasthan Rs. 2 crores. What does it show? It shows that the industrially backward regions are not being helped so much by the Industrial Finance Corporation as those which are better placed today. That is another unjust aspect of the matter. Whereas the Industrial Finance Corporation in the private sector should help in narrowing down the regional disparities in the country, it is helping the concentration of wealth in certain specified places, and the industrially backward and economically less developed areas remain where they are. That is another aspect.

Then, according to this Report, a little over Rs. 6 crores has gone to the companies in which the directors of the Industrial Finance Corporation have some interest in one form or another. This is according to the report. We are given consolation here by being told that this only comes to about 6-1 per cent of the entire loans approved by the Corporation. This is what we are told. In other words, the directors are seeing to it that the monies go to the concerns which they control openly. There are many other concerns in which they have other interests, through their families and , relatives and so on. This also is another side of the story.

Then, Mr. Deputy Chairman, the D.L.F. funds are coming, and now a new technique has been developed by J

them. Certain foreign loans are being underwritten by them and guarantees are being given by them, and it seems that the Industrial Finance Corporation is getting more and more linked up with the Development Loan Fund whose object is, under its own admission, to build up the monopoly capital in our country. They call it building up the private sector which means the big business in the private sector. The small ones are not in a position to avail themselves of the assistance they give, or they are not favoured by them. That is another aspect of the story.

The whole scheme of things raises a certain very important policy of the Government. We are supposed to see that the public sector grows faster than the private sector, and we allocated, therefore, a little over Rs. 500 crores under the Second Plan for the private sector, although it was exceeded by about Rs. 200 crores; it came to over Rs. 800 crores. That is the actual performance. Just when that is happening, the Industrial Finance Corporation which is filled with people who have nothing to do with the common man—either they are I.C.S. or men of the big business with one or two professors here and there—are making it a point to see that these big concerns are helped, whereas the small and medium industries are suffering in the States. If you get the story from them, you will know that the medium and small industries are all the time complaining that they are not getting assistance from the State Finance Corporation. And as far as the Industrial Finance Corporation is concerned, certain chosen families, certain chosen business houses are being helped by them, and as for the names of the directors only such names are given as will not give out the full story. We would like to have from the Industrial Finance Corporation a better report which shows the inter-connection between the various concerns which are being helped by them. This is hidden from us. We are not in-

terested in mere statistics as such. These figures are nothing to us unless we know from the report how the social objectives are being maintained in advancing the loans- We<sup>^</sup> are not opposed to loans being given in deserving cases in the private sector, but •then we must make sure that we are •giving loans in a manner which does not lead to concentration of monopoly capital, concentration of wealth, which is admitted on all hands. We would also like to see that the loans are not given to concerns which are in a position to obtain their own resources either from their sister concerns or from the banks with which they may be tied. Yet we find that in the Industrial Finance Corporation S. P. Jain concerns, J. K. Industries and Birla concerns are being doled out heavy loans, whereas it is well known in the country that these people control big banks which have deposits worth hundreds of crores of rupees from which they can tap. This is going on. In addition, various other agencies are created, a whole number of credit and financial agencies with a view to helping big business, whom they like and from whom they can take money for their elections, to fight the elections- This is the position. Therefore, I say what is the use of this report? We are not company managers here. We are here politicians. We are here public servants in the political field. When in 1952 certain social objectives were discussed in this Parliament and as to how the Industrial Finance Corporation should behave, whom they should help, all of us expressed, people from big business—there were three musketeers there as we used to call them in the old days . . .

AN HON. MEMBER: Where are the three musketeers?

SHM BHUPESH GUPTA: They have disappeared leaving the musket behind for somebody to use, and Mr. Chinai is using it. Mr. Jain was there, Mr. Parikh was there and Mr. Doshi was there. The musketeers have gone

nut tne musKeis are nere we an expressed from both sides of the House that funds should be given in order that there is industrial development and at the same time there is no concentration of wealth. Today we find that funds are being given to promote concentration of wealth and to build up those who are already strong and wealthy. Is it not possible for the Industrial Finance Corporation to render assistance to the medium industrialists in the country who are facing competition from the monopoly capital. They are not helping them because they do not have any access to them. It is not possible for the medium industrialists to make application and meet the proper type of people. They cannot throw parties in the Grand Hotel at Calcutta or in the Imperial Hotel at Delhi or in the Taj Mahal Hotel at Bombay. That is why they are neglected, because Government through the Industrial Finance Corporation is helping precisely the people who have got very many contacts with them. Here in Delhi there are certain offices being run by them. They are contact men. They do not have any publicity. Their sole business is to make contacts between the Industrial Finance Corporation and the Government on the one hand and their head offices in Bombay and Calcutta and so on. Did we not come to know of this when the L.I.C. scandal came to light? It is still going on. Therefore, I do not know what to say of these things. The report is a bulky book, a lot of facts are given. But, Mr. Deputy Chairman, I regret that even under the Second Plan we should be reviewing the manner in which the loans are being administered. I make it very clear that I am not opposed to assisting the private sector in our country, because it has a part to play, but certainly I am opposed to building up monopoly capital. What is the use of allowing the Industrial Finance Corporation to bolster up monopoly capital, the tycoons in the financial market? There is the Committee of Shri Prasanta Mahalanobis to go into the question as to where the wealth

[Shri Bhupesh Gupta.] has gone. What is the game in this? This is called double book-keeping in Congress policy. Mahalanobis Committee is here to make a show to the people how we are finding the concentration of wealth, although the Committee meets four times and produces nothing in a year. Here the Industrial Finance Corporation more case-hardened and businesslike knows its business, sits there and doles out crores and crores to the multi-millionaire class so that they can become richer still and stronger still. I want an end to this policy. It is because, I think, here it is not a party question. Mr. Deputy Chairman, I take this not as a party question at all. You should conform to the policies declared in the Second or the Third Five Year Plan. It is not merely that you are asked to provide for industrial development. You are asked . . . -

SHRI M. R. SHERVANI (Uttar Pradesh): The Industrial Finance Corporation before giving loans has to scrutinise the applications and see whether they are good or bad risks.

SHRI BHUPESH GUPTA: I like his interruption. I will lose a crore of rupees.

SHRI M. R. SHERVANI: You have not fallowed me; you cannot follow me.

SHRI BHUPESH GUPTA: That is my misfortune. But you are here to make me follow you. It seems that you have failed in that. I hope you will succeed in others.

SHRI RAJENDRA PRATAP SINHA: Can we know from the reporter what he has said? We would like to know it.

SHRI M. R. SHERVANI: We cannot give money to you . . . .

SHRI RAJENDRA PRATAP SINHA: What does 'ue say?

SHRI BHUPESH GUPTA: What does he say?

SHRI M. R. SHERVANI: He was compiaimng that the Industrial Finance Corporation is giving money to millionaires and multi-millionaires. I say that they have to give money after scrutinizing the schemes and satisfying themselves that it is not a bad risk. Shri Bhupesh Gupta is perhaps a bad risk and he has not been given money.

SHRI BHUPESH GUPTA: I have got it. I thought that the hon. Member possessed a better sense of humour in this matter. Now, here-is the book. I have gone through it. Mr. Bhupesh Gupta does not run any concern, and he pays income-tax on his salary only and that also bachelor's income-tax at a higher rate, if you like that. Therefore, we need not go into that.

SHRI M. R. SHERVANI: Only Rs. 3 per month.

SHRI BHUPESH GUPTA: Therefore Mr. Deputy Chairman, I demand that now there should be a reconsideration and review of the entire policy and approach of the Industrial Finance Corporation. This I demand. This should be reviewed from the point of view of the development of the industry, from the point of view of removing regional disparities, from the point of view of lessening the concentration of wealth and from the point of view of helping those who need help even amongst the industrialists and businessmen. The policy of pampering the rich, the patrons of the Congress Party, must end, because we do not like the Industrial Finance Corporation to be an instrument in the hands of the ruling party, directly or indirectly, in order to build up the patrons of that party. And I am a little partisan in this matter but for that I may be forgiven. Many of you cannot get the benefit of that. Everybody knows who these men are. They are now passing resolutions at special company me\*tires VB tfe? eve



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of the third general election, passing resolutions to donate money to the Congress Party and the Swatantra Party, lakhs and lakhs of rupees, and the same people come to the Industrial Finance Corporation for loans and will again come to the Industrial Finance Corporation for loans after paying money to the Congress election funds. Therefore, Mr. Deputy Chairman, it has become a public scandal. I think the whole business should be gone into.

In the end, I support Mr. A. K. Roy, the Auditor-General's suggestion that there should be greater control by Parliament over all such public undertakings, whether they are corporate bodies or not. There should be better public control, more constant vigilance—not once in a year—by Members of Parliament and the more intimate knowledge of the Members of Parliament should be brought in so that we know whether these things are being run properly, economically, rightly, socially and justly. This we must know. And I support Shri A. K. Roy, the Auditor-General's recommendation for greater public control. The Industrial Finance Corporation is one such concern which should be brought under such control immediately and under the constant, effective vigilance of the Members of Parliament.

Thank you.

*The question was proposed.*

SHRI RAJENDRA PRATAP SINHA: "Mr. Deputy Chairman, Sir, I have listened with great interest to the speech of my esteemed friend, Shri Bhupesh Gupta. The points that he was trying to make out in his very rhetorical speech are worth consideration by this House. The main point which he made out was this that these Industrial Finance Corporations are serving a policy to which the Government and the country are committed. That is, these industrial credit institutions should help the growth in the

horizontal manner and not only in the vertical manner. This view has been expressed not once but several times, not only by the Opposition Members but even by the ruling party's Members, that we would like to have a horizontal growth economy and not only a vertical growth economy.

I entirely endorse what Shri Bhupesh Gupta has said so far as this is concerned. Then, Sir, he has pointed out that we must look into the resources of the companies to whom the loans are advanced. I have not been able to understand mainly what he was trying to aim at. If we are to accept whatever he has said, we have to issue a direction to the State Finance Corporations to function in a different manner from the manner in which they have been functioning.

SHRI BHUPESH GUPTA: Yes, we want it.

SHRI RAJENDRA PRATAP SINHA: His contention is, if the company which is asking for a loan is in a position to repay it or is financially in a position to raise loans somewhere else, it should not be given the loans. Well, so far, that has not been the order of the Government of India, I mean, the instructions of the Government of India that that would be the policy, and I do not subscribe to that.

SHRI BHUPESH GUPTA: Why?

SHRI RAJENDRA PRATAP SINHA: That I will tell you. If there was paucity of funds, if the Corporation had not had enough resources so that they could not advance loans to all those who had applied for loans or if those who had not much of resources or who were of a smaller category were refused loans by the Corporation, I am one with him. And I would endorse his views that the people in the higher categories whose resources are better should not be given advances, and that those who are not in such a happy position so far as their resources are concerned

[Shri Kajendra Pratap Sinha.] or those who are from the medium and small scale industries should be given the first priority. There I agree. But I have seen from the Report that only two loans have been rejected. What does it mean? It means that all those loan . applications were either accepted, approved and given loans, and only two of them were rejected. So, this shows that all those who approached the Industrial Finance Corporation were given loans. The Industrial Finance Corporation cannot be blamed if the lower category of people or the middle category of people are not approaching the Industrial Finance Corporation. Then, the hon. Mover of this motion should appreciate that we have got . . .

DIWAN CHAM AN LALL: Will my hon. friend wait for one minute? Would he look at page 11? There he will find that in 1961, the total number of applications received was 763 and the total number of applications approved was 386-

SHRI RAJENDRA PRATAP SINHA: I understand what the hon. Member is trying to say. I will tell you. This merely gives the position of the applications at the end of the year, as on the 30th June.

SHRI BHUPESH GUPTA: Yes.

SHRI RAJENDRA PRATAP SINHA: This does not give the rejection figures. The rejection figures are given somewhere else. I will draw your attention to page 7 where it is said that applications which were rejected were only two. You see, 3—1—2—for three years they have given the figures.

DIWAN CHAMAN LALL: Those are pending.

SHRI BHUPESH GUPTA: No, no.

SHRI RAMGOPAL GUPTA (Uttar Pradesh): They very quietly tell the people to withdraw their loan applications, people to whom they do not want to advance money.

SHRI RAJENDRA PRATAP SINHA: If they are told to withdraw, they should refuse to withdraw. Why should they withdraw?

SHRI BHUPESH GUPTA: May I point out that you are referring to the last year only? This is current year.

SHRI RAJENDRA PRATAP SINHA: I am referring . . .

SHRI BHUPESH GUPTA: It is here —three years. What Diwan Chaman Lal has referred to is the entire period since its inception, so many applications were received and so many approved, and there can be difference.

SHRI RAJENDRA PRATAP SINHA: If he thinks that these are not very clear, the hon. Minister can answer this point. The point that I am trying to make out is this that the Corporation does not seem to be at fault because they have not got enough money at their disposal and they are not giving to the smaller or the medium class of people for want of funds. I am one with Mr. Bhupesh Gupta and others that in case the Corporation has paucity of resources, they should give top priority to the applications up to Rs. 50 lakhs. But if they have not got paucity of funds, lack of resources, I would not for one support the plea that bigger people should not be given loans because the purpose of the Finance Corporation is two-fold, to help the industrial growth and, of course, to help the smaller people, people with smaller resources to come into business.

Sir, the main purpose of the Corporation is to help the industrial growth of the country. If the industrial growth of the country could be helped by big institutions, by big companies, by big business, how can we stand in the way of that once that is the objective laid down by Parliament? I say, let the Parliament revise its decisions that big business are not to be helped. Certainly the Corpo-

ration will follow the instructions. The instructions are that in case the loan amount is more than a crore of rupees, they will have to seek the sanction of the Government of India. That they are doing. But so far how could we do that? I object to the way in which the Corporation is scrutinising the applications which I have said several times before also on the floor of the House. We must have more liberal criteria. Once the Corporation approve of a project as a good project, they should take more active interest in promoting such concerns and helping them. They should not go by the criteria that only big business people, or people who have been in the business world for a very long time, should be helped because of their known capacity to manage business. Because the Government want a horizontal growth of economy we must help new-comers to the industry. That is the point that I am making out.

SHRI BHUPESH GUPTA: On page 11, they have given the actual number of applications received from 1949—61 as 5,655. In the next column is given the number of applications for which loans have been approved, 2,392. Now, 3,263 applications were not approved. It is quite clear.

DIWAN CHAMAN LALL: May I interrupt also? On page 12, you will find total loans approved less amount disbursed, Rs. 57.35 lakhs, loans declined or not to be made available, Rs. 14.07 lakhs.

SHRI RAJENDRA PRATAP SINHA: There is the break-up given of Rs. 14 crores. I am one with you that we must give a direction to the Corporation as to what should be the criteria of rejection. There I am in agreement, but unless we give that direction, we will be failing in our duty. That I have been telling the Government so many times, that the Corporation should be there to see to the growth of the new-comers to the industry. There I am in agreement with him, and they should be given enough en-

couragement when there are ways and means by which the Corporation can protect this interest by putting the responsibility on the board of directors. They should see that there is proper management of these new concerns. They should examine whether a technical project is a sound project. There I am in agreement with him. Now, the point is this. The hon. Finance Minister should be able to tell us whether there have been any cases where certain class of people are being rejected because of paucity of funds. I do not think that the Corporation has got paucity of funds or lack of resources to give all these applicants some advance or other whom they consider fit to be given.

Now, Sir, I would also like to say here that I have seen the working of the Corporation and I am satisfied that they are making good progress so far as the working is concerned. I will draw your attention to page 17 in which the percentage which administrative expenses bore to the gross income has also improved. Now, what does it show? This also shows that the Corporation is in a better position to take risks. They have paid off all the subvention, and the subvention amount has been reduced to Rs. 18.00 lakhs. They have also built a very good reserve. All this shows that the Corporation has been functioning on a very very sound basis.

Sir, if you look to the defaulting amount, it is also very small. Therefore, all this leads to what my friends, Mr. Bhupesh Gupta or Diwan Chaman Lall, have been saying that the Corporation should be impressed upon to take greater risks so that we could encourage new people—small people—to come in. The Finance Minister should be able to tell us whether there is any paucity of funds so that the Corporation is not in a position to advance loans to all those who apply for loan. In such cases I would agree with the mover of the Resolution that a directive should be given to the Industrial Finance Corporation that loans in the category of up to Rs. 50 lakhs should

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be given first preference to the loans above Rs. 50 lakhs if there is lack of resources. But in case there is no lack of resources, I submit, Sir, that there should be no restriction on giving all the loans applied for. (*In testimony by Shri Rohit M. Dave.*) A point has been raised by my esteemed friend and some light should be thrown on that by the Finance Minister. Is there any truth in the allegation made by my esteemed friend that the Corporation silently advises applicants to withdraw their applications? If there is some truth in it, he must enlighten us on that.

Now, Sir, there is one more point that I would like to mention. I have examined what, Mr. Bhupesh Gupta was telling us. The total amount of loan advanced to persons seeking loan up to Rs. 50 lakhs is 39.15 lakhs whereas for persons above Rs. 50 lakhs it is Rs. 60.66 lakhs. Now, I agree that the people in the bigger-amounts category have taken the bulk of the funds, more than the people in the lower and the middle categories.

SHRI BHUPESH GUPTA: That is conclusively proved.

SHRI RAJENDRA PRATAP SINHA: The point is whether more applications were received in the category of below Rs. 50 lakhs?

SHRI BHUPESH GUPTA: Two thousand applications were received.

SHRI RAJENDRA PRATAP SINHA: And on what grounds they were rejected? If they were rejected merely on the ground that the Corporation had not enough resources, then I think a policy direction need to be issued so that they may be accommodated. Now, if the rejection has been due to the fact that they could not come to the requisite standard for getting loans, then the question needs a study and the standards have got to be revised by the Corporation so that they could be accommodated and newcomers could be encouraged. Here I

I would like to stress this. What are the grounds on which these rejections place? Some have been given—have taken place? To what extent is the Corporation taking risks to encourage new people to come into the industry? Unless we encourage new blood to flow into the industries, there cannot be a horizontal growth of our economy. Then as has been accused, there will be only vertical growth. This is the point which the Finance Ministry, in consultation with the Commerce Ministry and the Board of Directors of the I.F.C., should study and then revise the criteria of approval of the applications so that people with less experience could be encouraged to take to industrial activity. Some light should be thrown in the annual report as to how far they are helping the new people to come into the industries. They have given all kinds of information but I think this type of information may also be helpful to us.

SHRI B. R. BHAGAT: You mean the new industry?

SHRI RAJENDRA PRATAP SINHA: It is very difficult to see from this as to who are the promoters or managers of the new industries. My friend has been accusing the Corporation that all the money is being taken up by the people who are already in the industries or who are controlling the big business. That charge has to be refuted. There I agree with him that the basic purpose of this Corporation is that the new entrants should be encouraged to come into industries so that there is horizontal growth and not only a vertical growth or what has been described as monopoly capital, etc. That can only be achieved if the Corporation takes greater risks and I venture to point out that the Corporation today, after eleven years' functioning, is in a position to take greater risks as has happened in other countries. The expense ratio has been reduced, the amount of subvention from the Government has been reduced. They have built up a very good reserve fund. They have provided against all defaults by creating special

reserves, merelore, the Corporation is in a position to enlarge the whole concept of entertaining applications and if that is done, then the objections raised by Mr. Gupta, to a large extent, will be met. If that is not done, whatever may be the pious wishes of the Corporation, it will not be able to satisfy u, so far as this side of the House is concerned or, as a matter of fact, many Members on the Congress side as well.

Now I would like to point out something about the regional matter, a very important point which was made by Shri Gupta. I have examined the regional distribution of loans. It is given on pages 43 and 44 and also on pages 4i and 42. Naturally the pattern which is flowing out of this is that all the industrially advanced areas have got more loans than the areas which are less industrially advanced. Now one of our policies has been to encourage the growth of industries in areas which are the so-called industrially backward areas. Here again, unless the main criterion is changed, this is not possible. The people of Maharashtra or West Bengal or Madras would not like to go and start industries in Madhya Pradesh, Orissa, Bihar, Kerala and other places where the amount of advance is less than in the industrially advanced States. How is it then possible? This is only possible if we encourage new entrants from these areas to come into the industry. The way in which the loan applications are scrutinised shows that these people get rejected or the people from these areas knowing full well the criterion of examination, do not come forward to make applications. So unless the whole criterion is changed, unless the Corporation is directed by the Government of India to take a bolder step to encourage and foster the growth of industries in the backward areas by advancing loans to persons who are not well known in the industrial management field, it is not possible to achieve this. How is it possible to do? That is only possible if you intensify the technical examination of the projects both on the technical 671 RS—6.

plane and on the commercial plane. That is only possible if you strengthen your own machinery of technical examination of the projects and you make up your mind to take active interest and—it comes to this—to manage and guide in the initial stages all these new projects. Unless that is done, these regional disparities cannot be removed' or at least the Corporation cannot help in the removal of regional disparities; if they purely go by banking principles, then they will not be able to implement the policy to which this country has been committed by the various Five Year Plans and by the various ways suggested by Parliament. It is only possible when you enlarge your whole approach of financing and helping the industries. I do not object to your having healthy and sound banking principles as your guiding factor in the examination of applications. But you have to do something more than that. Now why do we say that your risks are not very much? Now we have the Industrial (regulation and Development) Act where all the industries are regulated and governed. Practically every industry comes under the mischief of the Industrial (Development and Regulation) Act. Your import and export policy, your tariff policy, all these things go to stabilise the growth of any industrial unit. There the chances of risks are negligible. If that is the case, what is needed is that the Corporation should place more reliance on, or confidence in, the new entrants in the industry and they could safe-guard the money that they advance to these new concerns by appointing directors on the Board of the borrowing companies which the Corporation is entitled to do under the Act to-day. So my submission is that the consensus of opinion appears to be this that the Corporation should take a bolder view for the development of the regionally backward areas and that is only possible if they change their whole criterion for the examination of the applications. They are in a position to-day to do that because they are financially a very powerful Corporation and are financially in a posi-

[Shri Rajendra Pratap Sinha.] tion to take risks. Their management has improved. Therefore, they are in a position to take risks.

Then there should be integration in approach by the various State Finance Corporations and the I.F.C. There should be an integrated approach to the various regions. The State Finance Corporations and the I.F.C. should work together in co-operation, in helping and financing the industrial growth of an area.

I understand that up to Rs. 10,00,000 can be advanced by the State Finance Corporations. Now if these industrial units grow and are in need of greater finance from the I.F.C., then they should work in close co-operation and the I.F.C. should help them even though those institutions may have already received help from the State Finance Corporations. The team of examiners should also work in close co-operation so that the applicants are not harassed on that account and the State Finance Corporations should also get assistance from the Centre in the examination of applications on the technical plane.

With these submissions, I sit down.

4 P.M.

SHRI B. R. BHAGAT: Mr. Deputy Chairman, I am grateful to the hon. Member who has initiated this motion, because it gives me an opportunity to give the House the opportunity of seeing how the hon. Member with his tilted vision looks at the promotion of industrial growth in the country and the part that a body like the Industrial Finance Corporation, from as early as 1947, *i.e.* since the attainment of our independence, has been playing. Moreover, it gives me an opportunity to expose the distorted picture that the hon. Member tries to present on such matters. I will presently show that the charge that he has levelled against the Industrial Finance Corporation, of having been moulded into a refined instrument for building up monopoly capitalism in the country,

does not hold water. It is because of his dislike for such institutions, it is because of his utter dislike for the type of economy that we are building up in the country, that he is levelling such charges. It is not on this occasion alone that he has done so. Whether it is the mixed economy, whether it is the role of the private sector or the role of the banks or the role of foreign aid, whatever it may be, all important major spectra of our economic policy, he approaches with his own usual philosophy and says he does not like them and all the arguments that he uses on all these various matters are very common. Therefore, it would not be very difficult for me to expose the fallacy that he has tried to propound.

I now come to his basic charge that the Industrial Finance Corporation has been made into a refined instrument . . .

SHRI BHUPESH GUPTA: A calculated instrument.

SHRI B. R. BHAGAT: Yes, a calculated instrument for building up monopoly capitalism in the country. This term "monopoly capitalism" is a Communist jargon which can cover anything. Even small industries which form a strategic factor in our country, especially in a developing country, can be characterised by the hon. Member as monopoly capitalism, just because its organisation or structure does not suit his philosophy. But the facts can be seen if one looks into the history of this Industrial Finance Corporation ever since its inception. As we know, it started rather slowly, as is usual with all such new institutions. But soon it built up experience and you will see that during this short time, what progress it has made and what momentum it has gathered and significant role it has played in the development of industries, especially during the course of the Second Five Year Plan.

Sir, the hon. Member has said that the Corporation has led to the building up of only large industries. But

what was the very object of the Corporation? I shall remind the hon. Member, for he might have forgotten it. When this Corporation was first formed in 1947, the then Finance Minister actually said that this was going to be an institution to build up large industries in the country. And the limit of Rs. 10 lakhs which was put and which still operates, goes to show that it is only the medium or bigger industry that is going to be benefited by it. Therefore, raising this bogey of not helping the small industries is not very pertinent here. I may also add that along with this Industrial Finance Corporation at the Centre, we have in the States, in almost all the States, the State Finance Corporations which are doing very useful work in developing the small and medium industries in the various States.

If you see the co-operative sector that this Corporation is trying to build up, you will find something very significant. The hon. Member in the course of his speech said that the sugar industry has been given the paramount place and this has benefited the coffers of certain private industrialists who are thriving at the cost of the consumer. This is the usual charge that the hon. Member lays. But if he would care to go into the facts, he would come to the conclusion that out of a total loan advanced of Rs. 30.77 crores, as much as Rs. 23.69 crores has been sanctioned to 73 co-operative societies. That is to say, about 80 per cent. of the total advances made by the Corporation has gone to the co-operative sugar factories.

**SHRI BHUPESH GUPTA:** What are the amounts given to each, roughly?

**SHRI B. R. BHAGAT:** I am here answering the specific charge that the hon. Member has made, of giving large sums to the sugar industry. I am only saying that as much as 80 per cent., that is to say, about Rs. 23 crores out of Rs. 30 crores odd, has been given to 37 co-operative factories,

and they are mainly factories situated in the South, in Andhra, Mysore and other places. Does the hon. Member think that developing the co-operative sector in the industry is strengthening of monopoly capitalism in the country? Does he think so?

Then again, the hon. Member lays the charge that we are not doing enough for the States in the South and that industrial development there is being neglected. Again, if the hon. Member goes through the facts, he will find that it has been our policy to develop industries, taking care to keep in view the regional aspect of our industrial growth. That is the policy that we have formulated in the Second Plan and it is more pronouncedly seen in the Third Plan. In this respect also the role of the Industrial Finance Corporation has been increasingly exemplary. Out of a loan aggregate of Rs. 84 crores sanctioned by the Corporation since its inception and up to the 30th June, 1960, loans amounting to Rs. 26.18 crores were sanctioned to industrial units in the South, in Andhra Pradesh, Kerala, Madras and Mysore. This works out to about 30.9 per cent. This has been done mostly in the course of the Second Plan. So even with regard to the regional aspect of the matter, it has been our policy to keep this in view and the Industrial Finance Corporation is very careful and particular in looking to the interests of all the States, particularly those States where industrial development is lagging behind. But as the hon. Member knows, in the case of developing industries, certain factors come in. Even if you want to do much, the technological and locational factors affecting raw materials and other things may be such that industrial development at the particular place may be less than in places where there are raw materials and other advantages. For example, heavy industries can be situated only in areas where they have coal and other advantages. So there is the inherent tendency for industries to be concentrated in areas where the technological and other advantages exist.

[Shri B. R. Bhagat] That is true. That is a limiting factor. But even then there is a conscious attempt on the part of the Government and also on the part of the Industrial Finance Corporation as an instrument of Government to promote industries in areas where industrial development is lagging behind and is less than in the more advanced States. So the charge that the regional pattern is not taken care of, also does not hold water.

Then, Sir, he said that . . .

SHRI AKBAR ALI KHAN (Andhra Pradesh): He referred to some hotel.

SHRI B. R. BHAGAT: I am glad the hon. Member reminded me about the hotel. I think my hon. friend is very short of memory. Only the other day we came up with an amendment to the Industrial Finance Corporation Act to provide for giving loans to the hotel industry.

SHRI BHUPESH GUPTA: That I know.

SHRI B. R. BHAGAT: And the House has approved of it and now the hon. Member objects that we are developing hotels in the country. The fact that the Department of Tourism earns more and more foreign exchange has made it inevitable that there should be development of hotels in more important places in the country and as this institution had no provision to advance loans to hotels it was found desirable that we should provide for such assistance. When the Act was amended, we had a few applications and in some cases the advance was made. Now, the hon. Member takes exception to that and I can hardly understand the ground for that exception because the hotels are very badly needed to develop tourism in this country. And tourism, apart from international understanding, gives us foreign exchange also. So it is very necessary that it should be among the priorities that we have set up.

DIWAN CHAMAN LALL: Rs. 20 crores a year of foreign exchange.

SHRI B. R. BHAGAT: There are countries which earn one-third of their entire foreign exchange through tourism and India has such a wide variety that we can earn thrice the amount.

SHRI BHUPESH GUPTA: By providing cabaret dances and all that kind of thing with half-naked women.

(Interruption)

SHRI B. R. BHAGAT: If the hon. Member thinks it desirable. So far we have not come forward with any such proposal.

Then, Sir, he says that the priorities are being neglected. I do not know how to deal with the hon. Member. Then he made some general allegations that we were advancing loans to concerns which were frittering away their resources, investing in shares and all that. These are general charges which school boys make without knowing the facts or without understanding what charges they are making and it is not expected of the hon. Member with his experience and judgment that he would make such charges. That is why I asked him to point out any case in which the I.F.C. has advanced to a company whose resources have been found to be inadequate. The hon. Member is supposed to be a very careful student in reading documents but if he had read carefully, he would have found out that the loans advanced by the I.F.C. to concerns form only 43 per cent, of their resources and the rest of 57 per cent, is found by themselves. So this is ample proof to show how carefully the I.F.C. scrutinises the financial position of the concerns. Rather the charge is the other way round that the scrutiny by the I.F.C. is very severe and very painstaking and that sometimes delays take place. That is the complaint from the other side. This very fact that the loans provided by the I.F.C. form only 43 per cent, and the rest, 57 per cent of the resources, has to be found by themselves shows



that we are not putting money where their own money is not there. The money of the concerns is there and it is only there we give loans, and the rules provide meticulously that a certain percentage—in some cases 50 per cent, in some cases 40 per cent, and in some 30 per cent.—of the assets can only be given as loans. All this care we take. And the other hon. Member said that the I.F.C. should take more risks while this hon. Member says that we are taking more risks and giving money where their own money is not there.

SHRI BHUPESH GUPTA: I never said that.

SHRI RAJENDRA PRATAP SINHA: What I could understand from him was . . .

SHRI B. R. BHAGAT: I am replying on the basis of how I understood him. I think you were quite clear when you said that the I.F.C. was advancing loans to concerns with inadequate resources.

SHRI-RAJENDRA PRATAP SINHA: No, no. To those concerns which have got enough money to finance themselves.

SHRI BHUPESH GUPTA: Sir, if I were a believer, I would have said, God save me from this Minister. I never said that.

SHRI AKBAR ALI KHAN: They cancel each other.

SHRI B. R. BHAGAT: I am glad the hon. Member thinks that the loan advanced by the I.F.C. is to very sound concerns.

SHRI BHUPESH GUPTA: Pampering—you know this word?—the multimillionaire class.

SHRI B. R. BHAGAT: Now he said another thing. He misread the Report and said that the loans advanced to companies in which the Directors are interested are substantial and he gave the figure of about Rs. 6 crores.

SHRI BHUPESH GUPTA: That is what the Report says.

SHRI B. R. BHAGAT: I will explain that, and if I may take the presumption, I will help the hon. Member to read it correctly.

SHRI BHUPESH GUPTA: Explain it away anyhow.

SHRI B. R. BHAGAT: He gave the figure of rupees six crores and forty-seven lakhs as the total amount advanced to concerns in which the Directors were interested. But if he cares to see, he will find various categories in which the Directors are interested as Directors, then as shareholders, then in which they are appointed as nominees of State Governments in which case their interests may be very nominal. There are only five cases where loan has been advanced to the extent of over one crore of rupees—about Rs. 108 crores—in which they can be said to have their interests and even there also interests are not very substantial. In other cases they are mere shareholders and they may be holding one or two shares.

SHRI BHUPESH GUPTA: How *do* you know that? It is not written here as to how many shares they hold.

SHRI B. R. BHAGAT: I want to know how the hon. Member knows that they own the entire company. These Co-operative Banks or the State Governments nominate the Directors as their nominees and there their interest is not substantial. The whole point is, it is not correct to say that loans have been advanced to companies in which the Directors hold substantial interests. There may be some companies in which they hold some interest; there are other companies in which they hold just a mere nominal interest and there are some companies in which they are there on behalf of the State Governments or the Co-operative Banks. So the objection raised by the hon Member is not true.

[Shri B. R. Bhagat]

Then he spoke about the Development Loan Fund and indulged in the usual jargon of foreign capital collaborating with the domestic capital and forming a stranglehold on Indian economy. We are very familiar with this jargon and no true student of economics will say that there is an international stranglehold on the Indian economy. That is the usual tripe that the hon. Member indulges in. Sir, I think these are some of the points that he made.

Now I come to the speech of the hon. Member who followed him and I am very grateful that the tenor of his speech was more illuminating and more constructive than that of the hon. Member who initiated the motion.

SHRI AKBAR ALI KHAN: He is more balanced.

SHRI B. R. BHAGAT: I am glad to admit that. The point that the hon. Member made was, and I think there was some confusion about it, whether the loans were rejected or not or what happened to the other loans because of the figure given on . . .

SHRI RAJENDRA PRATAP SINHA: Page 7.

SHRI B. R. BHAGAT: It is mentioned here that out of 763 applications 386 have been approved and the question raised was what happened to the rest. There was some discussion among Members and some said they were rejected and some said they were withdrawn. And how they are dealt with?

DrwAN CHAMAN LALL: "Which page is it?

SHRI B. R. BHAGAT: Now if you see the Table—you may take any year—for the year 1959, you will find that the total number of applications received was 26, applications approved 19 and applications rejected

3 and applications treated as lapsed or withdrawn 22 and applications under consideration or pending at the end of the year 23. So this is the pattern of applications which are pending, and I may say there is no formal rejection. There is very little . . .

DIWAN CHAMAN LALL: Obviously, of the pending 23 he is referring to, some may refer to the previous year; they cannot all refer to the year 1959.

SHRI B. R. BHAGAT: I am giving the position in that year. It may include the applications pending at the end of the previous year also. This 23 shows the applications which are not decided. In the other cases the applications were withdrawn and there are very few formal rejections for the simple reason that sometimes rejection by the I.F.C. tells adversely on the financial reputation of the company. So usually what happens is that, if a difficulty arises because the scheme formulated is not technically complete in all details, or the financial structure of the scheme is not very sound or is not viable or there is technical inefficiency or technical incompleteness, we give them advice that the particular scheme is not technically sound or the financial structure proposed is not very viable. So in any case they take the hint and withdraw the application. There is no silent advice—as the hon. Member said—that they should withdraw it. But because of the technical factor or the financial factor the schemes are withdrawn. It is very interesting to know where the hon. Member said that there have been two rejections during the year 1961. Of the two rejections, I may say—without disclosing the name—that one related to one of the top industrialists in the country. It is not as if, only because the concerns relate to top industrialists or to a top group or to » top organisation, we just pass it. It is not true. We examine each application carefully on its merits.

We either approve an application or we give them advice that on merits he cannot expect to be financed out of the loans taken from the I.F.C.

SHRI RAJENDRA PRATAP SINHA: Many big industrialists have joined the Swatantra Party—as my hon> friend over there—and I hope that on grounds of anyone joining another party his application is not being rejected.

SHRI BHUPESH GUPTA: No, no, they will get additional loans if they came back to his party.

SHRI 3. R. BHAGAT: The Board of Direct"" and the Chairman of the I.F.C. d.'not belong to any party; they a ' independent men and they come to independent judgments.

An important point was raised by the hon. Member, or rather, a question was asked whether schemes are rejected due to paucity of funds. A straight answer to that question is that in recent years there has been no rejection of any good scheme due to shortage of funds; there is no. shortage of funds. All schemes are examined on merits and if it is not found possible to advance loans, it is because of their technical unsoundness or the absence of financial viability. For example, you may look at -the financial structure of the Corporation itself. Now the resources that •we get, the Rs. 38 crores that have been disbursed, how has it come? Rs. 151 crores are Government loans, only Rs. 20 crores are from their own resources and Rs. 22^ crores are from "borrowings. So a large portion of it has come from the market or from the reserves, and that shows the way the I.F.C. is working. It is not only strengthening itself financially and economically; it is also playing a very significant role in the industrial growth of this country. The hon. Member made an assault because it was the private sector. In the scheme of the Third Plan we have a dominant public sector, and we have also an

important private sector, because we want to utilise the energies of every citizen in this country. We are not committed to any ideological pattern. We are committed to fast and speedy growth of the country, of the industrial development of the country in which the private sector has also been assigned a role to play, and when we have assigned a role to the private sector in the Third Plan, it is no use objecting to it and saying, "Scrap this I.F.C. Nationalise all banks. Scrap the private sector. Take away all its funds." A more honest way is that you oppose mixed economy or oppose the philosophy of the Third Plan. I agree with the hon. Member that economic development of the country is not a party issue; it is not a political issue. It is a national issue, and the House, by giving its stamp or giving its approval, has committed the whole country to that policy. The hon. Member may object to that policy; the hon. Member may object to the policy adumbrated in the Third Plan. But as long as the private sector is there and it is fulfilling a very useful role in this country, naturally, the instruments to help that private sector, to give finances in the shape of loan capital or equity capital, the banks, etc., have got to be there. So in these respects I think we should be more straightforward and more honest, and so far as Government policy is concerned, we are committed to a rapid development of this counfry, rapid industrialisation of this country. We have a dominant public sector and a crucial private sector, and both the sectors are co-existing with each other, and we have to develop them so as to subserve the national interests. So to do anything at this moment so that the private sector is prevented from playing a useful role would be hampering the interests of the Plan, hampering the interests and the economy of this country. In that respect, Sir, you judge the Industrial Finance Corporation; you judge it on any count; you judge it on its working; you judge it by the reserves that it has built up; you judge it by the

role that it has played, and I invite

[Shri B. R. Bhagat.] hon. Members to page 48, Appendix 'G'. You should not only see the imaginary negative side of the I.F.C. but you should also see the very concrete and positive side of it, the diverse ways in which it is going to help the industries, new industries, new lines of industries, whether it is the machine-building industry or it is the chemical industry or it is the artificial fibres industry—there are many things like that. You take objection to sugar but you do not see the large variety of industries, different branches of industry, where the money or the loan given by the I.F.C. is flowing. So here is an institution which, by virtue of its previous experience, has built an expertise, which has not only a potential which will go to develop the country but which during the Second Plan period has been helpful to a great extent in putting the industries on their feet, has made a noble contribution to the industrial growth of the country and is going to play a still bigger and nobler role in the Third Plan period towards the development of industries. So I hope the House would join me in offering congratulations to an institution which deserves them. Credit is due to this institution which is in such a state where it is playing a useful role and is husbanding its resources in a remarkable way and built a very sound and technically perfect institution equal to the task that has been given to it by the country and by Parliament.

Thank you, Sir.

SHRI RAMGOPAL GUPTA: To allay the fears of Mr. Bhupesh Gupta I may mention that the amount of production that the industry will build up by these loans will give further employment or additional employment to 170,000 workers.

SHRI BHUPESH GUPTA: And retrenchment.

SHRI RAJENDRA PRATAP SINHA: May I ask for an item of information from the hon. Minister? Sir, I would

like to know from the hon. Minister— they have given figures of the foreign exchange that the Corporation has disbursed—whether the Government is considering allotment of more foreign exchange resources to the Corporation so that it may make it available to the private sector; number two, whether it will be possible for the I.F.C. or for the Government to make available to the State Corporations some of the foreign exchange so that the small industries, whose requirements are only up to Rs. 10 lakhs, can also avail of the foreign exchange loan at their own State capitals. Is it possible to evolve some machinery by which the small requirements of foreign exchange by the small industrialists in the different States could be catered to either by the Industrial Finance Corporation directly through the medium of the State Finance Corporations, or some allotment of funds could be made to the State Finance Corporations themselves?

SHRI B. R. BHAGAT: To part one of the question regarding allotment of more funds to meet the foreign exchange needs of the industries, the answer is 'Yes'. We intend to provide more funds. So far as the second part of the question is concerned viz., the State Finance Corporations should also be given such funds, it is a very novel suggestion and we have not received such a proposal. From time to time there have been annual conferences of the State Finance Corporations. If any such proposal comes, we will see, but just now the necessity has not arisen.

SHRI RAJENDRA PRATAP SINHA: No, Sir. It may be a novel suggestion. What I am merely saying is because the State Finance Corporations have no foreign exchange at their disposal except the rupees, the small units, the smaller industrialists, do not approach them. The Managing Directors of the Corporations straightway reject any such suggestion. Now, it is for the Government to consider

how to serve the needs of the small industrialists in the States. What I have suggested is there are two ways. Either the State Finance Corporation could be given some allotment of foreign exchange or else the Industrial Finance Corporation itself could entertain applications from the State Finance Corporations for smaller amounts of foreign exchange loans and some allotment could be made of foreign exchange entirely for the purpose of catering to the needs of small industrialists. It is for the Government to get it examined. They should direct the I.F.C. to study this point. They should direct the Reserve Bank to study this point and then the Government should consider it.

SHRI B. R. BHAGAT: By saying it 'novel' I have not rejected, that.

SHRI BHUPESH GUPTA: Mr. Deputy Chairman, in reply I should like to concentrate on what the hon. Minister has said. But before that I wish to touch on one or two points that my friend, Mr. Sinha, raised. I felt, as he was speaking, that he supported me where I questioned the vertical growth of industries as a result of assistance given by the Industrial Finance Corporation. There he was more or less on the side of socialism or some such thing. But then, again, he was speaking for big advances to the big capitalist class, big money and so on. He was saying why they should not be given money. I wonder if Mr. Asoka Mehta will be saying that when he is addressing an election meeting.

SHRI RAJENDRA PRATAP SINHA: You see this. So long as the Act is there, how can I stop that?

SHRI BHUPESH GUPTA: All right. Therefore, shall we take my P.S.P. friend in this matter as half-capitalist and half-socialist? It is a mixed proposition.

Now, the hon. Minister got up to demolish everything by repeating what is there in the Report. I should have expected, that he would enlighten us a little more assuming that I have created confusion or given a distorted picture. But by merely referring to what is written here neither you set right the distorted picture, nor you eliminate confusion, if I have caused such confusion. He says in his usual way that I speak from the point of view of my ideology and nothing else. If I shared his ideology, I would have belonged to his Party and as such it is quite clear that we have separate ideologies. Yet we have certain common ground in the larger interests of the country. We have some common ground in the present stage of development. I can tell you that whatever I speak is from an ideological position, but my ideological position is broad enough even to include pleas for good assistance to the small and medium industrialists in the country. But his ideology is such that it only backs up the multimillionaire. This is the difference. Now, the hon. Minister may have one set of ideologies on the floor of the House, another set of ideologies in the A. I. C. C. pandal and yet another set of ideologies when he speaks in the Ministry and a fourth set of ideologies when he goes to big business. He may have, but I have only one ideology from which I have to speak and that is the ideology of socialism. Therefore, let us not talk of ideologies.

Then, he says that I have rejected mixed economy. Who told you? Then, I have to reject you. So long as you are there, at best we can have a mixture. Nothing beyond that. We cannot have pure socialism or any such thing or public sector. But what are you putting in the mixture? Therefore, I say in that mixture put less stuff for big money and more money for the people. The mixture should be balanced in favour of the people rather than in favour of big

[Shri Bhupesh Gupta.] money. This is another thing. Therefore, that disposes of that point.

He says that I do not like the private sector. Who told you? In fact, I was pleading for the just claims of the private sector. That is why I was suggesting for one thing that small and medium, and especially medium ones under this scheme, should be helped, deserving cases who do not have any resources, who are not part of big houses like the ones you are helping. Secondly, when I brought this question of regional disparities, I had in mind the medium business and the small businessmen in States like Assam, Rajasthan, Kerala and so on. There you do not get big business houses to ask for loans of Rs. 50 lakhs or more. They may ask for Rs. 20 lakhs, Rs. 15 lakhs, Rs. 10 lakhs and so on, because they are not of a very big size. Therefore, the very fact that very little money is going there, Rs. 3 crores, Rs. 4 crores or Rs. 5 crores, shows that the industrialists there are not being very much helped or taken care of under the scheme of I. F. C. Do not work on percentage basis. Then, he said, include Mysore also. Then, South is almost half of India. Then, you should tell us how it works out in terms of population and so on. I could have understood it. But he will not even do that. These figures here show the region-wise distribution of loans, how you are concentrating your bounties on big business, which is concentrated again in certain special areas like Calcutta, Bombay, Kanpur, my hon. friend's place, and Madras, to some extent perhaps. Now, the hon. Member got up just to help him, that as a result of these loans so many people have been given employment. What is it?

SHRI RAMGOPAL GUPTA: I said j 170,000 men.

SHRI BHUPESH GUPTA: I am not J clear from where he got the figure, i But then as a result of automation I

and rationalisation in the mills in Kanpur, in the mills in Calcutta, jute mills and textile mills all over the country, how many workers have been retrenched? My hon. friend does not know that figure, because his job is to retrench.

SHRI ARJUN ARORA (Uttar Pradesh): May I inform the hon. Member that no industries from Kanpur have been given loans?

SHRI BHUPESH GUPTA: I am prepared to accept that, because we had to carry on a strike to which he was also a party. I agree. I stand corrected.

SHRI ARJUN ARORA: I carried On the strike. You only speak about labour in this House and not in the streets.

SHRI BHUPESH GUPTA: That is very right. When you are such a gallant man speaking for labour in the streets, why should I go and encroach on your ground? I stand on my ground here, but do not quarrel over that. Now, the only thing is sometimes I see you in that company. Therefore, retrenchment is taking place. He said something about sugar. I knew that he would bring in the cooperatives. These are big co-operatives. But the rest of the things, textiles and so on are clearly in the grip of monopolists and in the names I have given all the industrialists are big concerns, private concerns. They are not co-operatives. Most of them are not co-operatives. Do not take cover under the fact that in respect of the sugar industry you have provided some money to the co-operatives. Even assuming that it has gone to the real-co-operatives, it remains to be answered how it is that you are paying money to the others who are not co-operatives. The names are given here.

Now, he said: 'Point out where we are giving money without taking into account the internal resources.' All I can say is that the names are there. To many Bangui-concerns you have

given money. Are you satisfied that Mr. Bangur does not have any resources of his own, from his other concerns, from his bank, from his bullion, from his stock market and so on where he has got terrific investments? Why are you giving money to the person who is in a position to find the money for industrial expansion or development, whatever it is, on his own rather than taxing the Industrial Finance Corporation where the Government, according to its own admission, is providing Rs. 15a crores which is public money? Out of the funds of Rs. 57 crores you have disbursed Rs. 15J crores—Government money. Therefore, we are subsidising the growth of monopoly, the State exchequer is subsidising the growth of monopoly. He calls monopoly a jargon. Well, it is so to him. To me it is a description of reality, and I think I am not the first man to say that. Probably before I was born or rather before I entered politics Pandit Jawaharlal Nehru was writing about monopoly. Therefore, if you accuse me of using a jargon, read his autobiography and the other books he has written, and you will find how full of such jargons they are. You will not blame the Communists.

Then, Sir, he said we have given 43 per cent, of the resources of the borrowing concerns from the Industrial Finance Corporation. From that he rushes to the conclusion that 57 per cent, had been found from their internal resources. How does he know that? I ask him through you, Sir] how he comes to know that 57 per cent, had been found. It is not given here. How does he know that they have found that much of the money from the banks and other resources other than the Industrial Finance Corporation, the Credit Finance Corporation and various other concerns? Mr. Chettiar wrote a letter to the Prime Minister, a copy of which I have got and it was, laid on the table of the House, and he has said from where they get the money: National Industrial Development Corporation, Industries Credit and Investment

Corporation, Refinance Corporation, direct loan participation by the Central and State Governments, foreign capital, all these things are given. Therefore, do not arrive at such a facile conclusion. Just because here in this report it is shown that 43 per cent, of the requirements of the borrowing concerns have been met from the Industrial Finance Corporation, to say that 57 per cent, must have been found from their other internal resources is flying in the face of facts. He is not looking into what they write to the Prime Minister, the copy of the letter I have just referred to.

Again, Sir, he paid a wholesome tribute to the private sector. I am not opposed to the growth of the private sector, a balanced growth without concentration. There again, I refer to a letter written by Shri Jawaharlal Nehru to "Dear Shri Chettiar", dated April 20th, 1960. In that letter referring to the controversy between the private sector and the public sector he wrote, "Partly this controversy has arisen because some people interested in the private sector are constantly trying to run down the public sector. Jawaharlal Nehru." Well, he is now nodding. But why must you wait till I quote your Prime Minister to approvingly nod? Because sometimes I can also say a few good things. Therefore, here is the private sector which means organised industries of which Mr. Chettiar was speaking in his letter to the Prime Minister. He said they were running down etc. These are the people you are helping.

Then he said another thing. He said the director or the shareholder may have one share or two shares. How do you know? Do you live in a director's house so that he will show you all his scrips? How do you know? He may not be a director of another company but he may be a shareholder, and it is quite possible for a Director of the Industrial Finance Corporation to hold a large number of shares in another company which is assisted or subsidised by the Industrial Finance Corporation, yet he may not be a

[Shri Bhupesh Gupta.] Director of that particular loanee company. It may be so. Here again, there is an attempt to cover up things, one share or two shares. If you see the list of the Directors of the Industrial Finance Corporation which you have got here, read the names: Shri K. R. K. Menon, Shri S. C. Roy, Shri C. C. Desai, Shri S. V. Ramamurthy, I.C.S., all these big names are there. Prof. S. K. Basu, Shri S. Ranganathan, I.C.S., Shri K. P. Mathrani, I.C.S.—all the I.C.S. have gone there it seems, so many are there.

SHRI ARJUN ARORA: But none of them is a Congressman.

SHRI BHUPESH GUPTA: None of them. That is your cleverness. You know how to get things done. You put the I.C.S., get things done and get Mundhra to pay to the I.C.S., then chmick him out, then get a Minister to go out and bring him back again. In that game I can never beat you. Here again, Mr. Deputy Chairman, am I to understand that these gentlemen buy one single share in an industrial concern? I should have thought that the hon. Minister had a better idea of these people. They are not people just with a ten rupee note saying, "Mr. Birla sell me a share". They do not do it like that. They buy it in a big bulk, they buy huge shares. That is how they invast. Therefore, he has not been fair to us in this matter. Therefore, please do not try to explain away this shareholder business in this way. Find out what are their shares. You ask these Directors of the Industrial Finance Corporation to disclose the total value of their shares and the number of shares held by them in the companies which have received assistance from the Industrial Finance Corporation. We should have got this account here. It is not very difficult to give this. You do not give us. You conceal things. Therefore, Mr. Deputy Chairman, he has not been fair to me.

When I raised the question of the D.L.F., again he said that I was raising points on ideological ground. The

point that I was trying to make is it says clearly in its articles of association, whatever it is, that it is to build up the private sector. And the Americans build up not tiny ones in a remote village in Orissa, they build up the big guys in very high places in the industrial world, financial giants they build up. The Industrial Finance Corporation is helping our industrialists to get tied up with the Development Loan Fund authorities by underwriting and by giving them guarantees and so on. That does not spell good for the country. That is what I say. This may lead to very serious results in our economy, even in our political life. That is what I say.

Then he said about new lines. How-many new lines we have developed? Read this report. Where? Sugar, textile and paper industries are these new-lines. The bulk of the money is going to very old established lines, and there again to certain very old established concerns. I could have understood him if small men, medium men had been given assistance to expand the industrial scene of our country by setting up new lines and creating new industries in different parts of the country.

SHRI B. R. BHAGAT: If you read the report, you will see there are a number of new lines like artificial fibre, machine building, and so on.

SHRI BHUPESH GUPTA: I have read it. You have stated in your report that these are the industries which are getting assistance, you have given the figure. By reading it you clearly see that these are not new lines. These are old lines in which a substantial concentration has already taken place, interlocking has taken place. This is what I say. Maybe, here and there one or two new things have been started. Now he said that many people are being helped. But nineteen people, between them, got Rs. 31 crores out of the sanctioned Rs. 105 crores. How can you explain that fact? Are they small men, medium men? The number is small



About the rejection of applications, it is hardly a consolation. Diwan Chaman Lall was quite right when he pointed out this thing, it is given in the figures here, that about 300 applications were not approved—shall we put it that way? Then he said that they were not rejected. The cat was out of the bag when he said, "We advised them *to* withdraw it, otherwise it will be rejected, and they will have a bad name in the market."

SHOT B. R. BHAGAT: I did not say that we advised them to withdraw. I said that on technical and financial viability we advised them that this was not technically sound. We did not advise them to withdraw.

SHRI BHUPESH GUPTA: You should not have given that advice. You tell them, because they know you will not give them money. You make it clear, otherwise they would not withdraw.

SHRI B. R. BHAGAT: Does the hon. Member want us to give them money when we think that they should not be given on technical or other grounds?

SHRI BHUPESH GUPTA: Anyway, I am not pleading for these people. All I am saying is, let us face the reality that applications came about 5000 odd; out of which approved 2000 odd; others 3000 odd; these did not receive or did not get; withdrawal or not, they could not come under your scheme. This is the position. I am not pleading for that. Maybe some of them have been justifiably rejected or disapproved. I am not going into this thing. But the fact remains so. Now he says about the paucity of funds. I should have expected the socialist spokesman not to forget socialism. If there are more funds, according to my friend, Shri Sinha's logic, give more money to big business. Well, this is what the

big business people say, "If you have more money, give it to us. If the Government of India has more money, let it give it to us." It is not good logic, and socialism has disappeared here. This is not the position. If you have money, use it profitably because nation's savings are not much and we know that our investible *sui plus* is extremely limited. And when the entire country is run on a deficit budget resulting in deficit financing and heavy taxation in order to step up the saving of the community, we cannot ask the Industrial Finance Corporation to tell the world that it has got plenty of wealth or money to spare. We cannot say such things. In fact, it has got very little that way if you like, if the entire thing is taken into account. Therefore, this is no argument at all. On the contrary, every pie should be properly utilised here. This is our submission. Now, the savings come in the hands of the Government. The Government should not behave as if it is the financier of some business house or some business families. The Government in contradistinction to the private sector should utilise and administer these funds keeping in view the social objectives that we have set before ourselves, that is to say, removing income disparities, lessening the concentration of wealth, helping the underdeveloped regions to develop apace and so on. These are our objectives. Now here they give the money on a profit basis. Capitalists invest the money for profit. Where the profit is quick and high he invests the money there. The Industrial Finance Corporation should not be treated as if it is a sort of consortium or some financial house where they pool their resources together aided by the Government and they spend them as if they are a private bank. It should not be the position. We have not been told by the hon. Minister wherein lies the difference, basic difference, between the Industrial Financial Corporation in distributing these funds and, shall we say, the United Commercial Bank. I would like to know this thing. There should be some difference. For *one* thing, the Government pays Rs. 15

Lbhn Bhupesh Gupta.] crores of subvention every year. "Parliament is responsible for it. It is a body which has been created by the State and under the control of the State. It should not behave as if it is a body which has been created by certain private sector industrialists and so on. Therefore, again on that score the hon. Minister is wrong. I hope, Sir, I have sufficiently demolished his feeble arguments. He limped with his arguments. He tried to advance on crutches. By now, I think he has toppled over. Well, it is for him to say. He cannot say any more because I have the last word for once.

Therefore, I have said this thing. I have very carefully studied the various reports and so on. Now, it is precisely on the score of principle that I want to fight. It is not a question of one or two big business houses. It is not at all my case here that I can take it up by way of questions or otherwise. I challenge the principle. It is no consolation to me that you have passed the amended Industrial Finance Corporation Act to give money to the hotels and, therefore, I should support you, I did not support that particular clause when the Bill was discussed, and I am not responsible for the enactment of this measure. But even the enactment of that amendment did not mean that we should give money to the hotels. Now, we are told 'tourists'. We are told that they are a new source, of revenue- They have given one crore and fifty lakhs to one hotel concern, not to smaller ones in smaller towns. No. There are many very good sights in India, important centres of visit for the tourists. Have you developed a hotel there through the local men, the small men? No. There are people of good means who can do such things. You have not helped them. One man is helped in Bombay and e, he is having a chain in Bombay. You are creating chains. Well, your social objective enjoins

upon you, and your Constitution calls | upon you, to break up this chain. Now he is very happy.

Then, the tourists come. - Well, you have the Ashoka Hotel. I do not object to it. In fact, we fought for it, for a public sector hotel. Kashmir and some other places have hotels in the public sector. Create such hotels, run them well, make them really comfortable places for foreign tourists to come, but the kind of hotel that you are building up neither conforms to the standards of Indian culture nor to our tastes. In some of the private hotels I see this thing. Well, I do not know—this is the advertisement that we see. Do you go to such places? I do not think. If you go, and if you are a Gandhian you should be shut out of your life and you would come out of these places. This thing is happening. We know such things. We know what some of these hotels are. We want to create hotels for the tourists. Yes. I entirely agree with you. But the hotels must conform to the standards of the civilisation that we have. We do not invite funny things from the western countries to cater to the needs of the multi-millionaires who spend their time in Monte Carlo and in various other places. We do not want such places. Indian culture is big enough for anyone to see and take nourishment from, and our hotels should be publicly run hotels, as far as hotels for the tourists are concerned, Rupees one hundred and fifty lakhs are given to a financier to start a hotel. They will have cabaret girls from France or England and will create all kinds of arrangements for entertainment.

SHRI RAMGOPAL GUPTA: They will also get the ballet from Russia.

SHRI BHUPESH GUPTA: Well, they have the Bolshoi Theatre. They do not have this kind of stuff. He may have known me. I have not been there. I lived in Europe. But I never entered such places. They are

frightening places. Even the advertisements are frightening. You read them and look at those pictures and so on. I find that all kinds of campaigns are going on for entertainment. Therefore, a hotel monopoly is going on with that capital. Is it industry? They say it is an industry. Some day we will be told by this Government, "We will provide money for speculation in the Calcutta Stock Exchange. That is also an industry. We will provide money for boot-legging. That is also an industry." If you go on at this rate, I do not know what will not be called an industry, if you start helping the millionaires and the speculators. Imagine how many small and medium-scale industries could have been started with one crore and fifty lakhs of rupees. Give fifty lakhs to one in Punjab, give fifty lakhs to one in Assam and give fifty lakhs to one at some other place. Three industries will come up, will provide employment, will build up the economy, rather than bringing in a number of cabaret girls to run a hotel chain. Now, Sir, our conception of Indian civilisation is not the extension of cabaret dance or some such facilities, night-club facilities. It is not so, I make it very clear.

One last word, Sir. He mentioned about the State Finance Corporations—I say, yes, they are there. But they are under the control of the same gentlemen. Here they take the money. Mr. Birla, for example, takes the money from here. In West Bengal he is the Chairman of the State Finance Corporation. You see? Therefore, it is just tweedledum and tweedledee.

Therefore, they are very much integrated. The State Finance Corporations are not helping the growth of the small and medium industries in the States. They are again becoming a means of concentration of wealth, of seeking advantage out of the funds, in order to build up certain business houses and so on. The whole thing, therefore, stands con-

demned by itself and the hon. Minister's fig-leaf will not cover the shame. Therefore, I demand a review of the entire policy of the investment in good, clear conscience, in consonance with the policies which are preached outside by the Congress Party so that the Finance Corporation runs properly.

One word about the management. I do not want to say anything . . .

MR. DEPUTY CHAIRMAN: Order order. We have to take up another business.

SHRI BHUPESH GUPTA: Let it be understood, I do not want to say anything against them, the management. What can they do? It is they who are guided. I do not want to blame the management, officers and so on. They will do good things if proper directions are given. But the directions are blackening not only their faces, but are blackening the faces of the officers making them the subject of public criticism and so on. This is all that I say. I hope that something will be done.

5 P.M.

**HALF-AN-HOUR DISCUSSION *RE* USE  
OF I.A.F. PLANES BY MINISTERS  
OTHER THAN THE PRIME MINISTER  
AND NON-OFFICIALS FOR PARTY  
AND ELECTION PURPOSES.**

SHRI DAHYABHAI -V. PATEL (Gujarat): Sir, when this House met on the 27th of the last month for this Session, there were a number of questions on the very first day about the use of I.A.F. planes. The background, Sir, is the Starred Question No. 176 that I have asked on the 18th August about the use of an I.A.F. plane. My Question was, "How did the Prime Minister go to Orissa when he went there during the mid-term election?". The answer to that question was that the Prime Minister