

THE INDUSTRIAL FINANCE CORPORATION (AMENDMENT) BILL, 1952—continued.

MR. CHAIRMAN : We go back to the further consideration of Mr. M. C. Shah's motion to take into consideration the Bill further to amend the Industrial Finance Corporation Act. I would like to interrupt the proceedings as soon as the Prime Minister arrives here, as he has agreed to make a statement on the question of the fast of Shri Sriramulu and the Andhra Province issue. So, subject to that, I would ask for the discussion to go on.

SHRI M. P. N. SINHA (Bihar) : Mr. Chairman, I will not take much time. I will speak with regard to certain figures so far as the work of the Industrial Finance Corporation is concerned.

Sir, as we all know, this was established, as it was said at that time, with a view to help the industrial growth of this country. It was not said then, nor can it be maintained today, that this Corporation was established with a view to helping the rich to get richer. I will tell the House how the Corporation has worked. I will not speak from my personal experience ; I will base my remarks on the report that we have before us. It is stated in the Fourth Annual Report of the Corporation, at page 1 :

"The Central Government in pursuance of Section 5 of the above Act, have guaranteed a dividend of 2 1/4% per annum on the Share Capital."

It is stated that the saving is Rs. 8,25,290-9-0, and the report says :

"It is proposed to utilise the above amount of Rs. 8,25,290-9-0 towards the payment of the dividend and to call upon Government for the balance of Rs. 2,99,709-7-0 to make up the guaranteed dividend. The total amount already drawn from Government by way of subvention to meet the guaranteed dividend declared for the first three years amounts to Rs. 23,89,416-13-6."

Sir, it is clear that this concern is running at a loss. Government has guaranteed a minimum dividend of 2 1/4 per cent. This concern has not been able

to pay that dividend, and for the last four years Government has been called upon to come to its rescue and to make a contribution to fulfil the pledge given to the shareholders.

Now, let us see how many Directors there are. I am talking of the year which is under discussion, and of which the report is before us. There are three Directors and I take it there is one Chairman. Between these four persons, we find, on the expenditure side, Directors' fees and expenses take up Rs. 23,462-12-0. We also find that there were six meetings of the Board. So for each person and for each meeting Rs. 1,000 was spent.

THE DEPUTY MINISTER FOR FINANCE (SHRI M. C. SHAH) : May I intervene ? There are 12 Directors and not four as stated by my hon. friend.

SHRI M. P. N. SINHA : The hon. Minister says there are 12 Directors, but it is not in the report. I do not know where it is.

SHRI M. C. SHAH : In the Act.
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SHRI M. P. N. SINHA : So for 12 Directors and for six meetings, Rs. 24,000 was spent.

Sir, we find from the report that the expenditure on establishment is Rs. 3,87,615. I consider that this is a very big item on the expenditure side. We have no details, and I certainly agree that it is not very safe to go into details about the expenditure unless we have all the papers before us. But to me it appears that for a concern which is a losing concern to have spent so many lakhs on establishment is not good management.

It has not been stated by the hon. Minister moving the Bill whether there is any prospect of this Corporation making any profit in the near future or even in the distant future. We find that the rate of interest which was charged for the loans which were advanced was formerly 5 1/2 per cent., and it has now

[Shri M. P. N. Sinha.]

been increased to 6 per cent. This rate of interest is not a small rate for industrial concerns. I should think that at this rate money should be available to respectable and well established firms from banks directly. You also say in your report that in most cases the interest has been paid and the instalments also have been repaid in good time. Well, I for one do not see why, when you have earned $5\frac{1}{2}$ per cent. or 6 per cent. interest on your investments, you should not be able to pay a dividend of even $2\frac{1}{4}$ per cent. I confess I am not an expert, but to a layman it looks very absurd, and certainly it discloses bad management.

Then, I come to the province-wise list of the grants made. We have also a list giving the names of the different industries which received help. I find that there are many States which have received no help or have received very small grants : for example, Bihar, Punjab, Orissa, Madhya Bharat and a few others. I do not grudge the grants given to those States which have received them, but my fear is that those are the important places and there are industrial magnates living there who have got high connections with the people in charge of the management of industrial finance and get most of it, but people who do not have that approach and for whose benefit primarily this Corporation was established have not been given sufficient consideration at the time of the disposal of the applications.

Well, Sir, then with regard to certain industries, personally I feel that industries like aluminium, chemicals, canning of fruits etc., glassware and cottage industries like the handloom and the rope industry in the South should have got some special consideration in the matter of receipt of the grants.

At one place it has been said :

"In order to enable the Corporation to plan its operations better, the Corporation issued a questionnaire to the Chambers of Commerce and other industrial organisations and also to some selected industrial concerns to elicit information regarding their likely requirements from the Corporation. The information received is being studied."

in this respect, Sir, I would suggest that in future probably it may be of some help to issue copies of these questionnaire to the hon. Members of this House, because after all they are alive to the needs of the people in their respective parts and probably they might suggest to certain people connected with certain industries to take advantage of this Corporation. My fear is that most of the people do not know how to take advantage of this Corporation.

Sir, much has been said about maladministration, in the other House and here, of this Corporation. Well, in the first instance, I do not understand Sir,—I have made efforts to understand it, but I have failed to do so—why the Government considers it unsafe and not proper to disclose the names of such concerns as have received loans. There was a great *furor* in the other House with regard to this matter. We all feel here that this is not any matter connected with the safety of our country. And I for one do not see any reason why Government should not disclose the names of such persons who have received or who will in future receive such help. The gravity of the situation is evident when it has been openly alleged, not only outside but also on the floor of these two Houses, that the Chairman and Directors make grants to their relations and friends. So much has been said about Shri Shri Ram. Personal allegations have been made against him and then to withhold the names, I can only say, establishes those charges. Those charges are thus proved. Otherwise there was no reason for the Government not to disclose the names. Well, if they say that they are not going to disclose this information, I think we on this side and as a matter of fact all the Members of the House should feel that it is not fair to us to make us a party to a thing of which so much has been said and which is kept secret from this House. Why make us a party then to this *unpious* measure ?

I will again tell the Government that the primary object of this Corporation is to help minor industries, small industries, and poor people, middle class

men. They have to take advantage of it. The rich people who have got their *vested* interests are rich enough to manage their own affairs. There are thousands and thousands of people, Sir, educated, who have got no livelihood, poor people, middle class men. They do not know what to do, how to make the two ends meet. They could form themselves into companies and thus get help from this Corporation. But nothing is being done here. What is being done here is that these grants are made to relations and friends who are already rich enough. Sir, in this free India, that was hardly expected. Well, my grouse is, and people who feel like me think always that the Government is putting up a big show but without much real advantage to the people. Sir, I would say at least for heaven's sake, please disclose all the names of persons who have received the grants.

MOTION FOR PAPERS *RE.* SHRI SRIRAMULU'S FAST FOR THE FORMATION OF ANDHRA STATE

MR. CHAIRMAN : Now, I would request the Prime Minister to make a statement on the question which was raised yesterday here—the motion for papers with regard to Shri Sriramulu's fast in connection with the question of Andhra State.

THE PRIME MINISTER (SHRI JAWAHARLAL NEHRU) : Sir, If I may say so, so far as the personal aspect of this fast is concerned, every one must be very much concerned. Also, when any person is prepared to suffer to this extremity for a cause which he considers important, that must necessarily impress and move people. But, Sir, as you know and as has often been stated before, this method of fasting to achieve administrative or political changes is one which is likely to land us in great difficulties, if we once accept it. In the ultimate analysis it really puts an end to parliamentary or democratic government.

But, coming to the object of the fast, that is to say, the formation of an Andhra Province, as far as I remember, the motion for adjournment, Sir, be-

fore you not only refers to Andhra Province, but rather precisely to an Andhra province including the city of Madras, if I am not mistaken.

MR. CHAIRMAN : I think, Mr. Prime Minister, that you are thinking of the adjournment motion in the other House. Here the motion for papers is simply in connection with the Andhra Province.

SHRI JAWAHARLAL NEHRU : I am sorry if I made that mistake.

MR. CHAIRMAN : It simply says this :

"I hereby give notice of a motion for papers to discuss a matter of specific urgent public importance arising out of the precarious condition of Shri Potti Sriramulu who has entered the 51st day of his fast for the immediate formation of a separate Andhra State with the city of Madras as its capital."

So, it is not an adjournment motion but a motion for papers.

SHRI JAWAHARLAL NEHRU : As I said, "Andhra State with the city of Madras as its capital" is the most controversial part of the issue in this motion. Now, Sir, to ask the Government to issue a statement deciding a highly controversial issue like this in this way, I do submit, Sir, to this House, would be a very extraordinary and most unjustified procedure and, so far as this fast is concerned, I do hope that Shri Potti Sriramulu will, even at this last moment, discontinue it. While, on the one hand, this fast should not make us do something which we would not otherwise do, on the other hand, it should not come in the way of doing something which would otherwise be done.

So far as the Andhra Province matter is concerned, we have repeatedly stated—and I stated it in this House too, I believe on the last occasion—that we are anxious and eager to get this matter settled. But we came to the decision that we did not wish to impose our will on any large section of the people and therefore we invited them with a view to come to some general agreement