

MR. DEPUTY CHAIRMAN : Order, order.

SHRI RAFI AHMED KIDWAI:

As I said at the very beginning, the food policy has been explained in the Planning Commission's Report. I thought hon. Members taking part in this debate would come after reading the relevant chapter there. As I have already stated, the food policy is to produce more so that we may stop imports after some years, and to arrange the distribution in a way that there is fair distribution at reasonable prices. Now, to achieve this objective, this policy has from time to time to be adjusted. I have shown that relaxation has helped, and in most of the areas in North India and also in Central India food grain is available cheaper today than it has ever been during the last five or six years. It is true that there is a downward tendency in the prices of commodities and it was to take advantage of that that this adjustment has been made.

What was the situation in U. P. when we relaxed controls ? In the District of Saharanpur, the off-take from the ration shops in the rationed area was only 53%. It was so, because, outside the rationed area, the prices of wheat were much lower than the prices in Government shops. Similarly, the off-take in the whole of Western U. P. had gone down at some places by about 20% and at others by about 30% and, as I have said, in Saharanpur, it is still more. This was the phenomenon and I have also stated that in Rajasthan the off-take of wheat from Government shops was reduced from 8,000 tons a month to a thousand tons a month. Similar was the situation in other places and it was also seen, as some Members have complained, that when Government procure any food grain, they added something for administrative charges and when they exported it to other States, the exporting charges were also added and also the administrative charges of the second State. Therefore, the food administration of Government / raised the prices, and, so, it was thought '

that if food controls were relaxed perhaps the producer will get a little more, and, also perhaps, the consumer will pay a little less and both the increase for the producer and the decrease for the consumer would come out of the administrative charges saved.

Now, I know a case where a State Government purchased at Rs. 28 and exported it to another State at Rs. 38. Now, the other State had to pay the transport charges and had had to add its administrative charges and the economic price came to about Rs. 43 per maund. Now, that a commodity which could be purchased in one State for Rs. 28 should be sold in the other State at Rs. 43 a maund was ridiculous. All that had to be kept under control. Therefore, these relaxations have been made. I can cite another case. The controlled price of gram in the producing areas was Rs. 12 per maund and in the consuming areas it was Rs. 14.

DR. P. C. MITRA (Bihar) : It was Rs. 22 in Ranchi.

SHRI RAFI AHMED KIDWAI : That was long ago; I am talking about recent cases.

Now, one State procured gram at Rs. 12 per maund and supplied it to the consuming State at Rs. 14/10/-. When this gram was taken to the consuming State, that State had to bear the transport charges and also add their own administrative charges and they found that they could not sell it at less than Rs. 18 per maund. Therefore, they had to keep it in stock and when it started deteriorating, then, to enable them to realise their price, I had to remove the ceiling price, as otherwise it would not have been possible for the State to sell it at a higher price than the controlled price.

These were the difficulties that we were faced with and I thought that it was time we tried other methods, and that is why these relaxations have been brought in.

I think, I have tried to state in a few words the Food Policy, the lack of which has been complained of by many. Although hon. Members have said that our statistics are not to be relied upon, still, to attack the policy, they have quoted from those very statistics. As hon. Members know, when I studied the statistics and found that Rajasthan people are supposed to live on less than 5 oz. a day throughout the year, it was difficult for me to believe. But, if you see the production figure of Rajasthan and add to that, whatever was supplied from the Centre, then, the per head supply comes to less than 5 oz. a day.

SHRI M. S. RANAWAT : Wheat only in Rajasthan; the other food grains were never controlled in large areas.

SHRI RAFI AHMED KIDWAI : I am talking of the total productivity of the State—wheat, rice, jowar, or whatever it is—and, adding to it whatever was supplied to them by the Centre, it seemed that they were living on less than 5 oz. a day. And then, next year, I found that they were not able to...

SHRI M. S. RANAWAT : The Rajasthan Government was probably trying to deceive you by giving you wrong figures.....

SHRI RAFI AHMED KIDWAI : It was not the Rajasthan Government which was giving wrong figures. There was then the jagirdari system. The jagirdars did not allow any patwari to record the acreage that was under cultivation, and therefore it was all guess work. Now that has been abolished and I hope correct figures will be available. The same was the case with Madhya Bharat. Madhya Bharat was supposed always to be surplus in food production. But if you look into the figures, you will find that there also the people were living on 6 oz. a day.

These instances led me to discard statistics. Then we had to rely on the statistics which cannot be ques-53 C. s. Deb.

tioned : that is, the food grains that we procured locally ; the food grains that we imported ; and the stock that was left. That gave us some idea as to what was the deficit.

Another friend has said that the control is not total control. I hope hon. Members will realise that we have got a democratic Constitution. It is difficult for us to assume the role of a totalitarian.

SHRI B. C. GHOSE : Is the hon. Minister referring to me ? I did not say that. I said that those who asked for total control felt that we had total planning here. We have no total planning here, so there cannot be total control. That is what I said.

SHRI RAFI AHMED KIDWAI : But, as I said, we can control only to the extent to which we can persuade our population. People are tired of this sort of control that we have. They were very irksome. There was the instance of a certain producer : because his production fell in another village, he was not allowed to take it to his own village. Such difficulties were there. They are still there, but they have been very much reduced. And the sort of controls that we had— I wonder how people thought they were working wonderfully well. In Punjab we are supposed to have monopoly procurement. That is, the producer cannot sell to any one but to Government. And still a very small proportion of the population is being supplied by Government. We have to consider how the other people are living. When private trade is going on, we live under the impression that Government has the whole trade.

Pandit Kunzru referred to some dispute about figures between me and the Finance Minister. I think he is under some misapprehension. I quoted from the production figures all over India, and said that because the procurement was less in this area, the production had increased. Now, when I was speaking, somebody supplied figures to the Finance Minister showing that procurement in Punjab was very substantial, and* therefore there was

Shri Rafi Ahmed Kidwai : I no leakage, and production there had also increased. Now, I showed to the Finance Minister that although he had been supplied with correct figures, the case had not been explained. And I showed him the figures of production year by year.

SHRI H. N. KUNZRU : May I correct my hon. friend? When I referred to the Finance Minister, I referred to what he said about the production of food in Northern India and in Southern India and I said I agreed with him. The other thing that I said was that there was no evidence to show that the acreage under cultivation had increased in Northern India by a comparison of the acreages relating to the years 1946-47 and 1947-48 with those for the years 1949-50 and subsequent years.

SHRI RAFI AHMED KIDWAI : I was just pleading and I referred to Punjab also and said that because procurement was loose and leaky, therefore the production had increased.

'SHRI H. N. KUNZRU : Not the production, but the hon. Minister said 'procurement'. Procurement is very different from production.

SHRI RAFI AHMED KIDWAI : I said that because the procurement was loose and leaky, the production had increased.

SHRI H. N. KUNZRU : That was a general statement. But what the hon. Minister said—if he will look into his own speech with regard to Punjab—was that on account of the controls being leaky or something like that, the procurement there had increased recently.

SHRI RAFI AHMED KIDWAI : That is what I explained—that although there was the same system of procurement, i. e., monopoly procurement (*Interruption*) yet in two years while the production was high, the procurement was 47 thousand tons and 46 thousand tons. In the following year, while the same system was

followed, the procurement was over 2 lakh tons. The prices in the earlier years were higher than the procurement prices. I had explained this to the Finance Minister, that because the outside prices were higher than procurement prices, therefore for the first two years the procurement was only 46 thousand and 47 thousand tons. Then the Moga prices which are daily published in the papers came to 12 rupees and the procurement price was 13, naturally the procurement went up but procurement remained loose and leaky. The procurement prices were higher than the outside Moga prices according to the standard of prices.

SHRI H. N. KUNZRU : Will not my hon. friend recognise the difference between production and procurement?

SHRI RAFI AHMED KIDWAI : No, I will not. Because I said that when the producer gets a higher price, he produces more and that is why I said that when Madras and Mysore had a more restricted system of procurement, naturally the people diverted land to commercial crops while here, in Northern India, they produced more and more cereals.

Now I am coming to that point which my friend Mr. Kunzru raised because really he advanced it as a criticism, but it was my own point. Now in Madras they were feeding a small proportion of the population from the ration shops, but they procured so heavily that a very small quantity was left for the larger number of people. Therefore, prices were high. Naturally this change in the policy left more for the open market and prices came down. I tried that in Calcutta itself. When I went to Calcutta, there I was told that about 7000 maunds a day were smuggled and it was being sold in Calcutta city at a price of about 60 rupees a maund and the result was that in the mofussil area, from where it was smuggled, prices had risen to Rs. 45 and 50. Therefore I say : Why should I not supply the rice at reasonable rates? That way the rural prices will come down. And we tried it.

We opened economic price shops from which the people who wanted extra rice were supplied rice at 32 rupees a maund and the prices in Nadia and other places where they had risen to Rs. 45 or more, came down to Rs. 32 or 28. Today I am told that the prices outside the Calcutta area in the open market are so low that the consumption from our economic price shops which had gone up to 5000 tons has come down to 3000 tons.

SHRI B. C. GHOSE : That is because of the quality of rice supplied in the economic price shops.

SHRI RAFI AHMED KIDWAI : It is of very good quality. I think my hon. friend does not know the position.

SHRI B. C. GHOSE : I come from Bengal and I know the position.

SHRI RAFI AHMED KIDWAI : Sometimes people come from Bengal and yet do not know what is happening in Bengal.

SHRI H. D. RAJAH : Is it not a fact that complaints were received from Madras that the off-take of rationed rice was coming down because people were not taking the supplies from the ration shops because of bad quality ?

SHRI RAFI AHMED KIDWAI : That was when there was rationing. It was being mixed up. Now better quality rice is being supplied.

SHRI B. C. GHOSE : The quality is bad definitely in the economic price shops.

SHRI RAFI AHMED KIDWAI : An hon. Member from Orissa complained, and rightly complained, though not in the right language.....

SHRI S. MAHANTY : You can correct it. The sentiment is there.

SHRI RAFI AHMED KIDWAI : There were two Members who spoke who were that into my mouth. I think I was the first from Orissa. He complained that although person Orissa was supplying rice to the Government of

India, the Government of India is not doing anything to help Orissa to develop the rice area. I myself am realising it and when I went to Orissa last time, I told them that I would give some special grant to them for the development of the rice-producing

1 areas. It was open to us to offer higher prices for the rice that we produced but it could have hit hard the poor people of Orissa. Therefore, although this grant will not go directly to the producers, it will be used for giving facilities to the producers such as building up roads, improving irrigation and so on. I promised this to them and it has been agreed to and they will soon get a good grant this year and probably more grant next year.

AN HON. MEMBER : They are having the Hirakud Dam at the cost of several crores of rupees.

SHRI RAFI AHMED KIDWAI : I am sorry that I do not find my friend Mr. Gupta here in his seat. I was surprised not by his thunder but by his moderation. When I went to Calcutta, I consulted all the parties and the leaders of the Communist Party met me more than once. Before I left Delhi for Calcutta, the leaders of the Communist Party of Bengal here in Parliament also met me and I got their agreement before the scheme was finalised. Because they suspected that the Bengal Government wanted to delay the introduction of that scheme, they agitated for the implementation of what they called the Kid-wai Plan. Now that the scheme is being implemented, they are agitating against it. Yesterday, they met me and suggested to me an addition. I said that I would try that also but now I am afraid that, if I accept it, they will find a third excuse.

Now, Sir, I have tried to reply to all the criticisms that I could remember.

Sir, there was some criticism that I do not deserve. There is my friend Shri Saksena from Lucknow. I had not thought

of the question of purchasing power. He put that into my mouth. I think I was the first

[Shri Rafi Ahmed Kidwai.] who raised this question of purchasing power. When I went to Madras a group of men, a few Bengalees, and three or four Madras people told me that the people had no purchasing power. Therefore, "those of us, who have no work should be given work and those of us who do not have sufficient income should be enabled to purchase rice at the lower rates". I persuaded the Bengal Government to sell rice and food grains to the people of lower income at subsidised prices and to start work-centres. Therefore, I never said that the people have the purchasing power.

SHRI H. P. SAKSENA : Thank you for the favour.

SHRI RAFI AHMED KIDWAI : Then, there was the criticism from the other side that we are shirking our responsibility. On account of the failure of rains in one locality or another we are not having proper yield and therefore the number of people whom we are feeding in one sector is increasing. In 1949, it was 80 million people. These are the statistics we have got. On 1st December 1948, we were feeding 80 million people. Next year, up to the same date, the figure was 119 million people. Next year, it was 124 million people. In 1951 the figure rose to 126,750,000. And this year, it is more than 130 million people.

SHRI B. C. GHOSE : Is it under rationing ?

SHRI RAFI AHMED KIDWAI : It is not under rationing—Just as Rayalaseema is not under rationing, just as the eastern districts of U. P. are not under rationing, but people who suffer from want of work are given work and then we supply them with grain to feed themselves and their families. Therefore, to say that we are shirking our responsibility is wrong.

Mr. Gupta has asked what will happen if rationing is given up in two or three cities in Bengal. Today, we have received information from the

Bengal Government that the demand from the different mofussil areas from the ration shops has gone down because the prices are low. Therefore, these shops will be closed. But as soon as prices rise I assure the House that fair price shops will be opened and the people will get the requirements at the price at which they are getting today.

MR. DEPUTY CHAIRMAN : Is the hon. Minister accepting any amendment ?

SHRI RAFI AHMED KIDWAI : I am accepting Mr. Sanjeeva Reddy's amendment.

MR. DEPUTY CHAIRMAN : Mr. Mahanty, you want your amendment to be put to vote ?

SHRI S. MAHANTY : Before I withdraw, I have only one question to ask the Minister. I want to know what amount the Centre is going to grant to the Government of Orissa ?

SHRI RAFI AHMED KIDWAI : It is still under calculation.

PROF. G. RANGA : What is the position in regard to Travancore-Cochin ? Is it complete derationing ?

SHRI RAFI AHMED KIDWAI : No, it is not complete derationing. But the producer has some difficulty in taking his produce from one market to another and therefore, after paying the levy, he is allowed to take any place he likes. When I went there, I was told that every consumer who holds a ration card is expecting the abolition of it. I was told that everybody does not take the wheat portion of the ration. Therefore, the wheat portion is only optional.

SHRI S. MAHANTY : I withdraw my amendment.

The *amendment was, by leave, withdrawn.

*For text of the amendment vide column 1552, of the Debates.

MR. DEPUTY CHAIRMAN: Next is Mr. Rajah's amendment.

SHRI H. D. RAJAH : Before I decide about the fate of my amendment

MR. DEPUTY CHAIRMAN: You would like to ask a question ?

SHRI H. D. RAJAH: Yes. I should have expected in the reply from the hon. Minister for Food that a minimum price to these poor peasants would have been guaranteed in terms of the Grow More Food Enquiry Committee Report but our Minister was wonderfully ignorant or blissfully silent about it. He has not spoken a word in regard to that. If he will enlighten me about that, it will be better.

SHRI RAFI AHMED KIDWAI : Some of the relaxations that we have introduced are to ensure that the peasants get a better price. Now in the Madhya Pradesh the bajra prices came down very low—so low that in one market—it was in the Wardha market—it was quoted at Rs. 6-4-0 a maund which means when the price was so low in the mandi, the producer must have been selling it at Rs. 5 or Rs. 5-8-0. Therefore we introduced this new departure that any other State may go there and purchase it and as soon as this announcement was made, the prices have come up to about Rs. 8 or Rs. 9.

SHRI H. D. RAJAH : I withdraw my amendment

The *amendment was, by leave, withdrawn.

MR. DEPUTY CHAIRMAN : Mr. Gupta is not here and so I put his amendment to vote.

MR. DEPUTY CHAIRMAN: The question is :

That at the end of the motion the following be added, namely :—

"and having considered the same, this Council regrets that Government should not have assumed the responsibility of feeding the people but should have at the same time imposed compulsory levy on the peasantry."

The motion was negatived.

MR. DEPUTY CHAIRMAN : Mr. Sanjeeva Reddy's amendment has been accepted by the hon. Minister.

The question is :

That at the end of the motion the following be added, namely :—

"and having considered the same, this Council approves of the policy of Government regarding general control of food grains and welcomes the desire of Government to adjust the same to suit local or temporary conditions, without prejudice to the basic objectives."

The motion was adopted.

MR. DEPUTY CHAIRMAN: Now I shall put the amended Resolution to the House.

The question is :

That the food situation be taken into consideration and having considered the same, this Council approves of the policy of Government regarding general control of food grains and welcomes the desire of Government to adjust the same to suit local or temporary conditions without prejudice to the basic objectives.

The motion was adopted.

The Council then adjourned till a quarter to eleven of the clock on Saturday, the 13th December 1952.

†*For text of the amendment *vide* column 1552 of the Debates.

COUNCIL OF STATES

Saturday, 13th December ^952

The Council met at a quarter to eleven of the clock, MR. DEPUTY CHAIRMAN in the Chair.

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

MR. DEPUTY CHAIRMAN : Now we have further discussion of the following motion moved by Shri M. C. Shah, on nth December 1952 :

That the Industrial Finance Corporation (Amendment) Bill, be passed,

Mr. Sundarayya.

SHRI P. SUNDARAYYA (Madras) : Sir, I get up to oppose this Bill even at this stage, because though the purpose of the Bill, as has been pointed out during the whole of this discussion, has been to help the Indian industries and it is for that purpose that the Industrial Finance Corporation has been floated, the whole working of this Corporation from the facts which have come to us has not tended towards helping the real industrialisation of our country. Further, this Bill gives the additional right to the Corporation of borrowing from the International Bank for Reconstruction and Development to which the Government also has to give guarantee. The Government has not given us the full facts about all the concerns which have received aid from the Corporation and without that information it is very difficult for us to completely expose the way in which this Corporation has been functioning. However, from the few facts that we know, and the information about the firms or concerns which have been brought to the notice of the House by various Members, it is evident that this Corporation is being used by individuals and by certain industrialists to make profits, using Government's funds, the taxpayer's funds to make these profits, at the cost of the consumers and at the cost of the general public.

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The Orissa Textiles has been quoted again and again here, and there was heated discussion about it. Whether the Industrial Finance Corporation has been unduly influenced to give the particular loan to this particular company—the Orissa Textiles Limited—that question has been thoroughly discussed and I am not going into that aspect of it now. I would, however, want to take up other aspects which the Deputy Minister for Finance has touched. This textile mill which took about Rs. 80 lakhs as loan from both the Industrial Finance Corporation and also from the Orissa Government though it has a paid-up capital of Rs. 74 lakhs only, made, profits in 1952 of about Rs. 37 lakhs. This concern has got under its employment only 1,800 workers and the wage bill, as per the hon. Minister himself, has come to only Rs. 22 lakhs.

THE DEPUTY MINISTER FOR FINANCE (SHRI M. C. SHAH) : I said it only approximately, because I have not got the figures of workers. I calculated approximately according to the spindles and the looms, the number of workers. I have not got the exact I figures.

MR. DEPUTY CHAIRMAN: The hon. Minister may reply to all these points at the end.

SHRI P. SUNDARAYYA : Even if it is an approximate figure, it cannot be totally wrong. The correct figure may be a few hundreds more or less. So here is a concern which gets a profit of Rs. 37 lakhs and pays its 1,800 workers a wage bill of only Rs. 22 lakhs. Sir, this is exactly what we object to. The industrial development of the country, the development of undeveloped parts of the country like Orissa or other areas, does not mean the aiding of some industrialists to exploit the people and amass huge profits by utilising Government funds. To this we strongly object. It would be far better—and we press on the Government this point to be borne in mind, not only in connection with this Bill but in the case of other measures also—it would be better to bear in mind the principle that at least minimum wage is

[Shri P. Sundarayya.]

given to the workers and the profits are limited, and if over and above that limit any profit is made by the concern, that should be taken over by the Government. Otherwise there is no sense in utilising the public funds, just to bolster up the private industries and help them to make huge profits. Unfortunately, it is not in the Orissa Textile Mills alone that this sort of thing happens. From these and other facts the conclusion that anybody can draw is that the Government advances loans from public funds, from its treasury, to these various private concerns and allows them to make huge profits. Not only that, the Government even starts new industries and after a certain stage hands the new industries to private industrialists so that these industrialists could reap huge profits and amass wealth, at the cost of the Government, at the cost of the general public and at the cost of the consumer and the wage-earner. I can give one example from Hyderabad to illustrate this policy of the Government. In Hyderabad there is the Sirsilk Ryon Factory and there is also the Sirpur Paper Mills. These were developed by the investing of crores of rupees by the Hyderabad Government. Now the Hyderabad Government, with the permission of the Government of India and with the advice of the Industrial Finance Corporation, is going to hand over these concerns to Birla and Company. If this concern was in need of capital, the Government should have advised the Industrial Finance Corporation to give grants to them so that they could be run properly and the profits earned might be taken advantage of. Instead of doing that the Government has given the advice to hand over the concern to private hands. This is the advice that the Government of India gives to State Governments and naturally they also tow the line of the Central Government. So an agreement has been or is about to be concluded to hand over these concerns to private hands. The whole policy of the Government in this Industrial Finance Corporation and also in other fields is to allow public funds to be used by individual industrialists for making huge profits, all under the garb of the industrial development of the coun-

try. This policy of the Government we totally oppose. Since the Finance Corporation is the instrument for the transfer of public funds and their utilisation by individual industrialists to the detriment of the general public, we oppose this Bill.

I now come to my next point. In the course of the discussion, hon. Members on the Opposition side and the hon. Minister vehemently stated that there was nothing wrong if relatives or people connected with the Directors and Chairman of the Corporation got loans from the Corporation. What is wrong in their getting loans, so long as there is the necessary guarantee for the loans? That is what they ask. Sir, for those hon. Members on the opposite side, this seems to be nothing strange. I have got security, thousand securities and assets and, therefore, I can approach my own relatives who are in influential positions and get as much loan as I can.

MR. DEPUTY CHAIRMAN : Mr. Sundarayya, has not this question been sufficiently dealt with in this House?

SHRI P. SUNDARAYYA: I am talking about this point particularly.....

MR. DEPUTY CHAIRMAN : There is no use repeating the argument—Please confine yourself.....

SHRI P. SUNDARAYYA: I have not repeated the first argument.

MR. DEPUTY CHAIRMAN : The first is not repetition, but the second is repetition. So, please avoid repetitions..

SHRI P. SUNDARAYYA: My point is this that it is normal for industrialists to take advantage of their relatives who are in a position to help them. This is exactly what we object to—this is what is called nepotism in ordinary people's language and this is what we really object to; the idea of spending public money by the people who are in a position to do so, not in the interest of development of industries but in the interests of their own relatives, those with whom they have got close relations. We strongly object to this kind of thing and we wanted to

know the facts from the Government but they are not agreeable to give the facts. My colleague, Bhupesh, has brought half a dozen concerns to the Minister's notice but, in only one or two cases, the Minister has given facts and in regard to others, for instance, Bangalore & Mysore Leather Co., or the Jay Engineering Works, he has kept mum ; most probably the Minister might not have got the facts.

The third point which I want to mention is about the International Bank Agreement. The Government says that the International Bank for Reconstruction and Development has said that the Government must guarantee the loans and since we want the Industrial Finance Corporation to get more money to advance loans for the industrial development, it is but proper that the Government gives guarantees ; but, we want to know the terms under which the Bank is granting these loans. Without our knowing that, it is very improper on the part of Government to come and ask for our consent. They hold a sealed cover containing the agreement and want us to ratify that even without giving us the facts. That is why I ask the Minister in charge of the Bill in this House itself whether he can place that agreement on the Table of the House. Of course, it is secret and it would not be placed. We have no objection to get aid or loan from any country whatsoever, but we want to know the conditions under which these loans are being got, because, we have got some experience of the International Bank and the conditions which it imposed in regard to certain other loans. The other day, in reply to one question, the Deputy Minister for Food & Agriculture said that at the time when we took a loan from the International Bank for the purchase of tractors, the International Bank said that the tractors must be bought from a certain country. Sir, that is why, we must know the conditions and the House is justified in asking and they have the full right to demand these facts so that they can judge whether the agreement concluded with any foreign Bank is advantageous to our country or not.

We also know that the International Bank has charged us 4% on some of the loans which have been granted while they got the same at 2 1/4% or 2 1/2%. We also do not know other terms and conditions it lays and there may be conditions which even infringe on our sovereignty and independence also. Sir, that is exactly why, when the Government comes forward with a Bill asking us to give it authority to guarantee these foreign loans, it is just and proper for this House to demand the full details of them before it gives its consent. It is from this angle only that we criticise this loan from the International Bank and that is also why we are not prepared to agree without knowing the conditions.

Now, Sir the third point.....

II A.M.

SHRI B. GUPTA (West Bengal) :
Fourth.

SHRI P. SUNDARAYYA: rather the fourth point. We have moved amendments and Government has not agreed even to one of the most important amendments which we moved. We moved an amendment that the one crore of rupees which the Government authorises the Industrial Finance Corporation to give as loan should not be one crore of rupees but should be reduced to its original figure of Rs. 50 lakhs. We do not want this money to be spent on only a few industries of big industrialists. One Member from the other side said "if you want to develop big industries, how can a loan of Rs. 50 lakhs be enough ? For instance, if you want to start a steel industry or any big industry, you will require hundreds of crores even to start a small steel industry and, in that case, what is wrong in allowing the Industrial Finance Corporation to give a loan of one crore of rupees ?" Sir, this is a strange argument because the Industrial Finance Corporation is not expected to give crores and crores to build up these huge industries, huge basic industries which require crores and crores. The Industrial Finance Corporation, with its limited resources—authorised • capacity of Rs. 25 crores—cannot come to the

[Shri P. Sundarayya.] help of these huge concerns and it is exactly because of this reason that Government has come with other Bills and other arrangements. We know that the SCOB amalgamation Bill is coming before us and, in that connection, they are going to get loans direct from the International Bank to the tune of Rs. 18 crores or so to help the steel magnates. That is another point to be discussed when that question comes. The Industrial Finance Corporation is not expected to give money to these huge industries. It is, more or less, to develop medium industries which are in need of finance and it is for this particular purpose that this Corporation has been provided with limited resources, and it is exactly for this reason that we want to limit the amount of loans to Rs. 50 lakhs. If the Corporation wants to give a loan of more than Rs. 50 lakhs, we want that question to be discussed in both the Houses.

Sir, here is a company whose dividend is guaranteed by the Government and, Government also comes forward to authorise it to take loans from the International Bank, guaranteeing such loans. When such a concern wants to give one crore of rupees to one particular industrialist, is it not right that this House should discuss that to see whether that loan is worth while and whether it is properly given or not ?

Sir, with regard to the public funds, even for small amounts,—even for Supplementary Grants—Government comes before the Houses. So, when a huge amount of one crore of rupees is given, why should not that also be discussed in the House and why can't this House have the right to scrutinise and see whether that loan is being given properly or not? Even such a simple amendment Government did not agree to. If you wanted to give the loan expeditiously, then it could have come to the House for its sanction at least afterwards. Even that the Government is not prepared to accept. Government wants to pursue this hush-hush policy of allowing the Directors of the Industrial Finance Corporation to lend loans

to whomsoever they like. It is these aspects of the Bill that make us oppose the whole Bill as it is. Sir, we oppose this Bill.

MR. DEPUTY CHAIRMAN : Shri Mahanty. The hon. Member should be very brief. Two or three minutes ; and no repetitions.

SHRI S. MAHANTY (Orissa) : Mr. Deputy Chairman, I would not have inflicted a speech on this Bill at this stage, but the fate that was meted out to all very relevant, worth while and conscientious amendments that were moved from this side has provoked me to speak. Sir, the story of the passage of this Bill in this House is not without its moral. There are two morals. One is that if in autocracy the whim rests with one man, in the democracy that we are experimenting today the whim rests with a group, with a caucus; and the other is that justice without strength and strength without justice are both very calamitous misfortunes, and if we suffer from the former, the Government suffers from the latter. Sir, we were taught in our school text-books that democracy is government by compromise, government by adjustment. But what do we find here ? If my hon. friends on that side had not left their hearts in the lobby before entering the Chamber, they would certainly have voted for all these amendments. One amendment proposed that the names of the loanees should be disclosed. As you will see, on account of the guaranteed dividends, the Indian taxpayer has had to incur a loss which amounts to a pretty sum, about Rs. 27 lakhs ; that sum is being spent from the Consolidated Fund of India. When we are going to commit the Indian Parliament and the Indian taxpayer in this manner, it is in the fitness of things that the names of the loanees should be disclosed. Secondly, another amendment proposed that any person having anything to do with any industry or business undertaking should not be on the Board of Directors. I understand that the Indian Tariff Commission also debars such persons from being on the Board. There are many other institutions where persons

having anything to do with any business or industrial undertakings are not allowed to be on such Boards. Even the most innocuous amendment which proposed that the 'Central Legislature' should be substituted for the 'Indian Parliament' was rejected. I wish the Moral Rearmament people, who are in Delhi, could have changed the hearts of the Government.

SHRI C. G. K. REDDY (Mysore): They are busy at the present moment.

SHRI S. MAHANTY : They should change their attitude towards the Opposition. Anything that is offered from this side should not be discarded like this. This buffalo-like adamant attitude is not going to do good.

But my opposition to this Bill is more fundamental because I find this is not related to the industrial policy that has been enunciated at length in the Five Year Plan. What do we find in that Plan ? We find that so far as industry is concerned, there are two well defined sectors; one is the private sector, and the other is the public sector. All those industries which enjoy a market both at home and outside have been reserved for the private sector. They have reserved for the Indian capitalists—I will not call them Indian capitalists, I will call them speculators—they have reserved for them such industries where there is no risk. The capitalists are not prepared to take any risk. Like Shylock, they are always ready to have their pound of flesh. But all those industries where there is risk, where there is difficulty, where failure might be not very uncertain, have been reserved for the public sector. Well, Sir, the capitalists of England founded an empire for their country. Today you find the capitalists of America spending tons of money here in Asia for the propagation of their ideals. Our Indian capitalists say that they do not want to take any risks. "You go to dogs, or go to hell, if it pleases you. We are going to invest our good money only in such ventures in which we can be sure of our dividend."

Therefore, what is the conclusion? Any rational conclusion would, therefore, be that every pie of our national resources—since our national resources are very limited—should be invested in the public sector in such a manner as to fulfil the ambitions of the Five Year Plan. And if any money is going to be spent in the private sector, it should be invested only in key industries. Here is a statement from which you will find that big chunks of this loan have been granted to the textile and the sugar industries.

MR. DEPUTY CHAIRMAN : All that has been said already. The hon. Member is repeating the arguments.

SHRI S. MAHANTY : I am concluding in two or three minutes. The textile industry was established in India in the early twenties. The sugar industry was established on a firm footing before the Second World War. So, I fail to understand why the loans should be granted to such industries which produce consumer goods—unless it is a caucus, unless the Industrial Finance Corporation is a caucus meant to boost up its own favourites.

Therefore, Sir, I felt it my duty to rise and say that neither myself nor the 16 lakhs of people, who had, the misfortune to vote for me, are going to be a party to this. Let it be on record that whatever you are pleased to do you are doing with your own adamant attitude and nothing more.

SHRI S. N. DWIVEDIY (Orissa) : Sir, I had no desire to speak at this stage but for the uncalled for and uncharitable remarks and insinuation? made by the hon. Minister in the course of his reply and his deliberate attempt to confuse the whole issue by bringing in politics into this matter. Sir, here was a definite allegation.....

MR. DEPUTY CHAIRMAN : The hon. Member need not go into extraneous matters. He should advance his reasons for the rejection of the Bill. We are not concerned with politics, here.

SHRI S. N. DWIVEDY : But the Minister brought in politics, and therefore I had to reply to it. If you will permit me.....

MR. DEPUTY CHAIRMAN : The hon. Member can leave that aside. He can advance his arguments for opposing the Bill.

SHRI S. N. DWIVEDY : Sir, about the Bill much has been said, and at this stage I want to seek clarification on two or three points, if you do not permit me to reply to the insinuations and the most uncalled for remarks which he has made.

SHRI B. C. GHOSE (West Bengal) : May I make a submission? He is opposing the Bill, and on certain facts he wants to show that the Bill does not deserve the support of the House.

MR. DEPUTY CHAIRMAN : He is perfectly at liberty to do it.

SHRI B. C. GHOSE: He was stating facts for opposing the Bill.

MR. DEPUTY CHAIRMAN : We are not concerned with Orissa politics or any politics.

SHRI B. C. GHOSE: He incidentally goes into it. He has incidentally to refer to it. That is not the main point.

MR. DEPUTY CHAIRMAN : That would not be relevant.

SHRI S. N. DWIVEDY : I was pointing out to you, Sir, that instead of replying to the point which I raised, he brought in political matters, which was not quite relevant to the discussion that we had and perhaps I was mistaken to believe that at least Ministers in the Cabinet can apply their minds to genuine grievances brought before the House without any political prejudice in their mind.

Sir, what I stated was—and that was the main argument against the grant made to a particular concern in Orissa—that the way the grant has been made was not proper. It has been made without proper security and there is a genuine suspicion that it is a grant which has been made for certain other considera-

tions. And I am thankful to the Minister for the replies that he has given. He has exposed himself. He first assented that this loan was given on the assets of 1 crore and 52 lakhs, as stated by him. I pointed out that that was not a fact. On the day this grant was made, this loan was given, the assets were not as stated by the hon. Minister. And then he comes with a clarification. He says, "No, it was 93 lakhs." Anyway, it is good that he has come with that clarification here. But even then, I think, my allegation has not been replied to. My charge is this. Even this 93 lakhs include 30 lakhs of the Government of Orissa and also its preference shares and the assets were mortgaged to the Government of Orissa. And here he says that the Government of Orissa has waived that. I say this is a definite case of favouritism. Is it not a fact, Sir, that Government of Orissa was not able to realise the money and it was threatening to take over the company's assets? Then the Managing Director came here, approached the Finance Corporation and told the Government of Orissa, "I am getting a loan. You waive it." And because some of the Members of the Congress Party including the then Chief Minister were involved in it, they released the assets. The Government of Orissa had a contract that within five years this money has to be paid I tick. Now the Industrial Finance Corporation made it easy for the concern to make this loan payable within 20 years. So, Sir, for 25 years to come, the Government of Orissa would not get the amount which it has advanced. So I say this is a pure case of favouritism. But if the Minister had replied "In spite of the fact that there was no proper security, the Industrial Finance Corporation thought it proper to take this risk of granting this loan with the hope that the concern would ultimately be a fruitful one", and if that had been your argument, I had nothing to say. But I am sorry, Sir, that the Minister without meeting this argument, referred to a matter which I think was quite unjustifiable. He said that the ex-Commerce Minister of the Government of India had nothing to do with this loan that was granted by the Industrial Finance Corporation. But I