

COUNCIL OF STATES

Saturday, 13th December 1952

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 11th 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.

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 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

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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 ~~is fit~~ 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.....

11 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

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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. DWIVEDY (Orissa) : Sir, I had no desire to speak at this stage but for the uncalled for and uncharitable remarks and insinuations 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 back. 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

say that when this very concern was started he was one of the promoters of this concern and when he became the Chief Minister the shares were purchased, grants were made. That has nothing to do with the Industrial Finance Corporation here. But the Deputy Finance Minister has gone out of his way and said, 'No, no. This loan was granted when Dr. Syama Prasad Moorkjee was the Commerce Minister here.' I do not know how that matter came up here, if the mind of the Minister was not very much occupied with the politics from which he poses as if he is so very immune.

Sir, I again put another question. I pointed out that in the First Annual Report of the Industrial Finance Corporation it had been stated that the experience of the management was to be taken into consideration while making a loan. Here the Managing Agents are Messrs. B. Patnaik & Co. I put that specific question whether the experience of this firm in regard to this very concern or some other work which they had taken up was taken into consideration while giving this loan. I would like him to say categorically that this was taken into consideration, and these people were responsible and therefore, the Corporation granted this amount.

Taking these things into consideration, Sir, I believe that there are many cases of nepotism and favouritism and the Corporation has not discharged its duty quite above board. Therefore, Sir, I do not think we should lend our support unless this Corporation is nationalised. Thank you, Sir.

PRINCIPAL DEVAPRASAD GHOSH (West Bengal): Sir, we have seen that all the amendments that were brought to this Bill, as it stands, have been rejected. Now that is almost a matter in the present set-up of things in this House. But I should like to make two or three suggestions, or rather requests, to the hon. Minister in charge of the Bill even at this stage.

The first relates to the amendment that was moved the other day—a very important amendment—which was rejected by this House by a majority of

almost 3 : 1, that is to say, the amendment which directed that no loanee or any person connected with a borrower firm should be entitled to sit on the Board of Directors of the Industrial Finance Corporation. Now, I should think that despite the results of the division, that amendment at any rate had the moral support not merely of this side of the House, but of the other side of the House as well, and had it not been for the Congress Party whip the results of the division would have been different. Sir, we do not like and nobody likes the atmosphere that has been created in the last few days of discussion both in the Lower House and in this House about the activities of the Industrial Finance Corporation. As a matter of fact much dirty linen has been washed in public, so much so that I wonder how many tons of ash and soda will be required to clean out the stuff that was brought out. Practically speaking, the Parliament House was converted into a veritable *dhobikhana* and that is something which nobody likes to see repeated. I would therefore, request the hon. Minister, even at this stage, even though the amendment has been rejected, to incorporate instructions in the shape of regulations that the Government of India frames for the direction of the Industrial Finance Corporation, stating that it is not desirable—better put it as moderately as that, and not as a sort of a written law, but as a sort of unwritten convention—that loanees should figure on the Board of Directors of the Industrial Finance Corporation. That would avoid the repetition of similar scandals in future, and at any rate, it will ensure and uphold the dignity of the Corporation in future. That is my suggestion No. 1.

The second suggestion that I want to place before the hon. Minister is this. During the discussion in this House grievances have been expressed on behalf of many States, i.e., to say, that such and such State has not been given proper attention, that their interests have been neglected, and so on. There might be something in it. Of course, as you know, I am not completely conversant with these things,

[Principal Devaprasad Ghosh.]

but still one finds that out of the total of about 14 crores of rupees that have been loaned out since its inception, the province of Bombay has taken up something like Rs. 4·15 crores, Madras Rs. 1·21 crores, West Bengal Rs. 2·50 crores and Saurashtra Rs. 1·40 crores. These four States by themselves have taken up practically something like Rs. 10 crores out of a total of about Rs. 14 crores. It might have been quite all right—I have nothing to say against it—but I feel that if the Board of Directors frame an estimate of the approximate loans that would be given in a particular year, if they have a sort of provisional quota (which might of course be varied according to circumstances), if they frame a sort of quota limiting the amount of loan to each State ; and in all ordinary occasions that quota is adhered to, then no State would feel that its interests were being neglected. Of course, it may happen that from a particular State, in one year, there are no applications from firms worth loaning to ; but my suggestion is that quotas should be fixed as a normal routine measure and these quotas should be adhered to. Hence my suggestion is that the Government of India in its instructions might lay down a provision to this effect that a quota for each State should be fixed for the granting of loans in any particular year.

Then I come to my third suggestion. Grievances and dissatisfaction have also been expressed with regard to the allocation of loans to big industries and not so much to small industries. Suggestions have been made—I might say insinuations—that big finance has had a big pull, an undesirable pull, so far as these loans from the Industrial Finance Corporation are concerned. There may be some truth in this—I do not know—but my point is that no scope for this kind of suggestion should be allowed in future. I would suggest, as in the case of States, in regard to allocation of loans to different industries, that there be a sort of provisional arrangement in

regard to the distribution of loans to big industries and small industries at the time of framing the annual budget estimates somewhat to this effect that the big industries would get something like 50% of the loans advanced and that the small industries put together would get the other 50%. Then this sort of dissatisfaction and grievance will be removed. As to the demarcation line between small industries and big industries, one might say that firms with a working capital of more than 1 lakh should be looked upon as coming under the category of big industries and firms with a working capital of Rs. 1 lakh and less should be looked upon as coming within the category of small industries. You might fix upon any figure that seems convenient ; I am only making a suggestion to this effect. That at the time of the preparation of the annual estimates some such allocation of loans as between big and small industries should be made. If the Government of India in its instructions, either in the shape of regulations that are to be framed or in the shape of more informal instructions, give these directions, I feel that much of the criticisms levelled and much of the dissatisfaction that has been felt all these years at the activities of the Industrial Finance Corporation would be removed.

(Shri H. D. Rajah rose to speak.)

MR. DEPUTY CHAIRMAN :
Only five minutes.

SHRI H. D. RAJAH (Madras) : I will deal only with the main points.

Sir, this Industrial Finance Corporation has given a lot of headache to the Government. There is.....

MR. DEPUTY CHAIRMAN :
Are you speaking for the rejection of the Bill ?

SHRI H. D. RAJAH : Yes, Sir. From the Statement of Objects and Reasons of this Bill, you will find that "the Act is being amended to authorise the Central Government to guarantee the loan by the International Bank. The amendment will be

only permissive in character and it will not be mandatory for Government to guarantee all such foreign loans." You are willing to strike but afraid to wound. If you are going to guarantee this loan which the Industrial Finance Corporation is taking from these foreign concerns, the loan will certainly be given on your specific guarantee. You say that certain loans will be guaranteed and certain loans will not be guaranteed by us. The guarantee is absolute and so long as the guarantee is there by the Government, it is a guarantee by the people of this country. Therefore, in all conscience, the people are expected to know how you allocate this money and how you utilise this money. When you are not willing to divulge the names of the people to whom loans have been granted, you become suspect. You should be like Caesar's wife, above board and above suspicion. If you want to take the whole nation into your confidence, there is nothing wrong in your divulging the names of the firms who have taken loans from the Government or rather from the Industrial Finance Corporation. They are all mostly public limited companies and public limited companies have got the statutory obligation of publishing their balance sheets, and when they publish their balance sheets, they will have to show in them all the loans they have taken from banks or the Industrial Finance Corporation. Therefore, what is the difficulty you are having ? You can definitely give the information and disarm the Opposition completely.

MR. DEPUTY CHAIRMAN : All these points have already been touched.

SHRI H. D. RAJAH : I do not know, Sir ; I was not here in the House. Therefore, I say that the Government should be a bit more responsive and disarm the Opposition. If they publish the list of the names of the firms who have taken loans, much of the sting of the Opposition attack would have been removed.

The second point is with regard to the original Act itself. In the original Act, section 42 is very specific with regard to the power of the Central Government to make rules.

MR. DEPUTY CHAIRMAN : That has been already referred to.

SHRI H. D. RAJAH : I may say that the Government should not allow this Industrial Finance Corporation.....

MR. DEPUTY CHAIRMAN : I can assure you that nothing has been left out.

SHRI H. D. RAJAH :to arrogate to itself all the powers of the Government. The rule-making power is inherent in the Government and what you call the regulations-making power is inherent in the Corporation. The Corporation is a subordinate body. The Corporation is empowered to make some rules with regard to the conduct of its own business. They are not equivalent to the rules that the Government will make. The Government is the rule-making power and they have to make rules for the Industrial Finance Corporation to follow. But you have abdicated that function. You have handed over that function to the Corporation.

MR. DEPUTY CHAIRMAN : Not abdicated, but not exercised.

SHRI H. D. RAJAH : You have allowed the Corporation to become a law unto itself. This is a matter which is open to very serious objection.

Then, Sir, the point is to whom the Industrial Finance Corporation has been giving loans. Do you want the small industries to be helped or the big industries to be helped ? If it is a question of helping the nascent industries which are struggling for want of finance for them to develop their resources and show a good return to their shareholders, you could restrict the loan to not even Rs. 50 lakhs according to my Communist friend, Mr. Sundarayya, but only to Rs. 25 lakhs.

[SHRI H. D. RAJAH]

If you want to distribute the loan amount in a proper way throughout India on an equitable and reasonable basis and see that the loan is properly utilised, then there is no question of your being accused of helping only the bigger classes of industrial capitalists. That is a matter which my Finance Minister must seriously consider.

SHRI C. G. K. REDDY : Not your Finance Minister.

SHRI H. D. RAJAH : Government's Finance Minister or everybody's Finance Minister. You should see to it that the loans granted by the Corporation are utilised for the purpose of developing the industries.

Then, Sir, the Industrial Finance Corporation has now invested in all about Rs. $7\frac{1}{2}$ crores. I would like to ask the hon. the Finance Minister whether the Government is satisfied that these loans are all well secured. Will the Finance Minister or the Industrial Finance Corporation be prepared to say that there is not one pice out of this which is to be treated as bad debt? If you give that assurance we all will be with you. If you can say that there is nothing wrong with any of the loans granted by the Corporation, that you are considering the question of divulging the names of the firms to whom loans have been given, and that these loans are fully secured and that you will get back every pie of it, then there will be some sort of satisfaction so far as the Opposition is concerned.

Then, Sir, the loans of the Corporation are all guaranteed by the Government and you have guaranteed certain percentage as dividend. Out of an income of Rs. 42½ lakhs, you have given out about Rs. 18 lakhs by way of interest. I take it that the interest rate is going up. The International Bank itself has increased the interest rate from 4% to 4½%. You can also increase your interest rate from 5½% to 6%. If you do that

much, all the sting will be removed from the Communist criticism. You take half a per cent. more. The industries will be able to pay and you will not be called upon to sponge on public funds for the payment of dividend. With regard to fixed deposits, there is a provision in the Industrial Finance Corporation Act. Encourage the Industrial Finance Corporation to tap resources and secure fixed deposits. You have guaranteed their interests and repayment. It amounts to a guaranteed investment on behalf of the Government and if you are able to tap that source you will get more funds. I will request you to put a ceiling limit of Rs. 25 lakhs for the purpose of advance to one concern.

Lastly, you will see that the Government should be responsive to Opposition. If they are able to accept some good suggestions emanating from the Opposition, that kind of bitterness that is seen in the Opposition will be removed. From precedents overlooked, remonstrances despised, grievances treated with ridicule, from helpless men oppressed with impunity springs tyrannical usage which good men of all countries fight and resist. I hope that this Government will not be classified as such, but will try to solve the difficulties of the Opposition and come to their senses.

SHRI M. C. SHAH : Sir,.....

SHRI H. D. RAJAH : Sir, I have not finished. Mr. Sundarayya the other day said that this Government was a robber Government. I do not know that. But I tell you definitely this, that the people of this country, the great people of our country, neither desire a robber Government nor a dacoit Government.

SHRI C. G. K. REDDY : Sir, I take two or three minutes to put down the basis on which we oppose the passing of this Bill. There are two points. One, the hon. Minister has tried to justify the perversion of the objective for which the Industrial Finance Cor-

poration was instituted. Secondly, I believe that in his reply, and also in his introductory remarks, he has tried to dodge the criticism and even the suggestions that have been given by the Opposition.

Firstly, I expected the hon. Minister, before introducing this Bill and even after that—during the second reading stage—would have gone very carefully through all the speeches that have been made just before this Corporation was instituted. He will find that during the speeches and also during the speech of the hon. the former Minister for Finance, who was the cause of this institution, it was made clear that this Industrial Corporation was not merely a bank as the hon. the Minister has tried to show in this House and in the other House, but it was meant to be an agency which will be able to control and direct exploitation of the industrial potential in this country. But during his reply to the Opposition criticism, he has proved to our satisfaction, and I hope, to the satisfaction of the country, that the Industrial Finance Corporation is neither an industry, nor a corporation meant for the country as a whole, but merely for the financiers of this country.

Secondly, I said that he tried to dodge the attacks from all sections of the Opposition. You will find that during his reply to the several points made out by the Opposition, especially in regard to the granting of loans to different companies, whereas in one company he has taken the assets, whatever that may mean, in other cases, he has tried to take the capital, and in still another case, yet another aspect of the industry. This, I think, is not at all fair to the Corporation nor even to the public outside the House. He should have, in explaining away the irregularities that we have alleged against the Corporation, especially in regard to the loans which were granted by the Corporation, taken only one stand—either the assets, or the capital or some other thing which justified

the granting of the loan. In one case he says, assets. In another case, it was capital and yet in another, it was good management. We should have liked to know from him the uniform basis on which he sought to justify the grant of the loans.

Now, there is just one other point over which we should like categorically to oppose this Bill. If he has given satisfaction to the House in any one of these respects we would have, as I have already stated, given reserved consent to the Bill. But in view of the fact that the hon. Minister has not taken any pains to meet even the most legitimate criticism that has come from this side, we do not have any other alternative than to unconditionally oppose this Bill.

Before concluding, I should also like to throw a challenge to him, even at this late hour, if he thinks that this House—not only this section of the House, but his own section of the House—I ask him, if he thinks that this House is convinced, to withdraw the whip of his own party. Then he will find that this Bill will be thrown out of this House.

AN. HON. MEMBER : No.

SHRI C. G. K. REDDY : I challenge him. This is a challenge for which I should like to have an answer from him.

MR. M. C. SHAH : Sir, I have already.....

MR. B. RATH (Orissa) : Sir I am speaking.....

MR. DEPUTY CHAIRMAN : I have called the hon. Minister. Will the hon. Member resume his seat ?

SHRI B. RATH : Yes, Sir. But before resuming, I will simply submit.....

MR. DEPUTY CHAIRMAN : You have not caught my eye.

SHRI B. RATH : I have been trying my best to attract your notice. Sitting here, it is very difficult to catch your eye, unless you look towards me.

SHRI M. C. SHAH : Sir, I have heard with rapt attention to all the speeches made by my hon. friends. I think, I have replied possibly to all the points that were raised, and I do not think that any further reply is necessary. One point requires mention, and that is, with regard to the point raised by my hon. friend Mr. Kunzru about the third auditor that is provided in clause 24, sub-section (6). I have spoken about that. With regard to the points raised by Mr. Rajah, I am afraid he was not present when I replied to his points. With regard to the disclosures also, I have already stated in the House and I am really fortified by a cable that I have received from the Chairman of the Industrial and Commercial Finance Corporation, United Kingdom, that they also don't disclose the names. I have enquired about this because there was a mention made in the Lower House that they disclose the names though it is a joint stock limited company. I have enquired about this and I have a cable that I am glad to say that there the policy adopted is that the names are not disclosed though I have already stated in this House, and the Prime Minister also assured, that this suggestion will be considered.

SHRI B. C. GHOSE : Does the hon. Minister know that the I.C.F.C. is a private institution ?

SHRI M. C. SHAH : As I have already explained, this point was raised in the Lower House that that institution discloses the names and hence the enquiry was made.

With regard to the constructive suggestions made, I can assure my friends that all those suggestions will be considered on their own merits and whenever helpful, then certainly Government will take into consideration those suggestions and try to put

them into effect. Sir, I commend the Bill.

MR. DEPUTY CHAIRMAN : The question is :

That the Bill be passed.

The motion was adopted.

THE ABDUCTED PERSONS. (RECOVERY AND RESTORATION) AMENDMENT BILL, 1952

MR. DEPUTY CHAIRMAN : We shall now take up the next Bill in the List of Business—Abducted Persons (Recovery and Restoration) Amendment Bill, 1952. Mr. Chanda.

THE DEPUTY MINISTER FOR EXTERNAL AFFAIRS (SHRI A. K. CHANDA) : Sir, I beg to move :

That the Bill further to amend the Abducted Persons (Recovery and Restoration) Act, 1949, be taken into consideration.

Sir, this is purely a humanitarian measure and raises no political controversy and as such I hope the House will kindly give it a smooth passage. In brief, I may be permitted to refer to the historical background of the Bill. It refers to the tragic circumstances of 1947 when thousands of women and children were abducted on either side of the border. These were not normal crimes of a personal nature but they were part of a programme as a retaliatory measure. The situation was very grave and both the Governments realized the urgency of handling the matter jointly and the two Prime Ministers in a joint statement in September 1947, declared, "that forced conversions and marriages will not be recognized and farther the women and children who have been abducted must be restored to their families and every effort must be made by the Governments and their officers concerned to trace and recover such women and children." That is, just as Pakistan is pledged to this, we are also pledged that every woman who had been abducted from the other side would be recovered and restored to her family..