

nations of the world so that equilibrium in world trade can be established at the highest possible level. It is hoped that the results of the Conference and the confidence generated by these discussions would secure the measure of co-operation that is needed from the other trading countries for a rapid advance in these directions.

There was a full and frank discussion at the Conference of all problems connected with these objectives. There was also a considerable understanding of the needs of the under-developed countries of the sterling area. As an instance, hon. Members will notice that, even in regard to the removal of restrictions on trade, the importance of the continued use of these restrictions by the under-developed countries with a view to making the fullest possible use of their resources towards developmental needs, has been recognised.

The broad objective of our policy to implement the Five Year Plan and to raise the standard of living of our people should enable us to play our part in the expansion of world trade on the lines agreed to at the Commonwealth Economic Conference. Thus, by helping ourselves by the execution of this Plan, we shall also be helping the Commonwealth and the rest of the world in their approach towards a wider expansion of world production and trade and towards a more stable and broad-based international solvency.

MR. CHAIRMAN : Second statement.

SHRI B. C. GHOSE : Is it permissible to ask for clarification on certain points ?

MR. CHAIRMAN : I have a rule here which says :

"A statement may be made by a Minister on a matter of public importance with the consent of the Chairman but no question shall be asked at the time the statement is made."

SHRI C. G. K. REDDY : Would we get an opportunity afterwards ?

MR. CHAIRMAN : You know the Rules of Procedure.

## STATEMENT

MATTERS ARISING OUT OF THE DEBATE IN THE COUNCIL ON INDUSTRIAL FINANCE CORPORATION (AMENDMENT) BILL, 1952.

THE MINISTER FOR FINANCE (SHRI C. D. DESHMUKH) : Sir, with your permission, I should like to refer to certain matters which arose during the discussion of the Industrial Finance Corporation (Amendment) Bill in both the Houses.

Various allegations were made about the *bona fides* of the Corporation's loan transactions and a very strong demand was voiced for the disclosure of the names of the industrial concerns to which the Corporation has given financial accommodation.

On the question of divulging the names, the Prime Minister made a statement in which he mentioned the practice so far followed and pointed out the considerations which influenced us in adhering to that policy. At the same time, he recognized the force of some of the grounds on which the information was asked for and undertook to have the matter re-examined on my return.

I am grateful to him and the House for giving me a chance to review the position. The maintenance of secrecy by a lending institution regarding its transactions with its clients is a well recognised practice based on sound business principles and should not be lightly discarded while circumstances are normal and there is no reason for doubts and apprehensions regarding the transactions. While, therefore, I consider that the stand taken by the Government so far, which was not challenged in the past in this House, was justified, I have to take account of the doubts that have arisen and of the desire of Parliament to be furnished with the names of concerns to which moneys for which Government had

[Shri C. D. Deshmukh]

given guarantees, have been advanced by the Corporation. The refusal to disclose the names, even though it may be based on a healthy convention, would create an entirely unjustified suspicion against the Corporation and the borrowing concerns, which it is essential to dispel. Realizing this, the Corporation has itself written to me that it is desirous of submitting to the Parliament a list of loanees and the amounts given to them. I am accordingly laying on the Table of the House a statement showing the names of the individual concerns under each category of industry and the amount of loan sanctioned to each concern. [See Appendix III, Annexure No. 85.]

I am forwarding sufficient number of copies of the statement for circulation to the Hon. Members of both the Houses.

There were specific allegations of nepotism and favouritism in the grant of loans made against the Corporation during the debate. My colleague, the Deputy Minister, in his reply both in this and the other House, tried to explain how these are unfounded and seem to be based on a misconception about the scope of the Corporation, the composition of its Board of Directors and the manner in which it functions. I think it is only fair to the

Corporation and the borrowers that these allegations should be thoroughly investigated. I have in one capacity or another been closely associated with the work of the Corporation, ever since its inception and I am anxious that complaints should be enquired into and, if any undeserved charges have been made, the Corporation should be authoritatively cleared. Both the Chairman, Shri Sri Ram, and the Directors, are on their part naturally anxious that the suspicions which have been created by the charges made in the Parliament should be cleared and have asked that a Committee should be appointed to investigate these charges. I also feel that while discussion in Parliament of each individual case of grant or rejection of a loan by the Corporation is neither feasible nor desirable, it is due both to the Parliament and the Corporation that the specific allegations made should be enquired into. I propose, therefore, to appoint shortly for the purpose a small compact Committee consisting of representatives of both the Houses and one or two outside experts unconnected with the Corporation.

MR. CHAIRMAN : The House stands adjourned till ten of the clock tomorrow.

The Council then adjourned till ten of the clock on Thursday, the 18th December 1952.