

Shri N.K. Singh has raised a question as to what the Exim Bank is doing for project exports. As on 31st March, 2011, over 335 project contracts valued at approximately Rs.1,12,000 crores were entered into for execution by 73 Indian companies in over 58 countries across Asia, Africa and Europe with the Bank's support.

Shri N.K. Singh also wants to know about the Credit Guarantee Corporation. The Exim Bank has been working closely towards export promotion. Recently the Exim Bank and ECGC have launched a new project, Project Export under the National Export Account to promote project exports from India.

Shri Ashok Ganguly has raised a point that the Government has to fix the target to monitor the performance of its management. The Government fixes the annual statement of intent for the banks which include targets for total business, project exports, SME credit, lines of credit, etc. Against the said target performance, it is nil.

With these words, I commend the Bill for consideration of the House.

THE VICE-CHAIRMAN (PROF. P. J. KURIEN): Thank you Minister. You have replied to every point. The question is:

That the Bill further to amend the Export-Import Bank of India Act, 1981, as passed by Lok Sabha, be taken into consideration.

*The motion was adopted.*

THE VICE-CHAIRMAN (PROF. P. J. KURIEN): We shall now take up clause-by-clause consideration of the Bill.

*Clauses 2 to 4 were added to the Bill.*

*Clause 1, the Enacting Formula and the Title were added to the Bill.*

SHRI NAMO NARAIN MEENA: Sir, I beg to move:

That the Bill be passed.

*The question was put and the motion was adopted.*

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#### **The Factoring Regulation Bill, 2011**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):  
Mr. Vice-Chairman, Sir, I beg to move:-

That the Bill to provide for and regulate assignment of receivables by making provision for registration therefor and rights and obligations of parties to contract for assignment of receivables and for matters connected therewith or incidental thereto, as passed by the Lok Sabha, be taken into consideration.

Sir, The Factoring Regulation Bill, 2011 seeks to provide a comprehensive legal framework for factoring business. The Bill was introduced in Lok Sabha on 24th March, 2011 and was referred to the Standing Committee on Finance for examination and report thereon. The Committee has recommended enactment of the Bill subject to some modifications and the Government has accepted all major recommendations of the Standing Committee on Finance, namely, exempting sale of agricultural produce or activity of commission agents from the factoring business and grant of Stamp Duty exemption to the factoring transactions.

The Committee had also asked the Government to do wider consultations to ensure that there are no legal infirmities in the Bill. Accordingly, detailed discussions were held with a law firm, legal experts, the Indian Banks' Association and the Reserve Bank of India. Based on their suggestions, some additional amendments were incorporated in the Bill primarily to provide greater clarity on the role and responsibilities of various parties in a factoring transaction.

The proposed legislation will provide a comprehensive legislative framework for development of factoring business in India by determining the rights, liabilities and obligations of the parties involved, besides mitigating the problem of delayed payments to Industrial and Commercial undertakings, especially the Micro, Small and Medium Enterprises.

*The question was proposed.*

SHRI RAJIV PRATAP RUDY (Bihar): Sir, we have the Factoring Regulations Bill, 2011 before us. This Bill seems to be a big jargon of economic policies. It looks like a very small Bill, but it is a big jargon. So it becomes very difficult for the Members to follow it up when the Bill, not even listed yesterday, figures in the Business List in the morning and one of the Members is requested to speak on that. It becomes very, very difficult. But it is our job to be here. The general impression about the Members of Parliament is that they don't work, but there are Members of Parliament, plenty of us here, including the Minister on that side, who prepare themselves and do find it inconvenient, at times, to prepare on subjects which are given at a very short notice, but we still make efforts because we are very concerned. The world must watch the Indian Parliament working now on such difficult issues.

[THE VICE-CHAIRMAN (DR. E.M.SUDARSANA NATCHIAPPAN) in the Chair]

This Bill basically relates to the rights of a person who has a small or a medium enterprise and he has low working capital. ये वैसे लोग होते हैं, जो छोटे उद्यमी हैं। उनके पास कैपिटल कम है, पैसे कम हैं और वे बड़े उद्यमियों को अपना सामान सौंपते हैं, अपना सामान बेचते हैं और यह जो क्रेडिट लाइन है, जो छोटी कम्पनीज़ बड़ी कम्पनीज़ को देती हैं, यह क्रेडिट लाइन बहुत छोटी होती है। This results in an exploitation. The world over there are institutions which work to buffer these things. This is called factoring where a third party, not exactly a third party but a third institution comes into play and it takes the burden of the credit and try to see that the debt which is created is redeemed. So it is a mechanism which possibly we have been trying to sort out in many different ways. And the first time, when an Act was introduced in 1993 for the protection of small and medium enterprises, the Act mandated that if anything is supplied to a buyer, it was mandatory to make the payment, and payment within a limited period of time. But, somehow, this did not, actually, work, and, most of the time, it became a fallacy. This Act was again repealed in 2006, and a new Act called the Micro, Small and Medium Enterprises Development Act was incorporated. Now, even after that Act, many of the things, which the small and medium enterprises wanted to achieve, could really not be achieved, and there was a committee which was set up by the Reserve Bank called the Kalyanasundaram Committee. Now, that Committee submitted its Report, and after that Report was submitted, post-1988, many of the nationalized banks, including the State Bank of India, the Canara Bank, etc., started creating this factoring operation. So, that was the first time the factoring operations for small and medium enterprises were started in this country, and even the ECGC started those operations. It was, basically, to start and create a working capital flow for small and medium enterprises. Sir, world over, factoring has been there for a very long period. But, in India, it has not been so organized. It is in a moderate form, and the factoring turnover in India is only 1.24 per cent of the average bank credit, which is very small. So, basically, one has to understand factoring. Factoring is a high risk supplier to transfer credit risk to high quality buyers, and it is a very general term which I am referring to. Factoring has been there since the Roman times; we may be talking about it now. रोमन साम्राज्य में भी factoring होता था और हाल फिलहाल में हम इतिहास के पन्नों में जाएं, तो उसमें जो factoring की बात देखते हैं, that was in England in the 13th century as well. Today, factoring, overall, in the world, is to the extent of 540 billion U.S. dollars, which is a huge amount, and in the last five years, it has grown by 90 per cent. So, it is an instrument which is growing across the world; what we are talking about is not just for India. जो छोटे विकासशील देश हैं, जैसे भारत है, इसमें इसका प्रभाव आने वाले दिनों में बहुत ज्यादा दिखेगा। महोदय, इस विधेयक में जो मुख्य प्रावधान किया गया है, it is to ban institutions from directly

entering into factoring business. Then, there are provisions to the effect that there should be a Central Registry which carries the complete details of all those people indulging in the Central Registry, and that there should be a legal recourse, if the commitments are not kept, or, if the provisions of the Bill are not met. And, there are certain provisions of penalty and punishment for those who violate this operation. But जब सरकार इस प्रकार का प्रावधान लाती है, तो कहीं न कहीं यह दिखता है कि सरकार में कुछ चिंता है। स्वाभाविक तौर से यह वित्त मंत्रालय का विषय है, प्रणब मुखर्जी जी का विषय है, मीणा साहब का विषय है और देश के लिए महत्वपूर्ण विषय है। हम जो बहुत सारे बदलाव की बात कर रहे हैं, उसके तहत इस प्रकार के प्रस्ताव सही हैं। मैं इस संदर्भ को इसलिए लेकर आना चाहता हूँ, क्योंकि आज देश में अगर आर्थिक स्थिति को ध्यान से देखा जाए, तो पता चलेगा कि पिछले कई वर्षों से चाहे देश के प्रधान मंत्री हों, चाहे देश के वित्त मंत्री हों, हमेशा यह कहते हैं कि हम महंगाई पर नियंत्रण लगाएंगे। खास करके खाद्य सामग्री की जो महंगाई दर है, वह लगभग 18 से 20 प्रतिशत तक रही है। The overall inflation has been limited to nine to ten per cent, but the food inflation has been whopping, and this has been an obvious fact. देश भर में ही नहीं, बल्कि दुनिया भर में देश के प्रधान मंत्री जाते थे या देश के मंत्री जाते थे, तो पूरी दुनिया को यह बता कर आते थे कि देखिए, भारत एक ऐसा देश है, जिसकी प्रगति की दर, the GDP growth rate is eight per cent, and it can also go up to nine per cent. लेकिन आज अगर इस सरकार को जवाब देना पड़ेगा, where it has come down to between 6.7 per cent and 6.9 per cent, तो पता नहीं, जिस विकास दर की बात करते हैं, वह भी नीचे आता जा रहा है।

आज किसी भी इम्पोर्टर से बात कीजिए, तो पता चलेगा कि आज रुपए की क्या स्थिति है, वह भी तब, जब कि भारत के इतिहास में और विशेष कर वैसी स्थिति में जब कि इस देश का प्रधान मंत्री इतना बड़ा आर्थिक विशेषज्ञ हो। महोदय, इतनी बड़ी उपलब्धि दुनिया में किसी भी देश को नहीं मिली होगी, जितना कि इस देश को मिली है। वह यह है कि इस देश का प्रधान मंत्री एक आर्थिक विशेषज्ञ है, जो वर्ल्ड बैंक में रहे हैं, रिज़र्व बैंक के गवर्नर रहे हैं और पहले एक सरकार में वित्त मंत्री रहे हैं। दुनिया में इतना पढ़ा लिखा व्यक्ति कभी किसी देश का प्रधान मंत्री नहीं हुआ होगा।

जब शुरू-शुरू में मनमोहन सिंह जी सरकार में आये थे, तो हम बड़े उत्साह के साथ कहते थे कि भारत के इतिहास में पहली बार एक आर्थिक विशेषज्ञ देश का प्रधान मंत्री बना है। उनमें स्वाभाविक तौर से वे सब गुण थे, यह दुनिया जानती है, लेकिन जैसा मैंने कहा आज ये जो तथ्य उभर कर आ रहे हैं, चाहे वे महंगाई के बारे में हों या इंफ्लेशन के बारे में हों, आज हम इन सभी विषयों को देखेंगे। Fiscal deficit is at an all-time high. I do not know how the Government is going to manage it, but fiscal deficit today continues to remain at an all-time high and there is absolutely no control over it. The Reserve Bank of India has increased the policy rates thirteen times in the last eleven months. I do not know why. It has dealt a severe blow to real estate, housing, manufacturing and automobiles. Take any sector of the economy, it is floundering, it has come down; आप किसी भी आर्थिक क्षेत्र में हाथ डालेंगे, तो ऐसा ही है।

महोदय, हम स्मॉल एंड मीडियम इंटरप्राइजेज़ के बारे में चर्चा कर रहे हैं। दुनिया में कहीं भी सूद की दर दो फीसदी, तीन फीसदी, साढ़े तीन फीसदी या चार फीसदी है, लेकिन भारत में अभी रिज़र्व बैंक has brought the basic lending rate up to 8 per cent. No one is responding. How can any industry grow when the basic lending rate, which is given by the RBI, is 8 per cent? दुनिया में कहीं भी यह आठ प्रतिशत नहीं है। आज भारत भर में जो बैंक हैं, उनमें से किसी का भी lending rate 10 फीसदी से कम नहीं है। जो व्यापार को समझते हैं, जो व्यापार करते हैं या जो उद्योग लगाते हैं, आप एक तरफ उनके प्रोटेक्शन की बात कर रहे हैं, उनके वर्किंग कैपिटल को प्रोटेक्ट करने की बात कर रहे हैं, उनकी सप्लाय चेन की बात कर रहे हैं, but, at the same time, the interests are so high that no entrepreneur can survive, and still you bring in such Bills. ...*(Interruptions)*... It is ten per cent. उसमें बैंक अपना दो परसेंट, तीन परसेंट और लगाएगी। So these are some of the facts. Industrial production is falling. And it is, possibly — the hon. Minister can correct me — the first time in history that the industrial production has gone in the negative. इस देश में औद्योगिक उत्पादन नेगेटिव में गया हो, मैं समझता हूँ कि भारत के इतिहास में यह पहली बार हुआ होगा। Mining and construction, all, has come down and the revenue projection of the Government has dipped down.

महोदय, अभी फूड सिक्योरिटी बिल के बारे में बात हो रही थी। यह कहा गया था कि इस देश के सब गरीबों को और इस देश के देहात में सब गरीबों को खाद्यान्न दिया जाएगा, खाने के लिए सामग्री दी जाएगी। एक तरफ जहाँ इस देश का रेवेन्यू कलैक्शन गिर रहा हो, देश के पास पैसा नहीं हो, वहाँ हम सरकार से यह जानना चाहेंगे कि आखिर आप जो इतनी बड़ी योजना लेकर आ रहे हैं, इसके लिए साधन कहाँ से आएगा, इसके लिए पैसा कहाँ से आएगा? आप देश के साथ फिर यह एक बड़ा भुलावा क्यों करना चाहते हैं? हम जानते हैं कि आपकी सरकार की नीति यह रहती है कि कई बार आँख में धूल झोंक कर काम करा लें, लेकिन कई बार सच बोलना चाहिए और विशेषकर आपकी सरकार की जो सुपर ताकत हैं, उनके यहाँ से निर्देश आया है, तो इसमें कम से कम इस देश के लोगों से असत्य न बोलें, नहीं तो बड़ा नुकसान होगा और आपका मंत्रिमंडल भी खतरे में पड़ सकता है। इसलिए इन सब चीज़ों का ध्यान रखना चाहिए कि सुपर नियंत्रक या सुपर बॉस के यहाँ से जब कोई प्रावधान आये, कोई प्रस्ताव आये, तो उस पर ध्यान देना चाहिए।

We talk so much about FDI. Over the last two years, the total FDI outflow has declined in this country. There is an UNCTAD report which says that in 2008, it was 42.5 billion dollars, in 2009, it dipped to 35.7 billion dollars and in 2010, it dipped to 24.6 billion dollars. You can see, perceptibly, that the world is refusing to invest in India. They can make out that the economic situation is bad. They can make out what the situation is. I would not like to comment on whether the Government is functional or dysfunctional. The DIPPI, a wing of the Ministry of Industry, says that the equity inflow is also dipping. The worst feeling is when the hard-earned money of this country goes out. The outflow of FDI today is unmatched in history. And why is that? हमारे देश के जो उद्योगपति हैं, उनको ऐसा क्यों लगने लगा है कि दुनिया भर के उद्योगों में पैसा लगाना

भारत के भीतर उस पूँजी को लगाने के बनिस्पत (अलावा) ज्यादा लाभकारी है और उसका यह परिणाम है कि 2009 में भारत से बाहर जाने वाला जो FDI outflow था, वह लगभग 20 बिलियन यूएस डॉलर था। महोदय, 1 बिलियन यू.एस. डॉलर लगभग 5 हजार करोड़ रुपये के बराबर हुआ, तो 20 बिलियन यूएस डॉलर का मतलब एक लाख करोड़ का निवेश भारत से बाहर गया है और 2010 में बढ़कर, it has become 44 billion US\$. That means, around Rs.2,20,000 crores of investments which could have come to India.

महोदय, जैसा कि सामान्य रूप से अर्थशास्त्र में कहा जाता है कि जब पैसा लगाया जाएगा, जब निवेश किया जाएगा तो infrastructure होगा, उद्योग लगेंगे और जब उद्योग होंगे तो रोजगार होगा। तो क्या सरकार बताना चाहेगी कि देश में ऐसी क्या स्थिति हो गयी है कि the total overall investment outflow today is about 44 billion US\$. महोदय, कल के अखबारों में मैंने पढ़ा कि प्रधान मंत्री जी ने इस देश के उद्योगपतियों के प्रति बहुत नाराजगी व्यक्त की है। महोदय, उन के जवाब में किसी अखबार की headline थी कि, 'PM's lament is unjustified, the Government must buck up.' महोदय, देश के उद्योगपति क्या कह रहे हैं? देश के उद्योगपति देश के प्रधान मंत्री वह वित्त मंत्री को कहते हैं, "There is a complete policy paralysis in this Government." इस सरकार को लकवा मार गया है। "It is in a role reversal." मतलब जो कुछ भी भारत में आगे बढ़ने के लिए होगा, हम उतना पीछे की तरफ चल रहे हैं। इस प्रकार से the business confidence is a fact which has been said not by Rajiv Pratap Rudy or the BJP. These people are those who are aligned with the Government. These corporate people would definitely be with the Government because they want to be cozy with the Government, they want to work with the Government. They are the people who are speaking like that.

और अभी जब "फिक्की" के चेयरमैन ने कहा तो प्रधान मंत्री ने बहुत गुस्सा व्यक्त किया कि आज इस देश का कॉर्पोरेट वर्ल्ड हमारे खिलाफ है। इस के साथ-साथ वित्त मंत्री जी ने भी पी.एच.डी. चैम्बर में कहा कि, साहब इस देश के उद्योगपतियों को क्या हो गया है? ये लोग हमारे साथ नहीं चलना चाहते हैं। तो यह सब अपने आप में इस बात की ओर इंगित करता है कि देश के हालात खस्ता हैं और ऐसी परिस्थिति में आप यह बिल लेकर आ रहे हैं। The Hon. Finance Minister has recently said that the corporate India should cooperate with the Government instead of merely repeating grievances. महोदय, अब यह स्थिति हो गयी है कि सरकार में यह कहा जा रहा है कि सरकार के सामने अब किसी को grievance नहीं रखनी है। अगर आप हमारे साथ चल सकें तो चलें और नहीं चल सकें तो कम-से-कम चुप रहें। आप अपनी grievances पेश नहीं कर सकते। महोदय, having said all this, what has the Reserve Bank of India done in the last couple of months or a few years as far as the medium and small enterprises are concerned? The Reserve Bank of India seeing the growing credit facilities to the medium and small enterprises has warned them. I do not know what was the basis; but, the last September, it has warned them. उन्होंने कहा कि साहब, इस क्षेत्र में आप को अपना exposure कम करना चाहिए। Even the Finance Minister had meetings with the State Governments and the commercial banks and said, 'There is a large flow of credit going towards the medium and small enterprises, control it.'

Today, the medium and small enterprises contribute about 8 per cent to the GDP, provides employment to about 60 million people, it accounts to 45 per cent of the total manufacturing which takes place in this country, it amounts to 40 per cent of the total exports of the country. Out of this, 13 per cent is participated by women. It is an inclusive action which the Government has been seeing. Today, the requirement for credit in small, micro and medium enterprises is to the tune of Rs.50,000 crores. That is what is required in the country today. I appreciate the efforts of the Government on that part. But, what are the factors which affect the medium and small enterprises? What are those?

On one side, we are talking about an act which is very good, you want to protect those who want to give credit and those who want to sell their equipments or their merchandise. But, there is a dearth of all-weather-good roads. Thanks to the then hon. Prime Minister Atal Bihari Vajpayee, महोदय, देहात के लिए उन्होंने प्रधान मंत्री सड़क योजना के नाम से एक ambitious योजना बनायी और यह सरकार भी उसे लागे लेकर चल रही है, हालांकि गति धीमी है, लेकिन यह योजना चल रही है। पावर सप्लाई, सर, इसमें मैं एक बात कहना चाहूंगा, राज्य मंत्री जी यहां बैठे हुए हैं, how do you expect these medium enterprises to be successful, if the big enterprises, the Tatas, the Birlas and all who are contributing to the economy have uninterrupted power supply? उनके अपने पावर प्लांट्स हैं, अपनी कोयले की खदान हैं, लेकिन ये स्माल और मीडियम एंटरप्राइजेज, जिनको इस बिल के माध्यम से प्रोटेक्ट करने की बात की जा रही है, उनके लिए अनइंटरप्टेड पावर सप्लाई का क्या प्रावधान है?

महोदय, देखा जाए तो ग्यारहवीं योजना में we are talking about a country which is a vibrant democracy. Today, less than 400 million households have electricity. In the Eleventh Plan, we had planned to increase the power generation by 70,000 MW. भारत एक ऐसा देश है, जो बहुत एंबिशस प्लान बनाता है और ग्यारहवीं योजना में कहता है कि हम इस देश का पावर जनरेशन 70 हजार मेगावाट बढ़ाएंगे और जब फाइनल आंकड़े आते हैं, तो वह 60 हजार मेगावाट के होते हैं। यह पांच साल की योजना है। हमारे पड़ोस में चीन प्रति वर्ष कितना बिजली उत्पादन करता है, कितना बढ़ाता है? हम यह पांच साल के लिए 70 हजार मेगावाट की क्षमता करने की बात करते हैं, इसका यह टारगेट बनाते हैं और चीन एक वर्ष में अपनी जो क्षमता तय करता है, वह एक लाख मेगावाट होती है। हम चाह रहे हैं कि हम अपने स्मॉल एंड मीडियम एंटरप्राइजेज को प्रोटेक्ट करें, लेकिन हम इस आर्थिक नीति पर कब विचार करेंगे?

महोदय, इतना ही नहीं, आज मैं मैडम जयंती नटराजन को सुन रहा था। वह एबाउट क्लाइमेट चेंज की बात कह रही थीं। जलवायु परिवर्तन के बारे में, she was speaking. When I was hearing her, in the recent Conference, we heard at some point of time that China was saying, "We are ready to go in for a legally binding action, as far as our part is concerned". Later they denied it, and there was a complete change. But, look at a country like China, by 2020. She mentioned specifically in the House, by 2020, we shall gear up to go in for certain obligations. Before 2020, thank God,

the Government of India is not committing, we are not committing, it is acceptable. But, after 2020, there could be a situation where we may have to go for legally binding agreements. By 2020, China would have completed their entire infrastructure, they would have completed their entire power requirement, and they would be ready for us leaving us high and dry. Now, here is a country with 1260 million people and we are taking credit in this. But here is a neighbour who is going to run over us very shortly. So, we have to start somewhere. The worst which is going to be affected in this whole process, Sir, would be the micro, medium and the small enterprises. So, this has to be kept in mind.

Sir, the other factor which is affecting the minor and medium enterprises is corruption. I don't want to talk much about corruption because the other House is talking about the Bill on corruption and things like that. But it is a fact that the small and medium enterprise man has to face a challenge today. Corruption is there, it is part of his life and he is challenged. And that is why there is a growing anger.

महोदय, आज यह जो देश के हालात हैं, इन पर सब लोगों के अपने-अपने विचार हैं। मेरी कल्पना अलग है, यह जो मेरे मित्र माग कर रहे हैं, हो सकता है कि मेरी पार्टी का व्यू-पाइंट इसमें अलग हो, लोकपाल सशक्त होना चाहिए। महोदय, लेकिन करप्शन के विषय पर हमारे स्माल एंड मीडियम एंटरप्राइजेज एफेक्टेड होंगे। आज एक तरफ बेईमानी जो देहात में है, गरीबों के बीच में है, उससे इस देश में नक्सलियों का प्रभाव बढ़ता जा रहा है। वहां गरीबी और बेईमानी को दिखाकर आज 650 जिलों में से 250 जिले उनके प्रभाव क्षेत्र में आ गए हैं, जो बहुत दुर्भाग्यपूर्ण है। एक तरह का गुस्सा आज देहातों में है, there is an anger of the people against the Government, whether 'A' Government or 'B' Government in the State or in the Centre. But there is a generally growing anger in the people against the political set up on the issue of governance, on the issue of accountability. On the other side, in the urban areas, बहुत सारे लोग इस धरना-प्रदर्शन में जाते हैं, उनको पता भी नहीं होता कि हम किस लिए आए हैं? क्योंकि their aspirations are growing. Someone wants a new television; someone wants a new i-pad; someone wants a Tablet; someone wants Samsung; someone wants a new motorcycle. Now, these aspirations are coming together. If these aspirations are not met, they say, "Look, these politicians are stealing away all your wealth". Now, there is a growing distress and accountability feature on politicians, and it is a telling story on the entire political system of the country. We have to give a serious thought to it. I do not know whether this platform is okay or not, but 60 years down the line, we all tom-tom that we have the most functional democracy in the world. Here is a Government in this system where an Independent MLA — this happens in no democracy in the world, let me say we are the most vibrant democracy - without any political party, without any ideology is elected as Chief Minister of a State. He continues to rule that State for two-and-a-half years. After these two-and-a-half years he is caught stealing about Rs.5000 crores and he



lands up in jail. He lands up in jail and there he is beaten up by the wardens of the jail. This is a very vibrant democracy, Sir, where an Independent MLA leads a State of three crore people or four crore people. This is democracy. So, there is growing anger against corruption. We have to get into a debate. In the last 63 years, we have moved official amendments to the Constitution and we have amended the Constitution 95 times. And we are calling the most functional democracy. Sir, I can tell you about corruption, whatever people may have to say, that unless we devise a system where elected representatives like us, MLAs and MPs are not segregated from holding Executive positions, this is not going to happen. Today only those people should come to Parliament who are interested in legislation. Half of the people who are coming to politics are those who want to get close to power. There is a big debate needed. This is one thing, which we are saying, though not related to this but corruption cannot be handled unless and until the political class becomes good. The political class can only become good if the system is set correct and we are more accountable. Here we have to become an MLA, we have to become a Minister, we have to become an MP and we have to come to Government. We should segregate the elected representatives from holding Executive positions coming from a majority party. I am not a votary of Presidential Form of Government, but a debate is required because all these issues of accountability and governance are hitting the people, people are standing on the street. We are going to have a tough time. If we do not address these issues of Government today, the situation is going to be from bad to worse. Sir, I drifted a bit but I thought it is the right forum to address my colleagues and say that we have to start thinking, otherwise, things are going to become from bad to worse. Sir, when we are talking about MMEs, there are only about 15 lakh MMEs and unregistered MMEs are about 2.5 crores. That is a very large number. The total investment in the MMEs, micro, medium and small enterprises is about Rs.4 lakh 50 thousand crores and the total employment is about 5 crore 99 lakh. Now, this Bill is meant to affect all of them. We are concerned about it. I think this is a very good proviso which is being brought here and this would enable the SMEs to concentrate. The basic feature is once this Bill is amended and enacted, it will move the concentration of small and medium enterprises from talking about recovery of money, about losing money, etc. This would be talking about sales and production. This is the basic fundamental of this Bill which is very good, Sir. India is only about 2.2 per cent of the global factoring business which I have already stated. The world business is about 545 billion USD which would be around 1325 billion Euros in business. I think this Bill needs to be supported. Sir, the last word is here, before I conclude. I will absolutely stick to my time. In 2008 China which is, of course, the most growing market of small and medium enterprises, its trade is about 50 thousand million Euros, USA is about one lakh million Euros,

UK is about one lakh 88 thousand Euros. UK is substantially high. I have a very small submission and I think my friends from the Left and even from my own party would agree to certain points that where there is a loss made by corporates then what happens is that you have CDR, Corporate Debt Restructuring. अगर कोई कंपनी है, जिसका बहुत बड़ा नुकसान हो गया है - 50,000 करोड़ रुपए या 70,000 करोड़ रुपए, तो उसके लिए देश में एक प्रावधान है कि वे application डालते हैं और कहते हैं कि let us restructure the debt. So, their efficiency is not counted, their pilferage is not taken into account. Their wealth is considered as national wealth because a large exposure of the banks is there. If they lose money, the banks will lose money.

So, the banks come together and say, 'let us restructure.' My businessmen-friends would say that I am being non-reformist. But, when a small and medium enterprise man, who has about Rs. 2 crores or Rs. 3 crores or Rs. 4 crores, उसका पैसा अगर डूब जाता है तो डूबने दो। साहब, यह देश इस तरह से नहीं चलेगा। Restructuring is a policy. Bankruptcy कह दीजिए, restructuring कह दीजिए, तो जिसका 10 हजार करोड़ का नुकसान हो, 20 हजार करोड़ का नुकसान हो, तो बैंक उसके साथ बैठकर बात करता है कि इसको कम कैसे किया जाए, लेकिन जिसका एक या दो करोड़ का नुकसान हो, उसके साथ कोई बातचीत नहीं करता। उसको मरने के लिए छोड़ा जा सकता है। Sir, the functioning of the Government can be reflected here. This is my last point as I am running out of my time. This year, it is eight-year high. आठ वर्षों में सबसे ज्यादा इस बार है, that the big corporate have asked for a restructuring of the debts for an amount of Rs. 34,000 crores! I am sure this figure must have been with you, because this figure has been given in reply to a question in Parliament. तो आज आपके पास वैसा ही प्रस्ताव है कि 34 हजार, 35 हजार करोड़ का घाटा है और इस देश में बड़ी कंपनियां घाटे में हैं। The losses being incurred by big companies. So, there is a request from them. But, our humble request or my colleagues humble request or my friends' who are the on the Left and the Centre humble request is that the same feeling and the heart should be kept for small, medium and micro enterprises, because the viability, export, industrial production is not exclusively limited to big corporate houses, it is also due to small, medium and micro industries. And, we all come together to support and stand by you if your view-point as far as corporate is concerned is the same for small and medium enterprises. Thank you.

SHRI RAMA CHANDRA KHUNTIA (Odisha): Sir, I rise to support the Factoring Regulation Bill, 2011. As has been pointed out by the hon. speaker who was speaking from the other side, this will benefit around 5 crores of workers who are working in small and medium-scale industries. The small and medium-scale industries invested around Rs. 4.5 lakh crores. So, definitely, it is a good Bill and I do appreciate the effort of the Government.

The Bill provides for and regulates assignment of receivables by making provisions for registration therefor and rights and obligations of parties to contracts for assignment of receivables and for matters connected therewith or incidental thereto. So, the question is, this Bill intends to help the medium and small-scale industries. As has been mentioned by the previous speaker also, there is a Report of the Kalyansundaram Committee. The industrial and commercial undertakings, especially ancillary, micro, small and medium enterprises continue to suffer delay in payment, non-payment of their dues, interest or delayed payments. As a result, in many places, the workers are also affected. It is not only the small and medium-scale industries that are affected, but workers are also affected. There may be some industries where the payment is not paid to the workers. And, sometimes, the workers payment is delayed. In some places, there is retrenchment, lay off, etc., which has been going on all over the country for a long time.

As has been mentioned by the hon. Member, there is a Report of the Kalyanasundaram Committee, Bhogal Committee, Report of the Task Force appointed by the RBI, Report of the National Commission on Enterprises in the Unorganised Sector in 2009 by Shri Arjun Sengupta which also recommended some innovative financing instruments such as factoring, venture capital, credit rating and single, multi-purpose credit card for the unorganised sector on the pattern of Kisan Credit Card, etc. Here also, he emphasized on factoring. This factor is not very much popular in our country, though many hon. Members has said that it is very much active and a substantial percentage of transaction is being done through this factor. So, this is definitely a useful Bill for the small and medium-scale enterprises and also for the general workers. While supporting this Bill, I think, the hon. Member has also made some comments about the other functionings of the Government, which is not correct. About power generation also the hon. Member has said that we are not able to achieve the target of power generation. It is a fact. But why? Look at the fact that the power generation target is given to the State Governments and is also given to the private sector. They are not able to achieve the target. So, we should jointly try to achieve the target, instead of criticizing each other. If the State Governments are not able to achieve the target, if the private sector, that is, the industrialists, about whom the hon. Member also mentioned, are not able to achieve the target, the whole target set for the country cannot be achieved. That's why we should jointly try to achieve the target, whether it is power sector or any other sector.

Although it is not the opportune time to discuss here about corruption and the Lokpal, but since the hon. Member has made a reference, I would like to mention here that the UPA Government is the only Government who has created a very, very powerful instrument in the form of RTI, which can effectively be used to fight against corruption. I believe, it is because of

this instrument that one after other scandal cases have been exposed. And, this instrument, that is, the RTI, is the gift of the UPA Government. The UPA Government has given this legislation to this country.

The recommendations about the small and medium-scale enterprises had been discussed in the Indian Labour Conference also. Not only this, they were also arguing for the factor. They were also arguing for the exemption of Labour Act rules in various cases. They were also arguing for various other things. But among those things, I think, this factor, which is also very much useful for the payment of Bills and can also play a very important role in case of sales and aftersales service. This Bill, in all respects, is very much useful and helpful for this country. I think, this Government has done a very excellent job by bringing forward this Bill. I think, all the recommendations of the Standing Committee have also been accepted. So, I do not want to take much time. I, once again, support the Bill. And, I think, this Bill should get a unanimous support from all the parties and all the Members.

**श्री नरेन्द्र कुमार कश्यप (उत्तर प्रदेश) :** उपसभाध्यक्ष महोदय, मैं आपको धन्यवाद देना चाहता हूँ कि आपने मुझे इस बिल पर बोलने का मौका दिया। यह बिल कुछ कम्प्यूजन क्रिएट करने वाला लग रहा है, क्योंकि बिल को देखने और पढ़ने के बाद ऐसा क्लीयर नहीं हो पाया कि सरकार का आढ़तियों को बढ़ावा देने के संबंध में आखिर नज़रिया क्या है। महोदय, आढ़तियों को प्रतिबंधित करने के लिए आपने नियम की व्यवस्था की है। लघु उद्योग, सूक्ष्म उद्योगों को बढ़ावा देने के बारे में आपने इसमें प्रावधान किया है। लेकिन, एक चीज जो बिल्कुल देश की जनता को समझ में नहीं आ रही है कि आढ़ती के शब्द की परिभाषा क्या है, आपने इस शब्द को स्पष्ट नहीं किया। न तो यह बात समझ में आती है कि कमीशन एजेंट से आपका मतलब आढ़ती है या बिचौलिए से मतलब आढ़ती है। कुछ चीजें, कुछ बातें अभी ऐसी इस बिल में हमें नजर आती हैं जिनसे बिल का कंसेप्ट देश के सामने क्लीयर नहीं हो पा रहा है। आखिर आढ़ती है क्या? आढ़ती को बैंकिंग कम्पनी के रूप में मान्यता देना सरकार चाहती है या नॉन-बैंकिंग के रूप में उसको स्थापित करना चाहती है? जब तक इस मुद्दे को माननीय मंत्री जी स्पष्ट न करें, तब तक यह कंफ्यूजन देश की जनता के सामने मुझे अभी बनता हुआ लगता है। महोदय, इस बिल के जरिए आपने लघु और सूक्ष्म उद्योगों को उत्पादित माल के विक्रय में लगे लोगों को उपबंधित करने का उद्देश्य जाहिर किया है। इस बिल के पीछे सरकार की यह मंशा हमको यह नजर आई कि जो लघु उद्योग हैं, जो सूक्ष्म उद्योग हैं, उन पर उत्पादित माल के विक्रय को उपबंधित करने के लिए नियम लाया गया है, लेकिन यह लघु और सूक्ष्म उद्योगों में कौन-कौन से उद्योग शामिल होंगे, यह भी इस बिल में स्पष्ट नहीं है। उद्योग, लघु उद्योग को तो इसमें नामित किया गया लेकिन वे उद्योग कौन-कौन से होंगे, कौन-कौन सी चीजें इसमें शामिल होंगी, यह चीजें भी हमको इस बिल में नजर नहीं आईं। माननीय मंत्री जी से मैं जिज्ञासा रखूंगा और यह अनुरोध भी करूंगा कि कृपया वे अपने उत्तर पर मैं इस बात पर जरूर प्रकाश डालें कि आखिर उद्योग और लघु उद्योग से उनकी मंशा क्या है? महोदय, मैं आपके माध्यम से माननीय मंत्री जी से अनुरोध करूंगा कि क्या इस बिल में गुड़ मंडी उद्योग, सब्जी, अनाज, मछली पालन उद्योग, क्या इन कारोबारियों को भी इस उद्योग में शामिल करने की सरकार की कोई योजना है? महोदय, यह बात मैं इसलिए

कह रहा हूँ कि हमारे देश की 70 फीसदी आबादी खेत, किसान और मजदूर के साथ जुड़ी है और यह 70 फीसदी आबादी देश के लोगों के लिए फल और सब्जी कर उत्पादन करती है और यही 70 फीसदी आबादी गुड़ और खांडसारी के उद्योग को संचालित करती है और यही 70 फीसदी आबादी मछली और दूसरी चीजों का उत्पादन करती है, लेकिन सरकार ने इस बड़े तबके को, जिसका रिश्ता देश के 70 फीसदी लोगों से जुड़ा है, इस पर सरकार ने कोई भी जोर इस बिल पर नहीं दिया है। हमें चिंता इस बात की है कि परम्परागत व्यवसाय से जुड़े हुए लोगों का विकास आप कैसे करेंगे, उस पर आपकी क्या योजना होगी? महोदय, मैं यह बात इसलिए कह रहा हूँ कि आज हमारे सामने कोई भी सरकारी योजना का लाभ दिलाने के लिए जब तक हम लोग, हमारी संसद, हमारे सांसद और खास तौर से उन तबकों को, उन लोगों को जो देश के लिए कच्चा माल, फल, सब्जी, मछली या गुड़ का उत्पादन करते हैं, जब तक आप इस बड़े तबके को लाभ की योजना देने की योजना बनाने का काम इन बिल और सरकार की नीतियों में नहीं करते, तब तक देश का सर्वांगीण विकास मुझे संभव नजर नहीं आता। महोदय, एक बहुत ही चिंता की बात खास तौर से मैं कहना चाहता हूँ कि हमारे देश में तालाबों के जरिए, नदी-नालों के जरिए, बड़े समुद्र के जरिए मछली पालन अपनी जान जोखिम में डालकर मछली पालन का काम करते हैं। महोदय, आए दिन ऐसी घटनाएं सुनने और जानने के लिए मिलती रहती हैं, कि मुछआरे नदी में डूब जाते हैं, अनावश्यक कई तरह की घटनाएं हो जाती हैं, लेकिन विडम्बना हमारे देश की है कि मछली पालन करने वाला व्यक्ति, जो अपनी जान को जोखिम में डालकर मछली पकड़ कर मंडी में जे जाता है या आढ़तियों के पास ले जाता है या व्यापारियों के पास ले जाता है, उस मछली पालक को, जो अपनी जान जोखिम में डालकर समुद्र से मछली पकड़ता है, उसको मछली की कीमत 30, 40 या 50 रुपये किलो मिलती है, लेकिन जो मछली का व्यापार करने वाले व्यापारी हैं, वे उस मछली को सुखाकर या पिसवाकर या किसी अन्य तरीके से फाइव स्टार होटलों में 1000 रुपये किलो के भाव से सेल करते हैं।

महोदय, मैं आज खासतौर से देश के मछुआरों की बात कहना चाहता हूँ जो हमारे देश में बड़े पैमाने पर मछलियों का उत्पादन करके देश के लोगों को मछलियां उपलब्ध कराते हैं, मैं माननीय मंत्री जी से जानना चाहता हूँ कि क्या आप इसको भी लघु उद्योग का दर्जा देंगे? क्या माननीय मंत्री जी इसको भी सूक्ष्म उद्योग का दर्जा देंगे? क्या इनके लिए भी कोई न्यूनतम कीमत तय होगी? महोदय, ऐसे बहुत सारे सवाल हमें इस बिल में नजर आते हैं जिन पर आज भी चिंता करने की आवश्यकता है।

महोदय, जम्मू-कश्मीर में सेब की खेती होती है, हिमाचल प्रदेश में सेब की खेती होती है और बहुत सारे प्रदेशों में सेब की खेती होती है। अब सेब की खेती करने वाला किसान जो पूरे साल अपनी खेती में मेहनत करता है, पानी का प्रबंध करता है, खाद-बीज का प्रबंध करता है और अनेकों बार बहुत कठिनाइयां भी आती हैं कि ओला पड़ जाता है, अधिक वर्षा हो जाती है, वह बेचारा पूरे साल काम करता है और जो कुछ फसल उसकी बचती है, उस सेब को जिसे वह पूरे साल मेहनत करके कमाता है, उसकी कीमत उसे 20 रुपये किलो या 25 रुपये किलो के हिसाब से मिलती है, लेकिन आढ़ती, वही आढ़ती जो बड़े-बड़े शहरों में

बैठे हैं, उसी सेब को खरीदते हैं और जब उस सेब की सेल होती है तो वह 125 रुपये किलो बिकता है। क्या सरकार का रुझान उन सेब उत्पादक किसानों के प्रति भी इस बिल के जरिए से उनके फायदे के लिए कदम उठाने का है?

महोदय, आज आलू का संकट आ गया है। सरकार और देश के सामने यह चिंता का विषय है कि आलू किसान के सामने जीवन का संकट इसलिए पैदा हो गया है -- पंजाब के अंदर हमने देखा है कि पंजाब के किसानों ने तीन-चार महीने जाड़े में, कड़क जाड़े में आलू को बोया, उसके लिए खाद-बीज की व्यवस्था की और जब आलू बनकर तैयार हो गया...।

THE VICE-CHAIRMAN (DR. E.M. SUDARSANA NATCHIAPPAN): I would like to remind you that you have got another speaker from your Party.

**श्री नरेन्द्र कुमार कश्यप :** महोदय, मैं समाप्त कर दूंगा। महोदय, जब आलू बनकर तैयार हुआ, तो जिस किसान ने महीनों उसके उत्पादन के लिए अपना पैसा इन्वेस्ट किया, अपनी ताकत लगाई, आज वह किसान मजबूरी में मंदी की वजह से, आलू की मंदी की वजह से उसे सड़कों पर ऐसे ही छोड़कर जा रहा है। जिस किसान ने आलू बोया था, उसे उम्मीद की थी कि मैं फसल उगाऊंगा, उससे मुझे पैसा मिलेगा और उससे मैं ईख की खेती को अच्छा करूंगा। महोदय, आज उन किसानों के सामने आर्थिक संकट पैदा हो गया है। खासतौर से सब्जी उगाने वाले लोग, क्योंकि इस बिल में आढ़ती शब्द को हाईलाइट किया गया है, हम गांव-देहात के रहने वाले हैं, अमूमन आढ़ती का मतलब होता है मंडियों में, बड़े-बड़े बाजारों में सब्जियों को आढ़त करना, फलों को स्टोर करके बेचना। हमारे देश में जो सब्जी उगाने वाला किसान है, जिसको हम छोटा किसान कहते हैं, जो खासतौर से मूली, गाजर, धनिया इत्यादि की फसल पैदा करता है। वह किसान छोटी खेती करके जब अपने माल को मंडी में लाता है तो आज के बाजार की स्थिति हमारे देश में यह है कि उस सब्जी उत्पादक किसान की फसल का दाम भी उसे नहीं मिल रहा है, आज उनको अपनी फसल का पूरा पैसा नहीं मिल रहा है। जो किसान गांव से कस्बों या शहरों में अपनी फसल को बेचने के लिए आते हैं, उनको जब मालूम होता है कि मंडी में सही दाम नहीं मिल रहा है, तो वे सड़कों के किनारे या रास्ते में फसल को छोड़ जाते हैं। महोदय, आज हमारे देश के सामने इस तरह की स्थिति पैदा हो गई है कि जो किसान हैं, मजदूर हैं और खासतौर से फल-सब्जी तथा मत्स्य पालन से जुड़े हुए उत्पादक हैं, वे अपने आपको ठगा सा महसूस कर रहे हैं। क्या सरकार ने इन छोटे फल तथा सब्जी उत्पादकों के लिए इन आढ़तियों के लिए, कोई नीति बनाई है?

महोदय, अभी पूरी देश में गुड़ का सीजन चल रहा है और खासतौर से उत्तर प्रदेश, पंजाब, हरियाणा, मध्य प्रदेश तथा राजस्थान में यह सीजन चल रहा है। ये सभी North India की स्टेट्स हैं, जिनमें रहने वाले छोटे किसान चीनी उद्योग के साथ-साथ गुड़ के कोल्हू व क्रैशर भी चलाते हैं। ये लोग गुड़ बनाने के बाद जब उसको मंडियों में sale करते हैं, तो उनके सामने यह परेशानी पैदा होती है कि उनके गुड़ के सही दाम नहीं मिलते, जिससे उनका कारोबार ठप्प हो रहा है।

4.00 P.M.

महोदय, मैं आपके माध्यम से माननीय मंत्री जी से यह अनुरोध करता हूँ कि आप जो यह बिल लेकर आए हैं, अच्छी बात है क्योंकि आपके मन में कोई न कोई लाभकारी योजना रही होगी, लेकिन जो आम जनता से जुड़े लोग हैं, जैसे मछुआरे हैं, गुड़ उत्पादक हैं, सब्जी उत्पादक हैं और फल उत्पादक हैं, उनके सामने जो आर्थिक संकट पैदा हो रहा है, क्या आप उस संकट को दूर करने की कोशिश करेंगे? आपने मुझे बोलने का समय दिया, मैं इसके लिए आपका मशकूर हूँ और आपको धन्यवाद देता हूँ। जय भीम, भय भारत।

SHRI TAPAN KUMAR SEN (West Bengal): Sir, I rise to present my views on The Factoring Regulation Bill, 2011, that intends to provide for and regulate assignment of receivables.

Sir, the Bill is intended to serve the interest of the MSMEs. At least, that is what the Statement of Objects and Reasons says. Now, this provision of factoring is meant to take care of the problem of delayed payments suffered by the micro and small enterprises, which supply products to the big brothers who don't pay them money and flex their muscles instead, face a serious crunch of working capital and are ultimately ruined. So, this mechanism of factoring has been invented to be used as an instrument in order to address that situation. An Act was legislated in 1993 for that purpose but it had failed. In the Statement of Objects and Reasons it has been said that it had failed. Thereafter, in 2006 again, another Act was legislated. It is a broader Act, the Micro and Small Enterprises Development Act, 2006, meant for their development. Even there a provision was made that special initiatives would be taken to address the problem of delayed payments from the big corporates, because small and medium enterprises basically work as ancillaries to the big enterprises. I am thankful to the Government for, at least, admitting that that too has failed. I particularly remember that Bill because that was the Bill on which I had made my maiden speech in the year 2006. The fact remains that even though a declaration was made and a pious intention was expressed in the Bill, nothing at all was done on that Bill. Again, in 2011, the Government had come with another Bill reiterating the same instrument which had failed in 1993. And now, what is the mechanism? It is quite amusing to look at it. The small and medium enterprises supply their products to the big industries but they don't get payments. It is an unlawful thing. Instead of directly addressing the problem, Government is bringing an instrument in between. An agency would be collecting the delayed payment from the big companies to give them back to the small enterprises in lieu of a commission or a charge. Why should the small MSMEs that supplied their products to the big enterprises pay for commission again? This is the tragedy of our economic policy paradigm.

When small and medium enterprises suffer, they don't get their legitimate dues while supplying their product to the user, the big company and they are being charged a commission to realize their due legitimate payment. But when the biggies face economic problem no less than the Prime Minister immediately expresses his concern over them in public media that something must be done to bailout them. That is a tragedy. These are the big companies again which deliver most of the non-performing assets to your banking system; not the small-scale industry. Out of the total NPA that banks are suffering, 90 per cent are from big corporates, and you are running after them to restructure their equity. The very recent example is in Delhi. The Discoms was not being able to pay to NTPC for the power supply. The NTPC threatened them that they would disconnect the supply. They told that it was not getting money from bank. So, the Government is running to restructure their equity, prevailing upon the bank to give them loan so that they are rescued. But so far as the small and medium-scale enterprises are concerned, they are left to die. What is the theory there? That you can't compete in a competitive environment, so you have no business to remain in business. आप धंधे में नहीं रह सकते हैं, आप जाइए because you are unfit to survive in this competitive environment. So, for the small and medium-scale enterprises, it is the competition that matters but for the big companies the Government give them red-carpet welcome to rescue them from all distresses. This is how the whole of your governance is getting corporatized and is getting pocketed by corporate agents. They are using public money and looting public money. On the other hand, for small and medium-scale enterprises, which contribute 45 per cent of manufacturing production of the country, contribute 40 per cent of your export performance and generate employment for lakhs and crores of people, you are enacting another agency to give their legitimate dues to them. Your governance has become so helpless and hopeless that you are now putting in place another agency without teeth and political will to serve the small and medium-scale enterprises, to ensure the payment of legitimate dues to the MSMEs. I think the Government, as a whole, must owe an answer to this. Secondly, the Act of 1993 failed; the Act of 2006 failed and now in 2011 you are bringing another Bill with an intention that it will not fail. But the Bill does not ensure that it will succeed. However, this Bill is going to make certain provisions, but if the factoring system does not succeed what will be the fate? Some provisions are there for penalty and all these things but there is no provision of penalizing the debtor who has taken the supplies and is not paying the supplier, the small-scale industry. No such provision is there in the Bill. In many places, your Bill is not consistent. One clause of the Bill is not consistent with the other. Let me point out in clear terms. Your clause 8 of the Bill is not consistent with clause 18 of the Bill. They are contradictory with each other so far as the interests of the assignee, the assignor and the debtor are



concerned. I think the Government must address and clarify this issue of contradiction and inconsistency between clauses 8 and 18 of the Bill. Then, I feel, it is important to recognise the fact that SMEs have little negotiating power. So, through this mechanism, it should be ensured that they get regular and timely payment of their supplies made to the big industries. Some mechanism needs to be incorporated here, if this time, in 2011, we want the Bill to succeed and realise its real intended objectives. But, how are you going to put it? It is crucially important. At the same time, you are putting in an intermediary between the small-scale industry and the big suppliers to realise their payment. I think, the provisions in the Bill are not enough to regulate the factors if the factors start playing nuisance.

[THE VICE-CHAIRMAN PROF. P.J. KURIEN in the Chair]

The big industries have much bigger clouts. Who will be ruined by the factoring company? Will it be small-scale industries or the big clients, the big brothers? They have the big clout to dominate the factoring company against the interests of the SMEs, for whom you are introducing this factoring company system altogether.

Another aspect is there which has not been taken into account. You are opening a floodgate for the Government to be looted again. Why? Because among the small and medium-scale industries, there is a big chunk, not even a smaller chunk, which is the big team of the big industries. They open a small unit as a supplier unit to the big company and they try to take the advantage of whatever special incentive you are giving to the small-scale sector. It is that big team of the big companies who are trying to get all the benefits using the clout of the big companies, their clout in the corridors of the power, their nearness with so many biggies in the Ministries and other areas. Using their clout in the corridors of power, they are beating the small scale industries and taking the advantage. The genuine SMEs stand to deprive. What protection are you giving in this Bill? There is nothing in this Bill, although the intention is a welcome intention. The thing is that you really did not analyse why your Act of 1993 failed, why your pious intention in the 2006 Act failed, and again, in 2011, you are bringing another Bill with the same intention. There is no guarantee that this will succeed. The provisions in this particular Bill do not provide any such guarantee. Based on the previous experience, you should have seen that, at least, this time, this Bill should not fail. Nothing is there to ensure that. The hon. Minister may kindly clarify this because after six years, you will again bring another Bill making the same statement. There will be nobody, at that time, to ask as to why you did not do it. What is the net result? The particular community is targeted for whose benefit, this Bill is brought - the small and medium enterprises. They are the biggest employers. They are one of the biggest

contributors to exports. They are one of the biggest contributors to country's manufacturing output. They can't afford the luxury of not producing and keeping the factory open. Big companies may have that luxury. They can keep their factories open and still not produce. They can produce at an opportune time when they will get the proper price. The smaller companies just cannot afford to do so - keeping their switch on, keeping the power supply and paying the power bills without producing anything. That was the condition. The Government has not properly given its thought, its focus on this reality being faced by the small and medium-scale enterprises. They have not taken care. They have not analysed the reasons for failure of the 1993 Act and the 2006 Act. They have come with another piece of legislation, but they have not taken into account the reasons for which the previous exercises have completely fallen. In view of your intention, we are not standing in the way of the Bill, but, at the same time, I would like to insist upon the Government to please reconsider this Bill. Don't bring in commission agents. Don't expect the common people of the country to get their legitimate dues, through commission agents in between, from parties to whom they have supplied goods. Tomorrow, you will say, a worker, in order to get his wages, will need an agent in between. Yes, it is there at workplaces where contract system is there. From the principal employer, the contractor is getting Rs. 5,000/- to pay the workers, while only Rs. 2,000/- are paid to the workers. That is also another kind of system of commission agents, and, you are promoting that unlawful system everyday. The Bill is yet pending in your cabinet hovering from Ministry to Ministry to address this basic problem of contract issues.

So far as the payment to MSMEs is concerned, you are engaging a contractor in between. I don't think that it is going to really serve any purpose so far as the small and medium scale enterprises are concerned. This is again going to fall flat. This is my apprehension. I shall be the happiest person if my apprehension is proved false. But, better late than never. I am not standing in the passage of the Bill but I am questioning your intention; I am questioning the intention of the Government. I am saying that you don't have the basic good intention and will to really help the marginal and small scale enterprises. You have brought again a Bill to show to the gallery, well, for the MSMEs, you have brought a Bill to help them out. (*Time-bell rings*) I disdain with this kind of approach, and, I demand that the whole approach should be renewed, and, the whole thing should be reworked. Thank you.

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Thank you. Now, Shri D. Bandyopadhyay.

SHRI D. BANDYOPADHYAY (West Bengal): Mr. Vice-Chairman, Sir, I support the Bill because it is one of the Bills, which has addressed, or, at least, technically solved the problems

of the micro, small and medium enterprises in getting their legitimate and legal dues. Now, it appears from the Bill itself, that bringing in a factor is a new innovation. It is not a new innovation in the Indian history. East India Company used factors for the exploitation of the Indian masses. In fact, if I recall correctly, Mahatma Gandhi's first public action after coming from South Africa was in Champaran District in Bihar against the indigo factoring arrangement, a middleman, which they used to have a long time ago. Then, with the efforts of Mahatma Gandhi, the indigo factoring system was abolished in Bihar and the rest of India.

So, factor itself has a rather historically pejorative connotation but I don't look at that now. The point is that it is a well-intentioned Bill. The micro, small and medium enterprises cannot approach the big ones. They don't have the bargaining power. They are not consolidated. They have no unions, and, they don't have any spokesman. So, they suffer, languish and go bankrupt, and, there is nobody to care for them.

So, it is a very-well intentioned Bill. Mr. Tapan Sen has made some apprehensions. It is quite correct but I hope his apprehensions are proved wrong, as he himself has said, and, I wish that things work out well. My only submission to the hon. Minister is that what is applicable to the micro, small and medium scale industrial sector is equally applicable to the farmers. Why do the farmers go for distress sale? They go for distress sale for exactly the same reasons. They don't have working capital. They borrow money from the moneylenders. The moneylenders tease them, torment them, torture them, and, then, the farmers have to go to the market for distress sale.

Mr. Vice-Chairman, Sir, through you, I would like to ask the Government as to why don't they bring in similar factoring arrangement in the agrarian sector to prevent distress sale and farmers' suicides, which is going on for the last fifteen years. The other day record was placed in the House according to which between 1995 and 2010, 5,55,000 farmers committed suicide in India because of indebtedness. The same problem of indebtedness is there. Sir, why doesn't the Government bring in a similar sustenance for farmers? With these words, I support the Bill. But I only caution that twice it failed; it should not fail the third time. The mechanism for doing this is very feeble and fragile. It should not only be a part of the RBI, but it should also be a part of Companies Act. It should be a specific offence in the Companies Act. If the companies fail to redeem their pledges, they should be straightaway prosecuted in a court of law. That should also be brought in here. With this, I support the Bill. Thank you very much.

**श्री महेन्द्र मोहन (उत्तर प्रदेश) :** उपसभाध्यक्ष महोदय, मुझे बोलने का मौका देने के लिए आपका बहुत-बहुत धन्यवाद।

महोदय, गवर्नमेंट assignment of receivables के बारे में यह जो factoring का बिल लाई है, यह एक बहुत ही अच्छा विधेयक है, इस रूप में कि इससे Micro, Small and Medium Enterprises को बहुत आराम मिलेगा।

The Objective has also been very clearly mentioned here. It is to address the issue of resources management for the Micro, Small and Medium Enterprises Sector. But the question will be of implementation. In 1993, a Bill was brought and then in 2006 also a Bill was brought. But the implementation part could not be done properly and they failed. Here the question is that the powers are being given to the Reserve Bank of India. It provides for empowering the Reserve Bank to issue directions. The question is that Micro, Small and Medium Enterprises जो भी प्रोडक्शन करके अपने से बड़ी कम्पनीज को देती हैं, they have a very little margin of profit. Until and unless proper directions are given that a minimum commission is charged by the factoring business, then it is quite possible that they will suffer a lot because their margins are very low. And if the factoring agency, which is doing the business under the licence whether it is the NBFC company or a bank or any other corporate identity, charges high commission of factoring then a problem will be there कि उनका पैसा तो मिलेगा, लेकिन फिर उससे वे व्यापार कैसे करेंगे, अपने उद्योग को कैसे चलाएँगे? इसलिए, आपके माध्यम से माननीय मंत्री जी से मेरा अनुरोध है कि इसमें वे इस बात का विशेष ध्यान रखें कि micro, small and medium enterprises की जो factoring कराई जाए, उसके लिए जो नियम बनाए जाएँ उनका सख्ती से पालन कराया जाए।

सर, इसमें एक दूसरी चीज़ बहुत महत्वपूर्ण है। Factoring के बाद इसमें इस प्रकार का प्रोविजन भी है कि यदि उसने factoring से पैसा ले लिया है और बाद में हमारा जो principal buyer है, जिसके कि वे debtor थे, अगर उसने पेमेंट नहीं की है, तो factoring agency उस entrepreneur से अथवा small, medium या micro enterprise से पैसे को reclaim भी कर सकती है। Let it be a risk of the factoring business. वह जो बिजनेस कर रहा है, अगर वह पैसा नहीं आता है तो जो entrepreneur है, जिसने सप्लाई किया है, जिसने पैसा लिया है, उसके पास वह पैसा रहना चाहिए, वह उससे रिकवर नहीं किया जाना चाहिए, अन्यथा फिर वही हमारे small, medium and micro enterprises के entrepreneurs कठिनाई में आ जाएँगे। इसके लिए बहुत आवश्यक है कि इस प्रकार की चीज़ें इसमें रखी जाएँ।

इसके साथ-ही-साथ factoring business के अन्दर हम लोगों ने देखा था कि कुछ स्टेट्स इस पर स्टाम्प ड्यूटी लगा देती हैं, तो इसमें ऐसा कोई प्रावधान कर दिया जाए कि किसी भी स्टेट को यह राइट न दिया जाए। अगर वह प्रावधान कर दिया गया है तो बहुत अच्छी चीज़ है कि कहीं पर कोई भी स्टेट इस पर स्टाम्प ड्यूटी लेवी न कर सके, क्योंकि जैसा मैंने आपसे कहा कि यह small, medium and micro entrepreneurs जो होते हैं, वे बहुत छोटे-से मार्जिन पर कार्य करते हैं और यदि उनकी cost of production इस तरीके से बढ़ जाएगी तो उनके realisation के लिए इतनी दिक्कतें आ जाएँगी और फिर उनके लिए बहुत कठिनाई की बात होगी। इसके साथ-ही-साथ इसमें कल्याण सुन्दरम कमेटी की रिकमेंडेशंस वगैरह को ध्यान

में रखा ही गया होगा, इसका मुझे पूरा विश्वास है। लेकिन, जो सबसे बड़ी चीज़ है, वह रिजर्व बैंक की गाइडलाइंस और उसका इम्प्लीमेंटेशन है, क्योंकि अभी भी कम्पनीज़ लॉ के अन्दर प्रोविजन है कि बड़ी कम्पनीज़ स्मॉल इंटरप्रन्योर से या स्मॉल इंडस्ट्रीज़ से जो भी सप्लाईज़ लेती हैं, उनका पैसा उन्हें एक निश्चित समय में देना चाहिए। लेकिन वह समय पर भुगतान नहीं करती है। फिर भी उन पर कोई एक्शन नहीं होता है। यह बहुत जरूरी है कि इसके अंदर जो भी प्रावधान किए जाएं, उनको अनुपालन कराया जाए और उसको चालू रखा जाए। यदि कोई इसका अनुपालन नहीं करता है, तो इसके लिए उसे ऐसी सजा हो कि लोग इससे deviate न कर सकें और उसका पालन करते हुए उसका भुगतान करें। हमारे देश में कानून तो बहुत बन जाते हैं, लेकिन उनका implementation नहीं हो पाता है। That is the biggest problem which we are facing. So, we must improve our implementation part when this factoring business is there.

With these words, I hope that the small, medium and micro industries will get benefit of this Bill and they will get working capital at cheaper rates than the banks and others, and they will be in a position to implement this and produce more for the country. Thank you.

DR. E.M. SUDARSANA NATCHIAPPAN (Tamil Nadu): Mr. Vice-Chairman, Sir, thank you very much for the opportunity. Sir, I support this Factoring Regulation Bill, 2011. This is one step further to help the small and medium scale industries which are suffering for want of financial help. Sir, already the banks have been giving loans at a rate around 15.5 per cent and above to the small and medium scale industries. Therefore, the small, medium and tiny scale industries are suffering. When they suffer further and when they do not get the price for the goods or services which they are providing to the buyer, this particular system of factor comes into play. A banker or a nonbanking industry or any such person or cooperative industries come into the picture and they become the factor carrying that burden of payment of interest upon them. Therefore, three persons are involved here and the small scale enterprises are going to get a price, in or around 30 to 85 per cent, immediately on entering into this agreement. But, unfortunate thing happening is that the companies or the so-called multinational companies or corporate bodies are not ready to come forward for such agreements and they are following their own principle of making belated payment. Therefore, many of the industries have closed down. But, people are interested to go in for agreement because big companies need not have an agreement with the factor for helping the seller. If they come forward, then, the factor is going to earn the money by way of interest and they are going to enjoy that interest. Therefore, finally, the issue is coming around that the tiny, small and medium scale industries are gradually dying without capital.

Sir, I would like to suggest to the hon. Minister and also the Government to look at the pathetic situation of these industries which provide employment to huge numbers. More than

49 per cent of the total employed people are from these industries. They provide huge employment. Many of the people after doing higher studies go in for entrepreneurship and start an industry. But, subsequently, when they could not face the financial crunch, gradually, they close the industry. Therefore, the Government should treat these tiny, small and medium industries similar to agriculture. Fortunately, in respect of agriculture, the UPA Government started to give loans at seven per cent after Pranabji took over as the Finance Minister. He announced about the reduction to the persons who are paying properly and that they will get at four per cent or 4.5 per cent. Similarly, the small scale industry entrepreneurs should also be given at the same rate. If they are paying properly, they should be given this type of loan at the rate of four per cent or seven per cent at least. Then only the industry can survive. No doubt, this particular assignment of the receivables is very much applicable in the American society. The American society is suffering because of this type of factor also. Many of the people are not being paid properly and the small-scale industries have to bear that burden, of receiving only 85 per cent and leaving the rest of money as 'not recovered'. This is the suffering they are also going through. Therefore, when you are making this law, the non-banking sector can also go as a factor. We are now allowing them also. Already, the Reserve Bank of India, through the Special Team Report, has allowed them to pay 25 per cent as 'maximum interest'. It will swallow the person's total capital. Therefore, the industries should be looked in a proper way. While the Finance Minister is moving this Bill, I request that small-scale industries which are having Rs.1.5 crores should be exempted from paying the excise duty to that extent. This was done ten years before. Now, the price is heavily going up; the rupee value is going down. At this juncture, 1.5 per cent is a very, very small amount. Therefore, the exemption limit of Rs.3 crores should be increased, in the coming Budget, to, at least, Rs.5 crores so that the small and medium scale industry people can benefit from that.

Similarly, Sir, the banks which are now lending to small scale industries are not giving concessions even in factor matters even though the banks are having the factoring system. It is prevailing in all the commercial banks now. Public sector banks are also giving it, but they insist on giving further security for that purpose, more than this factor. Even though the present law is coming into force, they are not agreeing for receivables alone. They ask for more security from the enterprises. So, this factor should also be noted and they should not be compelled to give further security. It is not possible for the small-scale industry people to come out with that.

Sir, many of the concessions are taken away from them by the medium scale industries. Wherever they go for having commercial loans, in any bank, they are getting the priority, leaving out the tiny, small-scale industry people. Therefore, a separate reporting system should be

followed in all the public sector banks, assessing how much the tiny sector is benefited, how much the small-scale industry is benefited and how much the medium-scale industry is allowed to gain from that. Overall, SMEs are benefited by many crores. That is the reporting system. Now, the banks are following it. It should be seen that the tiny sector is given priority, that the small-scale sector is given priority while giving loans. If we do that in a proper way, we can see that these people are employed properly. This is the greatest benefit we can give and help them in solving the unemployment problem because a large portion of the working force is now employed here. Now, there are some new things also coming up from the UPA-II Government, that people who are interested in buying a small scale industry even from any other country, can go there; banks are lending money for that purpose. Many concessions are also given by the Government. Therefore, very encourageable things are coming. In a similar way, the cloud banking system is there; IT services are available now for the small scale things. These are all things done by the UPA Government. It is bringing the enactment separately for this purpose. For the protection of small scale industries, laws are coming one after another. There were several losses being exempted. That means, parallelly, they can also enjoy through that law also. Hence, the intention of the Government is very clear, *bona fide*. But, at the same time, execution is done through SIDBI (Small Industries Development Bank of India). They are giving protection to the subordinate banks by giving security to them. But for industries which are going down, down, those financial institutions are all increasing the interest burden. That should not be done. It should be reasonable service charges alone. That should also be regulated by the Reserve Bank. It is appreciable. But we don't understand as to how much burden the Reserve Bank can take like this. When already the cooperative banks are being looked after by the Reserve Bank, if this type of small factoring is also going to be looked after by the Reserve Bank of India, it will be humanly impossible. So, we have to create an institution within the Reserve Bank so that this type of multiple agencies are supervised properly. The Government has brought a very good enactment. When the cooperative banks are not able to discharge their obligations, the Reserve Bank will take over it. People thought that finance flow would also come from the Reserve Bank. But it is happening the other way. The total banking business is frozen. Therefore, the cooperative banks are closed down. The cooperative banks could not come up with more capital. They do not get any more business. They are dried up. Finally, the State Governments come to their help and they are under compulsion to give the money. Therefore, the Reserve Bank supervision is good. We have to appreciate it. A small institution should be built within the Reserve Bank so that these type of problems can be addressed. Then only can

this type of enactment give more supervisory powers to the Reserve Bank and the small and tiny banking system can be followed properly. Thank you.

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Thank you, Dr. Natchiappan. Shri Ganga Charan. He is not present. Dr. Ashok Ganguly.

DR. ASHOK S. GANGULY (Nominated): Sir, I think that this is a very important and critical Bill, and I fully support it. It might not have worked in the past for various reasons. But the small and medium scale industries, tiny industries and the farming sector are at the mercy of big corporations. I have seen the status of small, medium and tiny scale sectors during my life-time. The large companies are really not bothered about the 30-day payment, the 60-day payment and the 90-day payment. So, they are at the mercy of large corporations. There is a slight difference from the indigo planters of Champaran because there the exploitation of India by the British was not hidden. Factoring was an instrument of exploitation. Now, factoring which the Bill is proposing, and the hon. Minister may correct me, is really emerging as an NBFC basically. This is a very important class of NBFC because it can't be a secondary or tertiary business of an existing organisation. Therefore, NBFCs dedicated to factoring require a critical mass. Therefore, the Reserve Bank can define and the Act can require that unless you have a critical mass of managing a certain amount of loan — it is not really loan — or dues, you will not have the professional expertise to manage it. So, hon. Minister, it is a very important legislation that you have brought in at a critical time. If it has not worked in the past, there is no reason to think that it will not work in the future. Therefore, we have to make sure that we do everything not to commit the same mistakes of the past. The regulatory agency has the overall supervision. Like the banking supervision, factoring supervision Act will enable the Reserve Bank to get resources in order to monitor the factoring agencies. We want the factoring agencies to work rather than to supervise the factoring agencies. Our job is to enable them to be successful so that the small and the medium scale industries and the tiny industries can thrive. It is the real problem and it is the real challenge. The timing of the Bill is very critical and we can all support it. But it will be the responsibility of the banking division of the Finance Ministry and the Reserve Bank of India. Eventually, I think a suggestion has been made, which is eminently worth pursuing that it must be incorporated, if possible, in the new Companies Act so that large companies are forced to publish in their annual report the payment record to small, medium and tiny industries. This must be recorded because without such a record neither the shareholders nor the small scale industries will have a chance to know that this attention is not being paid. The hon. Member has said that this factoring or NBFCs could be one of the important instruments to spread the system of giving relief to the farming sector. My request through you, Mr. Vice-Chairman, Sir, to the



hon. Minister is to give a serious thought to it because as a part of spreading the banking system to the rural sector this might become an important NBFC in order to be dedicated to factoring in the rural sector as well. I know that we are running out of time. I am very grateful to you for having given this opportunity to me. I have watched with dismay all through my life not only companies but also political parties giving responsibilities for their future to other countries and other parties. Therefore, we can come and give lectures here. But the time has come that India does something. I am very grateful and I compliment the Finance Ministry for thinking about the new NBFCs. Thank you.

SHRI V.P. SINGH BADNORE (Rajasthan): Sir, I stand to speak on the Factoring Regulation Bill, 2011. This concept of the small and medium industries came from Japan. Japan is one country which has really developed because of small and medium enterprises. This concept has come from there. They saw to it that the assigners and the assignees have an arrangement where they must make the payment in time. Now this was not happening here. The small and micro industries do get into such problems. They already have this working capital problems. They have borrowed from the banks to set up an industry. Then it is different from ancillaries. Let us not confuse the ancillaries with the small and medium industries. Ancillaries have a system where they develop a product for the bigger industries. Like, it is done in the car industry. Now they say, let us get the shock absorbers from there; let us get these small little nuts from here; let us get some instruments from here and all that. Those are the ancillaries which they get. But it is in different small factories which they have to supply to a lot of people. Those are small little industries. Let us say, they are set up in one small little town. They cannot supply to Chennai or Kolkata and all that. So they have these factory agents. Even their marketing is done by them because they are the sort of people who are in the middle. But when it comes to payments, those people, with all their influence, may not be able to get money for the small industries and then they get into trouble. When it comes to that level, it is where the problem starts. The Ministry tried to do this in 2003 and 2006. But there was no penalty. This time the penalty is so much and this is the penalty which is really going to get them the money in time; otherwise, they say they will get in three months, six months or nine months. So, not getting the money is a big problem for them. After that, when they don't get it, then, they have to close the shop. And, the problem is there for the Central banks as well. So, the banking system is also involved in it, and I am sure that they must have put pressure on the Ministry that it is not factories alone which would get into trouble, but they would also get into trouble, because if a factory is closed down, then, their loans get written off. So, there is the pressure, and the hon. Minister may not

have give in to the pressures from the small industries, but they have yielded to the pressures from the banking sector. The banking sector has said, "If you don't do it, then, we are in trouble." I am happy that the Government has done it, and it is not only good for the banking system, but also for the small and medium industries as well as the ancillary units because they also have the same problem. I am happy that this Bill has come about, and I am sure that, even though it did not work in 2003 and 2006, but, with the penalty that has been levied, it will work now. Thank you.

**श्री गंगा चरण (उत्तर प्रदेश) :** आदरणीय उपसभाध्यक्ष जी, मैं इस बिल का समर्थन करता हूँ, लेकिन बड़ी देर कर दी, हुजूर आते-आते। यह बिल बहुत पहले आ जाना चाहिए था।

**श्री नमो नारायण मीणा :** देर आयद दुरुस्त आयद।

**श्री गंगा चरण :** जी हां, देर आयद दुरुस्त आयद। मैं इतिहास के कुछ पन्नों को पलटकर आपको अतीत में ले जाना चाहता हूँ। स्मॉल इंडस्ट्री, लघु उद्योग, सूक्ष्म उद्योग, यही भारत की ताकत थे। एक ज़माने में भारत को सोने की चिड़िया कहते थे और मध्य एशिया, यूरोप तथा यूनान के लोग भारत में व्यापार करने के लिए आते थे। हमारे ढाका की मलमल, जयपुर के आभूषण बहुत प्रसिद्ध थे तथा यहां की कॉटेज इंडस्ट्री बहुत developed थी। इसीलिए ईस्ट इंडिया कम्पनी भारत में व्यापार करने के लिए आई थी और ईस्ट इंडिया कम्पनी ने आकर भारत के उन लघु उद्योगों को, कॉटेज इंडस्ट्रीज़ को समाप्त किया तथा ढाका के बुनकरों के नाखून ही कटवा दिए। मैं इतिहास के पन्नों को इसलिए पलटना चाहता हूँ कि कांग्रेस की बुनियाद भी राष्ट्रपिता महात्मा गांधी के उस आंदोलन से जुड़ी है। उन्होंने रोज़गारपरक आंदोलन चलाकर भारत को आज़ादी दिलाई थी। राष्ट्रपिता महात्मा गांधी और बाबा साहब भीमराव अम्बेडकर ने उन गरीबों तथा मजदूरों को पहले उद्योग से जोड़ा, रोज़गार से जोड़ा, हथकरघे से जोड़ा तथा वे ही भारत की आज़ादी के आंदोलन की ताकत बने थे। लोगों को उम्मीद थी कि आज़ादी के बाद ये उद्योग और मजबूत होंगे, उनको सरकार से ताकत मिलेगी, उनकी फाइनेंस की व्यवस्था और सुदृढ़ होगी, उनके लिए बिजली की व्यवस्था और अच्छी होगी, लेकिन उनको वह ताकत नहीं मिली। महात्मा गांधी ने गांव-गांव में जो कॉटेज इंडस्ट्री खड़ी की थी, छोटे-छोटे लघु उद्योग-धंधे खड़े किए थे, जो आज़ादी की लड़ाई की सबसे बड़ी ताकत थे, कांग्रेस पार्टी ने सरकार में आकर उनकी कमर तोड़ दी। वे गांधी आश्रम बंद हो गए, जहां खादी बुनी जाती थी, चरखे चलाए जाते थे तथा साबुन बनाए जाते थे। छोटी-छोटी चीजें गांवों में ही बनाई जाती थीं तथा गांवों के लोगों को शहरों में नहीं आना पड़ता था। गांव का वह कारीगर, जो लकड़ी का काम करता था, वह हल बनाता था, बैलगाड़ी बनाता था, उसे बढ़ई कहते थे। लुहार, लोहे का काम करता था, बुनकर लोग कपड़ा बनाते थे और गांवों में बना कपड़ा ही गांवों के लोग पहनते थे। गांवों के लोगों को केवल एक नमक खरीदने के लिए शहर आना पड़ता था तथा गांवों में स्वायत्तता थी। उस समय गांवों के लोग मजबूत थे। पहले गांवों के लोग शहर नहीं जाते थे। बल्कि शहरों के लोग अनाज खरीदने के लिए, कपड़ा खरीदने के लिए गांवों में जाते थे, लेकिन कांग्रेस के शासन-काल में गांव कमज़ोर हुए, उद्योग-धंधे कमज़ोर हुए और गांवों का जो हुनर था, जो कारीगर थे, वे असहाय हो गए, उनके

लिए finance की कोई व्यवस्था नहीं हुई। गांवों में बिजली की कटौती हो गई, सारी बिजली शहर वालों को दी जाने लगी और बड़ी-बड़ी बहुराष्ट्रीय कंपनियां फिर से स्थापित हो गईं। मैं कहना चाहता हूं कि हमारा पूरा राष्ट्रीय आंदोलन जिन बहुराष्ट्रीय कंपनियों के खिलाफ था, आज उनको फिर मजबूती दी जा रही है, उनकी फिर स्थापना की गई है और देखिए, आज देश की क्या हालत है। डिस्पैरिटी, आर्थिक विषमता की खाई इतनी गहरी हो गई है कि गांवों में आदिवासियों ने, जंगलों में रहने वाले लोगों ने, पिछड़े क्षेत्र में रहने वाले लोगों ने भूख और अभाव के कारण हाथ में बंदूक उठा ली है। मैं अपनी बात बहुत ही संक्षेप में रखना चाहता हूं और आपने स्वयं कहा कि देर आयद दुरुस्त आयद, फिर संभल जाइए। इस पूंजी बाजारीकरण के युग में शहरों में सुविधाएं बढ़ रही हैं, लेकिन गांवों में लोग अभावग्रस्त होते चले जा रहे हैं। इस बाजारीकरण की अंधी दौड़ में हमें उसके दुष्प्रभावों की ओर जाना पड़ेगा कि किस तरह नैतिक मूल्यों का पतन हो गया। आपने आदती व्यवस्था के बारे में कहा, तो पहले आदती लोग अपने बही खातों में दर्ज कर लेते थे और तब ज़बान की कीमत होती थी। करोड़ों का व्यापार ज़बान से चलता था और अगर कोई व्यापारी उस ज़बान को तोड़ता था, तो उसका सामाजिक बहिष्कार हो जाता था, फिर उसका माल कोई नहीं खरीदता था और वह सामाजिक दिवालिया हो जाता था। आज़ादी की लड़ाई उन नैतिक मूल्यों के लिए लड़ी गई थी और आज उन नैतिक मूल्यों का पतन हो गया है। आप कहां तक कानून बनाएंगे? मैं कहना चाहता हूं कि सिर्फ कानून बनाने से समाज नहीं सुधर सकता है। राजनीतिक दलों को नैतिक मूल्यों की रक्षा के लिए आंदोलन चलाना पड़ेगा और आपने वह आंदोलन चलाया है, बाबा साहब ने चलाया है। उन्होंने दलितों में, पिछड़ों में शिक्षा की रोशनी दी है और कहा कि शिक्षित बनो, फिर संगठित होकर अपने अधिकारों के लिए संघर्ष करो। तो आज चाहे कांग्रेस पार्टी हो, चाहे विपक्ष में बैठे हुए हमारे भारतीय जनता पार्टी के लोग हों, चाहे साम्यवादी आंदोलन के, communist movement के लोग हों और चौथा, सबसे बड़ा बाबा साहब के विचार हैं। महात्मा गौतम बुद्ध सामाजिक न्याय की लड़ाई लड़ने वाले और समतामूलक समाज बनाने वाले थे। जब तक हम ऐसा अच्छा, सुंदर समाज नहीं बनाएंगे, जब तक इन विचारों का, नैतिक मूल्यों का समाज नहीं बनेगा, तब तक अकेले कानूनों से न भ्रष्टाचार मिटने वाला है, न डिस्पैरिटी, आर्थिक विषमता की खाई मिटने वाली है। पहले लोग इतने दयावान होते थे कि अगर गरीब के घर शादी होती थी, तो पूरा गांव मदद करता था। आज बड़े उद्योगपति के यहां काम करने वाले एक मज़दूर की बेटी की शादी होती है और अगर वह मदद मांगता है, तो वह उद्योगपति, मिल-मालिक मदद देने के लिए तैयार नहीं होता है - इतनी कठोरता उसके दिल के अंदर आ चुकी है। आज समाज के अंदर सब कुछ है, लेकिन प्यार नहीं है, मुहब्बत नहीं है, इंसानियत नहीं है, मानवता नहीं है और जब तक हम इसकी रक्षा नहीं करेंगे, तब तक एक अच्छा समाज नहीं बन सकता है। तब तक यह जो आंदोलन है, उग्रवाद है, आतंकवाद है, नक्सलवाद है, यह विषमता की खाई है, यह नहीं मिटेगी। जब तक हम सभी राजनीतिक दल मिलकर समाज में एक अच्छा संदेश नहीं देंगे, तब तक यह खाई नहीं मिटेगी। खास तौर से अभी चुनाव आने वाले हैं और इस समय अच्छे लोगों को टिकट देने की ज़रूरत है और ईमानदार, समाजसेवी लोगों को टिकट देने की ज़रूरत है। मैं मंत्री जी से कहना चाहता हूं कि कम से कम जो गांव का किसान मज़दूर है, वह अपने गांव में ही food processing के छोटे-छोटे यूनिट लगाए। मुरब्बा बनाने का, अचार बनाने का, जूस निकालने का प्लांट, चिल्ड प्लांट आदि के लिए उनको बढ़ावा दिया जाए। बगैर घूस दिए, बगैर बैंकों के चक्कर काटे

उनके फाइनेंस की व्यवस्था की जाए। आप उन्हें दलालों के चंगुल से मुक्त कराइए। मैं जानता हूँ कि गांव के लोगों को जब बैंक में लोन लेने के लिए जाना पड़ता है, तब उसके लिए उन्हें कितने चक्कर काटने पड़ते हैं, कितनी फॉर्मलिटीज़ करनी पड़ती हैं। बड़े-बड़े उद्योगपतियों को तो बैंकर्स स्वयं बुलाते हैं, दावत देते हैं कि हमसे लोन लीजिए, लेकिन इन छोटे किसानों को दुत्कार कर, बेइज्जत करके बैंक से बाहर निकाल देते हैं। उनको सम्मान से लोन दीजिए, उनको बिजली की व्यवस्था कीजिए, कमीशनखोरी को रोकिए। ...**(समय की घंटी)**... महोदय, मैं गांव का रहने वाला हूँ, मुझे मालूम है कि गांव के लोगों को लोन लेने में कितनी दिक्कत होती है। क्रेडिट कार्ड बनाने में, बैंक के लिए लोन लेने में, ट्रैक्टर का लोन लेने में दिक्कत होती है, तब इस उद्योग के लिए लोन लेने में उन्हें कितनी दिक्कत आएगी। मैं इस आशा और विश्वास के साथ अपनी बात समाप्त करता हूँ कि माननीय मंत्री जी बैंकों को सुधारेंगे तथा गांव के छोटे उद्योग लगाने वाले किसानों को लोन दिलाने की सुविधा दिलाएंगे। मैं दावे के साथ यह कहना चाहता हूँ कि जब तक हम गांवों में उद्योगों को रोजगार से नहीं जोड़ेंगे, तब तक किसान की अर्थव्यवस्था सुधरने वाली नहीं है और जब तक गांव की अर्थव्यवस्था नहीं सुधरेगी, इस देश की भी अर्थव्यवस्था सुधरने वाली नहीं है। इन्हीं शब्दों के साथ मैं अपनी बात समाप्त करता हूँ। धन्यवाद।

SHRI NAMO NARAIN MEENA: Sir, at the outset, I would like to thank all the hon. Members, who have participated in the debate, for their valuable observations, suggestions and support. Before responding to specific issues raised by the hon. Members, I would like to place on record a few facts about the Bill, which will also address some of the issues raised by them.

The industrial and commercial units—particularly micro, small and medium enterprises—face serious liquidity crisis because of delayed or non-payment of their legitimate dues by the debtors—which means wholesalers or purchasers of goods—adversely affecting their production cycle and capacities. To address the issue, a specific cause,—the interest on delayed payments to small-scale and the ancillary industrial undertakings—the Act of 1993, made it mandatory for the buyer to pay to small-scale industry promptly, failing which he was required to pay interest to the supplier. However, the Act was repealed by the Micro, Small and Medium Enterprises Development Act, 2006, after the substantive provision of the Act of 1993 was suitably incorporated in the Act of 2006. The MSME Act also did not adequately improve the situation of delayed payments to MSMEs. Factoring, globally, is one of the mechanisms to address the issues of resource constraints, delayed payment from buyers of goods, and receivable management for the MSME sector. Various expert committees—such as the Study Group constituted by RBI in 1988, chaired by Shri C.S. Kalyanasundaram, and the Prime Minister’s Task Force on MSME of 2010—recommended the development of factoring services for small-scale industries through policy and legislative prescriptions.

In view of these recommendations made by various committees, and after wider consultation process, the Government decided to enact a comprehensive legislation to provide for and to regulate the factors, the factoring transaction and also to clarify the role and responsibilities of parties in a factoring conclave. This will, in turn, help in mitigating the problems of delayed payments to industrial and commercial units, especially MSME units. The enactment of this legislation would increase the liquidity position and access of MSME sector to credit facilities, thereby increasing economic growth and employment.

Sir, now, I would respond to some of the queries or the issues raised by the hon. Members. Initiating the discussion, Shri Rajiv Pratap Rudy raised the issue as to why the debt is structured only for big corporates. Sir, the RBI has directed the banks to consider restructuring for MSMEs also, who are normally banking with a single bank. The CDR Scheme is for corporates having loans of Rs.10 crores and above from more than one bank. That is why this Scheme is prevalent.

Sir, several hon. Members, including Shri Rajiv Pratap Rudy, Shri Ganga Charanji raised a number of relevant issues, such as, inflation, loans to farmers, deficit, monetary policy, interest rates, fall in industrial production, Food Security Bill, FDI, Indian companies investing abroad, corruptions, NPAs, restructuring of loans, etc. I have noted all those issues; and we will look into these issues.

Sir, Shri Narendra Kumar Kashyapji has said that there was a confusion about the word 'factor' in the Bill, and wanted to know whether the *aartiyas* are covered in this Bill or not. Sir, there is no confusion at all in the Bill. About the subject matter of this Bill, the word 'factor' is defined in sub-clause (i) of Clause 2 of the Bill, which says, "The activities of the commission agents for sale of agriculture goods or produce are not included in this Bill". This was done on the recommendation of the Standing Committee on Finance. This is clarified in sub-clause (j) of Clause 2 of this Bill.

Sir, hon. Member, Shri Tapan Kumar Sen raised various issues. One was, why should the MSME sell receivables and pay commission. The factor will pay the commission to the MSME. The factor will pay the MSME, and recover the receivables from all buyers, including big corporates. Factoring is an instrument used all over the world. Then, he again raised the issue as to what is the protection available that the factoring companies would not exploit the MSE units. The factor would be regulated by the RBI. All the factors will have to register themselves with the RBI. Sub-clause (v) of Clause 3 of the Bill states that the factors would be governed by the RBI rules, regulations, directions and guidelines. The earlier Acts of 1993 and 2006 were not fully effective, as there was no comprehensive legal framework for the provision of financing facilities to MSE sector. Now, all these legal provisions and penalties are there.

5.00 P.M.

He also raised a question that the provisions of Clause 8 and Clause 18 of the Bill are not necessary. Sir, this is not so and I would like to inform that so far as clause 18 of the Bill is concerned, a proviso has been added on the recommendation of the Standing Committee on Finance to protect the interests of the debtors as it will enable the debtors to claim any losses on account of the defective goods or short supply from the assignee. There is no inconsistency in Clause 8. Hon. Shri D. Bandyopadhyayji raised the issue that the risk of non-payment should be on factoring. The Bill provides for transfer of risk of non-payment to the factor. It also provides for loans against security of receivables in which in which case risk of the default is on ...*(Interruptions)*... Hon. Member, Mahendra Mohanji raised an issue about stamps. राज्य सरकारें स्टैम्प छोड़ेंगी या नहीं छोड़ेंगी? कोई अमेंडमेंट ला रहे हैं या नहीं ला रहे हैं? Sir, in this regard my reply is, yes, as the official amendment was introduced in Lok Sabha to add a new amendment to the Schedule to exempt factoring relating transactions from the stamp duty and a new Section 8(d) will be added to the Indian Stamp Act, 1899 after this Bill is passed by both the Houses. After that it is all exempted. Sir, this Bill has been passed by the Lok Sabha. Therefore, with these words, I commend this Bill for the consideration of the House.

SHRI TAPAN KUMAR SEN: Sir, I have only a small clarification to seek. The hon. Minister has just told that like the corporates there is a provision for restructuring the debt of the SMEs. I request him to give these details here of at least last five years after the passage of the Bill in 2006 of micro and small enterprises. How many SMEs have got the facility of debt restructuring? Sir, I shall be thankful if you could kindly lay it on the Table of the House.

SHRI NAMO NARAIN MEENA: Sir, the policy of the banks regarding structuring is already there for all account holders. ...*(Interruptions)*... I will not be able to tell the details now. ...*(Interruptions)*... We will give you the details later. ...*(Interruptions)*...

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): Okay, he has promised to give the details.

Now the question is:

That the Bill to provide for and regular assignment of receivables by making provision for registration therefore and rights and obligations of parties to contract for assignment of receivable and for matters connected therewith or incidental thereto, as passed by Lok Sabha be taken into consideration.

*The motion was adopted.*

THE VICE-CHAIRMAN (PROF. P.J. KURIEN): We shall now take up Clause By Clause consideration of the Bill.

*Clauses 2 to 35 and the Schedule were added to the Bill.*

*Clause 1, the Enacting Formula and the Title were added to the Bill.*

SHRI NAMO NARAIN MEENA: Sir, I beg to move:

That the Bill be passed.

*The question was put the motion was adopted.*

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#### MESSAGE FROM LOK SABHA

##### The Academy of Scientific and Innovative Research Bill, 2011

SECRETARY-GENERAL: Sir, I have to report to the House the following message received from the Lok Sabha, signed by the Secretary-General of the Lok Sabha:

¶In accordance with the provisions of rule 101 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to inform you that the following amendments made by Rajya Sabha in the Academy of Scientific and Innovative Research, 2011 at its sitting held on the 21st December, 2011, were taken into consideration and agreed to by Lok Sabha at its sitting held on the 27th December, 2011:-

#### CLAUSE 9

1. That at page 7 *for* line 7, the following shall be substituted, namely:-

“(2) The Academy shall make”

2. That at page 7, line 11, *after* the word “citizens”, the following shall be *inserted*, namely:-

“and any exemption from making such reservation under the proviso to clause (b) of section 4 of the Central Educational Institutions (Reservation in Admission) Act, 2006 shall not be applicable to this Academy.”

THE VICE-CHAIRMAN (PROF. P. J. KURIEN): The House stands adjourned to meet tomorrow at 11.00 a.m.

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The House then adjourned at five minutes past five of the Clock till eleven of the clock on Monday, the 28th December, 2011.