

**श्री राजनारायण :** माननीया, पोइन्ट आफ आर्डर। असल में अंग्रेजी में बोलुं तो आपको अडचन न पैदा हो। हमारा वैधानिक प्रश्न यह है कि जब हमारे सवाल को आपने मान्यता दे दी, मंजूरी दे दी, तो सरकार को उसका उत्तर देना चाहिये। सरकार यह नहीं कह सकती कि यह सवाल इससे उठता नहीं है।

THE DEPUTY CHAIRMAN : That will do.

#### CREDIT FACILITIES TO SMALL SCALE

**श्री राजनारायण :** यह प्रश्न बिलकुल उचित है, इसी से निकलता है। हम रेलवे बोर्ड को भंग क्यों करना चाहते हैं, यह रेलवे बोर्ड के रिआर्गेनाइजेशन का क्वेश्चन है। तो आप जरा हमको पोइन्ट आफ आर्डर का जवाब दें कि सरकार यह कैसे कह सकती है वह प्रश्न इससे उठता नहीं।

THE DEPUTY CHAIRMAN : That will do.

**श्री राजनारायण :** यह रेलवे बोर्ड के रिआर्गेनाइजेशन का सवाल है।

THE DEPUTY CHAIRMAN : Next question.

**श्री राजनारायण :** तो आपकी व्यवस्था क्या है ?

**श्री महावीर प्रसाद भार्गव :** व्यवस्था यह है कि आप बैठे जाइये।

#### SECTOR

\*152. SHRI M. M. DHARIA: SHRI A. G. KULKARNI :

Will the Minister of INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS be pleased to state :

(a) whether Government have received the report of the Committee on Credit facilities of the Small Scale Industries Board suggesting liberalisation of credit facilities to the small scale sector in order to encourage their growth;

†The question was actually asked on the floor of the House by Shri M. M. Dharia

(b) if so, what are the details of the conclusions of the Committee; and

(c) the extent to which the recommendations have been given effect to ?

THE DEPUTY MINISTER IN THE MINISTRY OF INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS (SHRI BHANU PRAKASH SINGH) : (a) Yes, Madam.

(b) A statement is laid on the Table of the House. (See below).

(c) The recommendations made by the Committee on Credit Facilities to the Small Scale Industries Sector are under consideration of the Government.

#### STATEMENT

The broad conclusions of the Committee are as follows:—

(1) Flow of finance to the small scale sector should be progressively institutionalised so as to reduce the share of direct Government finance and private non-institutional finance. The small scale units should, however, improve their own capital base by ploughing back profits to the maximum possible extent.

(2) The small scale industries sector should have an equitable share of the total industrial credit available in the country in accordance with its contribution to the total industrial production. Government financial assistance in the form of interest free loans, foreign exchange, etc. should also be equitably distributed as between the large scale and small scale industries.

(3) The small industrialists should be encouraged to adopt improved management practices and accounting methods to improve their credit worthiness with the financial institutions.

(4) Equity capital and long-term loans should be available to educated young men and experience technicians to set up a small scale industries, subject to sound ness of their schemes.

(5) There should be proper machinery for coordinating the flow of institutional finance from different agencies to avoid duplication and overlap.

Apart from the main conclusions of the report as given above, the Committee

has also made specific proposals to improve the flow of finance from existing institutions like State Governments, State Financial Corporations, State Bank of India and other commercial banks.

1. As regards block loans from the State Governments, it has been suggested that only small loans not exceeding Rs. 25,000 may be given under the State Aid to Industries Act and that loans above Rs. 10,000 should be routed through the S.F.Cs.

2. An important recommendation regarding the S.F.Cs. is that they should canalise 75 per cent of their funds to the small scale units. To place additional funds with the S.F.Cs. the Committee have recommended that the resources of the Corporations should be considerably augmented from various sources and that the Industrial Development Bank of India should refinance all loans made by S.F.Cs.

3. The Committee have also recommended liberalisation of the State Bank of India Scheme for financing technician-entrepreneurs so as to make the facility available not only to fresh graduates but also to technical entrepreneurs who have already established small scale units. The schema should be extended to cover new units set up by these entrepreneurs either in the industrial estates or outside these places. The maximum amount of loan is to be increased from Rs. 1 lakh to Rs. 2 lakh and the period of recovery extended to 10 years.

4. The Committee have also proposed streamlining and simplification of the procedure for the grant of instalment credit and medium-term loan and to augment factory type loan and clean advances to small scale units. It has been suggested that the working capital requirements of small clients who are at present getting loans from money-lenders at higher rates of interest, should be increasingly met by the State Bank.

5. So far as the Commercial Banks are concerned, the Committee have proposed that the total availability of credit from these banks to the small scale units should be of the order of Rs. 350 crores by the end of the Fourth Plan period. It has also been suggested that the returns to be submitted by the commercial banks should clearly show various categories of loans and by size of investment of small scale units, to correctly assess the extent

of liberalisation of the credit policy of the banks.

6. The Committee have finally recommended that a separate institution should be set up to finance the fixed capital and long-term credit requirements of small scale units in an adequate and satisfactory manner.

SHRI M. M. DHARIA : Madam, this issue regarding credit facilities being made available to small-scale industries is under discussion for several years now. As the Government is aware, out of our national production the production by the small-scale industrial units is of the order of Rs. 2,800 crores and, in spite of it, very meagre credit is being made available for the small-scale industries. Is the Government considering to have a central finance agency or some such institution for making credit available to the small-scale industries?

SHRI BHANU PRAKASH SINGH : Madam, the situation regarding small-scale industries on the credit side was not really encouraging. Therefore, the Ministry set up this Committee on Credit Facilities. Certain decisions have been reached and we are consulting the State Governments.

SHRI A. G. KULKARNI : What are those decisions?

SHRI BHANU PRAKASH SINGH : I am replying to the hon. Member's question. We are in consultation with the State Governments. After that we will consult the Ministry of Finance and then we will announce the decisions.

SHRI M. M. DHARIA : Madam, my question has not been replied to. My question was whether the Government is considering to have a central agency like, say, the Development Corporation. He has not answered that. He has simply said "We are considering". My question is very specific. Is the Government considering the setting up of a special agency as the Development Bank for making credit available to the small-scale industries?

SHRI FAKHRUDDIN ALI AHMED : This question was raised in the meeting of the Committee which was set up for considering these questions and the view had been pressed by a large number of people and we are still considering whether the same effect cannot be given by other

ways and if it is not possible, then that question will be taken into consideration

SHRI M. M. DHARIA : Is it a reply to my question?

SHRI A. G. KULKARNI : As per the statement enclosed, in item two they say that the small scale industries' sector should have an equitable share. In this connection may I know whether the Government is aware that the small-scale sector, by utilising 8 per cent, of the national asset is producing 30 per cent, of the product and 33 per cent, employment as against the bigger sector employing 66 per cent, of the assets and producing only 64 per cent. In view of this, does the Government categorically state that as has been recommended the credit flow will be made to all the sectors in proportion to their contribution to the national product? Is the Government going to categorically say that they will follow this credit policy?

SHRI FAKHRUDDIN ALI AHMED : It is certainly true that so far as the position of credit flow to small scale industries is concerned, it is not satisfactory and is not commensurate with the efforts made by that sector.

SHRI A. G. KULKARNI : What positive action you are taking?

SHRI FAKHRUDDIN ALI AHMED : We are taking positive action to see that so far as credit flow is concerned, that is increased considerably and the small-scale sector is allowed to play its part.

SHRI A. G. KULKARNI : I asked whether it will be in relation to the contribution to the national product.

SHRI FAKHRUDDIN ALI AHMED : Not only one factor but many other factors will be taken into account.

SHRI K. P. MALLIKARJUNUDU : What are the financial institutions that are now supplying credit to small scale sector?

SHRI BHANU PRAKASH SINGH : The L.I.C., the State Finance Corporations and the scheduled banks are supplying the credit facilities.

**CENTRAL VIGILANCE COMMISSION'S OPINION  
ON THE REPORT OF THE  
COMMITTEE ON STEEL DEAL, 1960**

\*153. SHRI CHITTA BASU : Will the Minister of STEEL, MINES AND METALS be pleased to state :

(a) whether Government's attention has been drawn to the opinion given by the Central Vigilance Commission on the report of the Committee on Steel Deal in 1960 headed by Shri A. K. Sarkar ; and

(b) if so, what is the reaction of Government thereto?

THE DEPUTY MINISTER IN THE MINISTRY OF IRRIGATION AND POWER (PROF. SIDDHESHWAR PRASAD) : (a) and (b) The Report of the Sarkar Committee was forwarded to the Central Vigilance Commission by Government as required under the procedure established by Government. The Central Vigilance Commission agreed with all the recommendations of the Sarkar Committee, relating to the transactions in which public servants were suspected or alleged to have acted for improper purposes, or in a corrupt manner. The Government thereafter took their decisions accepting the opinion of the Central Vigilance Commission, which are contained in Government Resolution No. SC. 11-14(3)68, dated 10th May, 1968, which has been placed on the Table of the House along with the Report of the Sarkar Committee.

SHRI CHITTA BASU : May I know whether the attention of the Government has been drawn to certain observations made in the Sarkar Committee report against Mr. Bam who was the Steel Controller at that time? With your permission I may quote

THE DEPUTY CHAIRMAN : You cannot quote the whole portion. You put a question.

SHRI CHITTA BASU : These were the observations:

"One aspect of the functioning of the Steel Controller's Organisation about which the Committee feel responsible to give its view is that Shri A. S. Bam, the Iron and Steel Controller, during the period when most of the cases referred to in this Report were dealt with, does not seem to have acted as would be expected of a responsible officer heading an organisation."

Again it says :

"The Government might, therefore, consider the appropriate action that may be taken against the then head of the Steel Control Organisation."