However, answers to the questions listed today will be deemed to have been laid on the Table.

Secondly, I have admitted certain Special Mentions which will be laid on the Table after the discussion on the Bill. This has to be taken note of by those Members whose Special Mentions have been admitted.

GOVERNMENT BILL

The National Bank for Financing Infrastructure and Development Bill, 2021

MR. CHAIRMAN: Now, Shrimati Nirmala Sitharaman to move a motion for consideration of the National Bank for Financing Infrastructure and Development Bill, 2021. After the Bill, there will be farewell to three of our Members who are retiring from the House. They would be given some time to express themselves as also the Leader of the House and the Leader of the Opposition. Only two out of three are present. So, on behalf of all of you, I will compliment them. I think that will be better. Now, Shrimati Nirmala Sitharaman.

THE MINISTER OF FINANCE; AND THE MINISTER OF CORPORATE AFFAIRS (SHRIMATI NIRMALA SITHARAMAN): Sir, I move:

"That the Bill to establish the National Bank for Financing Infrastructure and Development to support the development of long term non-recourse infrastructure financing in India including development of the bonds and derivatives markets necessary for infrastructure financing and to carry on the business of financing infrastructure and for matters connected therewith or incidental thereto, as passed by Lok Sabha, be taken into consideration."

The question was proposed.

MR. CHAIRMAN: Now, Members who have given their names can speak; afterwards, the Minister will reply. Now, Shri Jairam Ramesh to initiate the debate.

SHRI JAIRAM RAMESH (Karnataka): Sir, I will be very brief since I know that hon. Members want to leave as early as possible. I rise to speak on the NBFID Bill, 2021. But before I get into the Bill, I want to give a brief history because the idea of DFI is not new in India. It has a long history in India. In fact, the very first Development Finance Institution, DFI, was set up in March of 1948 after the then Parliament, the Constituent Assembly, passed the IFCI Act of 1948 when Mr. R.K. Shanmukham Chetty was the Finance Minister. In 1955, ICICI was established not by an Act of Parliament but by an executive decision and ICICI was meant to be in the private sector. In July, 1964, when Mr. T.T. Krishnamachari was the Finance Minister, Parliament passed the IDBI Act, and the Industrial Development Bank of India came into being. Sir, when the history of industrialization in India is written, the role of IFCI, the role of ICICI and the role of IDBI is going to be crucial. They have been responsible for the development of Indian business and for the development of Indian corporate. And I think as we launch a new chapter in DFIs, we should recognize the historic role played by IFCI, ICICI and IDBI.

Then, Sir, in January, 1981, Parliament passed the NABARD Act -- National Bank for Agriculture and Rural Development. That was also a Development Finance Institution for agriculture and rural development. Mr. R. Venkataraman was the Finance Minister at that point of time. So, NABARD Act was passed. Then, in November, 1989, when Mr. S.B. Chavan was the Finance Minister, Parliament passed the SIDBI Act -- Small Industries Development Bank of India, which was headquartered in Lucknow. This was also a Development Finance Institution and this was established by an Act of Parliament. All the DFIs I have mentioned -- IFCI, IDBI, NABARD and SIDBI -- were created by Acts of Parliament after extensive debate and scrutiny in Parliament. And ICICI was entirely in the private sector.

Sir, when Dr. Manmohan Singh presented his Budget in July of 1991, he set up what is known as the Narasimham Committee on financial sector. Mr. Narasimham was a distinguished banker and a distinguished economist. They submitted a report and that report was tabled in both the Houses of Parliament on 17th of December, 1991. The Narasimham Committee came to the conclusion that the era of DFIs is over; DFIs have played an important role in India's industrialization; but we need to move away from the concept of DFIs for a variety of reasons. And, hence, in 1996, when Mr. Chidambaram was the Finance Minister, the IDFC was created, the Infrastructure Development Finance Company, headquartered in Bombay. In 2006, another company, the India Investment Infrastructure Finance Company, IIFCL, was created; this also done when Mr. Chidambaram was the Finance Minister. So, the story is that up to 1990, India created DFIs through Acts of Parliament but after 1990, we did not create organizations through statutes. We did not create statutory organizations. We created companies under the Companies Act. This was the model that we adopted. Thirty years after Dr. Manmohan Singh's Budget, the clock has turned back and we are going back to the DFI era. My first question to the hon. Finance Minister is: What has prompted this reversal of path, of going from the idea of a company under the Companies Act to a company sanctioned by an Act of Parliament? This is the first important question that the House must address. Why a statutory corporation and not a company under the Companies Act?

Second, Sir, this Bill is a very ambitious Bill. The Finance Minister in her speech has already outlined what this organization will do. She has provided Rs.20,000 crores in this Budget and she is hoping that in five years from now the loan portfolio will be Rs.5 lakh crores. The initial paid-up-capital of this company is going to be Rs.1 lakh crores and the Government shall hold -- not 'may' -- a minimum of 26 per cent. My question to the hon. Finance Minister is this. This is a Government company. Huge resources are going to be mobilized. No oversight whatsoever, no CBI, no CVC, no CAG. I can understand CBI and CVC but why no CAG? In the last five years, the number of CAG reports has come down dramatically. In 2014, CAG submitted 55 reports. In 2020, the CAG submitted 14 reports. The CAG is a constitutional body. The Public Accounts Committee is the most important Committee of Parliament. This organization, that we are creating, where paid-up-capital is of Rs.1 lakh crores, Government equity is 26 per cent, with loan portfolio of Rs.5 lakh crores. No external oversight, no external surveillance, no external monitoring. Madam Finance Minister, I submit to you that this is the most undesirable state of affairs.

Not only that, Section 17 of this Act empowers the Government to extend sovereign guarantee in the case of a default. No external oversight, no surveillance, no CAG, no monitoring but Government will extend sovereign guarantee. Sir, I fail to understand the logic behind this. Today, it is your Government, tomorrow it could be any other Government. You are creating an Act in perpetuity. I think, this idea of creating an Act of Parliament without parliamentary scrutiny before the Bill is passed and no CAG scrutiny after the Bill is passed and the facility to extend a sovereign guarantee, is, in my view, a highly undesirable state of affairs.

Sir, there is one phrase in the Bill which justifies the lack of external oversight - act of good faith. The management of this company will be protected for decisions taken as an act of good faith. What is act of good faith? Who will determine act of good faith? What criteria will be used? One person's good faith is another person's malicious intent. Who will determine this? What is the transparent set of prior agreed criteria to determine what good faith is?

So, I think, this is a very ambiguous phrase that is used in the Act. It needs to be defined in the rules in a much more elaborate manner so that this 'Act of good faith' cannot be a catch-all umbrella phrase to justify any decision taken by the management in the knowledge that the Government will provide a sovereign guarantee as a last resort.

The next question I have of the hon. Minister is: What happens to the other organizations. What happens to LIC which is doing infrastructure financing? What happens to IIFCL which is doing infrastructure financing? Are we creating a gigantic organization under which all these other organizations will be part? Are we creating like the Singapore company Temasek? Are we creating a giant Temasek? The political economy of Singapore is different from the political economy of India. You cannot have a Temasek type of organization in a democratic political set-up like ours. What is this creature that we are embarking on today without any scrutiny, without going to the Standing Committee, without going to the Select Committee and having just about two hours of discussion on such an important Bill?

Finally, Sir, I wish to say that there is a belief in this Government that infrastructure can be built with foreign capital. Economic history shows that foreign capital has never built infrastructure in any other country. Indian infrastructure will be built with Indian capital. Foreign capital will have an important role to play. We must mobilize global liquidity. But, this notion of giving to foreign capital the prime place in the creation of infrastructure, in my view, is completely misplaced. First of all, it is coming from a political party that has always been deeply suspicious of the foreign capital. But, there is a transformation of ideas and that is inevitable. However, I think, the most important contribution that we can make to the availability of funds for infrastructure is to stimulate domestic savings. Domestic savings translate to domestic investment. I would draw the hon. Finance Minister's attention and she is perfectly well aware of it that India's gross domestic savings rates have been coming down steadily. They were at a peak of 38 per cent of GDP ten year ago, twelve years ago and, now, they are hovering at about 30 to 31 per cent of GDP. Rate, I am not talking of the volume, I am talking of the rate. The rate has come down. I think, the biggest challenge for us for enhancing the pool of infrastructure is how do you stimulate domestic savings. You have to stimulate domestic savings and not have this dangerous dependence on foreign funds. All expert committee reports in the last 30 years on infrastructure financing have pointed out to one fact which has limited the mobilization of funds for infrastructure. It is because infrastructure requires long-term funds, 30 year funds, 40 year funds and 50 year funds. India's biggest problem is not the lack of DFI, India's biggest problem is lack of deep and liquid corporate bond market. Sir, 98 per cent of all the corporate bonds are placed privately, and unless we develop a broad-base bond market, unless we make it liquid, we are not going to be able to get the pool of domestic savings into infrastructure. The hon. Finance Minister has a paragraph in her Budget Speech this year on developing an institutional framework for the corporate bond market. I would like her to elaborate on us what does institutional framework mean. Will it be another institution? Will it be another Act of Parliament? Will it be another company? What does the word 'Institutional Framework' mean for the corporate bond market? So, Sir, I close here once again deeply, deeply regretting that such an important, far-reaching and, perhaps, even desirable Bill has not undergone any scrutiny by any Standing Committee and by any Select Committee. There has been no discussion. And there will be discussion here for less than about two hours when everybody wants to leave as early as possible. I wish it had gone through a greater process of consultations. Most importantly, I request the hon. Finance Minister to revisit the fundamental assumption of this Bill which has no external oversight, no investigating agency, no audit, no external surveillance and we believe in act of good faith. Who will determine good faith is completely left unanswered. Thank you, Sir.

MR. CHAIRMAN: Hon. Members, I have been receiving slips just now saying that they want to participate in the discussion. Time allocated and the time allotted to parties is already there. So keep that in mind and everybody has to adhere to the time that is given. Now, Shri Syed Zafar Islam.

SHRI SYED ZAFAR ISLAM (Uttar Pradesh): Thank you hon. Chairman, Sir. आज इस मौके पर मैं आपका आभारी हूं और अपनी पार्टी की लीडरशिप का आभारी हूं, जिन्होंने मुझे इस महत्वपूर्ण बिल पर चंद अल्फ़ाज़ बोलने का मौका दिया। Today, I very fondly remember, there was a famous Spanish philosopher and his name was George Santayana. What did he say centuries ago? He said, "Those who do not learn from the history are doomed to fail". Jairam Ramesh*ji* was talking about the various development financial institutions which have been set up in the country since 1948 starting with IFCI, IDBI, ICICI and many more institutions, but we do not discount the utilities of those institutions. They have been instrumental in developing industrialisation in the country. But they had outlived the utility and there were some inherent problems or issues with those institutions and that is why they did not last long. Take the case of IDBI. It was set up in 1964 with so much fanfare. But it did not last long. It was the Narasimham Committee which had recommended making it universal bank. Why? It was because there was an issue, and I will come back to that issue. But, today, first of all, I would like to thank the hon. Prime Minister and the hon. Finance Minister for having acceded to the request made by the financial market. It was a long-outstanding demand after IDBI as institution under Companies Act, Section 4A, was turned into a universal bank. Since then the long-outstanding demand which was pending for several successive Governments and, particularly, the UPA Government never paid heed to those requests of the financial market that a separate and dedicated financial institution is required to propel the economy. And today, I am sure, the financial market will be extremely happy, especially, when they will see the Bill which embodies all relevant aspects of development financial institutions which it should be having, to ensure that it plays a very important and pivotal role in developing and financing the infrastructure space. Sir, our colleague from the opposition party was talking about those institutions. He referred about IDBI, IFCI and other institutions, but they had a limited role of infrastructure financing and industrialisation. But they never had the development responsibility and this particular development financial institution has dual role of financing and development as well of structure and framework in the system which actually ensures that the financial market has the ability to fund those projects and infrastructure which have not been funded.

(MR. DEPUTY CHAIRMAN *in the Chair.*)

I would also like to remind the Members that since 2014, from day one the hon. Prime Minister has stated that we want to build a new India. What does that new India suggest? That it has to have modern infrastructure facilities. Do we have the modern infrastructure facilities? I will ask the Opposition Benches and particularly, the principle Opposition party which had been in power. Did they really look into these matters seriously as to what percentage of GDP we were investing in fixed assets? Sir, I will tell you one number. It is statistics which is important and relevant from that perspective. When you wear those spectacles to analyse what is the role which has been played by the successive Governments, then, you will see that fixed asset investment in case of India, it is 30 per cent or less than 30 per cent of GDP. While if you see the case of various other countries in the world, particularly, I am talking about developing countries, 45 to 50 per cent of GDP, is their fixed asset investment. When I say 'fixed asset investment', I do not mean the infrastructure investment. I mean it is percentage of GDP, what is invested in industries; what is invested in infrastructure; what is invested in other industrial initiatives. In India, it is less than 30 per cent compared to China. I think it is a number which everyone should see. China invests 50 per cent of their percentage of GDP in fixed asset investment. And, how much it translates into? Sir, it is 8 trillion dollar. I think everyone must remember this number, the 8 trillion dollar. And, out of this 8 trillion dollar, 28 per cent alone is invested in infrastructure space which is 2.6 trillion dollar. Take the number in 2020. China has invested 2.6 trillion dollar, which is 12 per cent of GDP, alone in infrastructure space. I think it is important for all of us to see what the hon. Prime Minister wants. He wants to develop a modern infrastructure. How can it happen? It can happen when we have a target of 5 trillion dollar economy. Yesterday I heard one of the Opposition Members; I think he was talking about industrial investment growth. I think it is important. I must mention those things. सर, 100 मीटर स्प्रिंट रेस होती है और 400 meter जो होती है, वह रिले रेस होती है। वे सब कुछ एवरेज बताते हैं, average of UPA-I, average of industrial investment growth, average of UPA-II. I think, Sir, it is important for all the Members to know these important facts that जब रिले रेस होती है, तो एक आदमी दौड़कर दूसरे आदमी को baton दे देता है। उसी तरह 2004 में, I will request everyone to see what was the industrial investment growth. Yesterday, Hooda*ji* was saying that industrial investment growth and credit growth had come off during Modi regime, and, I will remind them and tell them that you must go and check the number. It is important for you to know the numbers; it is important for you to analyse your own performance. In 2004, when we handed over the baton to UPA-I, the industrial investment growth was 24 per cent. And, I must tell you how it has come off. It has come off every year. I can give you the data of every year. I will request Opposition benches to must go and analyse every year how it has come off. Eventually, it has come from speed of 100 आपकी स्पीड हो गई 5-7 परसेंट, मतलब कि आप 100 किलोमीटर की रफ्तार से चल रहे थे, लेकिन आप 10 किलोमीटर की रफ्तार से भी कम हो गए, means the industrial investment growth when they handed over to us in 2014, it was 1.6 per cent. Where did we start? Where it was when we handed over the Government in 2004? It was 24 per cent. Likewise, when they speak about credit growth rate, it is important and the hon. Members must know, and not see the numbers or the average, you must see the statistics. When you see the statistics, when you analyse it, you see every single numbers, collate it and then make the average. I think it is important for us to know that in 2004 when we handed over the baton -- again, I am reminding you -- the credit growth rate at that point of time was 20.7 per cent. What does that indicate? It indicates that there was a huge momentum in the economy. With industrial investment growth, 24 per cent; credit growth of 20 per cent, there was momentum; there were a lot of economic activities. Everything was working in the right direction. And, then, what happened since 2006? Somebody was mentioning and I must tell you the numbers. The banks which, since 1947, since our Independence, had the total outstanding assets or book size of bank worth Rs. 18 lakh crore, in four-five years, ballooned to 54 lakh crore which was three times. How? अगर किसी आदमी की बोझ ढोने की क्षमता 50 किलोग्राम है, लेकिन हम उस पर

500 किलोग्राम का बोझ रख दें तो ज़ाहिर है कि वह चल नहीं पाएगा। Likewise, it happened in the case of Nationalized Banks. They made it possible, the hon. Minister of State in the Ministry of Finance, Shri Anurag Singh Thakur, day before yesterday, said about phone banking. Exactly, Sir, phone banking was the *mantra,* where without proper credit evaluation process, without doing any homework, loan was being sanctioned. Sir, hon. former Prime Minister is here, he is an Economist, I am sure he will understand what I am speaking. Most of the projects which had been funded at that time; if you discount with the discounting rate, you will have negative EBITDA. I had spoken about it during the discussion on Union Budget also, but, I could not speak in detail at that time. But, I must tell you, that at that time; most of the projects were making loss at inception. That means, it was forced to lend, or, there was an arrangement which had facilitated this lending. Eventually, what happened, Sir? Credit off take will have to come off. In our case, because all this has turned to NPA and all the corporates which had been lending were busy in deleveraging. When you are in deleveraging mode, how will you take loan from the bank? The Bank is not in a position because they have huge NPA. Then, you have corporate, actually their loan has turned NPA because they had taken loan in anticipation that they will siphon money or do whatever would be required. But, it was not a profitable project which will never kickstart, which never take off, still it had been funded. I think it is important. The Government played a very important role at that time. If it would have been a white paper at that time, the economy would have collapsed because I remember, at that point of time, people were talking across the globe, what is the status of economy in India? Why is there a policy paralysis? Everything was spoken by the global players because nothing was moving here. The people were only talking about how to hand over this economy which is in terrible shape, to another Government who has the ability to run it because we have seen in the past, from 1992 to 2004, they had the ability, they had the capacity, they had the honesty, they had the transparency, they had demonstrated everything to run a good governance model. So, they should run it. For this, they, and the whole world was waiting and eventually in happened in the year 2014. When our Government came, we did not go for white paper because it would have been against the interest of our nation and we never work against the interest of the people of our nation. We take steps not in the interest of the party, but, in the interest of the nation. This is the priority of our Government and that is why we did not say anything about it. Had we spoken about this at that time and taken everything out in open then probably, they would have never even had a chance to speak about the loan that they had sanctioned or facilitated at that point of time. Sir, you must understand our Government's initiative.

Our Government's initiative is what? We want to develop modern infrastructure. What are the problems that these institutions were facing, all these institutions that were engaged in financing infrastructure project? You have to understand that, Sir. There were inherent issues. There were some issues which were adversely affecting these institutions, that is why, they did not last long. They did not have the long-dated resources. If you do not have long-dated resources, how will you fund long-dated loan or infrastructure project, because all these infrastructure projects are long-dated? They are not meant for two or three years where you can fund out of banking book. So, we have a problem. The IDBI has been turned into a universal Bank. There was no institution which can potentially have long-term resources. Earlier, Sir, under Section 4A, it was defined in the Companies Act, an Institution which is defined as Development Financial Institution, including ICICI, I am not saying only public sector, including ICICI, which also became bank, was in a position to raise long-term money. But, long-term money means it has to come with retiring benefit plan, which is being run by pension fund or provident funds. So, all those retiring benefit funds can invest there. Insurance companies can invest there. All these institutions which have long term liability, they can invest in long-term assets. So, to some extent, they were able to raise resources on loan and fund it. But, Sir, when they turned into banks, they were not able to fund it because all these infrastructure projects are long-term projects. You have a bank where it primarily works on a model of CASA, current accounts and saving accounts and then you have time deposit, which is again running for one to three years. If you take a weighted average, you will have a maturity of one year not more than that. So, you have a liability on the bank which has the maturity of one year and you are funding an asset which has maturity of 14 years, 15 years, 20 years or 25 years. How can it happen, Sir? It means you are running a big mismatch. If you are running a big asset liability mismatch you are bound to fail. There is one more issue, Sir. The Government never emphasize. I will come to that point also that these are the issues which have been identified by this Bill, which have been addressed also. Like, for instance, Sir, if you force a bank to give a loan to an infrastructure project, which has a door-to-door maturity of 18 years or 20 years, but they have only one year liability, every time they have to raise resources from the overnight market to fund those projects which is not a sustainable model and especially as the hon. Finance Minister just stated that many of the projects are greenfield projects and it has no recourse. So, it is not collateralized based lending, it is primarily based on cash flows; and if you just do a back testing of all the years for funding all the infrastructure projects, there were two types of projects, Sir. One, I must say when the credit evaluation was done and to assess the cash flow modeling of all those projects, then many of the cases, yes, I agreed that it has been validated, revalidated and ascertained in a manner that, yes, it has enough headroom to sustain even if the cash flow varies to that sort to some extent. If there is volatility in the cash flows, in future cash flows, then, of course, it can sustain because we have to keep in certain cushion to ensure those kinds of kneejerk reaction. But, Sir, for most of the projects at that point in time, what was the approach of the bank? Bank's approach was to have as low as possible their exposure, means in terms of door to door tenure. So, if you have funding of 25 years projects, and if you want to fund it only for ten years, eventually tail risk will be there and either they will have to refinance or they will have to find a way out. Secondly, Sir, to ensure that because they knew that it cannot happen, they are actually projecting a cash flow which is not sustainable, which is not factually correct and that is why they suggest, yes, DSRA, that is the way it is evaluated, debt servicing cover ratio, it is something which is giving more than one per cent, means, there is a potential that this company can service those debts which have been outstanding on the book. So, those are the approaches which have actually been adopted by the various banks and eventually what happened? We have seen that many of the projects which could not take off for various reasons, which had problem because of the structure, they could not or the cash flow modeling which was done at that point in time was not factually correct or not taken the actual cash flow which will be generated by this company, so eventually, they had all become NPAs. They started defaulting because the bank was only interested that you have to have a monetization schedule or approach which actually safeguards their interest. So, it did work and that is why it was important, Sir, it was important, I am repeating, to set up a development financial institution which will ensure not only financing also developing the framework of infrastructure space. Sir, there is a famous book, "Thirikkural", I think, many hon. Members would know about this book. It is a pious book in South India, in that book, it has been suggested that where there is a good time and where there is good intent, it binds and it becomes a rope and binds the wealth. I think there cannot be better time and better opportunity for setting up a development financial institution now than ever in the past because we have a lot of things going for us. India has become a prominent global market. Yes, there are certain things which India needs to have, like the hon. Finance Minister just now mentioned about the bond market. If you see globally, you will find that unlike India where projects are funded by banks--there is no financial institution and in the absence of financial institution, it is funded by banks--if you take the western world, banks don't fund those projects. I must tell you; everyone must know that globally, banks don't fund those projects, but the other model is followed by us. Banks only fund for retail. Long-term projects are being funded by the capital market. We don't have a capital market. In the absence of liquid capital market, banks fund those projects here. So, the Government has realised this problem and that is why the Finance Minister has spoken that we need to develop that. One hon. Member spoke as to in what way it can be developed, though they failed to develop. It is not today's demand. Long-term bond market needs to be developed which has the liquidity where though you go down the rating curve, still a small corporate can access the market and raise resources. It is something which has been envisaged by our Government. I am sure, going forward with the hon. Finance Minister, under the leadership of the hon. Prime Minister, we will be able to develop it and demonstrate that we have the capability and capacity to do that. I don't want to go into detail though I can speak for hours on the bond market alone because this is something which plays to my strength. But, I can only remind that when the Government Securities Market opened for the market, then it is our Government in NDA-I which set up the primary dealership. Today, the kind of liquidity we have is something which everyone knows. Primary dealership plays a two way court; it creates liquidity. What is important is that you have the market which actually has both, buyer and seller; that is something which can be done and which will be done by our Government. I am sure, we will have a liquid market and we will be able to demonstrate that the liquid bond market is something which is like what the western world has and we will be able to develop it here because all the infrastructure projects are being funded by the capital market. Today, the foreign resources which the hon. Member was talking about, that we shall not access the private capital, I think, it is important to realise that there is a cheap capital available across the globe. If you just access the global market, especially when you have a company like the New Development Finance Institution, which is backed by the Government, it will have a lot of resources available. We can channelize those resources for our infrastructure development. There are several sovereign funds which want to invest in our country. They know that the infrastructure is the one which has the right place in India wherever you look at--right, left or wherever--there is an opportunity--whether road, port and everything. There is an opportunity in the infrastructure space and they are looking for such opportunities. I think, you need to have a vehicle, to have a platform. Today, with this Development Finance Institution, we will have a perfect platform to channelize that private capital into the country, which will be actually used for developing a sound infrastructure financing in the country. Sir, I will take few more minutes.

श्री उपसभापति : नहीं, माननीय ज़फर इस्लाम जी, पार्टी ने आपको जो टाइम दिया है, उसी के अनुसार चलिए, प्लीज़।

SHRI SYED ZAFAR ISLAM: Okay, Sir, as always, I will comply but today I will take liberty to take two more minutes.

While concluding, I would want to tell you, Sir, that this is the best time, the most opportune time. We have the demographic dividend. This will bring a lot of opportunity, prosperity and benefits to the country because we have a dream of a five trillion dollar economy. I am sure, the hon. Finance Minister would know at what CAGR rate, we will be able to achieve by 2025 the five trillion dollar economy. If I do calculation at the back of the envelope, I see that if we continue to grow at 11 per cent, we will be able to achieve the five trillion dollar economy. I must tell you that if we have the momentum in the infrastructure and the kind of investment we have envisaged, it would be easy to achieve. Jairamji said that the paid up capital is Rs. 1 lakh crore. I want to correct him; maybe, by mistake he has said it; the paid up capital is only Rs.20,000 crore. The authorized capital is Rs. 1 lakh crore. And on top of that, the Government is also giving grant of Rs. 5000 crores. And why is Government giving grant? It is because the tax saving which we have, they have a debt coverage ratio. They have calculated and assumed that Rs. 5000 crores grant should be given to this organization. I don't know how it will be treated in the balance sheet. I don't know whether it will pass through P&L or it will sit on Government's asset side and the interest will be earned. All these modalities are there, but I just want to tell you one thing. It is this Government, which has envisaged five trillion dollar economy, modern assets, which will be able to deliver because we need, both in terms of the dream and in terms of the leadership quality, to take these important inputs together. Important legislation has been done and we will be doing to ensure that this is done. Thank you very much for giving me this opportunity.

SHRI SUJEET KUMAR (Odisha): Sir, this is a very important Bill. We all recognize and appreciate the need for world-class infrastructure in our country to meet the aspirations of five trillion dollar economy, to meet the dreams of our youth, to leverage the potential of demographic dividend that my previous speaker, hon. Member, Shri Zafar Saheb was talking about and to build this world-class infrastructure we definitely need financing. Many developed economies, be it UK, USA, Canada have legislations which have benefited those countries to meet their need for infrastructure financing. DFI is not new in India, as hon. Member Shri Jairam Ramesh has eloquently outlined the history of DFI in our country starting from 1940, be it IDFC, ICICI, IFCI, NABARD, SIDBI. So DFI as a concept is certainly not new in India. We all know that traditionally banks and financial institutions in our country finance infrastructural projects, but banks rely heavily on short term liabilities whereas infrastructure projects because of their long gestation of twenty years, thirty years or even fifty years are dependent on long term financing. So, exposure to short-term bank finance also distorts the asset liability equation of the banks. The other way of long term financing infrastructure is through the issuance of bonds and as hon. Member, Jairam Rameshji has also pointed out, the bond market in India is not deep. It is not liquid. It is pretty shallow. That is a separate argument as to why it is not deep and what can be done to deepen the bond market, but as on date the bond market in India is certainly not in a position to finance heavy infrastructural projects, be it roads, be it railways, be it port, be it Railways, be it energy or urban infrastructure. Hence, the need for a Bill like this which will pay the way for setting up of NaBFID (National Bank for Financing of Infrastructure and Development). This will be the principal development financial institution in the country which in turn is expected to fill the gaps in infrastructure financing which I just spoke about. Sir, NaBFID will initially be wholly owned by the Government of India, but its stake will be gradually reduced to 26 per cent. So while diluting the equity, it is okay, I hope that the Government will ensure adequate checks, balances, and accountability. This DFI, the NaBFID, is expected to create a learning portfolio of at least Rs. five trillion in about three years. This is a huge sum which will potentially revolutionise Indian infrastructure, generate jobs, boost employment and lead to a virtuous cycle of economic growth in our country. In recent years, there were concerns about over a lakh of infrastructure financing. The previous DFIs, ICICI and IDBI have since been evolved into commercial banks. So, there was a need for a professionally managed DFI to act as an enabler, provider and catalyst for infrastructure financing. Against this backdrop, the DFI model has been revived to fund long gestation infrastructure projects, because there has been a spike in bank loans in recent years. In any case, banks liability profile is not suited for long-term funding as they are largely tailored for working capital.

MR. DEPUTY CHAIRMAN: Please conclude now.

SHRI SUJEET KUMAR: I will take one more minute. I wish to mention the National Infrastructure Pipeline of over Rs. 100 lakh crores. So, hopefully, this NaBFID will augment the aims and objectives of the National Infrastructure Pipeline.

Sir, to conclude, while setting up of new DFI in India through legislative and budgetary process is not a big challenge. Once it is established, the real challenge will be to adequately capitalize, manage and ensure that it is committed to its goals and objectives as articulated under the Statement of Objects and Reasons. ...(*Time-Bell rings*)...

Sir, the hon. Finance Minister promised a professional establishment. It remains to be seen how the Government micro manage the DFI. Thank you.

DR. BANDA PRAKASH (Telangana): Sir, I rise, on behalf of TRS, to support the Bill.

The Bill seeks to establish the National Bank for Financing Infrastructure and Development as the principal development financial institution for infrastructure financing. DFIs are set up for providing long-term finance for such segments of the economy where the risks involved are beyond the acceptable limits of commercial banks and other ordinary financial institutions. Unlike banks, DFIs do not accept deposits from people. They source funds from market, Government as well as multilateral institutions and are often supported through Government guarantees.

Sir, initially, the Central Government will own 100 per cent share of the institution which may subsequently be reduced to 26 per cent and the remaining 74 per cent might be filled through FDI.

Financial objectives will be to directly or indirectly lend, invest, or attract investments for infrastructure projects located entire or partly in India. The Central Government will prescribe the sectors to be covered under the infrastructure domain. Sir, the Central Government will provide grants worth Rs. 5,000 crores to the proposed bank by the end of the first financial year. The Government will also provide guarantee at a concessional rate of up to 0.1 per cent for borrowings from the multilateral institutions, sovereign wealth funds and other foreign funds.

The Bill also provides for any person to set up a DFI by applying to RBI. The RBI may grant a license for DFI in consultation with the Government of India.

Sir, setting up a new DFI in India through budgetary and legislative measures is not a difficult task, but big challenges will emerge once established to ensure that it is well-capitalized, well-managed and remain committed to its distinct goals and core values. As Shri Jairam Ramesh mentioned, there should be some controls on such institutions. So, I request the hon. Finance Minister in this regard. The Bill can be amended to include controls on the DFI. If one feels that it has to run only on faith, it is very difficult under the present Indian conditions.

So, once again, I request the hon. Finance Minister, though it is a good initiative, that this is the high-time to mobilize resources, because the Government of

India now taking up almost 900 infrastructure projects in the country. Therefore, it should be effectively maintained and whatever controls for this are needed need to be taken. Thank you.

SHRI SUBHAS CHANDRA BOSE PILLI (Andhra Pradesh): Sir, I thank you for having given me the opportunity. On behalf of the YSR Congress Party and myself, I support this Bill. This is the first major Budget announcement after yesterday's Finance Bill that the hon. Finance Minister is implementing and it clearly indicates the speed with which she wants to move. The objective is laudable since the DFI aims at pushing in long-term infrastructure funding which has become a big problem now.

The hon. Finance Minister has on record said that 6,000 brownfield and greenfield projects are pending for funding as of January, 2020.

Secondly, national infrastructure pipeline expanded to cover 7,400 projects with an investment of more than 100 lakh crores between 2020 and 2025. So, to achieve this, the need of the hour is the DFI. Hence, I support the Bill.

The hon. Finance Minister is aware that the DFI is not a new phenomenon and the UK's Commonwealth Development Corporation, which is also evincing interest to invest in DFI, is the mother of all the DFIs, as its objective is to work as a catalyst, fill the existing gaps and enhance lending in infrastructure sector.

My first point is, if you look at the Enacting Formula of the Bill, it clearly says that it supports development of long-term infrastructure financing and if you look at the definition of 'infrastructure' under sub-Clause 2(k), it says that it covers the list of infrastructure sectors notified by the Central Government from time to time. So, I would like to know from the hon. Minister whether DFI covers (i) social infrastructure such as education, healthcare, water supply, urban infrastructure, green infrastructure and (ii) digital infrastructure such as automation technologies, artificial intelligence, 5G, block-chain technologies, etc. or, does it focus only on conventional sectors like power, roads, telecom, etc.? This may kindly be clarified.

It is easy to find an investor for a project of Rs.400 crores or Rs.500 crores. But, if the project cost is Rs.2,000 crores or Rs.3,000 crores, it is not easy to get loan since appraisal, feasibility analysis and preparation of a DPR needs thorough intervention, analysis and it also needs money for this.

MR. DEPUTY CHAIRMAN: Please conclude.

SHRI SUBHAS CHANDRA BOSE PILLI: So, I wish to seek clarification from the hon. Minister whether DFI also has a mandate to provide finances for project feasibility studies.

MR. DEPUTY CHAIRMAN: Subhas Chandra Bose*ji*, please conclude.

SHRI SUBHAS CHANDRA BOSE PILLI: Taking advantage of this debate, I wish to reiterate that Schedule 13 of the A.P. Reorganisation Act gives a mandate to the Government of India to take up and complete various infrastructure projects, be it Vizag-Chennai Industrial Corridor or metro or major port in Andhra Pradesh or steel plant at Kadappa, etc. So, I wish to seek clarification from the hon. Minister whether the proposed DFI will fund infrastructure projects as mandated under 13th Schedule to A.P. Reorganisation Act.

MR. DEPUTY CHAIRMAN: Please conclude now.

SHRI SUBHAS CHANDRA BOSE PILLI: With these observations, I support the Bill. Thank you.

श्री विशम्भर प्रसाद निषाद (उत्तर प्रदेश) : माननीय उपसभापति महोदय, मैं समाजवादी पार्टी की तरफ से 'राष्ट्रीय अवसंरचना वित्तपोषण और विकास बैंक विधेयक, 2021' पर बोलने के लिए खड़ा हुआ हूँ। माननीय जयराम रमेश जी ने इसके बारे में विस्तार से सारी बातें रख दी हैं। यह एक महत्वपूर्ण बिल है और इसमें जो महत्वपूर्ण बात कही गई है, वह यह है कि इसकी न तो सीएजी जाँच करेगी, न ईडी जाँच करेगी, न पार्लियामेंट की पीएसी जाँच करेगी, इसलिए इसको सेलेक्ट कमेटी में भेजने की आवश्यकता है। चूँकि यह महत्वपूर्ण बिल है और हमारे पास समय है, इसलिए इसको सेलेक्ट कमेटी में भेजने की आवश्यकता है। सरकार ने कहा है कि हमने इसमें 20 हज़ार करोड़ रुपए के पूँजी आधार के साथ तीन साल में पाँच लाख करोड़ रुपए का ऋण देने का लक्ष्य रखा है। यहाँ पर पहले भी DFI थे, जैसे IFCI, ICICI और IDBI.

12.00 Noon

अब इस बिल के माध्यम से यह जो डीएफआई स्थापित हो रहा है, इस संस्थान में निवेशकों से धन जुटाने के संबंध में छूट देने का प्रावधान है। इस विधेयक में बुनियादी विकास के ढांचे को मजबूत करने की बात कही गई है, लेकिन देखने को मिलता है कि बैंकों के निजीकरण पर जनता का विश्वास नहीं है। महोदय, बैंकिंग व्यवस्था किसी भी देश की अर्थव्यवस्था की नींव होती है। यदि बैंकों को नुकसान होता है, तो प्रत्येक व्यक्ति पर असर पड़ता है और हमने देखा है कि देश में ऐसे तमाम मामले आए - जैसे नीरव मोदी, मेहुल चौकसी ने पीएनबी बैंक को 14 हज़ार करोड़ रुपए का

नुकसान पहुंचाया, विजय माल्या ने हज़ारों करोड़ रुपए का नुकसान पहुंचाया, इसी तरह से और भी तमाम बैंकों में घोटाले हुए। आज पूरे देश में 130-135 करोड़ से ज्यादा लोग हैं, जिनमें से करीब 15 से 20 करोड़ लोग बेरोजगार हैं। हमें उनके बारे में भी सोचना चाहिए। इन्होंने देश का विकास करने की बात कही है, मैं कहना चाहता हूँ कि इसकी भी जरूरत है, लेकिन हमें देश के नौजवान बेरोजगारों की तरफ भी देखना पड़ेगा। आज बेरोजगारी चरम सीमा पर बढ़ रही है और देखने को मिल रहा है कि एक तरफ विकास तो हो रहा है, लेकिन जो बैंक हैं, सरकारी सेक्टर्स हैं, चाहे रेलवे हो या अन्य संस्थान हों, उनमें जो निजीकरण हो रहा है, उसकी वजह से देश के लोगों को बड़ी निराशा और हताशा हो रही है। उनसे केवल यही कहा जा रहा है कि जहाँ प्राइवेटाइज़ेशन होगा, वहाँ आरक्षण खत्म हो जाएगा और लोगों से कहा जाएगा कि आप 'मनरेगा' में काम करिए और पकौड़े तलिए, तो देश के नौजवान लोग, जो देश की बड़ी सेना है, वे कहाँ जाएंगे? ज्यादातर शेयर प्राइवेट सेक्टर को दिए जा रहे हैं, यहाँ तक कि ग्रामीण बैंकों के संबंध में भी।

महोदय, कोई भी व्यक्ति, जो उद्योगपति होता है या जो बड़ी कम्पनियाँ होती हैं, वे कभी घाटे के लिए काम नहीं करती हैं, वे नफे के लिए काम करती हैं। इस देश में बड़ी कम्पनियाँ आनी चाहिए, इस देश का विकास होना चाहिए, लेकिन देश में जो बेरोजगार लोग हैं, उनका सरकारी सेक्टर पर ज्यादा विश्वास है, इसलिए इस पर ध्यान देने की आवश्यकता है। इस बिल में सबसे बड़ी बात यह कही है कि इसे सब जाँचों से बाहर रखा गया है, इसलिए इसे सेलेक्ट कमिटी में भेजने की आवश्यकता है, धन्यवाद।

SHRIMATI JHARNA DAS BAIDYA (Tripura): Sir, I thank you for allowing me to speak on the National Bank for Financing Infrastructure and Development Bill, 2021.

For any developing country, including India, financing of infrastructure project is a challenge. Generally, these projects are not commercially viable and do not provide high returns. At the same time, they carry multiple risks, the risk of execution, low tariff collection, and escalation in financing cost. Therefore, it is important for the Government to set out a structured financing mechanism for these projects.

The earlier DFIs were created during the pre-economic liberalization era. During that period, given the controlled nature of the economy and a protected industry, lending to the industry was relatively simpler. The business model of DFIs was uncomplicated.

Post the economic liberalization in 1991, when the industry started opening and a lot of special benefits to the DFIs were withdrawn, the equation suddenly changed. At that time, there were three large DFIs that were involved in financing the large greenfield industrial projects. They are IDBI, ICICI-NSE whose financing was 2.26 per cent and IFCI-NSE whose financing was 4.63 per cent.

At a time when the Government is bent on privatising some of the public sector banks, creating a sense of anxiety and anger among the 10 lakh employees in the banking sector, they are already out on the street, protesting. In fact, they have issued a warning that if the Government goes ahead with this privatization move, they may resort to a long bank *bandh* and agitation.

Sir, the current Bill does not contain adequate provisions of National Bank for Financing Infrastructure and Development's accountability to the stakeholders and the public at large. In conclusion, setting up of a new DFI in India through budgetary and legislative measures is not a difficult task. But big challenges will emerge once it is established to ensure that it is well-capitalised, well-managed, and remains committed to its distinct goals and core values.

PROF. MANOJ KUMAR JHA (Bihar): Sir, the Bill is called the National Bank of Financing Infrastructure and Development Bill, 2021. इसमें डेवलपमेंट पर बहुत जोर है। I believe and I quote, "Very few words are as feeble, as fragile and as incapable of giving substance and meaning to thought and behavior as 'development'." World over, this word itself is in a crisis, and I am not talking about the crisis of development.

सर, जयराम रमेश जी ने हम लोगों में से बहुतों का काम बहुत आसान कर दिया। जयराम जी, शुक्रिया। माननीय डिप्टी चेयरमैन सर, आज़ादी के बाद इस तरह के कई प्रयोग हुए। सिर्फ इस हुकूमत के साथ नहीं, हमारे साथ भी यह दिक्कत है कि हम अपने इतिहास से सबक नहीं लेते, ऐसा कोई कह भी रहे थे। जिन institutions को हमने बनाया, उनकी असफलताओं का जो कारण रहा, उन कारणों की पड़ताल के बगैर अगर आप एक नई बॉडी बना रहे हैं, जो कि huge body है, विशाल बॉडी है, जो कि रौंदने की भी क्षमता रखती है, तो मैं समझता हूँ कि उस पर एक बार पुनर्विचार हो। सर, मैं यह सलाह के नज़रिये से कह रहा हूँ।

Sir, Clause 5 says, "The Centre shall own at least 26 per cent of stock at all the times." यह बड़े गर्व का विषय है कि 26 परसेंट हमारे पास रहेगा, 74 परसेंट कहीं और रहेगा। अब मुझे Madam Finance Minister से यह जानना होगा कि how many countries in the world actually allow private capital with this quantum of controlling stake. That is a point of worry. I hope you take my worry away. दूसरी बात, आत्मनिर्भरता का बड़ा ज़िक्र होता है। मैं सोचता हूँ कि यह कौन-सी आत्मनिर्भरता का मॉडल है? हमने बचपन से जो पढ़ा और सीखा, कम-से-कम उसमें तो यह नहीं आता है। अगर यह आत्मनिर्भरता है, तो 'आत्म' और 'निर्भर' के बीच में इतना बड़ा hyphen है, जो शायद कभी भरा न जा सके।

Sir, I now come to Clause 35. जयराम जी oversight की बात कर चुके हैं। किसी भी बॉडी के निर्माण के साथ उसकी निगरानी या पर्यवेक्षण का होना एक बहुत महत्वपूर्ण पहलू होता है, चाहे आप कोई भी बॉडी बनाएँ। इसमें कहा गया है, 'neither any investigation agency shall conduct any enquiry or investigation into any offence alleged to have been committed under any law nor any court shall take cognizance of an offence punishable under any law...' .सर, यह पारदर्शिता पर पर्दा डाल रहा है। Madam Finance Minister, with a good intention you have to actually jettison some of these doubts, clarify them and tell us that it actually doesn't mean this. That is why I believe कि हमें यह कोशिश करनी चाहिए थी कि इसको हम सेलेक्ट कमिटी में भेजते, एक बार तमाम स्टेकहोल्डर्स से बात होती और उसके बाद यह आता।

माननीय वित्त मंत्री साहिबा, आपने बजट में भी कहा था कि 7,000 projects have been identified under the project for National Infrastructure Development. मैं आपसे यह जानना चाहूँगा कि इसमें से बिहार के हिस्से में कितना है? सर, मैं अपने राज्य को लेकर आजकल बार-बार एक चीज़ कह रहा हूँ कि बिहार को विकास की भूख है। मैं आप ही की सरकार की बात नहीं करता हूँ, बल्कि मैं यह कहूँगा कि सन् 1947 के बाद से बिहार को उसका हिस्सा, उसका हक़ नहीं मिला है। बहुत बड़ी-बड़ी बातें हुईं, लेकिन बिहार को उसका हक़ नहीं मिला। सर, मैं फिर दोहराता हूँ कि आप बिहार के विकास के लिए इस पाइपलाइन में इन्फ्रास्ट्रक्चर के कुछ प्रोजेक्ट्स लीजिए और उसकी भूख को खत्म कीजिए। माननीय उपसभापति महोदय, मैं एक शेर के साथ अपनी बात समाप्त कर रहा हूं:-

"जब हम ही न महके फिर साहेब, तुम बाद-ए-सबा कहलाओ तो क्या।
कुछ दिन तो बसो मेरी आंखों में, फिर ख्वाब अगर हो जाओ तो क्या।।"

DR. NARENDRA JADHAV (Nominated): Mr. Deputy Chairman, Sir, I rise to whole-heartedly support this National Bank for Financing Infrastructure and Development Bill, 2021. Sir, the main challenge post-Covid 19 is to pull up the economy from unprecedented depth to which it has reached. As we are aware, in the financial year 2021, the real GDP growth rate is estimated to be minus 7.7 per cent. Since we want to pull the economy up from the depth that it has reached, the principal objective, as I see it, of the Budget 2021 was to facilitate the real economic growth as much as possible. There are predictions of more than 11 per cent growth in the coming financial year. Achieving high growth is not a big challenge, but sustaining that growth is a big challenge. If we want to achieve and sustain the high economic growth, the Indian economy is going to need a very strong infrastructure base. The Government has already been doing remarkably well in the arena of infrastructure and this will get a big boost in terms of setting up this particular bank through National Bank for Financing Infrastructure and Development Bill, 2021. My colleague and hon. Member, Jairam Ramesh*ji*, made a number of points and I am sure the hon. Finance Minister will take care of the points that were made by him. I personally do not want to go into the political economy of the infrastructure, but I would rather look at it from purely an economist's point of view. Another hon. Member, while defending Zafarji, talked about China's huge infrastructure investment. This is absolutely correct. But let us not forget that the Gross Domestic Saving Rate of China has been unprecedentedly and exceptionally high. So, what we do need to do is to encourage and promote Gross Domestic Saving Rate in India which, after achieving the peak of 38 per cent of GDP, has now come down to 31 per cent or 32 per cent and this needs to be changed. I am sure the hon. Finance Minister will take care of it in the forthcoming Budget. I agree with the hon. Member, Zafar*ji*, in as much as he says that the timing today is most propitious for tapping Foreign Direct Investment, especially when several investors are withdrawing from China and looking for opportunities elsewhere. Also, today, the global economic condition is such that very large amount of funds are sloshing around in the global economy and we must take advantage of that and we must make the best of the opportunity. Therefore, I believe that our policy would have to be two-pronged. On one hand, we promote domestic savings and on the other hand, we promote Foreign Direct Investment into the infrastructure sector with adequate precautions. With all these remarks, I commend the Bill for passing. Thank you.

SHRI NARAIN DASS GUPTA (National Capital Territory of Delhi): Mr. Deputy Chairman, Sir, thank you for giving me this opportunity. When I was going through this Bill, I noticed clause 5 about allotment of shares. Originally, the shares will be allotted to the Central Government, but these will be retained to the extent of 26 per cent and the rest will move to other institutions. These are: multilateral institutions, sovereign wealth funds, pension funds, insurers, financial institutions, banks, etc. Out of these, the definitions of only two institutions have been given under clause 2, that is, 'insurers' and the 'pension funds'. The definitions for other shareholders and contributors have not been given. I would like to know the reason for not giving all these definitions. Seventy per cent share capital will not be held by the Indians, but by the outside firms. From the draft of the Bill, it seems that it has not been drafted in India. It looks as if it has been drafted somewhere else. The reason is that there are a number of things which have been given. If we go through clause 37, it has been mentioned that the validity of the loans and advances given will not be challenged by anyone. As Shri Jairam Ramesh has said, it is not subject to any scrutiny, neither by the CAG nor by any other independent authority or the surveillance. So, it will not be challenged by any legal authority. I fail to understand as to why this clause 37 has been drafted like this.

[THE VICE-CHAIRMAN (SHRIMATI VANDANA CHAVAN) *in the Chair*.]

Our friends in the Treasury Benches have stated the reasons for bringing this legislation. They have stated that it will not only provide finance but it will develop the infrastructure. But, as Shri Jairam Ramesh has said, there are already about ten institutions which are in this business of providing finance for development of infrastructure. Members from the ruling side mentioned that there are certain inherent problems in those institutions and they failed to do the job. So, why are we creating this new institution? I have noticed one thing. अभी हम जिस पीरियड से गुज़र रहे हैं, उसमें आप निजीकरण कर रहे हैं और PSUs को प्राइवेटाइज़ेशन की तरफ ले जाकर एक और PSU क्रिएट कर रहे हैं। सरकार की policy में यह विरोधाभास है कि already जो PSUs हैं, उनका निजीकरण किया जा रहा है और इस बिल में प्रावधान करके और एक नया PSU लाया जा रहा है।

Then, I would like to say that this audit provision should be through the CAG because as per clause 27, it has been stated that it will work as per the Companies Act. It has been stated that to start with, it will be financed by the Government of India. So, it should be subject to scrutiny by the CAG because there is no other agency which has been authorised to do the scrutiny of the business of this new, I would say, finance company. With these words, I would like to say that this Bill should be sent to a select committee. Let a select committee apply its mind and see what the issues are and how these can be addressed. Thank you, Madam.

SHRI KANAKAMEDALA RAVINDRA KUMAR (Andhra Pradesh): Thank you, Madam, for giving me this opportunity to speak on the National Bank for Financing Infrastructure and Development Bill, 2021. I think, the intention of starting this bank may be very good. There is a sovereign guarantee being given. The idea to give sovereign guarantee on loans is a very good attempt. We want development banks, we want infrastructure banks. The whole idea of this Bill is long-term sustainability. This Bill is going to have very serious financial implications on our infrastructure projects. Infrastructure is an enabling thing for growth and development. India is a signatory to the Sustainable Development Goals, 2030. Improving the condition of living and improving the physical quality of life of each individual is the core of SDGs. According to a recent estimate, India would need to spend more than 4.5 trillion dollars in infrastructure by 2030 and to realise the vision of 5 trillion dollar economy by 2025, adequate investment in infrastructure will meet the above mention mentioned factors. Every Government needs financial strength to implement any infrastructure projects. If a project is stalled due to any reason and if finance is not received in specific timeframe, it will become stressed asset. The bank which financed the projects will face the issue of the NPA. There are various bottlenecks in implementation of infrastructure projects. There are several instances where various international funding agencies have pulled out from the projects. For example, a

Korean company was keen to finance the Light Metro Rail Project in Visakhapatnam in public-private partnership mode but after examining the proposal, the Korean side has conveyed its inability to finance the project and the project is still a non-starter.

For the last seven years, the write-off amount is more than two lakh crore of rupees in ten public sector banks and, Madam, the recovery is very less, maybe less than 10 per cent, subject to correction. Recovery of rest of the amount is the main question. We have to address the above issues before passing this Bill. The need of the hour is seriousness in enforcement of projects. The instant Bill is designed in such a way that it will provide necessary impetus to infrastructure sector.

THE VICE-CHAIRMAN (SHRIMATI VANDANA CHAVAN): Please conclude.

SHRI KANAKAMEDALA RAVINDRA KUMAR: I am concluding, Madam. Finally, I would like to speak about Clause 35. It says that there is no CBI, etc. etc. I think, there is a need to have a rethink on this clause. However, under these circumstances, the move of the Government to bring this legislation is welcome. I hope and believe that all the stalled projects across the country will see the light of the day. Thank you very much.

THE VICE-CHAIRMAN (SHRIMATI VANDANA CHAVAN): Thank you. Now, Shri Satish Chandra Misra.

SHRI SATISH CHANDRA MISRA (Uttar Pradesh): Madam, Vice-Chairman, first of all, I thank you for giving me this opportunity to speak. Due to time constraint, I would straightway come to the main issues. While applauding the move of the Government to establish this National Bank for the purposes of development -- which should be the core thing for this country and which is very much required at this moment -- I would like to say that it should not be the presumption that because we have failed in earlier attempts, this attempt should also fail. Here, I would like to seek some clarifications from the hon. Finance Minister, and, I am sure that she must be having answers to those clarifications.

My first clarification is with regard to Clause 5 wherein there is a mention of 'foreign investment', which is also mentioned in Clause 22. This 'foreign investment' can be taken to what extent? Madam, the expression 'multilateral institutions' has not been defined. To what extent the foreign investment can be taken, whether it can be entire 74 per cent or there will be some restriction in that. It requires to be clarified and I am sure that the hon. Finance Minister must be having the answer.

Madam, my second clarification is regarding Clause 20 which says that the performance will be reviewed by an external agency every five years but the expression 'external agency' has not been defined in the Definition clause or anywhere. Which will be this 'external agency' and what is meant by this 'external agency', and, why 'every five years', why not every year? The things which have gone wrong in five years cannot be rectified in sixth year. Why has a gap of five years been prescribed is something which I would like to know from the Finance Minister.

Now, I come to Clause 29, which permits private players also to set up financial institutions on the same lines. Now, whether this provision was required to be brought into this Act, which is specifically with respect to a Government bank. It is a National Bank. Whether private investors who will be permitted to do similar things, will they get all those immunities which are being provided to the National Bank? It is not clear. What are the norms and conditions that they will have to follow? In Clause 35, it has been mentioned that the investigating agencies including CBI, ED, Police, Serious Fraud Investigation Office, etc., will not have any right to investigate. It is not correct to say that they have no right at all. You have provided in clause 35 itself that it can be done with the previous approval of the competent authority, which has been defined.

THE VICE-CHAIRMAN (SHRIMATI VANDANA CHAVAN): Please conclude.

SHRI SATISH CHANDRA MISRA: I am concluding, Madam. I would like to say to the hon. Finance Minister that the third proviso to this clause 35 negates the entire section. The first and second proviso mention the time limit within which a sanction or approval has to be given. But then, the third proviso says that if it is not given within this time, it will not be deemed to be automatically given. That means if the competent authority does not give approval at all, this period of proviso first and second has no meaning left. So, it may be considered what this clause of proviso 3 says, that if it is not given, it will not negate. What is the impact of that? Thank you.

THE VICE-CHAIRMAN (SHRIMATI VANDANA CHAVAN): Thank you, hon. Member. Now, Shri Praful Patel. He is not present in the House. So, now, the hon. Minister.

SHRIMATI NIRMALA SITHARAMAN: Thank you very much, Madam. I thank all the hon. Members who have very briefly but obviously raised very critical issues about this Bill which is seeking the acceptance of the House to get passed. I will try to answer all the questions that have been raised. Largely, on many critical issues, I find

Members have referred back to the initial questions posed by hon. Member, Jairam Ramesh. So, the twelve Members who have spoken today and the issues that they have raised largely reel around the critical questions raised by hon. Member, Jairam Rameshji. But before I respond to the important questions raised by Jairamji, I would like to just very quickly tell about the institution itself.

(MR. DEPUTY CHAIRMAN *in the Chair.*)

Hon. Chairperson, Sir, this is definitely a unique institution. Whilst India has always benefited -- irrespective of party politics or the Government, which is run by this party or that party -- by the various institutional mechanisms which have been created every now and then, either with the statute or outside of it, they have all been created to benefit and to service the needs of the time for which they have come out.

(MR. CHAIRMAN *in the Chair.*)

So, as the institutions were set up, as they contributed towards India's developmental requirements and as time passed by, when their character and the references made to them also had to adapt and change accordingly, some changes were coming in and some adaptations happened. However, as one of our hon. Members observed, many of them have outlived their time. We have to obviously learn lessons from all of them, but yet not be so close-minded and 'well, we have tried that earlier, why should we go back today' need not be a handicap. On the contrary, sometimes, when it is necessary, we may have to go back to a set up which is, in this case, a statutorily backed institution. Many of the countries in the West which are, if I can use loosely the term, very capitalist in nature, have also adopted that the Parliament-backed institution will have to give that kind of heft for institutions which are funding development. So, we are not doing anything in the sense of decrying institutions which existed earlier but now going back to doing the same thing. It is clearly the need of the hour and the need of the next 25 years in India's developmental story that we need an institution with that kind of an architecture which has both, the strength of the Government backing it and at the same time, being able to face the competition in the market. This Act itself, as all hon. Members would have recognised, gives space for private institutions also to come up for whom we are giving the tax benefits for just five years, or the first five years, whereas this institution gets the tax benefit for the first ten years. We have learnt from the earlier experiences and, therefore, we have designed it in such a way that it has the blend of both. I will just go back to underlining the need, establishing the need, as to why we need an institution of this nature now. The 2019 Budget had the Budget announcement of hundred lakh crore rupees which will be invested for infrastructure over the next five years. By that year-end, we came up with a National Infrastructure Pipeline which had more than 6,000 projects then and now which has grown up to 7,000 projects all of which relate to infrastructure. And infrastructure is just not roads and bridges here. The definition of what constitutes infrastructure is also something which I very clearly want to refer to and I would like to inform the Members about it. There's a notification of April 2016 which also very clearly identifies infrastructure sub-sectors. Many Members asked what it is. 'Infrastructure means only roads and bridges.' Transport, energy, water, telecommunications, sanitation, social and commercial infrastructure are well defined. This institution will fund all of those activities. It is not just going to confine itself to bridges, shipyards and ports. Social infrastructure includes educational institutions. So capital stock of the institution will be treated as infrastructure. When it comes to hospitals, their capital stock will be treated as infrastructure. These are also part of what is defined as 'infrastructure' which this developmental finance institution will fund. This list itself is rather self-explanatory about how expansive this institution is going to be looking at in terms of the field for which it is being created.

Sir, from among the lessons learned is the fact that developmental finance is highly risky. It is an area which has a long gestation period. You need a higher credit cost to be calculated and therefore failure possibility also becomes part of calculation. This is an area in which, like the way we have seen in the last decade or so, regular scheduled commercial banks entering this domain always create asset-liability mismatch. Because these banks do short-term borrowing and lend for a long-term period and as a result of which there is always going to be an asset-liability mismatch which is not going to be good for the financial sector.

The other point, which very clearly need to be recognized, even at the beginning, is that it is not as if we are dependent only on FDI. It is not as if we are dependent only on sovereign funds which come to invest in Indian infrastructure. I agree that Indian infrastructure will have to be funded even by Indian savings, Indian investments. But to create Indian investments or to create an ecosystem for Indian investments to be able to invest in building infrastructure, the ecosystem will have to have some kind of institutional arrangement which is what I said in the Budget and it was rightly pointed out by Shri Jairam Ramesh. I will give a separate answer for that as to what is that institutional mechanism. The hon. Member raised this question saying, 'What is that institutional mechanism which you think you are going to bring in both for deepening bond markets and for funding infrastructure?' For funding infrastructure, I am speaking today about this statutory all India financial institution that we are creating which will have both developmental and financial objectives. Developmental objective is that it shall be the provider, that it shall be the enabler and that it shall be the catalyst for the ecosystem of infrastructure funding. It will also support every attempt to deepen and to bring in more liquid bond market of international standards. It will facilitate development of derivative markets and also other innovative financial instruments.

Sir, on the financial side, very clearly, it will be the institution which will lend for infra projects and, more importantly, it will establish a credible framework for both equity and debt investments. It will attract investments from both domestic and global institutional investors as well as domestic retail investors. We are not just depending on FDI. We need to recognize that we have made a provision for leveraging both the capital available within the country and also through the global institutions.

On ownership, very quickly, all of you have very clearly read that and spoken about it. We start with hundred per cent and eventually, after a long time, it will come down to 26 per cent. But there will always be 26 per cent presence of the Government at all times.

Very quickly, I will speak on governance structure and management. It will be professionally run. The Government will appoint only the Chairman. But the institutional arrangement for appointment of Members, MDs and DMDs will be done and recommended by the Bank Board Bureau, BBB. And it will be vetted and finalized by the Nomination and Remuneration Committee of the Board. So, the appointments will be done by the Board and not by the Government. So, it will have to be professionally run. All the safeguards have been provided. On that point, a lot of Members have raised a question saying that we have given them safeguards but we have given them far too many safeguards and they are not going to be answerable to anybody. I will definitely answer that by going back for a minute to clause 26 if I remember correct. In clause 26 in Chapter-VI of the Bill, which is before us for consideration, you will see that in para (5). I will read that as a quotation from here. It says that the Institution -- it is this institution that we are considering today -- shall furnish to the Central Government and the Reserve Bank within four months from the date on which its accounts are closed and balanced, a copy of its balance-sheet and accounts together with a copy of the auditor's report and a report of the working of the Institution during the relevant year. Hon. Member, Shri Satish Misra, did raise the point of why only five years. No; it is every year, but the report later by a third party is once in five years. Here we are providing for every year. Further it says that the Central Government shall, as soon as may be after they are received by it, cause the same to be laid before each House of Parliament. We are getting that audited report to be placed in each House of Parliament. Then, it says that the Institution shall furnish, from time to time, to the Central Government and to the Reserve Bank of India, such returns as the Central Government or the Reserve Bank may require. Every time the Government would want something from them, they will demand of it and it will have to be submitted by them. The point that hon. Member, Shri Satish Misra, raised was for a third party assessment about their whole functioning which can be done once in five years. That is what we have said. Otherwise, every year, audited accounts come to each House of Parliament. I want to absolutely state upfront that it is part of the Act itself. We are not saying that we are going to bring it in rules. It is made as a part of the Act that this will come to Parliament.

Sir, we have already spoken about the resource raising capacity. I understand that Shri Jairam Ramesh was talking about capital. We have provided the authorised capital of Rs.1,00,000 crore and we have given equity of Rs.20,000 crore, and an amount of about Rs.5,000 crore is given as grant so that they can immediately start looking at ways in which cost of funds can be brought down. So, they will have something in lieu of potential cost savings expected from the issue of tax-free bonds and so on. Then, there was an issue about sovereign guarantee. I want to just underline that yes sovereign guarantee is being provided but that is a provision provided under clause 17(3). It is an enabling provision with decision to be taken by the Government. So, it is not as if it is a blanket provision. It is an enabling provision which is mentioned under clause 17(3). Sir, resource raising capacity is something which is very clear priority sector lending shortfalls. We will take that also on board. Then, access low cost funding even for the priority sector lending, which sometimes suffer for want of resources, will also be addressed by this. Even better is that this institution will be able to access the line of credit from RBI. Therefore, it will be possible for it to very quickly meet up the demands, particularly from the social sector for creating infrastructure in that area. There are other notable features of this Bill to which I would want to draw the attention of the hon. Members. The framework to enable RBI to issue licences and to issue regulations for granting of licences for other infrastructure-focussed DFIs in the private sector is also provided for in this Bill. So, what will happen is, RBI, if it finds an applicant needs regulation, as stipulated by it, is completely compliant, they will be in a position to consider issuing licenses. So, there will be, for healthy competition, creation of DFIs in the private areas also. As I said earlier, they will be exempt from tax for five years. The institution and another DFIs will operate within the prudential framework of RBI. This institution shall also have that role of the institution to resolve disputes which may arise in the field of infrastructure funding.

Sir, broadly, the character of the institution is, as I have described here. Specific issues of concern, which were raised by hon. Member Shri Jairam Ramesh and which was referred to by many hon. Members, is, this is not beyond oversight. The reports, every year, are going to come to both Houses of the Parliament. Audited reports are going to come in here. And as an when the Government is going to ask them for report, they are duty bound to give it and it shall come here. So, Parliament's oversight annually is envisaged and built into the Act itself. So, that question definitely gets answered.

There was this question; it is all right, you are looking at funds coming from elsewhere. What happens to incentivizing savings within the country? How are Indian savings going to be? DFI will need long-term funds and that is well-recognized. It will, therefore, have to be able to issue long-dated paper domestically and which, in turn, will encourage domestic savings. And with this said, I now go to that point which again Shri Jairam Ramesh raised about my Budget announcement. I want to read that from the Budget: "To instill confidence among the participants in the corporate bond market during times of stress and to generally enhance secondary market liquidity, it is proposed to create a permanent institutional framework. The proposed body would purchase investment grade debt securities both in stressed and normal times and help in the development of the bond market." This is what I had said in the Budget. This explains as to how this institutional arrangement is being envisaged. Mutual funds, as we know, account for 60 per cent to 70 per cent of trades and corporate bond market, commercial papers and certificate of deposits thereby facilitating fundraising by issuers who are banks, corporates, NBFCs and also Housing Finance Corporations. A cardinal principle of mutual funds is liquidity. Their liquidity depends on liquidity of their invested instruments, particularly, corporate bonds. However, liquidity, illiquidity and market freeze is particularly dominant in corporate bond market, especially, around stress times, and distress selling by mutual funds leading to a contagion effect. We saw recently how because of one of the mutual funds, having a genuine problem, it had a very rattling effect in the market. So, there is clearly an advantage, which all of us recognize, in moving to the bond market from a bank finance-led model to avoid asset-liability mismatch, issues which arise out of it, transparent pricing and also to take more market-oriented systems. And that is why, as the financial sector evolves from a bank-dominated system to a more market-oriented system, supporting financial markets become an important aspect and important step which the Government has to be responsible about. Hence, a permanent arrangement, mentioned in my Budget, of an SPV facility is considered for providing liquidity so that they can act as the buyer of the last resort during stress times and to some extent even acting as a market maker during times of peace. The SEBI, therefore, will be setting up a fund titled Corporate Debt Market Development Fund (CDMDF). Sir, it will be set up as an alternative investment fund to provide this liquidity facility to mutual funds and other participating institutional investors in the corporate bond market. This essentially means it will function as the buyer of the last resort for stressed corporate bonds which are of investment grade during stressed times. So, the key mandate of this particular facility which the SEBI is creating as a development fund, trading will be one of it, trading in corporate debt with the focus on below AAA-rated papers. But, however, those papers will have to be of investment grade during non-stressed periods. The second and the final is to have capability to buy and hold single or a basket of corporate debt securities from secondary market during times of systemic stress. We saw that happening during late 2019 and, also, when liquidity was an issue and when NBFCs were sitting with a lot of papers which were not even investment grade. There was a lot of effort put by the Government together with the Reserve Bank to sort that out between the NBFCs and the banks. That experience has been teaching us a few things which I am glad the SEBI is addressing in this form so that they will have a given formulation to address such stress during stressful time and during peaceful times how to handle it. So, the SEBI is working out the operational details of this facility in consultation with the Department of Economic Affairs. The special SPV is proposed to be jointly set up with the contribution of the mutual funds and also other institutional investors. However, the majority ownership shall be with the subsidiary of a public sector mutual fund. So, that is the arrangement, in short, which was indicated in the Budget Speech. I think, also one other issue, to which I would like to draw the attention of the Members, and for them to take cognizance of, and this is a very interesting aspect which SEBI had mentioned to me even during the COVID period. There is naturally a tendency now, particularly, the savings which comes out of middle classes to not be risk covers. So, they do not mind moving out of post office savings or bank savings into these stock markets. They are looking at very credible, well-listed, transparent, board-driven decision-making companies and directly investing in them. So, Indian savings is not purely now dependent on risk free public sector savings, it is also moving into the stock market. How do we establish that? I have got a month-by-month data in the year running from January, 2020 to February, 2021. The growth in the number of demat accounts opened during the month, demat accounts of which

99 per cent of them, of these demats, are of individual category accounts. So, they are not large funds which are investing but the demat accounts, here that I am telling you is of individual category accounts. If in January, 2020, there were six lakh thirty thousand two hundred and ninety two demat accounts opened during a month, that today, is gone to seventeen lakh eighty eight thousand six hundred and fifty four individual accounts. Now, if it is during the month, they, obviously, open and shut and at the end of the month is the indicator that we take. There has been a 27 per cent growth in the end of the month account, that which continues to be there. On February, 2020, there were four crore one lakh twenty nine thousand two fifty two demat accounts at the end of the month, which means they continue to be there, and which today, has reached five crores thirty one lakh fourteen thousand and eight hundred, a 27 per cent increase which means, today, Indian savings indicator is not just that which goes into savings accounts which are risk free in the banks or in post offices but they are moving towards directly engaging in the stock market with listed stock shares which are opened there for everybody to see. Many of them may not probably even go through the mutual fund routes. So, these are the ways in which the savings' attitudes of the Indian citizens are changing and institutions have to make provision for it, like the way the SEBI is thinking in terms of a fund, like the way this DFSI is coming up, like the way the NIIF (National Infrastructure Investment Fund) is, all of which have a chance and, I take this opportunity, like the way LIC funds infrastructure. No doubt, it was rightly pointed out by many Members. But LIC should also now be accessible for that retail investor who wants to invest in them. So this IPO is not for Government to get out of it whereas to make more Indians to participate in it, to put the money. A very large amount of what LIC has today is policyholders' money, whereas, when individuals want to become owners of it, they are being given an opportunity by the IPO so that they can invest. To have policyholders' money is one thing, but to have Indian retail investors to become owners of shares of LIC is a totally different thing. I think we have to recognise both these much before we even think in terms of, "Oh! What is happening? Is it all getting privatised?" No! Many of the IPO owners which are going to the retail investors are making retail Indian owners to become part of the LIC's ownership framework. Sir, these are the broad features. I think I have answered many of the hon. Members' concerns. One last point which hon. Member, Shri Satish Chandra Misra, raised is, private *versus* public, treatment is not at par. Obviously, I cannot give everything that I give for a Government-run DFI to a private institution. I give the initial five-year tax incentive only because I want more funds to come to them also. It should not become like accredited Government institution with all the lollypops, and the private

one does not have any and, therefore, they are not getting equal treatment. I have extended the tax benefits for five years. But after that, they should be smart enough to become competitive enough. I think I have answered as to why five years.

SHRI SATISH CHANDRA MISRA: Third proviso, Clause 35.

SHRIMATI NIRMALA SITHARAMAN: I did not notice that. Can I please take the liberty of writing back to you on it in detail?

SHRI SATISH CHANDRA MISRA: In the second proviso, it is said that within three months, the competent authority will give the approval extended by one month with reasons. But the third proviso says that if it is not given approval within this time, it will not be required.

SHRIMATI NIRMALA SITHARAMAN: Yes, I got you. It very clearly explains that within a certain period you expect it to give the clearance and if you don't, normally, you have a positive affirmation saying, "It should be deemed as given." Here, we are putting it the other way, it is not deemed as necessarily given. You take it within three months; otherwise, sorry, no, it is not happening. That is the implication. With that, Sir, I hope I have answered all the hon. Members' concerns and I appeal to everybody to pass the Bill.

MR. CHAIRMAN: The question is:

> "That the Bill to establish the National Bank for Financing Infrastructure and Development to support the development of long term non-recourse infrastructure financing in India including development of the bonds and derivatives markets necessary for infrastructure financing and to carry on the business of financing infrastructure and for matters connected therewith or incidental thereto, as passed by Lok Sabha, be taken into consideration."

The motion was adopted.

MR. CHAIRMAN: We shall now take up Clause-by-Clause consideration of the Bill.

Clauses 2 to 48, the First Schedule, the Second Schedule and the Third Schedule were added to the Bill.

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

MR. CHAIRMAN: Now, the hon. Finance Minister to move that the Bill be passed.

SHRIMATI NIRMALA SITHARAMAN: Sir, I move:

That the Bill be passed.

The question was put and the motion was adopted.

SPECIAL MENTIONS

MR. CHAIRMAN: Now, we shall take up permitted Special Mentions. Because of the paucity of time, the Member whose name is called should raise in their seat and say, with just the mention of subject, that I lay it on the Table of the House. Shrimati Kanta Kardam; not present. Now, Shri A.D. Singh.

Demand to enhance budgetary allocation to meet environmental targets under the Paris agreement

SHRI A.D. SINGH (Bihar): Sir, under the Paris Agreement, our country has committed to achieve the following targets by 2030. These targets are, (i) achieve 33 to 35 per cent cut in emissions from 2005 levels, (ii) forty per cent power generation through renewable sources, and (iii) create additional carbon sink of 2.5 to 3.0 gigatonnes of CO2.

There has been a consistent drop in budgetary allocation to Environment and Forest sector both at the Central as well as at the State level by more than 50 per cent. A steady increase in budgetary allocations to meet our international commitments is necessary. On the other hand, our air is one of the most polluted air in the world. Our rivers are drying. The present generation needs clean air and water.

I would urge the Government to earmark at least one per cent of the Budget to the Environment and Forest sector both in case of Centre and States. We need to put our money where our mouth is, to help us achieve the additional 2.5 to 3.0 gigatonnes of carbon sink. There is a need to increase the area under the protected area network to protect wildlife. The Government should ensure that the Forest Conservation Act, 1980 is not diluted. The Government should implement 'Polluter