

Par. 821152  
536

Wednesday,  
27th July, 1955



# PARLIAMENTARY DEBATES

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HOUSE OF THE PEOPLE

OFFICIAL REPORT

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PARLIAMENT SECRETARIAT  
NEW DELHI

Price Six Annas (Inland)  
Price Two Shillings (Foreign)

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## LOK SABHA

Wednesday, 27th July, 1955

*The Lok Sabha met at Eleven of the Clock*

[ MR. SPEAKER in the Chair ]

### ORAL ANSWERS TO QUESTIONS

#### Age Concessions to scheduled Castes and Tribes

**\*118. Shri Barman :** Will the Minister of Home Affairs be pleased to state whether the proposal to increase the age limit by five years for candidates of the Scheduled Castes and Scheduled Tribes for the All-India Services has been accepted by Government?

**The Deputy Minister of Home Affairs (Shri Datar) :** The matter is under consideration.

**Shri Barman :** May I know at what stage this consideration stands now?

**Shri Datar :** We are consulting the State Governments under the All India Services Act, because the State Governments are concerned most in this respect.

**Shri Barman :** May I have some idea as to how long it will take?

**Shri Datar :** It will not take much time, it will take a few months.

**Shri Barman :** May I know whether the age concession in the case of Scheduled Castes who are evacuees will be cumulative or not?

**Shri Datar :** Subject to correction, I think it is cumulative. Such a person can have concessions under both the heads.

**श्री पी० एन० राजभोज :** क्या उप  
मंत्री महोदय कृपा करके बतला सकते हैं  
कि किन स्टेट्स ने अपने विचार इस बारे में  
भेजे हैं और अगर भेजे हैं तो क्या भेजे हैं?

**Mr. Speaker :** Have any of the States communicated their views and, if so, what are they?

171 L.S.D.—1.

**Shri Datar :** We have not yet received their views. But I may point out to the hon. Member that this relaxation has been effected in the case of the Central Services. It is only in the case of the All India Services that it has not been effected, and it is likely that this relaxation will be effected in the case of the All India Services also.

#### U.S. Aid

**\*119. Shri Punnoose :** Will the Minister of Finance be pleased to state:

(a) the amount of aid proposed to be given to India during the next fiscal year by the U.S. Administration; and

(b) how it will be distributed on the various projects?

**The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat) :** (a) No official intimation has yet been received from the U.S. Government.

(b) Does not arise.

**Shri Punnoose :** Have we asked for this aid, and what is the amount that we have asked for?

**Shri B. R. Bhagat :** We have never asked for any amount.

**Shri Punnoose :** From the information which Government have, may I know whether the amount that we expect—whatever the amount—includes agricultural commodities?

**Shri B. R. Bhagat :** For this year we have no official intimation, and we cannot say anything. Last year we had some farm surplus.

**Shri Heda :** Under the various agreements about U.S. Aid that we have entered into in the last few years, the aid was to be given every year. May I know whether we have already got the aid for the coming years, or are we getting every year the aid, that is the amount stipulated for every year? If the agreement was for two or more years, did we get the amount in the beginning only or are we getting it every year?

**Shri B. R. Bhagat :** The aid is on a yearly basis. The U.S. financial year is different from ours; it is from July to June. The utilisation is there, but there is always some time-lag between the sanction and the actual receipt of it and so there is some carry-over in the next year.

**Shri Kamath :** Is it a fact that very recently the American Senate, concurring with its Appropriation Committee, has cut economic aid to India from 60 million dollars to 50 million? Has Government been intimated about this?

**Shri B. R. Bhagat :** We have seen it in the papers. But we get the official report when the whole process is finalised. The legislature process has yet to be finalised.

### Iron Ore Survey

\*120. **Shri Nanadas :** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) whether it is a fact that the United Nations Organisation recently conducted a survey of iron ore reserves in the country.

(b) if so, who was in charge of survey;

(c) what was the aim of the survey; and

(d) What were the results of the survey?

**The Minister of Natural Resources (Shri K. D. Malaviya) :** (a) to (d). No, Sir.

**Shri Nanadas :** May I know whether there is any proposal to conduct any such survey by our Government?

**Shri K. D. Malaviya :** No, Sir. The U.N. organisation has compiled a report from the existing geological data available to us, and this international Expert Committee, which included one expert from India has published a book—which is not a survey but which is only a compilation and a critical evaluation of the facts before us. The name of the publication is "Occurrence, Appraisal and Use"—Iron ore.

**Shri Nanadas :** May I know the names of the Indian nationals associated with this compilation?

**Shri K. D. Malaviya :** On this Expert Committee, Dr. M. S. Krishnan of the Geological Survey of India was associated.

**Shri Veeraswamy :** May I know whether Government are aware that there are iron ore deposits in Tamil Nad?

**Shri K. D. Malaviya :** Sir, this has absolutely no bearing on the question.

**Mr. Speaker :** I do not see how this question arises.

### Partition Debts

\*121. **Shri D. C. Sharma :** Will the Minister of Finance be pleased to refer to the reply given to Starred Question No. 185 on the 24th February, 1955 and state whether any portion of the Partition Debts has since been recovered from Pakistan?

**The Minister of Finance (Shri C. D. Deshmukh) :** No, Sir.

**Shri D. C. Sharma :** May I know what the amount of the debt was on 15th August 1947 and where it stands now? I would also like to have the break-up of the figures on the various accounts.

**Shri C. D. Deshmukh :** The total size of the portion payable by Pakistan has to be settled; that will be part of the negotiations.

**Mr. Speaker :** He wants to know the amount.

**Shri C. D. Deshmukh :** It has to be settled.

**Shri Heda :** What is it according to our claim?

**Shri C. D. Deshmukh :** Not our claim—but our provisional assessment of it was such as to yield perhaps an annual instalment of Rs.9 crores, which was provided in one or two budgets.

**Shri D. C. Sharma :** May I know if any meeting has been held between the Finance Minister of India and the Finance Minister of Pakistan with regard to the assessment of this debt and its liquidation?

**Shri C. D. Deshmukh :** No, Sir. As the House is aware, there has been a Steering Committee going into some of these matters due for settlement between the two countries; and in the last meeting of the Steering Committee it was decided to leave negotiations on this matter of the debt to the Finance Ministers of the two countries. I have already extended an invitation to the Finance Minister of Pakistan for a discussion on this subject, in Delhi. The invitation has been accepted, but no definite date for discussion could be fixed yet owing to the other pre-occupations of the Finance Minister of Pakistan.

**Shri Gidwani :** The hon. Minister stated just now that Pakistan Government used to provide a certain amount in their budget towards payment of their debt to India and that in the last two years they have not provided it.

**Shri C. D. Deshmukh :** I referred to the provision in our budget. I believe that in their budget too, at least for one year there was a provision of Rs. 5 crores (Pakistani), equivalent to Rs. 74 crores in Indian money. We have not made any provision in our present budget; it is my impression that neither have they in their budget.

**Shri T. N. Singh :** In the earlier years, after partition, the Government of India met certain obligations of Pakistan to the U. N. and such other organisation in regard to contribution. May I know if that kind of obligation is yet being met by India on behalf of Pakistan.

**Shri C. D. Deshmukh :** No, Sir, on obligation is being incurred by the Government of India on behalf of the Government of Pakistan now.

### National Volunteer Force

\*122. **Shri M. R. Krishna :** Will the Minister of Defence be pleased to state:

(a) the total number of men and women trained so far under the National Volunteer Force ;

(b) the number of Training Camps established in the country and the amount spent thereon ; and

(c) whether there is any difference in training imparted under the National Cadet Corps and the National Volunteer Force?

**The Minister of Defence Organisation ( Shri Tyagi ) :** (a) 25,700 men. No women have been trained.

(b) 57 of which two are still in progress. The expenditure on 33 camps held in May 1955 was about Rs. 8.18 lakhs; the figures for the remaining camps held in June-July are being compiled.

(c) Yes, Sir. The aims and objects of the two organisations, and consequently the training in them, are widely different.

**Shri M. R. Krishna :** May I know whether any limit of number has been fixed for the training, and also the period of time for training those people?

**Shri Tyagi :** Yes, it is proposed to train five lakhs men within five years.

**Shri M. R. Krishna :** May I know the places where the training schools have been established?

**Shri Tyagi :** There is no permanent establishment of a camp at one place. In various States sites are selected on the advice of Advisory Committees and camps are held for a month and then they come away.

**श्री भक्त दर्शन :** अभी मैं मंत्री ने बताया कि २७ कैम्प अभी तक संगठन किये जा चुके हैं और हर एक में ५०० युवकों को आना चाहिये था, मैं जानना चाहता हूँ कि इनमें कितने कैम्प ऐसे थे जहाँ कि पूरा कोटा हुआ और कितने कैम्प ऐसे थे जहाँ कि कम कोटा हुआ और इसका क्या कारण है ?

**श्री त्यागी :** हर एक कैम्प की बाबत यह बताना मुश्किल होगा कि हर एक कैम्प में कितने आदमी आये, लेकिन मेरे पास फ़ेहरिस्त है, उसके मुताबिक़ मोटे तरीक़े से यह कैफ़ियत हुई ।

समालकोट में ५०० आदमी आये । करनूल में ४७७ आये और किसी जगह ४५७ आ गये । ज्यादातर ४०० और ५०० के बीच में तादाद रही ।

**श्री भक्त दर्शन :** क्या इस बात का प्रयत्न किया जाता है कि यह कैम्प उस ज़माने में ही संगठित किये जायें जब कि किसानों को फसल से फ़ुर्सेत हो और विद्यार्थियों की छट्टियाँ हों ?

**श्री त्यागी :** इन कैम्प में अधिकांश विद्यार्थी नहीं आते हैं, पर जहाँ जहाँ कैम्प खोले जाते हैं वहाँ इस बात की हिदायत जारी की गई है कि जब काश्तकार फालतू हों और खेती का काम न हो उन्हीं दिनों में कैम्प रखे जायें तो बेहतर है ।

## Colombo Plan

\*123. **Shri S. N. Das** : Will the Minister of Finance be pleased to state :

(a) whether it is a fact that the Government of Australia has decided to offer a number of scholar ships to be awarded to such Asian students as would like to study through the 'Mail Box' under the Colombo Plan ;

(b) if so, whether any India students have applied for such scholarships ;

(c) the details of the scheme ; and

(d) whether education under this scheme has commenced ?

**The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat)** :

(a) Yes, Sir.

(b) Some enquiries have been received.

(c) Details of the Scheme have not been finalised yet.

(d) No.

**Shri S. N. Das** : May I know the subjects for which scholarships have been offered or are going to be offered ?

**Shri B. R. Bhagat** : Originally the offer made by the Australian Government was for courses of a technical and academic nature including engineering, motor mechanics, building construction, agriculture and accountancy, but we want to restrict it to those fields of study where laboratory training is not very important. As such, we have proposed shorthand, typewriting, book-keeping, accounting, auditing, commercial law, advanced accounting etc.

**Shri S. N. Das** : What is the nature of the enquiry that has been made by that Government ?

**Shri B. R. Bhagat** : Enquiries have been made by students who want to apply, not by the Government.

## चीन को भेजा गया सांस्कृतिक मण्डल

\*१२४. **श्री नवल प्रभाकर** : क्या शिक्षा मंत्री यह बताने की कृपा करेंगे कि :

(क) चीन को भेजे गये भारतीय सांस्कृतिक मण्डल में कितने व्यक्ति सम्मिलित हैं ;

(ख) उसमें जो कलाकार सम्मिलित किये गये हैं, उनकी विशेष योग्यतायें क्या हैं ; और

(ग) उनका चुनाव किस आधार पर किया गया है ?

**शिक्षा मंत्री के सभासचिव (डा० एम० एम० दास)** : (क) सांस्कृतिक मण्डल के जो चीन में जा चुका है, ५६ सदस्य हैं ।

(ख) तथा (ग) कलाकार सदस्य भारत सरकार ने संगीत नाटक अकादमी की शिफारिश पर चुने थे । चुनाव में उन कार्यक्रमों का ध्यान रखा गया था जिनकी चीन की जनता के लिये उपयुक्त होने की सम्भावना थी ।

**श्री नवल प्रभाकर** : क्या मैं जान सकता हूँ कि इन कलाकारों को पारिश्रमिक भी दिया जाता है, और यदि दिया जाता है तो प्रत्येक को कितना दिया गया है ?

**Dr. M. M. Das** : No daily allowance as such is given to these artists but kit allowance, upkeep allowance and some pocketmoney in given.

**श्री नवल प्रभाकर** : कितना दिया गया है ?

**Dr. M. M. Das** : If the hon. Member wants to know details of the actual amounts that have been paid, I would require notice.

**Shri Ramachandra Reddi** : May I know the expenditure, if any, incurred by the Government in this behalf ?

**Dr. M. M. Das** : It will come to about Rs. 3,00,000.

**Shri Kamath** : Are these cultural delegations required to submit reports of their tour to the Ministry, and if so, will such reports be laid on the Table of the House ?

**Dr. M. M. Das** : As a rule, they submit a report to the Government.

**Shri Kamath** : But will it be laid on the Table of the House ?

**Dr. M. M. Das** : Up till now, so far as my information goes—I cannot commit myself on this point—no such report is laid on the Table of the House.

### Hindi Scholarships

\*125. **Shri Gidwani:** Will the Minister of Education be pleased to state:

(a) whether it is a fact that Government have decided to award scholarships for higher studies in Hindi;

(b) if so, the number of such scholarships;

(c) who will be eligible for them;

(d) the amount to be spent on the scheme annually; and

(e) the amount to be paid to each scholarship-holder?

**The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das):** (a) Yes, Sir.

(b) 12.

(c) to (e). A statement containing necessary information is laid on the Table of the House. [See Appendix I, annexure No. 34].

**Shri Gidwani:** Which are the non-Hindi-speaking States where facilities for higher education in Hindi do not exist?

**Dr. M. M. Das:** There are 12 non-Hindi-speaking States where facilities for higher education in Hindi do not exist. They are: Andhra, Assam, Madras, Orissa, Mysore, PEPSU, Saurashtra, Travancore-Cochin, Coorg, Kutch, Manipur and Tripura.

**Shri Gidwani:** What will be the number of scholarships from these States?

**Dr. M. M. Das:** We received 27 applications from Andhra, Assam, Madras, PEPSU, Travancore-Cochin, Coorg, Kutch and Manipur. Out of this, only 10 were selected.

**सेठ गोविन्द दास :** जिन विद्यार्थियों को छात्र वृत्तियां दी जाती हैं उनके सम्बन्ध में क्या किन्हीं सार्वजनिक हिन्दी संस्थाओं से भी सलाह ली जाती है ?

**Dr. M. M. Das:** These applications are invited through the State Governments. There is a Selection Committee established by the Ministry and that Committee goes through the applications and makes selections.

**Shri Gidwani:** Is not the number of scholarships inadequate for the purpose we have in view, namely, spreading Hindi all over India within the specified period, as only 10 were selected?

**Dr. M. M. Das:** There is provision for 12 scholarships, one from each non-Hindi-speaking State where facilities for higher education in Hindi do not exist. This scheme is a temporary scheme and for the present, only 12 scholarships are provided. But there is a proposal to include in the Second Five Year Plan a scheme to award 24 scholarships, 12 fresh and 12 renewals.

**श्री एम० एल० द्विवेदी :** मैं जानना चाहता हूँ कि उन राज्यों को भी जहाँ पर कि उच्च शिक्षा की सुविधा है और जहाँ पर कि उन रियासतों के विद्यार्थी जाते हैं जहाँ पर इसकी सुविधा नहीं है, स्कालरशिप दिये जायेंगे ?

**Dr. M. M. Das:** I have said that these scholarships are meant only for those States which are non-Hindi speaking States and where facilities for higher education in Hindi do not exist. Those States where such facilities exist are excluded from the scheme.

### Janata Colleges

\*127. **Shri S. C. Samanta:** Will the Minister of Education be pleased to refer to the reply given to Starred Question No. 1375 on the 23rd March, 1955 and state:

(a) how many more Janata Colleges have since been opened and in which States;

(b) how many more colleges are expected to be opened during 1955-56; and

(c) whether Government have assessed the value of the results derive from these Colleges in comparison with the monetary help they have rendered.

**The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das):** (a) One in U.P.

(b) 11.

(c) It is too early to take up any successful assessment.

**Shri S. C. Samanta:** The Delhi Janta College was established in 1951. May I know how many village level workers have been trained in that college and whether they have in any way helped the Community Project areas also ?

**Dr. M. M. Das:** Up till now, about 22 Janata Colleges have been sanctioned by Government. If the hon. Member wants information about a particular Janata College I require notice.

**Shri S. C. Samanta:** May I know whether workers from Community Project areas and National Extension Service block areas are also taken in and given education in these colleges?

**The Deputy Minister of Education (Dr. K. L. Shrimali):** May I explain? The main purpose of the Janata Colleges is to train community leaders. The purpose of Janata Colleges is not merely to train village level workers; there are separate institutions for training these village level workers. We bring in community leaders from villages and also Community Project areas and train them and send them back to the villages so that they might do the village work.

**Shri S. C. Samanta:** May I know how far State Governments have helped these institutions?

**Dr. K. L. Shrimali:** The schemes for Janata Colleges are worked through the co-operation of the State Governments. The Central Government give them grants on a matching basis.

**Shri T. S. A. Chettiar:** Since the recurring grants for these colleges are stopped after three years, may I know whether any of these colleges which started before three years have been closed because of the stoppage of the grants?

**Dr. K. L. Shrimali:** I require notice.

### Coal Deposits

\*128. **Shri C. R. Chowdary:** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) whether the Andhra State Government have made any proposal for the investigation of coal deposits in the Godavari Valley; and

(b) the stage at which the proposal is at present?

**The Minister of Natural Resources (Shri K. D. Malaviya):** (a) and (b). A statement giving the required information is laid on the Table of the House. [See Appendix I, annexure No. 35].

**Shri C. R. Chowdary:** May I know the estimated cost of these drills?

**Shri K. D. Malaviya:** The cost of the drills depends upon the specification. Ordinary drills required for drilling purposes cost something from Rs. 25,000 to Rs. 40,000.

**Shri C. R. Chowdary:** May I know whether it is the State or the Centre that has been investigating these deposits?

**Shri K. D. Malaviya:** The Central Government bear the cost of these equipments and prospecting the State Government does not bear the cost.

**Shri C. R. Chowdary:** May I know if any financial aid has been asked for by the State? What is the grant that has been made towards the cost of this investigation?

**Mr. Speaker:** Perhaps he has not understood the answer to the last question. The last reply was that the Central Government bears the entire cost and so where is the question of grant being given?

**Shri C. R. Chowdary:** May I know whether any money is being granted in favour of the State to conduct this investigation?

**Shri K. D. Malaviya:** The work of detailed prospecting is the job of the Geological Survey of India and the programme State-wise is always framed in the early part of the year. The programme was received from the Andhra Government and we are responsible for all the cost involved in this expenditure.

**Shri Ramachandra Reddi:** May I know whether the geological section of the Andhra University has been prospecting this area and whether any report has been received by the Government through the Andhra Government and whether any assistance has been requested from the Central Government?

**Shri K. D. Malaviya:** The geological sections of the various universities prepare programme to conduct investigations for the benefit of their own students in the State. I do not know if specifically this area is being surveyed by the students of the Andhra University.

### U. S. Aid

\*129. **Shri Ibrahim:** Will the Minister of Finance be pleased to state:

(a) whether India has so far received any loan from the U.S.A. under the development assistance programme for the current fiscal year;

(b) if so, the amount of loan; and

(c) the terms and conditions of this loan?

**The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat):** (a) to (c). I presume the Hon'ble Member desires to have information about the loan received from U.S.A. during the U.S. fiscal year 1954-55 (July 1954—June 1955). In this connection I invite the attention of the Hon'ble Member to the Loan Agreement, a copy of which was



laid on the Table of the House in reply to part (c) of Starred Question No. 2228 on 14th April 1955 and supplementaries thereto. The amount of the loan was \$45 million and its terms and conditions are embodied in the Agreement.

**Shri Punnoose:** I find from the Agreement that \$30 million is set apart for agricultural commodities. May I know whether it includes the cost of butter, tinned milk, etc., and if so, what amount?

**Shri B. R. Bhagat:** I cannot give the figure for butter and tinned milk, but I think in the current year it includes wheat and cotton.

**Shri Punnoose:** Has it come to the notice of the Government that most of this butter is of a rancid type, and that the tinned milk imported is affecting our rural economy adversely?

**Shri B. R. Bhagat:** I do not know either.

**Mr. Speaker:** Next question.

श्री भक्त दर्शन : अध्यक्ष महोदय, इसके बारे में मुझे सूचना मिली है कि इस सवाल में मेरा नाम भी सम्मिलित कर लिया गया है लेकिन मेरा नाम लिस्ट में छपा नहीं है ।

अध्यक्ष महोदय : आपका स्वेशन ऐसा होगा जिस को कि डिसएलाऊ किया जा सकता हो ।

#### Sabeya Aerodrome

\*131. **Shri Jhulan Sinha:** Will the Minister of Defence be pleased to refer to the reply given to Starred Question No. 1804 on the 15th April, 1954 and state:

(a) whether any decision has since been taken with regard to the disposal of the Sabeya aerodrome at Saran, (Bihar); and

(b) the total amount received so far out of the disposal of its assets?

**The Deputy Minister of Defence (Sardar Majithia):** (a) It has since been decided to retain the airfield for the use of the I.A.F.

(b) Some of the building assets on this airfield which had been in possession of the State Government and vacated by them in May 1953 were disposed of by public auction. The total amount received out of this disposal is Rs. 40,000/-.

**Shri Jhulan Sinha:** May I enquire if the Government is aware of the fast deteriorating condition of the aerodrome and if they have taken steps to keep it in order?

**Sardar Majithia:** It has only recently been decided to maintain this for the Indian Air Force, and due repairs will be undertaken.

**Shri Punnoose:** Are welfare organisation associated in expending this amount, in distributing this amount over the various items?

**Sardar Majithia:** I do not know which welfare organisation the hon. refers to.

**Shri Punnoose:** There are certain welfare organisations for the forc.s. I want to know whether this amount is distributed according to their advice also.

**Sardar Majithia:** Probably, that is in regard to another question.

#### Oil

\*132. **Shri Bishwa Nath Roy:** Will the Minister of Natural Resources and Scientific Research be pleased to state whether Government have undertaken any systematic prospecting for oil this year at any new site in the country under their direct supervision or management?

**The Minister of Natural Resources (Shri K. D. Malaviya):** Yes, Sir.

**Shri Bishwa Nath Roy:** May I know the places where prospecting is going on at present?

**Shri K. D. Malaviya:** The Ministry have undertaken a geophysical survey of Jaisalmer area. This programme was taken up in the last summer. The work is to be continued in the next winter season. Besides gravimetric and seismic investigations in Jaisalmer, detailed geological mapping is also going on in Jwalamukhi area and Kangra Valley for oil bearing rocks.

**Shri Bishwa Nath Roy:** May I know whether after successful prospecting Government propose to conduct drilling of the whole land and other work concerned with it, under the direct management of the Government?

**Shri K. D. Malaviya:** Surely, after successful geophysical prospecting, experimental drilling will be resorted to.

**Shri Meghnad Saha:** May I know whether the Ministry of N.R. & S.R. has been able to form a team of Indian experts provided with all kinds of modern apparatus, e.g. magnetographs and seismographs to do oil prospecting work and whether they depend upon purely foreign prospecting? Is it not a fact that the foreign prospecting parties do not allow the Indian experts to go near the apparatus or to have access to the results they have obtained?

**Shri K. D. Malaviya:** We are in the process of forming a purely Indian team for undertaking all the work involved in the oil prospecting. So far as the allegation of my friend is concerned, it is not wholly correct.

**Shri Meghnad Saha:** May I know how far it is correct?

**Shri K. D. Malaviya:** I do not know that, but complaints have been received by us that in some cases certain types of information are not made available to us.

**Shri T. N. Singh:** Of the prospecting that is being done, geophysical and magnometric, how many are under foreign control or foreign direction and guidance, and how many are purely under the Indian Geological Survey Department?

**Shri K. D. Malaviya:** I have said that in Jaisalmer area and also in Jwalamukhi and Kangra Valley, the Geological Survey of India are undertaking all the survey work by themselves. So far as the prospecting in Assam is concerned, an agreement has been arrived at between the Government of India and the foreign oil companies, and the foreign experts are helping us.

**Shri Meghnad Saha:** In view of the fact that foreign experts do not make their results available to Indians, and do not allow the Indians to have access to their results, is it not desirable to turn out the foreign experts altogether and depend upon our own native talent which I am quite sure will be able to cope up with this work?

**Shri K. D. Malaviya:** I have not accepted the insinuation of the hon. Member.

#### Educational Qualifications

\*133. **Shri Bibhuti Mishra:** Will the Minister of Education be pleased to state:

(a) whether the Committee appointed to examine the question as to how far and at what levels the possession of a University Degree is necessary for recruitment to Public Services, has submitted any interim report and

(b) if so, what are the main recommendations given in the interim report?

**The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das):** (a) No, Sir.

(b) Does not arise.

**श्री बिभूति मिश्र :** क्या सरकार निर्धारित पदों के लिये निर्धारित योग्यता रखने वालों के लिये कोई आगे नियम बनायेगी ?

**शिक्षा उपमंत्री (डा० के० एल० श्रीमाली) :** मुझे मालूम नहीं कि सचिव महोदय का मतलब क्या है। परन्तु अगर वह कमेटी की जो टर्म्स ऑफ रेफरेंस हैं उनको जानना चाहते हैं तो वह मैं उन को बताने को तैयार हूँ।

**Shri S. N. Das:** May I know whether any time-limit has been fixed?

**Dr. K. L. Shrimali:** Yes, Sir. The Committee is expected to submit its report by the 31st August, 1955.

**Shri Kamath:** Has the Prime Minister been correctly reported recently as saying that university degrees should not be essential for recruitment to Public Services?

**Dr. K. L. Shrimali:** The whole question is being examined by this Committee.

#### Research Scholarships in Humanities

\*134. **Shri Subodh Hasda:** Will the Minister of Education be pleased to state:

(a) whether it is a fact that a Special Committee has been set up to consider the question of awarding Research Scholarships in Humanities; and

(b) if so, the nature of its main recommendations?

**The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das):** (a) Not yet.

(b) Does not arise.

**Shri Subodh Hasda:** May I know the number of students that applied and the number selected?

**Dr. M. M. Das:** In the first batch in the year 1953, there were 500 applicants and out of these 500, 31 students were selected for this scholarship. In the second batch, in 1954, 51 were selected out of a total number of 192 applicants.

**Shri Subodh Hasda :** May I know whether Government had any data for assessment?

**Dr. M. M. Das :** The original question is about the Reviewing Committee. This Committee could not be set up. The reasons are these. The first batch was selected but they joined their work late in the year.

The second batch of candidates who were selected could not join their work before April 1955. So, it was decided to continue the scheme during the current year also and the review of the scheme was postponed by one year.

**Shri Subodh Hasda :** May I know whether the Government propose to send scholars abroad?

**Dr. M. M. Das :** There are different schemes under which scholars are sent abroad.

**Shri A. P. Sinha :** 136.

**Mr. Speaker :** The Hon. Parliamentary Secretary to the Minister of Education.

**Shri Heda :** Shri K. G. Deshmukh is absent.

**Mr. Speaker :** I was just wandering as to why he sat there because he was sitting usually on this side. I could not see clearly from here when he stood up there. We will take it last.

#### Pensions

\*136. **Shri K. P. Sinha :** Will the Minister of Finance be pleased to state the reasons that have led the Government of India to enter into an agreement with the Government of U. K. to transfer to the latter the responsibility for paying pensions and other liabilities of persons who had served the British Crown in India?

**The Minister of Finance (Shri C. D. Deshmukh) :** It was considered convenient both from the administrative and financial point of view to transfer the liability for these pensions to the United Kingdom authorities as these payments have mostly to be made in the United Kingdom to non-Indians recruited under conditions which did not envisage the developments leading to independence and funds for financing these payments had already been transferred in effect to the United Kingdom authorities as part of the Sterling Balances Settlement in 1948. The bulk of the pensions were being paid by the Commonwealth Relations Office to which India was making a contribution. The arrangement saves India the expenditure on the disbursement of these pensions which amounted to about Rs. 10 lakhs a year.

**Shri K. P. Sinha :** May I know the capital value of these pensions and how this figure was arrived at?

**Shri C. D. Deshmukh :** The capital value was arrived at the time of the 1948 settlement; not now. It was part of the 1948 sterling balance settlements. It was Rs. 224 crores and this sum was handed over to the United Kingdom Government against which they were due to pay the pensions from 1948-49 to 2007-08 A.D.

**Shri S. N. Das :** May I know whether, in the agreement that has been quoted, any safeguards had been made with a view to stopping or curtailing the amount of pension if any pensioner acts against the interest of India.

**Shri C. D. Deshmukh :** No; it was not considered necessary to insert such a safeguard.

**Mr. Speaker :** It is an old story :

#### Rani Lakshmbai's Palace

\*137. **Shri Bhagwat Jha Azad :** Will the Minister of Education be pleased to state:

(a) whether Government propose to take over the palace of Rani Lakshmbai situated at Jhansi; and

(b) whether Government also propose to renovate the works of Art and Paintings therein?

**The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das) :** (a) and (b). Yes, Sir.

**Shri Bhagwat Jha Azad :** Do Government propose to take up other such palaces of historical importance for the purpose of preservation?

**Dr. M. M. Das :** It is not a solitary example; there are other historical monuments, palaces, archaeological sites and monuments also which Government propose to take over.

**श्री भुलेकर :** झांसी का महल कब ले लिया जायेगा ? इस प्रपोजल को तीन साल हो चुके हैं ।

**Dr. M. M. Das :** The facts are as follows. This palace of the Rani of Jhansi is now occupied by the U. P. Government and the Jhansi town police station is located there. We wrote to the U. P. Government and the U. P. Government have very kindly agreed to vacate the palace in the early part of next year—1956. As soon as the U. P. police vacates the palace we can take possession of this palace.

**Dr. Ram Subhag Singh :** May I know whether the other palaces of fighters of freedom of 1857 would also be vacated by the Governments or individuals which are at present occupied by them?

**Dr. M. M. Das :** Taking over of these historical monuments, palaces etc. depends upon the merits and importance of each individual case. Our Director of Archaeology visits these places and if he thinks that a particular monument is of great national importance, then it is taken over.

**Dr. Ram Subhag Singh :** May I know if the palace of Babu Kunwar Singh of Jagadapur was visited by the officers of the Archaeological Department and whether any recommendation has been made by those officers to the Government of India?

**Mr. Speaker :** I am afraid this goes much beyond the question here.

**श्री बुलेकर :** झांसी के महल के लिये क्या योजना बनाई गई है और उसके लिए कुल कितना सालाना बजट मुकर्रर किया गया है ?

**Dr. M. M. Das :** These things will be considered when the palace is taken over by our Archaeological Department.

### Educated Unemployment

\*138. **Shri Gadlingana Gowd :** Will the Minister of Education be pleased to state:

(a) whether the Andhra Government has made a request for financial assistance under the Scheme to Relieve Educated Unemployment; and

(b) if so, the amounts sanctioned in this regard?

**The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das) :** (a) Yes.

(b) Rs. 4,65,300.

May I add that the Andhra Government did not participate in the scheme during the year 1953-54. During 1954-55 they were sanctioned Rs. 3,60,000 for the appointment of 1200 teachers out of which they appointed only 1053 teachers. During the current financial year, Government of India's contribution of Rs. 4,21,200 for the continuation of the 1053 teachers appointed during 1954-55 had been approved and their share for the first quarter amounting to Rs. 1,05,300 has been sanctioned.

**Shri Raghavaiah :** May I know what is the total educated unemployed in Andhra and how much grant has been proposed by the Central Government to be given to Andhra to alleviate educated unemployment?

**The Deputy Minister of Education (Dr. K. D. Shrimali) :** I shall need notice to answer the question about the total number of educated unemployed in Andhra State. I might inform the hon. Member that this scheme has a very limited scope. It is intended to employ those educated people who are not employed and who are willing to become teachers. It is not to provide employment to all the unemployed but only to those people who are willing to work as teachers in rural areas.

### Naharkatiya Oil Field

\*141. **Shri Bogawat :** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) the quantity of oil and petroleum likely to be available from the Naharkatiya Oil Field in Assam during the next two years; and

(b) whether attempts are being made by the Assam Oil Company for the discovery of petroleum, if so, where and with what result?

**The Minister of Natural Resources (Shri K. D. Malaviya) :** (a) and (b). The Assam Oil Company is carrying out intensive systematic exploration work by geophysical surveys. The Company has intensified its search for oil all over the valley after its successful find of petroleum at Naharkatiya on the southern edge of the Brahmaputra Valley. As the extent of the discovery of the Naharkatiya field has not yet been firmly established, it is too premature to estimate what the production of oil from this field will be during the next two years.

### "Gandhi Mahapurana"

\*142. **Shri Sanganna :** Will the Minister of Education be pleased to refer to the reply given to Unstarred Question No. 804 on the 14th April, 1955 regarding financial assistance for publishing the "Gandhi Mahapurana" and state the decision taken in the matter?

**The Parliamentary Secretary of the Minister of Education (Dr. M. M. Das) :** The matter is still under consideration.

I may add that the matter had been referred to the Government of Orissa for assessing the standard of this work and to find out about the willingness of the

State Government of Orissa to contribute their share to this enterprise. The reply of the State Government is still awaited. It is the policy of the Government of India to grant financial assistance equivalent to that granted by the State Government.

**Shri Sanganna:** In view of the national importance of this book, may I know whether the Government of India have taken any steps to translate this book into the other languages of the country?

**Dr. M. M. Das:** We have referred the matter to the Orissa Government asking them to inform us about the real merit and worth of this book and also to contribute half the amount. Unless and until we receive their reply, nothing can be done.

**Dr. Suresh Chandra:** The hon. Parliamentary Secretary has stated just now that the Government intends to give some financial assistance to the author of this book. I would like to know how far this assistance fits into the secular pattern of our Government.

**Dr. M. M. Das:** Sir, I do not know how the two things are related.

### धायकर

\*१४४. श्री अनिरुद्ध सिंह : क्या वित्त मंत्री यह बताने की कृपा करेंगे कि :

(क) अभी तक ऐसे कितने व्यक्ति भारत से पाकिस्तान चले गये हैं जिन पर धायकर बकाया है; और

(ख) सरकार को ऐसे व्यक्तियों से कुल कितनी राशि वसूल करनी है ?

राजस्व और वित्त मंत्री (श्री एम० सी० शाह) : (क) तथा (ख) पूरी बातें मालूम नहीं, किन्तु जो व्यक्ति पाकिस्तान चले गये हैं और जिनसे २० रुपये से अधिक की रकम मिलनी है उनकी संख्या १,००२ है और उनसे मिलने वाली कुल रकम ११.५ करोड़ रुपये है।

श्री अनिरुद्ध सिंह : क्या मैं जान सकता हूँ कि भारत सरकार तथा पाकिस्तान सरकार के बीच ऐसा कोई समझौता है जिसके अन्तर्गत एक सरकार दूसरी सरकार को टैक्स न दे कर के भागने वालों से टैक्स वसूली न

सहायता दे ? अगर हाँ, तो क्या पाकिस्तान सरकार इस दिशा में सहयोग करती है और किस प्रकार ?

श्री एम० सी० शाह : विभाजन परिषद् की सिफारिश पर एक देश को दूसरे देश के रहने वाले व्यक्तियों से देय धायकर की पारस्परिक वसूली के लिये भारत और पाकिस्तान के बीच एक करार हुआ था। इस करार के अनुसार केन्द्रीय राजस्व बोर्ड की मार्फत वसूली प्रमाणपत्र के मिलने पर भारत पाकिस्तान का कलेक्टर प्रमाणित रकम की वसूली के लिये उसी प्रकार की कार्यवाही करेगा जैसी भू-राजस्व की बकाया रकम के सम्बन्ध में की जाती है। इस करार के अनुसार हमने अब तक पाकिस्तान के केन्द्रीय राजस्व बोर्ड के पास १००२ व्यक्तियों से ११.५ करोड़ रुपये की वसूली के लिये प्रमाण पत्र भेजे हैं।

श्री अनिरुद्ध सिंह : गत आर्थिक वर्ष में ऐसे लोगों से कितनी रकम के धायकर की वसूली हो सकी है ?

श्री एम० सी० शाह : हमें अभी तक किसी भी रकम की वसूली की सूचना नहीं मिली है।

**Shri Kamath:** Is it a fact, Sir, that very recently a retired Muslim Major-General of the Indian Army, Major-General Anis Ahmed left for Pakistan with one lakh of rupees?

**Shri M. C. Shah:** How does it arise out of this income-tax matter?

**Mr. Speaker:** It does not arise because it is not a question of evasion of income tax. I think, if I remember correct, questions were put in this House on that point and it was said he went with an amount of one lakh of rupees earned by him. I do not know whether I am correct.

**Shri U. M. Trivedi:** Sir, I want to make one submission. The point will arise like this. Nobody is allowed to leave the shores of India without getting a clearance certificate from the Income Tax Department. Whether such a certificate.....

**Mr. Speaker:** Order, order. The hon. Member will remember that all these things came later on and not at the time he went.

### I. A. F. Accidents

\*145. **Shri M. L. Agrawal:** Will the Minister of Defence be pleased to state:

(a) the causes of the collision between I.A.F. Aircrafts in mid-air near Agra on the 25th June, 1955; and

(b) whether the Court of Enquiry ordered to investigate the accident has submitted its report?

**The Deputy Minister of Defence (Sardar Majithia):** (a) and (b). The Court of Inquiry ordered to investigate into the causes of the collision has not yet completed its findings.

**Shri M. L. Agrawal :** May I know who were the occupants of the Dakotas and what were the number of casualties?

**Sardar Majithia :** The occupants were: Flt. Lt. K. G. Verghese, Flt. Lt. L. Vaish, Pilot Officer H. V. Kale, W.O. R. Pillay, Sqn. Ldr. T.I.S. Gopalan, Sgt. H. Singh, Sgt. J. Singh, Sgt. R. Singh, Sgt. T. S. Ganapathi, Sub. B. Ayare, Sub. Gobind Khokate. The occupants in the other Dakota were : Flg. Officer H. Singh, Sgt. M. K. Menon, Sgt. I. B. Mukerjee, Sgt. O. P. Sharma, Sgt. D. Gill, Sgt. H. S. Joshi, Jamadar G. Singh, and Jamadar Dattaray Kadam. All were killed.

### I. A. S./I. P. S.

\*146. **Shri Veeraswamy:** Will the Minister of Home Affairs be pleased to state:

(a) the number of Scheduled Caste candidates who appeared for the I. A. S., I. P. S. and I. F. S. Examinations held during 1954-55; and

(b) the number of such candidates who have been selected for appointment?

**The Deputy Minister of Home Affairs (Shri Datar):** (a) Only one Combined Competitive Examination for recruitment to the I. A. S., I. P. S., I. F. S., and other allied Services has been held during 1954-55. The number of Scheduled Caste candidates who appeared for the I. A. S., I. P. S., and I. F. S. at this Examination is follows:

I.A.S.	30
I.P.S.	30
I.F.S.	23

(b) No Scheduled Caste candidate qualified for the Services referred to, but one Scheduled Tribe Candidate did qualify and has been appointed to the I.A.S. Three Scheduled Caste candidates have also qualified for and are being appointed to Central Services, Class I.

**Shri Veeraswamy:** I want to know the posts to which they have been or are being appointed?

**Shri Datar:** Sir, I have not got the details here.

**Shri Nanadas:** May I know the steps taken by the Government to train out Scheduled Caste people for these high posts?

**Shri Datar:** The Government have not taken up the question of training, but certain universities have taken up the question of training candidates for all these examinations.

**Shri Jaipal Singh:** In view of the fact that the Deputy Minister has been pleased to floodlight the appointment of a member of the Scheduled Tribes, may I know how many Scheduled Tribes appeared?

**Shri Datar:** Sir, I have not got the figures for all, but certainly the number is small.

### Staff Uniforms

\*147. **Shri D. C. Sharma:** Will the Minister of Home Affairs be pleased to state:

(a) the total amount spent on the winter uniforms of Class IV Employees of the Central Secretariat during the years 1951 and 1952; and

(b) the number of employees to whom winter uniforms were given during the period?

**The Deputy Minister of Home Affairs (Shri Datar):**

(a) Year	Amount spent
1951	Rs. 69,746-7-3
1952	Rs. 1,22,602-13-0
(b) Year	No. of employees
1951	2395
1952	3234

**Shri D. C. Sharma:** May I know if all the class IV employees of the Central Secretariat are given winter uniforms and if some of them are not given winter uniform on what basis they are excluded from this privilege?

**Shri Datar:** The Government have fixed certain classes and uniforms are given to all the class IV employees.

**Shri D. C. Sharma:** May I know what those classes are? I want clarification on that point.

**Shri Datar:** The classes are: the ordinary class IV employees, daftries, record-keepers and a number of others.

**Shri D. C. Sharma:** What I wanted to know was, whether they have to put in some years of service before they can become qualified for getting winter uniforms or not? That was the question I wanted to put.

**Shri Datar:** I want notice for this specific question.

**Shri D. C. Sharma:** May I know what is the per capita expenditure of uniforms on an employee?

**Shri Datar:** So far as the lower class in class IV itself is concerned it is about Rs. 40 and so far as the higher class is concerned it is about Rs. 80.

### Law Commission

\*148. **Shri S. N. Das:** Will the Minister of Law be pleased to refer to the reply given to Starred Question No. 2444 on the 21st April, 1955 and state:

(a) whether any decision has been taken in the matter of appointment of a Law Commission; and

(b) if so, whether the precise functions of the Commission have been finalised?

**The Minister of Law and Minority Affairs (Shri Biswas):** (a) and (b). The Government of India have decided to appoint a Law Commission. They hope to make an announcement in this House very soon regarding its terms of reference and personnel.

**Shri S. N. Das:** May I know whether any decision has been taken in regard to the number of persons that will constitute this Commission?

**Shri Biswas:** The proposals are there. They will be considered by the Cabinet and then the announcement will be made.

**Shri S. N. Das:** May I know the exact time by which the Government will be able to announce the names of the members of the Commission and the terms of reference.

**Shri Biswas:** It may be in the course of this week or next week.

**Shri Thimmaiah:** Is it a fact that the Commission is going to have two wings and if so, what is the object of having two wings?

**Shri Biswas:** I would ask the hon. Member to hold his soul in patience for a few days.

### राष्ट्रीय भौतिक प्रयोगशाला

\*१४६. **श्री नवल प्रभाकर :** क्या प्राकृतिक संसाधन और वैज्ञानिक गवेषणा मंत्री यह बताने की कृपा करेंगे कि आजकल राष्ट्रीय भौतिक प्रयोगशाला में गवेषणा कार्य में कितने व्यक्ति लगे हुये हैं ?

**प्राकृतिक संसाधन मंत्री (श्री के० डी० मालवीय) :** ८२ ।

**श्री नवल प्रभाकर :** क्या मैं जान सकता हूँ कि अब तक कितने गवेषणा कार्यों में खोज की गयी और उनमें कितनों में सफलता प्राप्त हुई ?

**श्री के० डी० मालवीय :** यह तो एक बहुत बड़ा सवाल है । मैं इसका इस समय जवाब देने के लिये तैयार नहीं हूँ ।

**श्री नवल प्रभाकर :** क्या मैं जान सकता हूँ कि गवेषणा कार्य में लगे विशेषज्ञों को क्या क्या सुविधायें दी जाती हैं ?

**श्री के० डी० मालवीय :** उन को जो एक वैज्ञानिक प्रयोगशाला और गवेषणा-शाला में साधारण तौर पर जैसी सुविधायें देने की आवश्यकता है, वह सब दी जाती है ।

**Shri Raghavaiah:** May I know whether there are any non-Indians doing research in this Physical Laboratory?

**Shri K. D. Malaviya:** I do not think there is any non-Indian engaged in the permanent list of the staff.

**Shri Kamath:** May I know what have been the achievements of the National Physical Laboratory besides the much-advertised solar cooker?



### Military Farms

\*150. **Shri Gidwani:** Will the Minister of Defence be pleased to state:

(a) the total area sown by the Military Farms during the rabi season of 1954;

(b) the total cost incurred on these farms during that season; and

(c) the total value of the produce of these farms during that season?

**The Deputy Minister of Defence (Sardar Majithia):** (a) 5002.64 Acres.

(b) Rs. 6,31,285-2-6.

(c) Rs. 16,66,212-7-10.

**Shri Gidwani:** May I know what was grown and produced in these farms?

**Sardar Majithia:** Berseem, oats, seuji, Japan Rape, Field peas, wheat, barley, jowar, lucerne and cultivated and irrigated grasses.

**Shri Gidwani:** Have the Government any scheme to utilise the spare hours of the army personnel to conduct this work as is being done in some other countries?

**Sardar Majithia:** To begin with, this question has been replied a number of times in the debates raised during the budget session, and secondly, I would submit that this question hardly arises out of this main question.

### National Fundamental Education Centre

\*151. **Dr. Ram Subhag Singh:** Will the Minister of Education be pleased to state:

(a) whether Government propose to establish a National Fundamental Education Centre at Delhi;

(b) if so, whether Government have approached the UNESCO for necessary technical assistance in this regard; and

(c) the time by which it will be established?

**The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das):** (a) Yes.

(b) Yes.

(c) The Centre is expected to come into existence during the current year.

**Dr. Ram Subhag Singh:** What are the aims and objects of this National Fundamental Education Centre and in what way is this Centre going to contribute to the promotion of basic education in this country?

**Dr. M. M. Das:** The object of this Centre is to serve as a well-equipped national centre for the training of social education organisers and teachers and to act as the spearhead of the improvement of social education in the country. It will train leaders and teachers for social education.

**Dr. Ram Subhag Singh:** In reply to question No. 127 the hon. Deputy Minister said that the Jananta Colleges are training the community leaders at present. May I know whether these leaders are going to be different from the leaders to be trained by the National Fundamental Education Centre?

**The Deputy Minister of Education (Dr. K. L. Shrimall):** The name "Fundamental Education" has been used by UNESCO and we use a similar term, "social education" in this country. The main purpose is not only to help the people to understand the problems of illiteracy but also to raise the standards. So, while training the leaders for social education, an attempt would also be made to help them to learn the techniques of raising the economic standards of people. This Centre, which is going to be established in Delhi, will be the main Centre where research in the techniques of social education will be carried on and social education organisers will be trained, at a higher level.

The Janata Colleges are expected to be spread over all over the country where community leaders might come and train themselves for the service of the community. This Centre will train people at a higher level.

**Shri Gopala Rao:** May I know whether this National Fundamental Education Centre is mainly of a research character or will it be only a training centre? I want also to know whether any amount is set apart for education by the Ministry of Education of the Union Government and how the trainees are selected, and what sort of education will be given for the trainees?

**Mr. Speaker:** He has combined four questions in one.

**Shri Gopala Rao:** I want to know whether this Centre is mainly for education of a research character and whether the Central Government have set apart any particular amount for this education.

**Dr. K. L. Shrimall:** The main object, as has already been explained by the Parliamentary Secretary is to serve as a well-equipped national centre for the training of social education organisers or teachers and to act as the spearhead of the improvement of social education in the country. Naturally, an institution like this will also conduct research in the field of social education.



**Mr. Speaker:** Is any amount set apart for this?

**Dr. K. L. Shrimall:** The project is likely to cost Rs. 2,24,168. This includes Rs. 1,6,668 as recurring and Rs. 67,500 as non-recurring, for equipment, etc.

### Central Taxes

**\*152. Shri Ibrahim:** Will the Minister of Finance be pleased to state the amounts that were collected by the Central Government during 1954-55 in the State of Jammu and Kashmir by way of income tax, Central Excise Duties and other taxes due to the Central Government?

**The Minister of Revenue and Civil Expenditure (Shri M. C. Shah):** According to the provisional figures available, the amounts collected by the Central Government during 1954-55 in the state of Jammu and Kashmir by way of income-tax and Excise duties were Rs. 10,57,000/- and Rs. 3,00,875/- respectively. There was no collection on account of other taxes.

### Historical Monuments in Jammu and Kashmir

**\*153. Shri Bishwa Nath Roy:** Will the Minister of Education be pleased to state whether it is a fact that there is a proposal for entrusting some places of historic importance in Jammu and Kashmir to the care of Archaeological Department of India?

**The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das):** Yes, Sir.

**Shri Bishwa Nath Roy:** May I know the places of historic importance there?

**Dr. M. M. Das:** Those places of historic importance have not yet been selected. The hon. Member may realise that there are various legal and constitutional formalities which have to be gone through before these places can be taken over by our Archaeological Department.

**Shri S. C. Samanta:** May I know whether this proposal came from the Jammu and Kashmir Government, and if so, what was the proposal?

**Dr. M. M. Das:** The Kashmir Constituent Assembly passed a resolution and instructed their Government, the Government of Kashmir and Jammu, to inform our Home Ministry that they have got no objection to accede to the Union Government in respect of the item No. 67 of the Union List, that is, the item dealing with archaeological monuments, etc.

**Shri Raghavaiah:** As a result of the plebiscite that is likely to be conducted and as a result of which there is likely to be a partition of the Jammu and Kashmir State,

may I know whether the Government there is going to part with the historical monuments falling within that portion of the Jammu and Kashmir State which is likely to go to the other side?

**Mr. Speaker:** Order, order. The question is premature.

### Backward Classes Commission

**\*154. Shri K. P. Sinha:** Will the Minister of Home Affairs be pleased to refer to the reply given to Starred Question No. 2571 on the 26th April, 1955 and state:

(a) whether Government have since considered the report of the Backward Classes Commission; and

(b) if so, the decisions taken thereon?

**The Deputy Minister of Home Affairs (Shri Datar):** (a) and (b). The Report is under examination.

**Shri K. P. Sinha:** What is the time expected to be taken for consideration of this report by Government?

**Shri Datar:** It will take some months.

**Shri Jangde:** May I know whether the report of the Backward Classes Commission be placed on the Table of the House?

**The Minister of Home Affairs (Pandit G. B. Pant):** Yes.

**Shri Satyendra Narayan Sinha:** May I know whether it is proposed to send copies of the report to the State Governments with a view to enable them to include their proposals in this regard under the Second Five Year Plan?

**Pandit G. B. Pant:** The report will be sent to the State Governments as soon as it becomes available. It is at present in the Press.

श्री पी० एन० राजभोज : मैं यह पूछना चाहता हूँ कि उसकी रिपोर्ट को एम्पली-मेंट करने के लिये क्या कार्यवाही की गई है ?

पंडित जी० बी० पन्त : अभी वह रिपोर्ट देखी जा रही है ।

### Army Officers

**\*115. Shri Bhagwat Jha Azad:** Will the Minister of Defence be pleased to state:

(a) whether it is a fact that Government have decided to grant quasi-substantive ranks of captains and majors to certain officers in the Army;

(b) if so, which categories of officers will be included in this scheme; and

(c) how many officers are likely to be benefited?

**The Deputy Minister of Defence (Sardar Majithia):** (a) Yes.

(b) Officers holding Emergency Commissions, Short Service Regular Commissions and Temporary Commissions in the Regular Army (except Medical and Veterinary Corps) are covered by the scheme.

(c) 3052. (971 immediately and the rest as and when they complete the prescribed period of service and pass the prescribed examinations).

**Shri Bhagwat Jha Azad :** May I know when this scheme will be implemented?

**Sardar Majithia :** It has started and it will take some time for being implemented in full.

**Shri Bhagwat Jha Azad:** What will be the financial implications of this scheme?

**Sardar Majithia:** So far as pension is concerned, the pensions are not affected, but otherwise, the officers will draw the pay of the rank which has been given.

### Short Notice Question and Answer

#### Incidents in Indo-China

**S. N. Q. No. 1. Shri V. D. Tripathi:** Will the Prime Minister be pleased to state:

(a) whether Government have received a full report about recent incidents in Saigon;

(b) whether it is a fact that the rioting was pre-planned and organised, and that the hysterical mob systematically destroyed all properties belonging to the personnel of the International Commission which included also Indians;

(c) whether the Vietnamese Police behaved as passive on lookers and encouraged the rioters;

(d) whether Government have taken any steps to see that the damage done to Indians and other personnel of the Commission is properly compensated and that a satisfactory guarantee is given by the South Vietnamese Government and other parties concerned for the future protection of the Commission; and

(e) whether Government will issue a detailed statement with regard to these incidents and the action taken by Government for preventing their recurrence?

**The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru):** May I Sir, instead of answering that question seriatim, make a statement that?

**Mr. Speaker:** Yes.

**Shri Jawaharlal Nehru:** Government have received full reports about the incidents that took place in Saigon on the 20th July. Immediately on receipt of the first report on the 20th July, I sent a message to the two co-Chairmen of the Geneva Conference, Sir Anthony Eden and Mr. Molotov, both of whom were at Geneva at the time. Later, we transmitted both of them a unanimous resolution of the International Commission on this subject. I have received replies from both of them. They condemn the incidents and assured us that they were taking steps to ensure adequate protection to the International Commission in the discharge of their duties. The two co-Chairmen conferred with each other and also consulted representatives of the United States of America and France. It is understood that all these four powers have strongly urged the South Vietnam Government to take all necessary action for the proper functioning of the International Commission as well as for steps to be taken to organise election in terms of the Geneva Agreement.

The facts as reported to us are that there had been some demonstrations for some days in Saigon. Shri M. J. Desai, the Chairman of the Commission, had come to India for consultations. He returned to Saigon arriving there on the morning of the 20th July. Soon after, several hundred young men and boys armed with sticks, knives and hammers appeared outside the Hotel Majestic and the Hotel Galliene where the personnel of the International Supervisory Commission for Vietnam were staying. These people went in groups from room to room on all the floors of these hotels, broke open the rooms, cut off telephone connections, threatened the inmates and destroyed their personal belongings. Forty-four members of the Commission including the Chairman, lost all their personal belongings. A junior Indian member of the International Commission in Laos, who was on a visit to Saigon, was attacked and injured. No other member of the Commission suffered any injury. The Commission cars which were parked outside the Hotel Majestic, were burnt.

It appears that the Vietnamese security police outside the Hotels, who were present throughout, did not intervene to stop the looting and arson. It was only after the damage had been done and the demonstrators had left the hotels that the security police took charge of the situation.

It would appear that these demonstrations and attacks against the International Commission had been planned previously. As there had been some previous demonstrations, the Commission had, on the 13th July, drawn the attention of the authorities

to the need for maintaining law and order and adequate security. Apparently this request was not heeded.

Under article 25 of the Geneva Agreement on Vietnam, the Commanders of the forces of the two parties are responsible for affording full protection and all possible assistance and cooperation to the International Commission and its Inspection Teams in the performance of the functions and tasks assigned to them by the Agreement. Since the Geneva Agreement had been signed by the Commander-in-Chief of the People's Army of Vietnam and the Commander-in-Chief of the French Union Forces in Indo-China, it was the latter who was primarily responsible for the safety and the security of the International Commission in South Vietnam. But, as the administration of law and order in South Vietnam now appears to be under the control of the State of Vietnam, the Government of South Vietnam were, in our view, as much responsible for giving this protection as the Commander-in-Chief of the French Union Forces.

The Government of India undertook the Chairmanship of the International Commission on the clear understanding of protection and co-operation of the Governments concerned. It is clear that the International Commission cannot function unless there is full safety and protection for them. The International Commission proposes to continue its work in the hope that the efforts of the two co-Chairmen will succeed and their directions will be heeded.

I should like to record our Government's appreciation of the courage and determination shown by all the members of the International Commission in the difficult situation that suddenly confronted them.

I would like to add one matter which, I am sorry has not been dealt with, namely the question of compensation. This is a matter to be dealt with by the International Commission itself. The Government of India will not directly come into the picture. Compensation has been offered by the South Vietnam Government and it is for the International Commission to decide how to deal with the matter.

**Shri D. C. Sharma :** Is it not a fact that in South Vietnam a lot of propaganda is being done against India and India is being dubbed as a communist country along with Poland and that every effort is being made to inflame the passions of the people against India? If so, what action does the Government of India propose to take to counteract this propaganda?

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**Shri Jawaharlal Nehru :** I find it difficult to answer this question, except that the facts should be brought before the public there. I should say it is particularly the function of the Government there itself to correct this kind of misunderstanding.

**Shri H. N. Mukerjee :** Would it not be right to infer that certain interests operating through their henchmen in South Vietnam are trying to wreck the Geneva Agreements, particularly in regard to the time-table about the projected elections which should be preceded by certain consultations between the South and the North? If that is so, what progress, if any, has happened to our efforts to persuade the Diem Government and its patrons that the Geneva Agreement must be respected?

**Shri Jawaharlal Nehru :** The hon. Member presumably is referring to certain outside interests. Obviously in South Vietnam there are interests which do not look forward to these elections or do not like to have them soon at any rate. If he is referring to outside interests, I should like to say that all the principal powers concerned have declared that they would like to have these elections. I cannot naturally answer for some odd individuals and others functioning differently.

**Shrimati Renu Chakravartty :** May I know if it is a fact that Mr. Diem's Government adopted an official resolution a little while before this incident took place saying that they were against this International Commission and that they were out to see that it did not function and that the elections did not take place?

**Shri Jawaharlal Nehru :** May I say that this gentleman's name is pronounced as 'Shiem' and not Diem. There was a resolution; but how far it was official, I cannot say. But some members of his Government were associated with it.

**Shrimati Renu Chakravartty :** So it was not an official resolution?

**Shri Jawaharlal Nehru :** Some members of his Government, some Ministers were associated with it. In that sense you may say it was official, but it was not, as far as I remember, an official Government resolution.

**Shri Kamath :** Has the present Diem Government of South Vietnam finally indicated their acceptance of the Geneva Agreement of 1954 or has it categorically declared that they will honour that Agreement?

**Shri Jawaharlal Nehru :** No, Sir; the position they have taken up has been that they are not bound by that agreement, because they did not sign it. But they

have said that while they are not bound by it, they will carry out the procedure involving the elections independent of that agreement.

**Shri Kamath :** The rest of the agreement will they honour it or not ?

**Shri Jawaharlal Nehru :** The main part of the agreement now is to prepare for the elections next year. That is the main part.

**Shri Kamath :** Protection for the International Commission ?

**Shri Jawaharlal Nehru :** That is of course admitted.

## WRITTEN ANSWERS TO QUESTIONS

### झंडा दिवस

\*१३०. श्री कृष्णाचार्य जोशी : क्या रक्षा मंत्री यह बताने की कृपा करेंगे कि :

(क) झंडा दिवस के सम्बन्ध में १९५४ में कितनी राशि एकत्र हुई; और

(ख) उस धन का उपयोग किस प्रकार किया गया ?

**रक्षा उपमंत्री (सरदार मजीठिया) :**

(क) अन्तिम सूचना के अनुसार चन्दे की रकम रु० ८,३२,२६२-६-६ है ।

(ख) चन्दे की रकम अभी तक खर्च नहीं की गई है ।

### Central Bureau of Education

\*१३५. **Shri K. G. Deahmukh :** Will the Minister of Education be pleased to state :

(a) how many officers from various States participated in the training course, which was organised by the Central Bureau of Education in Delhi in May, 1955; and

(b) the nature of Training given during the course ?

**The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das) :** (a) 46 officers nominated by twenty two State Education Departments.

(b) The special course of training in educational and vocational guidance was intended to acquaint the deputees with the broad functions of school guidance for children and to enable them on their

return to their respective States to make a beginning in the direction of organising school guidance programme. Such a course has not previously been conducted in the country for the guidance of educational workers from all States.

### Sports and Games

\*१३९. **Shri V. P. Nayar :** Will the Minister of Education be pleased to state whether Government have any proposal to set up research institutes for sports and games and physical culture under the Second Five-Year Plan ?

**The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das) :** There is no proposal to set up research institutes for Sports and Games as such. But there is proposal to set up a National College of Physical Education with research facilities in it.

### Pensions

\*१४०. **Shri Rishang Keishing :** Will the Minister of Home Affairs be pleased to state :

(a) whether it is a fact that Government have decided to extend the benefit of temporary increase in pensions to pensioners of some Part 'C' States who retired before integration of their States;

(b) if so, the names of Part 'C' States affected;

(c) the rates of temporary increase;

(d) the time upto which the temporary increase in pension will be extended; and

(e) the expenditure incurred annually by Government for each of the Part 'C' States ?

**The Deputy Minister of Home Affairs (Shri Datar) :** (a) Yes.

(b) Part 'C' States of Himachal Pradesh/Vindhya Pradesh/Bhopal/ Manipur and Tripura.

(c) The existing rates of temporary increases are mentioned below :—

Pension not exceeding Rs. 20/- p.m.	Temporary increase of Rs. 4/- p.m.
-------------------------------------	------------------------------------

Pensions exceeding Rs. 20/- p.m. but not exceeding Rs. 60/- p.m.	Temporary increase of Rs. 5/- p.m.
--	------------------------------------

Pensions exceeding Rs. 60/- p.m. but not exceeding Rs. 100/- p.m.	Temporary increase of Rs. 6/- p.m.
---	------------------------------------

Pensions exceeding Rs. 100/- but not exceeding Rs. 106/- p.m. receive such increase as will bring the total pension to Rs. 106/- p.m.

(d) Till further orders.

(e) The information is being collected from the respective States and will be laid on the table of the House as and when received.

### History of Freedom Movement

\*143. **Shri Viswanatha Reddy** : Will the Minister of Education be pleased to state :

(a) whether it is a fact that the compilation of the History of Freedom Movement has been stopped; and

(b) if so, the reasons thereof

(c) the manner in which the work is proposed to be completed ?

**The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das)** : (a) No. Sir.

(b) and (c). Do not arise.

### Cadet Corps

\*156. **Shri Gadilingana Gowd** : Will the Minister of Defence be pleased to state the total strength of the Cadet Corps formed and trained in Andhra State ?

**The Deputy Minister of Defence (Sardar Majithia)** :

Corps	Officers	Cadets
N.C.C.	80	2,890
A.C.C.	204	10,200

### Sports Stadia and Gymnasias

\*157. **Shri V. P. Nayar** : Will the Minister of Education be pleased to state :

(a) whether it is a fact that Government have given grant for a the organisation of Stadia and Gymnasias under the First Five Year Plan; and

(b) whether there is any proposal to give also central aid for their establishment in the Second Five Year Plan ?

**The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das)** : (a) No.

(b) Yes.

### Manipur Constitutional Act, 1947

\*158. **Shri Rishang Keishing** : Will the Minister of Home Affairs be pleased to state whether the Manipur Constitutional Act, 1947 is in force in Manipur ?

**The Deputy Minister of Home Affairs (Shri Datar)** : The answer is in the negative.

### Loan in Orissa

\*159. **Shri Sanganna** : Will the Minister of Finance be pleased to refer to the reply given to Starred Question No. 2095 on the 9th April, 1955 and state :

(a) whether any decision has since been taken for the grant of a loan of Rupees 4 crores to the Orissa Government; and

(b) if so, with what results ?

**The Minister of Finance (Shri C. D. Deshmukh)** : (a) and (b). No decision has yet been taken as certain details called for from the State Government have yet to be received.

### States Re-organisation Commission

\*160. { **Shri S. N. Das** :  
**Shri Gidwani** :  
**Shri Sivamurthi Swami** :  
**Shri Raghunath Singh** :  
**Shri K. C. Sodhia** :  
**Shri R. N. S. Deo** :  
**Shri Jethalal Joshi** :  
**Shri Bhakt Darshan** :  
**Shri S. C. Samanta** :

Will the Minister of Home Affairs be pleased to state :

(a) when the Report of the States Re-organisation Commission is expected to be received; and

(b) the States so far visited by the Commission ?

**The Deputy Minister of Home Affairs (Shri Datar)** : (a) I would invite the attention of the Hon'ble Member to the Resolution of the Government of India, dated the 7th June, 1955, published in the Gazette of India of 11th June, 1955, in which it was stated that the last date by which the Commission would make their recommendations would be the 30th September, 1955.

(b) All except the Andaman and Nicobar Islands.

### साहित्यिक कर्मशाला (लिटरेरी वर्कशॉप)

\*१६१. **श्री नवल प्रभाकर** : क्या शिक्षा मंत्री यह बताने की कृपा करेंगे कि :

(क) कोई प्रतिष्ठान के सहयोग से १९५३-५४ में जो साहित्यिक कर्मशालायें स्थापित की गई थीं उनमें कुल कितने प्रशिक्षार्थी आये ;

(ख) उन्होंने जो प्रशिक्षण प्राप्त किया उसका व्योरा क्या है; और

(ग) जितनी पाण्डुलिपियां उनके द्वारा तैयार की गईं उनमें से अभी तक कितनी प्रकाशित हुई हैं ?

शिक्षा मंत्री के सभासचिव (डा० एम० एम० दास : (क) ७०

(ख) इसका विवरण सभा पटल पर रख दिया गया है । [देखिए पृष्ठ १, अनुबन्ध ३६]

(ग) पांच

#### Coal in Jammu and Kashmir

\*162. Dr. Ram Subhag Singh: Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) whether it is a fact that large deposits of coal exist in the Jammu area of Jammu and Kashmir.

(b) if so, whether Government propose to undertake a survey of this area; and

(c) whether any coal mine is being worked out in this area at present?

The Minister of Natural Resources (Shri K. D. Malaviya): (a) Yes, Sir.

(b) A detailed examination by the Geological Survey of India of the lignite deposits of Kashmir is in progress at present.

(c) Yes, Sir.

#### Compulsory Military Training

\*163. Shri Bhagwat Jha Azad: Will the Minister of Education be pleased to state:

(a) whether it is a fact that the Punjab Government have sent a proposal to the Centre for the introduction of Compulsory Military Training in all the Educational institutions in the State of Punjab; and

(b) if so, the decision taken in the matter?

The Minister of Defence Organisation (Shri Tyagi): (a) No, Sir.

(b) does not arise.

सोने का चोरी छिपे लाना ले जाना

४६. श्री. रघुनाथ सिंह : क्या वित्त मंत्री यह बताने की कृपा करेंगे कि अभी तक १९५५ में भारत से नेपाल को चोरी छिपे ले जाते हुये कितना सोना पकड़ा गया ?

राजस्व और रक्षा व्यय मंत्री (श्री ए० सी० गुहा) : हमें १९५४-५५ के वित्तीय वर्ष के सम्बन्ध में जानकारी है । उस वर्ष एक नेपाली के पास से, जो भारत से नेपाल को चोरी छिपे सोना ले जा रहा था, केवल २२ तोले सोना पकड़ा गया ।

N. C. C.

47. Dr. Satyawadi: Will the Minister of Defence be pleased to state:

(a) the number of junior troops of the Girls Division of the N.C.C. so far raised in each State; and

(b) whether any facilities have been provided to girls other than those who are studying in schools for joining this Division?

The Minister of Defence Organisation (Shri Tyagi):

SAURASHTRA	2
KUTCH	1
MADHYA PRADESH	15
HRA	4
MADRAS	10
HYDERABAD	2
WEST BENGAL	5
ORISS	4
BIHAR	12
U.P.	4
VINDHYA PRADESH	1
DELHI	6
AJMER	2
RAJASTHAN	1
PUNJAB	6
PEPSU	4
HIMACHAL PRADESH	1
J & K	2
ASSAM	1
MANIPUR	1
TRIPURA	1
MYSORE	2
TRAVANCORE-COCHI	1
(b) No.	

### Scheduled Castes

48. **Dr. Satyawadi :** Will the Minister of Home Affairs be pleased to state the amount spent on the various schemes for the welfare of Scheduled Castes in PEPSU out of the Central Grant-in-aid given for the purpose during 1954-55?

**The Deputy Minister of Home Affairs (Shri Datar) :** Nil.

### Gypsum

49. **Shri Barman :** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) whether it is a fact that the Central Salt Research Station at Bhavnagar has involved a process by which Gypsum can be obtained from Brine before Sodium Chloride is extracted;

(b) if so, what is the cost involved in the process; and

(c) whether this gypsum can be utilised for manufacture of ammonium sulphate or any other industrial purpose?

**The Minister of Natural Resources (Shri K. D. Malaviya) :** (a) No. Sir.

(b) Does not arise.

(c) Yes, Sir. The Sindri Fertilizers Factory is manufacturing ammonium sulphate from gypsum on commercial scale. Gypsum can also be used in the manufacture of cement, paints and plaster material.

### I.A.S. and I.P.S.

50. **Shri Barman :** Will the Minister of Home Affairs be pleased to state :

(a) the number of posts filled during 1954-55 in the I.A.S. and I.P.S. cadres; and

(b) how many of them were filled by members of the Scheduled Castes and Scheduled Tribes?

**The Deputy Minister of Home Affairs (Shri Datar) :** (a) The numbers appointed from 1st January 1954, up-to-date are :—

I. A. S.	171
I. P. S.	82

(b) Scheduled Castes      Scheduled Tribes.

I. A. S.	1
I. P. S.	..

### Limestone

51. **Shri Eswara Reddi :** Will the Minister of Natural Resources and Scientific Research be pleased to state

(a) whether it is a fact that deposits of limestone have been discovered recently in the Krishna District of Andhra State;

(b) if so, the quantity and quality of the same;

(c) whether it is fit for the manufacture of cement; and

(b) if so, whether Government have any plans for its utilisation?

**The Minister of Natural Resources (Shri K. D. Malaviya) :** (a) to (d). A statement giving the required information is attached. [See Appendix I, annexure No. 37].

### Limestone

52. **Shri Nanadas :** Will the Minister of Natural Resources and Scientific Research be pleased to state :

(a) whether the limestone deposits found in the Rameswaram Island are found to be of good quality ; and

(b) if so, what is the extent of this deposit?

**The Minister of Natural Resource (Shri K. D. Malaviya) :** (a) and (b). A statement giving the required information is attached [See Appendix I, annexure No. 38].

### छात्रवृत्तियां

५३. **डा० सत्यवादी :** क्या शिक्षा मंत्री यह बताने की कृपा करेंगे कि :

(क) गत दो वर्षों में दिल्ली विश्व-विद्यालय की विधि फैंकल्टी में कितने अनुसूचित जातियों के विद्यार्थियों को केन्द्रीय छात्रवृत्तियां दी गईं और प्रत्येक वर्ष ऐसी कितनी छात्रवृत्तियां बन्द की गईं ;

(ख) क्या यह सच है कि वे छात्र-वृत्तियां जो लेक्चरों की कमी के कारण बन्द कर दी गईं थीं, उस कमी के पूरे होने जाने पर भी फिर से चालू नहीं की गईं हैं; और

(ग) यदि हाँ, तो क्यों ?



शिक्षा मंत्री के सभासचिव (डा० एम० एम० दास) : (क) १८ छात्रवृत्तियां दी गई थीं और उन में से दो १९५४-५५ के वर्ष की दूसरी छमाही के लिये बन्द कर दी गई थीं ।

(ख) तथा (ग) क्योंकि इन हालतों में उम्मीदवारों को १९५४-५५ के वर्ष की दूसरी छमाही में कोई छात्रवृत्ति नहीं दी गई थी उन की छात्रवृत्ति को १९५५-५६ के वर्ष में दोबारा जारी करने का प्रश्न नहीं उठता । परन्तु यदि वे पिछली वार्षिक परीक्षा को पास करके अगली कक्षा में दाखिल कर दिये जाते हैं और छात्रवृत्ति के लिये समय पर प्रार्थना-पत्र भेजते हैं, तो उन को १९५५-५६ में नई छात्रवृत्ति देने पर विचार किया जा सकता है ।

#### Visual Aids

54. **Shri S. N. Das** : Will the Minister of Education be pleased to state:

(a) whether a new unit has recently been set up in the Ministry for the production of simple non-projected visual aids; and

(b) if so, what are the lines of developments undertaken so far?

**The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das)** : (a) Yes.

(b) It has been decided to take up the preparation of non-projected visual aids useful in (i) Social Education (ii) Secondary Education.

#### हिन्दी शब्द

५५. { श्री एस० एन० दास :  
श्री कृष्णाचार्य जोशी :  
श्री डी० सी० शर्मा :

क्या रक्षा मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या सेना में प्रयोग में आने वाले कम :ड के शब्दों के हिन्दी पर्यायवाची शब्दों के सम्बन्ध में सरकार को कोई सुझाव प्राप्त हुये हैं ; और

(ख) यदि हां, तो क्या सरकार ने उन पर विचार और इस विषय में कोई निर्णय किया है ?

**रक्षा संगठन मंत्री (श्री त्यागी)** : (क) तथा (ख) जी, हां । बहुत से सुझाव प्राप्त हुये हैं । एक प्रस्तावी सूची बनाई गई है जिस पर और राय लेने के लिये वह यूनिट्स आदि में भेजी गई है । कुछ शब्दों का सचमुच प्रयोग किया जा रहा है ।

#### Diamond Mines

56. { **Shri S. N. Das** :  
**Shri T. B. Vittal Rao** :

Will the Minister of Natural Resources and Scientific Research be pleased to state :

(a) whether the Committee appointed to investigate the working of the Diamond Mining industry in Vindhya Pradesh has submitted its report;

(b) if so, it has been considered by Government; and

(c) what are its important features?

**The Minister of Natural Resources (Shri K. D. Malaviya)** : (a) to (c). No, Sir.

#### शिल्प शिक्षकों का प्रशिक्षण

५७. श्री नवल प्रभाकर : कृष्ण शिक्षा मंत्री यह बताने की कृपा करेंगे कि बुनियादी शिक्षा के विस्तार की योजना के अन्तर्गत, उसके आरम्भ होने के काल से, शिल्प शिक्षकों के प्रशिक्षण के लिये सरकार ने अभी तक जो काम किया है, उसकी प्रगति क्या है ?

**शिक्षा मंत्री के सभासचिव (डा० एम० एम० दास)** : इसका विवरण सभा-पटल पर रख दिया गया है [वेक्षिते परिशिष्ट १, अनुबन्ध संख्या ३९]।

**S. A. Venkatraman**

58. **Shri Gidwani** : Will the Minister of Home Affairs be pleased to state:

(a) when the proceedings against Shri S. A. Venkatraman were started;

(b) when the proceedings were finally over; and



(c) how much amount has been spent by the Government on this case so far?

**The Deputy Minister of Home Affairs ( Shri Datar ) :** (a) and (b). The Proceedings under the Public Servants' Enquiries Act commenced on the 3rd March 1953 and ended with the officer's dismissal on the 17th September, 1953.

(c) The expenditure incurred for the proceedings under the Act referred to was Rs. 6,395-9-0.

The proceedings under the Public Servants' Enquiries Act was followed by Criminal prosecution. Shri Venkataraman has been convicted by the District Judge, and the conviction was upheld but the sentence enhanced by the Punjab High Court. His appeal to the Supreme Court is now pending. As the Criminal proceedings are not yet complete, the total expenditure in this respect cannot be calculated.

#### Private Schools' Management

**59. Dr. Ram Subhag Singh :** Will the Minister of Education be pleased to state:

(a) whether it is a fact that Government have made certain suggestions to State Governments for improving the management of Private Schools in India; and

(b) if so, what are main features thereof?

**The Parliamentary Secretary to the Minister of Education ( Dr. M. M. Das ) :** (a) Yes.

(b) A copy of D. O. letter No. D. 6200/54-D.6 dated 1-10-54 issued to the State Governments on the subject is attached [ See Appendix I, annexure No. 40].

#### N. C. C.

**60. Shri Sivamurthi Swami :** Will the Minister of Defence be pleased to state:

(a) the number of N.C.C. Camps which have been organised this year;

(b) the total number of trainees who have taken part in them and the amount of money spent on them ;

(c) the nature of Socio-economic activities performed in each State, camp-wise;

(d) the expenditure met by the Government (campwise); and

(e) whether Government propose to continue this scheme in future?

**The Minister of Defence Organisation ( Shri Tyagi ) :** (a) 19.

(b) 9115. Rs. 5,64,974/-.

(c) and (d). A statement is laid on the Table of the House. [See Appendix I, annexure No. 41 ].

(e) Yes.

#### Youth Hostels

**61. Shri Bibhuti Mishra :** Will the Minister of Education be pleased to state whether Government have given any aid to the Youth Hostel which was recently established near the Qutab Minar, Delhi ?

**The Parliamentary Secretary to the Minister of Education ( Dr. M. M. Das ) :** A grant of Rs. 4,620/- was sanctioned in 1953-54.

#### Lignite

**62. Shri Subodh Hesda :** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) whether it is a fact that a large deposit of Lignite has been found in some parts of Lakhpat Taluka of the Western Kutch;

(b) whether Government have made a complete survey of this area; and

(c) whether other minerals like China Clay, Gypsum, Bauxite and Coal are also available in this Taluka?

**The Minister of Natural Resources (Shri K. D. Malaviya) :** (a) to (c). A statement giving the required information is attached. [See Appendix I, annexure No. 42].

#### Scheduled Castes and Scheduled Tribes

**63. { Shri Nanadas:  
Shri Gopala Rao:**

Will the Minister of Home Affairs be pleased to state:

(a) whether the Union Deputy Minister recently went on a tour of South India to examine the conditions of Scheduled Castes and Scheduled Tribes in the area ; and

(b) whether any schemes for their improvement have been worked out as a result of his tour?

**The Deputy Minister of Home Affairs (Shri Datar) :** (a) Yes.

(b) The Madras Government have been asked to formulate schemes.

#### Capital Investment

64. { **Shri Heda :**  
**Shri P. Ramaswamy :**

Will the Minister of Finance be pleased to state:

(a) the rate of capital investment in both the sectors during the last 3 years;

(b) how this has been determined; and

(c) the target in this regard?

**The Minister of Finance (Shri C. D. Deshmukh) :** (a) Estimates of capital formation in India for the years 1948-49 to 1953-54 have been worked out in a paper prepared by the Central Statistical Organisation. The paper is being placed on the Table of the House. [See Appendix I, annexure No. 43].

(b) The method of estimation is explained in the paper.

(c) No separate annual targets were worked out but the First Five Year Plan envisaged an average annual rate of investment of about 7 per cent of national income.

#### राष्ट्रीय छात्र-सेना

६५. **सेठ गोबिन्द बास :** क्या रक्षा मंत्री यह बताने की कृपा करेंगे कि :

(क) जनवरी, १९५५ में कितने विद्यार्थियों ने राष्ट्रीय छात्र-सेना का प्रशिक्षण प्राप्त किया; और

(ख) ऐसे युवकों की संख्या कितनी है जिन्होंने राष्ट्रीय छात्र-सेना का प्रशिक्षण १९५४ में प्राप्त किया और वे सेना में ले लिये गये थे ?

**रक्षा संगठन मंत्री (श्री त्यागी) :**

(क) ६८,७७५ छात्र ।

(ख) ७३,५४६ छात्रों ने राष्ट्रीय छात्र-सेना में १९५४ में प्रशिक्षण प्राप्त किया । राष्ट्रीय छात्र-सेना के १५१ भूतपूर्व छात्रों को सेना में लिया गया ।

#### युवकों के लिये होस्टल

६६. **सेठ गोबिन्द बास :** क्या शिक्षा मंत्री यह बताने की कृपा करेंगे कि सरकार ने ऐसे कितने युवकों के लिये होस्टल (यथ होस्टल) और राष्ट्रीय पार्क बनवाये हैं, जहाँ पर यात्राप्रिय युवक कुछ दिनों के लिये ठहर सकें ?

**शिक्षा मंत्री के सभासद्विच (डा० एम० एम० बास) :** कोई नहीं ।

#### Prizes on Hindi Books

67. **Pandit D. N. Tiwary :** Will the Minister of Education be pleased to state:

(a) whether any persons whose mother tongue is not Hindi have been awarded prizes for writing Hindi books so far, this year; and

(b) if so, their names and the states to which they belong?

**The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das) :** (a) The 1954 schemes did not envisage any distinction between authors from the Hindi speaking areas and those from non-Hindi speaking areas.

(b) Does not arise.

#### Foreign Language Scholarship

68. **Chaudhri Muhammed Shafie :** Will the Minister of Education be pleased to state the names of the Scholars selected and the amount of Scholarships given for specialisation in the various foreign languages abroad during 1955-56 ?

**The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das) :** Selections for 1955-56 have not so far been made. Amount of scholarship for the various foreign languages is as given below:—

Name of Foreign Language.	Scholarship amount per month.
	Rs.
1. Arabic . . . . .	300
2. Chinese . . . . .	200
3. French . . . . .	375
4. German . . . . .	340
5. Italian . . . . .	450
6. Japanese . . . . .	500
7. Persian . . . . .	650
8. Spanish . . . . .	250
9. Turkish . . . . .	340
10. Russian . . . . .	119

### "Amrutara Santan"

69. **Shri Sanganna** : Will the Minister of Education be pleased to refer to the reply given to Unstarred Question No. 682 on the 9th April, 1955 regarding the translation of the Oriya book "Amrutara Santan" into other regional languages of India and state the decision and action taken in the matter?

**The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das)** : The matter is still under consideration of the Sahitya Akademi.

### Mercy Petitions

70. **Sardar Iqbal Singh** : Will the Minister of Home Affairs be pleased to state :

(a) the number of mercy petitions against death sentences or applications for pardon received from convicts or from others on their behalf during 1955 so far; and

(b) the number of petitions accepted?

**The Minister of Home Affairs (Pandit G. B. Pant)** : (a) 114 petitions for mercy or for the grant of pardon were received from or on behalf of convicts under sentence of death during the period from 1st January to the 30th June, 1955.

(b) Death sentence was commuted to transportation for life in the case of 27 prisoners.

### Joint Services Wing Examination

71. **Shrimati Ila Palchoudhury** : Will the Minister of Defence be pleased to state:

(a) the number of candidates who sat at each of the Joint Services Wing written Examinations conducted by the Union Public Service Commission during 1953 and 1954;

(b) the number of successful candidates at each of these Examinations;

(c) the number of candidates from among the successful ones called for interview before the Military Services Selection Board in 1953 and 1954; and

(d) the number of candidates selected by the Military Services Selection Board in 1953 and 1954 for admission to the Military Academy?

**The Minister of Defence Organisation (Shri Tyagi)** : (a) to (d). A statement giving complete information is laid out in the Table of the House. [See Appendix I, annexure No. 44].

### National Plan Loan

72. **Shri D. C. Sharma** : Will the Minister of Finance be pleased to state the amount paid to the Punjab State out of the amount raised for the National Plan Loan?

**The Minister of Finance (Shri C. D. Deshmukh)** : The arrangement was that State Governments would get an allocation from the National Plan Loan equal to the amount which they would have normally been able to raise in the open market if they had approached the market independently. As Punjab had no programme for open market loan during 1954-55, no amount was paid to that State from the National Plan Loan.

### I. A. F. Accidents

73. **Shrimati Ila Palchoudhury** : Will the Minister of Defence be pleased to state:

(a) the number of Military Plane crashes which occurred during the period from the 1st January to the 20th April, 1955;

(b) the number of Military personnel killed as a result of these accidents; and

(c) the causes of these crashes?

**The Deputy Minister of Defence (Sardar Majithia)** : (a) and (b). There were six accidents reported during the period in which four Air Force personnel were killed.

(c) It was possible to establish the cause of accident in two cases only which was pilots' error of judgment. In the other cases the cause of accident could not be definitely established.

## LOK SABHA DEBATES

### (Part II—Proceedings other than Questions and Answers)

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#### LOK SABHA

Wednesday, 27th July, 1955

The Lok Sabha met at Eleven of the  
Clock

[MR. SPEAKER in the Chair]

#### QUESTIONS AND ANSWERS

(See Part I)

12.11 P.M.

#### PAPERS LAID ON THE TABLE

##### DELIMITATION COMMISSION FINAL ORDERS NOS. 24 TO 29

The Minister of Law and Minority Affairs (Shri Biswas): I beg to lay on the Table a copy of each of the following Orders, under sub-section (2) of section 9 of the Delimitation Commission Act, 1952:

(i) Delimitation Commission, India, Final Order No. 24, published in the Gazette of India Extraordinary, Part II, Section 3, dated the 25th April, 1955.

(ii) Delimitation Commission, India, Final Order No. 25, published in the Gazette of India Extraordinary, Part II, section 3, dated the 26th April, 1955.

(iii) Delimitation Commission, India, Final Order No. 26, published in the Gazette of India Extraordinary, Part II, section 3, dated the 27th April, 1955.

(iv) Delimitation Commission, India, Final Order No. 27 published in the Gazette of India

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Extraordinary, Part II, section 3, dated the 23rd May, 1955.

(v) Delimitation Commission, India, Final Order No. 28, published in the Gazette of India Extraordinary, Part II, section 3, dated the 25th May, 1955.

(vi) Delimitation Commission, India, Final Order No. 29, published in the Gazette of India Extraordinary, Part II, section 3, dated the 26th May, 1955.

[Placed in Library. See Nos. S-217/55, S-218/55, S-219/55, S-220/55, S-221/55 and S-222/55 respectively.]

#### NOTIFICATIONS UNDER THE MINES AND MINERALS (REGULATION AND DEVELOPMENT) ACT.

The Minister of Natural Resources (Shri K. D. Malaviya): I beg to lay on the Table, under section 10 of the Mines and Minerals (Regulation and Development) Act, 1948, a copy of each of the following Notifications making certain amendments in the Mineral and Petroleum Concession Rules, 1949:

(i) Notification No. MII-159(7)/54, dated the 21st December, 1954.

(ii) Notification No. MII-159(16)/54, dated the 31st December, 1954.

(iii) Notification No. MII-152(112)/54, dated the 31st January, 1955.

(iv) Notification No. MII-159(5)/54, dated the 1st February, 1955.

(v) Notification No. MII-152(33)/54, dated the 4th February, 1955.

(vi) Notification No. MII-159(2)/55, dated the 28th February, 1955.

[Shri K. D. Malaviya]

(vii) Notification No. MII-167(1)/55, dated the 1st March, 1955.

(viii) Notification No. MII-159(21)/53, dated the 26th April, 1955.

(ix) Notification No. MII-167(1)/54, dated the 29th April, 1955.

(x) Notification No. MII-159(3)/55, dated the 27th May, 1955.

(xi) Notification No. MII-152(232)/53, dated the 22nd June, 1955.

[Placed in Library. See No. S-23/55.]

# COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS

## THIRTY-FIRST REPORT

Shri Altekar (North Satara): I beg to present the Thirty-first Report of the Committee on Private Members' Bills and Resolutions.

## INDUSTRIAL AND STATE FINANCIAL CORPORATIONS (AMENDMENT) BILL—Contd.

Mr. Speaker: The House will now take up further consideration of the following motion moved by Shri A. C. Guha yesterday:

"That the Bill further to amend the Industrial Finance Corporation Act, 1948, and the State Financial Corporations Act, 1951, be taken into consideration."

The Minister of Revenue and Defence Expenditure (Shri A. C. Guha): Yesterday, I mentioned that this Bill had been brought before this House primarily to implement two very important recommendations of the enquiry committee. One is the creation of the post of a stipendiary Chairman, who would be the Chief Executive Officer of the Corporation and will be assisted by a General Manager. Consequently, this would mean the abolition of the two posts of Managing

Director and the Deputy Managing Director.

[MR. DEPUTY-SPEAKER in the Chair]

The second important recommendation which this Bill seeks to implement is the substitution of the Executive Committee by some other Committee. The term 'Executive Committee' has got a specific connotation and the enquiry committee suggested the name 'Loan Committee'. The Government have accepted the recommendation of the enquiry committee as far as the elimination of the term 'Executive' and also the revision of its functions and duties are concerned. But the Government have not accepted the term recommended by the enquiry Committee, because Loan Committee would have a very limited connotation. It will be open to the Board to form any committee or sub-committee and function through these committees and sub-committees. The Government have decided on the name Central Committee instead of the Executive Committee and the Board will delegate to that Committee such power as it thinks necessary.

Besides these two recommendations of the enquiry committee, certain other matters have also been brought under this Bill. From the experience of the working of the Corporation and also from the discussions of 1952, November, Government have decided to make certain changes in the Industrial Finance Corporation Act. The first thing is, according to the present Act, no industrial concern which has not been in production for some time is eligible for getting any accommodation from the Industrial Finance Corporation. Government feel that in view of the urgency of developing certain industries, it should be proper for new concerns which have not yet started production, to be made eligible for loans from this Corporation. This House passed some years ago a Bill for State Financial Corporations. Under that Act, almost all the States have set up State Finance Corpora-

tions. These Corporations have also been feeling this difficulty. They have been repeatedly writing to us that this definition of industrial concerns should be modified so as to include also new concerns which have just started and which have not yet been in production. This Bill will provide a modification of the definition of industrial concerns both for the Industrial Finance Corporation Act and also for the State Financial Corporation Act. That is why the name of this Bill is Industrial and State Financial Corporations (Amendment) Bill. In this particular matter, this Bill will amend both the Acts.

Under the present Act, the Corporation is entitled to acquire and hold certain properties. But, there has been no provision in the Act as to how the Corporation can dispose of these properties. So, in a way, the properties acquired by the Corporation have proved somewhat a burden on the Corporation. In section 4 they have provided a certain procedure for the disposal of the properties acquired by the Corporation. Under the present Act, we can sell the property that is acquired. But, we cannot lease it out to somebody. At least the legal position is not clear. That also may prove to be a handicap for the Corporations. In certain cases, it would be more convenient for the Corporation to give certain properties on lease instead of putting up these properties for outright sale. In clause 19 we have provided that the properties of the Corporation may also be leased.

There is another provision in the Act that any shares and stocks held by the Corporation will have to be disposed of within 7 years. The Shroff Committee, that is, the Committee set up by the Reserve Bank to enquire into the capital of private enterprises has recommended that this clause should be amended to that the Corporation may hold shares and stocks for more than 7 years. In clause 16 we have provided that with the previous sanction of the Central Government, the Corporation can hold stocks

and shares and certain other industrial concerns for more than 7 years.

Another provision is regarding the transference of the management of the industrial concern to the Corporation. As to how this is to be transferred, the legal position under the present Act is not quite clear. An industrial concern may have taken certain loans and may have been defaulting. Against such a defaulting concern, there is no provision as to how an order under section 3, transferring the management of the industrial concern to the Corporation shall be carried into effect. The mere obtaining of such an order from the Court may not be useful and may not serve the required purpose. It is, therefore, proposed to include a provision in section 10(A) of the Act that an order passed by the court under this section for transferring the management of the industrial concern to the Corporation shall be executed as far as possible in the same manner as if it were a decree for the possession of immovable property passed under the Code of Civil Procedure, 1908, and as if the Corporation were the decree-holder.

There is another clause. The Corporation is entitled to make certain regulations, but these regulations have to be made with the previous consultation of the Reserve Bank and with the consent of the Central Government, but the staff regulations—which the Government feel are a very important set of regulations—are not done under section 43 which provides for consultation with the Reserve Bank and the consent of the Central Government. So, in this Bill we are providing that the staff regulations also are to be made under section 43, that is, with the previous consultation of the Reserve Bank and the consent of the Central Government.

As I stated yesterday, the Government have practically implemented all the recommendations of the Enquiry Committee. I have stated that only four recommendations have not been fully implemented. As regards

[Shri A. C. Guha]

Recommendation No. 9, only a part of it has been implemented. Regarding Recommendation No. 22 also, only a part has been implemented. Recommendations Nos. 28 and 32 have been shown as not having been implemented, but I think we have implemented at least Recommendation No. 28. The Report says that a directive should be issued by the Government that for the next three years loans in excess of Rs. 50 lakhs to a concern should be sanctioned only with the approval of the Central Government at Ministerial level. The Government's Resolution on this matter makes the position of the Government *vis-a-vis* the Corporation quite clear. It should be the responsibility of the Corporation as to what party should be granted what amount of loan. The Government should not divest the Corporation of its real responsibility and should not intervene to dilute its responsibility in these matters, but yet we have sent a directive to the Corporation that in case of loans in excess of Rs. 50 lakhs to any parties, such applications should be referred to the Central Government. The Central Government may at any stage, if necessary, on examination of such proposal, intervene, but it should generally be the responsibility of the Corporation whether any amount exceeding Rs. 50 lakhs should be granted to a party or not. According to our directive, the Central Government has to be informed of any such proposal so that the Central Government may have the option to intervene.

As far Recommendation No. 32, viz., "Processing of goods for the purpose of definition of 'industrial concerns' should include the manufacture of tea from tealeaves, rubber from latex, dairy products and canning of fruits and vegetables", this is just a procedural matter and as yet I do not think there has been any difficulty for the Corporation, and I think under the present Act also the Corporation has got sufficient scope to include if not all, at least some of these.

So, I can claim that all the recommendations of the enquiry committee have more or less been implemented by the Government, and I hope the House will now be happy that the demand made on the floor of the House in November, 1952, have more or less been accepted by Government by setting up an enquiry committee and subsequently by implementing the recommendations of that enquiry committee.

I hope now the House will be agreeable to pass the Bill as presented.

Mr. Deputy-Speaker: Motion moved:

"That the Bill further to amend the Industrial Finance Corporation Act, 1948, and the State Financial Corporations Act, 1951, be taken into consideration."

The time-limit is 20 minutes except in exceptional cases where it will be extended by ten minutes.

Shri Asoka Mehta (Bhandara): The Industrial Finance Corporation Act of 1948 has been amended from time to time in the intervening years. We are today considering the latest amendment that is being introduced to that Act. These amendments have tried to extend the area of operation of the Act, the powers of the Corporation, the composition of the Corporation, and, lastly, the functioning of the Corporation.

The area of the operation of the Act has steadily been extended and I am happy to find that the last part of India, the State of Jammu and Kashmir which was excluded from the purview of this Corporation's activities, is now sought to be included. The Corporation, therefore, will be able now to function over the entire territories of the Indian Union.

As far as the powers of the Corporation are concerned, they have been extended from time to time. It was some time back that the Corporation was permitted to extend various

facilities to the shipping industry. Now, it is being given the right to borrow money from the Central Government. It has also been given the power to buy shares and debentures and keep them with the permission of the Central Government for a period longer than seven years. The right of leasing an undertaking has also been given and, as has been pointed out by the Mover, the definition of industry is sought to be suitably modified.

As far as the composition is concerned, there were changes in the past also. Instead of there being three directors nominated by the Government, an amendment to the Act has raised the number to four. Now, a major change is sought to be made, that the Managing Director and Deputy Managing Director should no longer be there. Instead, there will be a full-time Chairman. These are important matters and they deserve our consideration. I would, however, like to confine my observations to the last aspect, that is, about the functioning of the Corporation.

The Corporation is called upon to undertake responsibilities of a very difficult character. There is no gain-saying the fact that the world over it has not been very easy for industrial banking to develop. Experience in this direction is not as wide as we have of commercial banks, for instance. And it is, therefore, necessary to review from time to time the working of the Corporation, and while we consider these amendments we should bring into focus the function of the Corporation also.

The Corporation undoubtedly has made considerable progress. Over Rs. 20 crores have been loaned out and I believe 108 undertakings are today receiving financial assistance from the Corporation. But I find that the attitude that the Government has taken up, as is pointed out in the Government's Resolution published in the Sixth Annual Report of the Corporation, is far from satisfactory. The Government contend:

"The right to be vested in the Corporation would presumably be to acquire equity capital at par and by fresh issue when it desires to convert its loan into equity capital. The Corporation would obviously seek to do this when shares of the borrowing concerns are quoting at a premium and this would obviously be unfair to the shareholders of the concern. Government does not consider it advisable to vest such authority in the Corporation which would have the result of deterring would be borrowers."

The Government is averse to the Corporation later on converting its loan into equity capital. I have tried to study the working of similar corporations in other countries of the world, and I find that even in a country like the U.K., the Finance Corporation for Industry is not only empowered, but encouraged to do it. I find in an authoritative contribution on the subject in this book that:

"The Finance Corporation for Industry while nursing enterprises for a small return holds a stake in future profits by rights of conversion of advances into preference shares or equities."

In Italy, as probably the hon. Mover is well aware, there is a corporation on the lines of the Industrial Finance Corporation, but which has been shouldering far greater responsibilities. That organisation is known as the *Istituto Ricostruzione Industriale* and it has the power to issue, and it often issues debentures of the participating type, that is, bearing interest at a rising rate proportionate to the dividends which the companies concerned were paying on the share capital, as also mixed debentures convertible in whole or in part into shares of the respective companies. There are debentures, but they are of a participating or of a mixed character, and in either case when the industries or the industrial undertakings that are sought to be built up with the fostering care and financial assistance



[Shri Asoka Mehta]

of the Industrial Finance Corporation get built up, Finance Corporation should have a share in the prosperity that it has brought to the concerns.

I am sorry to find that while a slight change has been made, namely, that shares or stocks or debentures can be extended beyond a period of seven years if necessary with the permission of the Central Government, the basic approach remains the same, the basic approach being that the Industrial Finance Corporation should not as far as possible—and the general intention is that it should not do it—get mixed up with the buying of shares and participating in equity capital, or go in for participating and mixed debentures. I find that the Sucheta Kripalani Committee...

Mr. Deputy-Speaker: Under the Imperial Bank Act or the State Bank Act, is there not a provision that beyond a period of seven years it ought not to be there?

Shri Asoka Mehta: I am only discussing this particular corporation. That bank is a different matter. This corporation is meant to build up industries, and as the Act is being amended now, we shall be giving financial assistance even to industries that are just starting their work; those industries will get built up properly with our help and our assistance in the course of the next ten or fifteen years, and while all the profits and all the advantages will go to the shareholders, we shall get only our interest, and of course, we shall get back the loan that we have given. But I feel that we should have an opportunity of participating in the growth and prosperity of the undertakings concerned if the Corporation so desires:

Secondly, the Second Annual Report of the Corporation had pointed out that the technical and financial aspects of industrial expansion in India leaves very much to be desired. With your permission, I shall quote very briefly from that report:

"It is desirable that technical advice from competent consultants should be obtained before the scheme is embarked upon, as such a scrutiny in the initial stages of the project will bring about economies in costs and ensure that the factory works as a carefully integrated unit."

Then the Board goes on to point out:

"There are a number of aspects to be taken into consideration, viz. total outlay, its break-up, plan of production, lay-out, suitability of machinery, technical personnel and the rest of it."

These are very important matters which need to be considered. Unfortunately no attention is being given to the very important suggestion made by the Sucheta Kripalani Committee. The suggestion was the need for pooled efforts between the Industrial Finance Corporation and the other sister organisations. Now, of course, the Industrial Development Corporation is being set up, and various other corporations of that kind are working, besides the Reserve Bank, the State Bank of India and so on, and above all, the Government of India. There should be a pool of technical personnel and the entire planning of these new industrial expansions should be carefully gone into by this pool of technical and informed personnel. At present, the Industrial Finance Corporation has not the requisite personnel, and even if it tried to have it, perhaps the cost would be too heavy. What is needed is some kind of pooling on these lines.

I find that in Mexico a similar body exists. There is an organisation called the *Nacional Financiera*. On page 589 of *Banking Systems* the working of that organisation has been explained. I find in that book:

"If an industry considered essential to the program has not yet been established, the *Nacional Financiera* will first attempt to

interest private capital in the project and aid in its development with technical advice on engineering and financial problems, and with recommendations to the Treasury for tax exemption or tariff protection.... In any case, elaborate technical studies precede any action, and the research department prepares detailed reports as to location, markets, transportation facilities, comparative costs, and processes. It works closely with the department of industrial studies of the Bank of Mexico in order to prevent duplication of effort and ensure uniformity of policy."

In our country, on the other hand, the entire burden is thrown upon the incipient industrial undertakings. Many of them have not the requisite competence. Many of them perhaps are naturally anxious not to think of all the difficulties and hardships that are going to lie ahead. If the large investments that we are going to make in these undertakings are to be saved, and more than that, if industrial expansion in India is to be according to an ordered plan that we have before us, then technical assistance and other kinds of assistance that I have suggested should be provided—may be at a reasonable price—by the Industrial Finance Corporation together with other sister organisations.

In Italy, I find that the *Istituto per la Ricostruzione Industriale* is called the centre where economic policies are thrashed out. Further, the *Istituto per la Ricostruzione Industriale* has also been described as acting as a banker as well as a partner.

The Industrial Finance Corporation should not be conceived merely as an organisation which will provide medium and long-term credit. It has got, of course within its limited sphere,

always to play a fostering and nurturing role. That fostering and nurturing role will never be played unless technical and the research organisations are properly built up. Far-reaching recommendations in this connection were made by the Committee over which my hon. friend Shrimati Sucheta Kripalani presided. But I find that sufficient attention has not been given to those suggestions.

It is again surprising that the reports that are being published by the corporation have become increasingly sketchy. The first three reports gave us some kind of information, not about the working of the corporation, but about the different industrial sectors in the country. From the fourth report onwards, they have become very sketchy. Government gave a directive on 3rd April 1954, and that directive was very clear, that the annual reports of the corporation should be as informative as possible and should contain general reviews of development of industries, particularly in the fields in which the corporation has advanced loans.

I looked up with great interest the sixth report that was published on 5th August 1954, that is, almost four months after the Government directive had been given. But that report is almost as bald as the previous report. Unfortunately, the seventh report is not yet before us. Unless the reports give us—they may not be able to tell us full details about the working of every single undertaking in which it is interested—an overall picture of different sectors of industries, it is impossible for us to find out what is likely to happen to the large amounts that have been invested; and investors also will not know in which direction they should turn to discover channels of fruitful investments.

I would strongly urge upon the hon. Minister to see that the reports of this

[Shri Asoka Mehta]

corporation are truly informative and not sketchy as they are at present.

There is a Government directive that the minimum margin should be of 50 per cent. generally, and only in rare cases should the margin be permitted to fall under 50 per cent. When we look at the total loans that have been given, we find that for 103 companies, Rs. 20,73,75,000 have been given. The paid-up capital of these companies is Rs. 37,64,44,000. You will find that the overall margin is less than 50 per cent. But when we look up the break-up figures, we find that the situation is even more disturbing.

I find that as far as the ceramics and glass industries are concerned, the Corporation has given loans to 8 units and the ratio of loans given to subscribed capital is 105 to 100. In the case of mechanical engineering, there are 5 units, and the ratio is 82, in the metallurgical industry, the ratio is 83, and in the case of the mining industry, it is 102. In the case of these 16 units, not only has the margin of 50 not been maintained but the margin goes to 82, 83, 102, 105 and so on. I do not want that the Corporation should be permitted to flout a directive of such an important character.

Mr. Deputy-Speaker: Does it depend only on the paid-up or subscribed capital and not on the assets of the company?

Shri A. G. Guha: Generally, it is on the basis of the assets—50 per cent. of the assets—and not on the paid up or subscribed capital.

Shri Asoka Mehta: The argument usually put forward is that the loans that the Corporation makes would add to the assets of the company. That becomes a very involved kind of argument. But by and large, the directive, if I have understood it correctly, says that a margin of 50 per cent. should be maintained. Of course, it may be that in one or two rare cases it can-

not be done, but here we find that in four industries and in the case of 16 concerns they have allowed the margin to vary. That was the charge that the Sucheta Kripalani Committee had made, that the margin had gone as low as 17 per cent. The Board in their reply have categorically stated that they have looked up all the papers and nowhere has the margin fallen as low as 17 per cent. I find from whatever little information is available to us that the margin has fallen not just to 17 to 18 per cent., but in some cases it is even minus 5 and minus 2. That is the reason why I brought this question. We find that the Committee had raised it and the reply that has been given is very unsatisfactory.

Mr. Deputy-Speaker: Has the hon. Member any figures worked out in relation to the assets, the proportion?

Shri Asoka Mehta: Those figures are not given to us in the report, and it would not be easy to gather them otherwise.

The next point is about the aggregate amount of the loans. In the Sixth Annual Report it is stated:

"The aggregate amount of the loans applied for this year (1953-54) was the highest after the first year. The total number of applications received was, however, lowest."

Which means, as I shall show you in a minute, that bigger and bigger loans are being given and fewer and fewer industrial units are benefiting from them. There is an accent on bigness, one might say. And not only is there this accent on bigness, but as far as the Sixth Annual Report is concerned, it points out that only one application for setting up a new factory was received. All others were for purposes of renovation and modernisation. In the Fifth Report, an effort has been made to find out as to how many new undertakings have been

assisted. New undertakings are those that have come up after the achievement of freedom and old undertakings are those that were established before 1947. In the *Fifth Report*, we find that 44 new undertakings were helped to the extent of Rs. 7,30,70,000 and 45 old establishments were helped to the extent of Rs. 7,66,00,000. A certain amount of balance was maintained, but in the *Sixth Report* we find that the new undertakings helped are 52 and the old undertakings are 56. The new undertakings have received Rs. 9,70,00,000 and the old undertakings have received Rs. 11,03,75,000. I am happy to find that the Act is sought to be amended in order to help new undertakings, and whatever defect there was existing on that point will now be remedied finally and conclusively. But effort should undoubtedly be made to see that the balance between new and old undertakings is properly maintained. I find from the *Sixth Report* that that balance is not being kept up. Recently, as you know, the ceiling of permissible loan was raised from Rs. 50 lakhs to rupees one crore. It is possible for the Corporation now to give a loan of rupees one crore to any concern. The result has been that out of Rs. 20 crores that have been loaned, loans of Rs. 40 lakhs and over account for Rs. 8 crores, which means that about 40 per cent. of the money has been given in large loans. Rs. 50 lakhs was the ceiling of permissible loan when the Act was first enacted. Later on, larger loans have been permitted. But I feel that the accent should not be on bigness, but on smaller units. I know there are State Finance Corporations for helping small industries. But there is such a thing as medium units which should develop, because in India we are interested in building up a particular pattern of economic development and this accent on bigness does not fit in with it.

In post-war Japan, a remarkable experiment was made. That experiment was known as 'deconcentration'. We all know that there is concentra-

tion of ownership; and this concentration of ownership is sought to be eliminated, to a certain extent, by what the Japanese have tried to do through the effort at deconcentration. In Japan between 1945 and 1949, the number of shares increased five-fold, but the number of shareholders increased from 1½ million to four million. Most of them were individual shareholders. This was done through a systematic policy pursued by the Government and the banks concerned and special efforts were made to distribute shares among the companies' employees. I find that a different attitude is being taken up here. This is what the Board has to say:

"The fact that a large number of applications were received from big companies is merely because of the comparative smallness of the business world in India, on account of which there is much more inter-connection within the various businesses than is perhaps the case elsewhere."

It is true that there is a considerable amount of smallness in the business world here, and that is all the more reason why we should make special efforts to see that the smallness is not permitted to be perpetuated.

At another place, in the Central Advisory Council of Industries, I had pointed that we should be careful to see that industrial expansion is achieved through development in depth and not in width. We do not want this small circle of businessmen to keep on growing and have their stranglehold on our economic life. I would, therefore, suggest to the Minister that he might consider the possibility of implementing this. I am not saying that the Bill should be amended for that because it is not necessary to amend the Bill, but in the directives that are given, perhaps consideration should be given to the idea of deconcentration and particular care should be taken to see that in the new undertakings that come up and in the undertakings that are helped

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to expand, those who are employed in those undertakings will be given ample opportunities to own shares.

We find that in 1948-49, Rs. 3,42,25,000 were loaned, and in 1949-50, Rs. 3,77,00,000 were given. I shall not tire you with all these figures. But right down to 1953-54, the figures have more or less remained the same. We have, on an average, been loaning about Rs. 3 to Rs. 3½ crores every year, which means that the tempo is not rising. In these seven or eight years, there has been another difficulty also. As the various annual reports have pointed, the money market was very tight. But we are now entering a period when the money market is not so tight. But even then, from the figures that are before us, I find that no upward push has been given. We would expect the Corporation to provide that kind of upward impulse.

**Mr. Deputy-Speaker:** What is the average time taken in granting a loan, from the time of application?

**Shri Asoka Mehta:** It varies from one to seven months. All these things have been discussed by the Committee and also in the reports. It depends upon the information that is being given by the company that wants to borrow money. If full information is provided and there are clear rights, then of course much time is not taken. But very often the necessary information is not provided and because the rights have to be hypothecated, they are not properly cleared. Therefore, when the Corporation's solicitors go into it, they find that there are defects which have got to be removed, and that takes a considerable amount of time.

Another difficulty is this. Even after loans are granted, it takes a considerable time to disburse the money. I am glad to find that at last some kind of commitment charge is to be levied—3/4 per cent. or 1 per cent.—because while many of these companies borrow money, the money

is not disbursed; they do not withdraw the money, because they are not in a position to spend the money all at a time. The result is that there is a large amount of fund which the Corporation has borrowed on which it has to pay interest but which in its turn is not being taken up and made use of by the borrowing companies. In the first four or five years, the ratio of loans disbursed to loans sanctioned was 50:100. In 1952-53, it was 66:100. In 1953-54, it was 60:100. You, Sir, raised a very pertinent question as to how much time is taken for a loan to be sanctioned. Equally important is the question of disbursement of the loans granted. Otherwise, the Corporation has to bear heavy interest charges, which in the last analysis are guaranteed by the Government and as such we are interested in it. This commitment interest—I do not know and I am not competent to say as to what should be the rate—but some kind of commitment interest should be there. I was glad to find in the recent audit report that that idea has been accepted.

As it is, the Act permits the Corporation to do three things. It can grant loans floated in the public market. It can underwrite the issue of stock, shares, bonds and debentures. It can of course make loans and also subscribe to debentures. The third thing is being done and the first two are not being done at all. The reason given is that so far, the market conditions have not been very helpful. But I feel that as the market is becoming more and more responsive, the Corporation should make an effort to see whether these other avenues should not be tried out to faster industrial development, which may mean that some burden is taken off from Government's resources. It should be possible to help the Corporation to tap the public market either by floating loans with a guarantee by the Corporation or by underwriting the issue of stock, shares, bonds and debentures. I would like Minister to tell us why that is not being done.

In the very first annual report, a kind of policy announcement was made by the Board. The Board said:

"In order to ensure that the industrial concerns which have been granted assistance by the Corporation are properly managed, the Corporation requires that the loans should be guaranteed by the Directors or partners of the managing agency firm in their personal capacity, the guarantee being joint and several."

This is a very wholesome principle, but I find that this wholesome principle is not being adhered to, and when the Mrs. Kripalani Committee pointed out some of the defects, the reply that has been given by the Board raises the fear in my mind that perhaps the wholesome principle which was enunciated in the first annual report has been given up by the time the seventh report is to come up.

Then, a very controversial question has been raised and it is this: whether the directors of the Corporation who happen to be managing directors or directors, partners or shareholders in the managing agency of concerns should agree to forego the right of their concerns to seek loans and other accommodations from the Corporation? On that the Sucheta Kripalani Committee said that those concerns should not be eligible. I believe the Auditor-General also is of the same opinion. The Board says that it is not possible and you cannot discriminate like that. The Government also seem to be in agreement with the Board. The argument put forward is that after all, leading industrialists are bound to be on the Board and you cannot exclude and penalise their concerns. Today that would be to lose the active participation of eminent industrialists in the work of the Corporation. I find that, excepting for one individual, all other directors have been changing from time to time. The banks have also been electing new people, insurance companies have also been electing different people; co-operative

banks have also been electing different people. It should be a matter of privilege for any one to work on this Board as a director for a year or two. During that time, the concerns in which he is directly interested as a managing director, director, partner, etc., should not receive assistance from the Corporation. After all, heavens will not fall if they do not receive such assistance. It would on the other hand create a salutary feeling all round and it would also create a considerable amount of confidence all round, if the person who holds direct interests in some concerns will see that his concerns do not benefit. After all, on the Board there will be only two or three leading industrialists. There are scores of other leading industrialists, and there are hundreds of other concerns worthy to be developed. If for a couple of years a person continues to be on the Board; and if his concerns are not being given loans and other facilities by the Corporation, why should it be considered as a serious hardship? There is a common tendency to suspect such loans and in order that the Corporation may be looked upon as Caesar's wife, free from all suspicions, I would request the Government to reconsider their attitude on this question.

**Mr. Deputy-Speaker:** I thought there was a provision in the original Act that in case one of the directors wants to apply for a loan for concerns in which he has some interest, then the sanction of the Government is required.

**Shri Asoka Mehta:** That is an improvement on the original situation. I personally feel that even then, the Government gets involved. After all, the Board also consists of distinguished Indians and Government also consists of distinguished citizens and the criticisms directed against the Board may be directed against the Government also. I have no desire to go into all that now and I do not want to make any charges against anyone, but I do think that we should set up some convention so that it would make

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it impossible for anyone to harbour even this kind of suspicion for the first 20 or 30 years. Let us try to create conditions in India where suspicions are rooted out from the minds of the people to the extent that is possible for us to do.

I am happy that the chairman is to be appointed instead of the managing director, but the chairman must be a person, as already pointed out by the Committee, with great experience, and I would also like to add that he should be a person with a right approach. This Corporation has to function within the framework of the wide policy that we are adopting, social and economic. You will be surprised to find that in the second annual report of the Board, the following statement is made:

"The deterioration in the economic position of the middle classes and the cessation of the flow of investible funds from sources such as the zamindars and the princes on account of the recent political changes has serious implications for future development programme. It is likely to affect the tempo of our economic and industrial progress."

Mr. Deputy-Speaker: Do they want the restoration of the Maharajas?

Shri Asoka Mehta: This is what the report has said, while this House and the country want to move towards socialism. This House has decided that the economy of this country should be organised on socialistic lines and if the Chairman to be appointed—he may be a very able person as far as his financial knowledge is concerned—has a general outlook of this kind, what would be the result? I am sure that now that the Prime Minister has started advocating or at least eulogising the workers' participation that he saw in Yugoslavia, there is the possibility of our embarking in that direction. I find that the Labour Minister in a note he sent to the members of

the labour panel of the Planning Commission has advocated that there should be workers' participation in the management of the industry. There should at least be two directors, at the minimum, and at the maximum 25 per cent. of the directors should be elected by employees. That is a suggestion made by the Labour Ministry for the consideration of the labour panel set up by the Planning Commission of which I happen to be a member. Supposing this is accepted as a national policy, the Chairman will not be able to understand what it means—the implications and complications that will arise when labour participation is deemed to be a part and parcel of the national policy. Therefore, while appointment of Chairman is to be welcomed, care should be taken to see that the Chairman is a person who is in sympathy with the wider social and economic policies that are being evolved in the country.

1 P.M.

The last point I would like to make is this. What is being done to achieve co-ordination between the Central and the State Corporations. This question was posed by the Central Corporation itself. It is very anxious that a uniform policy should be pursued in regard to the financing of industries both at the Centre and the States. It is not clear to me from the Bill or the speech that the Minister made as to how this co-ordination is being worked out and how far the co-ordination is successful. I would also request the Minister—as he has got here a Bill which seeks to amend both these Acts simultaneously—to see that in the annual reports that are published by the Industrial Finance Corporation some indication is given to us of what is the co-ordination that is being achieved so that we may be able not only to assess the work of the Corporation by itself but the work of the Corporation as the central sun around which the satellite State Corporations are to revolve.



**Mr. Deputy-Speaker:** Is there any provision in the original Act or in the amending Bill?

**Shri Asoka Mehta:** There is a provision that one representative of the Central Corporation will be an ex-officio member of each of the State Corporation and usually the branch managers have been appointed—so far that is the case—as the representative on the State Corporation. It is not a question of amending Bill. I want to discuss the functioning as I find there are a number of things in its functioning which require to be looked into seriously and I would welcome some kind of clarification from the Minister when he replies to the discussion.

**Shri V. B. Gandhi (Bombay City—North):** I am sure this House will give its wholehearted support to this excellent measure which seeks to amend the Industrial Finance Corporation Act of 1948. This Bill marks a distinct advance in many directions and is bound to make for improvement in the constitution and functioning of the Corporation. It is stated in the Statement of Objects and Reasons that many of the provisions in this Bill are based on the recommendations of the Industrial Finance Corporation Enquiry Committee. As you are aware, I happened to be a member of that committee. However, I am not going to rake up the dying embers of some of the controversies that gave birth to that enquiry committee. I shall be content to confine my attention and my remarks to the improvements that we are going to have as a result of the passing of this Bill which is now before the House.

One of the things that very prominently came to the notice of that committee was that the management and its functions as they were provided in the original Act of the Industrial Finance Corporation were ineffective in some respects. It seemed to the committee that this was a very serious shortcoming. In the original Act, of course, we find that the power of

management was vested—as it should be—in the board of directors. But, there was also this provision. It said that this power was vested in the board which was to function—I am quoting now—“with the assistance of an executive committee and the managing director”.

So, this vesting of the power of management in the board of directors—I am quoting—was to be “with the assistance of an executive committee and the managing director”. This provision gave some sort of an impression to the board of directors that they could legitimately share their powers with the executive committee and the managing director. This impression, rightly or wrongly, led to a position where the board of directors tended gradually to give up many of its powers in favour of the Executive Committee and in fact—if I were to use a very strong word—tended to abdicate its own powers and relied to a very large extent on the executive committee and the managing director. That was a serious shortcoming that came to our notice and I see that this Bill now tries to face this problem squarely. I see that this Bill tries to put some more reinforcement in the position of the board of directors and has deleted the words from section 6 “with the assistance of an executive committee and a managing director”. I hope that with the deletion of these words, that impression will disappear and the board will realize that principally it is they who are responsible for the management of the affairs of the Corporation.

I see that in the Bill before us, the Chairman is also in very clear words made aware of his responsibilities individually as a chairman. We find here a provision under which in emergencies and in the absence of the board meeting or in the absence of the Central Committee meeting, he has to assume full powers and act in the interest of the Corporation. These are all things in the right direction and are very welcome.

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There are also other very desirable improvements that this Bill is going to make. First I shall refer to clause 3 which seeks to amend section 2(c) and seeks to modify the definition of 'industrial concern'. The Minister in charge of this Bill has very fully explained the significance and the purpose behind this modification of the definition. With this new definition it will be possible for the Corporation to utilise its funds in giving loans to concerns which otherwise under the old definition would have been prevented from applying or would have been ineligible for such loans. The necessity for this has been felt for a long time and I am glad that it is being done here and that the same definition is also being transferred to the State Finance Corporation Acts.

Then, about the old executive committee which has been the target of criticisms and in some respects rightly so. It was very peculiarly constituted executive committee. It was a committee in which the chairman of the board of directors became a member of a committee of which the managing director became the chairman, and...

An Hon. Member: And the chairman of the board a member.

Shri V. B. Gandhi: ...and as I find, even in this new Bill the constitution of the central committee has been retained almost in identical words except with this change that the managing director goes out and that the chairman of the board comes in as the chairman of the central committee. Now, I for one, of course, cannot see how and in what way a change can be made in the constitution of the central committee. I only hope that it is wise to retain the committee under its new name—of course, as the central committee as it is—and let us hope that with the chairman of the board as the new chairman of the central committee and with the powers of the chairman under the new provisions, the old shortcomings for

which the old executive committee was responsible will pass away.

Then, another feature of this new Bill which deserves our attention is the new sub-section (4) of section 21 which empowers the Corporation to borrow money from the Central Government on such terms and conditions as may be agreed upon. This will prove very helpful to the Corporation. We need not be alarmed at the idea that perhaps this would extend the powers of borrowing of the Corporation because it is provided that the total of the borrowing of all forms including the Corporation's own bonds will not exceed five times the share capital and the reserve fund of the Corporation. Therefore, the ceiling on the borrowing powers remains the same. What has been provided here is a certain amount of an element of elasticity. There may be occasions when the Corporation may be in need of funds and the Corporation may not at the time possess the requisite kind of security with which alone it can borrow from the Reserve Bank or it can borrow from other sources available to it. In a pinch, therefore, this provision enables the Corporation to go to the Government and borrow on such terms as the Government may agree for the purpose. This is a very desirable element of elasticity in the borrowing powers of the Corporation.

I am also glad and a reference to it has been made by the Minister in charge of the Bill, Shri A. C. Guha, about the removal of the limitation of the seven year period. That limitation really was going to act as a kind of embarrassing provision—this limitation of seven years—to the Corporation under certain circumstances. It is, therefore, the path of wisdom to foresee these difficulties and to provide for them.

Finally, I will just say a word about something which Shri Asoka Mehta said. It seems he favoured the idea of this Corporation having the power to take up equity shares in fulfilment of

the payment for loans. Then he said something about some Italian Corporations taking a participating interest in the industries or enterprises they helped with loans. Here, the first question we should like to know is, whether this Italian corporation to which Shri Asoka Mehta referred is a government guaranteed corporation of the kind our Industrial Finance Corporation is; because this is a very important point. If it is a private financed corporation—and we know of German private banking firms in the olden days which also freely participated in any kind of industry—then these are entirely different models of financial institutions, very different from the one we have here before us.

The object of this Industrial Finance Corporation is to make investments, which otherwise would be very conservatively held investments, such as those held by insurance companies, by commercial banks, by investment trusts, and by co-operative banks, available for financing industries. These investments ordinarily would not come forward to help the needs and requirements of finance for industrial development. These commercial banks, insurance companies, investment trusts and co-operative banks, are all debarred in fact under their respective laws from investing their funds for the purpose of financing industrial developments of this kind. Now, while creating an Industrial Finance Corporation of the model that we have under this Act, what we have done is that we have enabled these investments to come forward and we have made it possible to use them for the purpose of financing industrial development. Now, that could only be done by providing government guarantee for all these investments. This is the one object with which this Industrial Finance Corporation was created and I do not know if it is fair to compare what we are doing with things which are being done in Italy or Germany or in other countries under different conditions and different provisions.

**Dr. Jaisoorya (Medak):** In about November and December 1952 there was a lot of discussion in this House and a lot of dissatisfaction expressed as to the working of the Industrial Finance Corporation. After that there was this committee which conducted an enquiry and submitted an excellent report which makes very dismal reading because it shows that the Finance Corporation was run on lines on which no Finance Corporation can be run for very long. I am glad that here we have got a new constitution of the central committee and the executive committee. Now, we have got a chairman instead of the managing director. Previously there was a peculiar paradox that the chairman of the board of directors became only an elected member in the executive committee, and the managing director becomes the Chairman of the executive committee. This is a peculiar situation. Now, there is another thing which I am not able to understand. Will the hon. Minister kindly explain it? The Bill says:

"There shall be established a Central Committee which shall consist of,—

- (a) a Chairman,
- (b) two Directors elected by the nominated Directors, and
- (c) two Directors elected by the elected Directors."

How many elected Directors are actually there?

**Mr. Deputy-Speaker:** It is in the original Act.

**Dr. Jaisoorya:** It is here, at page 3, clause 13, of the Bill.

**Shri A. C. Guha:** I can only say that the Government hold only 40 per cent. of the shares including Reserve Bank shares, and 60 per cent. of the shares are held by the private sector.

Dr. Jaisoorya: The clause says:

"There shall be established a Central Committee which shall consist of,—

(a) a Chairman,

(b) two Directors elected by the nominated Directors, and

(c) two Directors elected by the elected Directors."

Therefore, how many elected Directors are there?

Mr. Deputy-Speaker: You must refer to section 10 of the original Act.

Shri A. C. Guha: Under the original Act, there are to be four directors nominated by the Central Government. Two of them will be nominated by the Central Board of the Reserve Bank, two of them elected in the prescribed manner by the scheduled banks by shareholders of the Corporation, two of them elected in the prescribed manner by the shareholders of the Corporation other than the Central Government and the Reserve Bank and the scheduled banks and the co-operative banks, two directors elected in the prescribed manner by the co-operative banks. So, there will be six.

Dr. Jaisoorya: That is all right. But here it says differently.

Mr. Deputy-Speaker: In all amending Bills, hon. Members will do well to have the original Act by the side.

Dr. Jaisoorya: The reason why there was so much trouble in the previous Corporation is known from the enquiry committee's report. The report says that the Government did not give proper directive or exercise sufficient control from time to time. On page 22, it says:

"Government have not issued any directive as to how the Corporation's funds should be disposed of and Government should determine the sector of industry which should receive loans from the Corporation...."

And add—

"...in the discharge of its said functions the Board shall be guided by such instructions on questions of policy as may be given to it by the Central Government."

The Committee has found that only in one or two cases the Government has exerted itself, as for instance, through its letter No. 134/AdLS/48, dated 21st August, 1948. So, it is important that when large amounts of public money are being entrusted to various corporations, there should be adequate check on the part of the Government through its finance department and other departments not only to see how things are done from time to time, but they must know the situation as it actually stands. For instance, the Corporation had already the power to have ad hoc-cum advisory bodies or committees. The surprising thing was that throughout they had formed only two committees. These are things that must be remedied. It is not what you put here into the constitution, leaving full powers to the Chairman; you have to lay down a large amount of constant control; and not only control but observation by the Government to see as to how things are progressing. I have been noticing one thing in various departments, and I am sorry to tell you this: for instance, a large amount of money is being earmarked for our Five Year Plan. I will give you only one example as to how things are moving because the Government is not exercising adequate control. Only about two weeks ago, the planning committee in a particular State met. It was a very beautiful distribution of the amounts—Rs. 50 crores here, Rs. 70 crores there and Rs. 120 crores elsewhere. Everyone was clapping his hands. Then, finally, one man said: "Gentlemen, may I ask you one question? You are going to spend the money. True. But what provisions and plans have you made to build up a technical personnel?" They had all forgotten about it. This is due to lack of experience. We must not only have a knowledge of how much we are planning for, but we must also be in

a position to know from time to time how things are being done. It is no good leaving it entirely to their own resources. The reason why it failed last time is given adequately here at page 9 of the report. The report says:

"Loan applications, on receipt, are scrutinised by the Corporation to see whether the applicant is eligible and has given full and correct information. Technical appraisal of the project is done generally in consultation with the appropriate Ministry of the Government of India and sometimes outside experts are engaged".

But what is happening?

"The Committee only sanctions in principle the grant of a loan but leaves the detailed terms and conditions to be negotiated by the Managing Director."

You have seen the results of that. There have been so many irregularities. It is surprising to see, when we go into the findings, that there has been carelessness all round. I want to know how we are going to avoid this in future.

**Mr. Deputy-Speaker:** Even now, under this Act, the Central Committee may authorise or the Board may authorise the Chairman to do all or any of the functions of the Board.

**Shrimati Sucheta Kripalani (New Delhi):** He should report back to the committee, which was not the case under the previous Act.

**Dr. Jaisooria:** The managing director did everything on his accord.

**Shri A. C. Guha:** Under the previous Act, the managing director and the executive committee had some statutory power which the present amending Bill is removing.

**Dr. Jaisooria:** I am glad to hear of it, because we have here, in the report, a "Third Term of Reference". It appears at page 32. The Government have laid down quite clear and specific instructions as to how things should be done. Here, the report says:

"From an examination of the various loan transactions it has been our impression that although ten criteria have been clearly laid down, sufficient regard has not been paid to them in all cases".

These are points that we have to think out. What are the specific guarantees? The committee must meet regularly, say, once a month. But if you are going to have a meeting only once a quarter, then, what happens is that the various loan applications are held up.

The report says:

"...we find that out of the total of 103 loans sanctioned by the Corporation 14 were sanctioned within one month from the date of receipt of the application. 18 within two months and 22 within three months, while it took the Corporation four months to sanction loans in respect of 12 applications, 5 months in respect of another six applications and six months or more in respect of the remaining 31 applications."

Secondly, which is still worse, having sanctioned the loans, by the time the amount gets into the hands of the person concerned—during that process—anything from six months to one year may elapse. These are questions where we have got to think how to avoid the delays. We have got to lay down rules. In other words, I am asking the Government to take up more powers by way of direction and supervision. Take, for instance, audit. The report says that the audit has been very defective. It is not only audit, but the Government auditor should be there constantly, to do what we call pre-audit. Pre-audit is a new term in this area, but that is a thing which we have had in Hyderabad. I am given to understand that last year the Finance Minister had seen the value of pre-audit. My point is only this: you can give as much money as you like, but I only want that there should be proper safeguards. Not only should there be proper assessment, but there should be a proper technique of super-

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vising how your money is being spent. Unfortunately these safeguards are not there today. You sanction money and at the end of the year you get the report; but still you do not know how to supervise how the money is spent.

There is another point. We want certain financial facilities. There has been a protest that there is an increasing tendency to give large loans to well-established old concerns. Now the necessity is for financing smaller interests.

Mr. Deputy-Speaker: What happened to the glass sheet industry?

Dr. Jaisoorya: You are referring to the Sodepur Glass Works; that was a disaster both from the point of view of the owners and the Industrial Finance Corporation. It has played havoc. The Government themselves have criticised it.

Mr. Deputy-Speaker: How much money was lost?

Dr. Jaisoorya: Rs. 50 lakhs or so.

Shri U. M. Trivedi (Chittor): The loss was about Rs. 78 lakhs.

Shri A. C. Guha: No, no. I do not like such an impression being created here; but I am not in a position to give any definite idea of the loss. The whole thing is under negotiation which will be over shortly. Till then I do not like any impression to be created in this House, but the figure suggested by the hon. Members surely is too much on the high side.

Pandit Thakur Das Bhargava (Gurgaon): Will it be half that amount?

Shri U. M. Trivedi: It was calculated as so many rupees, annas and ples exactly in the month of March and it came to about Rs. 99 lakhs and odd. The hon. Minister may calculate it again if he likes.

Shri A. C. Guha: The amount given to the company may be Rs. 1 crore or even more, but that does not mean that we have lost the entire amount;

we shall recover some considerable amount.

Sardar Hukam Singh (Kapurthala—Bhatinda): It may be fifty-fifty.

Dr. Jaisoorya: The point that has come out from this report is that there has been extraordinary bungling and irresponsibility on both sides.

Mr. Deputy-Speaker: You are on the side of borrower!

Dr. Jaisoorya: I am on both sides.

There is another point. If you are going to give the money, give it quickly. In the case of the Sodepur Glass Works, when the money was absolutely necessary, new orders went out and the money was held up. It was all a question of higgling and haggling, sometimes for the sake of Rs. 2 lakhs, the whole enterprise goes to pieces. Or, if you give, you give with such generosity that the money is used not for developing the industry, but to pay old debts. This is also revealed from the report. These are things which occurred as a result of the extraordinary carelessness of the former managing director. I feel like passing a vote of censure on this point. Large amounts of money are now going to be spent in this country without responsibility—that is the point I want to draw your attention to—unless you have pre-audit. Ask the Finance Department what pre-audit is; they will probably tell you what it is.

Shri N. B. Chowdhury (Ghatal): Giving our general support to the Bill that has been brought before us, we feel that it is only a half-hearted and inadequate measure which the Government was forced to bring here because of the trenchant criticism from all sections of this House. It has been stated in the Statement of Objects and Reasons that the Bill is due to the recommendations of the enquiry committee which they had set up as a result of the discussions that took place in this House in November, 1952. We all know that the hon. sponsor of this

Bill was at that time one of the very severe critics of the working of the Industrial Finance Corporation. At that time he noticed so many objectionable features in its working. It was therefore expected that when he was going to sponsor this Bill, he would remove all these objectionable features. But we find that in spite of certain improvements that have been sought to be made in this amending Bill, the objectionable features have not all been removed, neither has justice been done to the recommendations of the Inquiry Committee, although we feel that the observations that are made in this report are sometimes rather hesitant and very mild. It has been stated that the Government is going to replace the Executive Committee by the Central Committee and also they propose to have a stipendiary chairman in place of the honorary chairman who used to occupy that important position previously.

Now, Sir, it will not do to have this sort of changes only to improve matters sufficiently. Other changes are also very necessary. We do not know why the Government have not thought it necessary to accept the recommendations Nos. 2 and 38. It has been stated by the hon. Minister that they have accepted these in principle; what prevents them from making statutory provision with regard to these recommendations? According to recommendation No. 38—

"Government should consider whether applicants for loans from the Corporation should not be required to produce income-tax clearance certificates and whether applicants should not certify that their names are not before the Income-tax Enquiry Tribunal."

We said at the time of the discussion of the State Bank Bill that tax-evaders and persons who are in the habit of avoiding paying taxes must not be eligible for being directors. So, why cannot you have an express provision in this Bill itself that petitions of such persons should not be enter-

tained by the Industrial Finance Corporation? That is the thing which we do not understand.

With regard to recommendation No. 2, I feel that loans should not be given to a concern in which some director of the Industrial Finance Corporation has some interest. With regard to this matter it has been stated in this report at page 43 that—

"a Director who is interested in any loan transaction should not only abstain from voting at the meeting of the Executive Committee or Board, but should not even be present at the meeting."

The enquiry committee found that one of the shareholders of a firm happened to be the director of the Industrial Finance Corporation. Therefore they have mildly suggested that at least they should be absent from the meeting in which the loan petitions of such firms are discussed; even that has not been accepted.

Mr. Deputy-Speaker: Does their physical presence make any difference?

Shri N. B. Chowdhury: You know very well how it influences the mind of the people who may be present there. We see that everyday in the local elections.

Mr. Deputy-Speaker: A story was said that in a selection committee, a son-in-law of one of the members appeared for selection. This gentleman gently said, my son-in-law is a candidate and so it is not right that I should be here. Therefore he went away. That is enough. His physical presence is not necessary.

Shri N. B. Chowdhury: That lends support to my own contention.

With regard to recommendation No. 28 wherein it has been stated that for a certain period at least, for any loan in excess of Rs. 50 lakhs, there should be prior sanction of the Government of India, we do not know why the Government are not in a



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position to accept this. It has already been made very clear how the tendency is gradually to give huge loans to a very few big firms. It is a scandalous matter that so far as the functions of this Industrial Finance Corporation are concerned, they have been in the past mainly engaged in allocating loans to a very narrow clique of monopolist capitalists. Although in certain cases it has been pointed out by this enquiry committee that loans were given to smaller units also, in the main it can be said that the lion's share went to a few monopolists who happened to have influence with the directors and other persons connected with the Industrial Finance Corporation. In our country at this stage we find that there are certain Corporations.....

Mr. Deputy-Speaker: Does the hon. Member suggest a ceiling?

Shri N. B. Chowdhury: Yes. We do suggest that for loans in excess of Rs. 50 lakhs there should be the prior sanction of the Government of India. That is my point.

Pandit Thakur Das Bhargava: That has been accepted practically, as just now spoken to by the hon. Minister.

Shri N. B. Chowdhury: There is no mention in the Bill itself. If they make a statement and give a categorical assurance, that would be all right. Why not put it in the statute itself? It gains further relevancy. We find there is the Indian Credit and Investment Corporation. That is meant for the interlocking of big business here and outside. The foreign monopolists will come with their investment capital and they will combine with the Indian monopolists to start some big firm here. There is the Industrial Finance Corporation. It is also financing big business. As regards the State Finance Corporations, it may be urged that they are expected to finance the smaller units. So far as we know, in certain States where State Finance Corporations have been formed, from

the names, it appears that very big monopolists have been made directors. We cannot expect that these people will help the smaller units. We know the case of the West Bengal State Finance Corporation. One of the persons at the helm of affairs is no less than the famous Birla. The others are also of the same stature. We are concerned about the medium industries, and small industries. They are proposing to set up some Corporation or other institution for the development of small-scale industries. What about the medium industries? We know that in our State in Howrah there are so many medium-sized engineering industries and they are in a state of crisis. No loan has been made available to them so that they can get over this critical period. There are other industries in other parts of the country also. We know in certain parts of Bombay people are facing similar difficulties. We find that this Industrial Finance Corporation is not helping the smaller units. In this connection, I would refer to a part of the speech of the hon. Mover himself. It was delivered on 25th November, 1952. But, the situation has not changed.

"Now about this Industrial Finance Corporation—I do not know what is its purpose—if it is only to help the big industrialists, the big capitalists, than I think it is working all right but if it really wants to help the comparatively poorer section, to help the undeveloped regions of the country or to have somewhat like an equal economic development of India, then I am sorry that this Corporation has not been working all right. During the last debates, several Members on the Congress side, including the Deputy-Speaker, who was then in the Chair, supported my contention and I moved an amendment to the State Financial Corporation Bill to add a clause that the Director of that Corporation might not in any way be benefited

out of the loan given by the Corporation.....etc."

Mr. Deputy-Speaker: Is there a ceiling fixed so far as the State Corporations are concerned? As the hon. Minister just now said, if the loan exceeds Rs. 50 lakhs, the sanction of the Central Government would be required. Likewise, if a loan exceeds a particular amount, in the case of the State Finance Corporations.....

Shri N. B. Chowdhury: I am not aware of such a provision being made in the State Finance Corporations.

My next point is about the appointment of the Chairman. It has been recommended by this enquiry committee that there should be a full-time paid Chairman. But, here we find only a stipendiary Chairman. Sometimes it is found that although a paid person is appointed, he is not made a full-time officer. So, we would like to know whether this particular person would be a whole-time worker. Regarding the Chairman, I have to make certain other observations also. In view of the greater powers that are going to be given to this Chairman, it is necessary that the Chairman should be a man of high integrity. Clause 8 says:

"If the Chairman is of opinion that circumstances exist which render it necessary for him to take immediate action in respect of any matter which is within the competence of the Board or of the Central Committee and that the interests of the Corporation may be prejudicially affected if such action is deferred until after the next meeting of the Board or of the Central Committee, as the case may be, then, notwithstanding anything contained in sub-section (3), the Chairman may take such action in respect of that matter as he deems necessary and for such purpose, he may exercise all powers and do all acts and things which may be exercised or done by the Board or the Central Committee.....etc."

This shows that the Chairman is being given additional powers. We have the experience about the Managing Director so far as the existing Act is concerned. The recent Audit Report of 1953-54 has stated that the Managing Director exercised powers in excess of those delegated to him. So, it will all depend on the way in which the Act is administered and how the people who are there to manage the affairs of the Corporation behave. It is necessary that this man should be a man of integrity.

In this connection, I would like to point out that the emoluments and salaries which are to be determined by the Board with the approval of the Central Government should be reasonable. I would like that the words 'the Board with the approval of' should be deleted. The Government should fix the salary because the Chairman is going to be the Chairman of the Board, and if his salary and other allowances are determined by the Board, then, it is likely that he would get a very high salary which is out of proportion, because in the case of the State Bank we have heard Shri C. D. Deshmukh saying: "When I announce the name, nobody will criticise the amount of salary that is paid to him." Whatever the competence or the worth of a man, we would naturally expect that when we are hearing about national reconstruction, and when it is expected of every person to make some sacrifice, some people should not draw salaries amounting to so many thousands of rupees. Particularly, now in our country they expect even a landless worker to offer *shramdan*, to contribute something towards national reconstruction. So, should not such people also take a reasonable salary and thereby contribute to this national task of reconstruction, because here it has been stated in the Audit report that the growth of administrative expenditure is out of proportion to the business transacted. So, in view of this, it is necessary that the establishment cost should be kept within reasonable limits.

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In this connection, I shall also refer to another thing which has been mentioned in this Audit report:

*"Travel by Air-conditioned Class by Officers of the Corporation.—Prior to December, 1953 no officer of the Corporation was entitled to air-conditioned class of travel. It was, however, observed that before that date, the journey by air-conditioned class was performed by senior officers."*

This Report has to say something about the air-conditioned travel by the Members of the Board also. So, all these things should be taken into consideration. I feel that the salary and allowances should be fixed by the Central Government, and not by the Board in consultation with the Central Government.

Then, I come to another point, regarding the Sodepur Glass Works. It is a scandal. It has been already referred to. I find here in this Enquiry Committee Report that as much as Rs. 57 lakhs were given as loan. We do not know what further amount of loan has been given or what further amount has been spent in this connection. But this matter should not be allowed to be dealt with in the way it is being done. No doubt, the Government has passed a Resolution, a copy of which has been laid on the Table of the House. But there we only find that Government is conducting negotiations etc. It is a story two or three years old, and we know that Government did not take prompt measures with regard to the mishandling of the affairs of this Sodepur Glass Works. So, it is necessary to take very prompt action with regard to the remaining property or what other things might be there.

Then, as regards some of the other provisions of the Bill I would like to observe that although the powers and functions of the Corporation have been enlarged through this amending Bill, we do not find that there are

other statutory provisions which would be necessary to ensure that these powers would not be misused. It has been stated that now this Corporation will have the right to dispose of property in addition to the right to acquire and hold property. We do not object to this power being given to the Corporation. There is also the power to nominate more than one director on the Board of Directors of the concern to which loans would be granted. But, while not objecting to giving such additional powers—in fact, we feel that such powers would be necessary in order to discharge their duties efficiently and properly—it must be seen, we feel, that proper persons are nominated, because it has been noticed in the past that it was not done while nominating directors, and it has been mentioned in this Audit Report that these directors were merely observers and they did not sign the audited accounts of the firms and they did not vote. When they are nominated as directors on the Board of directors of such concerns, they should function as full directors and should have all the powers and all the rights of a director of that firm.

Then, they have the right to lease also. That is an additional power which is being assumed by the Government in order to ensure the recovery of the amount of loan which they might be giving.

Regarding the responsibility of the Board of Directors, we think that it is a welcome change, because the way in which the affairs have been handled in the past requires such a change. The Board of Directors have now been made to bear the entire responsibility with regard to the grant of loan and other matters.

While conceding that there are certain improvements in this Bill, we find that the other provisions which could have been incorporated in this Bill have not been included, and so we are bound to say that this is a half-hearted and halting measure which

the Government is being forced to adopt under the circumstances, and Government is not perhaps eager to see that the Industrial Finance Corporation really functions in a way which would help the rapid development of industry in our country.

This Corporation is intended to help in the growth of industries in the private sector. But how are they determining which industries they are to help, which firms they are to help? Are they following the priorities—national priorities—fixed by the Planning Commission? We would urge upon the Government to give a categorical assurance here that the Industrial Finance Corporation would grant loans on the basis of the priorities which would be fixed beforehand by the Planning Commission. If we want really planned development of industry in our country, then there should be better co-ordination and the loans that are being granted by the different institutions—whether it is the Industrial Credit and Investment Corporation or the State Bank or Industrial Finance Corporation or the State Finance Corporation—should be co-ordinated. There should be perfect co-ordination of all these bodies, so that there may not be any haphazard growth, or personal bias may not come into play in the course of granting of such loans and helping certain firms.

Then, I would refer to another recommendation of the Enquiry Committee. They have spoken about the establishment of a Public Corporations Committee of Parliament. This demand has been made in this House several times. Now that we are having a number of public corporations, it is but proper that for effective parliamentary control and supervision over the activities of such concerns there should be such a committee.

2 P.M.

**Shrimati Sucheta Kripalani:** I am very glad that at last Parliament has got a chance to review the working of the Industrial Finance Corpora-

tion. This Bill is long awaited. Perhaps, you will remember that the report of the Enquiry Committee was submitted in May 1953. And from May 1953 to July 1955, we have not yet had a chance really to discuss either the report or the working of the Industrial Finance Corporation. The only discussion we have had was a short discussion raised by Dr. Lanka Sundaram, when some of us got a chance to say a few words. I for one do not want to go into details, because I was associated with the report; I think it is proper that other people should go into details.

**Mr. Deputy-Speaker:** It is not your private concern. The hon. Member is naturally expected to say them, because she must be in the know of things, or at least she knows as much, if not more, as others do.

**Shrimati Sucheta Kripalani:** You would remember that I have spoken at length once before also on this matter.

I am very glad about one thing. You will remember that the resolution which Government had passed on our report had said that our report has exonerated the Industrial Finance Corporation of all the charges. It was that remark in the resolution which provoked me into making a speech. Now the audit report here fully vindicates us, and not only that, the audit report has brought out certain very undesirable factors which took place after the submission of the report. So, it is now beyond anybody's doubt that the working of the Industrial Finance Corporation leaves much to be desired. And Parliament should have a full opportunity to discuss it properly.

I do not want to take too much time of the House. But I would like to read out to you from the first page of the audit report for the year 1953-54. The very first page of the audit report makes a very sorry reading. This is

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what we find:

"The result of audit, as embodied in the following paragraphs, indicates that—

(a) The Managing Director exercised powers in excess of those delegated to him;

(b) the terms and conditions of loans, more particularly, the rate of interest chargeable were varied by the Managing Director, even in respect of contemporaneous transaction;...."

This is a very serious matter:

"(c) loans were granted in many cases were, *prima facie* the issue of a share capital or debentures should have been possible, having regard to the financial position and the standing of the concerns;

(d) loans were granted in some other cases where the financial position of the concerns did not justify the risks taken;

(e) the recommendations of the Ministry of Commerce and Industry were disregarded in making loans available in certain cases;"

Then there is a reference to the fact that the Corporation has embarked on a scheme costing nearly Rs. 64 lakhs for the construction of office buildings.

Then, the audit report says:

"(g) the growth of administrative expenditure is out of proportion to the business transacted;

(h) all the irregularities and exercise of power in excess of delegation, in which the Managing Director was involved, were approved *ex post facto* at a meeting of the Corporation held in October 1954, after the Industrial Finance Corporation Enquiry Committee, and also audit had drawn pointed attention to these lapses;"

Mr. Deputy-Speaker: Who was the managing director?

Shrimati Sucheta Kripalani: It was one Mr. Sonalker at that time. But we are not concerned with the man, we are concerned only with the fact that this is how the affairs of this public body were conducted.

Not only the managing director, but the Government also cannot be absolved of all responsibility. This last point made in the audit report is as follows:

"(i) rules have yet to be framed by Government in accordance with section 42 of the Industrial Finance Corporation Act, defining clearly the questions which are specifically reserved for the Government."

You will find from the report of the Enquiry Committee that Government did not bother to issue direction. The board also did not give direction to the managing director. So, at the top, Government did not bother to give them any directions; then, at the second stage, the board did not give any directions, and the managing director, if you please, was functioning as a great Moghul just as he wished. This is the finding of our Committee.

Apart from these, there are certain other findings confirmed by the audit report now. And what are these? One of these findings is that a large proportion of the loans had gone to big business and its associates.

Mr. Deputy-Speaker: What are the provisions here to check that particular kind of abuse?

Shrimati Sucheta Kripalani: In this new Bill? There is nothing.

Shri Asoka Mehta: A full-time Chairman is to be appointed.

Pandit Thakur Das Bhargava: There is provision neither in the old Act nor

in the new Bill. It is not said anywhere that big business will not be helped or that small business will be helped more. Nothing of that kind is said anywhere.

**Shrimati Sucheta Kripalani:** That is the burden of our song, namely that there is nothing in this Bill. This Bill might as well not be passed.

**Mr. Deputy-Speaker:** Why is the audit report there only now? Is it not audited year after year?

**Shrimati Sucheta Kripalani:** I think this is the first report by the Auditor-General.

**Mr. Deputy-Speaker:** Is there provision for a similar audit by the Auditor-General made here in the Act?

**Shri Asoka Mehta:** Yes, it was made last time.

**Shri Gidwani (Thana):** Since last year, it is being audited.

**Shrimati Sucheta Kripalani:** Then, the one great thing about which my report was concerned was this. You would recall, Sir, the charge made on the floor of the House in regard to the Industrial Finance Corporation. The charge was that certain people were taking advantage of the Industrial Finance Corporation and getting loans for themselves and their own friends, and we were asked to look into that specific charge. We found out as a result of our enquiry that one group of people, that is, the same persons having substantial interest in certain concerns had got a total loan of Rs. 113 lakhs. If you increase the periphery of the same group a little more, you will find that their friends and other associates got Rs. 129 lakhs. That shows....

**Mr. Deputy-Speaker:** In addition to Rs. 113 lakhs?

**Shrimati Sucheta Kripalani:** Yes. That shows that there was sufficient justification in the misgivings that the

people had as also the Members of Parliament.

And how has the corporation worked in giving loans? No uniform policy has been followed in giving loans. From both these reports, you will find that in certain cases where the directors were interested, the matter was disposed of very quickly; in one case, the loan was granted within a month; in other cases, loans may have been granted in six months' time or more, while in certain other cases, even after the loan was sanctioned, the actual despatch of the money was made after a much longer period.

As regards uniform rate of interest, I have already quoted to you from the audit report to the effect that even for contemporaneous loans, no uniform rate has been imposed; the rate of interest is left to the managing director, and according to his sweet will, he can fix whatever rate of interest he likes.

**Mr. Deputy-Speaker:** Did he not give any explanation for that?

**Shrimati Sucheta Kripalani:** No. No satisfactory explanation was given to us.

There has been discrimination in the issue of loans even in respect of the purpose of the loans. For instance, in certain cases, loans have been given to certain companies, where the managing agents have been allowed to recoup the advances they made to the company, in some other cases they were allowed to pay back bank loans. Sometimes, moneys have been given for non-productive purposes also, such as for the building of labour quarters etc. But in some cases, loans have been refused on the ground that loans will not be given for working capital. After reading the Act etc., the Enquiry Committee got the impression that loans could not be given for working capital. But later on, we were told that the Government view was that loans could be given for working capital. If that was so, then why is it that on that particular ground loans

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have been refused in certain cases? Among the grounds enumerated in the report for refusal of loans this ground is also found, namely that loans cannot be given for working capital.

Shri Asoka Mehta has already referred to the point regarding the minimum margin of security at the time of grant of loan. The margin has varied from 85 to 17 per cent. In respect of that, the report has said, that though no hard and fast rules can be laid down, round about 50 per cent should be accepted as a moderate margin.

Shri Asoka Mehta: That is the Government directive also.

Shrimati Sucheta Kripalani: But I do not know how far the direction will be followed.

Then there is a provision that the representatives of the corporation should be nominated on the boards of the companies that take loans. We have said in respect of this that more or less a uniform policy should be followed. But this recommendation of ours has been turned down by Government. But if you look into the audit report, you will find:

"Out of 70 companies to whom the loans were advanced by the corporation up to 30th June 1954, the corporation appointed its nominees on the boards of directors of 24 companies only.....".

Then the audit report goes further to say that there are certain companies whose position is not sound, and therefore representatives of the corporation should be appointed on the boards of directors of those companies. We do not know how they function, on what consideration do they appoint representatives on the boards of directors of the loanee companies. In which cases do they decide to appoint their representatives, and in which cases do they decide not to appoint representatives?

Mr. Deputy-Speaker: Are they expected to send periodical reports on their working to Government, or the corporation?

Shrimati Sucheta Kripalani: We have recommended in our report that they should.

Pandit Thakur Das Bhargava: In the case of some loans, they make it one of the conditions that periodical reports must be given by the borrowing companies.

Mr. Deputy-Speaker: I am talking of these nominated directors. Do they give an account of their work?

Shrimati Sucheta Kripalani: There is nothing specifically laid down.

Pandit Thakur Das Bhargava: They do not nominate directors in every case; in some cases, they have done so, while in some other cases they have not done so.

Shrimati Sucheta Kripalani: We have said also that nominated directors should function as full-fledged members and they should even sign the balance-sheets etc. But we find that Government have turned down that recommendation. My hon. friend Shri A. C. Guha said a little while ago that most of our recommendations have been accepted. I am pointing out to you some which have not been accepted.

We had recommended that they should function as full-fledged members because otherwise they function as mere observers and they do not take proper interest in the affairs of the companies nor do the companies take them seriously. If the Corporation wants to have a hand in the affairs of the companies or wants to keep a check on the affairs of the companies, then these representatives should function as full-fledged members; also they should invariably be nominated to the boards of the different loanee companies.



Another point which I have already referred to is this. Before granting loans, the case has to be referred to the Ministry of Commerce and Industry. Now the audit report says that in granting the first loan the Corporation referred the case to the Ministry of Commerce and Industry, but in the case of the second loan, they had not. But there is something more interesting—there are several cases where the recommendations of the Ministry of Commerce and Industry have been disregarded. They have made recommendations, but the recommendations have been disregarded many a time. This sort of thing has been going on.

Then I would like to draw your attention to the first remark of the Auditor-General—we had also given considerable thought and time to it—about the powers of the managing director. I do not want to go into very many details, but the general impression that we had about the conduct of the managing director was that he considered himself the last word and last authority. He could function in any way he liked; he could treat the loanes in any way he liked—you will find, again and again, reference to that here; he could fix any rates of interest he liked; he could turn down any loanee's application. In that way, he functioned. And not only did he stop at exceeding his authority. He even misguided the Government, which is worse, to which reference has been made here by the Auditor-General. The Audit Report says:

"The question of negotiating the detailed terms and conditions of loan by the managing director was considered by the Executive Committee in their meeting held on 22nd May 1954, and it was decided that in future terms and conditions should be reported to the Executive Committee for their approval before the documents are executed and the loans are made available. This resolution is in conflict with the reply of the Board of directors".

—this is the reply of a very responsible body like the board of directors—

"dated the 27th July 1953, in which it was stated that all essential terms and conditions of the grant of loans were determined by the Executive Committee, leaving only the non-essential details to be settled by the managing director on his own authority.... The understanding of Government embodied in para. 5(B)(ii) of the resolution, dated the 23rd December 1953, is thus based on an incorrect report submitted by the board of directors."

Sir, you have to realise the enormity of the situation. First of all, he functions on his own authority. Then either he was misleading the Government or the board of directors were misleading the Government; somebody has done the misleading and correct information is not also given. False information or wrong information has been given in the report submitted.

Then the high-handedness and the autocratic manner in which the managing director functioned has been well manifested in the affairs of the Sodepur Glass Works. I shall not go into details—I thought some other Members would speak on it; that was why I did not come so well prepared—but you will see that much of the crisis in this company is due to the delay in sanctioning the loans and delay in releasing the money. The amount of Rs. 20 lakhs originally sanctioned was issued to the company in dribblets of 21 instalments. Can you realise how a big company which starts work and takes a loan of Rs. 20 lakhs can function if the loan is issued in dribblets of 21 instalments?

Then, Sir, in the middle, some new terms and conditions were imposed. From a full reading of the report of the functioning of this company, you will get an idea that the managing director and the company were at loggerheads, they were trying to fight with each other, each was trying to lower the prestige of the other party. As a result, who has paid the price? Till the date we submitted our report, Rs. 64 lakhs had been put into this

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company. The company was not working well and Government have taken over the management. I would now like to find out from the Finance Minister how much more money has been given to this Sodepur Glass Works. Rs. 64 lakhs were given till the time of the time of the enquiry. I understand that more money has been poured in. And what is the condition of the factory now? I understand that the factory is not working. I would very much like to be enlightened as to what is happening and what will be the total loss to the tax-payers of this country.

Mr. Deputy-Speaker: What has happened to the managing director?

Shri Gidwani: He has retired.

Shrimati Sucheta Kripalani: He was on a four or five year contract. It was not renewed. Now, at long last he has gone with a leave of six months. I think he was on a pay of Rs. 3,000 or so a month. If I am wrong, I would like to be corrected.

Mr. Deputy-Speaker: Was he a Government servant?

Shrimati Sucheta Kripalani: He was on contract.

Shri Gidwani: He has gone with a good certificate to the Central Bank.

Shrimati Sucheta Kripalani: The hon. Minister may let us know what has happened to the managing director. But what I am more concerned with is, what has happened to the Sodepur Glass Works.

Recently a resolution has come from the Government—I have got a copy of it also—about the Sodepur Glass Works. Their findings are that the Sodepur Glass Works have gone bad because the initial assessment of the financial requirements was not made correctly. That is one of the points given in our report also. But I would like to know whether, before passing this resolution, a detailed inquiry was conducted into the affairs of the Sodepur Glass Works, and if so, which

body or which committee inquired into them. I would also like to know whether any proper, detailed audit of the Sodepur Glass Works has been done. I demand here that the Auditor-General should institute an inquiry and audit into the affairs of the Sodepur Glass Works, because huge sums are involved and the affairs of the company have been managed in a criminal and negligent fashion by a very responsible body, a top institution, dealing with the finances of the country.

Now, I would like to say a few words about the new Bill, and about the recommendations we made. I do not want to deal with the small recommendations. It was very kind of Shri A. C. Guha to say that he has accepted most of our recommendations either fully or partially. But I am very sorry to say that the impression left upon me is that most of our recommendations have not been accepted either fully or partially. Some of our most important recommendations have not been accepted. The main point at issue when the question was raised in Parliament was whether the directors of the Corporation were taking loans for their own concerns or not. This caused a scandal. Therefore, it was very natural that we should recommend that the directors of the Corporation should not take loans for themselves. We have recommended—if you will permit me. I will read out the recommendation:

"The members of the board of directors of a public institution like the IFC should be above suspicion and we recommend that any concern in which a director of the IFC is a managing director or a director/partner/shareholder in the managing agency concern should not be eligible for grant of loan by the Corporation. An applicant concern in which a Director of the Corporation is only an ordinary director or shareholder will, however, be eligible for grant of loan by the Corporation, but such loans would require

to be sanctioned at a meeting of the board of directors of the Corporation by a unanimous vote at which at least 2/3rd of the total number of directors qualified to vote should be present. In addition, it should be incumbent on the Corporation to disclose in its balance sheet, on the analogy of the balance sheets of banking companies prescribed under the Banking Companies Act, the loans granted to industrial concerns in which any of the Corporation directors is interested as director or shareholder".

I regret to say that none of these recommendations has been accepted. Not only so. In the audit report, there is some interesting remark to which I should like to draw your attention. It says:

"The Inquiry Committee in para. 20 of their report suggested that a director of the Corporation should disclose his interest even where he was an ordinary shareholder of an applicant concern and that the Corporation should maintain a register similar to that prescribed under article 91A(3) of the Indian Companies Act. The board accepted the suggestion and the Government also issued a directive to the Corporation to that effect."

This one little thing the Government have accepted. But how did the Corporation implement it?

"But no register is being maintained....The Corporation should take immediate action to implement the decision of the Government".

First they did not accept our recommendation fully. A little bit of it they accepted. But then it is not implemented. So the acceptance is on paper only.

Then I come to another very important point. We had suggested that when the Corporation took over a company—because the company was not doing well—the Corporation

should not merely be concerned with the idea of recouping their losses; they should have some regard for the losses of the shareholders. They should not immediately sell away the concern but should try to run the concern themselves or give it over to the Government to run it or at least before selling, a reference should be made to Government. This recommendation of ours has been turned down. I would like to tell you why we made this recommendation. I hesitate to speak on it because it is such a very serious matter. When the Sodepur affairs were revealed to us, some people even suggested or hinted to us that there was a deliberate attempt to destroy the company so that the company could be later sold off to a rival firm for a song. It was such a serious charge that we did not like to believe it. Naturally when such a charge is not fully substantiated, no responsible person can believe it.

**Mr. Deputy-Speaker:** Is there any rival company at all?

**Shrimati Sucheta Kripalani:** There was some glass company whose representatives were being brought and shown round the factory. It was not possible for us to believe such nefarious things about such a responsible public organisation, therefore, we did not believe it. But in order to prevent the occurrence of such things, we suggested that such a company should be handed over to the Government for running. After all, we have a Production Ministry which is running so many concerns. It is therefore not impossible for the Production Ministry to take up a few more concerns. But if the Government was not ready to run such a concern then at least a reference should be made to the Government before selling it. All this we did in order to prevent this kind of wrong and irregular action on the part of anybody. This recommendation of ours has been thrown out by Government and they have not cared to find out why we have made such a recommendation.

[Shrimati Sucheta Kripalani]

All this will show that the I.F.C. has been run in a most careless and shocking fashion. In a public organisation of this type, this kind of irresponsibility is not expected. What is the nature of the Bill that has been brought before us today after two years? After so much labour, what is the result? The Bill merely provides for a paid Chairman. The 'central committee' is another name for the executive committee. What are the safeguards in this Bill to prevent this kind of bad functioning of public finance bodies?

Mr. Deputy-Speaker: But there does not appear to be any amendment tabled by any hon. Member. All this has been said, that this has not been incorporated, that has not been incorporated and so on.

Shrimati Sucheta Kripalani: I have not given any amendment. My suggestion is that this should go to a Select Committee.

Mr. Deputy-Speaker: Even for that, no amendment is tabled.

Shrimati Sucheta Kripalani: True. They should withdraw this Bill, sit over it and produce something better.

I have to make one more suggestion. In the report we have suggested that the Government should seriously consider what machinery should be set up to institute parliamentary control over the working of such corporations. More and more of such corporations are being created as we are gradually switching over from private to public sector and more of such institutions will come into existence. Therefore adequate arrangements should be made to see that they are properly controlled and that Parliament has an opportunity to go into their affairs. So, we had suggested that a public corporation committee of Parliament should be appointed because neither the Estimates Committee nor the Public Accounts Committee have the time to look into the detailed working of such corporations. With all the force at my command, I would appeal

that the Government should consider whether a public corporation committee of Parliament should not be appointed immediately to go into the affairs of such public institutions. Again, I would like to repeat that we are not at all satisfied with the affairs of the Sodepur Glass Works or with the present functioning of the Sodepur Glass Works. I have heard that some negotiations are going on to sell the Sodepur Glass Works to an Indo-Japanese firm. If I am wrong, I should like the Government to correct me. The conditions are that the Corporation would advance some more money to that firm, and when the firm gets going, it will pay the Corporation the price stipulated for the purchase of the firm as well as the loan advanced. I would like to know whether these terms are correct. In any case, we want an enquiry made into the affairs of the Sodepur Glass Works by the Auditor-General.

Shri Gidwani: I would not like to cover the same ground as covered by Shrimati Sucheta Kripalani. But about the managing director, who was the sole master of this corporation, I will bring to the notice of the House one or two things. He got a car purchased, which was supposed to be a staff car, and it was being used solely by him. A sum of Rs. 20,000 or Rs. 24,000 was spent on it and it was being maintained by the Corporation. He was drawing Rs. 3,500 per month as salary. Besides that, he continued in service even after all these disclosures were made by the Committee and he was also given six months salary. His contract is over and now he is working in the Central Bank. If this is the way how we have such officers, what else will result? As Shrimati Sucheta Kripalani told you about Sodepur Glass Works, the money that has been loaned by the Corporation comes to over a crore of rupees, and about Rs. 50,000 is the interest per month on that amount. Of that money how much we will be able to recover one does not know, but that also is due to the bungling of this managing

director. Of course, everybody will admit that the directors also are responsible. Had there been somebody to control him, things would not have gone to that extent. Unless we make a definite provision that no director with any interest in any concerns will get loans for any of his concerns, things will not improve. That provision should be introduced and we must insist that no director should be appointed who has any interest in any concerns and no loan should be granted to him or to any concern with which he is associated. As Shri Asoka Mehta said, after all we have changed the name from 'managing director' to 'chairman'. He may be a stipendiary person, but if he is of the same type and has no proper approach and is not sympathetic and responsive to public opinion, things will not matter much. It is a very sad state of affairs but the fact is that unless we have a proper person, merely changing the nomenclature will not help us. So, Government should be very careful in selecting the stipendiary chairman. He must not be a person who defies the directions of Government or does not care for the Government. When we appoint people on contract basis— and some of them are retired people— hence they feel that they can leave Government at any time. As they feel that they have no future with the Government, they do not work as they ought to. Therefore, we should be very careful in selecting the persons.

The other thing that I want to emphasise is this. You will be surprised to know that in one case a reference was made to a Bombay advocate and Rs. 2,000 was paid to him for giving an opinion against the recommendation of the Sucheta Kripalani Enquiry Committee. These are the sort of things that are going on. The way this corporation has been functioning has not been satisfactory. There are no provisions to prevent the abuses which have taken place so far. I would, therefore, suggest that it is not even now too late in the day to revise the whole thing, take back the present Bill and

make suitable amendments to it. The Minister should withdraw this Bill, and bring forward an improved measure incorporating the necessary changes, not only in the Act but also in the rules, so that such transactions which bring discredit on the organisation may not take place in future. The industrial activities of the State in the public sector are going to increase in future, and crores and crores of the tax-payer's money are going to be spent in industries to be started by the State. Parliament should therefore keep a vigilant check on such industrial undertakings so that public money may not be wasted.

Shri Guha was a revolutionary; he should, therefore, be revolutionary in his outlook. I am sure he will respond to the public opinion as well as the unanimous opinion of this House. He should withdraw this measure and come forward with a more comprehensive Bill embodying the suggestions made by Members of this House, so that such lapses may not occur in future.

पीडित ठाकुर दास भागवत : इस बिल के बारे में, इस वक्त जो मजमून हैं उस के बारे में इस हाउस के अन्दर पहले भी बहस हो चुकी हैं। काफी बहस हुई थी और उस वक्त भी यह खयाल था कि एक नया बिल हाउस के अन्दर आयेगा जिस के अन्दर जो सिफारिशों इस कमेटी ने की थीं, श्रीमती सुचेता कृपालानी ने की थीं, उन में से तकरीबन सारी ही सिफारिशों के मुताबिक, कोई न कोई प्राविजन होगा। जनाब इस की हिस्द्री को इतने कि किस तरह यह कमेटी एंजाइंट हुई, किस ने एंजाइंट कराई और किस ने क्या फैसला किया, तो आप पर रोशन होगा कि इस कमेटी के एंजाइंटमेंट में अब से बड़ा हाथ दरअस्त खुद मि० गुहा का था। मि० गुहा फाइनेंस कारपोरेशन के मामले के अन्दर गये, फैक्ट्स हाउस में पेश किये। जब उन लोगों के नाम हम को नहीं बतलाये गये जिन को कर्ब दिया गया था तो उस वक्त हम ने भगड़ा किया कि हम को उन के नाम

[प्रीडित ठाकुर दास भागवत]

बताये जायें। उस की रिपोर्ट हमारे पास नहीं पहुँची, न वह नाम हमारे पास पहुँचे। बाद में जब हमारे फाइनेंस मनिस्टर साहब कोर्ट में गये थे, तो बापिस आ कर नाम बतलाने की बात चीत चली। इस के बाद उन की समझ में आया कि क्यों हम लोग इस के ऊपर इतना क्रिटीसिज्म करते हैं और मामला क्या है। उस के ऊपर यह कमेटी मुकदरे की गई, और जो कमेटी की फाइंडिंग्स हैं उन के ऊपर हाउस में बहस हुई। यह जरूर बहसतलब मामला है कि कितनी वह फाइंडिंग्स मानी जायेंगी और कितनी न मानी जायेंगी, लेकिन इस में कोई शक नहीं कि खुद गवर्नमेंट और सारा हाउस इस बात से मुतमईन था कि उन चन्द मामलों में जिन का जिक्र इस रिपोर्ट के अन्दर मौजूद है, बहुत बर्गलिंग हुई है। आज मुझे गवर्नमेंट की तरफ से जरा भी शुबहा नहीं है कि मि० गुहा कभी सादपुर ग्लास वर्क्स के मामले को डिफेन्ड करने के लिये तैयार नहीं होंगे।

और चन्द बातें इस के अन्दर आई, उन के अन्दर मैं यह भी जिक्र करना चाहता हूँ कि जितने लॉन्स दिये गये थे उन में से चन्द की बाबत जिक्र है। बाकी के जो लॉन्स दिये गये थे उन के बारे में कोई भगड़ा नहीं हुआ और वह ठीक समझे गए थे। जिन मामलों में गड़बड़ी हुई छन्हीं के बारे में क्रिटीसिज्म हुआ, लेकिन आम तौर से ऐसा उन मामलों के जिन का जिक्र इस कमेटी की रिपोर्ट में था, बाकी चीजों में किसी किसिम के नुकायस नहीं बाधे गये। लीका में यह जर्ज किये, बगैर नहीं रह सकता कि सब चीजों में नुकायस हों या न हों, पर इन चार पांच चीजों में इतने नुकायस थे कि उन को कोई गवर्नमेंट माफ नहीं कर सकती।

आज सादपुर ग्लास वर्क्स का जिक्र आया है। जब गवर्नमेंट ने और बातों के बारे में

फैसल दिये तो सादपुर ग्लास वर्क्स के लिये अपना फैसला महफूज रक्खा, उस का फैसला नहीं दिया। अब जो फैसला आया है उस के अन्दर मुझे निहायत अफसोस के साथ कहना पड़ता है कि गवर्नमेंट ने इस मामले में पूरा एम्ब्रल नहीं किया कि इस के अन्दर क्या हुआ। एक तरह से उस को ब्लाइट वाश कर दिया है कि यह गलत हुआ है, इतना रुपया चाँदिये था और इतना नहीं चाँदिये था। लेकिन जो बर्गलिंग थी वह सारी की सारी सामने आई। श्रीमती सुचेता कृपालानी और उन मेम्बर साहबान का जिन्होंने बड़ी मेहनत कर के इस रिपोर्ट को पेश किया है मुक्रिया अदा करता हूँ कि उन्होंने सारे मामले को तत्तज्जबाम कर दिया। जो मामलात हमारे सामने आये वह इतने हैरानकून थे कि हम ने पहले इन्डिस्ट्रियल फाइनेंस बिल के मौके पर हाउस के अन्दर इसे कैसे पास कर दिया और ऐसी भूल कर वी कंस्टीट्यूशन में जिस का दुल और नुकसान भगतना पड़ा, मैं हैरान हूँ इस रिपोर्ट को पढ़ कर कि इस तरह के मामले हुए जिन में कि बिजिनेस प्रिंसिपल्स को बिल्कुल नहीं माना गया। बिजिनेस प्रिंसिपल्स की इतनी मिट्टी पलीव की गई है जिस का कोई ठिकाना नहीं। आज जब हम देखते हैं कि इतने रुपये उस के अन्दर गक हुए तो किस को जिम्मेदार करार दें? मैनेजिंग डाइरेक्टर आज तक जिम्मेदारी पूरी नहीं महसूस करते थे, किस के डाइरेक्शन्स के अन्दर यह सब कुछ होता रहा है? मुझे कहने में जरा भी ताम्मुल नहीं कि गवर्नमेंट की जिम्मेदारी इस में उतनी ही है जितनी और किसी की, बिल्क ज्यला है क्योंकि ऐसे मामलात में, ऐसे कारपोरेशन्स में जब तक डाइरेक्ट कंट्रोल पार्लियामेंट का न हो, जब तक वह ज्यादा तबज्जह इस पर न दे सकती, जब तक पार्लियामेंट के पास कोई चैनल नहीं है काम करने का। रोज जिक्र आता है कि जितने

पब्लिक कारपोरेशन्स हैं वह पब्लिक कारपोरेशन्स नहीं हैं, पब्लिक कर्पोरेशन्स हैं। जब तक आप इस के वास्ते पार्लियामेन्ट्री कंट्रोल कायम नहीं करेंगे, पार्लियामेन्ट की कोई ऐसी कमेटी बना कर के जो इन मामलात के अन्दर जा कर देख सके, तब तक पार्लियामेन्ट अपना फर्ज अदा नहीं कर सकती। आज हम कोइनों रुपये लोगों से लेते हैं, रोज टैक्स बढ़ाने की बहस हम यहां करते हैं, तो हम किस मुंह से जा कर उन से कहें कि और टैक्स दो? जो रुपया वसूल किया जाता है वह इस तरह से खराब किया जाता है। इस तरह से हम को पता लगता है कि कारपोरेशन्स का क्या हाल है। अगर यह कमेटी न बैठती तो यह चीजें हमारे सामने न आतीं। लेकिन इस कमेटी के बैठने के बाद और उस की रिपोर्ट देखने के बाद मैं श्रीमती सुचेता कृपालानी की तारीफ करता हूं कि जब तक पब्लिक कारपोरेशन्स के कुल काम के अन्दर जाने के लिये कमेटी मुकदर न हो जो कि उन की खताबियों को मालूम करे, उस वक्त तक पार्लियामेन्ट अपने उस फर्ज से उन्मत्त नहीं हो सकती है जो पब्लिक की तरफ से उस के जिम्मे है। और गवर्नमेन्ट को भी तसल्ली नहीं हो सकती है। मैं ने देखा कि पब्लिक एकाउन्ट्स कमेटी है, आप का ऑडिट डिपार्टमेन्ट है, सब चीज मौजूद हैं, लेकिन मुझे बतलाइये कि इन के वास्ते आप की कॉन सी कमेटी है जो इन कारपोरेशन्स के हिसाब के अन्दर जा सके और इन मामलात को मालूम कर सके? इस वास्ते मैं बहुत जोर से अर्ज करना चाहता हूं कि कम से कम इस कारपोरेशन्स से हमें सबक लेना चाहिये और हमें फॉरेन से फॉरेन हाउस की कमेटी मुकदर करनी चाहिये जो पब्लिक कारपोरेशन्स के मामलें में जा कर देखे।

एक और कमेटी आज कल अपनी सिटिंग कर रही है, जिस का नाम है कमेटी ऑन ऑफिसिज आफ प्रोफिट। उसे हमारे स्पेसिफ साहब ने मुकदर किया है। हर वक्त हमारे सामने

सवाल आता है कि हम पार्लियामेन्ट के मेम्बरान को कितनी आमदनी की इजाजत दें और किसे ऑफिस आफ प्रोफिट करार दें और किसे न दें। आज हम में से एक मेम्बर साहब ने एक तजवीज पेश की और वह यह कि जितने पब्लिक कारपोरेशन्स हैं जब तक उन के वास्ते पार्लियामेन्ट की कोई कमेटी न बन जाय तब तक हाउस के वन्द मेम्बरों को किसी कारपोरेशन में भेज दिया जाय इस लिये कि वह देखें कि किस तरह से वहां पर कार्रवाई हो रही है। हमें पार्लियामेन्ट के मेम्बरों को कमेटी में बैठने से मना नहीं करना चाहिये पब्लिक इन्टरस्ट में। लेकिन यहां आज यह तजवीज आती है। जब तक आप इस तरह का इन्तजाम न करें कि यह देखा जाय कि पब्लिक कारपोरेशन्स के अन्दर काम तसल्लीबत्ता होता है या नहीं, जब तक पार्लियामेन्ट की कमेटी मुकदर न हो, तब तक हमें तसल्ली नहीं हो सकती। कई दफा हाउस में जिक्र हुआ, कई बरस से इस का जिक्र चला आता है, लेकिन दर की जाती है और कोई फैसला नहीं होता। मुझे याद है कि पिछली दफा जब हमारे फाइनेन्स मिनिस्टर से जिक्र किया गया तो उन्होंने कहा कि हम सोचेंगे, लेकिन पता नहीं वह सोच उन का कब एक्शन को सूरत में आयेंगा और कब अमल में आयेंगा। अब वक्त आ गया है जब हमें पार्लियामेन्ट्री कमेटी मुकदर करने में एक मिनट की भी देर नहीं करनी चाहिये जो कि इन कारपोरेशन्स के बारे में जा कर देखे कि क्या हो रहा है और क्या नहीं हो रहा है। मैं यह उम्मीद नहीं करता कि सब कारपोरेशन्स में सांद्गुगलास वर्क्स की ही मिसालें मिलेंगी, हमें यह उम्मीद नहीं करनी चाहिये कि हाउसिंग फंड्री जो यहां मौजूद है उस का ही नमूना सब जगह मिलेगा। मैं यह उम्मीद नहीं करता, लेकिन ताहम मैं चाहता हूं कि इस के लिये इन्तजाम किया जाय। जब तक कमेटी कारपोरेशन्स पर अच्छी तरह कंट्रोल कर के अच्छी रिपोर्ट न दें तब तक हमें तसल्ली नहीं हो सकती है।

मैं उन सभी मामलात के डिपार्टमेंट्स में जो एक दफा हाउस के अन्दर आते हैं, नहीं जान



[पीबल ठाकुर दास भार्गव]

चाहता, और जितने मामले हाउस के अन्दर तय हुए उन के ऊपर हाउस में डिस्कशन भी हो चुका है। मैं उन को फिर खोलना नहीं चाहता। सांजपुर ग्लास वर्क्स के बारे में गवर्नमेंट ने कोई फैसला नहीं किया था, और कई दफा उस का जिक्र हो चुका है, मैं उस के भी डिटेल् में नहीं जाना चाहता, लेकिन मैं यह कहे बगैर नहीं रह सकता इस पार्लियामेंट का कोई मंत्री या बाइर का कोई भी आदमी अगर इस रिपोर्ट के वाक्यात को पढ़े तो वह आंसू बहाये बगैर नहीं रह सकता। पीबलक मनी के साथ हम ने खेला है और इस तरीके से उस शख्स से जो इस का मैनेजिंग डायरेक्टर था, बिछेव किया है जो निहायत ही कैलस था। हमारे मिनिस्टर साहब यहां मौजूद नहीं हैं, मैं सख्त अल्फाज नहीं कहना चाहता, अगर नरम से नरम कोई लपख हो सकता है तो उन में मैं कहना चाहता हूँ कि सारे देश का ५० लाख रु० का जो नुकसान हुआ उस की जिम्मेदारी किसी न किसी शख्स पर होगी ही चाहिये। आज मैं श्री गिडबानी साहब से सुनता हूँ कि उस के बारे में जो कुछ और पता चल गया कि इस तरह से बिछेव किया गया है तो हम उम्मीद करते थे कि उन को नौकरी में नहीं रखा जाएगा। अगर इन सब बातों के बावजूद भी उन को नौकरी में रखा गया है तो इस बात के लिए सरकार इस हाउस के सामने जवाबदेह है।

श्री गिडबानी : छः महीने का सर्टीफिकेट ले कर उस को छोड़ दी गई।

पीबल ठाकुर दास भार्गव : तो यह हालत है.....

श्रीमती सुखेता कृपालानी : उन को कान्ट्रैक्ट पर रखा गया था।

पीबल ठाकुर दास भार्गव : दुरुस्त है, कान्ट्रैक्ट सॉर्स थी। बिल्कुल सही है। अगर किसी शख्स को नौकरी रखा जाता है तो उस को इस लिए न रखा जाता है कि वह चोरी करे, चाहे वह क. एक्ट पर ही क्यों न

रखा जाए। अगर वह ठीक काम करने के बजाय सराब काम करना शुरू कर दे तो क्या जो पांच साल का कान्ट्रैक्ट आप ने किया है क्या वह कायम रहेगा और क्या आप यह सहन करेंगे कि वह काम सराब करता चला जाए? क्या आप ऐसी सूरत में उसको बाहर निकालना पसन्द नहीं करेंगे? कान्ट्रैक्ट सर्विस का पहला उद्देश्य यह है कि जिस को भी नौकरी रखा जाता है उस से यह एक्सपेक्ट किया जाता है कि वह अपनी duties faithfully, rightly and to the best of his ability खंजाम दे। अगर वह ऐसी नहीं करता है तो वह कान्ट्रैक्ट फॉरन रद्द किया जा सकता है। उस के ऊपर मुकदमा चलाया जा सकता है। फिलवाक्या जिस नुक्त निगाह से आप फेल देखते गए वह नुक्त निगाह गलत था। अगर उस को इतना होने पर भी नौकरी में रखा गया तो यह एक सख्त गलती थी। इस से ज्यादा मैं इस मामले पर कुछ कहना नहीं चाहता।

इस के बाद मैं यह अर्ज करना चाहता हूँ कि इस में शक नहीं कि अब जो नया बिल हमारे सामने आया है इस में फाइनेंस कारपोरेशन को बहुत कुछ ज्यादा अख्तियारत देने की बात है। आज जो हमारी शिकायत थी वह यह थी कि नई इंडस्ट्रीज के मामले में गवर्नमेंट की तरफ से काफी मदद नहीं मिलती और उस मदद तक नहीं मिलती जिस मदद तक कि मिलनी चाहिये। अब गवर्नमेंट उस के अन्दर तरमीम कर रही है और स्टेट फाइनेंस कारपोरेशन के वास्ते और उस कारपोरेशन के वास्ते, दोनों के वास्ते, कर्ब के बारे में जो तरमीम की गई है वह तरमीम एक मुनासिब तरमीम है। इस के अलावा जो यह लिखा गया है कि जो एनगेंज्ड हैं किसी के अन्दर and which are going to be engaged इन दोनों के वास्ते अब दरवाजा खुल गया है और मुझे उम्मीद है कि आइंदा जो इंडस्ट्रीज चलेंगी उन को पूरी पूरी मदद दी जाएगी।

एक दूसरी बात जो मैं अर्ज करना चाहता हूँ वह यह है कि जो तहकीकात की गई है उस में भी इस बात पर जोर दिया गया है और मुझे याद है कि गुहा साहब ने भी कहा था कि बैंकवर्ड एरियाज के अन्दर जो इंडस्ट्रीज हैं उन को ज्यादा प्रोत्साहन दिया जायेगा। मैं जानना चाहता हूँ और अपनी गवर्नमेंट से निहायत अदब से पूछता हूँ कि बैंकवर्ड एरियाज में इन पिछले तीन सालों में कितना कर्ज दिया गया है और क्या कोशिशें की गई हैं कि जो उस कमेटी की रिकोमैण्डेशन थी बैंकवर्ड एरियाज के बारे में कि बैंकवर्ड एरियाज में ज्यादा काम किया जाए उस को कहां तक अमल में लाया गया है। इस के बारे में अगर कोई काम नहीं किया गया तो मैं चाहूंगा कि गवर्नमेंट जवाब दे कि वह कौन सी वजह थी जिस के कारण कि बैंकवर्ड एरियाज की तरफ खास तबज्जह नहीं दी गई।

इस के बाद मैं अर्ज करना चाहता हूँ कि जो मेन रिकोमैण्डेशन इस रिपोर्ट के अन्दर है और जो उस कमेटी ने दी उस को गवर्नमेंट ने एक्सेप्ट कर लिया। कर्ज के मामले में क्या बॉर्ड फॉसला करे, उसकी टर्म्स और उस की क्रीडेंशें क्या हों, कोई और शर्तें फॉसला करे, वह सब खत्म कर दिया गया है। आईंदा के वास्ते जो चेंबरमैन होगा वह होलटाइम चेंबरमैन होगा और वह चेंबरमैन ऐसा होगा जिस को पूरे अख्तियारात होंगे। इतना ही नहीं बल्कि उस के अख्तियारात अब थोड़ा से और बढ़ा दिये गये हैं। उस को यह अख्तियार होगा कि वह उन सब अख्तियारात को बरतें जो कि कारपोरेशन को दिये गये हैं। अगर कहीं नुकसान होता हो और अगर कोई एमरजेंसी पड़े तो वह इन सब अख्तियारात का इस्तेमाल कर सकता है और अगली मीटिंग में वह यह सब बातें बॉर्ड के सामने रख देगा और बॉर्ड उन को रीटफाई कर देगा। इस के अलावा अगर बॉर्ड चाहे कि चेंबरमैन को कोई खास पावरज या जैनरल पावरज दी जानी चाहिये तो वह भी चेंबरमैन को दी जा सकती

है और चेंबरमैन उन का इस्तेमाल कर सकता है। फ्लवाक्वा इंडस्ट्रियल फाइनंस कारपोरेशन का जो पहले मैनेजिंग डायरेक्टर हुआ करता था उस की जगह अब चेंबरमैन होगा। मैं गिडबानी साहब के साथ और सारे हाउस के साथ इस बात से इतिफाक करता हूँ और यह बहुत जरूरी समझता हूँ कि जिस को चेंबरमैन बनाया जाये वह ऐसे शर्तों को बनाया जाये जिस का सानी हमारे देश में कोई दूसरा न हो। क्योंकि अगर वह अच्छा और निहायत काबिल आदमी नहीं होगा तो फिर ऐसी ही शिकायतें आयेंगी जैसी कि पहले आई हैं। इन सब बातों को ठीक रखने का इनहिसार उसी आदमी पर है जो इस के अन्दर काम करता है। अगर इस आदमी को रखते वक्त इन बातों का ध्यान न रखा गया तो फिर वैसे ही शिकायतें आयेंगी और कमेटी मुकररे होगी और फिर फॉसले होते फिरेंगे। मुसीबत यह है कि ऐसी फाइनंशियल कारपोरेशन में कोई इतने सख्त रूल या इतने सख्त क्वायड या इतनी सख्त प्रोविजेंस एक्ट के अन्दर नहीं रखी जा सकती और हमें उस को काफी डिस्क्रीशन देना पड़ेगा। बॉर्ड करोड़ों और अरबों रुपये खर्च कर सकता है। इतना ही नहीं वह दूसरे बैंकों से भी कर्ज दिला सकता है। इस तरह से उसके अख्तियार बहुत बसीह हैं। सारी प्राइवेट इंडस्ट्रीज की, मीडियम और लॉग टर्म क्रीडेट लॉन्ग, की जिम्मेवारी उसकी है। इस वास्ते मैं बड़े अदब से अर्ज करता हूँ और उम्मीद करता हूँ कि वह गलतियां जो आज तक की गई हैं वह गलतियां आईंदा नहीं दोहराई जायेंगी।

मैं अपनी बहन सुचंता कृपालानी की तकरीर को सुनने का बड़ा उत्सुक था और मैं ने उन की तकरीर को बड़े ध्यान पूर्वक भी सुना। मैं जानना चाहता था कि कौन कौन सी रिकोमैण्डेशन इतनी जरूरी थीं जो इस के अन्दर इनकारपोरेंट नहीं की गई हैं। जो उमदा रिपोर्ट उन्होंने ने पेश की है उस के लिए मैं उन का बड़ा शुक्रगुजार हूँ। एक मामला जो बड़ा बहस तलब भी है और हल तलब भी और जिस

[प्रीडित ठाकुर दास भार्गव]

का जिक्र श्रीमती सुचेता कृपालानी ने किया और मेरे दूसरे दोस्तों ने भी किया और उस पर बहस भी की, यह है कि अगर कोई डायरेक्टर खुद अगर कर्जा ले तो ऐसी सूरत में इस की आम तौर पर बोर्ड आफ डायरेक्टर्स मंजूरी दे देता है। इस लिये डायरेक्टर बन जाने के बाद उस को कर्ज की उम्मीद नहीं रखनी चाहिये और उसको कर्जा भी नहीं दिया जाना चाहिये। बनावेवाला को मालूम है कि जहाँ तक इस की प्राविवर्ज का ताल्लुक है इस किस्म की कोई रीस्ट्रिक्शन इस के अन्दर नहीं है। और न बैंकिंग कम्पनी के एक्ट में है यह मसला जिस वक्त इन्क्वायरी कमेटी बनी उस के अन्दर भी बड़े जोर शोर से उठाया गया और उस ने इस के बारे में लिखा भी है लेकिन गवर्नमेंट ने कबूल नहीं किया है। गवर्नमेंट का व्यू यह है कि एक शरुस अगर डायरेक्टर भी है वह भी इस कर्ज को लेने का हकदार है और सिर्फ इस वजह से उस को इस हक से महरूम नहीं किया जा सकता है कि वह एक डायरेक्टर है। मैं तो अपनी बहन श्रीमती सुचेता कृपालानी से इस मामले में एक हूँ कि बेहतर होता कि वह शरुस जो डायरेक्टर बनता है खुद इस बात को समझता और कहता कि मैं देना का काम करने आया हूँ, कोई फायदा उठाने नहीं आया। आखिर यही तो एक जगह नहीं है या एक इंडिस्ट्रियल नहीं है जिस से कि कर्जा लिया जा सकता है। लेकिन अगर गवर्नमेंट का यह व्यू है कि वह भी कर्जा लेने का हकदार है तो मैं अर्ज करना चाहता हूँ कि इस के अन्दर ऐसी रीस्ट्रिक्शंस लगाई जा सकती हैं, कोई ऐसी बात की जा सकती है जिस से कि कोई नाजायज फायदा न उठा सके। इस तरह की कोई भी बात बिल के अन्दर नहीं है। मूमेकिन है कि जैसे श्री गूला ने कहा था कोई डायरेक्टर इन्क कर दिया गया हो कि जब फौसला होना हो तो वह वहाँ पर मौजूद न हो। पहले भी मैं ने रिपोर्ट में देखा है कि जब कर्जा दिया गया तो जब उस पर फौसला किया गया उस

वक्त तौन लेने वालों ने वाट नहीं दिया। मैं समझता हूँ वाट न देना ही काफी नहीं है। इस से भी ज्यादा हम उम्मीद करते हैं कि हमारे डायरेक्टर साहिबान जो कि इंडीस्ट्रियलिस्ट हैं और जो अपने आप को देना भक्त कहते हैं अपने वास्ते कर्ज न लेकर एक अच्छी मिसाल कायम करेंगे और यह बतायेंगे कि उन्होंने ने बेहतर तरीके से अपना काम किया है। इस के साथ ही साथ मैं अर्ज करना चाहता हूँ कि जो कर्ज इन को दिया जाता है वह रीजिस्टर में दर्ज क्यों नहीं किया जाता, उसे छिपा कर क्यों रखा जाता है। यह सब बातें जो कि एक्ट में आनी चाहिये थीं और जोकि आई नहीं हैं इन के वास्ते गूला साहब जिम्मेदार हैं और अब उन को चाहिये कि वह इन बातों को रूख में लायें। मुझे खुशी है कि इस बिल को अमल में लाने की और रूख बनाने की जो जिम्मेवारी है वह फाइनेंस मिनिस्ट्री की है जिस के अन्दर कि गूला साहब भी हैं और जिन पर कि हम को पूरा भरोसा है। इस से आप यह न समझें कि मैं यह कह कर उन की खुशामद कर रहा हूँ। जो मैं कह रहा हूँ वह सब बात है। हम लोग समझते हैं कि फाइनेंस मिनिस्ट्री देना के सारे रुपये की वाचडॉग है।

मैं देखा रहा हूँ कि किस तरह फाइनेंस मिनिस्टर और फाइनेंस मिनिस्ट्री के लोग और मिनिस्ट्रीज से लड़ कर मुल्क के रुपए का सदुपयोग करते हैं। हमारे गूला साहब ने ही एक तरह से इंडीस्ट्रियल फाइनेंस कॉर्पोरेशन को बनी लगाई थी, उसको तय-अज-बाम किया था, उसे खुला कर दिया था, मंगा कर दिया था।

यह दुरुस्त है कि हम ने इस बिल में कोई अमेंडमेंट्स नहीं भेजी हैं। हम ने इसको फिलिंग्ट कमेटी के सुपुर्द करने का मुतालिका भी नहीं किया है। सब तो यह है कि हम में से बहुत से लोग इसके अन्दरूनी मामलात से बाकिफ भी नहीं हैं। ज्यादातर बाकीफयल उन्हें लोगों का है, जो कि एन्क्वायरी कमेटी

में थे। हम ने तो सिर्फ एन्क्वायरी कमेटी की रिपोर्ट पढ़ी थी और उसकी मांटी मांटी बातें वही थीं। उसके आगे हम ने ज्यादा सोच नहीं किया। लेकिन मैं यह तस्लीम करता हूँ कि अमेंडमेंट्स न भेज कर हम ने गलती की है। अगर हम चाहते कि जो बातें रह गई हैं, उनको अमेंडमेंट्स के जरिये बिल में दाखिल कर दिया जाय, तो हम ऐसा कर सकते थे और मुझे उम्मीद है कि वे अमेंडमेंट्स इस हाउस में पास कर दी जायें और गुहा साहब भी उनको मन्ज़ूर फरमा लेंगे। लेकिन मैं समझता हूँ कि अब भी हमारे पास इसका इलाज है। मैं अर्ज करना चाहता हूँ कि गवर्नमेंट की रूल मीटिंग पावर बढ़ी जबर्दस्त है। गवर्नमेंट को इस बात का अस्तिचार है कि वह जो डायरेक्शन चूड़े है और उनको मनवाए। आखिर इस बार मैं शिकायत क्या थी? शिकायत यह थी कि गवर्नमेंट ने कोई डायरेक्शन नहीं दी और वह सांती रही। मैं चाहता हूँ कि गवर्नमेंट अब जाग उठे और वे ज़रूरी डायरेक्शन दें, जो कि उसको देनी चाहिए। इसके अलावा जो सिफारिशों की गई थीं, वे ज्यादातर माकूल थीं। अगर इसके बावजूद कोई कमी रह गई है, तो रूल के जरिये उस को पूरा किया जाय। जहां तक हमारे और गुहा साहब के नुक़्ता-ए-निगाह का ताल्लुक है, उसमें कोई फर्क नहीं है—हम एक ही दिल के हैं। हम सिर्फ यह चाहते हैं कि सब सराबियों को दूर कर दिया जाय और रूल के जरिये जिन सिफारिशों को वह मानते हैं, उनको बिल में एम्बाडी कर लिया जाय। मसलन अगर पचास लाख रुपए से ज्यादा कोई कर्ज़ दिया जाय, तो पहले गवर्नमेंट की सैंक्शन ली जाय। यहां यह तो दर्ज नहीं है कि यह कार्पोरेशन सिर्फ छोटी और मीडियम-इंडस्ट्रीज के लिए है। इसमें सब को हक हासिल है। इस लिए हो सकता है कि किसी कैस में पचास लाख से ज्यादा—एक करोड़ रुपए—कर्ज़ की ज़रूरत हो। श्रीमती सचैता कृपालानी ने यह नहीं कहा कि पचास

लाख रुपए से ज्यादा कर्ज़ न दिया जाय। वह सिर्फ यह कहती है कि गवर्नमेंट की सैंक्शन ली जाय, मामला खुला और साफ हो और अगर ज़रूरत हो तो दिया जाय। मेरी समझ में नहीं आता कि रूल में यह बात हाल देने से क्या सराबी होती है। गवर्नमेंट कहती है कि हम से कुछ बिना वह कर्ज़ नहीं दिया जा सकता है। तो फिर यह बात रूल में लिखने में क्या हर्ज है? जहां तक इन मामलों का ताल्लुक है, वे सब इस किस्म के हैं, जिनके बारे में दो रायें नहीं हो सकती हैं। फिर रूल या कानून के बनाने में क्यों किसी किस्म का हेंसिटेशन है, क्यों पसोपेश है? क्यों दूसरी साइड को यह कहने का मौका दिया जाता है कि जो काम करना चाहिए, वह नहीं किया जा रहा है, हालांकि गवर्नमेंट मानती है कि वह काम दुरुस्त है? जहां तक इस बिल का ताल्लुक है, इसमें कोई ऐसी चीज नहीं है, जिस पर हम फीटिसिज्म कर सकें। इसकी प्राविजन—जहां तक कि वे जाती हैं—बहुत अच्छी हैं और इस लिए इस बिल को पास करने में हमें किसी किस्म का कोई पसोपेश नहीं है, लेकिन साथ ही मैं यह अर्ज किए बिना नहीं रह सकता कि हम को तब तक शान्ति न होगी जब तक बजरीया रूल के या डायरेक्शन के गवर्नमेंट ऐसी बातें नाफिज न कर दें, ऐसा इन्तजाम न कर दें, जिससे जो सराबियां अब तक होती रही हैं, वे आईन्दा पैदा न हो सकें और जो रूल बनाए जायें, उनकी पूरी पाबन्दी हो।

आखिर मैं मैं आपकी एजेंजत से यह दोहराना चाहता हूँ कि इन रूल के बावजूद हम तब तक अपना कर्ज़ अदा नहीं करेंगे, जब तक कि हम तमाम पब्लिक कार्पोरेशन के मामलों को देखने, उनकी छानबीन करने और उनको रंगुलेट करने के लिए एक कमेटी न बनायें। पब्लिक कार्पोरेशन को देखने का हमारा हक है और यह काम हम महज रूल के जरिये कर सकते, क्योंकि

[पंडित ठाकुर दास भार्गव]

हम जानते हैं कि गवर्नमेंट के सब किस्म के रुख के होते हुए भी कितनी सराहियां होती हैं।

Shri T. N. Singh (Banaras Distt.—East): I was very much interested in listening to our esteemed colleague Shrimati Sucheta Kripalani who made a detailed enquiry of the Industrial Finance Corporation some time ago. Subsequent to that, an audit report has also appeared and I believe Members of the House must have studied that with the care and attention it deserves.

I think the amending Bill does meet with one of the principal demands, namely, the creation of the post of a chairman who shall be there as a wholetime paid man resulting in the abolition of the post of a managing director. That has been implemented.

As regards the second point, namely, the question of directors not taking any loans, I fully agree with the principle of it. I think, even now under the Company Law as it exists no director can take any loan or borrow any money from the company of which he is a director. That is under the Company Law. Yet, I feel that, whatever may be the Act—the amending Bill may be silent on that point—that provision of the Company Law should apply and, if, for any reason it does not apply and it has not been possible to bring this thing into the amendment here, I would very strongly urge that we should see to it that, the Company Law as it is being amended now, there will be adequate protection against misuse of that position by the directors. That point alone should not in any way make us critical of the amending Bill. I would strongly urge both to the Minister as well as to our colleagues here, that when the Companies Bill is considered—and it is going to be considered very soon—we should see to it that, what to say of this Corporation, in no public company a director may take advantage of the position of a director. That is a very

healthy principle and I am sure the Minister who is sponsoring this Bill will have no objection to this principle. I am convinced of that and, therefore, I do not want to over-emphasise this point.

[PANDIT THAKUR DAS BHARGAVA in the Chair]

What I have felt and I think the audit report has disclosed it, is that we have—I think the Parliament is also guilty of it—neglected, after once the Finance Corporation was formed, to see as to how it is functioning. We have not been vigilant about it, neither this House nor the Government. It so happens that today there is a fashion to form some autonomous organisations and you leave everything to them. That is the tendency today, not only about the Industrial Finance Corporation, but so many other State undertakings. The Airlines Corporation was formed. We have done it. It is a good Act; a reasonably nice Act. There are flaws in every Act or every measure. It is a reasonably good Act as passed by this House. I claim that. But, how does it function? That is the main point. And, I am sure, today—not to speak of this country, but anywhere—I feel that it is unwise to forget about anyone's activity once one has been entrusted with the task. We have got to be constantly vigilant if democracy is to function; if Parliament is to function and things are to function properly as our nation desires.

Therefore, I was grieved to learn that once the Finance Corporation was formed no rules were framed by Government as contemplated in the old Act. Now, that was a serious mistake. The Industrial Finance Corporation framed some rules of their own and they were allowed to function according to those rules. That was wrong.

As regards the loans about which we have found that so many errors have been committed, errors will be committed, but my grievance is of a different nature. I feel that when you

want to finance some industrial undertaking you cannot be guided by a rigid banking rule. That is what I feel. I have a feeling that the then managing director, or those who were in charge, became very banking minded—scrupulously banking minded. That was the great mistake. The tragedy of Sodhepur Glass Factory about which so much has been said is not that money was advanced to a particular concern. The greatest tragedy was that it was advanced in dribblets. That was the mistake. So, I feel that if you want really to do some financial undertaking, do it in a real industrial fashion and not like a *bania*, not like a usurer, not like a mere money-lender that is not the way to do it. So, what I feel is that if the Corporation is to function under the new persons who are to come in charge of it, and if they want that this should be something of an example not only in this country but to others and that our industries, medium and small—medium mostly—should flourish, they should apply the principles of industrial finance and not of mere money-lender's finance. That is the main thing. The test of all the rules that may be framed will be by this yardstick and we should see whether the Corporation has met this point. That is what I feel.

3 P.M.

So far as the amending Bill is concerned, I would strongly urge the House that they should not go so much into of what should have been done by way of adding a few more clauses. But will that alone save the position? Will that alone bring about the aims and desires which we have about the functioning of this Corporation? The rules must be properly framed. Then, there should be a vigilant control, guidance, criticism of the affairs of not only this Corporation but of all public corporations. Therefore, when our esteemed colleague, Shrimati Sucheta Kripalani, was referring to the need of some Public Corporation Committee of this House, I felt myself in sympathy with it. I do not know whether according to parliamentary

practice some such separate committee is possible or not, because, so far as I have heard, we have our Estimates Committee, the Public Accounts Committee, the Standing Finance Committee, etc. But I strongly feel that in so far as State undertakings are concerned, any committee concerned with it, if it is to function, should function purely on audit basis. If it functions as an independent authority, going into enquiries and investigations *suo motu*, then, I can tell you that those State undertakings cannot work satisfactorily. No initiative will be left to them. That is the main defect in our State undertakings. This lack of initiative is because of the State control. The State, either by itself or by its own set of rules and the manner in which it functions, is unable to function as a risk-taking organisation. Therefore, I feel that they should function on an audit basis, just as the board of directors control a company. After the audit report is ready, they go into the question deeply. If the shareholders are really men who want to control the business well, they can. Similarly I feel that if any committee of this House can function on the basis of the audit reports, both internal audit as well as audit by the public auditor, that committee alone can exercise a healthy control over the functioning of these organisations. The day-to-day control must be left to the executive as well as to the persons who have been authorised by law, as passed by this House, to look after the affairs of those undertakings. That is my view. It may be that our friends may not agree, but I do feel that any day-to-day guidance and control and direction, by a parliamentary committee, of such undertakings will be bad. It is not at all desirable.

Then the only question arises whether the Public Accounts Committee, as it is constituted today, can discharge these functions or not. I agree that the Public Accounts Committee has not got much time, but

[Shri T. N. Singh]

under our Business Rules, there are ways of doing it. We can divide ourselves into sub-committees which can function, and that way it would be possible. Anyway, I feel that this question of parliamentary procedure and how parliamentary control has to be exercised is rather a delicate question, and we should not try to set up traditions unless we have examined the whole question in greater detail. Therefore, I for one would have never liked any such provision to be made either in this Bill or in any other State undertaking that may be sponsored in future. Let the Parliament and let all of us put our heads together and see what is the best method of having parliamentary control by this method, the Public Accounts Committee method, or any other method. But that point should be discussed coolly and with greater thought.

I think generally that the Bill should be allowed to be passed as it is, and emphasis should be laid on the new rules that must be framed, and the rules must be laid on the Table of the House. The House, if it so desires, should have an opportunity to discuss the rules, once they are laid on the Table. I think that will improve matters.

श्री एस० एन० वास (दरभंगा—मध्य) : जो विधेयक इस सदन के सामने हैं उसका, जहां तक मेरा ख्याल है, किसी मंत्री ने किसी प्रकार का विरोध नहीं किया है, और न मेरा इरादा इस विधेयक का कोई विरोध करने का है।

लेकिन सबसे पहली बात जिस पर मैं कुछ प्रकाश डालना चाहूंगा वह यह है कि जब इस तरह का कारपोरेशन हिन्दुस्तान में पहले पहल स्थापित किया गया तो सरकार की यह जिम्मेवारी थी कि उसको स्थापित करने के बाद इस बात पर ध्यान देती कि वह कारपोरेशन अपना काम ठीक तरह से करता है या नहीं। इससे पहले हिन्दुस्तान में उद्योगों को प्रायोजन देने के लिए या उद्योगों को

चलाने के लिए कोई ऐसी संस्था स्थापित नहीं की गयी थी जो कि कारोबार को चलाने के लिए पूँजी के रूप में रुपया दे। इसलिए मेरा ख्याल है कि इसकी तरफ शुरू से ही सरकार को पूरा ध्यान देना चाहिए था। मैं समझता हूँ कि इस मामले में सरकार ने पूरी उपेक्षा की है। जब हम श्रीमती सुचेता कृपालानी जी की रिपोर्ट को और ऑडिट रिपोर्ट को पढ़ते हैं तो उनसे यह साफ मालूम होता है कि सरकार ने इस संस्था के प्रति निगरानी करने की, आदर्श जारी करने की और नियम आवंटित बनाने की अपनी जिम्मेवारी को पूरा नहीं किया। पब्लिक एकाउंट्स कमिटी के मंत्री की हॉसिबिलिटी से जब हमको इस संस्था के सम्बन्ध में ऑडिट रिपोर्ट के आधार पर छानबीन करने का मौका मिला तो हमको मालूम हुआ कि कानून के अन्तर सरकार को यह अधिकार मिला हुआ था कि वह इस संस्था को चलाने के लिए नियम बनावे। लेकिन हमें यह जानकर आश्चर्य हुआ कि सरकार ने अपने इस अधिकार का प्रयोग नहीं किया। हमको यह बतलाया गया कि चूंकि इस कारपोरेशन ने एक रजिस्ट्रेशन बना लिया है और वह सरकार की राय से बनाया है इसलिए सरकार ने इस बात की आवश्यकता नहीं समझी कि वह कानून की धाराओं को कार्यान्वित करने के लिए नियम बनावे। मैं समझता हूँ कि यह बहुत बड़ी उपेक्षा है जो सरकार ने अपने कर्तव्य का पालन करने में की है। मैं समझता हूँ कि जो कुछ गड़बड़ी और कठिनाई पैदा हुई है वह इसी उपेक्षा के कारण हुई है। सभापति महोदय, रिपोर्ट में स्पष्ट लिखा है और हमारा अनुभव हमको बतलाता है कि किसी संस्था के सम्बन्ध की सारी बातें, कि किसी कमिटीयाँ होंगी, कब कब होंगी और कैसे होंगी, आदि रजिस्ट्रेशन के अन्तर्गत आती हैं।

लेकिन इस कानून के अन्तर इस को पूरा करने के लिए बहुत सी बातें हम कानून में



नहीं रख सकते हैं, चूँकि उसकी माँदाई बढ़ जाएगी, उस सब के सम्बन्ध में नियम में सरकार को सखी चीजों को लाना चाहिए था। कब इत्यादि देने में या छानबीन करने में या जो भी गड़बड़ी हुई है, इसी कारण हुई है। इसलिए मैं समझता हूँ कि अब सरकार और संसद जब इस तरह का कोई कानून पास करे तो सरकार को उसके सम्बन्ध में नियम आदि बनाने की ओर सबसे पहले ध्यान देना चाहिए, क्योंकि कानून में तो माँटी माँटी बातों को ही लिया जा सकता है और ज्यादातर बातें जिनसे संस्था का संचालन ठीक से होता है, वह नियम के अन्दर आती हैं।

एक दूसरी बात जिसकी तरफ मैं इशारा करना चाहूँगा और वह यह है कि जब इस तरह की एक नई संस्था बनी, तो नई संस्था के जो डाइरेक्टर्स नियुक्त हुए, मैनेजिंग डाइरेक्टर्स नियुक्त हुए, उनके पास अनुभव की बहुत कमी थी और स्पष्ट है कि इस तरह की संस्था का संचालन हमारे मुल्क में नहीं हुआ और पहले पहल केंद्र में इस तरह की संस्था का निर्माण किया। उसमें जो डाइरेक्टर्स या मैनेजिंग डाइरेक्टर्स नियुक्त किये गये वे अनुभव कहाँ से प्राप्त कर सकते थे। मेरा ख्याल है कि इस सम्बन्ध में सरकार ने दूसरी बड़ी गलती की। उसका समय समय पर अपने डाइरेक्टर्स निकालने चाहिए, आदर्श देना चाहिए था कि कौन सा उद्योग कौन से इलाके में किस तरह से चलाया जा सकता है, अथवा किस उद्योग को प्रोत्साहन देना चाहिए और किस उद्योग को प्राथमिकता देनी चाहिए। इस सम्बन्ध में सेंट्रल गवर्नमेंट ने शायद नहीं के बराबर आदर्श जारी किये, मैं समझता हूँ कि यह केंद्रीय सरकार की दूसरी गलती है। इस वजह से मैं समझता हूँ कि भविष्य में यह संस्था जो हमारे औद्योगिक संस्थाओं को चलाने वाली है और निगम और कारपोरेशन आदि बनाने वाली है, उसके सम्बन्ध में यदि

आरम्भ में ही जनता का यह ख्याल हो जाय कि इस तरह की संस्था ठीक से काम नहीं करती है और इस तरह की संस्था के संचालन में बड़ी कमियाँ होती हैं और पड़पाट होता है तो मैं समझता हूँ कि हमारा भविष्य जो प्रजातंत्र का भविष्य है यह उज्ज्वल नहीं होगा। इसलिए सरकार की जबाबदारी और खास तौर से फाइनेंस मिनिस्टरी की जबाबदारी थी कि वह इस बात को देखते कि जो संस्था हमने निर्माण की है उसको क्या क्या आदर्श दिए जाएं जिनको कि आधार मान कर वह संस्था ठीक ठीक अपने कामों को अंजाम देती। इन दो बातों का ध्यान दिला कर मैं एक बात और कहना चाहूँगा।

अभी जो संशोधन हमारे सामने आया है, उसमें दिया गया है कि जो इस संस्था के कर्मचारी लोग होंगे, अफसर होंगे, उनके वेतन आदि के सम्बन्ध में, सेवा की जो शर्तें होंगी, उनके सम्बन्ध में कारपोरेशन ही रंगुलेशन बनायेगी, मैं समझता हूँ कि यह उचित नहीं है। हमने देखा है कि इस संस्था के जो कर्मचारी हैं, अफसर हैं, उनकी नियुक्ति में, उनके प्रमोशन में और उनके वेतन आदि की बढ़ती के सम्बन्ध में किसी भी सिद्धान्त अथवा नियम का पालन नहीं किया गया। मैनेजिंग डाइरेक्टर ने मनमागी की, जिससे चाहा तरक्की दे दी और जिससे चाहा नियुक्त कर दिया और यह नहीं देखा कि जिस काम के लिए अमुक शर्त्स नियुक्त किया गया है वह उस काम को अंजाम देने के लायक है भी या नहीं। उन्होंने तरक्की देते वक्त यह नहीं देखा कि आया इसकी तरक्की होनी भी चाहिए या नहीं, अथवा किस की तरक्की पहले होनी चाहिए और किस की पीछे होनी चाहिए, इस बात का कोई ख्याल नहीं किया, इस वजह से भी इस संस्था के संचालन में बड़ी खराबी आई। मैं समझता हूँ कि इस संस्था के जो कार्यकर्ता होंगे उनके टर्म्स आफ सर्विस और कंडिशनस आफ सर्विस के सम्बन्ध में सरकार को अपने नियम के द्वारा जो बातें निर्धारित करनी चाहिए, यह अगर कदा

[श्री एस० एन० दास]

रंगुलेंस के अन्दर छोड़ दिया जायगा तो मेरा खयाल है कि फिर उसी तरह की गड़बड़ी होगी जिस तरह की गड़बड़ी अभी हो चुकी है।

एक दूसरी बात जिसके सम्बन्ध में मैं कुछ कहना चाहूंगा वह यह है कि चेंजरमैन और खास करके क्वांटिक जनरल मैनेजर नियुक्त होने वाले हैं, उनके सम्बन्ध में जैसा कि सभापति जी, आपने भी कहा और बाबू माननीय सदस्यों ने भी कहा, मैं समझता हूँ कि ऐसे किसी काम के संचालन के लिए नियम और कानून बनाना ही काफी नहीं है, बल्कि उसके संचालन के लिए जो आदमी नियुक्त किया जाता है या जो निर्देश करने के लिए ऊपर अफसर होता है, उसके व्यक्तित्व पर भी बहुत कुछ निर्भर करता है, खास कर ऐसे कामों में जहाँ कि किसी कारोबार को कर्जा देने की बात हो या किसी प्रकार की सहायता देने की बात हो। हमारे भारतवर्ष जैसे देश में जहाँ एक दूसरे का सम्बन्ध बहुत ज्यादा होता है और सम्बन्ध का असर होता है, परिचय का भी असर होता है, वहाँ ऐसी संस्थाओं में जो कर्मचारी नियुक्त किए जाएं, जो चेंजरमैन या जनरल मैनेजर नियुक्त किए जाएं, उनके व्यक्तित्व पर बहुत कुछ निर्भर करता है। मेरा जहाँ तक ख्याल है इस तरह की संस्था के निर्माण के सम्बन्ध में सरकार को जितनी सावधानी बर्तनी चाहिए कि कौन सा व्यक्ति किस काम के लिए उपयुक्त होगा, सरकार नहीं बर्तती है और उसका नतीजा यह होता है कि सरकार की बदनामी होती है और सरकार की बदनामी होने के साथ साथ यह भी बात सब पर फैल जाती है कि किसी भी तरह की संस्था जो सरकार द्वारा चलाई जाती है, वह नहीं चल सकती है।

मैं यहाँ एक बात का और भी जिक्र करना चाहता हूँ और वह यह है कि इस देश में यह

प्रश्न उठा हुआ है कि आगे जो हम बड़े बड़े कारोबार अपने हाथ में लेने वाले हैं, वे सब क्या सरकारी डिपार्टमेंट्स के जरिए चलाये जाएं या किसी स्वतंत्र संस्था के जरिए चलाए जाएं, यह विवाद अभी तक खत्म नहीं हुआ और सरकार ने भी अभी इस बात पर अपनी नीति की घोषणा नहीं की, यद्यपि सुना जाता है कि कम्पनीज बिल जो हमारे सामने आने वाला है, उसमें सरकार चाहती है कि इस तरह के जो बड़े बड़े कारोबार होने जनता के हित के लिए, देश की तरक्की के लिए, चाहे वह उद्योग के हों चाहे फाइनेंस के हों, अथवा बैंकिंग के हों, जो भी काम सरकार अपने हाथ में लेना चाहेगी, उसको वह प्राइवेट लिमिटेड कम्पनीज के जरिए से कर सकती है। मेरा ख्याल है कि हम अपने देश में इस तरह के प्रयत्न करें कि इस तरह की बड़ी बड़ी जो जिम्मेदारियाँ हैं, जो देश की तरक्की से पूरा सम्बन्ध रखने वाली हैं, उनको हम सरकारी विभाग के जरिए से न चलवायें। सरकारी विभाग के जरिए से काम करने में क्या क्या बुराइयाँ हैं, क्या क्या कीठनाइयाँ हैं, और किस तरह काम तरक्की नहीं कर पाता है, वह सब हमें मालूम है। अभी मेरे पास समय नहीं है कि मैं इस विषय में और गहरा में जाऊँ और आपको उसके सम्बन्ध में बतलाऊँ, लेकिन मैं इतना कहना चाहता हूँ कि इस तरह की संस्था की स्थापना के बाद अगर सरकार की उपाय से या इस संस्था में जो माननीय डाइरेक्टर्स, मैनेजर्स और चेंजरमैन होते हैं, उनकी गलती से इस संस्था को अगर असफलता हो जाती है तो जनता बहुत घबड़ा जाती है। जनता यह सोच नहीं सकती है कि इतने बड़े बड़े कानूनों जो सरकार के हाथ में आने वाले हैं, सरकार उनको किस तरह से सफलतापूर्वक अंजाम दे सकती है। इसीलिए जब हम इस तरह की संस्था की स्थापना करें तो उस संस्था में जो हम कर्मचारी रखते हैं, उस संस्था को जो संचालक दत्त हैं, निर्देशक नियुक्त करते हैं, उनकी चुनाव में हमको बड़ी सावधानी बर्तनी चाहिए।

एक सुभाव अभी इस सदन के सामने आया है कि जब हम इस तरह की स्वतंत्र संस्थाओं का निर्माण कारोबार चलाने के लिए करने जा रहे हैं, और सरकार के द्वारा उसकी निगरानी भी नहीं होती और संस्था की जो जवाबदारी उन संस्थाओं के संचालन में होती है, उस जवाबदारी को संसद के सदस्य ठीक तरह से नहीं निभा सकते हैं, इसलिए आवश्यकता बताई गई है कि एक ऐसी समिति का निर्माण हो जिसमें संसद के सदस्य रहें और वह समिति बराबर इस तरह की संस्थाओं के संचालन की देखभाल करे, जांच करे, उनकी गतिविधियों को बतलावे और अपनी सिफारिश और सुभाव दे ताकि इस तरह की संस्थाएं ठीक से चलें। यह सुभाव विचारणीय अवश्य है, लेकिन जहां तक मैंने विचार किया है, मैं समझता हूं कि सिर्फ कमिटी के संगठन से यह काम होने वाला नहीं है और खास तौर से इस सदन के सदस्यों की जो बनी हुई कमिटी है, माफ करेंगे माननीय सदस्य, जब मैं यह कहूँ कि इस सदन के सदस्य उस समिति में रहकर अपनी जिम्मेदारी का ठीक से पालन करेंगे, इसकी क्या गारन्टी है ? हम यहां पर सदन में बैठते हैं और देखते हैं कि आज जब इतनी महत्वपूर्ण समस्याओं पर विचार हो रहा है जो सरकारी मंत्रिगण हैं, उनमें से कोई भी उपस्थित नहीं है और मंत्रियों की तादाद कितनी है, यह आप खुद अन्दाजा लगा सकते हैं। मरें कहने का मतलब यह नहीं है कि जो समिति के मंत्रियों चुने जाएंगे, वह सब बिलकुल बंकार होंगे और कारगर साबित नहीं होंगे, मेरा ख्याल है कि इस तरह की किसी संस्था के संचालन के लिए जितनी जानकारी और अनुभव की जरूरत होती है, जितने परिश्रम, अध्ययन और मेहनत की जरूरत है, उतना परिश्रम, मेहनत और अध्ययन हमारे संसद के सदस्य आमतौर पर कर सकेंगे, वह संवहस्य है, यह मैं जंगल तौर पर कहता हूं, किसी के बारे में व्यक्तिगत तौर से नहीं कह सकता हूं।

लेकिन मेरा अन्दाज है कि जिस तरह के अध्ययन की जरूरत है वह अध्ययन नहीं किया जाता है। मैं यहां पर किसी मंत्री के खिलाफ नहीं कहना चाहता, एस्टिमेट्स कमिटी के खिलाफ मैं व्यक्तिगत रूप से कुछ नहीं कहना चाहता, लेकिन मेरा अनुभव बताता है कि इन संस्थाओं के जो सदस्य चुने जाते हैं उन को जितना समय इन संस्थाओं के काम में लगाना चाहिये उतना समय वह नहीं लगाते हैं। यह जो संसद की दो प्रमुख कमिटियां हैं यदि इन कमिटियों के सदस्य अपना उचित समय उन में लगावें और जो इन के चेअरमैन हैं वह परिश्रमी और मेहनती हों और समय समय पर उन की बैठक करें तो जहां तक मेरा ख्याल है वह बहुत सी वित्त सम्बन्धी बातों की बहुत अच्छी तरह से निगरानी कर सकती हैं और देख रख कर सकती हैं। इस लिये इस पर यहां विचार किया जाय। जहां तक मेरा व्यक्तिगत ख्याल है, मैं समझता हूं कि पब्लिक एंकाउन्ट्स कमिटी और एस्टिमेट्स कमिटी को जोरदार बनाना चाहिये, उन को क्रियाशील बनाना चाहिये, उन के सदस्यों को मेहनत और परिश्रम कर के सरकार की कार्रवाइयों का अध्ययन करने के लिये और विभागों की कार्रवाइयों का अध्ययन करने के लिये आगे आना चाहिये। तभी वह अपना पूरा काम कर सकते हैं। इसीलिये मैं जलन कमिटी बनाने के पक्ष में नहीं हूं। हो सकता है कि जब काम बहुत बढ़ जाय तो ऐसे ऐसे निगम और संस्थायें बड़ी तादाद में कायम करनी पड़ें। उस समय हो सकता है कि इस प्रकार की पृथक संस्था की जरूरत हो, लेकिन मैं चाहूंगा कि जो कमिटी है उसी कमिटी के जिम्मे यह कार्य रहे। इन कमिटियों के मंत्री इस काम को पूरा करें तो पर्याप्त होगा।

इस विधेयक के सम्बन्ध में मुझे कुछ अधिक नहीं कहना है। इस में जिन चीजों का समावेश किया गया है वह ऐसी हैं कि हो सकता है कि अनुभव के आधार पर उन में कुछ संशोधन की आवश्यकता हो। मैं एक

[श्री एस० एन० दास]

कल और कहना चाहेंगा और वह यह है कि इस में बहुत से सुझाव हैं। लेकिन मंत्री कृपाल हैं कि जहां और सुझाव इस में रखे गये हैं वहां एक सुझाव बहुत जरूरी है। मैं समझता हूं कि उस को इस कानून के अन्दर ही रखना चाहिये था। मैं अपने विद्यमानों से प्रार्थना करूंगा कि इंडीस्ट्रियल फाइनेंस कारपोरेशन के जो डाइरेक्टर हैं, वह कर्जा लेना सोचने वाली जो कम्पनी हैं उन का किसी तरह से सीधे या परोक्ष रूप में कमेटी से सम्बन्ध हो तो उन को कमेटी में नहीं रखना चाहिये। अगर वह वहां हो तो इस प्रकार की संस्था के कर्जा देने के सम्बन्ध में जब विचार होने वाला हो उस के बहुत पहले ही उस को उस में भाग नहीं लेना चाहिये। अगर वह कानून रस दिया जाय तो अच्छा है। इस को क्लस के अन्दर लाना ठीक नहीं है। इस में बन्धन हो जाना चाहिये कि जब इस सम्बन्ध में विचार होगा तो कोई सम्बन्धित मैनेजिंग डाइरेक्टर उस में भाग नहीं ले सकता है।

मैं एक बार फिर कहेंगा कि इस तरह के निगम की स्थापना जब संभव करती है तो उस के सफल संचालन के लिये और वह निगम ठीक तरह से काम करे इसके लिये आवश्यकता यह है कि सरकार का जो सम्बन्धित विभाग है, फाइनेंस मिनिस्ट्री है, वह इस तरह की संस्थाओं पर कड़ी निगरानी रखे। यह बात सही है कि हस्तक्षेप वह कम से कम करे लेकिन जब ऐसे कि उस का संचालन ठीक से नहीं होता है तो उस पर जबर्जस्त नियंत्रण रखे। अभी तक इस संस्था के संचालन में जो अनुभव हुआ वह कमेटी की रिपोर्ट से जाहिर हुआ। इस लिये स्पष्ट हो जाता है कि गवर्नमेंट का जो डिपार्टमेंट है, जिस के जिम्मे वह काम था उस ने ठीक से अपने कर्तव्य का पालन नहीं किया, जिस की वजह से इस कारपोरेशन की बदनामी हुई और इस बात का शक पैदा हो गया कि इस

तरह की स्वतंत्र संस्था जो बनाई जाती है वह हमारे देश में ठीक नहीं चलती है और सरकारी अप्सरान के अन्दर इस प्रकार की जो भावना है कि सरकारी डिपार्टमेंट ही इस तरह के बड़े बड़े काम कर सकता है तथा स्वतंत्र संस्था कार्य संचालन करने में इतनी कार्यकुशल नहीं होती जितनी कि सरकारी संस्था होती है, मैं समझता हूं कि इस तरह के मौके आने पर उन के ह्याल की पुष्टि होती है।

मैं चाहता हूं कि इस प्रजातन्त्रात्मक देश में इस तरह की संस्थाओं का निर्माण हो जो सरकारी डिपार्टमेंटों से अलग रह कर के देश की तरक्की करने वाले जो काम हैं उन को ठीक से कर सके। मैं आशा करता हूं कि ऐसा समय आयेगा और उन के खिलाफ किसी प्रकार की शिकायत का मौका किसी को नहीं मिलेगा।

इन शब्दों के साथ मैं इस विधेयक का समर्थन करता हूं और उम्मीद करता हूं कि श्रीमती सुखता कृपालानी कमेटी की जो रिपोर्ट है उस की सिफारिशों को अधिक से अधिक नियमों और रंगुलेशनस के अन्दर लाया जायेगा।

Shri Mohanlal Saksena (Lucknow Dist. cum Bara Banki Dist.): Much has already been said regarding the affairs of the Industrial Finance Corporation. Still, I would like to say a few words.

There are certain facts which have not been brought to the notice of the House and which I would like to bring to its notice. This Corporation does not only deal with the money invested by the Government and the loans raised by it. It has also got invested in its funds though by way of a loan a sum of Rs. 162 or 165 lakhs from the Gandhi Memorial Fund. Of course, the Fund is receiving an interest of 3 per cent. or 3½ per cent. But, when we sit here in this House, we must not forget that that money was raised for a certain purpose. It was raised from the poorest of the poor and the purpose was that

it must be utilised in the service of the poor, not for obtaining a pittance of interest of 3 per cent. or  $3\frac{1}{2}$  per cent. When I find that the money has been invested in a Corporation whose affairs have been managed in such a way that there is not one Member in this House who could stand up and speak in its favour, I have to hang my head in shame. I feel that we owe it to the memory of the great man, the Father of the Nation to see that the affairs of this Corporation in which the moneys raised to commemorate his memory are invested, are managed properly and in the best of public interest.

Secondly, I have no doubt that the Finance Ministry has miserably failed in the discharge of its duty in supervising the affairs of this Corporation. Questions were put in this House regarding the working of this Corporation a number of times; I know that. Even private letters were addressed to the Minister and the Prime Minister regarding the working of this Corporation. But, they did not pay proper attention. You will remember that when the question was raised by the Minister in charge, the matter had to be postponed because the Finance Minister was not here. I find that the Finance Minister is not here even today, so that we could have the benefit of his advice in regard to the provisions of this Bill at least. I know there is a provision in this Bill for appointing a whole-time paid Chairman. That is very good. But, there was also a whole-time Managing Director. Now, instead of a Managing Director, we are going to have a Chairman. It may be another office for persons who are found unfit in other Corporations or other places. This may be a place where they may be shunted in. If that is the object, I do not find that there is much good. Much will depend on the man who is appointed. Although this was a Government Corporation, the Chairman was a businessman, a very experienced industrialist. The Managing Director was also taken from some Bank. But, what do we find in this report and

in the Audit Report. I may say with due respect to Shrimati Sucheta Kripalani and other Members of the Committee that they did not go into the matter thoroughly and at least they did not bring out the shortcomings or defects in the working of this Corporation to the same extent as they should have done.

Shri T. N. Singh: I think the hon. Member is rather unfair to Shrimati Sucheta Kripalani and the Enquiry Committee. The terms of reference...

Mr. Chairman: Order, order. Is not the hon. Member entitled to have his own views?

Shri Mohanlal Saksena: I know Shrimati Sucheta Kripalani will take care of herself. She cannot deny it. I can say without fear of contradiction that extraneous consideration weighed with them. There was an application pending before the World Bank. That fact was brought before them. If there were very adverse comments, that application might be turned down. When I speak, Shri T. N. Singh should know that. I speak from information and facts which I have verified.

Any way, whatever may have been before that Committee, even after the recommendations of this committee were received, the Finance Ministry did not take any action to go into the working of the Corporation. And what was the Managing Director doing in the meantime? He got a resolution passed by the directors in order to regularise the irregularities that had been committed by him. Not only that, he went to Bombay and consulted a lawyer there and paid him Rs. 2,000 to draft the reply to Chapter VIII of this Enquiry Committee Report. The auditor has taken objection that this should not have been done because the permanent law officer was there and there was also no sanction of the Executive Committee to consult this lawyer. Nor was the draft prepared by the lawyer ever used. The audit report has brought out all these things. But, still the Managing Director got

[Shri Mohanlal Saksena]

that passed and regularised that sum also by the Executive Committee of the Board of Directors.

Not only that. Although the life of the Corporation is not very permanent, they decided to have a building for the office of this Corporation costing about Rs. 64 lakhs, and it is estimated that loss would be in the order of 16 lakhs if the scheme was given up. And because they have incurred a loss, the Executive Committee has decided not to give up the scheme and have said: "Let us proceed with the building". But the Board has not accepted the suggestion. On the one hand, the Finance Minister is going about saying that more money is needed for industries. On the other hand, here is the Industrial Finance Corporation which has been subsidised by Government to help industries, which has not been able to stand on its own feet, but still it is allowed to take a decision to have a building for its office costing Rs. 64 lakhs. The Finance Minister believes that whatever money goes into this building will not be available for industries. The Finance Ministry does not take any objection to it. And then, they have already incurred a loss to the tune of Rs. 6 lakhs. I do not know what is going to happen after this.

Not only that. The Finance Ministry has issued a directive, of course after considering the recommendations of the Enquiry Committee Report, saying that the names of directors who are shareholders in other concerns must be kept in a register, but they refused to act upon it. They suggested that only the names of those directors should be brought into the register who owned at least ten per cent. of the share capital of a Company. Look at it. Just now, Shri Singh pointed out that in public companies if one of its directors is a director of another company, no loan would be given by the company to the latter company. But here, this is a Government concern where that rule is not followed and the directive issued by the Finance

Ministry has been defied and no action seems to have been taken. At least, I do not find anything from this audit report. I do not know what action has been taken on this audit report where so many irregularities have been pointed out.

And now, after all this, when this officer goes, he is given six months salary. My charge against the Finance Ministry is that this officer was allowed to function till the period of his contract expired so that no action may be taken against him. He did not suffer anything though the audit report has brought out the fact that he had exceeded his powers. There is no doubt about it. Still, after the Enquiry Committee had brought out all these irregularities, this Managing Director was allowed to continue to function and get all these irregularities regularised. Why was he allowed to continue to function? After all, though there might have been some doubt before, after the finding of the Enquiry Committee there was no doubt, and if there was any doubt, an officer of the Finance Ministry might have been deputed to enquire, but no step was taken. And after that, this audit report brings out all these irregularities. Even then, no action is taken. So, my charge is that the Finance Ministry has failed deliberately, knowingly or unknowingly in its duties and has connived at the actions and the malpractices in the working of this corporation which are not consistent with the policy or the assurances that were given when the original Bill was enacted.

I have nothing to say about the provisions of the Bill. I am not much concerned. The provisions may be there. But it is about the working we should be concerned. How is it going to be worked? It all depends upon that. Instead of the Managing Director you appoint a chairman, and if you put another man like that and you allow him to work like that, I am sure nothing better will happen. So, personally I feel that it is not only this

amending Bill that matters. What was needed was that after this Enquiry Committee Report, Government should have itself framed rules. It should have done it five years earlier. But even if they had not done it then, they should have done it after this Report. They must have framed the rules and watched the working of the Corporation and after that they should have come out with a Bill if there was anything which was necessary to be done by legislation. But at present we do not have even before us as to what are the rules that the Government had intended to frame in the original Act. Now they assure us that something will be done that way, but at least some draft should have been before us, some assurance, or some definite lines on which this Corporation is going to work in future should have been before us. In any case, I would like the Minister to give an assurance that the chairmanship of this Corporation will not be used as a place for shunting an officer from another place who is not wanted there or who has not done well there and that the appointment will be made on the merits and upon the requirements of the office itself and not upon the expediency of finding a job for some officer or something else.

**Shri Gidwani:** There will be no another Sonalkar.

**Shri Mohanlal Saksena:** I do not want to say anything by name. Whether it is X or Y, so far as Government is concerned, so far as we are concerned, we are responsible for it. We shall not go about saying that so-and-so was not appointed by us, we did not have any voice in it. After all, we are responsible for whatever happens. So, whatever loss has been incurred has been incurred, but still I think that the conduct of the officer should be enquired into. Otherwise, it will be used as a precedent by his successor. Some step should be taken, and an enquiry, at least by the Finance Ministry, should be made, on the basis of the audit report and the allegations made in the Enquiry Com-

mittee Report itself, into the working of the Corporation so that we may profit by it.

With these words, I certainly support the Bill as it has come. I have no suggestion to make except to hope that we will profit by our experience, by our mistakes. I know we are liable to commit mistakes. We are just on the threshold of a new enterprise, but what I find is that mistakes which could be anticipated even by laymen like me are not seen or are deliberately ignored by persons trained to be financiers, statesmen, administrators and businessmen having experience of working in big banks and concerns. So, I hope that we will profit by our experience and that we will not repeat the mistakes which are responsible for the present sad state of affairs of the Corporation.

**Mr. Chairman:** May I know from the hon. Minister how long he proposes to take?

**Shri A. C. Guha:** I will take about 45 minutes.

**Mr. Chairman:** Then, I propose to call upon the hon. Minister at 4-15. There are about 35 minutes left in between and I can accommodate two or three speakers. I will request the speakers to be kindly brief so that I may be able to accommodate two or three.

**Shri Sadhan Gupta** (Calcutta South—East): This Bill seeks to amend the Industrial Finance Corporation Act and therefore in order to judge the merits of this Bill we have to remember a particular perspective, the perspective of what the Industrial Finance Corporation should be, what policy should guide its actions and activities and what code of conduct it should follow. The merits of this Bill will depend upon the extent to which it secures for the Industrial Finance Corporation a correct kind of policy and a correct code of conduct.

Now, we have created the Industrial Finance Corporation for a purpose. When the taxpayer was asked to pay



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money towards constituting the Industrial Finance Corporation, it was not with a view to enabling some big capitalists to earn profits; it was not with a view to enable some big capitalists to tide over their difficulties; what we had in mind was the industrialisation of the country in the national interest. What we had in mind was the object of developing industries, so that the country might prosper.

In developing industries in the national interest, we must have certain priorities. The Planning Commission has laid down priorities, and it is expected that a corporation which aims at developing the national industries would conform to that priority. Secondly, in regard to the development of industries, it was not our idea to develop industries in such a way that all the wealth would get concentrated in a few hands. We wanted industries to develop no doubt, but we did not want in that process to create monopolies in industries or to create huge concentrations of industries; and therefore, what we have in idea is to develop industries in such a way that the industries that would grow up would be diffused in many hands.

It is therefore essential that medium-scale industries should be encouraged; and small industrialists who do not control, and cannot control, a very large sector of industry, should be encouraged. Therefore, corporations like the Industrial Finance Corporation should take particular steps to encourage medium-scale industries. For the small-scale industries, we have created other organisations. But the Industrial Finance Corporation can, and must, secure aid to medium-scale industries.

The securing of this policy is essential to make the Industrial Finance Corporation function in the proper way. Apart from this bias towards priorities, and this bias towards the medium-scale industries, there are

certain codes of conduct which must be secured for every corporation of this kind, codes of conduct which will secure its smooth functioning, which will put it beyond suspicion, and which will ensure that the people at the helm of authority in corporations like the Industrial Finance Corporation do not utilise it for their own profit.

We have, therefore, to judge the Bill by looking at it from these two points of view. Does it prescribe the correct kind of policy for the Industrial Finance Corporation, and does it secure for it a code of conduct which will put it beyond reproach? I submit that it does neither of the two. It does not mention any policy which is to guide the Industrial Finance Corporation in its activities, in what way they should disburse the loans, what kind of industries they should encourage, what kind of businessmen they should encourage, and so forth. There is nothing of that kind.

Apart from that, regarding the code of conduct, there has been so much uproar in this House. An enquiry committee has sat, and it has come to conclusions which are revealing indeed, and which have scandalised all sections of this House. Even after that committee, the Auditor-General has gone into the affairs of the Industrial Finance Corporation and has discovered glaring irregularities. In spite of all that, it is extremely disappointing to see that this Bill has made really no attempt to provide any safeguards against this kind of thing.

It is very important to mention a policy which the Industrial Finance Corporation should follow, because if it is not mentioned, the directors or whoever is at the helm of affairs may throw that policy overboard from considerations of profits to the corporation itself, or worse still, from considerations of profits of some concerns in which they are interested. It is also essential that the code of conduct should be provided for in the body

of the Bill, because otherwise there is no guarantee that the correct kind of conduct will mark the affairs of the Industrial Finance Corporation.

It is not enough to provide for a paid chairman. A paid chairman is certainly no complete guarantee against abuse of the functions of the Industrial Finance Corporation. Now there are many recommendations which have been made by the Enquiry Committee presided over by Shrimati Sucheta Kripalani, and very few of which we find embodied in this Bill.

In the case of some of them, the hon. Minister says that those directives have been accepted on principle. For example, it was recommended that loans exceeding Rs. 50 lakhs should have the approval of the Central Government. The hon. Minister says it has been accepted in principle, but we do not find it in the body of the Bill. It is said that a directive has been issued in that respect. What is the use of a directive in a corporation which, it is being repeatedly seen, has flouted all kinds of rules? The audit report lists instance after instance where rules have been flouted by the people in authority in the corporation. When rules are flouted like this, we do not expect much redress from Government. We know that the Congress administrations in many places are very particular about upholding laws, when it comes to the common people. In Kanpur recently, people had to undergo preventive detention for supporting a legitimate strike. In Darjeeling, workers were fired upon just for a legitimate strike. But the position is not so in the case of organisations where big business is involved. In spite of trenchant criticism by the Sucheta Kripalani Committee, we find that all that was white-washed, and not only were no steps taken to remedy the affairs but we find that officers who were responsible for it have honourably retired without any scratch on them. That is the way the government functions. Therefore, the fact that a directive exists does not

in any way give us any assurance or guarantee or satisfaction that the correct code of conduct will be followed in the affairs of this corporation.

In conclusion, I want to say that we cannot oppose the Bill because the Bill is certainly something better than what it was. It was formerly in the hands of big business, directly in the hands of big business. Now, there is some likelihood of some person not connected with big business being appointed chairman. But then it is only that much; it does not go any further. Even that guarantee that the Chairman will be independent of big business is not a very convincing guarantee because we know what the Government's outlook is towards big business. We have no guarantee; on the other hand, there is every likelihood that in the guise of a chairman appointed by the Government, some representative of big business will worm his way into the Industrial Finance Corporation. I have this apprehension in connection with this Bill regarding big business. When the State Bank of India Bill was under discussion, we raised a great protest against the appointment of big business in the post of directors. At that time, Shri C. D. Deshmukh, said that Government did not divide humanity into big business and non-big business. But businessmen are certainly divided into these two categories not only in this country but all over the world and it is known that big business have their relations, have their own ways of managing their profits, and we cannot accept this kind of complacency in regard to big business. We know the real source of that complacency. The complacency is because the Government are tied up in a thousand and one ways with big business. Elections are coming. Perhaps they expect something from big business there, but as far as the people are concerned, we cannot sit idle, we cannot sit complacent over this soft-peddalling of the machinations of big business through the Industrial Finance Corporation. Therefore, I

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would urge upon the Government seriously to implement those recommendations of the Sucheta Kripalani Committee, which seek to put the Industrial Finance Corporation on proper lines. Secondly, we would ask the Government to define the policy of the Industrial Finance Corporation, a policy of encouraging medium industries and of giving priority to industries which are essential for the national interests; and thirdly, to embody whatever principles Government have accepted from the Inquiry Committee's Report in the Bill itself and not leave it to directives which we know are going to be flouted.

**Shri Tulsidas (Mehsana West):** I remember when a discussion on the Report of the Sucheta Kripalani Committee took place, I had also made certain observations. There was also some discussion before that, and I had also occasion to mention at that time that I personally feel, from the report which I have seen of the working of the Industrial Finance Corporation, that on the whole, the Corporation has functioned well. Because, as I said at that time, out of advances to 103 concerns made, there has been only one solitary instance where the Corporation is likely to lose as a bad debt. That, in my opinion as a banker, is very good work, because in any business, there is always a chance of risk, of losing a certain amount of money as bad debt.

**Shri A. M. Thomas (Ernakulam):** Even though it is only one case, what is the amount involved?

**Shri Tulsidas:** The amount is not large compared to the total amount of advances given. Also I do not think there will be a total loss in this particular concern.

I have also been feeling that, though the recommendation of the Enquiry Committee was in favour of a paid chairman, it is not in the interests of this Corporation. In England, there is a similar sort of corporation; they have a paid chairman. But that paid

chairman is not a whole-time worker; he is a person who has knowledge of the business, production, management—everything—and he comes for one hour a day and is paid a certain remuneration per year. But he is not a whole-time worker. My objection to having a whole-time worker as chairman is that it becomes more or less an official body.

**An Hon. Member:** A bureaucratic one.

**Shri Tulsidas:** It becomes a department of the Ministry of Finance; it becomes, more or less, so rigid that the purpose for which the Corporation has been established will be, more or less, defeated. I feel that very strongly. I even mentioned about this at the time the State Bank Bill was passed, that this procedure of appointment of the chairman by the Government of a body which is a credit institution is not a healthy one for such bodies.

You know when the Reserve Bank Bill was passed, the feeling in this House was that the governor should be a non-official. We know what our experience is. Since it is in the hands of the Government to appoint the governor, usually an official remains as governor.

**Shri A. C. Guha:** In the case of the State Bank of India, that has not been the practice.

**Shri Tulsidas:** I would like to wait and see the next time whom you appoint.

But, Sir, that is the trend, usually. When the Government have the power to appoint the chairman, the chairman, normally, is an official—whether in the service or retired. There is also another reason why I feel that this sort of trend, appointment of chairman by the Government, is not very healthy. As I said, it makes the organisation more or less a department of the Ministry. I can understand the Government having the right of approving the

chairman. That would be something. After all, the board which has been appointed—and in which there are nominees on behalf of Government—can certainly suggest a name for chairmanship and Government can have the right of approval. But I do not understand why the power of appointment of chairman should be in the hands of Government. That, I feel, is rather not desirable. Besides this, the Corporation has got a paid-up share capital, in which the majority interest is non-government—it may be co-operative institutions, banks and insurance companies. The paid-up share capital is Rs. 5 crores out of which Rs. 2 crores have been invested by the Government and Rs. 3 crores are invested by banks, insurance companies and co-operative societies. After all, even if you take democratic principles into account, the shareholders have a certain voice as to who should manage the concern. Here there is no question of the shareholders having a voice. Though the majority of the shareholders are non-official, here the appointment of chairman is now compulsorily in the hands of Government.

I know this Bill does not make much change in the present Act. It merely changes the names. As hon. Members have said, here instead of the Executive Committee, it is Central Committee—practically the same—and instead of managing director now, there is a chairman with perhaps much wider powers; then instead of a manager, there is now a general manager. So practically there is no change, except these minor ones.

Then there is a restriction with regard to borrowing—five times the amount of the paid-up share capital. Now, if the purpose for which this Corporation is to be served, I do not know why this particular limit has been put. I know in the existing Act the limit is much more. But what I feel is that in a banking company, in a credit institution, this limitation is not required. The paid-up capital of a bank may be a crore of rupees, but the borrowings may be to

the extent of Rs. 20 or Rs. 30 crores. It depends upon the institution's credit-worthiness and people's confidence in the institution. They get the money and can do the business by advancing it to the right type of business. If this institution has to function on the lines as now envisaged according to this Bill and according to the views expressed, then I am afraid the purpose for which this institution had been formed will be defeated.

4 P.M.

There has been a certain amount of criticism which I have been listening to with regard to the building for this particular institution. I fully agree that at the present stage, there is no necessity whatsoever to have a separate building for this institution. After all, the institution is only five or six years old and an institution with only Rs. 12 crores does not require a building costing Rs. 65,00,000. It can still remain as one of the tenants of the Reserve Bank Building. I do not see why it should have a separate building now.

Then there has been a certain amount of criticism with regard to the directors' voting on the question of assistance or advances to different concerns. In the normal business procedure, when any transaction is to take place between the institution of which he is a director and a loanee company of which he is also a director or has such other interests, he does not take part in the deliberations over this particular matter. That I can understand, but to make a bar completely that no such person should remain on the board of directors of this institution is going too far, and I do not think any commercial or banking institution can serve its purpose properly. You want people who understand this type of work. It is better to have people who understand this business and in case he is interested in some concerns, he must not take part in the voting on matters relating to issue of loans to those concerns. I think that to bar any director who is interested in any industry, completely is carrying things

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too far and that is not a very happy thing to suggest.

There have been certain suggestions with regard to the regulations, staff salaries, etc., etc. This is a separate institution and must, therefore, run as a separate body. It cannot have regulations on the basis of what obtains in Government service. It is a separate type of work and the Board should be capable of handling the situation and putting forward conditions on the lines of those obtaining in organisations of a similar nature. Otherwise, you will find it difficult to get the right and suitable type of officers and staff. It is certainly an autonomous body and let it, therefore, function as a separate, autonomous body, and that, I feel, is very important for the success of this institution.

With regard to the paid chairman, I forgot to mention it earlier. Even the Sucheta Kripalani Committee has only made a suggestion, and it is this:

"The selection of a proper person for this responsible position will be a matter of great importance and nothing will be gained by replacing the whole-time managing director by a whole-time chairman unless a man with appropriate status, experience and outlook is found."

Unless and until you are able to find such a person—whole-time person—it will not be desirable to change the constitution for having a whole-time chairman. I feel when the Government comes out with a suggestion, they must have found a person of such capacity; otherwise, they will not have come out with this suggestion. I am sure they will be able to get a person of this standing, and without that, the Government will not come forward like this. I hope they have a very good person who will be able to look after the interests of the institution in the best manner possible.

Shri Kamath (Hoshangabad): The seven years' history of the I.F.C. is a sorry, even sordid, financial and administrative tale. The preamble to the Act of 1948 runs as follows:

"The purpose of the corporation is to make medium and long-term credit more readily available to industrial concerns in India, particularly in circumstances where normal banking accommodation is inappropriate...."

During this period of seven years, this Corporation has done very little to attain, or even follow, the objective envisaged in this preamble. If we base our judgment on the findings of the Enquiry Committee which have been reinforced by the audit report, all that it has done, this Corporation has done, is that it has abused its powers, indulged in nepotism and favouritism, played ducks and drakes with the poor tax-payers' money in issuing loans, and in administration, and generally has justified the popular appellation or description bestowed on it, of "corporation" and not "corporation". It may be a new word in the English language, but it may be incorporated in the dictionary very soon, the way some of our corporations are going.

An Hon. Member: In whose dictionary?

Shri Kamath: In the Queen's dictionary, not the King's. From the way some of our corporations are going, they will be soon dubbed more as "corporations" than as corporations. I will not dilate on that aspect, but will deal with this corporation itself.

The Statement of Objects and Reasons appended to this amending Bill says that following the recommendations of the I.F.C. Inquiry Committee, 1953, organisational arrangements in the corporation were reviewed by Government, etc., etc. I am sorry to say that Government has not been honest in their review of the arrange-

ments in the light of the recommendations of the I.F.C. Inquiry Committee. Had it been more honest about this matter, I have no doubt in my mind that the major recommendations of the Committee would not have been bypassed or ignored, but would have been incorporated in this amending Bill. The amending Bill, as my friend, Shri Tulsidas, rightly observed, does not make any departure or even any fundamental change, in the original Act. It is only, if I may say so, an apology for an amending Bill. The Government wanted to show that they took some action, but they did not take notice of the Inquiry Committee's main recommendations and they just have brought in a pointless amending Bill.

If we look into the clauses of this Bill, it will be seen that all that they have done is to accept only one recommendation about the stipendiary Chairman for the Corporation. It is unfortunate that the Corporation went on its merry way for four years from 1st July 1948 to December 1952, when the Corporation was brought under the audit purview of the Comptroller and Auditor-General. In 1953, we had the Industrial Finance Corporation Enquiry Committee. In four years—from 1948 to 1952—they had already wasted quite a good lot of our poor country's money and after it was brought under the audit purview of the Auditor-General, it was found how it was functioning. It has repeated a pattern familiar to this House. The House made very serious charges about various transactions. You are very well aware, Sir, of the serious charges brought against Government in the notorious jeep scandal which is now sought to be hushed up by the Government. The comment that the Prime Minister then made was that the only scandalous part about this matter was the use of the word 'scandal'. But just a year later or perhaps a little earlier, the audit report confirmed all the charges that had been made on the floor of this House against the Government in that transaction. I do not wish to illustrate this

point by citing other transactions. Here again I am reminded of the debate in this House on the report of this Enquiry Committee. I was not present here but I had seen Press reports. If I remember right, Shrimati Sucheta Kripalani said that the Government were unable to understand because her language was moderate. She has used moderate language. It is high time that someone used a language that the Government would understand so that they will act upon it; will respond to it. That is why, Sir, I am deliberately and advisedly and purposely harsh in my criticism of this Bill, so that the Government may take necessary action and accept other amendments embodying the major recommendations of the Committee. I am reminded of the Sanskrit poet who said:

विनायकं प्रकुर्वन्ति रक्षयामासु वानरम्

The preamble to the original Act was couched in very good language; it had very laudable objectives. Somebody set out to make an idol of Ganesh or Ganapathi or Vinayaka. But he proceeded about the matter in such a way that ultimately what resulted was a *vanara*, a monkey. The Corporation at the end of its seven years history is best described in this manner. Vinayaka is one of our good, big gods and he is worshipped for warding off obstacles. But the Corporation is not like the Vinayaka; it is a *vanara*. The Committee's report and the audit report have served a very good purpose, and I hope that the Government will take note of it. But the Government very rarely does!

Here at least we have got this report of the enquiry committee. There have been many cases where enquiry committees' reports had been suppressed by the Government in the public interest! God alone knows what it is! Or perhaps the Prime Minister knows! The audit report observations (c), (d), and (e) on the first page tell us what the Corporation was doing. If money has to be wasted like this, public interest is not considered at all, but when enquiry committees' re-

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ports have got to be hushed up and suppressed then Government excuses itself on the plea of the public interest.

Here fortunately we have got the whole text of the Industrial Finance Corporation Enquiry Committee's report as well as the audit report. Things should be made clear in this very Bill itself. An assurance is not enough. I do not rely on the assurance of the Ministers; they have been dishonoured in the past. Therefore, it must be embodied in the Act itself, and if necessary in the preamble also, that medium-scale industries shall get top priority as regards financial assistance by way of loans. Otherwise, people would be left in suspicion that what Government likes to promote are merely the big capitalists and large-scale industrial concerns so that whenever an occasion arises they can get money from the rich and votes from the poor. That has been the familiar technique of the ruling party in our country during the last so many years. Since the dawn of Independence they have got money from the rich and votes from the poor. If that sort of thing is not to be continued, we hope that bodies such as these which are entrusted with so much financial power and resources running into crores shall be properly controlled. We should see—this Parliament should see—to it that these are controlled through a Public Corporations Committee of Parliament or in some other way exercising definite overall control on the issue of loans to industrial concerns.

I have got only one or two points more; I will then close. I am sorry that the Government slept over this report for well nigh two years. That itself shows that they were reluctant to amend the measure. If they had been more honest, they would have certainly brought an amending Bill much earlier. The delay and procrastination that has occurred in connection with this is reprehensible and I hope it would not be repeated in future.

It should be laid down categorically that a loan should not be issued to the director. It is one of the major recommendations that a concern should not be eligible for loans if a director is interested in it. We find nothing about this in this amending Bill. If it is going to be incorporated in the rules, I demand that such rules, directives or instructions—whatever you may call it—should be placed on the Table of the House for consideration by this House for being amended, adopted or rejected. If that declaration is forthcoming, then we will have at least some assurance or some consolation that the funds of the Corporation will not be wasted as they had been during the last few years.

I presume that the Government is well and truly committed to the socialistic pattern of society and that the Avadi slogan of the ruling party is not a mere hoax or sham. Here is one of the tests by which it would be judged if they are honest or they are careering along the path of capitalism, veiled as the mixed economy. It can hardly be a socialistic pattern if there is conflict between the two, and inconsistency which will be difficult to reconcile.

I hope that corporations like these will work in such a way as will bring about decentralisation of economic and industrial power in the country because that is the bed-rock on which the socialistic structure should rest; otherwise this Parliament will be constrained to say that the Government professes one thing and practises another, and the country will soon be disillusioned.

In the end, I hope that when this Bill is taken up for clause-by-clause discussion tomorrow every clause will be scrutinised very carefully and amendments in the direction of implementing the recommendations of the Enquiry Committee and in the direction of removing the scope for irregularities as envisaged in the Audit Report will be accepted by the House. I should also like to appeal to the ruling party which holds a whip-hand



here, that in this matter of a basic question of financial and economic well-being of the country, it will not issue any whip, and the Congress Party members will be free to vote on every amendment as their conscience dictates.

**Shri A. C. Guha:** Sir, I think I can take it that the House has generally been agreeable to the main proposal of this Bill. Many old stories have been told here; stories which have been recounted on this floor of the House quite a number of times.

**Shri A. M. Thomas:** Even stories once written by you.

**Shrimati Sucheta Kripalani:** You started it. You set the ball rolling.

**Shri A. C. Guha:** May be. Sins of omission and commission done several years ago have now been taken up and the responsibility for these things has been tried to be fixed on any particular person even though he might not have been in office during the earlier years when some of these things—sins of omission and commission—were committed.

Sir, after the publication of the report and the Government resolution, there was a debate in this House on the Enquiry Committee's Report and the Government resolution. Then I quoted from a speech of the Chairman of the Enquiry Committee. She wanted to be moderate because "we are dealing with the Industrial Corporation which is new to us". Again she says: "It is in a state of infancy and so, we were moderate in language". Now, out of motherly affection if she was kind and tender in writing her report, it is no use repenting now and accusing the Government of not implementing things which she did not put in the report, but might have had in her mind.

**Shrimati Sucheta Kripalani:** I would request the hon. Minister to read a little further which shows that though my language was moderate, the facts

are there and those very facts have now been pointed out by the Auditor-General.

**Shri A. C. Guha:** Sir, I would like to refer you to chapter IV of the report. There are eight charges mentioned here. I should like to say that her Committee practically has exonerated the Corporation of all the charges except in some minor matters. Practically of all the main charges the Corporation was absolved by this Committee, except that in some minor matters they have said that things might have been otherwise or should have been otherwise or something like that. If you would kindly look into this chapter IV of the Report you will see whether I am correct or not.

**Shrimati Sucheta Kripalani:** Please see chapter VIII for which a lawyer's fee of Rs. 2,000 was given.

**Shri A. C. Guha:** Then, there are certain matters regarding the distribution of loan to concerns having some connection with the director of the Corporation. The present position is, after the directive was issued, that there have been three such cases. Two are co-operative societies in which one director of the Corporation Shri Varde is only a director and as far as I have been able to gather, his interest in those two co-operative concerns, as regards holding shares, is just nominal. There is only one other concern in which a director of the Corporation is the chairman—not a managing director, not a managing agent. He has got a loan of Rs. 2.5 lakhs in December, 1954. The member concerned or the director concerned is a Member of this House and, the amount sanctioned was a paltry one. I think due to his being a chairman—not a managing director or a managing agent—it is not the intention of the House that the Corporation should close its doors to all such concerns.

Then, I would like to read out something from my speech on the last occasion. That is also regarding the concerns connected with the directors getting undue preference. In chapter

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IV, where the general charges were considered in the Report, there also they have mentioned these things and in one of the passages the Report says:

"It is not always very easy to establish nepotism and favouritism."

And, if the Enquiry Committee could not have established any such charge, how can now the Government be accused of not having taken any action on a charge which the Enquiry Committee could not have been able to establish?

Shri S. S. More (Sholapur): Was the Enquiry Committee a prosecuting body?

Shri A. C. Guha: It was not a prosecuting agency; it was a machinery set up by the Government to find out the lapses of the Corporation.

Shri S. S. More: They indicated the broad outlines.

Shri Kamath: The Audit Report has pointed out everything.

Shri Matthen (Thiruvellah): It is for the Government to find it out.

Shri A. C. Guha: The Government set up the Enquiry Committee.

Again, Sir, in the past also, except perhaps one case, there has been practically no other case where a loanee company had any director of this Corporation with a considerable interest in that loanee company. Except for one gentleman the total value of the interest of those directors in the loans concern would be only 0.105 per cent.

Shri Matthen: Of what?

Shri A. C. Guha: Of the total capital of those loanee concerns.

Shri Matthen: So what?

Mr. Chairman: Order, order. That is not the way of interrupting the hon. Minister. Let the hon. Minister develop his point.

Shri A. C. Guha: If the interest in these loanee companies of all these directors who are connected with these loanee companies is only 0.1 per cent. of the total share capital of those loanee companies, I do not think it is a serious charge against the Corporation that it was particularly soft or kind to such Directors.

Then, even in the Banking Companies Act, the provision is that for unsecured loans, money is not advanced.

"Notwithstanding anything to the contrary contained in the Indian Companies Act, no banking company shall make any loans or advances on the security of its own shares or grant unsecured loans or advances to any of its directors or firms or private companies in which each or any of its directors is interested as partner or managing agent."

So, this Corporation does not give any loan to any partnership company. It gives loans only to public limited companies and not even to private limited companies. It does not give any unsecured loans. So, the obligation that is put in the Banking Companies Act is fully observed by this Corporation.

Then, there have been two sorts of demands. On the one hand, some Members have asked for more meticulous observance of banking principles and to be more careful about giving loans, while others or in some cases those Members themselves in another context have advocated more liberal disbursements of funds and at least quicker dispersal of funds. Quicker dispersal of funds surely requires a relaxation of the technical and legal formalities. When the Government set up an Enquiry Committee and when the Government has accepted and implemented almost all the recommendations in some form or other, I think the Government has also accepted the position that there was something wrong or there was scope for improvement in the working of the Industrial

Finance Corporation. Now, the position is, Government have implemented the recommendations and have come now before this House for changing the Act for the implementation of the two important recommendations of the Enquiry Committee. As some hon. Members have mentioned and you also in a way hinted, I had something to do with this Enquiry Committee. I do not deny that responsibility and when I stand here, I am fully conscious of what I said during the debate or even on many previous occasions. I think the two recommendations which we are implementing today are the two major recommendations which have changed the character of the Industrial Finance Corporation. The other recommendations are only with regard to minor lapses or are more or less in regard to procedural matters which can be rectified at any time. But the initial mistake was in the structure of the Industrial Finance Corporation and the very nature of its composition, and that is going to be rectified by this Bill. So, I think this Bill is really intended to make a fundamental change not only in the outer structure but also in the outlook and in the mode of working of the Industrial Finance Corporation.

Let me now come to some of the suggestions made by some Members. I am thankful to Shri Asoka Mehta for the general support he has given to this Bill and for some helpful suggestions he has made. His main point is that this Corporation is not going for equity capital. That is in the Act itself and that has been the decision of this Parliament. It is no use accusing the Corporation for that and unless the Parliament decides to change the relevant clause of this Act, the Government or the Corporation would be helpless in that matter. He has quoted instances of several other industrial finance corporations of different countries. I would admit that there are several categories and several forms of finance corporations in different countries and their nature and character would vary from country to country. In India, as the Chairman of the Enquiry Committee on the last

occasion has said, it is just more or less on the experimental stage. It is an infant institution that we have been nursing now. We started cautiously surely and we did not like to take much risk. But I think there might have been some reason for changing the character of this Industrial Finance Corporation and making it also open for equity capital some two years ago, but now that we have got two other corporations more or less of the same nature—the National Industrial Development Corporation functioning under the Ministry of Commerce and Industry and the Industrial Credit and Investment Corporation which is more or less a private concern and also having some Government interests, these two bodies will go for equity capital. So, I think there is not so much reason for this Corporation also to go for equity capital as it had to some two years ago. But still, this Corporation can underwrite shares and if a portion of the underwritten shares cannot be sold outside they will naturally remain with the Corporation. But it has not been necessary so far to go to that sort of business and the Corporation, as by the Bill it is obliged to do, has not been able to transfer its loan money into the equity capital. I hope Shri Asoka Mehta will realise that with the setting up of the two new financing bodies, there is not much necessity for this Corporation also to go for equity capital. Anyhow, as we have been changing the Act according to our experience and the exigencies of the situation and according to necessity, if further necessity would arise, it would be open for the Government and for this House to change the Act accordingly.

Then, Shri Asoka Mehta has also mentioned the lack of technical and supervisory staff of the I.F.C. So long as the I.F.C. was depending on some Government department or some Government technician or specialist, in that respect, the Commerce and Industry Ministry was frequently consulted. Sometimes, the Ministry of Food and Agriculture or sometimes some specialist or technician of the

[Shri A. C. Guha]

Government were also consulted as to the suitability of the concern for getting the credit. I know there was one officer of an expert nature who was advising the Corporation as regards the industrial capacity and suitability of the loanee company. The Corporation had one such officer and I do not know whether that office is still being held. Now, it may be necessary that the Industrial Finance Corporation and the State Financial Corporations and also the two other finance corporations which I mentioned earlier—the Industrial Credit and Investment Corporation and the Development Corporation—may all combine in setting up a sort of co-ordinated technical advisory body or something like that. Such a body may come up if there is any necessity arising, but I can envisage that may be a necessity in some foreseeable future.

Shri Asoka Mehta also mentioned that the sixth annual report is not quite exhaustive and that he is sorry that the reports of the Corporation are rather casual and are becoming more and more pithy and secretive. But I can tell him that that is not the intention of the Government or the Corporation. The Government has already sent a directive and this report was actually prepared when the directive was sent to them. It was published within two months after the receipt of the directive. I can give this assurance that the next annual report of the Corporation will give a sort of general review of the working of the Corporation. Then, he also mentioned about the co-ordination of the State Financial Corporations and the Industrial Finance Corporation. The Reserve Bank is the co-ordinating factor; it supervises the activities of all these State Financial Corporations and the Industrial Finance Corporation. In September, 1954 the Reserve Bank convened a conference of the representatives of all these bodies; agreed conclusions were arrived at in that conference and these are being implemented. I expect this year also the Reserve Bank will convene a similar conference and I hope this

convention will go on year after year; and also it may be that the Reserve Bank may find it necessary to convene such conferences more frequently.

I am surprised that the hon. Member mentioned that the total loan given out to the loanee companies would be less than 50 per cent. of the paid-up capital. One company might have a paid-up capital of Rs. 1 crore but it might have wasted the entire amount. Would it be proper to give any loan to that concern? Moreover, paid-up capital alone cannot entitle that company to a loan of 50 per cent.; the loan will be granted on the assets of the company. 50 per cent. of the assets is the basis on which this loan is granted; it is not 50 per cent. of the paid-up capital. I think that if we proceed on the basis of paid-up capital, it will be dangerous. No financial body can proceed on that basis.

He has also mentioned another matter. Of course, I was referring critically about the working of the Corporation on many occasions on the floor of this House. I also referred to this, but I did not use the term "de-concentration". I can give you this assurance that whatever opinion and ideas I held then I hold even now. But if the Industrial Finance Corporation is to function, it can function only on the applications it receives. If the set-up of the industrial structure of our country is such that smaller units cannot act properly, then it is not the fault of the Industrial Finance Corporation and it cannot rectify that. Somehow or other it has not been possible for new companies actually to make headway in competition with the old ones. But still he would find that the number of new companies compares favourably with the number of old companies—if he cares to compare them—he could not say that the Corporation was partial to the old companies. The fact would have been that old companies might have greater assets.

Shri Asoka Mehta: It would be useful if in the annual reports the names of the managing agents are also given

along with the names of the companies, because otherwise it is very difficult to find out the actual financial position of any company.

**Shri A. C. Guha:** I gave an assurance just now about the annual reports, but I think even in 1952 all these details were published. All these things were given on the floor of this House. Anyhow I shall examine this matter. Some technical difficulties may be there. I cannot say it is just functioning as a bank. Some of these details cannot be given, because that will affect the creditworthiness of the concerns. For example, certain concerns have not been given the loan, if the House asks why a particular concern has not been given the loan, we cannot answer.....

**Mr. Chairman:** Last time also it was held that the names of the companies whose applications were rejected should not be published.

**Shri Asoka Mehta:** I never asked for these names.

**Shri A. C. Guha:** I am just citing it as an example. There may be certain technical difficulties.

**Shri Matthen:** He just wants the names of the managing agents in the report.

**Mr. Chairman:** The hon. Minister says that he will examine the suggestion and come to a conclusion. There is nothing wrong in saying that.

**Shri A. C. Guha:** Shri Matthen and some other hon. Members have mentioned about loans exceeding Rs. 50 lakhs. The recommendation of the Enquiry Committee was that this should be granted only with the approval of the Government. But, as I have stated in my introductory speech, Government does not like to dilute the responsibility of the Corporation and its Board. They must take the full responsibility of giving a loan. If the loan goes wrong, it should not be open to the Corporation to put the responsibility of having sanctioned the loan on the shoulder of the Government. Therefore, what we have provided is that before any such loan

exceeding Rs. 50 lakhs is granted, the Corporation must inform the Government and the Government may intervene if necessary.

[**MR. DEPUTY-SPEAKER in the Chair**]

All such applications came before the Government and the Government made very careful examination of every case. During last year only two or three cases came up before the Government and we made careful enquiries; not only that. We simply returned the papers without making any comments. If we had to say anything against the grant of such loans, surely we shall indicate that and I am sure the Corporation will abide by that directive or indication of the Government. But we would like to make it clear that the responsibility for sanctioning the loan and its recovery rests with the Corporation and its Board. We do not like the Corporation to put that responsibility even in some cases on the shoulder of the Government. We have not put the recommendation of the Enquiry Committee in that direct form, but still we have taken sufficient power and whenever necessary we shall intervene and stop the grant of such loans. I think that the House will agree that this will be a better position than what has been suggested by the Inquiry Committee.

I have already replied in another connection to Shri Asoka Mehta's point about certain industrial concerns being altogether excluded from eligibility. I have mentioned how many concerns connected with Directors got the loans during last year. But I should also like to refer to the Government's resolution embodying what restrictions the Government have put and what are the provisions in the Banking Companies Act. I hope, you will agree that we have taken sufficient precaution in this matter; and if at all the Corporation is to function, it cannot go beyond the restrictions put in the Banking Companies Act. The Corporation has to function in a very difficult position. It has to foster industries. So, to some extent, it will have to take some risk.

**Mr. Deputy-Speaker:** Is there any difference between a private bank and a State Bank? In a private bank there are shareholders who have invested their money. What about a State Bank where the property is the State's? Other people who have not contributed a pie are in charge of it.

**Shri A. C. Guha:** It is not a State Bank. Only 40 per cent. of the shares are held by the Government. Sixty per cent. of the shares are held by private parties.

**Mr. Deputy-Speaker:** Then, how is it that all these irregularities took place?

**Shri A. C. Guha:** In any bank or any other institution there may be irregularities. There were some irregularities. We set up a committee and we are trying to rectify the defects.

**Shrimati Sucheta Kripalani:** No directives were sent.

**Shri Kamath:** Punish the guilty.

**Shri A. C. Guha:** Previously one directive was issued. That was a lapse on the part of the Government. But, the Corporation is not responsible. Since the publication of the Government resolution, I think we have issued several directives. Already, on five different matters directives have been issued to the Corporation by the Government. I can assure this House that whenever necessary Government will surely issue directives to the Corporation and will not leave the Corporation as before without any directive from the Government.

I think I have more or less covered all the points mentioned by the Chairman of the enquiry committee. I shall now go to some other points. Shri Mohanlal Saksena had mentioned about the Fund advanced to this Corporation by the Gandhi Smarak Nidhi. He also mentioned in this connection that we should remember the hallowed memory of the Father of the Nation. It is a matter for the consideration of the authorities of the Gandhi Smarak Nidhi who have in-

vested the funds. If they have invested the money in the Industrial Finance Corporation, they must have found it to be a safe investment. The Industrial Finance Corporation is just a banker in that respect for the Gandhi Smarak Nidhi and it has no other responsibility as to how the Gandhi Smarak Nidhi will utilise that fund.

Some Members asked why the last Managing Director was allowed to continue. It was a statutory obligation. Under the Act, the Managing Director was appointed for four years. We cannot reduce that period even by one day unless we changed the Act. Then, I should like to remind this House of one thing. In the whole report, has there been any suggestion as to the Managing Director having indulged in any dishonest or corrupt practice having acted in a dishonest manner?

**Pandit Thakur Das Bhargava:** May I know if it is the intention of the hon. Minister to say that if any person in the position of the Managing Director misbehaves and misbehaves very seriously, the Government shall sit with their hands tied and do nothing against him because the contract is there?

**Shri Asoka Mehta:** And promote him?

**Shri A. C. Guha:** The hon. Member has raised two questions. The first is that the contract is there and the contract has been approved by this House.

**Pandit Thakur Das Bhargava:** What then? His conduct was such...

**Shri A. C. Guha:** I say contract. The Managing Director shall hold office for four years.

**Pandit Thakur Das Bhargava:** He cannot be removed at any other time for any reason whatsoever?

**Shri A. C. Guha:** No.

**Pandit Thakur Das Bhargava:** That is a very wrong interpretation.

**Shri A. C. Guha:** That is the interpretation of the highest legal authority of the Government.

**Shri Asoka Mehta:** You appoint the Chairman; can he not be removed?

**Shri T. N. Singh:** Does the hon. Minister...

**Mr. Deputy-Speaker:** Order, order. One Member at a time please. Does the hon. Minister say that even if he is convicted and sent to jail, he continues to be the Managing Director?

**Shri A. C. Guha:** I am coming to that. The hon. Member has raised two questions. One is the termination of contract and another is the conduct of that person. I am dealing with the termination of the contract. In this Act under which he was appointed, we could not have terminated his contract one day before 4 years.

**Mr. Deputy-Speaker:** If he does not carry out his duty? Any contract can be terminated for the default of either party or by consensus of opinion between the two, by agreement. If one party commits default, the other can see that it is broken.

**Shri A. C. Guha:** Then comes the question of his conduct, not contract.

**Mr. Deputy-Speaker:** For misconduct he can be removed.

**Shri A. C. Guha:** Under section 13 of the Act, the Central Government may at any time remove the Managing Director after giving him a reasonable opportunity of showing cause against the action proposed to be taken in regard to him. The question of his conduct comes. I would like hon. Members to read the report carefully. Has there been any suggestion anywhere in the report that the Managing Director has acted in a dishonest manner? I put the question...

**Shri Dhulekar (Jhansi Dist.—South):** Why do you refer to the report?

**Shri A. C. Guha:** I shall refer to the report.

**Shri Dhulekar:** Why not refer to the conduct of the Ministry who did not see these things?

**Shri A. C. Guha:** The Government set up a committee for finding the lapses of the Corporation. The Government are implementing the recommendations of the Committee. I put it to the Chairman herself; has she put in the report any passage anywhere suggesting that the Managing Director was dishonest or corrupt in any dealing? I wait for her reply.

**Mr. Deputy-Speaker:** I say he is incapable, absolutely useless in the discharge of his duty. Even then the Government is helpless?

**Shri A. C. Guha:** How can I come to the conclusion that he was absolutely useless in the discharge of his duty?

**Mr. Deputy-Speaker:** The Glass Works; simultaneously different rates of interest were there.

**Shri A. C. Guha:** I think some Members from the other side also mentioned this. Not only were there some irregularities on the part of the Corporation, but there were some lapses on the part of the loanee company which were responsible for all these delays and all things which happened. I can understand if anybody says that the Managing Director of the Corporation as such did not act wisely in certain matters. As regards the Sodepur Glass Works, I agree there may have been some lapses in making a correct appraisal of the whole situation. But, that does not mean that the man on duty can be stigmatised as having done something criminal. I agree there were some errors of judgement and lapses.

**Shri T. N. Singh rose—**

**Mr. Deputy-Speaker:** Let him go on.

**Shri A. C. Guha:** There were lapses on the part of the Corporation as embodied in the Government Resolution as also on the part of the company. For that the company and the promoters of the company are going to suffer. The Corporation also should suffer.



**Pandit Thakur Das Bhargava:** There are many observations in the report itself which speak about the conduct of the Managing Director and those observations are enough to dismiss any person. The lapses on the part of the company stand by themselves. For two years you keep him and spend Rs. 2,000 on legal advice to regularise his wrong and illegal exercise of powers.

**Shri A. C. Guha:** Pandit Thakur Das Bhargava is an astute lawyer. I would ask him to scrutinise the report and find out what are the charges which this report places against the Managing Director.

**Shri T. N. Singh:** During the last debate, when one Member after another got up and criticised the conduct of the Managing Director, the Finance Minister said that he then envisaged a change in the constitution of this Corporation. It is one thing to say that because of the legal difficulties, he proposed a change.

**Shri A. C. Guha:** The change is before the House.

**Shri T. N. Singh:** The Government Resolution is there. He indicated that the Government were of the view that the Managing Director should go and some one else should come in his place. That was an acceptance of the general opinion expressed by the House. Now, the hon. Minister here is labouring some other point which may bring out other charges. I would very humbly request him not to go into that question. It is best to bury them.

5 P.M.

**Shri Sadhan Gupta:** May I know if the Minister is basing his opinion on the opinion of the Bombay advocate against the report?

**Shri A. C. Guha:** I am basing my opinion primarily on the report of the enquiry committee and then also I take into consideration other things. But I would challenge Pandit Thakur Das Bhargava to find out anything,

any definite allegation against the managing director from the report.

**Pandit Thakur Das Bhargava:** I shall find out and then tell you.

**Shri A. C. Guha:** All right. Find out and tell me.

**Dr. Jaisooriya:** Page 1 of the audit report is enough.

**Shri A. C. Guha:** The audit report will go before the Public Accounts Committee and then come for discussion here. I do not like to go into it.

**Dr. Jaisooriya:** Can the managing director exceed the powers delegated to him?

**Mr. Deputy-Speaker:** The hon. Minister is of opinion that it is not definite, and he does not come to any conclusion. If there is any definite finding in the report that he is guilty of misconduct and therefore ought to be removed, he would like to know. Therefore, he is entitled to have his own opinion. Hon. Members are entitled to have their own opinion.

**Shri Gidwani:** A certificate has been given to him that he is very competent.

Another point also. . .

**Shri Asoka Mehta** rose—

**Mr. Deputy-Speaker:** He does not yield.

**Shri Asoka Mehta:** Will you permit me to interrupt you for a minute? In clause 13 of the principal Act it is provided that the Central Government can remove a director from office. They can also remove the managing director.

**Shri A. C. Guha:** I have myself read out that clause.

**Shri Asoka Mehta:** That power is there. There is no question of dismissing a person. It is a question of Government saying: "We are not satisfied with you". Why was that not done?

**Shri A. C. Guha:** I wish Shri Mehta would know the implications of any action being taken in regard to him "after giving him a reasonable opportunity of showing cause against the action proposed to be taken against him". What are the legal and technical implications of this phrase? It is very difficult to remove even a peon. I cannot remove even a peon. Even the case of removal of a peon would go to the Public Service Commission. Such are the legal technicalities.

**Mr. Deputy-Speaker:** Assuming he is removed, all that the Government would have to pay is what they have paid to this man all these months. Would it not have been better to pay him even and get rid of him instead of allowing this man to continue against whom so much is said? Since the hon. Minister is convinced...

**Shri A. C. Guha:** After the report of the enquiry committee I did not think there has been any accusation against him.

**Shri Asoka Mehta:** Audit report.

**Shri A. C. Guha:** Those matters are all pre-enquiry committee cases.

**Shri T. N. Singh:** I think you are incorrect. The question of the lawyer's fees of Rs. 2,000 is subsequent to the report.

**Shri A. C. Guha:** When they deal with Rs. 20 crores...

**Mr. Deputy-Speaker:** Is it a misconduct judged from what he has done?

**Shri A. C. Guha:** I am not here to defend the conduct of any person. I only take my stand on the enquiry committee report. If the enquiry committee had definitely indicated and made certain recommendations against the managing director, then only would Government have been able to take certain action against the managing director. But the enquiry committee did not make any such recommendation. It made no definite allegation against the managing director.

So, I do not think it would be fair for the House to accuse now the Government. There are certain Members of the House who were on the enquiry committee.

**Shrimati Sucheta Kripalani:** May I make a submission? I am indeed very sorry that I took into consideration the infancy of the Corporation and used moderate language in the report. During the last debate I said that the committee, not I alone, went personally and made many disclosures before the Finance Minister. If the hon. Finance Minister thinks the only charge that can be made against an officer is the charge of making money, then certainly we did not make any charge of that kind. But the chapter on Sodepur Glass Works is an indictment against any administrative officer which makes him unfit to hold that post.

**Shri A. C. Guha:** That is why we have brought his contract to a conclusion.

**Shri Gidwani:** May I enquire...

**Mr. Deputy-Speaker:** Order, order. We must finish this debate. I will not allow the hon. Member to enquire. How long is he going to do it?

**Shri Gidwani:** I only want to ask whether a certificate of good conduct and efficiency has been given to him.

**Shri A. C. Guha:** That is not by the Government. If the Board feels that the managing director acted properly, it is open to the Board to give him a certificate. That is not given by the Government. I have no information about it. Anyhow, the managing director is gone. So, it is no use raking up all these old things. My only point is that if there had been a definite charge against the managing director, then it would have been open to the Government to take some action or not. (Interruption)

**Mr. Deputy-Speaker:** Time was given till the end of this day for this debate. We have to start the other stage, clause by clause, tomorrow.

[Mr. Deputy-Speaker]

There is no meaning in interrupting. We will finish it in about ten or fifteen minutes.

Shri A. C. Guha: I will not take 20 minutes. I shall take only about ten minutes.

Mr. Deputy-Speaker: Hon. Members will kindly stay in their seats.

Shri A. C. Guha: I think Shri Tulsidas has mentioned something about the corporation having its own building. I do not think there has been any definite decision on that matter. Only the corporation might have secured a piece of land, and if it constructs a building, it will be a revenue earning thing.

Shri Tulsidas has objected to having a whole-time chairman. The Act does not make it obligatory to have a whole-time chairman. It only mentions that there will be a chairman appointed by the Government. There is nothing in the Act as to whether he would be whole-time or part-time. But I can tell the House that for the present it may be necessary for the Government to appoint a whole-time chairman. If later on we find that it is not necessary, then he may not be a whole-time chairman. There is nothing obligatory in the Act.

Mr. Deputy-Speaker: On the other hand, there is a complaint that he is not going to be whole-time.

Shri A. C. Guha: That is the difficulty I have mentioned. There have been complaints on both sides. Some say it should be more strict. Some say it should be more liberal. A number of Members have mentioned that there should be more government control, but Shri Tulsidas says it should not be converted into a department of the Finance Ministry.

Pandit Thakur Das Bhargava: You are in a safe position.

Shri A. C. Guha: Safeguarded by you.

I think Shri Tulsidas is not quite correct in saying that the Executive

Committee to be changed into Central Committee is just a change in name. The two different names carry two different connotations. The Executive Committee according to the present Act had certain statutory authority which the Central Committee would not have. I think the connotation of the two different words "Executive" and "Central" would also be clear to the Board and the Board will not give so much authority to the Central Committee as was enjoyed by the Executive Committee.

Shri Sadhan Gupta has mentioned about lack of policy. I can only say that the Industrial Finance Corporation can only act within the four corners of the industrial policy of the Government, and that policy has been fixed in the 1948 declaration and the Industrial Finance Corporation was working within the limits of that policy. So, there is no question of lack of policy on the part of the Industrial Finance Corporation.

He has also expressed the apprehension that the chairman may be a big businessman. This apprehension he says has come to his mind due to the Government's outlook. The Government's outlook is there. I cannot change the outlook overnight. If he apprehends that Government outlook is such that there must be a big businessman, that is for him to have that apprehension, but I can assure him that for the present we are not going to appoint a big businessman.

Shri T. N. Singh: What about failure of this Corporation to make rules?

Shri A. C. Guha: I think they will rectify all these things now.

Pandit Thakur Das Bhargava: Government will make the rules now.

Shri A. C. Guha: I can only speak for the future. It is no use always discussing the past.

Shri T. N. Singh: What about rules for the future to be framed by Government? Are they doing it?

**Shri A. C. Guha:** We shall do it whenever necessary.

I think Shri Mehta asked that the name of the managing agents or directors may also be mentioned in the annual report. I think it will be possible and we shall see that the next report may contain more information and may really give a general review of the working of the corporation.

I think I have more or less covered all the points.

Dr. Jaisooriya made certain points. He said that only one directive had been given up to the time of the enquiry committee report. I have already admitted that the Government did not issue proper directives to the corporation, but now I think Government will issue directives whenever there is necessity to do so. He has suggested, just sitting side by side with Shri Tulsidas, that Government should have more directive and supervisory powers over the corporation. Sitting on the other side of the gulf, Shri Tulsidas has suggested that there should be less supervision and control by Government. Anyhow, we shall try.....

**Shri Kamath:** To bridge the gulf?

**Shri A. C. Guha:**...to go through the gulf.

**Shri Kamath:** The socialistic pattern will go down the gulf.

**Shri A. C. Guha:** We shall neither go to Scylla nor to Charybdis.

I have practically tried to meet all the objections. And hon. Members have more or less supported the present Bill. So, I hope the Bill will be passed. I also hope that their apprehension of the past repeating in the future will be belied. There need not be any such apprehension. We expect the corporation will work properly. My own apprehension is that the corporation may not find enough work.....

**Shrimati Sucheta Kripalani:** Not find enough work?

**Shri A. C. Guha:** Yes, not really enough work. There may not be sufficient number of applications before the corporation. I feel that the corporation should have more number of applications than it has at present.

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

**Mr. Deputy-Speaker:** The question is:

"That the Bill further to amend the Industrial Finance Corporation Act, 1948, and the State Financial Corporations Act, 1951, be taken into consideration."

*The motion was adopted.*

*The Lok Sabha then adjourned till Eleven of the Clock on Thursday the 28th July 1955.*