

time, I would like to support some of amendments which have been taken up.

Particularly I would like to support the activities which are proposed to be taken up, such as the merchant banking activity. In a number of institutions, the merchant banking activity should be taken up. After all, our capital market is very buoyant. Lot of funds are available with public. We require agents, brokers, several financial institutions and others which can take up this work on a specialised basis and to see that the public issues which are coming out these days are made a success and public contribute more and more to the development of the country.

MR. DEPUTY-SPEAKER : We adjourn for Lunch now and re-assemble at 2-00 p.m.

13.05 hours.

*The Lok Sabha then Adjourned for  
Lunch till Fourteen of the Clock*

*The Lok Sabha Reassembled after  
Lunch at Four Minutes Past  
Fourteen of the Clock.*

[MR. DEPUTY SPEAKER in the  
Chair]

INDUSTRIAL FINANCE CORPORA-  
TION (AMENDMENT) BILL, 1986  
CONTD.

[Translation]

DR. G. S. RAJHANS (Jhanjharpur) : Mr Deputy Speaker, Sir, I support the Bill and would like to mention a few points in this regard. The scope of this Bill has been enlarged to cover other industries and other activities such as leasing, hospitals etc. An hon. Member of the opposition has suggested that leasing should not have been included in this because a number of companies are doing this business in the country. I would like to submit in this regard that during the last three years, leasing business has grown in the country in the same way as video

business has picked up. One can come across a V. C. R. in every house these days. Three or four years back nobody knew about a V. C. R but today it has reached even those places where television has not. Similarly, leasing companies have been set up in every big town. Three or four years back there were hardly one or two leasing companies and nobody knew that investment in a leasing company could be so profitable. If you take a look at the statistics, you will find that there are thousands of leasing companies in the country today and many of them are trying to dupe and mislead the masses. In view of the fact that the private leasing companies are exploiting the people, what is the harm if the Industrial Finance Corporation takes up leasing business. At least the people will feel confident and assured that they will get right type of machines. Therefore, taking up of leasing business by the Industrial Finance Corporation is a healthy sign. In this connection, I would like to point out that ever since the Managing agency system was abolished in the country, there has been no organisation to provide guidance to the entrepreneurs I am fully aware of the drawbacks of the managing agency system. I also know why the Government abolished this system. It is sad that the services which the managing agency system used to provide are not available anymore. The Industrial Finance Corporation will provide that service without inheriting the drawbacks of managing agency system besides providing consultancy service. This is a good thing in itself. You may be aware how the private consultants all over the world are indulging in malpractices. Only bills are made in the name of consultancy service and the money is pocketed by someone else. Consultancy service is not provided in the real sense and people earn a lot of money. Under these circumstances if the Industrial Finance Corporation provides consultancy service it is a matter of satisfaction to us.

The Bill provides for the appointment of a managing director apart from the Chairman for whom a provision is already there. My experience is that wherever the post of managing director and chairman have been separated in the Public Sector Undertaking, it has caused problems and

[Dr. G. S. Rajhans]

led to bickering and clash of interests. I would suggest that the same person should be appointed to the post of Chairman as well as the managing director of IFC. I have seen the working of many public sector Undertakings. It has often been found that there is bickering between the chairman and the managing director and as a result the work of the organisation suffers. They often accuse each other.

The capital of IFC has been increased from Rs. 100 crores to Rs. 250 crores. But even Rs. 250 crores. do not mean much. As the activities of the Industrial Finance Corporations have enlarged and are likely to increase still further in future, I would suggest that its capital may be increased to Rs. 500 crores. This would be appropriate keeping in view the pace of industrial activity in our country.

I would like to bring one more thing to your notice. An hon. Member has suggested that the Industrial Finance Corporation should not take up merchant banking, because there are so many merchant banks and other financial institutions which are doing it. I would like to say that even if other financial institutions and agencies are engaged in it, what is the harm if the Industrial Finance Corporation also takes up this work. This would enable the customers to get three to four services under one roof.....  
(Interruptions) My friend here had said that it should also be undertaken by the IFC which just supports my contention.

The Bill states that to accelerate its activities :

[English]

“The corporation should subscribe to the shares, bonds, debentures of any financial or development institutions or organisation”.

[Translation]

Nothing can be better than this. I feel that the objects and reasons are very

practical in their approach. Another thing which to my mind is very useful is :  
[English]

“It is proposed to make an enabling provision in the Act so as to authorise the Corporation to borrow money from the Life Insurance Corporation of India, the General Insurance Corporation of India and the Unit Trust of India as also from any Authority, Institution, Organisation or Trust in and outside India with the approval of the Central Government besides borrowings from Central Government or Industrial Development Bank of India”.

[Translation]

The scope of the enabling provision is so broadbased that it beyond one's comprehension.

In the end I would conclude by saying that the industrial activities are increasing at a fast pace in the country. It is true that when the Industrial Finance Corporation was established in 1948, some private industrialists were at its back but gradually the corporation threw off this yoke and became independent. The amendment in the Industrial Finance Corporation Act which has been brought forward keeping in view the increased industrial activity in the country is commendable. The industrial climate in the country has tremendously changed since 1948. Therefore, there is need for a pragmatic approach in this regard so that more and more industries can benefit from the Industrial Finance Corporation.

I have to add one thing more. A ceiling has been fixed for expenditure on modernisation by the Industrial Finance Corporation. I would like to submit that in today's world of technological advancement the ceiling imposed for modernisation should be reviewed. If merely Rs. 4 crores are spent on modernisation it cannot be undertaken in real sense. The Government has permitted import liberalisation as it believed that industries will be modernised. I would suggest that the limit of modernisation be raised from Rs. 4 crores to Rs. 15 crores,

With these words I congratulate the hon. Minister for bringing forward this Bill.

[English]

SHRI AMAL DATTA (Diamond Harbour) : This Bill is one of the twin introduced together along with the IDBI Amendment Bill. But somehow this got left out. I think, in the last Session the other one was passed. It is in the same pattern, namely, the authorised capital is sought to be increased and certain other powers are sought to be given with regard to the investment pattern, with regard to management, and so on.

There are various financial institutions which have been set up by the Government from time to time for the purpose of providing finance to the industrial sector, to the various sectors of industry. But there does not seem to be any pattern in the way Government has gone about setting up the various financial institutions which are handling public money directly or indirectly. These financial institutions, apart from the Industrial Finance Corporation of India, are the Industrial Development Bank of India, the Industrial Credit and Investment Corporation of India, the Life Insurance Corporation, the General Insurance Corporation, the Unit Trust of India, the Industrial Rehabilitation Corporation of India, now termed as Board, NABAD and also nationalised banks. All of them, more or less, to a large extent, traverse the same territory. Along with them, the other financial institutions—some of these refinance—are the State Financial Corporations and State Industrial Development Corporations. There is no definite separation of the target group or the target industries which are to be financed or in the modalities of financing by these various financial institutions. This has become a hotch-potch arrangement, devised from time to time, without any thought of evolving a systematic pattern so that people do not get immersed only in the procedural formalities of the institutions. At the moment, if an industrialist, be it private or public or joint sector, has to get equity or loan from the financial institutions, he

usually will not be able to have it from any one of those institutions, particularly those which are all India institutions; he has to go to two or three; a consortium is formed; although one takes the lead, all have to go to their Boards separately for sanctioning which means enormous delay. This delay can be averted only if the Government formulates a pattern whereby each of the institutions takes charge of a particular sector; for instance, one finances the large scale, one finances the medium scale, one the small scale or refinance the small scale industrial financing which is done by the State Industrial Development Corporations and Financial Corporations, etc. This has been one of the main drawbacks of industrial financing in India, and it is time that Government took a look into the whole thing and set a pattern in them so that people do not have to run from one institution to another not knowing which one will ultimately give them loan and how to proceed. This kind of thing is galling especially for the new entrants to the industry. Those who are well-entrenched, the big business houses, as my hon. colleague, Shri Madhav Reddi has already said, have got 20 per cent loan from the Industrial Finance Corporation. Similarly they have got similar percentage of loan from other financial institutions also. Even the multi-nationals and FERA companies have got substantial loan—10 per cent to 12 per cent—from each of these institutions. Therefore, I suggest that Government should not be content with making cosmetic changes. Of course one of the changes is quite substantial, namely, increasing the authorised capital from Rs. 10 crores to Rs. 250 crores but then the amount dealt with by these institutions is far more. The authorised capital does not give clue to the financing done by these institutions because they do not depend on their internal resources which are obtained through equity financing by the Government. They also depend on deposits and loans to be able to do their business properly. Increasing the equity base is good. The connection between equity base and borrowing power was severed by an amendment of 1982. Therefore, increase in equity base is not of much importance any more. We do not know why it is thought necessary now to increase

[Shri Amal Datta]

the equity base when they have not so far reached the authorised capital of Rs. 100 crores and now it is being revised to Rs. 250 crores. I hope the hon. Minister in his reply would explain the reasons as to why it was thought necessary at this stage to increase the authorised capital to such an extent.

Sir, the Government has in the past constituted various committees to go into the working of this institution. One of them is Dutt Committee which had recommended that the Institution should put their directors in any of the companies they give substantial assistance whether in the form of equity or loan. Now the financial institutions have been religiously but somewhat mechanically and ritualistically doing this. They have been putting 'x', 'y' or 'z' on the Board of a company taking loan from them. But the nominated directors of the financial institutions have been extremely inactive. They might attend the meeting but they would not do more than that. They would not keep the information which is required of a director to keep about the company's day to day and long-term planning. Even many of the companies when they stop the payment of statutory dues they have not kept the parent organisation informed or if they have been informed they have not taken any steps to prevent the downward slide of these companies.

Sir although the monitoring arrangement is there but this arrangement has not been functioning. Institutional finance has got blocked up in sick industries today. They have got the power to take remedial steps at the earliest but the same were not taken. So there is no monitoring of the sickness at an early stage and as a result many of the companies today are in the death throes.

Then in 1983 another Committee was constituted, namely, Narasimha Committee which also recommended that so far as big houses, FERA and MRTP companies are concerned there should be a proper surveillance through the nominee directors, that is these directors should be much more active

than they have hitherto been. I do not know whether the Government has accepted this recommendation. But it has not done anything to show that it has been alive, that the financial institutions' spending or disbursing Government funds have been alive to the responsibility of the public. There are various suggestions also made because it has been found by one of the Committees Khusro Committee, that the needs of the small industries, needs of the village and tiny sector get overlooked by these big financial institutions. They cater to the needs of the bigger houses, large and medium scale industries. Now, it is necessary—and this Committee recommended—that other institutions be set up for the purpose of financing these small scale sector or act as an apex Corporation for financing the small sector and the village and tiny sector. The Government has not done anything about it.

I suggest that Government should now try to evolve a pattern, establish separate financial institutions so that medium, large and small and tiny village industries are separately financed by separate institutions, so that the interest does not get overlooked because of the lobbying power and money power of the bigger and medium-scale industries.

Sir, another thing is that for these institutions along with the banks, there is no parliamentary supervision on their functioning. There has been parliamentary supervision on other public undertakings. But today these are public undertakings. These are financial institutions which are public undertakings. But there is no parliamentary supervision on them. So, it is time that the Government saw to it how to ensure accountability to the Parliament, because various charges of misuse of public funds have been brought against the banks. We have discussed on the floor of this House some of the cases of these banks and other institutions. But there is no continuous monitoring by parliament as has been the case of public undertakings. So, such committees should be formed, as far as possible, to make them really accountable in a system of parliamentary democracy. Apart from what I have opposed, I do not want to raise any other points except to say

that the whole financing pattern has become rather a jungle and this time a person like Mr Poojary is in charge of this Department and I think he should clear it up with his great perseverance, patience and tenacity. I think he is an ideal person to do this and see how best to increase the financing of the small scale and tiny industries.

Sir, my last point in this. According to the financing pattern, the agro-industries have been left out. The agro-industries have been left out and this should be given proportionate financing in proportion to the importance given to agriculture which occupies a pivotal place in our economy.

[Translation]

SHRI MOOL CHAND DAGA (Pali) : I have gone through the clauses of the Industrial Finance Corporation (Amendment) Bill. Government desired to convey the impression that activities of the aforesaid corporation have been increased on a wider scale. But I want to ask one thing. The hon. Minister had said in reply to a question.

[English]

That question was answered by the hon. Minister on 25th of April 1986. It was replied that the State Financial Corporations give financial assistance for the development of artisans, village and cottage industries, tiny and other small scale and medium scale industries so as to achieve regional balance in growth of economic activities, of greater employment generation and dispersal of ownership of industrial capital.

[Translation]

I had the impression that a large part of the funds must be going to the villages of India where the majority of our population lives. But when I saw the actual figures; it pained me to note that out of Rs. 1,99,000 crores spent upto March 31, 1984, only Rs 264.81 crores were allocated for the villages. Now you can imagine the percentage of the total expenditure allocated for the villages. Eighty per cent of the total population of our country lives in the rural area.

What is the purpose of the high officials of the banks in visiting the rural areas? Do they go there to undertake rural development? You are always claiming that you develop the backward areas. But will you tell me how many backward areas have been declared so far and how many public undertakings have been set up by the Government in those areas. Can you give a single example where a corporation has been established by the Government or where loans have been advanced to the people living in backward areas? I am unable to understand your system of functioning. On the one hand you declare backward areas and talk of their development and on the other hand you talk of the removal of regional imbalance. But when I asked you about the reasons, you replied that you have lost Rs. 4000 crores in 94 thousand sick industries. Even then you want to start leasing of machinery business because the bank employees are benefited by it. Who made a demand for the hire-purchase scheme? It is the work of some antisocial elements. Why have the banks been included? It is to ensure that people approach the banks. Ministers like Shri Janardhana Poojary have tried to streamline the banks. But the banks employees started opposing him, abusing him and started agitations against him. Even in newspapers charges were levelled against him. The reason for all this was that he wanted to streamline the banking system and improve their services. He wanted that after nationalisation, banks must serve the rural areas and the weaker sections. But what I want to point out is that you must assess how far you have succeeded in your task. The report which you have presented is beautifully printed and has a good cover on which thousands of rupees have been spent. The way of conducting meetings by the banks is unique. Only God can take care of their working. Their employees spend quite lavishly and the way bank offices and the office of a bank Chairman or a Managing Director are furnished, one would find them more luxurious than the room of a former prince of Maharaja. A single room is furnished with furniture worth Rs. 3 lakhs. Every officer has a car for conveyance. On a slight pretext they go to Bombay to attend a meeting, have lunch there and while returning they are presented with some beautiful packet which they bring

[Shri Mool Chand Daga]

back with themselves. This is the real state of affairs. They have also got this report printed beautifully.

[English]

They are giving facts and figures of economic survey. Who has asked them to do this job? It is always the Finance Minister who submits such a report, but they have done it and have also given the history. What do they know about it? They know about banking only.

[Translation]

Mr. Deputy-Speaker, Sir, I have noticed one more thing. A bicycle company in Uttar Pradesh has been granted a loan of Rs. 68 crores. I want to know what are your objectives. You say that you will advance loans for hospitals and equipments. But why? The Government is already very much alive to it. The defence and the Railways have their own hospitals. You do not give loans to those to whom you are responsible. If some industries are sick then it is your duty to give them loans which in turn will lead to the development of the country. You must have noticed that rate of industrial growth in India has never been more than five to eight per cent. What is the condition of development process in the country today? The industries fall sick due to non-availability of loans. You cannot point out any area which has developed due to loans granted by the banks.

You have said some very good things in your report. It is true that by claiming false achievements and by presenting a rosy picture they can impress the public at large. You go on painting a rosy picture but we know about the frauds being committed in the banks. They give loans for a new venture. They have learnt a new word 'technology' and so loan is granted for it. Even for consultancy service loan is provided. Loan for consultancy is granted to such companies which do not require any consultancy. These banks grant such loans only for their vested interests. I have already suggested that you should appoint Members of Parliament also as the direc-

tors of banks. Shri Venkataraman had also supported my suggestion. It is on record and I have not been able to produce it now.

You have given it in writing that the term of the director should be increased to five years. What is the justification for it? The term of the director is three years and that of the Chairman five years and in order to ensure that their terms run concurrently, you are increasing the term of the director to five years. But you have not made any amendments and so there will be no change in the terms of the chairman and director. (Interruptions) The issue involves crores of rupees. You can of course expenditure the proceedings of Parliament. You have learnt these two new things—new technology and technology consultancy. Shri Janardhana Poojary is a very experienced man and he has visited the banks as a common man. You know it very well that bank managers do not behave properly.

[English]

MR. DEPUTY-SPEAKER : You please be brief and he will understand the whole thing because, being an experienced man, he does not need elaborate explanations.

[Translation]

SHRI MOOL CHAND DAGA : Sir, they can raise the amount from Rs. 100 crores to Rs. 250 crores and you cannot extend time for me by a few minutes. Give me some more time.

I was saying that they have started giving loans and I understand that they are giving loans to the Tele Communication Corporation at Bombay and Delhi. I was surprised why are they giving loans? Loans should be given to those areas which are backward and undeveloped so that some developmental work may be started there. Those areas require loans. Your bank employees' capability and efficiency will be appreciated if they themselves set up industries in the backward areas and then they can claim that they have done this work and have given so much employment.

Sir, I want to know how many unemployed educated persons have been

helped in setting up industries under the Self Employment Scheme announced by Shrimati Indira Gandhi on 15 August, 1983? The hon. Minister while replying should apprise us about the performance of each bank. You have under taken many new schemes. I wanted to know how many persons out of the lakhs of unemployed people have been provided employment under the Self Employment Scheme.

The banks which provide consultancy service should be asked to set up one industry each in the backward area and they should tell us that this is their achievement. It is one thing to provide consultancy and it is another thing to do concrete work.

In my amendment it has been clearly stated :

[English]

“Two Directors to be nominated by the Speaker from the Members of Lok Sabha”.

[Translation]

There should be two Directors. Therefore, eminent persons like Shri Y. S. Mahajan, who is an economist, should be appointed as Directors. But who becomes the Director?

(Interruptions)

Appoint Mool Chand Daga. That is a good thing.

**SHRI V. TULSIRAM :** Shri Daga, you want to use the furniture costing Rs. 3 lakhs. Take us there one day. We want to see.

**SHRI MOOL CHAND DAGA :** The Industrial Financial Corporation Act, is an Act of 1948. It needs many radical amendments but by bringing amendments at different times it was said that the spendings should be brought down. My submission is it is better to act than to preach.

[English]

**SHRI S. THANGARAJU (Perambalur):** Sir, I rise to say a few words on the Indus-

trial Finance Corporation (Amendment) Bill, 1985.

At the outset, I welcome this Bill. The provisions of this amending Bill will go a long way to meet the financial needs of industrial institutions. I particularly welcome the expansion of the definition of 'industrial concern' for eligibility to get loans from IFC. The concerns engaged in setting up hospitals and providing medical services will now become eligible for loans from IFC. The authorized capital of the Corporation is being raised from Rs. 100 crores to Rs. 250 crores.

I also support the provision for making IFC as an agent of the Industrial Bank for Reconstruction and Development. This will give a fillip to the revival of sick industrial units.

There are already 90,000 sick industrial units, in which public sector's money to the tune of Rs. 5000 crores is blocked. There are 450 large industrial units, with a capital investment of more than Rs. 1 crore each; and 85,000 small scale units, which are reported to be sick.

Here, I would like to point out the negligence of IFC's representatives on the board of management of sick units. IFC has its own representative on the board of management of industrial units which have an invested capital of Rs. 1 crore and above. What do they have to do? They are to keep a close watch on the financial working of these industrial units. When the funds are mismanaged, when their financial working is mismanaged, they have to bring it to the notice of the IFC. But in practice, they do not do any such thing.

They keep mum till the units become sick. In this connection I suggest that the IFC's representatives on such sick units should be penalised for their failure to pocket the public money. IFC should also nominate on industrial undertakings some financial experts of reputation. The IFC itself should be run on business acumen and not on half-hearted study of an industrial proposition.

[Shri S. Thangaraju]

I would like to suggest that IFC's activities should be such as to have an impact on share market and stock exchanges. As the government has not yet brought any comprehensive Bill controlling the speculative activities of stock exchanges and the share market, I feel that I.F.C., LIC, Unit Trust etc. should play the necessary role to curb the speculation in stock exchanges. In this connection, I welcome the provision in this Bill which enables I.F.C. to buy debenture also. The limit of Rs. 15 crores borrowing from RBI by the IFC has been removed. This should enable the IFC to expand its financial activities.

I conclude my speech welcoming the Bill.

[Translation]

SHRI RAJ KUMAR RAI (Ghosi) : Sir, an amendment is being made in the Industrial Finance Corporation Act of 1948 after quite a long time. It is a welcome step because the proposed amendment seeks to enlarge the area of operation, capital and jurisdiction of investment. It will be welcomed every where. But one thing which I want to say though you is—Shri Poojary is also sitting here—that in spite of increasing its capital, its main object, a pious one, that industries should be set up in the backward areas and the backward and the poor should get the finance is neither being fulfilled and nor there is any hope in future of its being fulfilled. The bank employees have been given much discretion in this regard but they have never used it judiciously. They have always acted arbitrarily, whether it related to the choosing of the filed or the person. They can do anything. Their decision is final. Therefore, I would submit that their discretionary power should be withdrawn. For this purpose a high power committee should be constituted.

Sir, eastern area of Uttar Pradesh is a very backward area. There are districts like Azamgarh and Ballia where are no industries all and if a person of that area wants to take any loan he will have to

face so many technicalities and formalities from this Corporation that he cannot hope to get the loan in his life time. But if a big industrialist of Kanpur applies for a loan, they will say he is a small scale industrialist and in this way they will bring him under their purview. They will cite some rule which will cover him under small scale industry. Can the small entrepreneurs and the small scale industrialists be benefited in this way? They have always misused their discretion. Therefore, I would request the hon. Minister that a provision should be made in this Act that the discretionary power will be vested in some high power committee because they have used their discretion arbitrarily.

You deserve thanks for increasing the area of jurisdiction and also capital to Rs. 200 to Rs. 250 crores. I would request that a new survey should be conducted and, new areas for investment should be identified so that the poor and backward areas may also be benefited.

With these words, I thank you.

[English]

SHRI V. S. KRISHNA IYER (Bangalore South) ; By and large I welcome the amendment.

This amendment is aimed at enlarging the area of operation of the Corporation in view of the rapid increase in industries particularly electronics industry. I would only like to seek certain clarifications.

First of all, with regard to the definition of industrial concern', it is proposed to widen the definition of industrial concern by including for setting up of hospitals and medical services. I would like to know from the hon. Minister. What does he mean by hospitals and medical services? Is it setting up a private nursing home? If that is so, than I am opposing it. If the aim of the private nursing home is to run it on commercial lines to make profit, then I am opposing it. If a number of doctors join together and start a hospital on a service motive, then certainly I welcome it. But it is not clear from this. If you want an individual doctor to start a private nursing home,



if you give him finance to set up a big hospital and make money, then in that case, I am opposing it.

There are other provisions which I welcome. You are enhancing the share capital from Rs. 100 crores to Rs. 250 crores. I would like to make one or two suggestions.

Many Members have already suggested about starting industrial concerns in the no-industry districts and backward areas. But that still remains a dream. I would like to know whether a survey has been conducted all over the country about the potential of starting industries in no-industry districts and backward areas. I would like to request the Government to set up a committee to, first of all, have a survey in each district with the help of the State Governments. Let them give a list of the areas which need industries and where there is an industrial potential for starting industries.

In this connection, I would like to know that the IFCI has invested nearly Rs. 2993 crores out of which the private sector alone has claimed the lion share i.e. 65 per cent. No private person is going to invest in backward or hilly areas or no-industry districts. My suggestion is that the Government itself must take the initiative, and start industries in the backward areas. Otherwise, no industry will come up in the backward areas. Let it be a joint sector or public sector.

The hon. Minister is quite aware that IFCI has made a profit of Rs. 29 crores. But that is not important. What is important is how many people they have helped. Are they monitoring that the amount which has been given as assistance has been utilised for the purpose for which it has been given?

Is the industry running on healthy grounds? That is important. I would like to bring to the notice of the hon. Minister—and I am sure he is also aware—that in a number of States in our country, many of the industries which have taken assistance from the IDBI or the IFCI are

running under loss, not due to their own failure alone but due to the failure of various processes which are beyond their control. Take, for instance, our own State, Karnataka. What is the percentage of power cut there? It is 80 per cent now. And what is the fate of the industry? For the past three years, there is drought, and no industry is making profit in Karnataka, not even in public sector. So, I would like to know from the Minister, while he is replying, that under such circumstances what does the Government do. You have given them the finance and the interest accrues from a certain date. So, they are forced to pay not only the ordinary interest but penal interest also. Now what is the position. We have thousands of sick industries now and the accumulated losses in the industry come to more than Rs. 5,000 crores. So, my suggestion would be that the Government should deal with them sympathetically, on humanitarian grounds. Such industries, both in private sector and in public sector, which are running under loss, not due to their own fault but due to the reasons beyond their control, deserve sympathetic consideration.

Finally, I would request the hon. Minister—because I have the experience though I have not personally tried it—that since it is not easy to get financial assistance from the financial institutions, so, he must have a single window procedure and he must see to it that there should be a time limit by which the financial assistance is given.

These are the few clarifications which I want to seek from the Minister while he gives reply to the debate.

[Translation]

SHRI PRATAP BHANU SHARMA (Vidisha) : Mr. Deputy Speaker, Sir, while supporting the Industrial Finance Corporation (Amendment) Bill, 1986 I want to draw the attention of the hon. Minister towards certain important issues. The new subjects included under its area of operation should be welcomed. IFC will finance setting up of industrial estates in the field of electri-

[Shri Pratap Bhanu Sharma]

city, energy and electronics and in the backward areas. Efforts have been made to bring them under this Act. For this the hon. Minister deserves congratulations. During the last few years there has been deterioration in the working of the IFC. It lags behind the other Indian financial institutions like IDBI and ICICI. There is some fault in the functioning of this institution and the young entrepreneurs find certain difficulties in getting the loans.

**SHRI C. MADHAV REDDI**  
(Adilabad) : This is the oldest Corporation.

**SHRI PRATAP BHANU SHARMA :**  
This Corporation was set up in 1948 and its functioning needs to be improved. Therefore, the rules should be reviewed and its functioning should be improved.

So far as leasing and hire purchase by this corporation are concerned, Shri Madhav Reddy has said that this Corporation need not undertake this work. In this connection my view is that the functions which you have brought under the area of operation of the Corporation are definitely in consonance with the needs of the present times. The leasing or re-financing or hire purchase mentioned in it relate particularly to those assets of an industrial plant which will promote industrial progress. Therefore, there is no question of functioning outside this jurisdiction. What is to be noticed in it is that the corporate sector in the country and leasing and financing companies are entering this field very rapidly. The Finance Ministry and the Central Government should stop it because limited companies are formed in the corporate sector and after taking permission from the controller of capital issues, amass crores of rupees in the name of leasing and financing and mislead the people. They finance their own industries and that money is not utilised for the benefit of the public. As you have brought these activities under IFC and IDBI, I suggest that this activity should be stopped in the private sector or the corporate sector.

15.00 hrs,

Lastly, the most important thing is, and Shri Madav Reddy has also referred to it, that under the IFC there is the Risk Capital Foundation. It generally helps such entrepreneurs with assistance capital whose project cost is more than Rs 3 crores. They are given matching assistance by RPF. I suggest that the way our technocrats, professionals and young entrepreneurs are entering this field, RPF should think of giving more facilities. Presently, it is giving small loans in different ratios in different fields and that too to limited number of people. My suggestion is that for the development of the backward areas, the young engineers, technocrats and professionals who want to set up their own industries should be provided with facilities under relaxed rules. Alongwith its sanction, its implementation should also start. When we submit a proposal to the All India Financial Institution, a joint appraisal is made. It should also be associated in the joint appraisal so that the people may get assistance from the Foundation.

Through this amendment, IFC will help in the development of industrial estates in the backward areas and will provide economic assistance for this purpose. I suggest that if the local entrepreneurs come forward in the most backward areas and the neglected rural sectors, industrial estates should be promoted there on cooperative basis. IFCI can make its contribution in this regard by creating infrastructure like providing roads, railway lines; water supply, high tension electric wires. This aspect needs to be looked into. You have brought this amendment keeping in view the need to industrialise the country. It is a timely amendment. I thank you for this and support the Bill.

15.02 hrs.

COMMITTEE ON PRIVATE  
MEMBERS' BILLS AND  
RESOLUTIONS

Nineteenth Report

[English]

**SHRI DAL CHANDER JAIN**  
(Damoh) : Sir, I beg to move the following :