

Clauses 33 to 51 were added to the Bill.

1st Schedule, 2nd Schedule, 3rd Schedule and 4th Schedule were added to the Bill.

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

S. BUTA SINGH : I beg to move :

“That the Bill be passed.”

MR. SPEAKER : The question is :

“That the Bill be passed.”

The motion was adopted.

16.28 hrs.

SHIPPING DEVELOPMENT FUND
COMMITTEE (ABOLITION)
BILL, 1986

[*English*]

MR. SPEAKER : Now we take up Item No. 27.

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI) : Sir, I beg to move* :

“That the Bill to abolish the Shipping Development Fund Committee constituted under the Merchant Shipping Act, 1958 and to provide for certain matters incidental thereto, be taken into consideration.”

The Government of India has taken several positive steps in the past with the primary object of building up a self-reliant merchant fleet, capable of meeting the needs of the country during peace and war. One of these was setting up of the Shipping Development Fund Committee (SDFC) in 1959, initially to finance acquisition of

* Moved with the recommendation of the president.

ships and subsequently fishing trawlers, from indigenous shipyards and from abroad. Over the years, apart from promoting a significant increase in national tonnage both in the general shipping sector and in the fishing trawler industry, the SDFC has contributed significantly to the emergence of India as an important maritime nation in the developing world.

SHRI THAMPAN THOMAS (Maveli kara) : Sir, I wanted certain clarifications from the Home Minister on the statement which he read in the morning.

MR. SPEAKER : That cannot be done now.

SHRI THAMPAN THOMAS : I asked for a discussion but no discussion was permitted.

MR. SPEAKER : There is a certain procedure and every procedure has to be followed. There is a procedure and everything is done according to that.

SHRI NARAYAN CHOUBEY (Midnapore) : You agreed to consider it.

SHRI THAMPAN THOMAS : As per the procedure, I gave a notice for adjournment motion.

MR. SPEAKER : Why don't you realise that we cannot go out of the rules? You will have to give a notice. Then I will consider that.

SHRI THAMPAN THOMAS : May I ask a clarification?

MR. SPEAKER : No question of clarification. How many times I will tell you?

(*Interruptions*)

MR. SPEAKER : It cannot be. So simple. It cannot be. No. I cannot. You have to give it in writing. If there is time, I will consider it and I shall see. Otherwise not. So simple it is.

SHRI THAMPAN THOMAS : I have given it in writing.

MR. SPEAKER : It is all right. I will consider it.

SHRI B. K. GADHVI: In the past decade, shipping industry has passed through a very difficult period because of world-wide recession and sharp decline in freight rates. This has imposed a considerable financial burden on the SDFC and has affected its ability to finance new ship acquisitions. It has, therefore, become necessary to evolve a new financing mechanism for extending adequate support to shipping and trawler industries. After a careful review, it has been decided by the Government to wind up the SDFC and to create a new financing agency in the place of SDFC which would have wider financial resources and greater flexibility of operations.

We have already given an indication of the arrangements for the new financial agency being contemplated by Government, in the statement made in this House on 13th November, 1986. Action is being taken to establish the new institution.

The present Bill is intended to give effect to the decision to wind up SDFC. It is the intention that on abolition of the Shipping Development fund and the SDFC, the assets and liabilities should vest in the Government and that these should not be passed on to the new financing institution direct, lest the new institution should start with a heavy liability of carrying SDFC's losses in its books which would in turn affect its capacity to raise funds to support shipping. It is, therefore, envisaged that the new financial agency will manage the assets and liabilities as an agent of the Government. In all contracts between SDFC and agencies within and outside India, Government of India would step into the shoes of the SDFC without any need for contracts to be re-entered. Similarly, pending cases would not abate by abolition of SDFC; instead, Central Government would be substituted for SDFC.

Based on the experience of the working of SDFC and the difficulties faced by it in effecting recoveries of dues from shipping companies, it is felt that the Government should assume special powers to facilitate more effective and quicker recoveries of dues to the Government from shipping companies, on abolition of SDFC. These special powers would include powers to call for repayment of loans before agreed period, to appoint receiver without intervention of court, to

appoint directors and administrators of shipping concerns, notwithstanding the provisions of Companies Act, 1956, to recover due arrears of land revenue, etc. Such powers would be exercised by the Government of India itself or through an agent. The present Bill seeks to achieve these objects.

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

16 29 hrs.

[SHRI ZAINUL BASHEER *in the Chair*]

MR. CHAIRMAN : Motion moved :

“that the Bill to abolish the Shipping Development Fund Committee constituted under the Merchant Shipping Act, 1958 and to provide for certain matters incidental thereto, be taken into consideration”.

SHRI K. RAMACHANDRA REDDY (Hindupur) : Sir, the present Shipping Development Fund Committee (Abolition) Bill, 1986 is intended to abolish the Shipping Development Fund Committee constituted under the Merchant Shipping Act, 1958. This Committee has been created, under section 15 of this Act, in the year 1959. It was working satisfactorily since 1959. i. e. for the past 27 years. Now, for reasons best known to the Government, they wanted to abolish this Committee.

Sir, when I went through the Bill and also when I followed the speech of the Hon. Minister and tried to analyse this Bill, a feeling has come to me that the Government or the Minister is trying to run with the hare and hunt with the hounds. That has been made quite clear. They don't say that this Committee has completely failed. They pay encomiums to this Committee. But they say that this Committee has succeeded as far as the developmental activities are concerned. At the same time, they wanted to abolish it. The reason they have given for the abolition of this Committee is that this Committee was not able to collect money which was lent to some people. In the Statement of Objects and Reasons, they said : “Although the SDFC performed well its role as a developmental body, its record in respect of enforcing recovery of loans extended by it

has been well below expectations". This is the reason that they have given to abolish this Shipping Development Fund Committee. This Committee has been working satisfactorily since 1959 i. e. for the past 27 years. Now, suddenly the Government woke up a fine morning and found that even though the development activities of the Committee were good, were up to the mark and even though the Government praise it, they found as far as the collections are concerned, it has been far below the expectations. Instead of giving such vague terms, the Minister could have come forward, could have taken this House into confidence with the details as to what is the amount that has been lent; what is the amount that has been collected and what is the amount that has been outstanding and in what fields this Committee has failed. The Minister could have taken the House into confidence and come forward with these details so that the House may judge genuineness or otherwise of this abolition Bill. The Minister does not do that. That is why I am saying that the Minister is trying to run with the hare and hunt with the hounds. At one stage he says that the functions of the Committee are good; at the other stage he says its collections are bad. You will be surprised to hear that. He says : the developmental activities are good and the difficulties are found as far as only collections are concerned. Probably the Committee were not in a position to complete the collections. If really the same yardstick is applied, then I would say there are so many government concerns which are running on heavy losses, there are so many public concerns and public undertakings, there are so many Committees, which are incurring huge losses, and they have to be abolished. They are also consuming public money. They are showing losses every year. What will happen to those Committees if the same yardstick is applied ? All those Committees may have to be abolished. When the Government feels that this Committee has been working very satisfactorily and the only failure is in respect of collection, instead of assuming enormous powers to themselves, the Government could have given those powers to the very same Committee and allowed it to continue to work. It appears as though the Government does not want this Committee to work satisfactorily and that is why are abolishing this Committee and are assuming the powers to themselves. When the Government assumes

the functions of the SDFC and sets up another agency, I do not know that is going to be the fate of that. That may also be like other government concerns and undertakings which are incurring huge losses and which are not able to develop or collect or do anything at all except causing a lot of hardship and strain to the public exchequer.

Under the guise of abolition of this, I feel the Government wants to assume enormous powers to themselves. So many problems will come up now, about the assets and liabilities, taking over of the staff, the rights of the staff, their duties, their emoluments, and so on. When all these things are there, the Government is going to encounter a lot of difficulties. Instead of trying to encounter such difficulties, if Government had enhanced the power of collection of the Committee, the Committee would have done wonderfully well. But they have not chosen that easy way. Instead, they have come forward with this Bill to abolish the SDFC. Clause 3(b) of this Bill contains only three or four words and with that, they have abolished so many sections--sections 14, 15, 16, 16A, 17, 17A 18 and 19. I do not know whether they have considered the effect of this. Clause 3(b) of this Bill has very far-reaching consequences. It is able to remove eight sections at a stretch.

Another thing is this. As far as the rights of the employees are concerned, Clause 7(2) contains drastic provisions. Under the guise of abolishing this Committee and improving the collection capacity, the Government is assuming enormous powers. Very drastic powers are there under Clause 7(2). With Clause 7(2) Government takes away all the rights of the employees and the employees cannot go to courts; the employees are not entitled to any compensation under this Act or any other Act and no such claim shall be entertained by any court, tribunal or other authority. The jurisdiction of the Industrial Disputes Act is also being taken away. I do not know why the Government wants to have these sweeping powers. I feel that this Bill has been brought not with the idea of abolishing the SDFC only but with the idea of assuming sweeping powers so that they may ride roughshod over the rights of the employees.

[Shri K. Ramachandra Reddy]

That is why I request the Government that, instead of laying their hand on a Committee which is running very satisfactorily and instead of trying to abolish it—because if the same yardstick is applied, they have to abolish so many other Committees also—it is better that Government allows this SDFC to continue to function and withdraw this Bill for the present. If the functions of the Committee are not upto the mark, if they are unable to do the collection, then at a later stage they can come forward with such a Bill to abolish it. They can now give wide powers to the SDFC as far as collections are concerned and try to improve its functioning. I request the Government, once again, not to lay their hands on an organisation which is working even to the satisfaction of the Government and withdraw this Bill for the present.

SHRI SATYAGOPAL MISRA (Tamluk) : You will be surprised to go through the statement given by the Hon. Minister. Under the Merchant Shipping Act, 1958, Section 15, the Shipping Development Fund Committee was constituted. From that date, the Committee functioned upto now. But now the Government has given a statement which itself is contradictory. I cannot understand it. I quote from the statement of the Minister :

“Although the SDFC performed well its role as a developmental body, its record in respect of enforcing recovery of loans extended by it has been well below expectations”.

If the recovery of the loan is well below expectations, then how did it function well? I don't know how the Committee functioned well.

I want to know from the Hon. Minister whether the functioning of the Committee was assessed from time to time by the Government, whether, any action was taken against the Committee which failed to recover the loan. I also want to know from the Hon. Minister in detail how the Government is going to realise all the amounts which have been sanctioned as loan to different Shipping Companies and what is the total amount,

Now, all of a sudden, the Government has come to abolish the Shipping Development Fund Committee and it is trying to take all the responsibility on its own shoulders. I have a strong objection on Clause 7 of the Bill where the transfer of service of the existing employees of the Committee has been restricted; even their children cannot go to the Court. There are some well established laws of the employees and those well established rights have also been taken away by this Clause. I have a strong objection on this point.

I want to know what is the actual purpose of the Government. They are now trying to abolish the Shipping Development Fund Committee. Then, what are they actually going to do? How will they finance different Shipping Companies, for their development? What will be the procedure? That chapter is quite absent in this Bill.

I think the Hon. Minister will clarify all these points and tell us whether the activities of the Committee were assessed from time to time, whether any strong action was taken against the Board which sanctioned so many rupees as loan, but failed to recover certain amount and whether any action has been taken in this regard.

Lastly I want to know from the Hon. Minister what are the actually going to do in this respect. They are abolishing the Committee and they are taking all the responsibilities on their own selves. What will be the actual procedure for granting loans, how will they recover the loan? I hope all these points will be clarified.

[Translation]

SHRI GIRDHARI LAL VYAS (Bhilwara) : Mr. Chairman, Sir, I rise to support the Shipping Development Fund Committee (Abolition) Bill...*(Interruptions)* Shri Janga Reddy, I am speaking on it because I was not allowed to speak today.

SHRI NARAYAN CHOUBEY : When he could not speak on any other subject, he has started speaking on shipping.

SHRI GIRDHARI LAL VYAS : I support the Bill and I want to submit certain

points to the Hon. Finance Minister. But the Hon. Minister is not present in the House.

THE MINISTER OF STATE IN THE
 MINISTRY OF PARLIAMENTARY
 AFFAIRS (SHRIMATI SHEILA DIKSHIT):
 I am officiating for him.

SHRI GIRDHARI LAL VYAS : You are a Minister in the Ministry of Parliamentary Affairs but we accept you as the Finance Minister.

Mr. Chairman, Sir, we want information regarding the recovery of the loans. How much money has been sanctioned as loans and advances by this committee? (*Interruptions*) And what steps are being taken for their recovery? Out of Rs. 626 crores advanced as loan, how much has been given on the basis of guarantees and how much would be written off and how much can be recovered? We want to know about it in particular. The Members of the Opposition are of the opinion that this Committee is functioning properly. But when we are provided with the information that we have asked for, we would come to know about the shipping companies which have been granted the loans and whether the money has been utilised properly, and whether they are in a position to repay the loans? We are doubtful because you have made a provision that you would recover the loan in the same way as you recover land revenue. Recovery in this way is made only when the beneficiary is not in a position to repay the loan. In the other case, where a guarantee is provided, the beneficiary repays the loan himself from time to time. But for those who do not repay the loans, this provision has been made. Doubts arise because most of the money out of Rs. 626 crores has been granted by the committee to the companies which have been indulging in fraudulent deals, with the result that there is no scope for recovering the loan. If the banks are unable to recover loan, they put it in bad debt. I want to ask as to what amount, out of Rs. 626 crores has been given to such companies, which are not in a position to repay the loan? I would like to know the names of the companies from the Hon. Finance Minister which have been granted loans by the committee and the extent thereof?

As present, many industries are declared sick so that new industries can be set up in their place. I would like to know the names of the companies, out of the aforesaid companies, which transferred their capital in a similar manner. I would also like to know the names of the new companies which have been established in this manner? I want to know the *modus operandi* adopted by these companies to misappropriate Government money. Therefore, it is the right of the Hon. Members to get complete information in this regard. Government should also State as to how much money has been bungled, how much is recoverable and how much has been recovered? Mr. Finance Minister, this doubt has arisen because you have provided that recovery of the loans shall be made in the same way as land revenue. It implies that the loan given to these companies has been treated as bad debt and hence this provision. We, therefore, want to know the amount, out of Rs. 626 crores, which has been misappropriated.

Provisions have been made under clause 7 regarding the rights and liabilities of the workers. The clause *inter-alia* provides.

[English]

"...with the same rights and privileges as to pension, gratuity and other matters as would have been admissible to him if there had been no such vesting and shall continue to do so unless and until his employment under the Central Government is duly terminated or until his remuneration and other conditions of service are duly altered by the Central Government".

[Translation]

This provision is so dangerous that it might endanger the service of any employee. If a company is transferred, it should not make any difference in the service conditions of the employees. The service conditions of an employee should remain the same as they were in S.D.F.C. The employees of the S.D.F.C. should be transferred to the new company which has been set up. The rights and liabilities which had been made under the S.D.F.C. should be made applicable by the new company. The Central Government

[Shri Girdharilal Vyas]

cannot make any changes in this regard. You have provided that they would be governed by any legislation enacted by the Central Government in his regard. Through this legislation you are undermining their rights. Mr. Minister, it is a very important question. You should delete this provision, under which the Central Government can bring any legislation, even providing for termination of their services. I want to imply that the service conditions of the employees should remain the same as they were under S.D.F.C. in view of the fact that it will be taken over by the new company. This is the legal position also. The same is provided under the Industrial Disputes Act and other Labour Laws. Under the provision of this Bill, the Central Government has been empowered to take away the rights of the employees at any time. This is a very dangerous provision and it should be withdrawn.

Secondly, no provision has been made in the Bill in regard to Provident Fund and payment of compensation. Such a provision is a must as persons working in the Shipping Corporation can meet with an accident at anytime. There are no provisions regarding Provident Fund and other such matters. These provisions must be made in the Bill. You have brought the Bill in a hurry without taking into consideration the rights of the employees and how to give them maximum benefits. Therefore, this Bill is incomplete and I think that the provisions which have not been included in this Bill, will be included in some future Bill.

With these words I support the Bill.

[English]

SHRI THAMPAN THOMAS (Mavelikara) : Sir, this Bill has been brought forward in view of the problems faced by the shipping industry and its importance. But when we try to make some improvements, we find a failure. What will be the fate of the industry in a developing country? It has to improve its business in various aspects. It is true that a developing country has got its problems. But a developing nation has to build up the shipping industry for the purpose of improving its economy. Sir, by and large, the exports will

be dependent on the development of the shipping industry in this country.

As a trade union representative of a ship manufacturing industry, I have my experience. The ship manufacturing is owned by the Government of India. The situation is that there are not sufficient orders. Therefore, the workers who are employed had to be laid off. Also the financial benefits which were being extended by the Government of India, are being curtailed. Kerala is having the Cochin Shipyard which is one of the biggest shipyards in Asia. That shipyard developed with the modern techniques faces a big crisis and is on the verge of closure because of Government's policy. It appears that even the State Government have burdened the industry by way of salestax. The ships manufactured for Government in a Government industry are being taxed. How is this Government going to encourage the industry which is very much essential for the financial development of this country?

If you look at this Bill, you will see that they are abolishing the Shipping Development Fund Committee which was constituted for the purpose of development of an industry and in that place what is promised in this Bill is that some new financing agency will be formulated subsequently under the Companies Act for the purpose of looking into these matters. In the meanwhile what is happening is that Rs. 626 crores are going to be lost. That is the amount due to this Committee, and naturally, there would be claims and counter-claims. I would request the Hon. Minister to explain to this House, where this money has gone. In whose hands has this money gone? How many private trading Companies are involved in this, who have taken this money and invested in other business other than the shipping business? Will the Government be able to detect this and realise the money?

You have provided in this Bill that the amount will be recovered as land revenue. I doubt this very much. When the real process of law takes place, your contracts or agreements which you have made with the parties who have availed of the loans, may be considered not valid. When you go to the court and invoke powers to recover the loans etc. as land revenue, your contracts may be taken as invalid. Today, those

people owe a sum of Rs. 626 crores to the Government and as far as the people of this nation are concerned, this amount will have to be written off. You will have to give me an assurance how you are going to safeguard that much money.

Secondly, there are two sides of the shipping industry; one is the ship manufacturing and the other is transportation of goods from our country. How are you going to help these two sections? The ship manufacturing industry is facing a very big crisis because of want of orders and no encouragement from the Government side. I visited Japan, which is one of the developed countries recently. It is in the private sector. There also the ship industry is facing a crisis. What they have done is that they are using the same industry and the technology for manufacture of some other items. I saw that in Mitsui, when I visited, they were planning to manufacture floating airports in the sea. They were going to use the shipyard facilities and the engineering techniques acquired for this purpose. They will use these floating airports to land the aircrafts in the sea or near that area. This way, the industry which was developed solely for the purpose of manufacturing ships is being diverted to other purposes. Have you got any such plan to encourage our industry which is engaged in the manufacture of ships? You can very well divert their engineering technology for other purposes.

There is a lot of indigenous technology which has to be developed. So far, we have always banked on the foreign technology and that has many times landed us into very great difficulties. At some stage or the other, we have to give a go-by to the foreign technology, and we have to develop our own technology. For a long time now, we have been experimenting like Mohd. Tughlaq and failing. This is one such example.

There is another aspect of transportation. A number of people are involved in it. I belong to a seashore area. Boys and others working as seamen in the ships are facing a lot of difficulty. There would be a lot of opportunities for employment for a number of people if you properly implement the Merchant Shipping Act, and correlate the various other things for the purpose of transportation of goods through bigger ships.

If you encourage it, people can find a lot of jobs, but that is not being done. Actually, those people are in a discontented manner. There is no proper method of warehousing and transportation.

17.00 hrs.

All these things are not found here. Therefore, I submit that participation in this debate on this Bill should serve as an eye-opener to our policies and when we are going to have a discussion of this kind, I would like to urge the Hon. Minister to come forward with new proposals which will really help us in our nation building and I request the Hon. Minister to bring forth concrete suggestions instead of abolishing something and thereby creating a vacuum.

SHRI D. P. JADEJA (Jamnagar): Mr. Chairman Sir, I rise to support the Bill brought forward by the Hon. Finance Minister. While doing so, I would like to draw the attention of the Government regarding a few facts which he could consider when either a new Bill is to be introduced or when an alternative to the SDFC is going to be made available to the people of this country.

Sir, a lot of allegations have been made regarding the misuse of funds. Though I am no authority to say anything on this subject, I would like to draw the attention of the House that neither the officials of the SDFC, nor the people who man the merchant shipping companies alone are responsible for all these things. There is a recession in the world and this is the situation through which the shipping industry has been going through during the last six years, which has resulted in the present situation of bad debts.

But Sir, when the private enterprise is being told that they have taken finances from the SDFC and diverting them to other industries, I would like to know from the Government as to what is the share of the private sector as a beneficiary of the SDFC and what is the share of the government-owned Shipping Corporation of India and other organisations who have taken loans from the SDFC? When the SDFC made rules and gave finances to other companies, they made one particular rule saying that

[Shri D. P. Jadeja]

only limited companies are to be benefited by the SDFC. I pleaded with the Government that besides the limited companies, there are even private partnership companies, individual ownership companies who can run these smaller projects in a much better way and unless they get the financial assistance from an organisation like the SDFC, they will not be able to come forward to do justice to the industry, which the SDFC were supposed to help.

For example, fishing vessels industry was one industry which was being supported by the SDFC. But there a problem came that every company had to become a limited company. I hope that with the new company that they are going to form, I wish that they would consider that even private parties or even partnership companies will also be benefited by the SDFC's facilities which they were not getting earlier.

Further more, SDFC which was basically an organisation to support and help the shipping industry neglected the weaker sections of the shipping industry, viz. the sailing vessels industry. Sailing vessels industry is the backbone of the coastal services of this country. It is the main industry which operates between India and the Gulf, between India and Sri Lanka and between India and the South East Asian countries. Now, this is an industry which was being helped by the Ministry of Shipping through a very meagre loan. And that loan has also now been discontinued and the small man, the owner of the sailing vessel has now got to go to the commercial banks where he has to pay a much higher rate of interest, whereas even the bigger industries like the government owned corporation are still to be benefited with low rate of interest with easier terms of payment. I only hope that the Government will reconsider this issue and see to it that this small man, who is the owner of a sailing vessel or a small fishing vessel is also benefited.

17.04 hrs.

[MR. DEPUTY SPEAKER *in the Chair*]

While concluding, I would request the Government only one thing. It is observed

that the Government has since decided to establish a new financing agency under the Companies Act in the place of the SDFC which would be endowed with wider financial responsibilities and greater flexibility of operations. It is here we have a hope that this greater flexibility of operations will encourage the genuine small and big industries to develop. They should not waste time and allow the industry to go into some other people's hands for borrowing and for financing, and they should instead now come forward with their new rules and regulations and offer it to the public as early as possible. And one more thing in the new organisations. I would request the Government to consider that people who are put at the helm of affairs and who are asked to control all these operations public men should also be involved.

[*Translation*]

SHRI NARAYAN CHOUBEY (Midnapore) : Mr. Deputy Speaker, Sir, I want to raise a few points for the consideration of the Hon. Minister through you. I am surprised that after commending the work done by SDFC, you have provided for its abolition. There is a saying : *Andher nagri chau-pat raja, take ser bhaji, take ser khaja*. It implies that it hardly matters whether a work is done efficiently or not. The shipping industry underwent considerable expansion because of the good work done by S.D.F.C. But in spite of it, the Government has decided :

[*English*]

The Government has since decided to establish a new financial agency under the Companies Act in place of SDFC. What for ?

[*Translation*]

The reason is that loans advanced by it have not been realised so far. How can an organisation be commended which failed to realise the loans advanced by it ? It ought to have been said that only half of the work was done efficiently. If loans are given then it becomes good work, otherwise it is bad. It is quite surprising. My friends and myself would like to know whether it is true—as you have said—that loans worth Rs. 626

crores have been sanctioned. Any banking institution undertakes borrowing and lending of money and its performance can be good as well as bad.

THE MINISTER OF STATE IN THE
MINISTRY OF COMMUNICATIONS
(SHRI SONTOSH MOHAN DEV) : Some-
times.

SHRI NARAYAN CHOUBEY : Not
sometimes. Sethia is still languishing in jail.
You very well know the name of the bank
in London which advanced him the loan.
You can claim that one of the defaulters has
been put behind the bars. I want to know
the names of other persons who have taken
these loans. Let the cat be out of the bag.

[*English*]

Who were these great men, who have
taken loans and loans only and who have
not repaid it ?

[*Translation*]

And because of whom you are going to
establish a new agency. You should also
state the liability of shipping corporation
therein. You are going to take drastic steps
in regard to the employees. There is a
saying in Bengali which when rendered into
English is as follows : "On Calcutta ! You
are filled with only dust. Here the wise men
steal and the fools get caught". A committee
was formed which sanctioned loans. Nobody
knows who were the Members of the com-
mittee and how much commission was
received by them ? It is the employees who
are the sufferers. You will be in a difficult
position. There are so many employees and
where would you absorb them ? Will they
be absorbed in this new Agency or in some
other institution ? Problems pertaining to
their seniority and increments would also
arise as a result thereof. It will be difficult
to fix their seniority in the new department.
You say it is a democratic right.

[*English*]

These people have not been allowed to go to
the court. Limited democracy for them, and
unlimited democracy for the Tatas, Birlas,
Goenkas, Scindias and Sethias.

[*Translation*]

You will have to whatever we give you, at
least for some time.

[*English*]

It is said in the Bill : "These powers could
be exercised by the Government directly, or
through a designated person."

[*Translation*]

Kindly see to it. My last point is concerning
the fact that you are going to establish a
new agency. But I cannot understand why
you are going to do it ? You want to get the
requisite powers through this bill; kindly
specify the powers. You have said that the
special powers would be used to effect reco-
very of the dues of SDFC, in the recovery of
which the courts cannot intervene. If you
have any outlines of the powers and functions
of this agency, kindly let us know about it.
You are very well aware that howsoever
honest an official may be, it is difficult for
him to recover the money from a private
company, which has the protection of a
Minister. I would, therefore, like to know as
to what powers have been vested to this new
agency.

[*English*]

It is very difficult even for officers to get the
money back from such resourceful people
who are backed by very powerful men in the
Capital.

[*Translation*]

We all know how difficult it is to recover
money. You are also aware of the difficulties
faced by the officials in this regard. Hence,
I would request that—

[*English*]

without knowing all these things, it is very
difficult for us to support this Bill.

] *Translation*]

Please let us know what would be its powers
and what would be its functions ?

[*English*]

MR. DEPUTY SPEAKER : Mr. Janga
Reddy, please be brief. We have to pass
many bills,

[Translation]

SHRI C. JANGA REDDY (Hanamkonda) : I went to Vishakhapatnam a week ago. A committee was there to advance loans for shipping purchases. Now this committee is going to be abolished and a new one is proposed to be set up. What will be this new agency, how will it advance loans and who will be its Directors and Members? What would happen to the shipping industry? These were some of the questions put to me at Vishakhapatnam. It is true that the shipping industry has expanded but we have not been successful in realising the loans. There are so many institutions like the Finance committee which advances loans, but how much of it is being recovered? Some officials are not interested in the recovery of loans, because they have issued those loans to their own people. If a Finance Committee has been set up to sanction the loans, then you must tell us what procedure has been adopted to effect recovery of the dues. People are not ready to repay their debt and, therefore, stringent action should be taken in this regard. Big industrialists take loans but the Government does not have the will to recover the dues. As Hon. Shri Choubey has mentioned, the money taken as loan from the banks is not repaid. The reason is that all the industrialists set up industries with 95 per cent loans from the banks and other financial institutions and their investment is only 5 per cent. The Government is not able to recover loans because they enjoy the protection of Ministers, M. Ps, Secretaries and other big persons. In this case also, after the abolition of the SFDC if stringent measures are not taken by the Government to recover the pending loans, it will not be able to recover a single paisa. You will have to rise above political expediency and exhibit the will to effect the recoveries. You want to get powers of realisation under the Land Revenue Act, but this could be done even by keeping this committee in existence. Even otherwise you can exercise collective powers for making the recovery. Therefore, tell us which committee will be set up by abolishing the present one? What will be the Constitution and functions of the proposed new committee? How will the loans advanced by the new committee be realised? Still, it will not be proper to abolish this committee at one stroke, because it had promoted the shipping industry, and was an agency for the recovery of loans.

You are not replacing it. Again, the employees of SDFC are not permitted to go to any court. Under which Article of the Constitution is it justified? It is true that you can take away any power by passing a Bill to that effect in the House. But what action is proposed to be taken in respect of the provident fund and other matters relating to the employees? Will they be absorbed in other department? This has not been made clear. We have seen in Andhra Pradesh and Uttar Pradesh that when any department is abolished, the service matters of the employees are not settled for as many as 20 to 30 years and same is the position in the joint sector. You have not divulged its exact form? What will be the position of those applicants who have applied for loans prior to the setting up of the new institution and who come to Delhi every 10 days? All these matters should be clarified. As your intentions are not clear, I cannot support the Bill.

[English]

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI) : Mr. Deputy Speaker, Sir, I very well appreciate the anxiety of the Hon. Members. From their speeches I could gather one common thread and it is that they all are anxious to see that ship building industry in this country which is facing a tough competition and a recession a global recession, should be helped to overcome both these difficulties and ship manufacturing as well as shipping should be encouraged.

We have stated that this Committee did a good job; and you would appreciate, members would be pleased to appreciate that when this Committee was constituted we had meagre tonnage of 7 lakhs at the time of its inception and on 31st March, 1985 it increased to 63.6 lakh tonnage—87 per cent of which was acquired with the support of S D F.C.

SHRI NARAYAN CHOUBEY : How is it 87 per cent? It is much more than that.

SHRI B. K. GADHVI : I will tell you later on. We are all aware that there are two areas—as I stated—one is the great potentiality for fishing in our country.

And another is for transporting our commodities and for exporting and importing some commodities from other countries. Therefore, merchant shipping in India is doing a job on that count. Our fishermen are also going for trawlers and others for fishing purposes.

This Committee was appointed for the purpose of giving them official help and the funds which were available to this Committee. They were through the Budget and as loans through the Ministry of Surface Transport.

Right from its inception it also used to stand guarantee for the private or the public sector industries whoever it is, when they wanted to acquire ships and from its inception—I am giving the figures—that one saw the rapid loans which were given on one scheme, and another scheme was Ship Acquisition Scheme, for acquiring ships from abroad under a new scheme. It was under these two schemes that the loans sanctioned, were issued in a rapid line to public sector it was Rs. 1,058 crores and to private sector it was Rs. 745.35 crores. These were the loans sanctioned but all the loans sanctioned were not disbursed. The loan disbursements were Rs. 810.20 crores to public sector and Rs. 577.88 crores in the private sector. As three or four honourable members had also asked for them, I am giving the details.

The loan outstandings were Rs. 494.28 crores in the public sector and Rs. 398.69 crores in the private sector. And their overdues means they have to pay back the loans within a particular time; seventeen years or 15 years, or whatever may be time that was stipulated for the return. Thus, those who did not pay in time have become overdues and they were Rs. 118.23 crores in the public sector and Rs. 223.90 crores in the private sector.

Under another scheme we also sanctioned the loans as "Ships Acquisition from abroad" Scheme, a new scheme, Rs. 339.16 crores for the public sector and Rs. 154.86 crores for the private sector. The loans disbursed for both these were of the order of Rs. 339.16 crores for the public sector and Rs. 154.86 crores for the private sector; the loans outstanding are Rs. 169.76 crores in the public sector and Rs. 129.85 crores in the private sector, and overdues come to Rs. 37.65 crores.

[Translation]

SHRI NARAYAN CHOUBEY (Midnapore) : What is the total amount ?

SHRI B. K. GADHVI : You please take your seat. We will calculate the total amount.

[English]

This committee also used to stand as guarantee and counter-guarantee, in the public sector it was for Rs. 701.92 crores and in the private sector for Rs. 474.69 crores, total being about Rs. 1176.91 crores. And the other guarantees were Rs. 171.32 crores in the public sector and Rs. 308.87 crores in the private sector, the total being Rs. 480.89 crores. So, the total value of guarantees/counter-guarantees came to Rs. 872.54 crores in public sector, Rs. 783.56 crores in private sector. The total amount is Rs. 1656.10 crores.

Guarantees/counter-guarantees outstanding as on 31.3.86 Rs. 366.28 crores in public sector and Rs. 256.31 crores in private sector and the total comes to Rs. 625.59 crores.

It may be appreciated that the loans from the then Shipping and Transport Ministry were being given to give impetus to trawler and ship building industry. In these days when there is a lot of competition and also there is a recession internationally, the shipping industry should be given more impetus so that it can stand competition both in manufacturing as well as transport. That is the reason why it was thought by the Government that instead of managing loans or financial assistance to the shipping industry and also the trawler building industry, by this committee, why should we not have an organisation under the Companies Act under the aegis of ICICI so that commercial transaction takes place and financial assistance also can be provided to this industry. They can also go into the viability of a particular project. They can examine it and thereafter they can sanction it. It has been thought by the Government that instead of running this committee under the Surface Transport Ministry, it should have a concept of financial institution working under the Finance Ministry. Therefore, this Bill of abolishing this committee has been brought.

[Shri B. K. Gadhvi]

The Hon. Member was enquiring about the total amount. The total overdues is Rs. 379.78 crores and total outstanding is Rs. 1192.58 crores.

Initially, this committee was intended to act as a developmental agency, but it was not a corporate entity and it had no capital of its own. Now, we want to create a corporate entity with a capital so that the accountability and financial management can also increase. It would also see that the end use of the funds is properly utilised.

SHRI NARAYAN CHOUBEY : What will happen to the outstandings ?

SHRI B. K. GADHVI : This institution which is coming up, will certainly look into it. Those were the government funds and this was only a developmental committee. When Government wants to abolish that committee and establish a new institution, then it is the duty of the Government to take over all the assets, liabilities, employees and other things. So far as the apprehension shown with regard to the employees, they are stepping in the shoe of Central Government. So, all the rights and privileges that the Central Government employees are enjoying today will be available to the employees of that Committee. But for the purpose of recovery of these loans and outstanding dues, it is the Government or its designated agency which can exercise the power and make recoveries as land revenue arrears. No other private agency can be given this power. Therefore, the Government assumes that power and the Government will certainly try as far as possible, to make recovery of overdues, outstanding amounts and everything. So, there is no point in making any apprehension about it.

I do not think many points have been raised. I can certainly say that this abolition is not with a view that the ship-building industry in this country should suffer, but this abolition of the Committee and again formation of a new institution for providing financial assistance to the ship-building industry is for greater dynamism, for greater help and, therefore, there should not be any misconception or apprehension on that count,

I have covered almost all the major points which have been raised...

(Interruptions)

[Translation]

SHRI GIRDHARI LAL VYAS : Have you any information regarding the financial position of the financial agencies ?

[English]

SHRI B. K. GADHVI : Probably you have not understood. This company did not have their own corpus. They were taking loans from the Ministry of Shipping and Transport and were also assisted by the Government through budget. They were simply a recommending agency for the different persons who came to them for help. Therefore they were only recommending. But now we are trying to establish a financial institution under the Company Law and, therefore, it will have a greater accountability for whatever advances or assistance by way of loans is given to them. Of course, there were recommendations of this Committee and you would appreciate that all the loans disbursed to the ship-building industry were at a very very low rate of interest.

SHRI NARAYAN CHOUBEY : Even then they did not pay.

SHRI B. K. GADHVI : Even then they did not pay and, therefore, now we wanted to say that if we continue with this, then there will be greater difficulty. But apart from greater difficulty, we also want to see that the growth of ship-building industry in this country should not suffer and, therefore, we have come with an alternative. I will tell you that this question has been examined in depth and unless there is a financial institution to provide assistance and to make recoveries and to look into the overall picture, like a bank or a financial institution, the industry cannot get good support and if we continue with this Committee, then the position would be that this Committee would not be in a position to raise their resources for onward assistance to the ship building industry because of these heavy losses, outstandings and overdues. Keeping this in view, the new company with a fresh slate coming into existence would be in a position

to mop up greater resources so that they can help the ship building industry and the ship-building industry can progress in those critical days of recession and cut-throat competition.

SHRI D. P. JADEJA : How long will the industry have to wait till this new ICICI will frame rules and will start functioning ?

SHRI B. K. GADHVI : I have told you that within a week the Institution would come up.

MR. DEPUTY SPEAKER : The question is :

“That the Bill to abolish the Shipping Development Fund Committee constituted under the Merchant Shipping Act, 1958 and to provide for certain matters incidental thereto, be taken into consideration.”

The motion was adopted.

MR. DEPUTY SPEAKER : The House will now take up clause by clause consideration of the Bill. The question is :

“That Clauses 2 to 20 stand part of the Bill.”

The motion was adopted.

Clause 2 to 20 were added to the Bill.

MR. DEPUTY SPEAKER : The question is :

“That Clause 1, Enacting Formula and the Long Title stand part of the Bill.”

The motion was adopted.

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

MR. DEPUTY SPEAKER : The Minister may now move that the Bill be passed.

SHRI B. K. GADHVI : Sir, I beg to move :

“That the Bill be passed.”

SHRI MOOL CHAND DAGA (Pali) : Sir, will you kindly allow me two minutes ?

MR. DEPUTY SPEAKER : I will give you one minute, Sir.

Motion moved :

“That the Bill be passed.”

[*Translation*]

SHRI MOOL CHAND DAGA : Please tell me why are you bringing this Bill so late? In 1959, you had written off more than Rs. 700 crores.

SHRI B. K. GADHVI : We have not written off.

SHRI MOOL CHAND DAGA : You have.

[*English*]

I can show you. This is the figure which has appeared in India Today.

MR. DEPUTY SPEAKER : Do not go into the merits and demerits.

(*Interruptions*)

MR. DEPUTY SPEAKER : I am asking you not to go deep into it.

SHRI MOOL CHAND DAGA : I do not want to take time.

[*Translation*]

SHRI NARAYAN CHOUBEY : Who writes off whose money ? This money is ours and yours which these people are doling out.

SHRI MOOL CHAND DAGA : This is an unwidely legislation, and is being passed in such a great hurry that

[*English*]

we are not doing justice to the Parliament, not to the people of India. I am telling that to you frankly. You may allow me or not. I do not want this way of going with the Bill. What has happened ?

[Sbri Mool Chand Daga]

"The total loans and guarantees provided by it amount to a colossal Rs. 3,500 crore. Officials are said to have worked out that even after selling off the ships defaulting companies, Rs. 700 crore would still have to be written off."

This is what appeared in India Today of 31st August, 1984. I can give you other figures also. The Committee was formed in 1959. How many years have passed today? They are coming with this account now. Did they not know it?

[Translation]

What have you been doing for the last so many days? ...*(Interruptions)*... A company has been incurring losses for the last 27 years, but the Government is not aware of it and suddenly after a long time a Bill is introduced. What is this? You have been saying time and again that you will not play with people's money; but what is this happening? How many people have taken the loans and what steps have been taken by you? Is anybody accountable for it? Even now you will have to incur recurring expenditure of Rs. 18 lakhs thereon. When you are setting up a new financial institution, what for will they be needed? You tell us by when you will be setting up the new agency and when will these people get absorbed? ...*(Interruptions)*... In this way, if you pass the Bill so hurriedly, it will not be proper. I want to point out that there is so much of manipulation and bungling. Your Chairmen, Directors and Members are all involved in it and we want to know the increase in expenditure because of them? Please, do not hide the details. What was their budget? They used to tour the whole of India...*(Interruptions)*... It is not proper to pass the Bill in such a haste.

[English]

SHRIMATI BASAVARAJESWARI (Bellary) : I am on a point of order.

MR. DEPUTY SPEAKER : What is your point of order?

SHRIMATI BASAVARAJESWARI : Third reading is over, I presume the Minister has said "that the Bill be passed".

I want to know the ruling. I want to know is the Third Reading over and the Bill has been passed or not?

MR. DEPUTY SPEAKER : At the time of the Third Reading the Minister moved. At that time the Hon. Member wanted to say something. I allowed him.

SHRI B. K. GADHVI : I have not verified what has been reported in India Today is authentic, correct or not. Therefore, I cannot say anything about it. But so far as the figures are concerned, I think Mr. Daga was not in the House or something like that. I gave extensive figure as to what happened, what was the outstanding, what was guarantee outstanding, what was the overdue, and everything I gave.

SHRI MOOL CHAND DAGA : You have not given time...

(Interruptions)

SHRI B. K. GADHVI : Now the point is that mainly we want that in other public financial institutions the overdues and other positions are not as bad as they are in this Committee and therefore, there are five reasons for winding this up and making a financial institution. One is the unsatisfactory overdue position of SDFC, second is resources available to SDFC during Seventh Plan barely sufficient to meet the committed liability, third is, difficult for SDFC to give financial support for fresh acquisitions, fourth is, prospects of SDFC raising additional resources through market bonds bleak considering its financial position, fifth is, credit support to shipping industry is required for meeting the crisis situation and for building up a more sophisticated and diversified fleet to meet the growing demands of the country's trade.

We, therefore, wanted to abolish this and we wanted that a new financial institution expected to raise larger resources and give more credit to the shipping industry than can be expected from SDFC. That is why this Bill has been brought and you would appreciate that it is brought for the purpose of developing this industry of shipping in our country and you say, for no other purpose, and therefore, I would only say...*(Interruptions)* .. "der se laye magari durust laye."

SHRI NARAYAN CHOUBEY
(Midnapore) : And also excuse those who
have taken huge loans.

(Interruptions)

MR. DEPUTY SPEAKER : The question
is :

"That the Bill be passed."

The motion was adopted.

MR. DEPUTY SPEAKER : Now, we
will go to the next item—Indian Post Office
(Second Amendment) Bill.

17.43 hrs.

INDIAN POST OFFICE (SECOND
AMENDMENT) BILL, 1986

[English]

THE MINISTER OF STATE IN THE
MINISTRY OF COMMUNICATIONS
(SHRI SONTOSH MOHAN DEV) : MR.
Deputy Speaker, Sir, I beg to move :

"That the Bill further to amend the
Indian Post Office Act, 1898 be taken
into consideration."

Section 7 of the Indian Post Office Act, 1898 provides that the Central Government may by notification in the official Gazette fix the rate of postage and other sums to be charged in respect of postal articles. The highest rate of postage when pre-paid cannot, however exceed the rates set forth in the 1st Schedule to the Act. The proposed Bill is intended to revise the tariff rates of some of the items included in the 1st Schedule to the Act namely letters, printed post cards, book-pattern and sample packets, registered newspapers and parcels. The last amendment of the rates mentioned in the 1st Schedule was made in June, 1982. As has already been brought to the notice of the House, the Department of Posts is incurring recurring losses in running its various services. The deficit which stood at Rs. 136 crores in 1984-85 rose to Rs. 136 crores in 1985-86. With a further increase in the cost of operations due to implementa-

tion of the Fourth Pay Commission's recommendations as also the allround increase, in other operational costs such as air freight, rail freight etc. the deficit is expected to be of the order of Rs. 400 crores during 1986-87. Since the deficit is quite heavy, we have no other alternative except to increase the tariff of some of the items of postal services.

Briefly the proposal is to increase the rates presently being charged for envelopes from the existing 55 paise comprising 50 paise on account of stamps and 5 paise on account of stationery charges to 70 paise comprising of 60 paise for stamps and 10 paise for stationery. The 10 paise to be charged on account of stationery, however, does not form part of this Bill, but falls under the Rule making powers of the Government. Members would be glad to note that it is not, however, proposed to increase the rates presently being charged for ordinary post cards and letter cards, i. e., inland letters, which continue to be 15 paise and 35 paise respectively. The rates presently being charged for book pattern and sample packets for weights upto 50 grams is proposed to be revised from existing 30 paise to 50 paise. As regards packets weighing above 50 gms. instead of the present rate of 15 paise for every 25 gms. in excess of 50 gms., it is proposed to charge 50 paise for every 50 gms. in excess of 50 gms. Likewise, it is also proposed to increase the rates charged for single copy of registered newspapers by 10 paise for weights upto 50 gms. and those between 50 gms. and 100 gms. The rates in respect of single copy weighing more than 100 gms. will, however, remain unchanged. Similarly in the case of multiple copies of registered newspapers upto 100gms., the existing rates of 15 paise is proposed to be increased by 10 paise. However, the rates for multiple copies weighing in excess of 100 gms., will continue to be the same. As regards parcels as against the existing rate of Rs. 3/- per 500 gms., it is proposed to increase it to Rs. 4/- for 500 gms.

As the Hon. Members will appreciate the nature of postal operations are such that the major portion of the expenditure is on staff which constitutes 83 per cent. Members are also aware that in order to provide facilities for the rural areas, often post offices have to be opened in remote parts of the