

17.02 hrs.

EXPORT-IMPORT BANK OF INDIA
BILL—Contd.

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI MAGANBHAI BAROT): Some points were raised and a doubt was created as to what is this bank for. If there are other institutions such as the commercial banks, why is it at all necessary? If at all it is coming up what would be its role? How would other institutions be associated with it? Also a question was raised as to why so much money is required to be given to this Bank whereas hon. Member, Shri Shammanna has said that Rs. 200 crores is not enough and it should be financed with more funds. So, divergent view were expressed. But I will clear some of the doubts raised by Members about the functioning of this institutions.

One of the points raised by Mr Satish Agarwal was: what will be its purpose for bringing it out and what will it do? It is very well known that IDBI is an institution which is also looking after our export business. This Bank will be substituting only the international finance wing of the IDBI. In that event you will appreciate that we are giving to this Bank not only that important functioning of the IDBI but also coordinating with commercial banks as they are also engaged in the export and import work. As the Finance Minister said in his speech, here is an attempt to coordinate all of them together and to bring in the country

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[SHRI HARINATHA MISRA *in the Chair*] an institution to which one can look for expert knowledge, advice, finance and for all kinds of assistance particularly to those who are dealing with export and import business which is so vital to our country in the circumstances in which our economy is passing today.

In that manner, many of the doubts were raised by the hon. Members. I am sure, if they have been pleased to look to other relevant provisions of the Bill, they would not have raised such doubts. For example, Shri Satish Agarwal has said that this has been exempted from the scrutiny of the CAG and all that. I would request him to look at Section 24, subsection (5) which provides as under:

“The Exim Bank shall furnish to the Central Government within four months from the date on which its accounts are closed and balanced, a copy of its balance-sheet and accounts together with a copy of the auditors’ report and a report of the working of the Exim Bank during the relevant year, and the Central Government shall, as soon as may be after they are receive by it, cause the same to be laid before each House of Parliament.”

Therefore, there is a provision in this or supervision and the supremacy of this House to look into its affairs remains unchecked.

Similarly I would request him to refer to clause 29 which provides as under:

“The Exim Bank shall furnish, from time to time, to the Central Government such returns as the Central Government may require.”

So, the Central Government can ask for not only its accounts but also any thing. And the Bank will be under obligation to supply the same to the Central Government. I am sure that, will be taken as subject to the scrutiny of this hon. House.

SHRI SATISH AGARWAL: That is not subject to scrutiny by this Parliament.

SHRI MAGANBHAI BAROT: Clause 24 will answer your question. Clause 29 is an additional one.

SHRI SATISH AGARWAL: Clause 24(1) excludes the jurisdiction of the C&AG and the Public Accounts Committee.

SHRI MAGANBHAI BAROT: As the hon. Member knows, this is not the first institution of its kind. We are only following the principles we have already accepted in the case of other financial institutions.

SHRI SATISH AGARWAL: The Financial institutions are subject to the scrutiny of the Public Accounts Committee.

SHRI MAGANBHAI BAROT: As in the case of other financial institutions, clause 24 gives ample power to this House to look into the accounts, because the accounts are laid on the Table of the House.

SHRI K. P. UNNIKRISHNAN (Badagara): You have not replied to that point.

SHRI MAGANBHAI BAROT: My reply is that clause 24 is enough. So, I have replied to your question, though it may not satisfy you.

Then, I did not expect senior Members to raise the question about the provision on "gifts" and "benefactions". This is an enabling clause. In every such law, by which an institution is brought into being, this is provided. If in any circumstances such a thing happens, the gift or benefaction will go to this institution. This provision is borrowed from similar enactments.

Then a question was raised as to what will happen if somebody has defrauded this institution, or the institution has defrauded somebody. I would invite their attention to clause 3(2), which reads:

"The Exim Bank shall be a body corporate with the name aforesaid, having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire hold and dispose of property and to contract, and may, by that name sue or be sued."

As a corporate body, as an institution, it has the power and authority to sue someone; it is equally liable to be sued by somebody in case it acts in a wrong way.

Then a question was raised about the funds of this institution. Divergent views were expressed on this aspect. One Member asked why Rs. 20 crores should be given. This is the sum to begin with; this is not the total sum that is contemplated. We hope and trust that as its work will increase, its funds will also increase and the requirements of this institution will be met.

A question was raised as to what will be its correlation with other commercial banks. Today we have the banks, IDBI and other institutions through which the import export business is carried out. Several new things are also to be brought in. We are not stopping anyone from doing it. We are providing an institution, to which one can look not only for finance but also for expertise. Being a co-ordinating institution, it will have more marketing information from the international world. In addition to providing financial help, we need an expert institution for improving our export and import business and we hope this institution will serve that purpose.

The very purpose of this Bank has been to concentrate attention of financing exports, particularly project exports, capital and engineering goods, to provide finance for export promotion activities, development banking activities etc. in a co-ordinated manner and to provide re-finance to commercial banks for export credit.

Sir, as regards some of the Members' apprehensions about the Directors working and not working etc. etc., I would say that the very institution is coming where we have provided that experts having special knowledge of the export and import shall be drawn from non-official Directors and the official Directors, as has been provided. The Reserve Bank is there, the

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institutions are there, those which are export institutions are also to be representative there, and therefore....

AN HON. MEMBER: Members of Parliament should be appointed there.

(Interruptions)

SHRI MAGANBHAI BAROT: About Members of Parliament being appointed, I would tell the hon. Members that on an appropriate occasion the Finance Minister will deal with that point. So far as this law is concerned, as it is we are providing for the opinion of varied sections of society, particularly those who have a special knowledge of export and import and, therefore, I respectfully submit....

SHRI SATISH AGARWAL: I am not in favour of appointing Members of Parliament.

SHRI MAGANBHAI BAROT: I am glad. Sometimes adversaries come to our help more than friends.

SHRI SATISH AGARWAL: But this body should be accountable to Members of Parliament. That is the point.

SHRI MAGANBHAI BAROT: The difference of opinion is expressed like this and many a time adversaries come more to the help than friends themselves. So I take Mr. Satish Agarwal's advice.

I think this House will welcome this Bill. It meets the long standing requirement of the country. As I said, we are joining the great countries' efforts or following the illustrations of the countries like Japan and USA, and let us hope that our country which needs exports more and more to be encouraged will benefit from the institution which is coming up. Thank you.

SHRI SATISH AGARWAL: You have not clarified one point with regard to cash assistance and subsidies etc. Once we are having a concessional finance and all sorts of assistance from this Exim Bank, will the Government do away with all subsidies, assistance etc. for export promotion, assistance for which you are giving in cash now? They should be done away with

now. It is my feeling because concessional finance is available, assistance is available, technical know-how is available, survey, marketing and everything is available from this Exim Bank. Let this Bank be a nodal point for providing all assistance whatever you want to provide to the export houses, but there should be no other scheme of cash assistance and subsidies this way or that way.

SHRI K. P. UNNIKRISHNAN: Mr. Chairman, under clause 10(2)(w) you have the power. Will you utilise it? That is the point.

SHRI P. K. KODIYAN: The hon. Deputy Finance Minister was referring to the Export-Import Bank in America and Japan. Is he aware of the fact that in the American law there is a provision that committees of both the Houses, the Senate and the Congress, have the power to scrutinise all major advances, financial advances of Exim Bank? Is he aware of that?

THE MINISTER OF FINANCE (SHRI R. VENKATARAMAN): Mr. Chairman, I am sorry I was not here, but my colleague the Deputy Minister has really given a very satisfactory reply to this debate, as I see.

Now, the point which has been raised by Mr. Satish Agarwal is whether after establishment of this Export-Import Bank all cash assistance, subsidies etc. for the promotion of exports will be done away with. My answer is....

SHRI K. P. UNNIKRISHNAN: Not done away with, but should be routed through Exim Bank. Subsidy and cash assistance should be stopped. That is the point.

SHRI R. VENKATARAMAN: People should have a little patience. I was going to answer methodically every one of the points.

The first is, we cannot do away with cash assistance and subsidies for our export because our balance of payment position is so difficult that unless by a concerted effort at improving the exports we reach a sort of balance in our payment position, the country's progress will be retarding. Therefore,

taking into account the overall needs of the country, it is very necessary to promote exports and that promotion will have to be done by giving a certain amount of subsidies and certain amount of assistance.

This cash assistance and subsidies are paid in two ways—

1. To compensate for the various taxes and excise duties which go into the manufacture of exported articles.
2. To make these articles competitive in the international market, otherwise it will be difficult for our goods to compete in the international market where there is sophisticated methods of production and very sophisticated instruments of production like machinery, etc. Therefore, it is not possible to do.

The second question is if it is not possible now and it has got to be continued, would you route it through the Exim Bank? We are just starting on an experiment. We are going to start this for the first time immediately the functions which we will undertake is to finance the exports. Even the imports will not be taken up immediately. We will do it in a slow way. All our exports will be financed. This will be the main purpose. But we have provided in Clause 10 the power to do some of these things—carrying out surveys, carrying out marketing, intelligence and all these things. As this institution grows in momentum and experience, then at that stage we will consider to what extent these other functions can be transferred to the Exim Bank.

So far as the question put by Shri Kodyan is concerned—in America it is being scrutinised—he is, I thought one person who never wants to follow America, why does he want me to follow America in this regard, I do not know:

SHRI P. K. KODIYAN: To ensure parliamentary control.

SHRI R. VENKATARAMAN: Now I come to the real answer. After all I must also score a few debating points, otherwise things become dull.

The point really is that this institution is to function like IDBI. IDBI is financing all the internal industries. It is subject to the audit and control of the Reserve Bank. This is naturally another institutions which will come under the supervision of the Reserve Bank and if this institution is subject to a greater amount of scrutiny than any other institution, then the functioning of this institution will be hampered. Therefore, I do not think this should be subject to scrutiny of the kind which the Member wants. At the same time I can assure the House, on any matter the House will be entitled to get information by putting an interpellation and it will get answer just as they get in the case of IDBI and other nationalised banks.

SHRI T. R. SHAMANNA (Bangalore South): What steps will be taken to see that the Foreign Exchange Banks particularly in India and outside do not obstruct its growth?

SHRI R. VENKATARAMAN: Hon Member may know that at the present time there is a separate Section of the IDBI which is looking after export and import financing. This function is going to be taken by Exim Bank. Our present experience is that IDBI's functioning, financing and export obligation is not in any way hampered by the Foreign Exchange Banks. I do not think Foreign Exchange Banks finance the capital outlay or the long term financing of the institution. They only finance trade and commerce. Here, we would go a little further and give a person or an institution export machinery or equipment. The cost of machinery will be given to the exporter and the money will be recovered from him in instalments. This kind of 10 year or 5-year

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financing will be done by this Bank. The commercial banks will just finance trade and commerce aspect of it.

MR. CHAIRMAN: Now, there are certain amendments to the consideration motion. I shall first put them to vote. I put Amendment No. 1 moved by Shri T. R. Shamanna to the vote of the House.

Amendment No. 1 was put and negatived.

MR. CHAIRMAN: There is an amendment (Amendment No. 14) moved by Shri M. C. Daga.

SHRI MOOL CHAND DAGA: I do not press it.

MR. CHAIRMAN: Has Shri Mool Chand Daga the leave of the House to withdraw his amendment?

Amendment No. 14 was, by leave, withdrawn.

MR. CHAIRMAN: I shall now put the motion for consideration to the vote of the House.

The question is:

"That the Bill to establish a corporation to be known as the Export-Import Bank of India for providing financial assistance to exporters and importers, and for functioning as the principal financial institution for co-ordinating the working of institutions engaged in financing export and import of goods and services with a view to promoting the country's international trade and for matters connected therewith or incidental thereto; be taken into consideration."

The motion was adopted.

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

There is no amendment to Clauses 2 and 3. So, I shall put them together.

The question is:

"That Clauses 2 and 3 stand part of the Bill."

The motion was adopted.

Clauses 2 and 3 were added to the Bill.

Clause 4—(Authorised Capital)

SHRI T. R. SHAMANNA: I beg to move:

Page 3, or lines 13 and 14, substitute—

"(2) Seventy-five per cent of the issued capital of the Exim Bank shall be subscribed by the Central Government and twenty-five per cent shall be subscribed by the Nationalised Banks including the State Bank of India." (2)

All that I want is this. In regard to the Bank that is going to be started, the whole capital is to be subscribed by the Government. What I press here is that the Government may subscribe 75 per cent of the capital and other 25 per cent may be subscribed by the nationalised banks, including the State Bank of India. Since he has given representation to nationalised banks in the Board of Directors, I expect that these nationalised banks may be utilised for export and import trade. These are also Government banks. They may be allowed to subscribe a portion of the capital so that they may have a rich experience in export-import trade and help in running this Bank.

SHRI R. VENKATARAMAN: Sir, the amendment is not acceptable. We have said that it will be wholly controlled by the Government. There is no advantage in giving representation in the capital to the nationalised banks. The nationalised banks will be nominated in the Board of Directors. There is no need for them to subscribe to the capital. In any event, the money comes from the same kitty, whether it is nationalised banks or the Central Government.

MR. CHAIRMAN: Are you withdrawing your amendment?

SHRI T. R. SHAMANNA: I am not pressing my amendment.

Amendment No. 2 was, by leave, withdrawn.

MR. CHAIRMAN: The question is: "That Clause 4 stand part of the Bill."

The motion was adopted.

Clause 4 was added to the Bill.

Clause 5—(Management)

MR. CHAIRMAN: Then, Clause 5. Mr. Shamanna, are you moving the amendment?

SHRI T. R. SHAMANNA: Yes, Sir.

MR. CHAIRMAN: Mr. Mool Chand Daga, are you moving the amendment?

SHRI MOOL CHAND DAGA (Pali): Yes. I am moving my amendment.

SHRI T. R. SHAMANNA: The Bank has 16 Directors. We have Chairman-cum-Managing Director. I propose that the Bank's Managing Director and the Chairman must be different because it is a big Bank and it requires good organisation, particularly because it has world-wide jurisdiction. The Chairman also must be a full-time officer. The Managing Director also must be a full-time officer. Therefore, I propose that instead of having one Chairman-cum-Managing Director, there should be two big officers, one Chairman in order to have over-all control of the working of the Bank and the other, the Managing Director, in order to look to the executive side. I press for my amendment.

I beg to move:

Page 3—

for lines 23 to 29, substitute—

"(a) the chairman who shall be a whole-time director shall have over-all control of the bank administration, or

(b) the managing director shall be a whole-time director, if the chairman is absent," (3)

SHRI MOOL CHAND DAGA: I beg to move:

Page 3, line 37,—

for "guided" substitute "bound". (16)

In the discharge of its functions under this Act, the EXIM Bank shall be guided by such directions in the matter of public policy involving public interest and the Central Government may give it in writing the directions. In all matters of policy involving public interest, the Central Government will give certain directions. It will not be simply that they will guide it. But I say that in the discharge of functions under this Act, the EXIM Bank shall be bound by the directions given by the Government because it is for the sake of public interest. Sometimes, you simply give guidance to them. But I say that it should be bound by this guidance. So, I have said that this substitute word "bound" should be there for "guided". If you agree, it is well and good.

THE MINISTER OF FINANCE (SHRI R. VENKATARAMAN): So far as Mr. Shamanna's amendment is concerned, Government proposes to have a combined Chairman-cum-Managing Director at the initial stage so that there may be a unified control. Later on, when the functions increase and the work of the Export-Import Bank becomes large, then, at that stage, it will have the option to appoint two different persons, one as Chairman and the other as Managing Director. But, Mr. Shamanna wants that there must be, even at the initial stage, two people. I do not think it is necessary.

So far as Mr. Daga's point is concerned, the word "guided" shall mean that it would be guided by the instructions and directions from the Government. It is the appropriate word and language. To say that one should be bound is to make it appear as if they are the subordinate authority to whom the Government is giving a direction and it is bound to act in obedience.

This is the language which is used and I do not think he envisaged any possibility in which the Export Import Bank will not abide by the direc-

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tions given by the Central Government. Therefore, I am unable to accept the amendment.

MR CHAIRMAN: Mr. Shamanna, are you withdrawing your amendment?

SHRI T. R. SHAMANNA: I am helpless in the matter. Therefore, I withdraw

Amendment No. 3 was, by leave withdrawn.

MR CHAIRMAN: Mr. Daga, are you withdrawing your amendment?

SHRI MOOL CHAND DAGA: I may be allowed to withdraw my amendment

Amendment No 16 was, by leave, withdrawn.

MR. CHAIRMAN: The question is

"That Clause 5 stand part of the Bill."

The motion was adopted

Clause 5 was added to the Bill.

Clause 6—(Constitution of Board)

SHRI T. R. SHAMANNA. Sir, I beg to move:

Page 3,—

omit lines 44 and 45. (4)

Page 4, line 10,—

add at the end—

"including a senior officer of the State Trading Corporation" (5)

Page 4, line 37,—

add at the end—

"by giving proper notice and reasons for his removal" (6)

Page 5, line 1,—

after "times" insert—

"normally once in a month," (7)

SHRI MOOL CHAND DAGA: Sir, I beg to move:

Page 4, line 7,—

for "twelve" substitute "eight" (17)

Page 4, line 9,—

for "five" substitute "four" (18)
Page 4, line 10,—

add at the end—

"of whom one shall be from Ministry of Finance and one shall be a person specially qualified in law" (19).

Page 4, line 11.—

for "three directors" substitute "one director" (20)

Page 4, line 13,—

for "four" substitute "three" (21)

Page 4, line 33,—

for "determined" substitute "prescribed" (22)

Page 4 line 42,—

for "two" substitute "three" (23)

Page 4, lines 45 and 46,—

for "during the pleasure of the authority nominating him" substitute "for a period of three years" (24).

SHRI T. R. SHAMANNA. A large part of import and export business is carried on through the State Trading Corporation I have, therefore, suggested that, out of the five directors who will be nominated by the Central Government, one should be a senior officer of the State Trading Corporation. Whether it is necessary or not, I leave it to the Finance Minister to decide.

SHRI MOOL CHAND DAGA: According to the Bill, the Board is to consist of 17 directors. I feel that it should not be such a big Board; it should be a smaller Board so that it

can function in a better way. I have, therefore, moved these amendments. On page 4, line 7, in (e), instead of not more than twelve directors, I have suggested "not more than eight directors". Again, on page 4, line 10, it should be added at the end, "of whom one shall be from Ministry of Finance and one shall be a person specially qualified in law"; five directors will be officials from the Central Government according to the Bill, and I have suggested that the number 'five' should be reduced to 'four', and of these, one shall be from Ministry of Finance and one shall be a person specially qualified in law. Again on page 4, line 11, I have suggested that 'three directors' be substituted by 'one directors'. Again on page 4, line 13, I have suggested that three, instead of four, are sufficient. These amendments will reduce the total number of directors to twelve—from seventeen.

It is stated in the Bill that:

"The chairman and the managing director shall hold office for such term, not exceeding three years..."

whereas

"Any director nominated under sub-clause (iii) of clause (e) of sub-section (1) shall hold office for a period of two years".

I have not understood why these directors should have only a period of two years whereas the chairman is having a period of three years. Therefore, I have suggested that, for these directors also, the period should be three years.

Sub-clause (7) on page 4 reads:

"Any other director nominated under this section shall hold office during the pleasure of the authority nominating him."

Why should this be so? And 'pleasure' of which authority? It is 'during the pleasure of the authority nominating him'. So, the authority who nominates him can turn him out. That should not be so. The director nominated should

have a period of three years. You have used the term 'during the pleasure'. What is the pleasure of the Government?

SHRI R. VENKATARAMAN: I will tell you. I will take Mr. Daga's amendments first. It is easy to give a series of amendments saying that 'four' should be changed into 'three' or 'two' should be changed into 'five' and something like that. After all, Government, when it brings forward a legislation about the number of Directors, goes into the question of representation of various interests. Persons who have no knowledge and who have no involvements can go on suggesting that it may be changed from 4 to 3 or from 2 to 1....

MR. CHAIRMAN: Changing the permutations....

SHRI R. VENKATARAMAN: and combinations. That is right.

The second point which he raised was that the Bill says that some Directors will hold office during the pleasure and some people will hold office for 2 years. I am afraid Mr. Daga has not read the Bill at all....

PROF. MADHU DANDAVATE (Rajapur): That is the fundamental right.

SHRI R. VENKATARAMAN: Directors representing Ministries and Departments are liable to be transferred from time to time and if a man in the Commerce Ministry is transferred to Works and Housing Ministry and he is there as a Director in the Exim Bank, then the Government will have the authority to change him and appoint some other person. Therefore, he holds office during the pleasure of the authority appointing him, that is, the Government and this is the normal language used whenever an official who represents office ex-officio or when an official is appointed for a particular representation. In the case of other people, they are appointed for 2 years because they are representatives of trade interests. And we want to give

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as much representation as possible to the trade interests by changing them once in two years. This is the principle involved. He has confused the whole thing and he did not see the distinction between the nominees of the Department and the representatives of the Trade and has argued and made fun and cut jokes at the Government and the draftsmen and I am surprised that this kind of a speech should have been made.

The next point is the one which is raised by Mr. Shamanna. Here also the Commerce Ministry will be represented in the Board and it is left to the Commerce Ministry to either appoint a person from the MMTC or STC or anyone of the organisations which they think is necessary to be represented in the Board and we cannot tie down the freedom or the discretion of the Commerce Ministry or the Government by saying that so and so alone or STC alone should be appointed. That is why I am unable to accept the amendment.

SHRI T. R. SHAMANNA: I am not pressing.

MR. CHAIRMAN: In other words, you are withdrawing.

PROF. MADHU DANDAVATE: He is allergic to the word 'withdraw'.

MR. CHAIRMAN: Is it the pleasure of the House that the amendments moved by Shri T. R. Shamanna be withdrawn?

Amendments Nos. 4 to 7 were, by leave, withdrawn.

SHRI MOOL CHAND DAGA: I am not pressing.

MR. CHAIRMAN: Is it the pleasure of the House that the amendments moved by Shri Mool Chand Daga be withdrawn.

Amendments Nos. 17 to 24 were, by leave, withdrawn.

MR. CHAIRMAN: Now, the question is:

"That clause 6 stand part of the Bill."

*The motion was adopted.
Clause 6 was added to the Bill.*

Clause 7—(Committees)

SHRI MOOL CHAND DAGA: I beg to move:

Page 5, line 23 —

after "purposes" insert "for such time". (25)

Clause 7 says:

"The Board may constitute such Committees whether consisting wholly of directors or wholly of other persons or partly of directors and partly of other persons for such purpose or purposes as it may think fit."

I do not understand what is the 'such purpose or purposes' and for what time and for what period. So I say there should be a limitation of time. Otherwise the Committee may be constituted for any length of time. And for what purpose? So, I have simply said that it should be mentioned 'for such time'.

SHRI R. VENKATARAMAN: For the functioning of the Board, they constitute sub-Committees. They can also constitute Standing Committees. The sub-Committees are constituted for the purpose of dealing with the ad hoc issues while the Standing Committees will be constituted for the purpose of dealing with the recurrent issues or permanent issues. Therefore, the discretion for the appointment of the Standing Committees and the Sub-Committees ad-hoc committees—should be left to the Board. So, that cannot be prescribed in the law. Therefore, I am unable to accept the amendment.

MR. CHAIRMAN: Mr. Daga, are you pressing your amendment?

SHRI MOOL CHAND DAGA: I am not pressing.

MR. CHAIRMAN: Has Shri Daga the leave of the House to withdraw his amendment?

SOME HON. MEMBERS: Yes.

Amendment No. 25 was, by leave, withdrawn.

MR. CHAIRMAN: Since there are no amendments to Clause 8, I shall put both Clauses 7 and 8 together.

The question is:

"That Clauses 7 and 8 stand part of the Bill".

The motion was adopted.

Clauses 7 and 8 were added to the Bill.

Clause 9—(Disqualifications)

MR. CHAIRMAN: There is only one amendment to this Clause by Shri T. R. Shamanna.

Are you moving?

SHRI T. R. SHAMANNA: Yes, Sir. I beg to move:

Page 6,—

after line 5, insert—

"(f) has an interest in a bank which is doing foreign exchange business." (8)

I want to know why the management should normally meet once in a month. It is an important meeting. It should meet more than once.

SHRI R. VENKATARAMAN: Sir, the question posed by him was: why should they meet once a month and not more than once a month? Whether it should meet once in a month or once in two months or once in a fortnight, that should be left to the Board itself and for the Chairman to decide. It will depend on the kind of work. If there is no work, why should the Board meet? Why should they pay

travelling allowance to the Members? Therefore, it is not necessary to prescribe it.

MR. CHAIRMAN: Are you withdrawing the amendment?

SHRI T. R. SHAMANNA: Yes.

MR. CHAIRMAN: Has Shri Shamanna the leave of the House to withdraw his amendment?

SOME HON. MEMBERS: Yes.

Amendment No. 8 was, by leave withdrawn.

MR. CHAIRMAN: The question is:

"That Clause 9 stand part of the Bill".

The motion was adopted.

Clause 9 was added to the Bill.

Clause 10—(Business of Exim Bank)

MR. CHAIRMAN: There is one amendment by Shri T. R. Shamanna. Are you moving?

SHRI T. R. SHAMANNA: I beg to move:

Page 7,

after line 39, insert

"(y) undertaking the transfer of funds from one centre to another in the form of bank drafts or travellers cheques;

(z) issuing letters of reference to approved customers". (9)

In order to maintain the secrecy clause, I moved my amendment (f) has an interest in a bank which is doing foreign exchange business."

If one has interest in another foreign exchange business, he shall not be a Member of the Board. It is necessary in the interest of maintaining the Secrecy Clause that has been given in the Bill.

SHRI R. VENKATARAMAN: Government will appoint the Board of Directors after taking into account certainly the qualifications as well as the disqualifications of the persons.

MR. CHAIRMAN: Are you withdrawing your amendment?

SHRI T. R. SHAMANNA: Yes, Sir.

MR. CHAIRMAN: Has Shri Shamanna the leave of the house to withdraw his amendment?

SOME HON. MEMBERS: Yes, Sir.

Amendment No. 9 was, by leave, withdrawn.

MR. CHAIRMAN: The question is:

"That Clause 10 stand part of the Bill."

The motion was adopted.

Clause 10 was added to the Bill.

Clause 11—(Loans by Central Government)

MR CHAIRMAN: Now we come to Clause 11. There is one amendment by Shri Daga, Are you moving?

SHRI MOOL CHAND DAGA: I move:

Page 8, line 7,

for "five and a quarter per cent" substitute "ten per cent" (26)

After all why this loan of Rs. 20 crores is being given at a low interest rate of five and a quarter per cent to businessmen?

SHRI R. VENKATARAMAN: Sir, Mr. Daga's suggestion is very welcome to me as a Finance Minister because I will earn some interest. But if the object is to promote exports and make the institutions function successfully giving facilities for export of commodities from India you cannot burden that institution with a heavy rate of interest. That is why we have given concessional rate of interest.

SHRI B. V. DESAI: Sir, you have not clarified about the lending rate.

SHRI R. VENKATARAMAN: The lending rate will be fixed by the Chairman/Managing Director in consultation with the Board.

MR. CHAIRMAN: Mr. Daga, are you withdrawing your amendment?

SHRI MOOL CHAND DAGA: Yes, Sir.

MR. CHAIRMAN: Has Shri Mool Chand Daga leave of the House to withdraw his amendment?

Amendment No. 26 was, by leave, withdrawn.

MR. CHAIRMAN: The question is:

"That Clause 11 stand part of the Bill."

The motion was adopted.

Clause 11 was added to the Bill.

New Clause 11-A

SHRI T. R. SHAMANNA: I beg to move:

Page 8, after line 17, insert—

"11A. For the purposes of repayment of the loan the Exim Bank shall create a Sinking Fund and transfer such sums annually to it as may be necessary. (10).

My amendment No. 9 reads:

"Page 7,—

after line 39, insert—

"(y) understanding the transfer of funds from one centre to another in the form of bank drafts or travellers cheques;

(z) issuing letters of reference to approved customers."

Sir, several functions of the Banks are enumerated from (a) to (x). I want to add (y) and (z) These are necessary clauses and that is why I have given the amendment. Let it be accepted.

SHRI R. VENKATARAMAN: The Exim Bank is not thinking of indulging in commercial bank activities. In fact, it is intended to give only support and credit assistance to the exporters. There are a number of nationalised banks which issue

drafts as well as cheques and so on. There is no need to make the Exim Bank also do commercial transaction. It should not be burdened with tasks of commercial banks. It should confine itself to the special task of promoting exports and financing exports. That is why I am unable to accept it.

MR. CHAIRMAN: Are you withdrawing?

SHRI T. R. SHAMANNA: Yes, Sir.

MR. CHAIRMAN: Has the hon. Member leave of the House to withdraw his amendment No. 10 for insertion of a new clause?

SHRI R. VENKATARAMAN: You have not moved No. 10. Have you moved No. 10 also?

SHRI T. R. SHAMANNA: No, Sir. I have not.

SHRI R. VENKATARAMAN: That is right.

MR. CHAIRMAN: He has moved No. 10 for the insertion of a new clause.

SHRI T. R. SHAMANNA: That is (y) and (z). There is another clause 11A.

MR. CHAIRMAN: But your amendment is therefor insertion of a new clause.

SHRI T. R. SHAMANNA: As I have told I am not moving that. It is (y) and (z).

MR. CHAIRMAN: You have already moved it. It has already been moved.

SHRI T. R. SHAMANNA: Yes, Sir. If it is already moved now a decision has to be taken whether I am allowed to withdraw the amendment or not.

MR. CHAIRMAN: Yes. I enquired about it. As I understand, you wanted not to press it or withdraw it.

SHRI T. R. SHAMANNA: This is about Amendment No. 10.

MR. CHAIRMAN: Amendment No. 10 for insertion of a Clause.

SHRI T. R. SHAMANNA: That is to be withdrawn.

MR. CHAIRMAN: Has Shri Shamanna the leave of the House to withdraw his Amendment No. 10, for insertion of a New Clause 11—A?

SOME HON. MEMBERS: Yes.

An hon. Member: 11—A is not moved, Sir.

MR. CHAIRMAN: The Amendment is withdrawn by leave of the House. Amendment No. 10 was, by leave, withdrawn.

MR. CHAIRMAN: Now we go to Clause 12. Shri M. C. Daga. Are you moving your amendment?

SHRI MOOL CHAND DAGA: Not moving.

MR. CHAIRMAN: The question is: "That Clause 12 stand part of the Bill."

The motion was adopted.

Clause 12 was added to the Bill.

MR. CHAIRMAN: Shri Shamanna to move his amendment.

SHRI T. R. SHAMANNA: I am not moving my amendment No. 11.

MR. CHAIRMAN: All right. So far as Clauses 14 and 15 are concerned there are no amendments. So, I will put Clauses 13, 14 and 15 to the vote of the House. The question is:

"That Clauses 13, 14 and 15 stand part of the Bill."

The motion was adopted.

Clauses 13, 14 and 15 were added to the Bill.

Clause 16.—(*Credits to Export Development Fund*).

MR. CHAIRMAN: Mr. Shamanna are you moving the amendment?

SHRI T. R. SHAMANNA: Yes, Sir, I am moving the amendment, No 12. I beg to move:

Page 9,—

after line 33, Insert—

"(e) all the net profits earned by the bank for the first fifteen years after the bank is started" (12).

Now, the new Bank to be started is to be exempted from the Income-tax that is payable.

Sir, this is after all a Business organisation, and it is not a charitable organisation. What I suggest is this: The profit earned is to be taxed like any other institution. And the Government may help it in the form of subsidy or grant, so that, we may be able to know how far the Bank is successful, what is the profit, whether the profit earned is real or not. While they do not pay Income-tax, many other concerns are being asked to pay; 60 per cent or 70 per cent of their profit will go as Income-tax. And if this Bank is allowed 50 per cent concession you will not be able to know the real working of the Bank. Therefore, I have suggested here that Income-tax should be charged. Any other grant or subsidy may be given by the Government so that we will be able to know the real worth of the Bank. Therefore, I have said that Income-tax should be charged to this Bank also, though it is a book adjustment.

THE MINISTER OF FINANCE (SHRI R. VENKATRAMAN): Sir, I can explain the principle.

In respect of institutions like the IDBI, the purpose is to promote the objects, namely, exports, development of industries, development of agriculture etc. And the surpluses which they earn should go to build up adequate reserve.

That is why we have not said that they should be liable to pay Income-tax. That is the reason for not charging Income-tax.

MR CHAIRMAN: Are you withdrawing the amendment, Mr Shamanna?

SHRI T R SHAMANNA: Not pressing.

MR. CHAIRMAN: Has Mr. Shamanna the leave of the House to withdraw his amendment?

Amendment No. 12 was, by leave, withdrawn

MR. CHAIRMAN: The question is:

"That Clause 16 stand part of the Bill".

The motion was adopted.

Clause 16 was added to the Bill.

MR. CHAIRMAN: There are no amendments to Clauses 17 and 18. I will put them together to the vote of the House. The question is:

"That Clauses 17 and 18 stand part of the Bill."

The motion was adopted.

Clauses 17 and 18 were added to the Bill.

Clause 19.—Accounts and audit of Export Development Fund.

MR. CHAIRMAN: Clause 19, Amendment No. 13. Mr. T. R. Shamanna, are you moving your amendment?

SHRI T. R. SHAMANNA: I beg to move.

"Page 10, line 47,—

for "balance sheet and accounts"
Substitute—"half yearly profit and loss account and balance sheet". (13)

Sir, this is regarding the preparation of half yearly profit and loss account and balance sheet. The Commercial Banks are required to prepare half-yearly profit and loss account and balance sheet. It would be very advantageous if we have the same principle here also so that we may know how the bank is working. So just as any other bank does, I want that this EXIM bank should also have a half-yearly profit and loss account and balance sheet because it will be in the interest of the bank and instead of every 12-months, we may know the working of the banking every six months. Therefore, I request that this amendment may be accepted.

SHRI R VENKATARAMAN: It is not necessary to publish the half-yearly profit and loss account and the balance sheet. It will only add to the expenditure. It is enough if an annual account is published. But so far as the preparation of account is concerned, every bank prepares internally for its own use half-yearly accounts. For the question that it should publish half-yearly accounts, I would say that it is not necessary to publish it.

MR. CHAIRMAN: I shall now put Amendment No. 13, Clause 19 moved by Shri T. R. Shamanna, to the vote of the House.

Amendment No. 13 was put and negatived.

MR. CHAIRMAN: The question is: "That Clause 19 stands part of the Bill."

The motion was adopted.

Clause 19 was added to the Bill, Clauses 20, 21, 22 and 23 were added to the Bill.

Clause 24—(Audit)..

SHRI MOOL CHAND DAGA: I beg to move:

Page 11, line 34,—

For "Central Government" substitute—"Comptroller and Auditor General of India" (28).

Page 12, line 22,—

after "accounts" insert "for any period". (29)

Sir, on page 11 of the Bill, under Clause 24, the following has been stated.

"24.(1) The accounts of the Exim Bank shall be audited by auditors duly qualified to act as auditors under sub-section (1) of section 226 of the Companies Act, 1956, who shall be appointed by the Central Government for such term and on such remuneration as the Central Government may fix."

I have suggested in my amendment that instead of the Central Government, the Comptroller and the Auditor General of India should appoint the auditor for this Bank. The Comptroller and Auditor General of India is an independent person and he should be appointed for auditing the accounts of this Bank.

The second amendment which I have moved is regarding the insertion of a few words in Clause 24(6). It reads as—

"24(6) without prejudice to any thing contained in the preceding sub-sections, the Central Government may, at any time, appoint the comp-

troller and Auditor-General of India the examine and report upon the accounts of the Exim Bank..."

Here after the word 'examine'. I have suggested insertion of the words "for any period". It means that if they like to examine the accounts for any period, it should be allowed.

SHRI R. VENKATARAMAN: I am unable to accept his amendment. Normally all the nationalised banks are audited by Auditors appointed by the Reserve Bank of India and whenever this Government appoints the auditor, it can consult the Reserve Bank and the Reserve Bank of India is the proper authority to advise us in th's regard.

So far as the second amendment is concerned, if any special audit has got to be done, it can be specified at any time; it is not necessary to put it in the Bill.

SHRI MOOL CHAND DAGA: I seek leave of the House to withdraw my amendments No. 28 and 29. *Amendments Nos. 28 and 29 were, by leave, withdrawn.*

MR. CHAIRMAN: The question is:

"That clause 24 stands part of the Bill."

The motion was adopted.

Clause 24 was added to the Bill.

Clauses 25 and 26 were added to the Bill.

SHRI R. VENKATARAMAN: I request the House to sit for a little more time to pass this Bill today. It will take another 15-20 minutes.

SHRI SUNIL MAITRA (Calcutta North-East): Yesterday, on the first day of the session, we sat upto 7.40 p.m. and you want us to sit late again today.

MR. CHAIRMAN: It is a question of 15-20 minutes only.

PROF. MADHU DANAVATE : We can sit late.

MANY HON. MEMBERS: Yes, yes.

MR. CHAIRMAN: The House will continue to sit till this Bill is passed.

The question is:

"That clause 27 stands part of the Bill."

The motion was adopted.

Clause 27 was added to the Bill.

Clauses 28, 29, 30 and 31 were added to the Bill.

Clause 32— (Arrangement with Exim Bank on appointment of directors to prevail).

SHRI MOOL CHAND DAGA : I beg to move:

Page 15, line 7,—

after "directors" insert "on the board of directors" (32).

Page 15, line 14,—

after "directors" insert "retirement by rotation". (33)

As regards amendment No. 32, it is a question of language only. This clause says:

"Where any arrangement entered into by the Exim Bank with a company provides for the appointment by the Exim Bank of one or more directors...."

I want to add 'on the board of directors'. It is a question of language, which you may consider.

As regards my amendment No. 33, I want to add 'retirement by rotation' after 'directors' on page 15, line 14. I want that it should be retirement by rotation also.

SHRI R. VENKATARAMAN: As regards his amendment No. 32 again my friend Shri Daga is under a misconception. He has not understood the section and he complains about the drafting. Exim Bank advances loans to other institutions and on those institutions to which the Bank advances loans, it has a right to nominate directors. And therefore it nominates Directors on the Boards of

those assisted companies. That is exactly what the language says:

"Where any arrangement entered into by the Exim Bank with a company providing for the appointment by the Exim Bank of one or more directors of such company."

The word 'such company' means 'assisted company'. I hope you will understand it now.

SHRI MOOL CHAND DAGA: You say 'on the Board of such company', whereas my amendment is to add 'on the board of directors' after 'directors'.

SHRI R. VENKATARAMAN: There are some people, Mr. Chairman, who are vanquished, but they argue still. It is like the village school master of Goldsmith growing rich on ₹ 40 a year. Though vanquished, you argue a lot still. This is the position you have. So, I am unable to accept this amendment.

MR. CHAIRMAN: Shri Daga has never been a school master.

SHRI R. VENKATARAMAN: Had he been a school master he would have appreciated it.

SHRI MOOL CHAND DAGA: I seek leave of the House to withdraw my amendment.

Amendments Nos. 32 and 33 were, by leave, withdrawn.

MR. CHAIRMAN: Now the question is:

"That clause 32 stand part of the Bill."

The motion was adopted.

*Clause 32 was added to the Bill.
Clauses 33 to 40 were added to the Bill.*

Clause 41—(Power to remove difficulty)

MR. CHAIRMAN: We take up Clause 41.

SHRI R. VENKATARAMAN: Sir, I have a clarificatory amendment to this Clause. I beg to move:

Page 17, line 40,—

for "date of commencement of this Act" substitute—
date on which this Act receives the assent of the President." (15).

Sir, Clause 41 reads as follows:

"If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, do anything not inconsistent with such provisions, for the purpose of removing the difficulty;

Provided that no such order shall be made after the expiration of three years from the date of commencement of this Act."

Now the Act provides that some provisions can be brought into force at one time or one date and some can be brought into force on another date. In order to avoid any confusion and to clarify the situation, I have moved this amendment that for the words 'date of commencement of this Act', "the date on which the Act receives the assent of the President" may be substituted, so that the date is definite. Within three years of the date on which this Bill receives the assent of the President, change can be made to remove the difficulties. Thereafter it cannot be made.

MR. CHAIRMAN: The question is: "Page 17, line 40,—

for "date of commencement of this Act"

substitute—

"date on which this Act receives the assent of the President." (15).

The motion was adopted.

MR. CHAIRMAN: The question is:

"That clause 41, as amended, stand part of the Bill."

The motion was adopted.

Clause 41, as amended, was added to the Bill.

The First Schedule and the Second Schedule were added to the Bill.

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

MR. CHAIRMAN: Now the Minister.

THE MINISTER OF FINANCE (SHRI R. VENKATARAMAN): I beg to move:

"That the Bill, as amended be passed."

MR. CHAIRMAN: Motion moved:

"That the Bill, as amended, be passed."

Mr. Sunil Maitra, you wanted to speak at this stage.

SHRI SUNIL MAITRA (Calcutta North-East): The Sixth Plan document says that during the last 34 years of our independence, almost every year we have had deficits in our balance of payments position, except during very few years. Today, this Bill is coming in the context of this deficit in the balance of payments position rising to more than Rs. 5,000 crores.

You must understand that for an under-developed country like ours, to compete in a fiercely competitive international market is really very difficult. I understand from the Finance Minister that it is to obviate these difficulties that he is coming up with this Bill on the Export-Import Bank. But I was also a little taken aback when the Deputy Minister insisted that because Japan had such an export-import bank, USA, U.K. and Italy had them, and let me inform him that Italy was doing very well with the export-import bank. Because of this, we are also equating ourselves with them as if by having an export-import bank, we are in their company, we can also be compared to these countries.

Let us be realistic, and realize the realities of the situation to-day. It

[Shri Sunil Maitra]

is not because it has floated the export-import bank that Japan is Japan. To-day, they, are challenging America. They are saying that by 2000 A.D. they are going to overtake America. It is not by floating an export-import bank that you can equate yourself with Japan and America. It is your economic might and economic foundation which ultimately will determine whether you can really compete with them or not.

This bank which this Bill wants to float, will play the roles of a commercial bank and a development bank as also the role of a merchant bank. All these three roles have been combined in the functions and activities of the proposed Exim bank, and the Bill provides the bank with such wide-ranging powers that to me at least, it seems to be very dangerous, because as per the provisions of the Bill, the bank has been authorized even to acquire equities and debentures in countries outside India.

Just think it over—whether for an under-developed country like ours which is traditionally capital starved, are you not opening the door, through which you are allowing the capital to be exported to third countries; and, in the guise of joint ventures with other countries are you not allowing capital to flow to other countries—which is not conducive to the interests of India? It means you are preparing the ground to play the role of sub-contractors for the multi-nationals.

Thirdly, Japan is Japan; and Japan is an imperialist country. And one of the basic features of an imperialist country is that it exports capital, whereas you have not achieved industrial revolution in this country and every year, you are raising taxes and public borrowings. You are trying to raise your capital from deficit financing. This way you are trying to form your capital. You are allowing this Bank to float this capital out of this country. Somebody should give this Parliament a cost evaluation of our export. What is the cost of our ex-

port? In order to earn Rs. 100 in hard foreign currency, we have to spend Rs. 300. That is exactly the cost of our export. Today, this way to float a bank and allow the wealth to float out of this country will be very dangerous. The constant stand of our party has been the rationalisation of foreign trade. Had there been nationalisation of foreign trade and had such a Bank been formed to regulate foreign trade, both export and import, we would certainly have supported the Government. But here the Bank is being floated with the intention of subsidising your export which already stands subsidised by how many agencies nobody knows. After all, it will be a State secret. Exemption from custom duty, concession on custom duty, cash assistance, then various forms of subsidy, all these things are there; and in addition to this today, you are floating Export-Import Bank in order to give the exporters further Assistance and further concessions. This is surely going to harm our economy. Therefore, I oppose this Bill and we shall continue to oppose it.

SHRI R. VENKATARAMAN: Mr. Chairman, Sir, I cannot agree more with Shri Sunil Maitra when he said that it is the economic strength of the country and not an instrument like Export-Import Bank that will help to build the economy as well as export. That I agree with him; and in order to do that, we are trying our best to increase our export to pay for the imports which are so vital and necessary. If we do not have an instrument of this kind, then it will be difficult to promote our exports through adequate finance, concessional finance and also taking into account the various needs that the export promotion require that we have to take measures which are very necessary; and this is one of them. Now I only want to say that the Government are fully alive to the problems of improving economy, and it is for that purpose, as one of the instrument for improving the economy, we have put up the Export-Import Bank.

The next point that he made is about the joint ventures which are costing this country a lot; and he wanted that an assessment should be made of the export of capital from this country. Joint ventures, though initially involve export of certain capital, in the long run they bring back not only the capital invested but return on the investment which we made in other countries. We get dividends; we get repayment and that is how the joint venture abroad has been helping us. I am not aware of any joint venture in which the country has lost its capital and has not got anything in return. On the contrary, it is the joint ventures which have helped to some extent, not to a very great extent, in earning a little more of foreign exchange through export of our capital goods. For instance, the hon. Member Shri Maitra may not know, when we engage ourselves in a joint venture, we do not send capital from here in the shape of foreign exchange. We supply machinery and equipment produced in India as part of the capital which we export to other countries. And to that extent, we are exporting, or helping in the export of our products from the country and we are also incidentally exporting technology and know-how along with the machinery. Suppose we open a textile mill, paper mill or sugar mill in any other country as a general venture we send sugar machinery, textile machinery or paper machinery along with it and we also send the technical know-how for establishing it as well as for running it. Therefore, I do not think that my hon. friend is right when he says that joint ventures cost the economy.

The next point which he said is that we are spending three hundred rupees to earn one hundred rupees of foreign exchange. This is an exaggeration on the face of it. Certainly, we do spend certain amount of money in some cases, Income-tax deduction up to 130 per cent is given for expenditure for exports up to one hundred. Some of these things we do give. But if we take the totality, what we spend on the export promotion is far less than what we get by way of export earning. In fact, our export earnings are very much higher than what we spend by way of export promotion expenditure. I, therefore, want to assure the House that this instrument, this Bank, when it comes into being, will accelerate our foreign trade and will also help our exports. I am happy that there is no criticism of this Bank as such and some members have suggested improvements; they will be taken note of and will be passed on to the Bank for adoption as and when necessary. I think the House once again.

Sir, I move.

MR. CHAIRMAN: The question is.

"That the Bill, as amended, be passed".

The Motion was adopted.

MR. CHAIRMAN: The House stands adjourned to re-assemble at 11 A. M. tomorrow.

18.22 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Wednesday, August 19, 1981/Sravana 28, 1903 (Saka).