

12.39 hrs.

INDUSTRIAL FINANCE CORPORATION (AMENDMENT) BILL—Contd.

MR. SPEAKER: The House will now take up further consideration of the Industrial Finance Corporation (Amendment) Bill. **Mr. Somnath Chatterjee.**

SHRI SOMNATH CHATTERJEE (Burdwan): Sir, as I was submitting yesterday the Industrial Finance Corporation is a 50 per cent subsidiary of the Industrial Development Bank. Although the Industrial Finance Corporation is the oldest financing institution in this country, because of its position of being a subsidiary under the Industrial Development Bank, the IFC is obliged to refer the various proposals to the Industrial Development Bank for approval. Because of the procedure that is being followed, bottlenecks are being created and, in some cases, there is unjustified interference by the Development Bank in the functioning of the Corporation. Therefore, it is suggested in expert quarters also that the Finance Corporation should be made an autonomous body of course subject to the policy direction by the government and subject to scrutiny by this hon. House.

Coming to the utilisation of funds, since there are State Finance Corporations in many States, we submit that there should be proper co-ordination between the Industrial Finance Corporation and the State Finance Corporations in the various States so that proper programmes are drawn up for helping each other in developing the industrial potential in the country and coming to the rescue and aid of industrial concerns which do require help.

It is undoubtedly true that the Industrial Finance Corporation has played an important part in the industrial development of this country. But we still feel that it can do much better in helping the small entrepreneurs and is giving timely aid to the undertakings which are in difficulties. Instead of helping only the big business houses and monopoly house, the IFC should try to cater to the needs of enterprising youngmen or small businessmen who are in difficulties. The big busi-

ness houses and monopoly houses have got various sources for obtaining finance. They even get deposits from the public which the ordinary small businessman is not able to get. Therefore, IFC should give greater stress to small entrepreneurs who have not got the wherewithal to start or continue industrial undertakings.

It is no doubt true that one of the handicaps under which the IFC has to act, which is preventing proper economic development in the country, is the wrong fiscal policies which have been adopted by the Central and State Governments. Therefore, the position cannot improve unless there is a radical change in the attitude of the government and unless the emphasis is shifted from the big and monopoly houses to the smaller industrial concerns, so far as financial assistance by the IFC is concerned. Unless the policy of the IFC is changed with a view to promoting small-scale industries and coming to the aid of enterprising entrepreneurs in the small-scale sector, much of the desired effect cannot be achieved.

SHRI D. K. PANDA (Bhāyanagar): Sir, the amendments seek to finance the public sector industrial undertakings, to give financial assistance to newly-coming up entrepreneurs and also to industries in backward areas by the Industrial Finance Corporation. So, the main purpose of this Bill is to reduce regional imbalance. Since this will have the effect of reducing the financial assistance to the big monopoly houses, this is a step in the right direction.

Clause 13 seeks to amend section 25 to enable the Corporation to exercise its powers more effectively. It is mentioned in the Statement of Objects and Reasons that so far the IFC had been financing security-oriented projects. From now on it will finance project-oriented ventures. So, that is also a welcome step.

Although these amendments are welcome, at the same time, we must do some self introspection of the entire policy of the government during the last two years so that we can draw proper conclusion. Here I will refer to Unstarred Question No. 2694. The question was whether it is a fact that during the last 24 years of

functioning of the IFC 35.5 per cent of its loan assistance had gone to the larger and larger houses and during the last two years 17 large houses got assistance to the tune of Rs. 66.6 crores and the 73 large houses received assistance to the extent of Rs. 74.8 crores. The Minister gave a positive reply to this question. The reply says that the sum of Rs. 1048 to 30th June, 1972, the large and larger houses secured loans from the IFC to the tune of Rs. 131.52 crores out of a total loan of Rs. 397.86 crores, thus constituting 35.6 per cent. Similarly, during 1970-71 and 1971-72 the large and larger houses secured loans to the tune of Rs. 17.32 crores out of Rs. 75.79 crores, thus constituting 22.85 per cent. This answer clearly reveals that the large and larger houses, which have been totaling the country and taking advantage of their alliance with the bureaucracy, they are able to get more and more loans from IFC which has not been checked so far.

For instance, Bajorias and Jalans have taken loans and diverted them for some illegal purposes. Only the other day during a debate I tried to show how Bajorias and Jalans have taken loans to the extent of Rs. 22.37 crores to control various companies by issuing fictitious loans, creating fictitious papers, transferring money to liquidated concerns run by the son-in-law or sister-in-law, etc. Still, in spite of all that criticism, the granting of loans to Bajorias, Jalans, Tatas and Birlas, is still continuing. I would like the hon. Minister to give a positive reply as to what steps they are going to take to put a check on this.

Coming to regional imbalance, though I would welcome that Maharashtra and other States should get more, I say, the regional disparity is increasing. Maharashtra, Tamil Nadu and West Bengal got 61 per cent of the total loans whereas Punjab and Haryana got 1.4 per cent each and Orissa got nil. In Orissa, there are industrial potentialities and to develop those potentialities, there must be certain detailed industrial plans for setting up different industries. For example, they have been now applying for loans for a

Shipyard at Paradip, a fertiliser plant at Paradip, a refinery at Paradip, for establishment of industry for manufacture of polyurethien foam in Orissa, a cement plant at Sunki in Koraput district, and an explosive factory in public sector in Orissa. Financial assistance is being sought for. There is only one sugar factory at Aska and a sugar factory at Nayagarh. They have also not been given any financial assistance from the Industrial Finance Corporation. On the other hand, the L.I.C. which has given some money is going to now issue a writ on them and they have started also some cases.

These things have also to be looked into. All these potentialities have to be taken into consideration and they must be properly developed. This should be taken into account while granting advances to different regions. Orissa Government have sent these papers. They have approached for financial assistance. But nothing has been done.

Now, with regard to the other aspect and the type of mischief the bureaucrats are playing, that will also be clear from the very fact to what extent the Dutta Committee recommendations and the M.R.T.P. Act provisions have been violated. In the Statement of Objects and Reasons, it has been said that, under Section 43, regulations may be framed by the Corporation in consultation with the Development Bank. The very Chairman of the Development Bank was completely against the conversion of loans into equity. So, when these very persons are opposed to the fundamental principle which has been declared by the Government, why should they continue? Out of 34 companies, only 10 companies have agreed to the conversion of loans into equity. Therefore, without any guide-line, if it is left for consultation with Development Bank, then there cannot be any fruitful results achieved.

In conclusion, I would again request the hon. Minister to have detailed plans to reduce regional imbalance and to set up industries and to finance such industries in regions which are very backward.

SHRI S. R. DAMANI (Sholapur) : Mr. Speaker, Sir, I rise to support the Bill.

The Industrial Finance Corporation was set up soon after Independence for rapid industrialisation of the country, not only for setting up new industries but also for providing finances for modernisation and for expansion of industries. The policy of this Corporation is to give guarantee for the items purchased, to give loans and also to under-write equity, preference shares or debentures of companies which are issued to the public. In this way, the Corporation has in their own way contributed to a great extent towards the development and progress of industries in the country. So far, they have advanced and guaranteed loans to the tune of Rs. 365 crores and they have assisted 527 companies or units. I want to congratulate the Corporation for the work they have done.

Side by side, I would like to draw the attention of the hon. Minister to some draw-backs which require to be modified. After going through the balance-sheet and also the Report of the Committee on Public Undertakings, I find, they have followed a policy of a banker to see all the applications from one angle, that is, to see the safety of the money. Their policy is to see the safety of the money that they are going to advance or the guarantee that they are going to give, not taking other aspects into account. The result is that they have adopted a very rigid policy of scrutinising applications.

When this is the policy adopted, it takes a long time to clear applications. The people cannot supply all the information so readily. As a result of that, the applications used to take a long time and many of the applicants were disgusted and they withdrew their applications. The number of applications withdrawn is very alarming. About 44 per cent of the applications were withdrawn. That is due to the rigid policy that they are applying. Therefore, this policy requires a change if they really want to help the industrialisation of the country.

Now, by this amendment, the Government has clearly mentioned that the policy should be project-wise and not that they should only look to the safety of the money, that is to say, whether the project is valid or not, whether the project is going to increase production and create employment and whether it is in the hands of knowledgeable persons. These are the criteria which are required to be taken, not only the safety aspect of the money advanced. To see the safety of the money is the work of a banker and not of the Corporation. We want more production and more employment. If you only see the safety of the money, then you cannot advance towards rapid industrialisation of the country. We are now asking banks to advance money to small business houses. There is no risk. The present policy requires some changes.

Another thing that I want to say is that so far they have concentrated on areas in the States which are already developed. The reason is that they have the head-office at Delhi and only three offices, one at Bombay, one at Calcutta and one at Madras. So, all the entrepreneurs from these areas have got the advantage. Most of the industries that they have helped are near about Bombay or near about Calcutta or near about Madras, ignoring the other parts of the State. That has created congestion of industries in certain pockets. Government's intention is dispersal of industries in different districts, different States. But on account of limited offices, they could not do justice to the applicants of all the States, and most of the advances and guarantees were confined to big cities.

MR. SPEAKER: Would he like to continue after Lunch?

SHRI S. R. DAMANI: Yes, Sir.

MR. SPEAKER: We adjourn for Lunch to reassemble at 2.00 p.m.

13. hrs.

The Lok Sabha adjourned for Lunch till Fourteen of the Clock.

The Lok Sabha reassembled after
Lunch at five minutes past Fourteen of
the Clock

[MR. DEPUTY SPEAKER—in the Chair.]

Industrial Finance Corporation (Amend-
ment) Bill—contd.

श्री वसंत भूषण (दक्षिण दिल्ली) :
उपाध्यक्ष महोदय, सर गंगाराम हास्पिटल में
श्री पार्ष्णि जी दस दिन से भूख हड़ताल पर
हैं नर्सों और हास्पिटल कर्मचारी हड़ताल
पर हैं। मैनेजमेंट ट्रस्ट में बहुत करंफ़ान है।
सरकार को, सर गंगाराम ट्रस्ट को अपने हाथ
में ले लेना चाहिए, हेल्थ मिनिस्टर साहब से
यह मेरी दरखवास्त है। हास्पिटल के सब मरीज
निकाल दिये गये हैं। वहां बुरी हालत है।
ध्यान दें।

श्री सतपाल कपूर (परियाला) : इनकम
टैक्स डिपार्टमेंट ने तामिलनाडू में डी० एम०
के० मिनिस्टर के घरो में रेड्ज़ किये हैं। किस
मिनिस्टर के यहां से क्या मिला है, उसकी क्या
डिटेल है, फ़िनांस मिनिस्टर साहब को इस
बारे में बयान देना चाहिए।

SHRI S. R. DAMANI: I was just
mentioning about the policy the Corpora-
tion has been following so far in advanc-
ing and granting loans for industrial pur-
poses. I also expressed the view that offi-
ces should be located in big cities. I am
happy to see that the Corporation has
recently taken a decision to open new
offices at Hyderabad, Bangalore and also
at Ahmedabad. I request the hon. Minis-
ter through you that the Corporation
should at least establish their offices at
all the capital cities of the country. They
should open such offices at the capitals of
States so that entrepreneurs can easily ap-
proach them and get the benefit of their
financial assistance. So far they have con-
fined themselves only to three big cities.
They have now thought of opening 3
more offices. I strongly feel that they
should establish offices in all capital ci-
ties of States also. This is very neces-
sary. Otherwise I feel that the purpose
of giving facilities in the matter of fin-

ance will not be achieved. This is an im-
portant aspect of the problem and I think
the hon. Minister will take this into ac-
count and give instructions for opening
up of offices in all the capital cities of
the States.

Then, this amending Bill seeks to in-
crease capital and liberalise the policy for
grant of financial assistance. So far, the
Corporation was confining itself to ad-
vancing finance only to private sector
and to some extent, to the cooperative
sector. But now they can advance loans
to public sector as well as to companies
of medium and small sizes. Till now
they were entertaining applications of
companies with capital of more than Rs.
25 lakhs. Now this restriction has been
removed. Now the small and medium-
scale industries can get finance; they can
get the benefits granted by the Corpora-
tion. It is a good thing. I welcome this
change.

Apart from giving finance, I feel, they
should also guide the small and the me-
dium size entrepreneurs about project re-
ports, about new ventures, telling them
what they should do, so that the indus-
trialists can take up new ventures and set
up new industries in those regions.

There is one amendment about which
I would like to speak. This is to Clause
11 amending Sec. 23 of the Act. The
Corporation takes the power saying that
if any party fails to pay instalments at
the due time then the entire amounts and
interests thereon will be convertible into
equity shares. This is a very harsh provi-
sion. I would like to know what the
reason is, for bringing up such a rule like
this. This will surely very adversely af-
fect the setting up of industries in the
country. We find on account of various
technical reasons the project is delayed
it comes into production after 4 years or
so. There is delay in the matter of grant
of capital goods or power connection, or
there is delay due to erection. There
are many reasons. If they are not able
to go into production or the produc-
tion is delayed and they are not able to
pay the instalments in time for reasons
beyond their control, in that case, it has

[Shri S. R. Damani]

been provided here that the corporation will have the right to convert the entire advance into equity. I submit that this clause or this condition will result in two disadvantages for the entrepreneur or applicant. One will be that when they go to the public and approach them for public subscription, there will be uncertainty, and they will feel that if their company is not able to pay the instalments in time, then the corporation may convert the entire amount into equity and that may result in the curtailment of their dividends, and hence they may hesitate to invest their money in such companies. I hope that this will not happen and Government will not or the corporation will not take such action, but then the provision is there and they have got the power, and, therefore, this uncertainty will continue. Therefore, it requires some clarification under what circumstances this provision is going to be used. Then only the uncertainty in the minds of the public can be cleared.

Now, let me give another instance. Suppose a company or an industrial unit starts losing on account of uneconomic loss and is not able to pay the instalments in time and the entire amount which has been advanced to them is converted, then what benefit will the corporation get out of it? For, if they take the concern and run it then it will only make more losses, and the corporation cannot make it run at a profit or convert the losses into profit by taking over. So, even if they take over a concern which is incurring losses and which is not viable, it is not going to help the corporation. So, I do not understand the reasons for having brought forward such a rigid condition as a result of this amendment. I hope that the hon. Minister will clarify the position.

In regard to the working of the corporation, I would like to say something. During the last four years, if we see the balance-sheet, we shall find that the working of the corporation has started deteriorating. The expenditure is going up while the income is coming down and business is at a standstill and is not expanding. Therefore, we have to spend more. The

expenditure has increased in 1967-68 by 8 per cent, in 1968-69 by 20 per cent and in 1969-70 by 25 per cent and in 1970-71 by 44 per cent, whereas income has increased in 1970-71 only by 5 per cent. I would like to know the reasons for such huge expenditure and the fall in income or revenue.

Secondly, it is generally said that they are charging very exorbitant rate of commitment charges. If any party approaches them for loan, they sanction it, but before the money is paid, from the time the application is approved, they charge their commitment charges which are very high and this affects the entrepreneurs to a great extent. After all, the charges should be levied only when they advance the money or from the date they make the commitment, but we find that it is charged from the date the application is received and the amount is sanctioned. This is also not very reasonable. This increases the cost of the projects, and adds to the cost of the projects. Therefore, I submit that the corporation should be reasonable in levying their commitment charges on the parties to whom they give advances.

There is one other thing that I would like to mention. There are many entrepreneurs who approach the State Government and ask for their assistance in setting up industries, and the State Government agrees to issue guarantee letters to the financial institutions. But when they approach the financial corporations, they do not accept the guarantees given by the State Governments, and thus the entrepreneur is left high and dry. The big houses can manage, but the medium or small entrepreneurs who want to start their industries and who get the guarantee letters from the State Governments are in a different position, because the corporation does not accept those guarantee of the State Governments. What are the reasons for this? They say that there is some defect in the drafting of the letters by the State Governments and they want another draft or they want to have some other wording in the draft. But the net result is that the party does not get the benefit. As such, many parties which have obtained guarantees from the States have not been able to get advantage. So, I would like the

hon. Minister to look into this matter and see that the guarantees of the States are accepted or if they like, they can decide upon the forms of guarantee letters which the parties should get from the State Governments.

1st conclusion, I would request that the corporation should adopt a more flexible attitude in the scrutiny of the applications, so that more units may get the benefit of the corporation's assistance by way of finances. Secondly, I would say that the corporation should now concentrate more on the industrially under-developed States and regions and give preference to these areas when giving advances.

Thirdly, I would like to say that they should expedite the opening of offices in all the State capitals and all important cities. They should also economise in expenditure.

I would request the Finance Minister also to consider the amendment in clause 11 about transferring the entire amount in case of default into equity shares. Finally, they should send a clarification to the IFC to accept the guarantees given by the State Governments.

With these words, I support the Bill.

श्री महादीपक सिंह शास्त्री (कासगंज) :
उपाध्यक्ष महोदय, वाणिज्यिका प्रश्न है।
सदन में कोरम नहीं।

MR. DEPUTY-SPEAKER: The bell is being rung—Now there is quorum. He may continue.

*SHRI T. S. LAKSHMANAN (Sriperumpudur): Hon. Mr. Deputy-Speaker, Sir, on behalf of my party, the Dravida Munetra Kazhagam, I would like to convey my gratitude to you for giving me an opportunity to speak on The Industrial Finance Corporation (Amendment) Bill.

According to Clause 8 of the Bill, the I.F.C. has been authorised to buy the shares of financial institutions as directed

by the Central Government. Here, I would like to refer to a relevant issue. Sir, the shares of Vinod Mills in Madhya Pradesh were selling below their per value. At that time, the I.F.C. permitted the company to convert its loan into equity shares, which gave a boost to the sagging value of the shares of the company. I am of the view that it is not proper on the part of the I.F.C. to give an artificial boost to the company by permitting it to convert its loans into equity shares, when the shares of the company were selling below the per value in the market. I would like to suggest that the procedure of conversion of loan into equity shares being at present followed by the I.F.C. should be looked into by the Government. I feel that the conversion policy of the I.F.C. should be properly defined.

It has also been provided in the Bill that the regulations framed by the I.F.C. need not be placed on the Table of the House. I am afraid I cannot give any support to this. The Central Government entirely finance the I.F.C. and when that is so, it is improper to say that the regulations determining how the resources of the I.F.C. are to be given as loans to the industrial concerns and entrepreneurs need not be placed before the House. Here I would give one example also.

The I.F.C. is following the policy of recruiting only Solicitors to the Legal Department. The system of solicitors is prevalent only in the State of West Bengal, with the result the advocates from other States have no chance of getting a job in the Legal Department of the I.F.C. In this respect, the Tamil Nadu Bar Council had passed a Resolution suggesting that the Advocates also should be recruited of the Legal Department of the I.F.C. I regret to say that the I.F.C. has so far not changed the procedure of selecting only the Solicitors for its Legal Department. I request the hon. Minister to look into this and do the needful.

The Central Government have notified 211 districts and 8 Union Territories as industrially backward areas. But, the

*The original speech was delivered in Tamil.

[Shri T. S. Lakshmanan]

I.F.C. has extended its concessional financial facility only to 68 districts and three Union Territories. The industrial units in 68 districts and three Union territories have received financial assistance from the I.F.C. I say this to show that the industrially backward areas have not been given prominence in the activities of the I.F.C.

Upto 30th April this year, an amount of Rs. 392 crores to 556 large and medium industries have been given by the I.F.C. It is surprising that only 28 per cent of the total assistance has been given to the industries in industrially backward areas. 78 Sugar Cooperatives and 22 Textile Corporations have received the major portion of the assistance from the I.F.C. From this it is also clear that the small industrial units in backward areas have not got any priority in the matter of getting financial assistance from the I.F.C. I would request the hon. Minister to look into this aspect of working of the I.F.C. and take appropriate steps to help the industrially backward areas in the country. Out of 565 industrial establishments assisted by the I.F.C. 70 establishments mostly large industries—are sick and it is reported that they are in the stage of being wound up. In fact, some of them have already been wound up. If this situation continues, even the industrially developed areas might become industrially backward areas in due course. It is understood that some textile organisations assisted by the I.F.C. have been reported sick and that is why I have been constrained to make this remark. I am sure the hon. Minister will look into this serious state of affairs in the industrial institutions assisted by the I.F.C. I am happy that provisions have been made in this Bill for enabling the Directors of the I.F.C. on the institutions receiving assistance from the I.F.C. to function more efficiently. I hope that the situation will take a turn for better so far as the working of the industrial units assisted by the I.F.C. is concerned.

Before I conclude, I would also refer to another important fact. In the Board of Management of the I.F.C. almost all

the Directors are from the industrially developed areas. There is not even a single Director from the industrially backward areas. If the industrially backward areas in the country are to receive their due share of assistance from the I.F.C., then there must be Directors from those areas on the Board of Management of financial institutions like the I.F.C. I request the hon. Minister to look into this problem also and do the needful so that the industrially backward areas get priority in the scheme of working of the I.F.C.

With these words, I conclude.

SHRI Y. S. MAHAJAN (Buldana): Sir, I rise to support the Bill brought forward by the Finance Minister. After the achievement of independence, we set out on a course of planned development and industrialisation of this country, but we found we did not have any agencies for financing industrialisation or helping companies in issuing stock shares, and bonds. We did not have any industrial banking at that time worth the name. This important gap in our banking field was filled up by starting the Industrial Finance Corporation. It performs in our economy more or less the same functions that the IBRD is supposed to perform in the world.

It is a matter of satisfaction that during the last 24 years, this corporation had performed very creditable work. For instance, in the first 22 years, it gave assistance to the extent of Rs. 338 crores. I agree with the hon. member on the other side that in judging the success of the work of this institution, we should consider not the rate of dividend but the extent of industrialisation promoted by it. I am glad to say that during the first 22 years, as a result of the assistance given to the extent of Rs. 338 crores, it could help mobilisation of capital to the extent to the extent of Rs. 338 crores, it could last 2 years are not available.

Another creditable work done by this institution is, it has given nearly Rs. 77 crores to the cooperatives, mainly in sugar and textile industries. As a result of this,

these cooperatives could mobilise a total capital of Rs. 160 crores during these 24 years.

I support this Bill because it has many important features. The amendment is really comprehensive in character. It enables the institution to exercise effectively the right to appoint directors. Secondly, if any directors have any interest in the application of an industrial concern, the amendment prevents the IFC from giving any help to such concerns. The amendments are such that it will enable the I.F.C. to correct to a certain extent the industrial imbalance in the country. There are certain States and districts which are classified as industrially backward. The amount of assistance given at present to these States is very small. For instance, till last year, the amount of assistance given to Assam was 1.8 per cent, Punjab 1.8 per cent, Haryana 2.7 per cent, Kerala 3.4 per cent. Members on the other side complained about West Bengal. West Bengal, Tamil Nadu and Maharashtra together got nearly 42 per cent of the total assistance given by I.F.C. during the last 23 years.

DR. RANEN SEN (Barasat): What was the amount received by West Bengal alone?

SHRI Y. S. MAHAJAN: It was 10.9 per cent of the total for the last 23 years. This is a good feature of this Bill that it will enable the corporation to correct this imbalance to a certain extent. Provision has been made for giving loans to backward areas at concessional terms. Secondly, it will now adopt a project-oriented approach. Instead of simply examining the applications which are received by it, it will attract applications from those areas, consider them sympathetically and particularly help new entrepreneurs, new technologists and engineers who want to enter business. One important provision is, the Corporation need not insist on security. This will certainly enable the corporation to do something for backward districts.

I have two or three suggestions to make. In future, I hope the I.F.C. will adopt a policy in keeping with our planned objectives. We are out to build a socialist economy. I hope greater encouragement will be given to cooperative societies. I do not say they have been neglected in the past, but I hope more attention will be given to such forms of organisation in future than to private limited companies and public limited companies which are really private in character. The applications should be sifted in accordance with our plan priorities. If you look at the allocations for the last 22 years, much of the money has gone to textile and sugar which are consumption industries. Now new industries like fertilisers, chemicals, etc. are coming up and they should be encouraged, rather than the traditional industries like sugar and textiles.

There is one difficulty. When an industry starts working, it is quite possible that for the first three or four years, it may not be able to declare a dividend. The I.B.R.D. for instance, exempts new firms from paying interest for the first 4 or 5 years. At present the Corporation insists on payment of interest and repayment of capital after the first or second year. I think it is a disadvantage in deserving cases, the new firms should be asked to begin payment of interest and capital after the fourth or fifth year. That will help industrialisation.

I am sure that with these comprehensive amendments the I.F.C. will be able to do much better than before, that it will help the intensification of development and increase the tempo of industrialisation in this country.

SHRI VIRENDRA AGARWAL (Moradabad): Mr. Deputy-Speaker, Sir, every economic institution should be judged entirely by its performance, the service it renders and the results it produces. The concept of institutional finance, particularly its impact in the investment climate in the country to what extent the financial institutions have helped in accelerating the industrial

[Shri Virendra Agarwal]
growth and, finally, to remove the regional imbalances, they are the basic criteria on which these financial institutions need to be judged.

I am inclined to support the Bill, though I have several reservations in respect of the various amendments. I am really at a loss to appreciate why the recommendations of the Committee on Public Undertakings have not been incorporated in this Bill. In fact, most of the amendments are almost contrary to what the Committee on Public Undertakings has recommended. It also seeks to acquire such sweeping powers which I think are sure to defeat its own objectives.

One of the most important aspect of this Bill is that it seeks to raise the authorised capital from Rs. 10 crores to Rs. 20 crores. I will read out the recommendation of the Committee on Public Undertakings on the subject:

"The Committee are unable to agree with the view of the Corporation that the financial position should be improved by raising the authorised capital to an amount which is double the existing amount. Regarding extending the borrowing limit the Committee are convinced that the existing borrowing limits are adequate and the authorised capital, as it is, has room for enhancement up to Rs. 10 crores. The Committee recommend that the Corporation should generate more financial resources of their own by adopting measures like (1) selling or discounting of short-term applications in open market through other financial institutions, (2) issue of medium-term bonds and (3) fully utilising the drawing facilities of the Reserve Bank of India and identical methods."

Secondly, I am unable to appreciate why all the financial institutions are not able to follow or pursue a common loan application form and standard legal forms for sanctioning credit to the corporate industrial concerns. There is a great deal of duplication of work by different financial institutions. I think much of the delay is contributed by this rigid and un-

imaginative observance of the rules in processing loan applications by the corporations. The I.F.C. should better adopt a practical approach and follow the pattern set up by similar lending institutions in India and abroad by processing the applications expeditiously with a view to curtail the time factor.

A large number of people, particularly smaller men who are seeking financial assistance from these financial institutions, get really fed up with the tyres of forms they are required to fill up and the time these institutions take to finalise these loan applications. As far as possible, the entire procedure of these financial institutions need to be streamlined to such an extent that really a common man, a small entrepreneur, finds it convenient to make full utilisation of the assistance granted by these financial institutions.

Thirdly, there is suspicion and confusion in the minds of the people about the existence of so many financial institutions. It has been recommended by the Committee on Public Undertakings that the Industrial Finance Corporation of India and the Industrial Development Bank should be merged into one. I would suggest that all financial institutions in the country should come under one umbrella so that they can effectively discharge their functions of providing credit to various institutions. It would certainly have a greater impact on the entire process of industrial growth.

Hon. members from both sides of the House have talked a great deal about the investment policy of this Corporation. There is no doubt that the policy which is being followed by this Corporation is very faulty. It has not really tried to help a large number of backward regions in the country. I will certainly mention the Hindi region which has been neglected. The three States of Uttar Pradesh, Bihar and Madhya Pradesh which constitute the Hindi region have remained neglected and ignored by all the financial institutions. So, these financial institutions should try to come forward and help the region because it has remained neglected all these years.

Similarly, there is a great deal of talk about the priority sectors. Where are the priority sectors today? Every day the government talk loud "we would help the priority sectors" but the misfortune is that the priority sectors remain where they were 25 years earlier. This is the real situation. I would, therefore, say that the priority sector should get the highest priority. It should be the primary function of these corporations to invite applications from those backward regions, and these applications should be cleared at the earliest possible time.

In this amending Bill, it has also been suggested that the financial institutions should give financial assistance to the public sector industrial undertakings also. In a way, it is a very policy. But, at present the government expects the corporeal industrial concerns in this country to depend entirely on financial institutions. This is the policy of the Government of India. I feel it is not a happy policy. The policy should be that the corporeal institutions should depend entirely on peoples' contribution rather than on government institutions. But while it is the policy of the Government that the corporeal institutions should depend on the financial institutions for their funds, I do not know why the public sector institutions in the country, which really depend on the budgetary allocations of the government, should also depend on these financial institutions. I am not able to appreciate this point and I am sure the government will clarify it.

We have brought to many pieces of legislation for but, what do we find as the result? We find that the industrial growth rate is really declining. Are we going forward or backward? Today the situation is that we as a nation are rapidly moving towards zero growth rate. This is a fact. I will not agree with the government leaders that this country is moving forward; this country is actually going backward. It is not even stagnation. If there is stagnation, I will not be so unhappy. But I say that the country is going backward. Zero growth rate means that poverty will get ascentuated

unemployment will increase and, of course, prices shooting up every day. These are the factors which are caused by the policy which is being pursued by the government, which is wholly negative in character and confiscating in approach which finally results in expropriation. This sort of policy cannot produce economic prosperity and social justice for which the ruling party is committed today.

The basic question is whether government is interested in reviving the confidence of the investor in the economic structure. If the investor is not interested in putting his money in the economic structure, then the future of this country is doomed. We cannot save this country. If the country is to move forward, the investment climate must grow. We should try to create a situation in which the common man feels interest in the economic life of the country.

How are we going to do it? At present, there is tremendous inflation in the country. What we need today is to create a policy or to produce a policy which can be really anti-inflationary which is possible only when the consumer goods industries are expanded in such a big way in the country that the people really get what they need at reasonable prices and the prices really come down to a reasonable level.

We also know that the Government leaders are very fond of making all sorts of statements. One of the senior Ministers of the Government of India has recently said that the economy is poised for breakthrough. We are hearing it for the last 25 years. But we have never found the economy so poised for breakthrough. The situation really is that the economy is going backward. How are you going to create a situation in which economy moves forward? That is the basic question which the Government should seriously consider today.

If the economic policy is not oriented towards production, I can tell you that we cannot solve the economic problems

[Shri Virendra Agarwal]
of the country. The basic need of the hours is that Government's entire economic policy should be directed towards accelerating the growth rate in the country, both in the field of agriculture and industry. How are you going to realise it? I do not really see that the production in this country can ever be raised unless we provide incentive in the people engaged in farms and factories. We cannot expect a farmer to produce more if we do not provide necessary incentives to him. Similarly, we should provide incentives to people engaged in factories to produce more. Otherwise, we cannot expect them to produce more. The production and incentives are correlated terms.

Those who surround the Prime Minister and who are responsible for formulating the economic policy of the country lack imagination and lack vision, and it is a policy which can be described as a *status quo* policy or an *ad hoc* policy. All these policies have resulted ultimately in economic stagnation. I would plead with the Prime Minister that while reshuffling the whole Cabinet, she should try to bring a new team of Ministers who have got a new vision, a new imagination, who can really think and feel that the country's economy should grow and grow at a faster rate and, in no case, less than 10 per cent a year. This is what I would plead with the Prime Minister and, I am sure, she will accede to this request at an appropriate time.

Finally, I would make only one point and that is this. The national leadership has been talking a great deal in terms of political stability. But political stability has little meaning if it does not produce economic prosperity and social justice. This whole process of political stability has really not inspired the people and the people have begun thinking that this political stability must go if the economic prosperity and social justice is not guaranteed to the people. This is the time for our national leadership to ponder seriously whether they really want the country to move forward or to go backward.

SHRI GIRIDHAR GOMANGO (Koraput): Mr. Deputy-Speaker, Sir, I am thankful to you for giving me an opportunity to speak on the Industrial Finance Corporation (Amendment) Bill.

I would like to make a few points before this august House about the problems of the district Koraput in Orissa State. The Industrial Finance Corporation has a great role to play for the industrial development of the country and also for the eradication of regional imbalance in the country.

Coming to the point of regional imbalance in the country, I would like to mention figures of money advanced to different States by the Industrial Finance Corporation. The Corporation has sanctioned money mostly to already industrially-developed States. Hence, you will see that Maharashtra and Tamil Nadu have got Rs. 20 crores. They have sanctioned between Rs. 10 crores to 20 crores for Andhra, Gujarat and Mysore, and between Rs. 5 crores to 10 crores to Haryana, Kerala, Madhya Pradesh, Punjab, Rajasthan, U.P. and West Bengal. Less than Rs. crores is in the case of Assam, Bihar, Delhi, Himachal Pradesh, Jammu and Kashmir and also Orissa.

In Orissa, there are so many facilities available for the development of industries. But due to lack of finances, the industries in Orissa are not developing properly. I would like to give the history and geography of Orissa, not in detail but in short. ...

MR. DEPUTY-SPEAKER: History and geography of Orissa will not come within the purview of this Bill.

SHRI GIRIDHAR GOMANGO: The history of Orissa is that it is a poor State in the country. The geography of Orissa is that 42 per cent of its area is forest and hilly area where we can get the minerals and other resources for the establishment of industries. The public sector in India has over the years been going at a faster rate in different areas in the field of industry. The role of the public sector is to achieve socio-economic development of

the country The plans should be made particularly for the development of backward regions in the country

In Orissa especially in my own district which is Koraput many forest based industries can be started because this district has in its area a major portion as hills and forests and a lot of mineral resources are available there. A proposal was submitted to the Government of India in September 1969 by the State Government for the establishment of a cement plant near Sunk in Koraput in the Fourth Plan I would request the Government to see that this proposal is materialised

MR DEPUTY SPEAKER There should be some other occasion for making these submissions

SHRI GIRIDHAR GOMANGO The Industrial Finance Corporation should provide finances to the State Government We have nationalised the banks and they should come forward to give more money for this purpose particularly in tribal and backward areas

If major industries are developed in tribal and backward areas the need of the people and of the place will not be fulfilled because they are not technical personnel, they do not know how to work in factories That is why Sir I request the Government to have small scale industries in backward and tribal areas

श्री जनशहा प्रधान : (शहडोल)

उपाध्यक्ष महोदय, मैं औद्योगिक वित्त निगम (सशोधन) विधेयक का समर्थन करता हूँ।

इस विधेयक में कई विवादास्पद बातें हैं। इस निगम द्वारा पब्लिक लिमिटेड कम्पनियों और सहकारी समितियों को सहायता प्रदान की जा रही है। वर्तमान बिल में इस आशय का सशोधन किया जा रहा है कि सरकारी औद्योगिक उपक्रमों को भी निगम द्वारा वित्तीय सहायता दी जाये। सरकार की विचारधारा आजकल यह हो रही है कि सरकारी उपक्रमों की पूरी सहायता की जाये।

जिन जिन संस्थाओं से धन मिल सकता है, वह इन सरकारी क्षेत्र के उद्योगों को दिलाया जाये।

सरकार की इस नीति में किसी का विवाद नहीं है। सरकारी क्षेत्र के उद्योगों का पलवित और शोषण करना वर्तमान सरकार की नीति है। किन्तु ऐसा करते समय यह प्रश्न उठाना स्वाभाविक है कि सरकारी क्षेत्र के उद्योगों में अथवा देश के उद्योगों में जन माध्याग्न अथवा देश के आम उपभोक्ताओं के रोजमर्रा काम में आने वाली वस्तुओं का उत्पादन क्या नहीं बढ़ाया जाता है। सरकार औद्योगिक वित्त निगम द्वारा इन उद्योगों का वित्तीय सहायता दिलाना चाहती है किन्तु साधारण जनता की दिलचस्पी इस बात में है कि यह निगम जिस उद्योग अथवा कारखाने के लिए धन मंजूर करे वह जनसाधारण के दैनिक उपयोग में आने वाली वस्तुओं का उत्पादन करे।

इसके अतिरिक्त सरकारी क्षेत्र के अधिकांश उद्योगों में घाटा हो रहा है। उनकी प्रबन्ध व्यवस्था सतापजनक नहीं है। इस पर भी ध्यान देने की आवश्यकता है।

यदि औद्योगिक वित्त निगम बड़े बड़े सरकारी उद्योगों के स्थान पर लघु उद्योगों को ऋण दे, तो अधिक अच्छा होगा।

मध्य प्रदेश औद्योगिक दृष्टि से एक पिछड़ा राज्य है जहाँ प्रधानत आदिवासी और हरिजन रहते हैं। वहाँ औद्योगिक असुलन दूर करने में इस निगम से सहायता ली जा सकती है।

इस बिल में यह व्यवस्था की गई है कि यदि कोई डायरेक्टर किसी उद्योग से सम्बन्ध रखता है तो वह उस उद्योग के बारे में किसी विषय पर वोट में भाग नहीं ले सकेगा। सरकारी उपक्रम समिति की सिफारिश पर यह नई व्यवस्था की जा रही है। मैं इसका

[श्री धनशाह प्रधान]

स्वागत करता हूँ। इस बिल के खंड 14 के अनुसार यदि किसी उद्योग में किसी डायरेक्टर का आर्थिक हित है, तो निगम उसे वित्तीय सहायता की स्वीकृति नहीं देगा।

औद्योगिक वित्त निगम 1964 से काम कर रहा है। उसमें कुछ कमियाँ और दोष हैं, जिन्हें दूर करने के लिए यह बिल लाया जा रहा है। अब तक उसका कार्य-क्षेत्र सहकारी समितियों और प्राइवेट कंपनियों तक ही सीमित था। अब इस बिल के द्वारा यह नई व्यवस्था की जा रही है कि सरकारी जेब के उद्योगों को भी इस निगम में वित्तीय सहायता दी जाये।

सरकारी क्षेत्र के कारखानों में जा घाटा हो रहा है, उसे दूर किया जाये और उनकी प्रबन्ध व्यवस्था में सुधार किया जाये। आम जनता के दैनिक उपयोग की वस्तुओं का उत्पादन बढ़ाया जाये, जैसे कपड़ा, कागज साबुन, डबलरोटी और दूध पाउडर आदि।

कपड़ा उद्योग को तुरन्त वित्तीय सहायता देने की आवश्यकता है। कच्ची लाख ग्रथवा चपड़ा इकट्ठा हो रहा है और हजारों मजदूर आदिवासियों को घोर आर्थिक स्थिति का सामना करना पड़ रहा है। यदि मंत्री महोदय औद्योगिक वित्त निगम को तुरन्त आदेश दे, तो हजारों आदिवासियों को रोजगार मिल सकेगा। हमारे क्षेत्र में लाख चमड़ा, चीनी मिट्टी और कायला बिना किसी परिश्रम के प्रचुर मात्रा में प्राप्त होता है। वहाँ वित्तीय सहायता देने से हजारों लोगों को रोजगार मिलेगा और पूँजी नैयार होगी।

मैं एक और निवेदन करना चाहता हूँ। बैंकों में कर्ज लेने की जो पद्धति है, उसको सरल बनाया जाना चाहिए। इसके लिए ऐसे नियम और फार्म आदि बनाये जाय, जिनको आम जनता समझ सके।

जो अध्यक्षन दल मध्य प्रदेश या अन्य क्षेत्रों में जायें, वे यह देखें कि कहाँ किम

बात की जरूरत है। जैसा कि मैंने कहा है, मध्य प्रदेश में लाख, चीनी मिट्टी और कायला प्रचुर मात्रा में पाये जाते हैं। वहाँ उद्योग शुरू करने में कम पूँजी लगनी, हजारों लोगों को रोजगार मिलेगा और तुरन्त परिणाम सामने आयेगे। मंत्री महोदय को इस तरफ विशेष ध्यान देना चाहिए।

अन्त में मेरा यह निवेदन है कि वित्तीय सहायता देने के सम्बन्ध में सरकार केवल बड़े औद्योगिक प्रतिष्ठानों की तरफ ध्यान देने के बजाये उन सामान्य प्रकार के उद्योगों और कारखानों का भी ध्यान रखें, जो किसी न किसी प्रकार हमारे देश के उत्पादन और विकास को प्रभावित करते हैं। आवश्यकता इस बात की है कि आज निर्णायक प्रक्रिया का जिन जटिल और अधिक समय लगाने वाली क्रियाविधियों में से गुजरना पड़ता है, उनको समाप्त किया जाये। मैं प्रार्थना करता हूँ कि कोई अध्ययन दल विशेषकर मध्य प्रदेश के उन क्षेत्रों को जा कर देखें जहाँ बिना अधिक पूँजी के छोटे उद्योग स्थापित किये जा सकते हैं और लोगों को काम दिया जाता है।

आप न मुझे समय दिया है, उसके लिए धन्यवाद।

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRIMATI SUSHIL A ROHATGI) : Mr Deputy Speaker Sir I would like to thank all the hon members for the very valuable suggestions that they have made especially my eminent colleague Mr Somnath Chatterjee, who initiated the discussion and who really started it at a very high level and kept it entirely free from politics, for that and for his eloquence he has to be congratulated. Unfortunately, that could not be sustained for various reasons and political reasons had to be injected into the debate. Actually the entire gamut of the debate widened, instead of being confined only to the IFC (Amendment) Bill, its horizon widened and it became a critical analysis of the entire economic and financial policies of the Government. For

that, Sir, we do need more time on another occasion, and as such, I will confine myself now to the IFC (Amendment) Bill and to the relevant factors which the hon. members have raised from time to time.

First and foremost, I would like to bring to the notice of the hon. members that next year, in June, the IFC would be celebrating its Silver Jubilee; it will be completing 25 years of good, constructive service to the nation. It has been a pioneer developmental financial institution, the first of its type in Asia, and actually in the developing countries; it has therefore, its own prestige.

Now, when they are going to celebrate the Silver Jubilee, we cannot but turn our minds to the pioneer, the great visionary, Pandit Jawaharlal Nehru, who had the vision and imagination to think of such an organisation which would pave the way for future development of financial institutions.

15 hrs.

Shri Virendra Agarwal said that we have to judge any organisation and any developmental financial institution from the basis of the service rendered or the performance to their credit and I would like to say that these are the two criteria by which we can judge the IFC, and on both these counts I find that it is entirely to the credit of the IFC. I would like to congratulate all those who have been associated with it.

Of course, in regard to drawbacks, I have something to say and I will come to it later, but this is the general background.

The scope of this amending Bill is to extend and to enlarge the sphere by bringing the public sector undertakings also within its purview. This will naturally promote new enterprises and encourage new entrepreneurs and I think there can be no two opinions about it. The second factor is expansion of business and it must be said to the credit of the IFC that the Reserve Fund of the Corporation is at present equal to the paid-up capital. That speaks volumes for any organisation

as such. We find that the Corporation had been expanding its activities from time to time and now its future expansion will be allowed and its authorised capital is proposed to be increased from Rs. 10 crores to Rs. 20 crores. This would facilitate future expansion of business. If there is expansion of business, automatically there is greater investment. By greater investment, there is automatically greater production, and that is co-related with the generation of wealth in the country. Therefore, I think, this is a very welcome feature.

Another feature of this is the ability to provide feeder loans, and foreign currency loans to the small entrepreneurs. So far this facility had not been there, but, by this amending Bill this facility will also be provided to the small entrepreneurs, and I think therefore that this is a welcome feature.

Mr. Virendra Agarwal levelled a charge. I wish he was here to hear the other side of it. I would like to say that we are not trying to flout or to go against the recommendations of the Committee on Public Undertakings. On the contrary, the clauses which we are introducing now, namely Clauses 6, 14 and 15, are primarily aimed at accepting and implementing their recommendations and therefore what is being done is not in violation of the recommendations, but in direct implementation of the recommendations of the Committee on Public Undertakings.

One point was made by Mr. Damani for which I am grateful. Points were raised about the rigidity of the procedure and therefore I would like to draw the attention of hon. Members to Clause 11. We find from the security point of view more emphasis laid on the project orientation, and therefore this rigidity, if it was there, to some extent, needs to be remedied. Therefore I think this will be another welcome feature.

Apart from other facts, I would like to mention that this year, being the silver jubilee year, certain special schemes have been announced. A Special Management Institute has been set up which will in a way be providing a sort of consultancy

[Shrimati Sushila Rohatgi]

service, because these are needed some times by the young entrepreneurs, by the people who want academic advice and so on, and they want consultation how to put up a project etc. And therefore, this feature, namely, the setting up of the Special Management Institute is a special feature. The Benevolent Fund which we are proposing to set up will be assisting these new entrepreneurs here and abroad and it will help them to specialise in their job. These are some of the main features which I wanted to mention.

There was one argument which was raised and this was that there should be a merger of the IDBI and the IFC. I thought yesterday we had some discussion on it but I would like to repeat it again. The present tendency is not for amalgamation or for setting up of monolithic

SHRI SOMNATH CHATTERJEE: IFC should be made a separate institution independent of the IDBI, without any interference by it.

SHRIMATI SUSHILA ROHATGI: Actually there is no interference at all.

The autonomy of the IFC is there.

SHRI SOMNATH CHATTERJEE: IFC has to obtain the approval from them regarding their proposals and schemes and that causes delay.

SHRIMATI SUSHILA ROHATGI: The delay factor has been taken care of. On the point how to remove the delay, how to expedite the things, etc. I will come to, a little later. I am now dealing with the point made about merger and Government's stand is this. Mr. Virendra Agarwal had taken it up. Perhaps he is a prophet of doom, I don't say personally. But, many people are thinking that the country is going backward and that the country is not going forward, it is stagnating and all that. I personally feel, if we stood where we were, then perhaps it would not only be stagnation, but it would be struggle for survival. Therefore, the question of being so pessimistic does not arise. Since it is a political argument

suggested by him I do not think we have to go into the politics of it or the intentions which have motivated him to level those charges over here.

The IDBI also refines and its nature of work is different whereas the IFC specialises in giving loans for cooperatives, whether it is sugar or jute mills, etc. The IFC is a developing financial institution which gives loans to cooperatives which is not done by the IDBI. I do not think there is any overlap here because this identity has to be maintained and moreover IDBI gives loan to the core and the heavy sector which is not done exclusively by the IFC and therefore, there is separation of jurisdiction, so far as this aspect of the matter is concerned.

Mr. Somnath Chatterjee said that no indication was given as to which institution or institutions loans or debentures would be transferred by the IFC. This has to be read along with Cl 11. This is only an enabling provision. Since IFC happens to be the trustee, I do not think this is really necessary to name any institution as such.

About 'court' also, the word has already been defined and it is competent on the part of the court to have jurisdiction where the substantial business of the concern is carried on. And therefore, this is also equally made clear. There was no lacuna in drafting as was pointed out by the hon. Member.

SHRI SOMNATH CHATTERJEE: I referred to Clause 6 yesterday and I said that it provides for transfer of rights by the IFC but it does not provide to whom the right will be transferred or who are eligible to be its transferees. The hon. Minister just now referred to Cl 11 of the Bill but it deals with amendment of Section 18 which deals with the Executive Committee of the IFC and it has nothing to do with persons or bodies who would be the transferees. The Hon. Minister, I think, may have a look into this in some more detail.

SHRIMATI SUSHILA ROHATGI: About regulations, it has been mentioned that these regulations should be subject to the scrutiny of Parliament. We feel that IFC has worked with 25 years of service to its credit and therefore it is now a mature organisation and it should be free from bondage. Regulation is a day-to-day matter it need not be brought before the purview of the scrutiny of the Parliament, as such. As a matter of fact, for some time past it has not been brought for discussion.

SHRI SOMNATH CHATTERJEE: It is a fundamental question.

SHRIMATI SUSHILA ROHATGI: It is not a policy issue; framing a regulation is not a policy issue; it is a routine affairs. As such, it is not brought before Parliament.

SHRI SOMNATH CHATTERJEE: Why are you changing this? It was placed before....

SHRIMATI SUSHILA ROHATGI: I hope he will appreciate the delay factor which arose. It has been mentioned that too much scrutiny is a cause of some delay and scrutiny by Parliament will lead to a little delay..

SHRI SOMNATH CHATTERJEE: Parliament does not approve of the regulations as such. Under the present system of Subordinate Legislation, rules are placed before Parliament and if Parliament decides to alter them they are altered; otherwise they become effective as and when they are framed. Therefore Parliament's intervention will not delay the matters.

They become effective as soon as they are framed.

SHRIMATI SUSHILA ROHATGI: They have been there for the last six years without any amendment.

MR. DEPUTY-SPEAKER: Don't go too far into this controversial field.

SHRIMATI SUSHILA ROHATGI: I shall keep that in mind. I think he has already heard my viewpoint also.

MR. DEPUTY-SPEAKER: As the knows Parliament is very sensitive. Let her be careful about it.

SHRIMATI SUSHILA ROHATGI: We shall not tread even an inch on Parliament's rights.

As regards dividend distribution, we feel that on the basis of the performance, the stage has been reached when the ceiling of 5 per cent should also be removed.

The question which has been repeated by almost every Member and which is shared by everyone is in regard to the allocation or lending policies with an eye on removal of regional disparities. We find from statistics that out of the total aggregate assistance to all the concerns, out of a total of 565 projects to whom the assistance sanctioned was Rs. 398 crores, in the less developed or backward districts, the number was 148 projects, and the assistance sanctioned was Rs. 107 crores. We have tried to break up these figures and we find that the IFC helps the co-operative sector in a substantial way. The bigger industrial co-operative societies are not financed by any other financial institution. The co-operatives represent also to a certain extent the weaker sector of society. Going by the figures, we find that the amount of assistance taken by the less developed States and backward areas is 26.9 per cent, and by the cooperatives is 22 per cent and for the new entrepreneurs, it works out, because it was started only recently, to 10 per cent and the amount going to the new undertakings really works out to 65.3 per cent. In this way, the assistance given by the IFC has really gone to create more jobs and new potential for new entrepreneurs, and therefore, it is a job-oriented policy, and many of these people have profited from this assistance.

AN HON. MEMBER: That is why there are so many jobless.

SHRIMATI SUSHILA ROHATGI: I am sure the IFC is not responsible for the jobless. If that were so, we shall tackle the problem right now.

[Shrimati Sushila Rohatgi]

A point was also made in regard to the purpose-wise classification. Hon. Members wanted to know the particular direction in which the money had been used. Therefore, Government have tried to make an exercise and we find that the position is as follows. We have the figures of total assistance up to June 30, 1972 granted to new undertakings. If you would permit, I shall read out the whole thing. We have got the figures for expansion of existing lines, modernisation and rehabilitation and diversification. We have got all these figures, and we find that Government have really been trying to see in which way the concerns could be improved, whether by expansion, or diversification or modernisation.

One point that has so far eluded many of the Members here, probably because they did not have time to mention it is...

MR. DEPUTY-SPEAKER: Why make them wise about it?

SHRIMATI SUSHILA ROHATGI: It would be unfair to the IFC if I did not have your permission to put it on record. Since it is celebrating its Silver Jubilee this year, this should be on record that the quantum of Rs. 2006 crores has been raised by the IFC as resource mobilisation, and this is not a very small measure, and I think that it deserves credit for it, and I am glad that they are coming out as a pioneer financial institution in the country and also outside.

Some hon. Members had suggested that the money should be given for small-scale industries. I think that this is not within the purview of the IFC. That is where the State Finance Corporations would be coming in. Here, we are really concerned only with the loans and financial assistance to the medium scale and the large scale industries, since the IFC gives loans over Rs. 20 lakhs and not less than that. We have tried to go into that point which was mentioned about the question of discrimination or rather the point that some of the advanced States had taken more loans while

the backward States had really not been able to utilise the assistance in full. We find from the figures, that in Maharashtra, 80 projects in the corporate sector have been given assistance, and the assistance granted to the corporate sector is Rs. 42.69 crores....

SHRI SOMNATH CHATTERJEE: In which year?

SHRIMATI SUSHILA ROHATGI: I think these figures are up to the end of June, 1972, if I am not mistaken. I say this subject to correction.

SHRI SOMNATH CHATTERJEE: I think it should be for 1971-72.

SHRIMATI SUSHILA ROHATGI: In West Bengal, it was Rs. 39.40 crores. So far as the co-operative sector is concerned, while in Maharashtra, it was 32, in West Bengal it was nil; the assistance granted to co-operative societies in Maharashtra was Rs. 40.36 crores, while in West Bengal, it was nil. So far as the share of West Bengal in the matter of financial assistance from the IFC is concerned, in the corporate sector it has been more or less the same. But when it comes to the co-operatives, we find that the south has a definite network of co-operatives and further sugar co-operatives are also there. Unfortunately, West Bengal does not have sugar production to that extent....

SHRI SOMNATH CHATTERJEE: They will only patronise sugar. For, sugar gives them benefit.

SHRIMATI SUSHILA ROHATGI: I think that sugar in West Bengal should be even sweeter, if I am not mistaken, but the production has to come up. But the fact is that co-operatives have been working in the south and they are better worked there, but in West Bengal, we do not have these. We have jute mills there and the jute mills could also utilise the assistance. Another factor which has been responsible for this is industrial instability. I did not want to bring politics into this debate, but I must mention that industrial investment cannot

operate in an atmosphere where there is industrial instability. We know that during the last two or three years, the industrial stability which was needed for investment was not prevalent in West Bengal.

SHRI SOMNATH CHATTERJEE: How any applications were made from West Bengal for loans from the IFC during 1971-72?

SHRIMATI SUSHILA ROHATGI: It has been brought to my notice that no worth-while application has been rejected from anywhere.

SHRI SOMNATH CHATTERJEE: What does she mean by worth-while application? Let her give us the figures.

SHRIMATI SUSHILA ROHATGI: I have told him already that no worth-while application has been rejected. This means that none obviously must have come. As regards this question of industrial stability, the fact is that since the Industrial Reconstruction Corporation of India has come into operation in West Bengal, the situation has definitely improved, and, therefore, I would call upon hon. Members, whichever affiliations they may have, to remember that if they sustain this stability in that State, it would be conducive to greater production and there would be no reason why West Bengal cannot utilise the assistance given by the IFC.

There was some question about the performance of the IFC and also a suggestion for the better working of the IFC. We have to admit that there is scope for improvement in the working of the IFC. This has attracted the attention of Government, and Government are fully alive to it and certain steps have been taken in that direction. For instance, the corporation has opened a lot of branches and is streamlining its operations. The corporation has also increased its technical staff. It is contacting the Chambers of Commerce and Industry and is trying to help the small and medium entrepreneurs and having effective coordination with the State Finance Corporations and other State level agencies.

There is only one other point left and that was the point made by Shri D. K. Panda. He mentioned about the Bajorias and Jalans having been given a substantial assistance by the IFC. He has used his own term, namely looting of some such expression. We do not subscribe to that. But anyway, he has made that point. According to the Monopolies Inquiry Commission, the Bajorias and Jalans group are under the BIC group and the Surajmall and Nagarmall group respectively. There has also been some interlocking of companies belonging to these two industrial groups. But so far as the IFC is concerned, it has not granted any assistance to any companies falling under the BIC group. For the Surajmall Nagarmall group a total assistance of Rs 139 crores has been sanctioned up to the end of June, 1972. There was one point which has to be refuted.

SHRI D. K. PANDA: Bojoria-Jalan House—what is the amount of advanced granted to them?

SHRIMATI SUSHILA ROHATGI: We do not have this, if you give notice we can give them.

SHRI D. K. PANDA: I raised this question.

MR DEPUTY-SPEAKER: She will give you the figures; she does not have them ready.

SHRI D. K. PANDA: I shall write again.

SHRIMATI SUSHILA ROHATGI: You write and we shall give whatever we have. There is one point which needs to be refuted. Some hon. Members had mentioned that out of 34 companies, only ten have accepted convertibility clause. We find that it is not the case. All of them had accepted the convertibility clause and therefore it is not correct to say so. Now, about Orissa I have tried to make enquiries and to the best of my information I do not think the Orissa Government has sent in such an application but in case the hon. Member is interested, if the application has come in just now, we

[Shrimati Sushila Rohtagi]

do not know; if it is there it will be subject to other normal regulations. With these remarks, I am sure the House will give its unanimous support to this Bill and acclaim it as a progressive step and give its unstinted support to the Bill ... (Interruptions).

MR. DEPUTY-SPEAKER: It cannot be unanimous. She has herself given notice of some amendments.

SHRI D. K. PANDA: With regard to Orissa, may I know whether the hon. Minister has received facts, has ascertained from the particular department whether any application has reached them for advance from this Corporation?

MR. DEPUTY-SPEAKER: You kindly write to her.

SHRI D. K. PANDA: To say: I have no knowledge about the applications received—that is one thing. We have not received anything to say so, is a different thing. Let the hon. Minister clarify.

MR. DEPUTY-SPEAKER: These are details. She may not have the figures ready in hand. She has promised, she will get the figures and send them to you. Now, the question is:

"That the Bill further to amend the Industrial Finance Corporation Act, 1948, be taken into consideration."

The motion was adopted.

MR. DEPUTY-SPEAKER: We take up clause-by-clause consideration. The question is:

"That clauses 2 to 16 stand part of the Bill."

The motion was adopted.

Clauses 2 to 16 were added to the Bill.

Clause 17—(Amendment of section 30)

MR. DEPUTY-SPEAKER: We take up Clause 17. Government has given

notice of an amendment at 2.22 this afternoon.

SHRI SOMNATH CHATTERJEE: We have not got a copy of it.

MR. DEPUTY-SPEAKER: You would not have and that is why I am mentioning the time. Before I admit this amendment, before I accept this notice—because it is a very nominal thing as you are going to see—I should like to say that it is rather embarrassing to the Chair. You have been working on this Bill; you know it; you must have discovered. (Interruptions) It should be much better if proper notice is given in time. But since it is a very formal thing, a nominal amendment, I shall accept it. But I would like you to move it personally and explain to the House what it is.

SHRIMATI SUSHILA ROHATGI: With your permission, I beg to move:
Page 8, lines 12 and 13.

for "District Judge",

read "District Judge or an Additional District Judge". (2)

It is a very innocent thing. By way of abundant caution we have taken this; it is sometimes better. The term 'district judge' may not include 'additional district judge'. I think this is an amendment which the House may accept.

AN HON. MEMBER: Which clause is it?
bb

MR. DEPUTY-SPEAKER: Clause 17, lines 12-13 on page 8. It reads: "All proceedings (whether by way of suits or appeals or other proceedings under this Act pending before a District Judge...." She would like to add "...Additional District Judge". It is a very nominal thing. I shall put it to the House.

The question is:

"Page 8, lines 12 and 13,
for "District Judge"

read "District Judge or an Additional District Judge". (2)

The motion was adopted.

MR. DEPUTY-SPEAKER: The question is: 15.25 hrs.

"That clause 17, as amended, stand part of the Bill."

The motion was adopted.

Clause 17, as amended, was added to the Bill.

Clauses 18 to 20 were added to the Bill.

Clause 21—(Amendment of section 43.)

MR. DEPUTY-SPEAKER: Clause 21—there is an amendment which has been circulated, by Shrimati Rohatgi.

Amendment made:

Page 9,—

for lines 26 and 27 substitute—

'(b) in sub-section (2) in clause (e) for the words "Board and of the Central Committee," the word "Board," shall be substituted;' (1)

(Shrimati Sushila Rohatgi)

MR. DEPUTY-SPEAKER: The question is:

"That clause 21, as amended, stand part of the Bill."

The motion was adopted.

Clause 21, as amended, was added to the Bill.

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

SHRIMATI SUSHILA ROHATGI: I move:

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

MR. DEPUTY-SPEAKER: The question is:

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

The motion was adopted.

DELIMITATION BILL

THE MINISTER OF STATE IN THE MINISTRY OF LAW AND JUSTICE (SHRI NITIRAJ SINGH CHAUDHARY): I beg to move*:

"That the Bill to provide for the re-adjustment of the allocation of seats in the House of the People to the States, the total number of seats in the Legislative Assembly of each State, the division of each State and each Union territory having a Legislative Assembly and the Union territory of Delhi into territorial constituencies for elections to the House of the People and Legislative Assemblies of the States and Union territories and Metropolitan Council of Delhi and for matters connected therewith, be taken into consideration"

Hon. Members are aware that article 82 of our Constitution provides that upon the completion of each census, the allocation of seats in the House of the People to the States and the division of each State into territorial constituencies shall be readjusted by such authority and in such manner as Parliament may by law determine: Provided that such readjustment shall not affect representation in the House of the People until the dissolution of the then existing House. A similar provision will be found in article 170(3). Census in our country takes place every ten years. The last census took place in 1971 and the reports were received during the middle or later part of this year. On receipt of those reports it became necessary to move this Bill.

This Bill is based on similar Bill; passed by this House in 1962. There are five variations from that Bill and I shall draw pointed attention of the hon. Members. For instance in the short title in the 1962 Act, it was Delimitation Commission Act.

*Moved with the recommendation of the President.