

P.M. Anyhow, it is the M.B.B.S. course and its degree is recognised by the Poona University. This is one of the many schemes under which the Defence Ministry are trying to utilise the resources they have to the best possible extent. We have clinical opportunities for nearly 1,500 beds in Poona and other neighbouring places. If a new college is to be started, apart from clinical facilities, it will cost perhaps double this amount or more. As it is, we are using every bit of the facilities which are now available there, and every bit of the buildings that are available there, making only at the moment such additions as are necessary for boarding all the boys and, I should say, girls also, because among those whom we have selected there are a good number of girls as well.

15 hrs.

Shri Narendra Singh Mahida: Will those degrees be recognised?

Shri Raghuramaiah: They are recognised by the Poona University. I do not think there is any other point left, and as Shri D. C. Sharma has given the green signal, I resume my seat.

The Deputy Minister in the Ministry of Finance (Shri B. R. Bhagat): The time is up and I think I need refer only to one point that was raised by Shri Harish Chandra Mathur, and that is about the propriety or the morality of not paying the entire amounts due to the clerk who was dismissed; and later on the court reinstated him. For the benefit of the hon. Member I must tell him that even when the clerk sued the Government for his reinstatement, he did not claim his pay and allowances because he knew that there was the law of limitation and under the law of limitation only three years can be given. The court has given the decree for three years. Now, I do not think anything more could be done. The Law Ministry also advised us that only three year should be given.

Any such matter which goes to the court, takes years and years, and when a decree is given by the court even on a specific point that three years should be given, I do not think the hon. Member can expect us to go beyond that, and pay the clerk the entire amount. So, it is not a question of morality or propriety which is involved here. It is a question of the observance of the legal formality. The court had decreed it and we have paid that amount.

Mr. Deputy-Speaker: The question is:

"That the respective Supplementary sums not exceeding the amounts shown in the third column of the order paper be granted to the President to defray the charges which will come in course of payment during the year ending the 31st day of March, 1963, in respect of the following demands entered in the second column thereof—

Demands Nos. 9, 10, 11, 44, 49, 114 and 133.

The motion was adopted.

15.03 hrs.

MOTIONS RE. REPORTS OF NATIONAL INDUSTRIAL DEVELOPMENT CORPORATION

Mr. Deputy-Speaker: Shri Shree Narayan Das—absent. Shri Ram Ratan Gupta. Please move both the motions.

Shri D. C. Sharma (Gurdaspur): I will move the second motion. It is in the joint names.

Mr. Deputy-Speaker: The first motion is in the name of Shri Ram Ratan Gupta and another hon. Member. He will move both the motions.

Shri Ram Ratan Gupta (Gonda): I beg to move:

"That this House takes note of the Annual Report of the Na-

[Shri Ram Ratan Gupta]

tional Industrial Development Corporation Private Limited for the period ended 31st December, 1958, along with the Audited Accounts, laid on the Table of the House on the 31st March, 1960."

Then, the second motion—

Shri D. C. Sharma: I will move the second one.

Shri Ram Ratan Gupta: I have been permitted to move them together.

Mr. Deputy-Speaker: Please move both of them.

Shri D. C. Sharma: I could move the second one.

Shri Ram Ratan Gupta: Both the items are common, or rather, the subject-matter is common to both the motions. I think there is no harm in moving them together and taking both the motions together for discussion. I beg to move:

"That this House takes note of the Annual Report of the National Industrial Development Corporation Limited for the year 1959-60 along with the audited Accounts and comments of the Comptroller and Auditor General thereon, laid on the Table of the House on the 11th April, 1961."

Mr. Deputy-Speaker: Both are taken together. You may make your speech on both of them.

Shri Ram Ratan Gupta: My object in bringing forward this motion for discussion on the subject of this corporation is only to help our Government by pointing out something which, I feel, is lacking in the working of this corporation. This corporation was created with three objectives in view. One was to find out the resources and arrange to develop the production of those items which are not yet manufactured in India or which are in short supply. The second objective was to help those industries which are of national im-

portance or are of great importance to earn foreign exchange through export and which, due to financial weakness, are not in a position to bring themselves up-to-date according to modern techniques. The third objective was to develop the industries in those areas which otherwise are regarded as backward industrial areas in India.

So far as the first objective is concerned, I am sorry to point out that in almost all those items which have been pointed out in the report, either the corporation has taken them up to the stage of pointing them out of starting some sort of survey or deputing some sort of experts. Although three years have passed, not a single new project of the first category has yet been brought into existence. Take, for example, a very important item like the manufacture of sulphur from pyrites. I was one of the members of the delegation which was sent by Parliament in 1944 to Australia, to study their industrial development. At that time, I saw that that country was manufacturing sulphur out of pyrites. From this report, it is found that the corporation is still in the stage of negotiations with some of the firms in Denmark.

Coming to the second objective, loans have been granted mostly to the jute industry and the textile industry and some other industries. From the report it will appear that most of the loans have been granted to the directors of the corporation. In the first year's report, the names of directors to whose companies the loans were granted were given, but in the second year's report, that practice seems to have been abandoned, and no names have been mentioned. Only the overall amounts showing the advances and deposits, fully secured, including a sum of Rs. 183 lakhs as advance to some companies in which some of the directors of the corporation are interested have been shown. Out of the total loans of Rs. 468 lakhs

granted so far, according to this report, Rs. 183 lakhs have been granted to the companies in which some of the directors were interested. I have no objection and I am not against the policy of advancing loans to the companies in which some of the directors of the corporation are interested. But what I beg to point out is that:—

Most of the directors to whom the loans have been advanced are quite resourceful industrialists in this country. They have their own huge banks, securing deposits from all over India. Most of those banks are catering to the needs of the industrial houses belonging to those directors. The resources of the corporation being limited, the grants should be made to companies which are financially handicapped or weak.

Then, I find from the second report that the scope of granting loans has been further expanded so as to include loans that may be granted by the corporation to companies dealing with art silk and woollen industries. I submit that the art silk industry, as everyone of us knows, is becoming prosperous out of all proportion to its capacity and utility. Moreover, it passes my imagination how art silk can be put into the category of national importance. Neither we produce the raw material for that industry in our country nor are our climatic conditions very congenial for use of art silk. Our country is a cotton producing country and for us cotton industry is the most important from the point of view of manufacturing wearable garments. In the case of woollen industry also, most of the fine quality of woollen cloth is manufactured out of wool imported from Australia and other countries. Even blankets can be made only out of imported wool from Denmark, etc. Our Indian wool is suitable only for the manufacture of some types of carpets. So, I cannot understand what was the object in including these industries within the scope of activities of the Corporation.

So far as the question of the working of the loan advisory committees which have been appointed is concerned, I have to point out that when the investigations relate to those companies in which some of the directors are interested, the reports are different. But in regard to those companies which belong to the backward areas, in every report which is submitted before the loan advisory committee, some sort of disparaging remarks are made, which prejudice the mind of the members of the committee and make them hesitate to advance the loan to those companies. The result is, in U.P. you will find from the list supplied by the Minister in reply to a question on 1st June, 1962, only one textile mill in Kanpur has been granted loan from the Corporation. I know that many of the applications have been rejected on one ground or the other.

If the history of the big industrial houses is taken into account and if it is traced from the time of their fathers and great grandfathers, there can be many things which can be said against every business house. But I submit that the conditions were different when the country was not independent. At that time the restrictions under which the industrialists had to work in this country were entirely different. If things that were considered good at that time are not found to be correct today and if on that basis loans are denied to the companies which are otherwise credit-worthy and which are operating in conformity with the rules laid down, then the present approach towards such companies is very unfair.

Shri Himatsingka (Gonda): What are those considerations because of which those applications were rejected?

Shri Ram Ratan Gupta: Those considerations are confidential. Being a member of that committee, I do not think it is fair for me to disclose those considerations.

The third objective of the Corporation is the most important objective,

[Shri Ram Ratan Gupta]

but it appears from the report that even a beginning has not been made. We know in our country we are suffering from unemployment. Three-fourth of the area is still regarded as industrially backward. We know from the census reports that about 14 crores of children up to the age of 14 are likely to become majors within 10 years' time. We know by experience that in the villages educated boys do not remain any more. We know by statistics that the population of the urban areas is only 3½ crores. Suppose after education another 3 to 4 crores of boys are thrown inside the urban areas, what will be the condition of our country? Considering that, it is very important that steps should have been taken to develop some sort of industrial projects in the backward areas.

I want to make a very important suggestion and I would request you, Sir, to give me time to explain it clearly to the hon. Minister. I think a Corporation should be created with the object of setting up manufacturing plants, not 1, 2 or 15, but 100 plants every year, which may be spread over each district, with the assembly units situated in the district headquarters and with one factory in each block with 100 or 200 persons, for manufacturing components. I think it is not difficult to organise that. If something can be started on that line, we will be able to solve not only the problem of increasing unemployment especially of educated persons, to a great extent, but also another problem. Because of rising prices, every day the standard of living of the people in this country is going down. The prices of consumer goods go on increasing. My feeling is, if on a co-operative or some other basis, these industries are developed, cycles can be manufactured at Rs. 50 sewing machines at Rs. 75, refrigerators at Rs. 300 or Rs. 400 and so on. In that case, we can supply all these essential goods to the people at a lower cost, and it will help in bringing down the

prices and also in solving the problem of unemployment.

At the moment, we are spending hundreds of crores on every Five Year Plan on non-productive items like handlooms and village industries, where the production is much less than the amount spent on them, only for the sake of finding employment for some people. I do not say it should be discontinued. We have to continue it till the time we will have developed the economic basis, where we can provide employment to the growing number of unemployed people. But something definite has to be undertaken, so that those who are coming after education may find employment, and to improve the standard of living, making the modern techniques available to the vast masses of this country.

Mr. Deputy-Speaker: Motion moved:

"That this House takes note of the Annual Report of the National Industrial Development Corporation Private Limited for the period ended 31st December, 1958, along with the Audited Accounts, laid on the Table of the House on the 31st March, 1960."

"That this House takes note of the Annual Report of the National Industrial Development Corporation Limited for the year 1959-60 along with the audited Accounts and comments of the Comptroller and Auditor General thereon, laid on the Table of the House on the 11th April 1961."

Shri Daji (Indore): Sir, before I speak on the motion itself, the very fact that the subject is coming up for discussion so late after the reports are presented calls for a bit of comment. Going through the reports, one finds that great care is being taken by the Corporation to withhold as much of information as possible. The reports of both the years under consideration

and also of subsequent years which are not under discussion, but which I have had occasion to see, contain only the barest of facts. It does not enlighten us on the working of the corporation. It does not inform as to what actually the corporation has been doing. Sir, I am in large agreement with the points dealt with by my hon. friend who moved the motion, but I think that the situation requires a much stronger motion than the present one. I almost regret not having moved an amendment saying that we regret the inefficient and partial working of the corporation.

Sir, it is very clear that the corporation was started with the idea of undertaking industrial development in those lines which were not existing in our country and which were not capable of quick development by private entrepreneurs. A whole list of industries which this corporation was to undertake was indicated in the *Second Five Year Plan*. I invite the attention of the House to page 421 of the *Second Five Year Plan*. The industries mentioned are: steel foundries, forging shops, cast iron foundries, ferro-manganese, aluminium, calcium carbide, potassium chlorate, carbon black, benzol, coal tar, dye-stuffs, petroleum refining, chemical pulp etc. There is a whole list given there, for which the corporation was started during the *Second Five Year Plan*. Not one of them happens to have been begun even though we are now in the middle of the *Third Five Year Plan*. This, I think, is a sufficient commentary on the working of the corporation. It is totally blank on this side. The corporation has done nothing on this side. The primary object of the corporation was this. When the corporation has failed to perform even the primary object, we can with full confidence say that it has not justified the very *raison d'être* with which it was started.

It was certainly not started to give out certain loans to certain textile and jute mills. That also, as I will

point out presently, it gave to those mills which did not require any loans. That was not the primary object with which this was started. The primary object was to develop production in new lines. Not one such industry has been undertaken. As I said, there is a whole list given, and for want of time I do not want to read out the entire lists. Therefore, the working of the corporation, has been most unsatisfactory and, actually speaking, it has been against the very conception with which the corporation was originally started.

Secondly, I am not surprised at the way it has been functioning. If you look at the list of directors you will see that the whole galaxy of big, monopoly industrialists are named on the list of directors. Do we expect any national public sector development with this list of directors? Could the Ministry not get better persons to man the directorate? There is no question of reading one or two names, every conceivable big monopoly house is on the list—the Birlas, the Tatas, the Singhanias and the Jains.

Shri Harish Chandra Mathur (Jalore): The corporation is meant for them, not for the public sector.

Shri Daji: It is meant for them, that is what I am saying. With this list of directors, to hope that they will utilise the funds at the disposal of the corporation for building up strategic public sector industries is a mirage itself.

Not only this; reading from the *Second Five Year Plan* one can find out that the *Second Five Year Plan* allotted certain resources for the corporation. It went on to say that if those resources were found to be insufficient more would be made available. The *Second Five Year Plan* expected quick development. On page 403 it is said:

“A provision of Rs. 60 to 65 crores has been made in the plan of the Ministry of Commerce and Industry for purposes of

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direct assistance to industries and participation in the capital of the Indian Explosives Limited, regarding which commitments have already been entered into by Government, and for the activities of the NIDC."

Then it goes on to say that if this amount is found less more will be made available. But look at the travesty, look at the irony. The Plan said that more will be made available to the corporation, whereas the corporation works in a manner by which even the sum provided cannot be utilised. This is the sum and substance of the working of the corporation during the last three or four years.

Then, I take very strong objection to the way in which the loans have been disbursed to the textile and jute industries. I may point out that out of a total loan of Rs. 4,63,00,000, Rs. 1,83,00,000 have gone to the directors of the corporation and their companies. These figures I am quoting from the report of the corporation itself. Out of a total of Rs. 4,63,00,000, Rs. 1,83,00,000 have gone to companies in which the directors have a direct holding. This in Hindustani is called.

अन्धा बांटे रेवड़ी, मुड़ मुड़ अपने को दे

The directors sitting together and rejecting umpteen number of applications appropriate more than 50 per cent of the total loan disbursed to themselves. This is what the report says.

Shri Sham Lal Saraf (Jammu and Kashmir): Is there any ban on the directors drawing loans from the corporation?

Shri Daji: There is no ban. But the object is to assist those industries which require assistance. Each of these industrialists not only does not require any assistance but can assist all of us put together.

Shri Sham Lal Saraf: I doubt.

Shri Daji: You need not doubt. I am buttressed by the report of the Ministry of Commerce and Industry. I am referring to the Third Annual Report of the working and administration of the Companies Act 1960. The same informs us as follows:

"Cases have come to notice where companies with large reserves have invested heavy amounts in shares of other companies in the same group while borrowing heavily from Government and quasi-government institutions like the Industrial Finance Corporation, State Bank of India, National Industrial Development Corporation, etc. While these companies appeared to be financially sound and could have apparently met their needs for expansion or modernisation of their plant and machinery by converting their investments into cash, they have preferred to borrow from outside bodies."

Therefore, what is happening actually is this, that companies belonging to big business houses who do not require any assistance, because of the fact that they are directors on the corporation or other corporations, have appropriated large amounts of loans at low interest, and they loan out to other their own reserves or extra capital or they float subsidiary companies indirectly. Thereby, Sir the process of concentration of wealth in a few hands goes on, and your Development Corporation in the name of national development has only helped not in the development of the Indian nation or our national industries but in the development of monopoly or the capitalists growing still richer and robbing the State resources for achieving these ends.

Dr. M. S. Aney (Nagpur): It is that the loans taken by them do not carry any interests?

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Shri Daji: They carry a low interest. If that was the purpose of the National Development Corporation, then the Financial Corporation will have almost done the same job. What is the purpose of having a separate corporation? It is meant to start new industries and not merely to give loans.

Apart from this, Sir, because the Ministry is the same which is dealing with this question, I want to point out that there are erring companies, black-sheep, who do not observe the spirit of the Companies Act. Complaints are pending before the Ministry about selling agency commission, appointment of managing agency, appointment of own relatives on high pay as directors of the companies. Those very companies manage to get loans from the Industrial Development Corporation. They manage to get themselves appointed on the Loans Committee of this corporation. Thus you put a premium on the black-sheep who violate the Companies Act. I know of at least three companies from my own State against whom complaints are there before the Ministry. In one case a partner refused to give managing agency rights. This complaint is pending. Perhaps no legal action can be taken, but action could have been taken under the Companies Act. Certainly, you could have at least prevented that company from getting loans from the corporation and thereby proved that the Government does not connive at violations of the provisions under the Companies Act. Such companies were given loans when industries which are crumbling or are in difficulties which should have been saved, at least to prevent the growing unemployment, were completely neglected. Also, instead of organising or supporting new strategic industries which the private sector does not ordinarily undertake, which was one of the primary functions of the Corporation, it has taken up the role of an ordinary money lender. At this rate, a day will come when the State will become both the

land agent and the money agent for private agencies, which is a travesty of socialism and of the so-called Socialist State. It will mean State capitalism using or exerting all its powers, financial and legal, for furthering the interests of the private sector, which will be a sad commentary. Therefore, I am of the opinion that either the Corporation should change its way of thinking and improve or close its business for otherwise it will become just yet another agency by which the private sector robs the public and the Government bodies for its own private profits.

Shri V. B. Gandhi (Bombay Central South): Mr. Deputy-Speaker, while we are discussing these two Reports of the NIDC, we cannot avoid having at the back of our mind the knowledge that already the Estimates Committee has dealt with these Reports of this institution. Therefore, it will be quite legitimate for us to refer to this report of the Estimates Committee. The Estimate Committee has asked certain questions and sought answers from this House. The questions are whether the Government could not do without the NIDC and whether the NIDC should be kept going. In my view, our answers to both these questions should be categorical. The answer to the first question is that the Government could not do without this institution. The answer to the second question is that this institution should be and must be kept going.

There is a certain amount of misconception about the structure and functioning of this institution. A point is made in the Estimates Committee report that the way this institution is functioning, it seems to have given up the concept of autonomy of public undertakings. This view is taken primarily because the Chairman of the Corporation is the Minister of Commerce and Industry and the Vice-Chairman is the Minister of Industries.

Shri Kashi Ram Gupta: Sir, on a point or order. There is no quorum.

Mr. Deputy-Speaker: The bell is being rung. Now there is quorum. The hon. Member may continue.

Shri V. B. Gandhi: This is a misconception of the structure and the functioning of this institution. An institution of this kind is necessary in the present state of our industrial development. This misconception is, in all probability, caused because of the fact that those who hold this kind of misconceived view are trying to put something which is of a new pattern into a familiar mould—the mould of the usual type of a public undertaking. It is necessary that for the purpose of our industrial development in a planned way we should bring into existence new models, new patterns of institutions. We must develop on original lines and we should have new types and new ideas to guide us.

Actually, there was a call for an institution like the National Industrial Development Corporation. We will all remember that when the establishment of this institution was being debated in this House in 1954, there was a great need for something to be done for the modernisation and rehabilitation of two of our very important and two of the largest industries in the country. Then the danger of competition was threatening us from other countries. So, in the case of both these industries something had to be done at that time. Fortunately, at that time we had available to us what was then called "the counterpart funds" which could be disposed of in a certain manner. It would have been wrong not to have done something in the way it was done at that time in creating this institution and in putting to use these funds and in trying to meet the vital need of two of our very important industries.

Before I close, I will say one word about the loans of this institution being used or utilized by the directors for their own companies.

I should think it is not useful to discuss this matter in this way. After all, the Auditor General has endorsed the Report of this Corporation year after year and he has not found anything objectionable. It is quite legitimate for people to take loans from institutions with which they are associated in the capacity of directors. Why they do that we all know. Nobody in this world has money which he considers enough. Nobody has enough money in this world. They may have money, but money is to be considered in terms of its price. It is not just enough to say that one has money, but at what price. If this Development Corporation offered financial facilities at a more attractive rate than these directors could raise outside through those channels, it should be perfectly legitimate and proper for the directors to avail themselves of those facilities.

Shri Jashvant Mehta (Bhavnagar): Mr. Deputy-Speaker, Sir, first of all I will compliment our hon. friend, Shri Ram Ratan Gupta, who has brought forward this motion and has given an opportunity to this House to discuss the Report of the National Industrial Development Corporation.

I have seen the Report of the Corporation. I have also seen the functions of the National Industrial Development Corporation. Our aim in this under-developed country is to industrialise the whole country. The Estimates Committee has also gone into the National Industrial Development Corporation and has discussed the existence and functions of this Corporation.

When we look at the Report of this Corporation and the purpose of this Corporation, we have to justify whether the Corporation has been able to deliver the goods or not. The Corporation is conceived mainly as an instrument of Government for securing a balanced and integrated development of industries in both the private and public sectors. If we test the Corporation from this point of

view, we will come to the conclusion as to how far we have been able to achieve success through this Corporation. Of course, from time to time the working of the Corporation has improved.

This Corporation is also discharging some functions of the Finance and other Corporations. It is in a way an overlapping agency. This Corporation was organised or established with a great mission of industrialising the whole country and of developing all the regions. But if we look at the work which the Corporation has put in, it is not satisfactory.

If we look at the discussion after the completion of the Third Five Year Plan Report, we come to the conclusion that the planning of industry was a bad planning. If it were not a bad planning, there would not have been need for co-ordination. During the last five or seven years we were emphasising day in and day out on over-industrialisation, but when we meet the experts they say that it is bad planning because while issuing licences for industries and while taking up new projects Government had no idea that there was co-ordination between transport and communications and power so that industries could develop in this country. There is also imbalance between different regions. When we look at the location of industries in the different regions, we find that some regions are backward. The backward regions have been neglected. My hon. friend rightly pointed out that it should be planned in such a way that we can break the backwardness of this country and we can have uniform development all over the country. That has not happened practically. If it were good planning, such type of heterogeneous development would not have been there. So, if we look at this Report of the Corporation from this point of view, namely, how far the Corporation has been able to do something in this matter, we find that this Report is a poor report.

Regarding the advancement of loans it is stated in the Report that they have been able to advance only Rs. 35 lakhs to machine tools units and textile and jute mills. We have not seen any new entrepreneurs. New enterprises have not been started by this Corporation. If the Corporation had started new industries, there would have been some justification or solace that the Corporation has been able to do something new. But that is also not mentioned in this Report.

The other thing is that Government should think of avoiding duplication of credit institutions. Day in and day out we are talking of industrialisation and the problem of financing industries also comes in. If we look at the different financing agencies, we find that the Finance Corporation and other State agencies are there. Some small-scale industries institutions are also there. This Corporation is also advancing finances. So, we find that it is an overlapping agency and instead of helping, it creates a problem for us and only a section of the industry gets the advantage of it.

To these two or three points I wanted to draw the attention of the House so that the Commerce and Industry Ministry will look into the problem of the defects of planning. The difficulties which the industries are facing today would not have arisen if there had been proper planning.

Shri Himatsingka (Godda): I have heard with interest the speeches delivered on the motions for the consideration of the reports of the National Industrial Development Corporation for the two years. The reports give an account of useful work that has been carried on and that is being attempted to be carried on by this corporation which has just started practically coming on its own feet. It has been trying to help such industries as are important from the point of view of the foreign exchange earning and also other important sectors of the country's national economy. It has also been trying to explore and find

[Shri Himatsingka].

out the possibilities of a number of new industries which private parties are not expected to try because of the initial investment and expenditure involved without any certainty of their being successful. The list given in the report of the directors contains a large number of new industries which the National Industrial Development Corporation is trying to set up and has set up.

So far as the loan to the jute industry is concerned, there has been some criticism about the loans having been given to companies in which some directors are interested. I find from the names of the directors that they are the best brains in the country, and I think that some of them or rather all of them are connected with important houses which control a large number of industries. For instance, jute mills are controlled more or less by ten houses, except that certain individual mills have now gone over to individual parties.

Jute mills now have been facing a very bad time and very bad competition from Pakistan jute mills. As you know, Sir, raw jute is in Pakistan, and the jute mills are all in India. Now Pakistan is setting up jute mills in East Pakistan with the latest and up-to-date machinery, and unless the jute mills in India are put on a similar footing, they will all be ousted. As a matter of fact, the Indian jute industry is being gradually ousted from competition on account of certain steps that are being taken in East Pakistan by the Pakistan Government to help the industry. They are giving some subsidies, and the price of raw jute is also very much less than in India. So, it was very right on the part of this corporation to lend money to the jute mills to modernise their machinery so that they may be in a position to compete with the new mills that are coming up in Pakistan.

The same remarks apply to the textile industry also. There also, most of the mills are old,

and unless they are modernised, it will not be possible for them to stand competition, as our mills are being ousted gradually from foreign markets by Japan, China and other countries which have got up-to-date machinery.

So far as I could find from the report, the names of the directors themselves carry a very great weight, particularly, the names of the directors mentioned in the first report, whose companies have been given loans. As you know, Sir, the directors may be interested as directors, but we have to look to the finances of that company itself, whether that company to which loan has been given is in a position to modernise by its own strength and by its own resources. It may be that a director has got money, but that does not mean that that money will be available to that particular company in which that director is interested merely as director. Therefore, there is nothing wrong, unless, of course, one suggests that the loan should not have been given to those applicants on merits. One has to look to the merits of the particular applicant, whether they deserve the loan or not from the point of view of the safety, the necessity and other considerations that are usually to be taken into account when granting loans, namely whether the money will be returned back, whether the loan will be useful and so on. Therefore, so far as I have been able to understand it, there is nothing wrong.

Then, another hon. Member from the Opposition stated that private industries were being helped. The purpose for which this corporation has been started or floated is to help industries both in the public and in the private sectors. And the corporation is helping both the sectors, and it is fit and proper that it does so.

I am not speaking anything against the public sector, but we must take this also into account, namely how

they are functioning, whether the money that we are sanctioning and paying to the public sector is giving us a proper return and so on. If we look into the long list now, we shall find a sorry state of affairs, because they are not being properly looked after and are not being properly managed. Therefore, if anything can be done and looked after properly by the private sector, it should be allowed to be done by the private sector; only such industries as the private sector cannot take up or cannot manage or cannot find the resources for should be taken up by the public sector. For instance, take the case of the steel mills. It would not have been possible for the private sector to take them up.

Shri Kashi Ram Gupta (Alwar): How does the public sector come in, in connection with these reports?

Shri Himatsingka: My hon. friend does not understand the purpose of the National Industrial Development Corporation itself. This corporation is intended to develop a large number of industries in the public sector as well as to help the private sector. Therefore, we have to support both, but at the same time, we have to see whether the public sector industries that are being set up are carrying on the work entrusted to them properly.

Look at the Sindri Fertiliser Factory. Because proper action has not been taken in time, it is not producing even 25 per cent of its capacity. If it had been in the hands of the private sector, that private company would have gone into liquidation, and it would have been sold by now, but because money is forthcoming from Government, and Government have ample resources, therefore, they cannot see the defects and they cannot take action in proper time.

Shri Harish Chandra Mathur: As a matter of fact, the House has been very critical, and all these public sector enterprises which are failing are under the searchlight of the House, and they have been criticised. And

we are setting up a committee for the purpose. Nobody would permit such a state, because this very fertiliser factory was having record production at one time. Certainly, the House is quite conscious that because of bad management, it has come to such a state of affairs.

Shri Himatsingka: That is the main reason why it has come to grief; it wanted to show the utmost production without looking to the safety margin. They did not attend to it properly in time so that the machinery might not be affected, and affected to an extent where it cannot perhaps be repaired. That is my grievance. I am not saying anything against the public sector as such. But I say that if we invest money in the public sector, we should also be able to see that the public sector does give us a proper return, and it fulfils the purpose for which it has been set up.

Shri D. C. Sharma: I have devoted a lot of time to the study of this problem, and I have come to the definite conclusion that the National Industrial Development Corporation Limited is an expensive luxury of the Ministry of Commerce and Industry, and the sooner it is done away with, the better it would be for the industrial health and the industrial efficiency of this country. Perhaps, you will say that I am sounding a very extremist note, but I submit very respectfully that it has been a superfluous body, and it has only been supplementing the work which others have been doing, and it has only been duplicating the work which others have been doing.

So far as the loan programme is concerned, I believe that it can be done very well and very effectively and very equitably by the Industrial Finance Corporation. So far as its developmental work is concerned, I think the other development organisations that we have set up in this country have given a better account of themselves than this body. For instance, the Ministry of Defence has

[Shri D. C. Sharma]

so many things to its credit; other Ministries have also so many other things to their credit.

16 hrs.

[SHRI MULCHAND DUBE in the Chair]

But this National Industrial Development Corporation reminds me of a hen that sits too long on eggs but is never able to hatch its chicken. I submit that it takes too much time so far as planning goes, and even in that matter it goes on taking help from this country and that country, to which I do not take any objection. But it takes an unduly long time in preparing project reports and even when those project reports have been prepared, it takes an unduly long time for bringing those project reports into action. One of its characteristics is slowness; its other characteristic is delay in execution and its third characteristic is that it spends too much money on the preparation of these projects.

In the Report for 1959-60, I find under the head 'Expenditure on projects',—salary, allowances and travelling expenses of Soviet experts'. How much money has been spend on this? Rs. 2,16,44,930. I think this is a very big sum to pay. Again for 'Foundry Forge project', it is Rs. 20,59,621. I want to ask what is the good of spending so much money and then not getting the results which are proportionate to the amount we have spent? This Report for 1959-60 makes a very impressive reading when one goes through the prospectus, what they want to do. But there is one word in every paragraph from page 5 to page 7. That is the word 'negotiations'. It is negotiating, negotiating and negotiating, and those negotiations do not come up to much. Therefore, I think there is something fundamentally wrong with this Development Corporation because it cannot deliver the goods. The reason why it is so is very

obvious. It is a mixture of bureaucrats and persons who represent big business. It has no technical talent. Of course, now it has constituted a bureau for technical investigation and other kinds of things. But I think that bureau has not yet started functioning at full strength. So this body is not able to do what it was designed to do.

Much has been said about the composition of the board of directors. I want to ask only one thing. Take any corporation formed by the Ministry of Commerce and Industry. You will find almost the same names going round. Is our country so poor in talent? Is our country so deficient in ability of this kind that they cannot think of anybody else? I have no grouse against those persons. They are able men, talented men who have done very good work in this country. But I find that the same persons are there. If we want to study international trade, the same persons come in; if we want to do some thing else in the Ministry of Commerce and Industry, the same people again appear. I cannot understand why the Commerce and Industry Ministry is making so much of these persons and why it does not do something to find new talent and new persons who can deliver the goods. After all, it has been said on the floor of the House today that this Corporation was formed to do something new, to do something big, to do something in consonance with the new needs of our country. But here I find persons who are not as much in touch with modern industrial developments, who are not as much in touch with modern conditions of industrial development as they should be. After all, their experience is very very limited in one field and they cannot think of new things.

So far as the loan policy of this body is concerned, much has been said about it. I do not object to some directors getting loans. After all, Trotsky said in one place when he was writing the history of the Russian revolu-

tion, 'People who have money to distribute never omit themselves'. I think this is human nature. Sometimes they also get a share of these loans. I do not blame them for it. I think they have as much right as anybody else. But I would ask one thing. What are those corporations or companies of national interest which this corporation has helped? What is the maximum loan that it has given to any body? They have given loans to jute and cotton organisations. They have also given some loans to small industries. But I believe this is not the work which this Corporation was asked to do. It was not brought into being for this purpose. It was formed to do things which could serve the needs of the entire nation, which would be all-India things. But it is helping this man in that city and that man in that town. I think it has lost that character given to an organisation which was meant to develop the whole country. It is said in the beginning that it is meant for the balanced and integrated development of the country. What are the gaps that this Corporation has filled in our Indian economy? After all, it is planned for integral development and balanced development. What are the gaps that it has filled so far as our industries in the defence field are concerned? It has served a very very limited purpose and that also it has done in a way which is not in keeping with the general interests of the country.

This question has been studied very thoroughly by the Estimates Committee and in its 122nd Report it has given its verdict on this organisation. Though it has not said things with as much frankness as I am doing, the net result of the Estimates Committee's recommendations is that this body is only doing that kind of work which others are doing very well. I would request the hon. Minister to look into this Report, and read Appendix IV of the Report; then he will find that this is the conclusion arrived at by the Estimates Committee. What does it say? For instance, they say about the

report on the pyrites project that it is being unduly delayed. In the same way, they speak about the project for newsprint from bagasse. All these things are there.

Therefore, I would submit very respectfully that either this Corporation should be overhauled, should be given an entirely new look, should be given a face lift, or it should be closed, and we should try to get this work done through other agencies which are already there. It is something which has not lived up to the high hopes that were entertained of it. It is something which has not given us that sense of industrial development of the country which it should have given. Therefore, I think it is no use keeping this any longer. It has been in existence for eight years now. I think it should be made to do some concrete, specific and practical work, or it should be asked to close its doors. I think if its doors are closed none would be sorry, but if its doors are kept open and it does not do any good work, I think all of us will feel very unhappy.

Shri A. C. Guha (Barasat): Speaking on this Corporation, I am reminded of a similar corporation, the Industrial Finance Corporation, which was hotly debated in the second Parliament. While hearing the speech of Shri Gandhi I wondered whether he had completely forgotten the fact that he was a member of a committee set up to enquire into the working of the Industrial Finance Corporation. Certain recommendations were made in that committee's report, and they were accepted and implemented by the Government.

The enquiry into that corporation started on the allegation that the directors or the industries connected with the directors were taking large amount of loans. It was not alleged that the loans were unsecured, were not quite safe. It was admitted that the loans were quite sound, there was no possibility of the money being lost. In the case of this corporation, also,

[Shri A. C. Gupta]

the loans given to some directors are safe. They are respected names in the industrial field of India, and nobody would suggest that the loans given to their industries is in any way unsafe. Shri Saraf interrupted a Member speaking from that side to ask if loans to industries connected with the directors were banned. It is not banned. Had it been banned, surely they would not have been able to get the loans. Apart from the legal ban, there is the question of social equity, social justice, and also the purpose of setting up certain Government machinery for development.

This Corporation was set up as a sponsoring and development instrument, as a machinery for developing industries, not so much for giving loans. Shri Gandhi also referred to the PL 480 counterpart fund. I think he has forgotten that that amount, nearly Rs. 10 crores, was handed over to another corporation, the Industrial Credit and Investment Corporation. I think private industries can very well take advantage of that corporation. Nobody would object to that. But a corporation, set up for the purpose of sponsoring and developing industries, developing industries in certain regions which are considered backward so that we may have a balanced and integrated economy, would be only going astray from its purpose if its funds are given to already established parties. Even if the Government had that intention in their mind, I hope that after the Report of the Estimates Committee, Government will take a new decision that this Corporation, if it is to continue, should do so as a sponsoring organisation for the development of new industries and the development of industries in undeveloped areas; it will help new parties, new organisations and new industrial units.

About sponsoring also, my hon. friend Shri D. C. Sharma has already mentioned that this is the eighth year of its existence and yet it has not been able to develop any industries. Only

one corporation has been set up for the exploitation of pyrite, and extracting sulphur out of that, but there also, no manufacturing process has started. We know that India is very much short of sulphur, and apart from its commercial value, it has got a military and strategic value also. So, the Corporation has done well in setting up a subsidiary company for the exploitation of pyrites and for the extraction of sulphur, but it is regrettable that during the last few years, even after the setting up of the subsidiary company, not much progress has been made in the extraction of sulphur. We are still in the process of exploring and having some pilot schemes or something like that. I think the pyrites company and the Corporation should pay more serious attention to it.

About the modernisation of the jute and textile industries, nobody will object to that. There is necessity for modernising our jute industry, though I do not agree that our jute industry is facing the danger of being ousted by the competition of Pakistan jute industry.

But, still, that competition is there. I think, there is need for modernising the jute factories and the textile mills. But, for that, the funds available with the ICIC could be utilised and not the funds of this Corporation.

This corporation gives loans at more or less subsidised rates. Previously, I think, it was 5 per cent; and now, it has been raised to 6 per cent; and the usual bank rate is 7½ per cent. At the same time the corporation is given a fairly high amount every year by the Government to cover its losses.

Shri Ram Ratan Gupta: It is 6 per cent and more for loans that are not paid in time

Shri Daji: Seven per cent.

Shri A. C. Guha: Still, I think, the funds of the ICIC should have been

utilised for modernising and renovating these jute factories and textile mills.

I find from the report that there are several methods adopted by this corporation. Certain industries may be sponsored and certain exploration done. And, what about the establishment of the manufacturing process? In certain cases, I find the corporation has started, as in the case of pyrites, a subsidiary company the share capital of which is wholly subscribed by this corporation. In certain cases, I find that separate corporations will be set up.

Again, I find that there are proposals that, after sponsoring and doing all preliminary works, the industry would be handed over to private companies. I find that two industries, rayon pulp and newsprint, after the piloting schemes have been completed, are to be handed over to the private sector. I do not understand, why? Particularly, newsprint has got an almost strategic value. It should not be handed over to the private sector.

There is another unhealthy and undesirable thing. I think it has now been changed, because, on a previous occasion, the Minister said that it had been changed. The Chairman of the corporation was the Minister of Commerce and Industry and the Vice-Chairman of the corporation was the Minister of State for Industries. I hope that position has now changed.

In the memorandum and articles of association, I find that certain decisions taken by the Board may be held over by the Chairman without implementation and be referred to the President. That means, the Chairman will refer it to himself. The Chairman, being the Minister, will refer it to the President, that means, to the Minister himself. That is very anomalous. The Minister should not be the Chairman and should not be in the boards of these corporations.

As regards the composition of the Board, I think, the remarks of my

hon. friend Shri D. C. Sharma are quite deserving. Government should not start corporations of this nature with men only from private industries. I have no quarrel with the industrialists. But, the board should have a character of its own. The corporation is started for improving the economic development of the country according to the Industrial Policy Resolution and according to the ideas incorporated in the Plan. For that purpose, I think, the board should have a different set of people. Some economists and some public men should have been there. There may be one or two industrialists and some government officials. But now the industrialists and the officials monopolise all the seats in the Board. That should not be the position. I object to the boards being composed mainly of industrialists and government officials. Some economists and public men in politics should be there to implement the idea behind our industrial development programme. It is not only the question of the development of one industry alone; but the question is of implementing our social and economic ideals. If any pilot scheme or if any industry is to be handed over to the private sector, I do not know what will be the interest of the Corporation in such industries? Will it get any royalty or not? Of course the Minister may say that it is problematic as that no industry has been given over to the private sector.

I am sorry the report is scrappy. It tries to hide, and not reveal, things. This Corporation should follow the example of the Industrial Finance Corporation; their report gives a complete idea of the working of the Corporation. This report should contain the names of parties which have been given the loan as is done in the report of the IFC. The policy which has been accepted for the IFC in spite of some official opposition, that policy should be accepted for this Corporation also and also for any other financing corporation set up by the Government. I think this Ministry has more than one financing Corporation. The

[Shri A. C. Guha]

names of parties who take advantage of the loans offered by these Corporations should be given in the annual report. I hope the Government will take notice of the recommendations of the Estimates Committee and the views given by the House.

Mr. Chairman: Shri Shyam Lal Saraf—he is not here.

श्री यशपाल सिंह (कैराना) : सभापति महोदय, जिस सोशललिस्टिक पैटर्न की हम स्थापना करने जा रहे हैं, उस में कोई भी कारपोरेशन ऐसी नहीं होनी चाहिये जिस में जनता के नुमाइन्दे न हों। इस रिपोर्ट को मैं पढ़ रहा था और इस में मैंने देखा है कि काटन टैक्सटाइल एडवाइजरी कमेटी के ऊपर ५२,७०७ रुपये खर्च किये गये हैं। मैं समझता हूँ कि अगर इस में पब्लिक के रिप्रिजेंटेटिव होते तो यह जो कि फिजूलखर्ची हुई है, यह न हो पाती। हम ने जो टैक्सटाइल कमिश्नर का आफिस बना रखा है वह आफिस अगर ऐफीशेंटली काम कर रहा है तो कोई जरूरत नहीं थी कि इतनी बड़ी रकम टैक्सटाइल एडवाइजरी कमेटी के ऊपर खर्च की जाती। इस तरह की फिजूलखर्ची को हमें रोकना होगा।

मैं यह भी समझता हूँ कि इंजीनियरिंग इंडस्ट्री के लिये जो प्रामिज किया गया था, वह प्रामिज हमारी उम्मीदों के मुताबिक पूरा नहीं किया गया है, जितनी इमदाद का आश्वासन दिया गया था, उतनी इमदाद नहीं हो सकी है। सिर्फ दो इंडस्ट्रीज हैं, जिन का थोड़ा-थोड़ा जिफ्रा आता है, एक कापर इंडस्ट्री है, और दूसरे न्यू स्टैन्डर्ड इंजीनियरिंग कम्पनी है। कितने ही उत्तर प्रदेश में इंजीनियरिंग कन्सर्न हैं लेकिन किसी को कोई इमदाद नहीं की गई है।

कर्ज देने की शर्तें भी बहुत सख्त रखी गई हैं। एक तो कर्ज मिलने में बहुत देर लग जाती है और दूसरे जहाँ इमदाद की जरूरत होती है

वहाँ इमदाद पहुंचती भी नहीं है। मैं चाहता हूँ कि कर्ज की शर्तों को शिथिल किया जाये और जहाँ इमदाद पहुंचाने की जरूरत हो वहाँ इमदाद पहुंचाई जाये। यह भी कोशिश की जानी चाहिये कि इस में पब्लिक का रिप्रिजेंटेशन हो। अगर ऐसा होगा तो फिजूलखर्ची नहीं हो सकेगी। जब आप समाजवाद का नारा लगाते हैं तो मुट्ठी भर आदमियों के हाथ में ताकत देना मैं समझता हूँ समाजवाद के पीछे जो स्पिरिट है, उस के विरुद्ध है।

इस रिपोर्ट में १ करोड़ ८३ लाख रुपये की एक आइटम दिखाई गई है। यह रुपया देश को आगे बढ़ाने के लिये लगाना चाहिये था। लेकिन यह रुपया सिर्फ उन कम्पनियों को कर्ज के रूप में दिया गया है जो इस कारपोरेशन के डायरेक्टर्स हैं और जो उन कम्पनियों के शेयरहोल्डर हैं। वे ही कर्ज देने वाले हैं और वे ही कर्ज लेने वाले हैं। इस का नतीजा यह हुआ है कि बाकी जो दरखवास्तें थीं वे पेंडिंग में रख दी गयीं। आम जनताको जो फायदा होना चाहिये था, वह नहीं हुआ और देश के दूसरे उद्योग जो आगे बढ़ने चाहिये थे, वे बढ़ने से रुक गये हैं।

जहाँ तक उत्तर प्रदेश का सम्बन्ध है, वहाँ आज इंजीनियरिंग इंडस्ट्री बहुत बढ़ गई है और बढ़ती ही जा रही है और दूसरी स्टेट्स के मुकाबले में सब से ज्यादा वहाँ यह इंडस्ट्री बढ़ी है। ऐसी सूरत में सब से ज्यादा इमदाद इस इंडस्ट्री की वहीं होनी चाहिये थी।

इस के अलावा मेरी आप के द्वारा, सभापति महोदय, माननीय मंत्री जी से यह भी प्रार्थना है कि सोशललिस्टिक पैटर्न आफ सोसायटी में कोई भी कारपोरेशन हो, कोई भी आर्गनाइजेशन हो, वह अच्छे तरीके से काम तब तक नहीं कर सकती है जब तक कि उस में पब्लिक के रिप्रिजेंटेटिव न हों। इस

वास्ते कोशिश की जानी चाहिये कि इस का विस्तार हो और इस में पब्लिक के नुमाइन्दे लिये जायें। इस में हर एक स्टेट लैजिस्लेचर के लोग आयें और जो सुप्रीम बाडी है, पार्लियामेंट लोक सभा और राज्य सभा, इस के भी नुमाइन्दे आयें। इस का विस्तार इस तरह से किया जाय जिस में कि उस का कॅरेक्टर ऐसा बन सके कि सारा देश उस से लाभान्वित हो सके।

इन शब्दों के साथ माननीय मंत्री महोदय से मेरी यह दख्वास्त है कि वे एक फैसला यह कर दें कि कर्ज जिन लोगों को दिया जाये वे कारपोरेशन के डाइरेक्टर्स न हों, दूसरे उन में पब्लिक रिप्रेजेंटेशन हो।

श्री काशी राम गुप्त (अलवर) : सभापति महोदय, अब तक जो महानुभाव बोले हैं वे बहुत कुछ इस बारे में कह चुके हैं, और मुझे कहने को बहुत कुछ बाकी नहीं है। किन्तु मैं एक निवेदन करना चाहता हूँ कि यह बात अभी तक सामने नहीं लाई गई कि जो ऐंजलिकेशन्स कमेटी के पास आती थीं, उन का डिस्पोजल करने का कौन सा तरीका उन्होंने रखा था। यह ठीक है कि कुछ रूल्स और रेगुलेशन्स उन के पास होंगे थे।

मुझे से पहले एक महानुभाव दूसरी तरफ से बोले कि जूट इंडस्ट्री जो है वह बहुत पुरानी जरूर हो गई है लेकिन उस को नई मशीनरी लेने के लिये और पाकिस्तान से मुकाबला करने के लिये रुपया देना है। यहां पर यह याद रखने की बात है कि यह जो इंडस्ट्रियलिस्ट्स हैं, उन की अपनी शक्ति अच्छी है और वह अपनी अच्छी जगह रखते हैं। लेकिन क्या उन की सारी शक्ति समाप्त हो गई जिस के कारण उन को यहां से रुपया लेना पड़ा? प्रश्न यह आ कर पड़ता है कि

जितने यह मिल मैगनेट्स हैं, उन के पास अपनी दौलत बची हुई है। उन को सहारा देने के लिये कारपोरेशन के पास पूरे साधन भी नहीं हैं। अगर यहां पर खास तौर पर यह कहा जाये कि भले ही कोई डाइरेक्टर्स हों, उन को लोन दिया जाये, तो मैं कहना चाहता हूँ कि उन को नैतिक दृष्टि से लोन लेने का अधिकार तभी हो सकता था जब कारपोरेशन के सामने कोई और इंडस्ट्री न होती। जो लिस्ट इस में दो हुई है, उस का क्या हुआ? जिस लिस्ट के निमित्त यह सब कुछ बनाया गया था उस के बारे में क्या हुआ?

इस के अलावा जिस तरह से रिपोर्ट्स लिखी जाती हैं उस में से आसानी से कुछ निकाल लेना सम्भव नहीं होता क्योंकि इंडस्ट्रीज के बारे में जो तरीका उन लोगों ने बनाया हुआ था उस में हम कितना ही अन्दर जाने की कोशिश करें लेकिन वह कोशिश पूरी तरह कामयाब नहीं होती। इस के अनेक कारण हैं। वह एक लम्बी कहानी हो सकती है, जिस को कहने का यहां पर समय नहीं है, और हो सकता है यह भी कह दिया जाये यहां पर कि उस का सीधा सम्बन्ध इस से नहीं है।

मैं आप के द्वारा माननीय मंत्री महोदय से कहना चाहता हूँ जैसा कि मेरे एक पूर्व वक्ता श्री दी० चं० शर्मा ने कहा, कि या तो आप इस को अच्छे ढंग से चलाइये, या इस को बन्द कर दीजिये। उस अच्छे ढंग के अन्दर सीधी बात यह है कि आप के सामने जो तरीका है उसे आप को बदलना पड़ेगा। यह जो ऐंजलिकेशन्स लेने का तरीका है, उस के बजाय मेरा मुझाव यह है कि हमारी एक मशीनरी त्रिएट होनी चाहिये जो स्वयम् यह देखे कि कौन सी इंडस्ट्री ऐंजो हो स० है जिन को आगे लाया जाये और किस प्रकार से उन का इस से सम्बन्ध जोड़ा जाये। अभी जो तरीका चल रहा है उस में

[श्री काशी राम गुप्त]

प्राइवेट एंटरप्राइज को ही फायदा होता है, जो कि अपने आप को खुद ही अच्छे ढंग से रख सकते हैं। बहुत से ऐसे लोग होते हैं जो कि अपने आप को फाइनेन्स नहीं कर सकते, लेकिन उन को मदद नहीं हो पाती है। यदि हम देखें कि मोनोपोलिस्ट इंडस्ट्रीज कितनी हैं और छोटा इंडस्ट्रीज कितनी चली हुई हैं, और उन में किस प्रकार से रुकावट आ रही है, तो मैं निश्चित रूप से कह सकता हूँ कि आप पायेंगे कि जो पालिसी चल रही है उस का एक ही तात्पर्य है कि जो जमे हुए हैं उन को और अधिक जमाया जाये। उन के रिसोर्स के बारे में कोई पूछ ताछ नहीं होती कि आप को जो लोन दिया जा रहा है उस की आवश्यकता क्यों पड़ रही है, और आप के पास रिसोर्स की गुंथाइश है या नहीं। जहाँ तक प्राइवेट एंटरप्राइज का सवाल है, उस को रुपया उसी वक्त दिया जाये जब यह देखा जाये कि उस को रुपया मार्केट में नहीं मिल सकता है, न मार्केट में उन की साख है। जिन की मार्केट में साख हो, जिन को मार्केट से रुपया मिल सकता हो, जिन इंडस्ट्रीज के डाइरेक्टर्स की साख हो, उन्हें इस कारपोरेशन से रुपया लेने की आवश्यकता क्यों पड़ती है, इस पर ध्यान दिया जाना चाहिये।

चूँकि बहुत समय नहीं है और बहुत सी बातें मेरे पूर्व वक्ता कह चुके हैं, इस लिये अन्त में मैं एक बात कह कर समाप्त करूँगा। इंडस्ट्रियल फाइनेन्स कारपोरेशन जिस समय चलाया गया था उस समय यह सोचा गया था कि वह सप्लीमेंट करेगा दूसरी चीजों को, न कि इसका मतलब यह था कि जो पुरानी इंडस्ट्रीज चल रही हैं, उन को सप्लीमेंट करेगा। जहाँ तक इस रिपोर्ट पर बहस करने का सवाल है मैं कहना चाहूँगा कि ऐसी स्थिति में आगे चल कर मंत्री महोदय इस बात का ध्यान रखें कि सदन में जो

विचार प्रकट किये गये हैं उन पर अमल करवाने के क्या क्या नये उपाय हो सकते हैं। जो हमारे डाइरेक्टर्स बनाये जाते हैं, उस में किस तरह के हेर फेर की आवश्यकता है, या और कौन कौन सी आवश्यकतायें हैं जिन पर ध्यान रखने की जरूरत है। इन सब बातों को ध्यान में रख कर जो अगली रिपोर्ट आयेगी उन में मैं समझता हूँ कि जो त्रुटियाँ आज हैं, वे नहीं रहेंगी और भविष्य में जो कार्य इस सम्बन्ध में होगा, वह सुचारु रूप से होगा।

The Minister of Industry in the Ministry of Commerce and Industry (Shri Kanungo): Mr. Chairman, Sir, in a way it is fortunate that the motion for consideration of the report, of which notice was given in the last Parliament which was subsequently dissolved, has come up today. It is fortunate in the sense that the House has before it the considered report of the Estimates Committee. If the motion could have been discussed before the Estimates Committee's report was available to the House, perhaps I could not within the limited time elucidate all the points which would require elucidation.

In the first instance, I would like to disabuse the mind of the House which seems to have been overweighted with a minor function of this Corporation, i.e. financing of the jute and cotton industries. I would like to remind the House of the genesis of the problem. As early as 1946, the textile industry was studied by a high-powered committee presided over by Sir A. Ramaswamy Mudaliar. Thereafter, the chronic illhealth of the industry has been studied by successive committees. I had the honour of presiding over one of the committees, which took two years to study the industry. These are vital industries in the economy of our country and they were in bad health. To give an analogy which may not be altogether applicable, the

industries were in a condition where they require blood transfusion immediately. Otherwise, the loss to the nation would have been tremendous. Therefore, special organisations and special procedures had to be devised to do the job

I would remind you that by their very charter, the IFC and other financing agencies, some of which came much later than this Corporation, were prevented from taking up this line of credit and I can be proud of the achievement of the Corporation in doing the job effectively, i.e. rejuvenating the industry to a certain extent, particularly jute. In the course of the few years it has been operating—mind you, it undertook this type of work at the direction of the Government and not of its own volition—84 per cent of the spinning process of jute has been modernised, and it has been modernised almost entirely at the cost of the industry but by the encouragement given by the corporation. The total cost of modernisation of the industry has been calculated at about Rs. 30 crores out of which the credit available from the corporation has been only Rs. 4.5 crores. Unfortunately, we have not had that much of success with the textile industry. I wish we could show better results. The latest working group on the textile industry had calculated that for rehabilitation of the industry the cost would amount to Rs. 180 crores and on the most liberal estimate the industry could not be expected to find more than Rs. 80 crores. Unfortunately, we are not able to find the finance. But finance is not the only stumbling block. There is the availability of machinery and the capacity of many of the undertakings to absorb it. I will come later to the criticisms which were made by the mover of the motion.

In this connection, it will be interesting to note that the corporation and the Government do not stop at only providing credit. It has been possible to provide the building of machinery, not all but most of them, for the tex-

tile industry in the country. Therefore as my time is running short, I would only mention that the provision of credit to the industries is the least part of the function of the corporation, and I am proud to submit that it has discharged it fully and well and it has produced results.

In this connection, I would like to disabuse the mind of the House in regard to one thing. It is not as if the corporation is a mutually conspiratorial society which distribute patronage among themselves.

Shri D. C. Sharma: Mutual lending society.

Shri Kanungo: Sir, it is unfair to cast aspersions on those gentlemen who have accepted the invitation of Government to give their time and energy to the work for which they are not paid. They are doing it for the love of labour.

Shri Daji: Many persons will be willing to do such labour.

Shri Kanungo: I hope not; not the type of persons he has in mind.

Sir, the Company Law is very rigid. It says that if any person who as director of a company has any interest, even a remote interest, in any other company, his interest has got to be disclosed.

Shri Daji: That is all.

Shri Kanungo: It has been disclosed. I am satisfied and I am prepared to satisfy any person on this account—I believe the Estimates Committee has gone into it to a great extent—that the directors of the corporation who happen to be the director, in some of the borrowing companies have very little interest in those companies. The fact of the matter is as far as the textile industry is concerned, there is a rigid survey. It is so rigid that I have got heaps of applications which were withdrawn when the survey was asked for. The survey is done by an independent organisation of the Textile Commis-

[Shri Kanungo]

sioner and anybody who is connected with the textile industry knows very well that the survey is a gruelling one. After the survey party produces its report and suggests what part of rehabilitation is necessary and whether the rehabilitated machinery or modernised machinery can be of economic use to the undertaking, considering other factors, background and all that, then the loan application matures. I know that there have been complaints in this House, in the committees and elsewhere that the loan applications are very much delayed. The Corporation has tried to expedite the procedures, as far as possible but, by the very nature of it, the examination has got to be detailed, rigid, technical, financial and from the point of view of the public interest.

Shri Daji: Could you tell me the number of directors who are involved in this?

Shri Kanungo: Yes, it is mentioned in the reports. I do not like any aspersion being cast on them. The procedures are open. My hon. friend has quoted a paragraph from the Report of the Company Law Administration with which I am connected. In each case of loan by this Corporation, the application has been vetted by the Company Law Administration.

Shri Bade (Kharagone): There is no question of aspersion. The fact is there. He is asking for it.

Shri Kanungo: I might be mistaken. There might have been no insinuation. Perhaps, my understanding is lacking or my intelligence is not so sharp but I understood it as an insinuation.

Shri Harish Chandra Mathur: Yes, an insinuation was made.

Shri Daji: It does not meet my question. My simple question is how many directors are affected by this. I want to know the number.

Shri Kanungo: It is mentioned in the Report. I would like the hon. Member and other hon. Members of the House to read the review by the Government of the report, as laid on the Table of the House. These three documents together will disabuse much of the doubts of any rational person, any reasonable person, if they are taken together. I certainly resent it and I certainly want to disabuse the minds of hon. Members of the House that the directors who are serving this Corporation are not in any way, not only legally but also morally and ethically, guilty of any dereliction of duty in handling the affairs of the Corporation.

Shri Daji: Then perhaps only accidentally it has happened.

Shri Kanungo: Every hon. Member is entitled to draw his own inferences, but I have the duty of informing the House of the real position.

The main purpose of this Corporation, as pointed out by the mover of the motion, is to fill up the gaps in the industrial development of the country. Obviously, the previous debates of this House will show that there are certain types of basic industries which do require heavy investment and exploratory work where the returns are rather uncertain and are not attractive enough to invite investment.

Those are the industries which this Corporation is expected to examine, to prepare the blueprints and project reports and to throw them open to the public or to the Government, as provided for in the Industrial Policy Resolution of the Government, to undertake. Take the case of the particular project for the manufacture of sulphur from pyrites. I perfectly realise the impatience of the country and of the House about the delay in setting about the production of sulphur. The production of sulphur from sources other than natural sulphur has taken many, many years in other countries. We need not be ashamed that in the present stage of development in our

country technical knowledge and scientific research are not comparable to those of many of the advanced countries. We are making rapid progress, yet we are far behind. The very fact that the Development Corporation is pursuing the project and, in spite of the many failures so far, is still hopeful that it will be able to produce the results, shows the utility of the Corporation.

It has been mentioned that the Corporation has been merely examining and producing project reports and has not produced much. I would only say that it has stimulated the private entrepreneur in our country for many of the projects which even now are considered doubtful by the Corporation and many others. I give you the mere example of rayon grade pulp and newsprint from bagasse.

If you will look up the items which are taken up for study and preparation of projects, in the review of the Report for 1959 and subsequent years you will find that out of the nine or ten projects almost half of them have been prepared and for many of them, like raw film, heavy electricals, foundry forge, organic chemicals and all that, preliminary work has been done. Separate corporations have been formed to undertake those duties. When in a project, take for example the drugs project, investment of heavy amounts, say Rs. 50 crores and more, either by loan or by credit is involved, it is not improper even if it is in the public sector that very careful calculations and examination should be made about the processes, methods, training machinery and all that. That is exactly the function of the Corporation and I will leave it to the judgment of the House whether from a reading of the reviews and the Reports the Corporation has not justified its existence.

I am grateful to Shri D. C. Sharma who started off by asking me to wind up the Corporation because it is an expensive luxury, but the last sentence of whose speech was that after all it

may be worth while running it with a little revamping and with a little more attention. The Government is fully aware that in many ways the work of the Corporation can be made more efficient and cheaper and all that. We are grateful for the penetrating study by the Estimates Committee which has produced the first report on the working of this particular corporation. We are taking steps to implement the report of the Estimates Committee, and we shall be communicating to the Lok Sabha Secretariat that we are accepting almost all their recommendations, because we consider that that has got to be done. I believe that after that, a certain amount of improvement in the administration and in the operations of the corporation will be possible.

On the whole, I gain the impression that the House has appreciated the efforts made by the corporation. I would only submit for the future that the working of the corporation should be read with a review of the Government, as that will give a more complete picture. I believe I shall be right in passing on the encouragement which the bulk of the Members of the House have given to the operations of the corporation, to the staff of the corporation.

Dr. M. S. Aney: Most of the Members have expressed their approbation by silence, and only a handful of the Members have criticised.

Shri Kanungo: I am grateful for that. I was merely referring to those Members who had participated in the debate, and my impression is that there has been approbation and encouragement and also helpful criticism of the operations of the corporation, and I shall be justified, I hope, in conveying the sense of the House to the corporation and its officers.

Shri Ram Ratan Gupta: There is very little for me to reply to after the speech of the hon. Minister.

Shri Daji: My hon. friend can dis-
abuse his mind that there is any
approbation.

Shri Ram Ratan Gupta: The pur-
pose of the debate has been served by
bringing out those points to the know-
ledge of the hon. Minister, which
needed his attention.

As regards the query raised by the
Estimates Committee, I submit that
nobody has denied it, and nobody can
deny it, that a corporation of this
nature was essential in our state of
backward industrial development.
Nobody also can deny that the help
which was rendered to the jute in-
dustry which is the major export
earning industry was very necessary.

What is true of the jute industry is
also true equally of the textile indus-
try. Being a member of the working
group, I can submit that this industry
needs Rs. 180 crores; and at least
Rs. 100 crores will be needed by some
sources if that industry is to be re-
juvenated. And that industry has to
be rejuvenated, because that is the
second most important industry in
India, after agriculture. Also, it is
one of the most important export earn-
ing industries.

The point that I want to bring to
the notice of the hon. Minister is that
there should be no discrimination. The
benefits of the corporation should be
equally distributed, and the work must
be carried on more progressively. The
actual purpose of the corporation
should not be lost sight of. That was
what I wanted to bring out, and I
am glad that the hon. Minister agrees
with me on this point.

Shri Kanungo: For the records, I
would like to mention that Shri D. C.

Sharma perhaps made a little mistake.
In the case of the drugs project, he
mentioned that the expenditure was
about Rs. 2 crores. Actually, it was
not Rs. 2 crores, but it was only
Rs. 2,16,449 and a few naye paise.

Shri Himatsingka: Perhaps, the
zeros have no value according to him.

Shri Kanungo: The figures have got
to be correct in the records. Similar-
ly, in the case of the foundry forge pro-
ject, the expenditure was Rs. 20,596
and a few naye paise, and not Rs. 20
lakhs.

Mr. Chairman: I shall now put both
the motions to the vote of the House.

The question is:

"That this House takes note of
the Annual Report of the National
Industrial Development Corpora-
tion Private Limited for the
period ended 31st December, 1958,
along with the Audited Accounts,
laid on the Table of the House on
the 31st March, 1960."

"That this House takes note of
the Annual Report of the National
Industrial Development Corpora-
tion Limited for the year 1959-60
along with the audited Accounts
and comments of the Comptroller
and Auditor-General thereon, laid
on the Table of the House on the
11th April, 1961."

The motion was adopted.

17 hrs.

*The Lok Sabha then adjourned till
Eleven of the Clock on Monday,
August 20, 1962/Sravana 29, 1884
(Saka).*