

Mandsaur district of Madhya Pradesh due to imminent crisis of drinking water as a result of the districts drinking Water schemes pending for Central Governments disposal and approval.

SHRI RAM TAHAL CHOUDHARY (Ranchi): Mr. Speaker, Sir, I request that the following may be included in the next week's list of business:

1. Grant of Rs. 380 crores more to the H.E.C. factory of Ranchi as per the report of BFIR and provision of employment and appointment orders in the said factory to the displaced and the dependents of widows.
2. The Central Government may take over and expedite the incomplete work of the multipurpose Swarn Rekha Project Chandil P. Singhbhum and immediately provide employment to the displaced families, rehabilitate them and grant compensation to those who have not been compensated and also conduct a high level inquiry into the working of the project.

SHRI VILASRAO NAGNATHRAO GUNDEWAR (Hingoli): Mr. Speaker, Sir, I would like to submit that on 9th October, 1994, I left Gangakher in district Parbhani at 9.30 p.m. for my home. At that time the local Shiv Sena Activist... and some of his associates made an assault on me. They tried to strangle me and there is an injury mark at my throat. They attacked me with iron rods and stones. The driver of my car was also injured and window panes broken. An inquiry should be conducted to identify the hand behind it and then Shiv Sena's ... Those who attacked me were welcome there. A thorough inquiry should be conducted into it and I should be given protection so that such incident does not recur. Now, election process is on there and there is every apprehension of violence and bunglings. Therefore, I request you to give me protection.

SHRI RAM NAIK (Bombay North): Mr. Speaker, Sir, I am on a point of order that he name... here.

[English]

MR. SPEAKER: The name will not go on record.

[Translation]

SHRI RAM NAIK: The way he has changed party affiliation has provoked people... (Interruption)

[English]

MR. SPEAKER: That is not a point of order.

[Translation]

SHRI RAM NAIK: But my point of order is that in view of all these things, he should mend his behaviour in future. You have mentioned my point of order...(Interruption)

SHRI RAM VILAS PASWAN (Rosera): A Member

\*Expunged as ordered by the Chair.

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of Parliament should be protected no matter to which party he belongs....(Interruptions)

SHRI RAM NAIK: I want to say that it is not good to level allegations on such person who cannot come to this House and exonerate himself.

SHRI VILASRAO NAGNATHRAO GUNDEWAR: I have been attacked at Navakhera. The assailant has been felicitated... (Interruptions)

[English]

MR. SPEAKER: Now the Bill is to be introduced.

12.40 hrs.

[English]

#### Election Commission (Charging of Expenses on the Consolidated Fund of India) Bill"

THE MINISTER OF STATE IN THE MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI H.R. BHARDWAJ): I beg to move for leave to introduce a Bill to provide for charging of expenses of Election Commission on the Consolidated Fund of India.

MR. SPEAKER: The question is:

"That leave be granted to introduce a Bill to provide for charging of expenses of Election Commission on the Consolidated Fund of India."

The Motion was adopted.

SHRI H.R. BHARDWAJ: I introduce@ the Bill.

12.42 hrs.

[English]

#### Statutory Resolution Re: Disapproval of the Industrial Development Bank of India (Amendment) Ordinance and Industrial Development Bank of India (Amendment) Bill—Contd.

MR. SPEAKER: I think, this is the Bill which has already been taken up for consideration. Shri Vijay Naval Patil has to continue his speech. Is he here? I think, he is not here.

Well, may I request the hon. Members that there are one or two points which the hon. Members make take into consideration. There is a Supplementary Demands for Grants of Railways. I was informed by the Minister of Railways that the Supplementary Demands which are before the House were discussed last time in detail. The only thing is that they could not be put to the vote of the House. If that is so, then again the discussion need not take place.

[Translation]

SHRI RAM NAIK (Bombay North): You can see the record. But the supplementary demands presented here have not been discussed. I have to say something on supplementary demands and discussion on them can't be avoided.

[English]

MR. SPEAKER: The point I am trying to make is that if the discussion has taken place, it should not be

repeated. If the discussion has not taken place, then you will be entitled to ask for the time to discuss it. Why I am saying this because I find a lot of substance in the points made by Shri Chandra Jeet Yadav.

He comes to my Chamber, he stands up in the House and says that let us discuss the Economic Policy.

[Translation]

SHRI CHANDRA JEET YADAV (Azamgarh): I still say so.

[English]

MR. SPEAKER: We have no time for that. So, if you have discussed something, it need not be repeated. That is what I am trying to say. Other points also you make as briefly as possible, without repeating.

[Translation]

SHRI RAM NAIK: That is right but other Bills will be taken prior to that.

[English]

MR. SPEAKER: I am just informing the House to facilitate that you may be able to do more work.

[Translation]

SHRI RAM NAIK: But so far as Supplementary demands of the Railways are concerned....

[English]

MR. SPEAKER: I may or may not be here when the Railway Budget comes up. That is why I am keeping you informed.

[Translation]

SHRI RAM NAIK: I urge that discussion should be held.

MR. SPEAKER: All right.

(Interruptions)

MR. SPEAKER: Now that you are not allowing the House to run; you are not taking any action on that, what action will you take on others?

12.44 hrs.

[English]

(SHRI SHARAD DIGHE *in the Chair*)

SHRI PRITHVIRAJ D. CHAVAN (Karad): Mr. Speaker, Sir, I rise to support the Industrial Development Bank of India (Amendment) Bill, 1994. The primary purpose of this Bill is to restructure IDBI, which is the premier development financial institution in the country. Government has already accorded autonomy to the other institutions dealing with developmental finance, such as, ICICI and IFCI.

The existing capital base of IDBI is Rs. 753 crore but this capital base is too narrow, given the growing industrialisation in the country, the steps to globalise the economy and the rapid competition that is building up in the industrial sector.

With the objective of giving functional autonomy and operational flexibility and, at the same time, retaining the public ownership of the Corporation, the Present Bill seeks

to increase the financial structure of the IDBI to Rs. 2,000 crore, which can also be further increased to Rs. 5,000 crore without coming to the Parliament. The additional equity will come from the market but, at the same time, Government equity will not be allowed to come down below 51 per cent. This is not privatisation *per se*, but this is only to allow IDBI, which has performed extremely credibly in the Indian economic scenario, to play a still further leading role in future. On the operational side, the Bill seeks to restructure the Board. As there will be private sector holding, there is a provision that the shareholders can elect up to four Directors amongst themselves. But the Government retains the right to appoint the Chairman, Managing Director, full-time Directors and other specialised Directors. The decision-making will remain with the Government but it will bring in a certain amount of transparency in the working, with the Directors elected by the private sector shareholders.

Generally the non-official Directors in the past had been political appointees, without too much of specialised financial knowledge, but I am sure that with the new economic thinking, the Government will appoint only such people in the capacity of non-official Directors who have really specific knowledge about the working of the financial institutions and about the working of the industrial development of backward areas.

So, why has this Bill been necessary? Sir, there have been problems with this leading premier development financial institution in spite of the fact that it has done very well in the past.

Sir, the main role of IDBI is to sponsor the State financial corporations, the State industrial development corporations. Also, it has a fully-owned subsidiary in the form of S.I.D.B.I. — Small Industries Development Bank of India. If you look at the finances of the I.D.B.I., nearly Rs. 6,000 crore have been tied up either as equity or as loans in the State financial corporations and S.I.D.Cs.

The second problem is that the Government has stopped contributing to the equity of I.D.B.I. since 1991. Government used to contribute very nominal equity of Rs. 50 crore per year. But even that has been stopped for the last 2-3 years. Also the I.D.B.I. had a source of low cost funds in the form of S.L.R. bonds. Now, with the liberalisation, the whole S.L.R. scheme has been given up. The S.L.R. bonds used to give as high as Rs. 1,100 crore to I.D.B.I. But, now it has come down to Rs. 200 crore last year and I think this year there has been no S.L.R. bonds low cost funds available to I.D.B.I.

There is another problem. Because of the low credit rating enjoyed by the country in the period of 1991-92, when I.D.B.I. went abroad for raising loans the foreign banks insisted on Government guarantees. These Government guarantees which were not visited upon earlier, were given by the Government of India. But the Government of India started charging a guarantee bond fee of 1.2 per cent. When a Japanese Exim Bank loan of 15 billion Yen was taken, a guarantee fee of 1.2 per cent was charged by the Government of India. It adds to the cost of money.

Sir, because of the very specialised nature of I.D.B.I., Government had given certain tax benefits to I.D.B.I. It had been exempted from various income-tax provisions. But, since liberalisation, these tax exemptions have been totally withdrawn adding to further operational strains. It is because of these problems that there was a need to raise funds — low cost funds at that — and the best way to get to raise low cost funds is to go to the capital market and issue certain shares at a very high premium, without diluting equity too much diluting equity to 25 per cent and offering the shares at a premium of something like Rs. 120 — Rs. 140 a share, which has been talked about in the financial press, I.D.B.I. can easily raise something like Rs. 2,000 crore on which they will not have to pay any interest at all. They will not have to service this loan and the overall cost of the money available to I.D.B.I. will be low and they will be able to perform the duties of industrial development of the country by financing large infrastructural sector industries with this money.

The original role of I.D.B.I. was to coordinate the development financing institutions like I.C.I.C.I., I.F.C.I., Life Insurance Corporation of India or General Insurance Corporation of India and this role they will continue to perform even after restructuring.

Sir, the second role was also to develop a chain of State-level financial institutions, State financial corporations, which also have been in place now and they are moving towards greater autonomy. The State industrial development corporations also have gone into the area of funding industrial projects and they are also getting stable. S.I.D.B.I. has been formed and S.I.D.B.I. has been performing credibly.

There is a need now, as the time passes, as we go towards new economic structure in the country, to spin off the State financial corporations independent of I.D.B.I. Also, there is a need to spin off Small Industries Development Bank of India so that it can become an autonomous body by itself and not a wholly-owned subsidiary of I.D.B.I.

This could take some time. We can slowly do it. But the State Governments will now have to additionally contribute to the equities of State Corporations so that the IDBI can really play the role of the major financial institution. It is one of the large development financial institutions in the world now. In one rating, it has been already rated to be the tenth largest such institution in the world. The IDBI has a very high rate of return of loans. I think 92 per cent of its portfolios are standard portfolios and only eight per cent of its portfolios are in the doubtful category. There are hardly any bad assets they have less than one per cent bad assets. They have performed very creditably and we must encourage it.

Sir, I will conclude with a few suggestions. The new role that the IDBI will now have to play in the coming days will be to finance the infrastructure sector like power, petroleum, chemicals, etc., and this the role which they will have to start focussing on now. The IDBI has many subsidiaries for venture capital, for

investment services and for merchant banking. The autonomy that we are giving them today will allow them to set up new subsidiaries for specialised financial products in the area of merchant banking, credit and equipment finance, equipment leasing, bridge financing, etc. They are already into the area of credit rating agency. Their credit agency CARE is functioning already. They are a nodal agency for setting up new Stock Exchange, the National Stock Exchange of India. There is an investor services company. There was a proposal to set up a joint company with Hongkong, but that proposal is being given up now.

Sir, I suggest that there is a need to set up an Educational Development Bank of India. I think the IDBI can take a lead in forming a fully owned subsidiary which will finance the professional education. With the introduction of new economic policy, higher education is now being funded more and more by the individuals themselves. But we need to give them low cost loans and I think the IDBI can play a role by setting up an Educational Development Bank of India.

Sir, venture capital is one area which has to be strengthened in our country. There are sunrise industries like computers, computer software technology, solar energy, etc. These areas are highly risky. The entrepreneurs, the engineer and the technocrats who develop these industries do not necessarily have finances. There is a need to take some risks into the venture capital fund. The IDBI has a venture capital fund. But I think the amount that they are spending is very little. It is about Rs. 15 crores or so. This needs to be expanded. Their success ratio of venture capital units is 40 per cent. This is fairly high. But risk has to be taken so that these entrepreneurs who are getting into these new sunrise areas like biotechnology and agro industries like cold storages, hi-tech agriculture are given enough support. This needs to be taken up by the IDBI.

Sir, it is a welcome Bill. It will strengthen IDBI and it will also strengthen the financial sector of the country within the overall scheme of things that we are moving towards and will give a filip to the infrastructural sector as well as industrial development of the country.

Finally, Sir, there are one or two suggestions that I would like to make to the hon. Minister. There is a problem about priority sector targets. The foreign banks have been allowed to deposit with 10 per cent interest rate with SIDBI so that it could be considered as priority sector. This could be extended even for nationalised banks which fail to meet the priority sector targets. They should be forced also to keep money in the venture capital fund. The venture capital fund should also be included in the priority sector list that the Government has announced.

Sir, there is a need to change the procedure for loan fore closure. They are too cumbersome to do. The problems of security, stamp duty and income tax need to be sorted out. This can also become an important financial product. Sir, IDBI has performed creditably and this Bill will strengthen it further.

With these words, I support the Bill and thank you.

SHRI CHETAN P.S. CHAUHAN (Amroha): Mr. Chairman, Sir, this Bill has been brought by the Finance Minister to increase the capital and also to raise the capital from the market by the IDBI.

My first objection to this Bill is — I am a Member of the Standing Committee on Finance — that this Bill has not been referred to the Standing Committee on Finance. Usually, the convention is that any Bill which is brought in Parliament is referred to the Standing Committees and approval of the Standing Committee is taken. It does help because some kind of improvements or changes can be made according to the advice and suggestions of the Members before bringing the Bill in Parliament. So, that is my first objection and I hope that the Government will take this into consideration before bringing a Bill.

Sir, I would draw the attention of the hon. Minister first to the entire banking sector. We are all worried about the vacant positions of the Chairman and Managing Directors in the various nationalised banks and in other financial institutions. Since a long time these positions are vacant. As a result of which the functioning of the banks are affected and that is why whether it is deposits or it is advances to priority sectors and housing sector, all are suffering. I think, one of the reasons why many of the banks like the Central Bank of India, the Andhra Bank have been working without Chairman and Executive Directors. With the Result executives and lower rung officers are not in a position to take decisions and thereby resulting in a lot of losses to the banks.

Sir, as far as the IDBI is concerned, it has worked creditably in the past but because of the paucity of funds they have not been able to help the State finance corporations and other financial institutions to a great deal. But I am sure with this borrowing facility from the market, it will be strengthened and further development of the industries will take place in the country.

As regards Directors, we have been suggesting that all the Directors should be of the Government. The Government should have holding or control over the functioning of the organisations whether they are banks or IDBI. Though the Government has said here that 51 per cent shares will be with the Government of the time, but I would caution the Government here that it may sometimes not be possible. They will have to monitor the shares and the holdings of the IDBI in the market because once the transfers take place, it becomes very difficult to control the holdings. The Government will have to be extra-cautious to see that 51 per cent shares are always with them and only up to 49 per cent remain with the public.

I would also like to say here that the restructuring of the banks itself which is taking place is bringing a lot of concern to the unions and also to the customers. As you are aware, unions are afraid that because of profit which is becoming the sole motive of the Government, the jobs may be restructured and also there may be some retrenchment. I would an assurance from the Government, from the Finance Minister that there will not be any retrenchment, especially closing down of the branches of the nationalised

banks. The fear is there. To quell this fear an assurance has to be given to the unions because ultimately it is the employees of the banks who are going to give service to the customers.

I would also like to tell the Minister that the entire banking structure will have to be strengthened further. The functioning and structure of the banks, especially small banks like Regional Rural Banks have to be strengthened. The Government has said about the restructuring of the rural banks. The Government has said that it has taken up nine to ten banks to begin with. But nothing has been done for the restructuring of the banks.

MR. CHAIRMAN: You will continue after Lunch.

13.00 hrs.

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

14.10 hrs.

**The Lok Sabha re-assembled after Lunch at Ten Minutes past Fourteen of the Clock**

(SHRI SHARAD DIGHE *in the Chair*)

[English]

**STATUTORY RESOLUTION RE: DISAPPROVAL OF THE INDUSTRIAL DEVELOPMENT BANK OF INDIA (AMENDMENT) ORDINANCE AND INDUSTRIAL DEVELOPMENT BANK OF INDIA (AMENDMENT) BILL — Contd.**

MR. CHAIRMAN: Now we shall continue the discussion on Item Numbers 13 and 14 together. Shri Chetan Chauhan to continue his speech.

SHRI CHETAN P.S. CHAUHAN: Mr. Chairman, Sir, I am happy that the Finance Minister is also here. I was in the process of talking about the regional rural banks because here also you are structuring the IDBI, you are structuring the nationalised banks. I would humbly suggest and appeal to the Finance Minister that he had given an assurance even in his Budget speech saying that he would be restructuring the regional rural banks so that they become viable, so that they do not get merged with the nationalised banks. And also once restructuring takes place, the rural credit, especially the IRDP loans are in a very bad shape and because of poor agriculturists especially in rural areas and small borrowers, the loan targets of IRDP are not being met. The main reasons why these regional rural banks are not restructured are that they are in a very bad shape, employees are agitated, they are not cooperating and also the management of the sponsor banks are also ill-treating. Salaries have not been paid. There are lots of problems. I would sincerely appeal to the Finance Minister to look into this.

Regarding the IDBI, earlier the bonds were raised by the IDBI and they used to be subscribed by banks and by the other institutions. Unfortunately, these bonds have been reduced from Rs. 1177 crores in 1991-92 to only Rs. 200 crores in 1993-94. I wonder what is the reasons for this because I thought these bonds used to be subscribed

and somehow or the other this was the opportunity for the IDBI to raise funds which were much cheaper. Not only were they cheaper but they were also for a longer period, usually the bonds were for 14 years. This has also been reduced. I would request the Finance Minister if he could answer this particular query. IDBI has promoted a lot of State Financial Corporations and also promoted State Industrial Development Corporation and the State Industrial Development bank of India. Nearly Rs. 7000 crores of IDBI has been locked up in these organisations. I wonder what the Government is doing to see that IDBI recovers this money from the financial institutions and also from the SIDBI. The yield was very very less. In fact, it was as good as nil and marginal. What steps IDBI is taking to see that the yield is sumptuous and attractive. IDBI so far has raised loans in the form of FDR, floating rate bonds, certificate of deposits. I would like here to say something about the certificate of deposit scheme which has come.

The scheme was floated by the Government to compete in the financial market. But what I feel is that this certificate of deposit is a very expensive borrowing by the banks. Even if they take 12 per cent interest on this and 2.5 per cent as the administrative expenses, the cost of funds works out to 15.5 per cent to 16 per cent. Now that you have reduced the interest rate, I think, these borrowings will become very expensive. I do not know how IDBI, which has already taken nearly Rs. 2300 crore from certificates of deposit, are going to manage this expensive borrowing of funds.

The other problem which will be faced by the IDBI is that of maturity. Because earlier the bond was to be of a ten year duration and now these commercial borrowings, especially short-term borrowings will mature within a year or two year period. Usually, the loans which are given out by the IDBI are for a minimum of six year period and IDBI will have to do a lot of home work in tying up this particular problem of borrowing of short term money and investing the same for a longer period.

Sir, in the changed scenario, the IDBI has rightly diversified and it has gone into venture market. But the facility which the industries want is that they would not like to go to too many organisations or too many financial organisations. Once they come to one financial institution, they would like all the facilities to be given and just as you have the 'single window system' similarly here in industry which will approach IDBI, they will also be looking for underwriting and also seed capital, say, from the mutual fund. IDBI will have to diversify into other businesses like the underwriting business, the leasing business and also into mutual funds. Only giving out loans to the industry will not be sufficient and they will have to look for other opportunities and other schemes so that they can get some remunerative income from these schemes.

I am glad to see that SIDBI, which is a subsidiary of IDBI, has already started a commercial bank. I hope, this commercial bank comes good also in other areas where the IDBI is diversifying. I am sure if right approach is taken, this can result into profit for the IDBI.

Sir, the problems of IDBI which I foresee is that of recovery of Rs. 4000 crore lent to SIDBI which was given

as a starter capital. Interest received by the IDBI is the same as the cost of borrowing and I would suggest to the Government that the IDBI will have to be advised accordingly and ways will have to be found out to recover Rs. 4000 crore which the IDBI has invested in SIDBI.

One more problem which is facing the recovery is the Recovery Tribunals which were set up by the Finance Ministry some time back. Even after nearly ten months, only three Recovery Tribunals are functioning, that is in Bombay, Jaipur and Calcutta. As we all know, nearly Rs. 30,000 crore are locked up or stuck up in bad debts in the banks. Delhi and Madras Recovery Tribunals are yet to be set up. Especially in Delhi, there is a Stay Order from the High Court. Nothing has been done for starting up this Tribunal. I suggest, the Government take immediate steps to see that this Recovery Tribunal in Delhi starts functioning.

Regarding the restructuring of the banks, I am informed, in Bank of Baroda there are 16 General Managers. That really amazed me. I do not know what these General Managers in a Bank are doing. On the one hand, there are no Chairmen and Executive Director in some of the banks and in some banks there are 16 General Managers. I would suggest that when the restructuring of the banks takes place and even the restructuring of the IDBI takes place, the restructuring should be done in such a way that the top management should not be heavy.

The top management should be as light as possible. More and more staff will have to be located in the branches, whether it is the Nationalised Bank branches or the Regional Office branches of the IDBI, so that the loan applications received from the customers are scrutinised properly, are scrutinised better and also the sanctions are given at the earliest.

The IDBI has created assets worth nearly Rs. 34,500 crore. Everything will depend on the efficiency of the management and restructuring is one of them. Unless the management is efficient, this vast asset of nearly Rs. 35,000 crore will lead to problems.

Another problem I would like to tell the Minister is that the sanction of loans for the working capital to the industries is a common problem. The term loans are sanctioned by the financial institutions. Any industry which gets the term loan has to run to the banks for sanction of the working capital. Invariably there is a delay in the sanction of the working capital which leads to sickness or ultimately the cost over-run of the banks. It also leads to the delay in the starting of the industry. I suggest that the Government take proper steps. Earlier, there was a scheme that the financial institutions not only would sanction the term loans, but also would consider applications along with the term loans and they would also sanction money for the working capital. I think that particular scheme which was there earlier and which was discontinued for some reasons should be revived. As I said, if under one roof itself, in the single window system, the term loans along with the working capital are released to the industry, it will save time, it will save them the effort of going to various institutions and also it will save them

the cost. It will reduce the delay in starting of the industry which would otherwise result in a lot of inconvenience to the industry.

One of the main reasons why some of the big industries get sick is the delay in the sanction of the working capital. I sincerely appeal to the Government and to the hon. Finance Minister to look into this.

Another problem is regarding the term of Directors. It is seen that when the Director's term gets finished, they all go on till they are re-elected or till new Directors are appointed. Even in the Standing Committee this particular point came up. Some of these Directors, whether they are specialised Directors or are appointed from among the public or other Directors, they continue for four to five years even after their term expires. I sincerely hope that the Government would think about it and once the term of these Directors finishes, they should cease to be in the office and other Directors should be appointed.

With these words, I thank you for the opportunity given to me.

SHRI JASWANT SINGH (Chittorgarh): Mr. Chairman sir, with your permission just wish to make one submission. It is also a request for clarification. Earlier in the morning the hon. Speaker was good enough to observe about the vexed problem of Gian Prakash Committee Report and how it was to be dealt with. He said it would be placed in the Parliament Library and the issuance of the Report, or reference to it, shall be governed by the rules of the library. Now I went and requisitioned for this Report. The Report is still not available on account of the fact that it has yet not been decided as to how it is to be released or not released. Tomorrow is Saturday. Some of us have other engagements. It was our expectation that it would be released. Having taken the decision, if the Government has immediately made it available, then it would enable us to study the report even if it is to be studied inside the premises of the library. It is not available there, I asked the library staff. It is not the fault of the library staff because they are acting upon orders. I have given the requisition for the issuance. They are unable to guide us. It is already nearly 2.30 p.m. I would urge upon you, sir, to solve this vexed problem. (Interruptions)

What are we to do?

MR. CHAIRMAN: Did you not see the Speaker? Why not approach the Speaker himself?

(Interruptions)

SHRI JASWANT SINGH: Sir, you represent the Speaker..... (Interruption). My request can be communicated to the Speaker. I do not want to go and trouble him on every small matter. (Interruptions)

MR. CHAIRMAN: No discussion on any issue which is not in the agenda please....

(Interruptions)

SHRI BHOGENDRA JHA (Madhubani): I think the direction should go to the library that if they cannot issue it at least photocopies should be issued.....(Interruptions)

MR. CHAIRMAN: Let us not discuss it till it is before

the House. Sufficient directions have been given by the Speaker in the morning.

...(Interruptions)

[Translation]

SHRI SANTOSH KUMAR GANGWAR (Bareilly): At the commencement of the discussion, it was said that the problem has been solved but the problem still exist. It is 2.30 p.m. now but the report is not available in the Library. Please decide this matter. The Hon'ble Speaker had said that it will immediately be made available.

[English]

SHRI SRIBALLAV PANIGRAHI (Deogarh): Why are you raising this issue again and again? (Interruptions)

Mr. Chairman, Sir, I rise to support the Industrial Development Bank of India (Amendment) Bill, 1994.

Sir, in fact, such an Amendment is overdue. As you know there are fast changes taking place in the economic field globally. As a part of that, in our country also changes are taking place very fast. This principal financial institution, IDBI also finds itself handicapped in properly and effectively discharging its duties and in fulfilling its commitments. This Bill is before the House to remove some obstacles, which this premier financial institution is facing.

14.26 hrs.

(SHRIMATI SANTOSH CHOWDHARY in the Chair)

It is intended to give this organization functional autonomy. There will be some amount of flexibility in the functioning of the IDBI. Hereafter, this place of legislation will enable IDBI to approach the market for borrowings in the form of equity shares, etc. Therefore, this is a welcome piece of legislation.

There has been no criticism and no opposition to this aspect except that why an Ordinance was promulgated to this effect by-passing the Parliament and why the Government did not come directly before the House.

Madam, as we find, this winter session, it is probably only ordinances, which were promulgated and need replacement are the items discussed.

Besides this, as you know, there is another pressing item, namely, the supplementary Demands for Grants; and probably the proceedings will be confined only to this. So, this is enough ground, why different Ministries, considering the importance of the provisions, are trying to promulgate Ordinances. This is a very simple and clear fact. There are three or four Ordinances and probably the time is there, to discuss only one, besides the discussion on the supplementary Demands for Grants. If the discussion on this is over, that will be enough, considering the way we are proceeding in the House. So, I do not find any objection.

SHRI RAM NAIK: You can cut short the Session still further!

SHRI SRIBALLAV PANIGRAHI: What to do? There were elections and there will be elections. Hon. Members belonging to different parties give their opinion saying that during the period when elections are there, the House should not meet. Isn't it? When Maharashtra goes to polls,

do you like the House to meet here during January and February? You can tell me, Shri Naik.

How any other business, legislative business could be transacted smoothly and without wasting any time in the House, is a matter which should receive attention. There are some other extraneous items which are important, I do not deny that.

I will now come to the provisions of the Bill. As I told, the provisions in the Bill are quite welcome. They are, as you know, to enhance the capital base which was hitherto Rs. 1000 crores. That is now raised to Rs. 2,000 crores. The break up is like this Rs. 1500 crores by way of equity and another Rs. 500 crores by way of preferential shares. As you know, this was absolutely a Government controlled organisation hitherto. Now, 51 per cent ownership will be with the Government and 49 per cent will be, by way of share capital; shareholders contributing by way of shares, etc.

There is another important provision which is also good. This organisation is to be made accountable and at the same time, it should be given functional autonomy. For everything if they look forward to different organisations and Parliament also, then they find it difficult to discharge the work properly because they have to fulfil their commitment. The Board can have the authorised capital up to Rs. 5000 crores by way of a resolution in the Board. They will be heading the general body meeting, etc. Annual meetings will be there; their accounts, their reports will be presented, debated and passed there.

It also provides for restructuring of the banks obviously. There will be four directors who will be elected from amongst the shareholders; and nobody can hold whatever might be his number of shares, voting rights more than ten per cent of the total share. This organisation's role is credible in the matter of industrial development of our country. The premier public sector institution had recorded an increase of 18.9 per cent in income; 28.7 per cent in profit before tax and 25 per cent in profit after tax.

Its sanctions went up by 37 per cent and actual disbursement by 21 per cent. This indicates the positive thrust towards investment that will eventually get reflected in the industrial growth. Five per cent is estimated to be the industrial growth by the Government. That way also this Organisation has a very positive role to play. IDBI is the country's premier financial institution. Its cumulative assistance sanctioned to industry, so far, since its inception aggregated over Rs. 75,000 crore, a very colossal amount. So, the assistance disbursed was over Rs. 55,000 crore. As I told you, it has been making profit right from its inception. So, it is a very healthy organisation.

But then in the changing times unless this sort of amendment is passed and the IDBI also gets equipped accordingly to meet the challenging situation, it cannot compete with some other organisations that are in the field.

In the life of every institution, there comes a time when it finds itself stranded at the crossroads. The apex financial institution, the IDBI, is in a similar predicament. Now, reduced assets through chit funds, increasing reliance on

market borrowings, rapid disintermediation, growing complexities of the financial sector and the burden of a developmental tax are just some the problems that are putting pressure on the IDBI's bottomline. Madam, today the IDBI cannot remain a one product company and service. The problem arises as the IDBI assess to be relatively cheaper Government guarantee bonds as strong by 83 per cent from Rs. 1177 crore in 1991-92 to only Rs. 200 crores during 1993-94. So, this speaks volumes regarding the challenging task, the IDBI has got itself to address to. To make up, the Bank has to resort to extensive market borrowings.

The second problem is the developmental role thrust upon the IDBI. The Bank has promoted a number of State Financial Corporations and State Industrial Development Corporations which today are proving to be a drag on its bottomline. For example, the IDBI has close to Rs. 7,000 crore stacked in its fully owned subsidiary, the Small Industry Development Bank of India, SIDBI, CCS as both loan and equity. The IDBI does not take the advantage that competing institutions, such as Industrial Credit and Investment Corporations of India, ICICI and IFCI do have when it comes to raising low cost resources in the form of equity. Naturally, having realised this, now the Government comes before the House with this amendment and there should not be any hesitation to wholeheartedly support this Bill.

IDBI requires a fund base of the order of Rs. 44,500 crore to meet its medium and long-term commitments to various sectors of industry including Power and infrastructure in the coming years. As I told, the Institution has to play its role to help industry achieve a higher rate of growth. The average economic growth in the next five years as projected by the Government should be about 5 per cent per year.

The Power Sector and the Telecommunication Sector need greater emphasis. Now, this is also coming on the agenda of the IDBI. The foreign investors who are coming forward also, are to invest in Power Sector. They are demanding Government guarantee.

It was not so earlier. This position has undergone changes. The hon. the Finance Minister is present here and it is a good thing that he is here. We observe that the terms that are dictated by some of the MNCs and Corporations in the power sector, in some cases, are not reasonable. I can give one instance.

The first two units of the Ib thermal Power plant is nearing completion and it would be commissioned very shortly. There is absolutely no problem in regard to funds for completion of this project. The Government of India, the Power Finance Corporation, the State Government from its own funds have invested and financed this project and there is no difficulty in regard to the completion of its first two units. I wonder, when it is ready to be commissioned, why the State Government of Orissa is negotiating with some American firms for its disposal and sale. This is quite fishy. It gives rise to suspicion. The terms and conditions are far from reasonable and satisfactory. Therefore, the whole thing becomes suspicious. Apart from the State Government, the Central Government has a stake in it, the

Power Finance Corporation has invested in it and thus it should be looked into in detail.

Madam, we welcome foreign investment. The terms and conditions of the other power companies that are coming over to India to invest in the power sector to build some power plants should be reasonable. If on their coming, power will sell at Rs. 4 per unit, then it will be unfortunate. Now, it sells for less than Rs. 2. The rumour goes like that. The impression is like that. In this way should there be investment in the power sector, in the telecommunication sector and all those things?

Madam, I would like to say that apart from functional autonomy, IDBI needs large amounts of money. In order to raise this money there is no other way but to go and approach the market shares etc. That way this autonomy is there and other things regarding procedure etc. are there. I give my whole-hearted support to this Bill and along with that I would like to make one or two observations about the functioning of the banks.

Madam, in many of the banks, there are several vacancies. The posts of Directors etc. are not filled up for quite some time. These vacancies are there for more than one year or two years. These should be filled up.

Madam, this is about the Regional Rural Banks. There has been some discussion going on about their restructuring. The limitations with which these RRBs function are not welcome. As a Member of Parliament I find in the District level meetings that wherever there are proposals for setting up of branches of the RRBs, they do not welcome it; on the other hand they prefer setting up of some branches of commercial Banks. Why should it be so? This aspect needs to be gone into in detail.

The RRB does not deal with the Scheduled Caste and Scheduled Tribe boys who are studying in the high schools in rural areas. If that is so, what for RRB is there? Similarly, IDBI is not going into the causes of sickness of various industrial units. I would suggest that IDBI should give a critical analysis of the sickness of different industrial units. There should be closer scrutiny and the Annual Report of IDBI should reflect all these things also.

Under the portfolio of IDBI more than 300 sick units are being handled in the Rehabilitation Department, which is manned by 75 officers. I do not think the study made by IDBI in regard to various sick units is a detailed one and we can depend on it. It only says that managerial deficiency is the only cause of sickness. Apart from this, there are so many other problems like, overstaff or lack of updated modern technology. So, the IDBI should conduct a detailed analysis and an objective Report should be made in this regard. All these factors, which result in the sickness of a particular unit, should find place in the Report so that reader gets the correct position of the industrial health of the country. There is no doubt that IDBI has done a commendable job and we look forward towards it to play an even more effective role in the industrial development of the country. Whatever impediments are there, should be removed. At the same time IDBI should do something more to fight out the industrial sickness from the country, particularly sickness in the indigenous fertilizers sectors.

We have set before ourselves a target of 205 million

tonnes of foodgrains by 2000 A.D. It is very difficult to achieve this target with this phenomenal growth in population. If we approach the world market with the money that is there at our disposal, we cannot get sufficient quantity of fertilizers that may be required by us. So, we have to achieve self-reliance. We just cannot depend on import of fertilizers. So, the whole thing has to be reoriented and we have to look afresh towards it. No doubt IDBI has done a good job but it should not rest content there. It should scrutinize properly as to how our national goal can be achieved and what effective role IDBI can play in this regard. With these words I support this Bill and I thank you for giving me this opportunity to speak.

PROF. SUSANTA CHAKRABORTY (Howrah): Madam, Chairperson, the Industrial Development Bank of India (Amendment) Bill is another piece of legislation towards framing our Indian economy as per directions of the World Bank and the IMF. The Bill, like other Bills in the financial sector, is an attempt to privatise our economy further. Therefore, I am opposed to the Bill.

Madam, I remember perfectly that during his Budget speech, the Finance Minister did not utter a word about it, nor gave any signal that he is going to do it. In the subsequent Session too, the Finance Minister did not raise this issue. I perfectly remember that when he came back from Madrid after attending the Fund Banks session, he made two policy declarations, the first, bank rate will be determined by the market sector and the IDBI will go to the market to raise its capital. So, the Government was in a hurry and took recourse to an ordinance. Madam, this process of taking recourse to ordinances is an aspect which I oppose and oppose tooth and nail.

Madam, now this bill is there for our discussion and consideration. In 1964, the Industrial Development Bank of India was set up by passing a Bill in this august House. The biggest term-lending institution of our country was thus set up which was to look after refinance, which was to act as a promoter of industrial growth of our country. If I look at its performance from the statistics supplied to us by the Government, it seems that they have done much. One thing I would like to point out here. I have gone through the annual Report. It has already been pointed out. From the Annual Report, if anybody looks into it, he gets a slightest insight as regards its contribution to removing the basic weakness of Indian Industries. Magnitude of assistance by itself is not a reliable criteria to conclude that what was intended was actually achieved. The Bank never shed any light as to why an increasing number of so many professionally managed enterprises promoted with IDBI's assistance have become sick. It has already in its portfolio more than 300 sick industries. So, the purpose of giving assistance for building up and promoting industrial growth, a viable industrial growth in our country has failed and it is because of management and insight. So, my point is this, Madam, even though the form and structure of the IDBI are changed now, with this attitude, whether we shall be able to develop our economy, whether we shall be able to develop a sustainable economic growth and healthy industrial growth, I have doubt in my mind.

We shall be able to develop a sustainable economic

growth and healthy industrial growth. Madam, I have my own doubts.

Secondly, as of now, IDBI plans to raise Rs. 15000 to Rs. 17000 crore during 1994-95 as compared to Rs. 1278 crore raised during 1993-94. While around 60 per cent of this will be raised through internal sources, for the rest the bank would depend upon the market. My question is at a time when interest rates are fluctuating wildly, IDBI is running the risk of its marginal cost going up. Is it logical and rational? I want to have a categorical answer from the hon. Finance Minister. Meanwhile, the IDBI is relying on short term lower cost debts to stave off part of its problem. But raising short term money also has its attendant problems of maturity mismatch and asset liability management etc. I do not know how to reconcile between these two.

The basic point is IDBI, by virtue of its mandate, is a long term lender. But now, after this Bill is passed, after the ordinance itself, the IDBI is taking recourse to short term assistance. So, the very mandate of this Parliament which was given in 1964 is going to be given up. So, I am opposed to it.

Madam, the Chairman of the IDBI in one of his statements has put it in this way. "Today we are witnessing a fierce competition for resources and quality assets. So, we have to become more market oriented" The driving force has become commercial, but when the Institution was set up the driving force was not commercial but it was to act as a developmental financial institution.

Now, because the driving force has become commercial, may we conclude that the IDBI is shedding its developmental role? Now, its potential growth priorities are the credit rating and information services company called Credit Analysis and Research Limited and Investors' Services Company the Joint Venture Asian Capital, Hongkong and the national stock exchange. So, these are their present day priorities. So, my question is how does the Government propose to handle the contradiction between being market oriented and being developmental. The IDBI and its management claim that development finance is not synonymous with providing cheap funds. There has been a drop in the financial assistance to State level developmental financial institutions. The Government's policy has forced the IDBI to take recourse to this. Now, Madam, the Government with this Bill and along with other reforms in the financial sector is trying to create an atmosphere, an atmosphere in which the public utilities, in which the services for the public is not being rendered and surely, this is not a change with a human face as claimed by the Finance Minister.

15.00 hrs.

Today, probably, the Government have also come to realise this. This policy which was adopted by the Government have done a very great damage to the industrial atmosphere of our country. Actually, this cannot be discussed in exclusion or in separation with the economic policy of the Government. The people have responded to it in Andhra Pradesh and in Karnataka. After this even the Prime Minister has come to realise this. So, it is high time now for the Government to realise this that if in

this way the fate of the nationalised banks of our country or if in this way the fate of the premier lending institutions of our country are handed over to the individuals in the name of raising capital from the market, then the people will react to this and a great damage will be done to our country, a damage which may go beyond repair if it is not taken care of in time.

So, I request the Government through you, Madam, to reconsider this issue and not to press for it. It will neither do good to our country nor it will do any good to the industrial atmosphere of our country, to the development of the industry, to the development of State Financial Corporations and so on for which it was set up.

So, Madam, I cannot but oppose the Bill. Once again, I would request the Government to reconsider it and withdraw it.

SHRI SHARAD DIGHE (Bombay North Central):  
Madam Chairperson, I rise to support the industrial Development Bank of India (Amendment) Bill, 1994.

The IDBI was established in 1964 as the principal financial institution for coordinating the working of the institutions engaged in the financing and promoting industries and for assisting the development of such institutions for providing credit and such other facilities for development of industries. According to me this Bill has two objectives. It does not definitely alter the role of IDBI which was envisaged in 1964. But it wants to strengthen this institution and for that purpose twin objectives are taken as far as this Bill is concerned.

The first objective is to allow it to raise low cost funds from the capital market. That would enable this institution to finance the large infrastructural projects which have long gestation period, such as, projects in the areas of power, telecommunication, refinery etc. So, that will help the country to raise more infrastructure and provide finance to them from these institutions.

The second objective of this Bill is to impart certain degree of functional autonomy to which many of the earlier speakers have also made references.

If we achieve both these objectives, then it will improve the competitive strength of this Institution in the emerging scenario, as far as the financial system is concerned. In other words, it aims at providing more operational flexibility to enable IDBI to compete effectively in the emerging financial scenario.

Now, coming to details of these objectives, as I said, the first objective is to allow the IDBI to raise low cost funds from the capital market. Now, for that purpose, the authorised capital, which was Rs. 1000 crore, could have been raised to Rs. 2000 crore by the Central Government; that is the present Section 4 of the Act. Now the amended Section 4 authorises this Board by a resolution in the General Body to raise the capital upto Rs. 5000 crore; it, of course, raises the authorised capital to Rs. 2000 crore; but if it was to increase further upto Rs. 5000 crore, then it need not go back to the Government for any action. But the General Body of this Bank can raise it by a resolution. Therefore, Section 4 has been amended accordingly.

Then it is important to note that the present Section

4(a), which empowers the Central Government to subscribe wholly any further issue of capital after the appointed date, has been deleted now. Therefore, this capital can be subscribed now from the open market, of course, in such a manner that the Central Government's holding in equity capital will not be less than 51 per cent. So, the control of the Government, as far as capital share is concerned, is retained upto 51 per cent. So, it will not go beyond this and it will continue to be the Government institution. But from the market we can get soft loan of the equity shares and that will also help this Organisation.

The Bill does not impose any restriction on acquisition of share holding. However, as far as voting rights of any shareholders are concerned, of course, other than the Central Government, these rights are restricted to 10 per cent of the issued capital. So, we need not fear that by allowing the shares sold in the open market upto 49 per cent, any mischief can be done by these things. But, even, at this stage, I feel that perhaps further restriction or precaution may be put so that the vested interests or the multinationals may not play any mischief by entering into the share capital of this Institution.

Then, as I was saying, the second objective of this Bill is to improve the certain degree of functional autonomy. Now, for that purpose, the structure of the Board has been fully revised. Formerly, Section 6 of the Act provided that the Board shall comprise 22 members, and in those 22 members, *inter alia* one representative of the RBI was there; five representatives of the financial institutions were also there; then six representatives of the State Bank, Nationalised Banks and State Financial Corporation were also there. Now, in the present scenario in this Bill, the representatives of these institutions have been done away with. Instead of that, four representatives of the shareholders are provided.

These representatives of the shareholders will be elected in the Annual General Meeting. It is also provided that any Director of the Board can also be removed in the General Body Meeting. So more and more democratisation has been done, as far as the functional aspect of the bank is concerned.

As far as management is concerned, now the management will rest in the Board of Directors. Clause 6 amends Section 5 of the Original Act and it provides:

"that the management will vest in Board—the general superintendence, direction and management—and the Board may exercise all powers..... and are not by this Act expressly directed or required to be done in the General Body Meeting."

Now originally, in the discharge of these functions, Clause 5 Sub Clause 4, which has been deleted by this Bill provides:

"that in the discharge of its functions under the Act, the Development Bank shall be guided by such directions in the matter of policy involving public interest as the Central Government may give."

Now this provision has been done away with. So Board has been given more autonomy. They can decide

the policies and the day to day affairs of this Bank. Thus more autonomy has been given to the IDBI and more democratisation has been done.

It is now required to hold Annual General Meeting. The shareholders have to discuss and adopt annual accounts; they have to approve dividends and appoint auditors also. Therefore, instead of the Central Government's hold over this, it has been released and it has been given to the Annual General Meeting, so that they can elect and remove directors also. ....(Interruptions)

THE MINISTER OF WATER RESOURCES AND MINISTER OF PARLIAMENTARY AFFAIRS (SHRI VIDYA-CHARAN SHUKLA): May I have the indulgence of the hon. Member? We lost a good deal of time in our procedural matters for the last three days. I would request the hon. Members to try and expedite the proceedings of the House so that we can make up for the lost time. The hon. Member is making a valuable contribution.

After this there is a small Bill—Contingency Fund of India Bill and there are some hon. Members from the Opposition who would like to participate on the Contingency Fund of India Bill. I would be grateful if the hon. Member, Shri Sharad Dighe be kind enough to accommodate, so that we can take up that also. ....(Interruptions)

SHRI RAM NAIK: If you want you can complete this Bill today. Now only 15 minutes are left and this Bill, at the most, can be completed but not the contingency Bill because it will again take some time. So we can complete one Bill today by 3.30 p.m.

SHRI SHARAD DIGHE: As far as the borrowing and putting in deposits are concerned, the provisions have been liberalised and more powers have been given to this Bank.

I would finally make only one suggestion and that is as far as Service Conditions and Salaries of the employees of this Bank are concerned, that should also be left to the Board and not to the Government so that the drain of intelligent people from this Bank will be stopped and more competitive salaries can also be given as far as this Bank is concerned.

SHRI M.V.V.S. MURTHY (Visakhapatnam): Madam Chairperson, I rise to support this Bill on the condition that the role that is going to be played by the IDBI will be more greater after this liberalisation.

All the while, the IDBI is being supported by the funds that are being allotted mostly by the Central Government. Now the liberalisation makes the bank to play a key role to be globally competitive in its approach.

15.15 hrs.

(SHRI SHARAD DIGHE *in the Chair*)

But the very important factor that has to be remembered by the hon. Finance Minister is the role that is being played by the IDBI is the role of promotional activity and development activity in the industrial field. After the amendments that are being passed, this factor should not be ignored. There is some apprehension that the IDBI also

will enter into commercial activity of other types of business, other than promotional and developmental activities. But the emphasis of this bank should always be playing the role of developmental activity because there are other commercial banks that are playing the role of commercial activity. But the role that is being entrusted to the IDBI should not be undermined. There is a great drain of competent executives who are going from these banks after liberalisation to many of the foreign institutions. So, this has to be taken care of to preserve the intellectual talent of these banks, particularly with the IDBI so that the role that is being played will be kept at pace for meeting the needs of the country.

Now the bank is thinking of reaching a target of Rs. 5,000 crore, maybe in the first stage Rs. 2,000 crore but later with a simple resolution by the Board upto Rs. 5,000 crore. But that is not sufficient. If the Institution wanted to be global, it should not be kept at Rs. 5000 crore but it should also go up to Rs. 10,000 crore. That should also be thought of to make funds available with the bank so that the future resource gap could be filled up without again coming for amending the Act. This should also be taken care of.

I welcome this amendment. But it should always be kept in mind that the role of developmental activity should be the top priority of this institution so that our industrial growth will not be hampered, particularly in the field of developmental activity. Otherwise, it will be another bank of commercial nature. The temptation of becoming a commercial bank towards lending to other types of business should be desisted, particularly with this premier bank of industrial development.

So, hon. Chairman, the growth rate that is to be achieved by these industrial activities of these banks should be over and above the rate of inflation, that is cutting into the growth activity. With these words, I welcome the amendment of this Bill. Thank you very much.

MR. CHAIRMAN: Shall I ask the Minister to speak because we have to finish by 3.30 PM as the Parliamentary Affairs Minister has said just now?

*(Interruptions)*

*[Translation]*

SHRI CHITTA BASU (Barasat): Sir I also want to speak. ....*(Interruptions)*

*[Translation]*

SHRI RAJENDRA AGNIHOTRI (Jhansi): Mr. Chairman, Sir, this Bill is related to the Industrial Development Bank. Please give us an opportunity to speak ....*(Interruptions)*

*[English]*

SHRI CHITTA BASU: It is simple. It is not so simple as it is made out.

MR. CHAIRMAN: You have just now agreed that it should be finished by 3.30. Mr. Ram Naik has also agreed.

SHRI RAM NAIK: When other Members of different Parties speak, naturally our Members would also like to speak.

SHRI BHOGENDRA JHA (Madhubani): I rise to oppose this Bill. The name is Industrial Development Bank of India (Amendment) Bill. In actual practice, it is an annulment and not amendment. Sir, there is a craze in our economic circles and our capable Finance Minister is leading this, the craze of the Elsing's disease to do away with the national properties, the national priorities and self-reliance.

Mr. Chairman, Sir, in the objective itself it is given—as in the 1964 itself this had been enacted—that the aim was the principal of financial institution for coordinating in conformity with national priorities, the working of institutions engaged in financing, promoting or developing industry. That was for national priority. Now, as it is proposed that 49 per cent of shares are to go to the private sector. Sir, I may be wrong, but it is nowhere provided that no foreign money or shareholder will come. If I am wrong naturally I will stand corrected. That is then another danger. So this bank was mainly meant for financing industrial endeavours in accordance with our national priorities which was naturally for key sector, basic sector, particularly public sector. The Government has been claiming that it still stands for a mixed economy, a mixed industrial sector. But slowly and slowly, now it has come to this path that this main financing institution for our industry in accordance with national priorities, is being handed over not only to the private sector but most probably to the multinationals also. What is happening. Sir? Initially through the media, it has been propagated that public sector has failed; it is running at a loss and in practice, only the profit making public sector undertakings are being handed over to the wolves for shares. Even without holding any share, the big national or international or multinationals have got the capacity to influence and from the back, hindsight, to control also. When they get 49 per cent of the shares I do not know what the role of the national priority will be and who will give importance to that. In such a situation, there is no way out for us but to oppose it. And this goes against our national interest.

Sir, certain provisions in this Bill again are such that they will basically, qualitatively alter the character of the Industrial Development Bank of India and not to amend it. Basically, it will alter the character. In such a situation, Sir, even if some development takes place, some industrial development takes place, whether that will be for the advancement of our national productive ventures or only consumer goods or luxury goods or goods, as if the Finance Minister is very fond of stating which can promote exports, for that purpose, such things may not enhance our national status, national standard, conditions of living of our people and industrial base of our economy. In such a situation, this is a major blow against our national interests and against our national priorities.

We have seen in practice that certain things are pending with the Government. I do not know when the hon. Finance Minister will make up his mind on those things. Some of my colleagues have described the problem and I am not going into it now.

Now, I come to Regional Rural Development Banks. The Standing Committee on Finance has also reported that

there should be a National Rural Bank or even the Regional Rural Bank. If the Government combines in that form, perhaps they may be more useful and the employees are also demanding the same.

I would like to ask the hon. Minister whether he will clarify regard these Banks will exclusively concentrate upon the industrial development because our banks have a tendency to advance credit to hoarders and black marketeers, and it does not enhance our national production or productivity. They have a tendency to pay them because perhaps they can pay in time and also can make some underhand payment also. As you know, there was educated unemployed Fund previously and the Prime Minister's Relief Fund also. Most of the persons whose names are recommended by the District Industry Centres (DIC) for production ventures, are not being advanced credit by the banks under the TRDP, They are not financed by most of the banking institutions. They do not help them.

In our country in the present day conditions, as the hon. Finance Minister had said once in this House, the world socialist market was there previously and in time to come we could fall back upon it. Now, it is not present there. We have got nine hundred millions of heads and double of their hands. The manpower in a country like India has a decisive role to play. So, in such a situation, the banks must be directed to help such production ventures particularly by self-employed youths and self-employed entrepreneurs. However, the banks are going in the other direction. They are not helping such things. I have suggested earlier also in this House and today also I suggest to the hon. Finance Minister that let us have a survey of the last ten or twelve years at least in one block of each district of the country in respect of recipients of bank advances under IRDP or other self-employed production ventures and whether the targets are standing or whether they have evaporated or never existed, and if evaporated whether any one is going to be accountable or not. Simply we cannot go on distributing money without getting any return. In this regard, even I can offer my cooperation if the Government selects some districts of Bihar like, Madhubani, Darbhanga etc., for such spot survey.

My only humble submission to the hon. Finance Minister is that the Finance Minister should reconsider his stand at least with regard to this proposed Bill and withdraw it. Let this one institution remain in the country. Many things have been bartered away for the sake of money. I do not know if tomorrow our democracy will also be bartered away. The Government and the Media have been propagating that the public sector units are running at a loss and are a drain on the national exchequer. But the cruel reality is that they are bartering away the profit making public sector units to the Indian and even multinational capitalist class. The Government claims that it has accumulated foreign exchange and even reduced the budget deficit. This is like some old time Zamindars, who used to sell away their Zamindari in order to maintain their superficial show of wealth and grandeurs. So, this is a great danger and I oppose it tooth and nail.

I request the Finance Minister, who had dealt with

financial matters at the national level and at the world level, even now to pick up the courage to withdraw this Bill and strengthen the IDBI to help our national industrial development so that our country may be in a position to stand on its own legs. We have all the potentialities from manpower to all the natural resources. But the main source of development is slowly bartered away, one by one.

So, I oppose this Bill totally and once again request the Finance Minister to pick up the courage to withdraw this Bill. Then, let us all consider as to what can be done.

MR. CHAIRMAN: This Bill has to be passed now and the Parliamentary Affairs Minister has taken the sence of this House to pass this Bill. So, we can extend the time of the House by half-an-hour more for this Bill and the Private Member's Business can be given half-an-hour more at the end.

[Translation]

MAJ. GEN. (RETD.) BHUWAN CHANDRA KHANDURI (Garhwal): Mr. Chairman, Sir, half an hour discussion will not do, because we have two more speakers to speak on it.

MR. CHAIRMAN: Your Party has given only this list. So, I am not going to allow more Members from your party to speak.

MAJ. GEN. (RETD.) BHUWAN CHANDRA KHANDURI: Sir, I have sent another name.

MR. CHAIRMAN: No; the only name left now is that of Shri Chitta Basu.

MAJ. GEN. (RETD.) BHUWAN CHANDRA KHANDURI: Sir, we do not agree to this restriction. I have sent to you the name and the Member is sitting here, but you are not calling him to speak.

Sir, I want to bring one more point to your attention.

MR. CHAIRMAN: You can raise several points. But why do you not cooperate with me?

MAJ. GEN. (RETD.) BHUWAN CHANDRA KHANDURI: Sir, we have to leave today evening for Bombay. There is a meeting there tomorrow morning. So, we cannot have this extension today.

MR. CHAIRMAN: We have to extend the time of the House by half-an-hour. I will allow one more Member from your Party to speak.

[Translation]

SHRI RAJENDRA AGNIHOTRI: Mr. Chairman, Sir, we have to attend the meeting of the National Executive of the party.

[English]]

MAJ. GEN. (RETD.) BHUWAN CHANDRA KHANDURI: Sir, we will sit upto 6.00 p.m. and not upto 6.30 p.m.

MR. CHAIRMAN: All right. If you do not want to agree I will take up Private Members Business now.

SHRI CHITTA BASU: Mr. Chairman, Sir, why do you not allow me to start my speech today so that I can continue on Monday?

MR. CHAIRMAN: No; in any case we are not going to finish this item today. So, there is no point in allowing one Member to speak now.

MR. CHAIRMAN: Now, we take up the Private Members' Business.

15.35 hrs.

[English]

**Committee on Private Members' Bills and Resolutions  
Thirty-Sixth Report**

DR. VISHWANATHAM KANITHI (Srikakulam): Sir, I beg to move:

"That this House do agree with the Thirty-sixth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 15th December, 1994."

MR. CHAIRMAN: The question is:

"That this House do agree with the Thirty-sixth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 15th December, 1994."

*The motion was adopted.*

15.36 hrs.

[English]

**Resolution Re: Enlargement of functions of National  
Commission for Backward Classes—Contd.**

MR. CHAIRMAN: We now take up further discussion on the Resolution moved by Shri R. Anbarasu. Kumari Mamata Banerjee.

[Translation]

MAJ. GEN. (RETD.) BHUWAN CHANDRA KHANDURI (Garhwal): Mr. Chairman, Sir, six hours have been allotted for it and five hours have passed now. Therefore, the reply of the hon. Minister should be fixed for 4 o'clock so that he concludes by 4.30 p.m.

[English]

KUMARI MAMATA BANERJEE (Calcutta South): Mr. Chairman has already started Private Members' Resolution.....(Interruptions).

MAJ. GEN. (RETD.) BHUWAN CHANDRA KHANDURI: What is wrong Madam. I do not understand what is wrong. I am saying that one more hour has been extended and it should finish by 4.30 p.m. That is what I am saying.

MR. CHAIRMAN: The balance time is 58 minutes, we can see after that.

KUMARI MAMATA BANERJEE: Sir, I rise to support the Private Members' Resolution moved by Shri R. Anbarasu on 5 August, 1994. In this Resolution he has said that the National Commission for Backward Classes

be empowered to suggest ways and means for the development and to monitor various welfare schemes of the Central Government for other backward classes and that a Parliamentary Committee be constituted to consider the reports of the Commission.

Sir, I fully endorse the views expressed by the hon. Member because though our Government has constituted this National Commission for Backward Classes and other commissions like National Commission for the Scheduled Castes and Scheduled Tribes, National Commission for Minorities, in reality the problem is that the advantage which the people should get, are not getting as it is not reaching the grass-root level. That is why my suggestion to the hon. Minister would be that there must be a monitoring committee to monitor whatever funds Central Government is spending on programmes like 15 Point Programme for Minorities, developmental programmes for the Scheduled Castes and Scheduled Tribes as well as for other backward classes so that it can be seen as to whether the funds are being utilised properly or not. So, may I suggest that a Parliamentary Committee be constituted to look into such grievances?

Sir, it is a fact that Government have already reserved 27 per cent quota for OBCs as per the recommendations of the Mandal Commission. But, there are some other backward classes, in different States, who have not yet been covered. They have not been published in the list for the Other Backward Classes. As a result of which they are now deprived of the benefits. Therefore, may I request the Minister to look into this matter and find out as to how many State Governments have already published the list for OBCs and how many have not published this list up till now so that they can get the opportunities according to the Government policies?

Sir, though there are so many programmes for the welfare of Scheduled Castes and Scheduled Tribes I have seen in areas like Midnapore, Zoo and Jhargram that the tribal people do not eat rice for 11 months out of 12 months. I visited these areas without the knowledge of the administration so that people can speak frankly and can tell their grievances.

For 11 months, they do not eat rice because they do not get it. They only eat some Kukura, some type of orange, some type of forest fruit. I have visited the whole Jharkhand area in Midnapore, Bankura, Purulia and Hooghly districts. I know the problem of Bihar also. In Bihar also, there is a long-standing demand for Jharkhand people that there should be some special autonomous council for the Jharkhand people. I think, the demand is very genuine. Wherever they people are living below the poverty line—whether it may be in Bihar, in Orissa, in Andhra Pradesh, in West Bengal or in other parts of the country—they should be helped. Even whatever the grievances the people of Uttarakhand are having, you will appreciate that we have to look after them in a very sensitive manner.

I have a personal opinion on this because I have visited North Bengal also. In North Bengal, for Darjeeling, our Government has given Autonomous Council. But Siliguri is the gate way of Northeastern region. Seventy per