

Shri H. N. Mukerjee (Calcutta North-East): Could we have a day for it in the next session? (*Interruption*).

Mr. Deputy-Speaker: The next session is far off.

STATEMENT RE LOANS SANCTIONED BY INDUSTRIAL FINANCE CORPORATION

The Minister of Finance (Shri C. D. Deshmukh): While I was in London, there was a certain amount of fog which soon dispersed. In my absence I learn there was a storm here which I hope has by now abated; and, it is in that connection that I wish to make a statement. I refer to certain matters which arose during the discussion on the Industrial Finance Corporation (Amendment) Bill in both the Houses.

Various allegations were made about the *bona fides* of the Corporation's loan transactions and a very strong demand was voiced for the disclosure of the names of the industrial concerns to which the Corporation has given financial accommodation.

On the question of divulging the names, the Prime Minister made a statement in which he mentioned the practice so far followed and pointed out the considerations which influenced us in adhering to that policy. At the same time, he recognised the force of some of the grounds on which the information was asked for and undertook to have the matter re-examined on my return. I am grateful to him and the House for giving me a chance to review the position. The maintenance of secrecy by a lending institution regarding its transactions with its clients is a well recognised practice based on sound business principles and should not be lightly discarded while circumstances are normal and there is no reason for doubts and apprehensions regarding the transactions. While, therefore, I consider that the stand taken by the Government so far, which was not challenged in the past in this House, was justified, I have to take account of the doubts that have arisen and of the desire of Parliament to be furnished with the names of concerns to which monies, for which the Government had given guarantees, have been advanced by the Corporation. The refusal to disclose the names, even though it may be based on a healthy convention, would create an entirely unjustified suspicion against the Corporation and the borrowing concerns, which it is essential to dispel. Realizing this, the

Corporation has itself written to me that it is desirous of submitting to Parliament a list of loanees and the amounts given to them. I am accordingly laying on the Table of the House a statement showing the names of the individual concerns under each category of industry and the amount of loan sanctioned to each concern. [See Appendix IX, annexure No. 8.] I am forwarding sufficient number of copies of the statement for circulation to the hon. Members of both the Houses.

There were specific allegations of nepotism and favouritism in the grant of loans made against the Corporation during the debate. My colleague, the Deputy Minister, in his reply both in this and the other House, tried to explain how these are unfounded and seem to be based on a misconception about the scope of the Corporation, the composition of its Board of Directors and the manner in which it functions. I think it is only fair to the Corporation and to the borrowers that these allegations should be thoroughly investigated. I have in one capacity or another been closely associated with the work of the Corporation ever since its inception, and am anxious that complaints should be enquired into and, if any undeserved charges have been made, the Corporation should be authoritatively cleared. Both the Chairman, Mr. Shri Ram, and the Directors are, on their part, naturally anxious that the suspicions which have been created by the charges made in Parliament should be cleared and have asked that a Committee should be appointed to investigate these charges. I also feel that while discussion in Parliament of each individual case of grant or rejection of a loan by the Corporation is neither feasible nor desirable, it is due both to Parliament and the Corporation that the specific allegations made should be enquired into. I propose, therefore, to appoint shortly, for the purpose, a small compact Committee consisting of representatives of both the Houses and one or two outside experts not connected with the Corporation.

TEA BILL

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): I beg to move for leave to introduce a Bill to provide for the control by the Union of the tea industry, and for that purpose to establish a Tea Board and levy a customs duty on tea exported from India.