

**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.

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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.

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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.

**Mr. Deputy-Speaker:** The question is:

"That leave be granted 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."

The motion was adopted.

**Shri T. T. Krishnamachari:** I introduce the Bill.

RESOLUTION RE FIVE YEAR PLAN—*contd.*

**Shri Nevatia (Shahjahanpur Distt.—North cum Kheri—East):** I said yesterday that it was inevitable that the Planning Commission should lay down priorities for development. Even in a rich country that would have been necessary. Ours is a poor country with limited resources, and hence we cannot afford to fritter away our resources without planning, or without planned priorities.

There has been criticism that sufficient allocation has not been made for industrial development. But industries require raw materials and also markets for the disposal of their finished goods. Adequate supply of the raw materials depends upon agricultural development. For example, our textile industry is short of cotton. Our jute industry requires jute. Without supply of adequate raw materials, these industries cannot maintain production. Then, there is the question of markets. What is the use of continuing productivity unless the finished goods can be disposed of? Markets can be either internal or external or both. So far as the external markets or exports are concerned, efforts are already being made to promote exports to as large an extent as possible in order to provide for the import of necessary articles including raw materials. But our main market will continue to be internal. Here, unless there is purchasing power with the people, the industries cannot hope to sell their finished products. This purchasing power, again, must come from extra yield per acre. After all, 83 per cent. of our people still reside in villages. Hence, unless their purchasing power is increased, industries cannot expect to continue production, because that will only result in accumulation of stocks. It has been said that private sector has been left untouched, and that it has not been nationalised. On the one hand

wild allegations of corruption, nepotism and favouritism are made against the administration of the great River Valley Projects, and even against a nationalised body like the Industrial Finance Corporation. On the other, a demand is made for nationalising the private undertakings also. It shows that those who criticise the non-nationalisation of major industries are not very serious about the same. I would invite the attention of the House to the remarks made by the Planning Commission on this important problem. The Planning Commission says:

"The nationalisation of existing enterprises, which means the acquisition by Government of existing productive assets, has, in our view, only a low priority, especially as most of the purposes of such a transfer of ownership can be served by judicious regulation. In a planned economy, the justification of private enterprise is that within the framework of national policy it is capable of contributing to the fulfilment of the objectives defined in the Plan."

So long as private enterprise is brought under the purview of the Plan and is made to subserve the purpose of the Plan, there would be no justification for the Government to waste its limited resources in the acquisition of these assets. On the recommendation made by the Planning Commission in the draft outline of the Plan, the Industries (Development and Regulation) Act, 1951 was passed. According to that Act, the Government has got authority to investigate in respect of any scheduled industry or undertaking, if in its opinion, there has been or is likely to be an unjustifiable fall in the volume of production in the industry or undertaking, or if there is a marked deterioration in quality or an increase in price, for which there is no justification. A similar investigation can also be ordered in respect of any undertaking or industry which is acting in a manner likely to cause serious injury or damage to the consumers. That Act further provides that in the event of an industry or undertaking not carrying out the directions issued after such an investigation, the Government can take over its management. This shows that the private enterprise has been completely brought under State control so far as its management with a view to fulfilling the objectives of the Plan is concerned. The hon. Member from Calcutta North-West, Prof. Meghnad Saha said that due attention has not been paid to the development