

## INDUSTRIAL LOANS

\*2186. **Shri Morarka:** Will the Minister of Finance be pleased to state:

(a) whether the attention of Government has been drawn to the recommendation contained in the Report of the International Monetary Fund Mission recommending that the Industrial Finance Corporation should collaborate with the banks in granting industrial loans; and

(b) if so, what action Government propose to take on this recommendation?

**The Deputy Minister of Finance (Shri A. C. Guha):** (a) Yes.

(b) The matter has been under consideration. Government is also awaiting in this connection the report of the Shroff Committee which was appointed by the Reserve Bank of India with the approval of Government to examine, among other things, the possibility of providing bank finance for development in the private sector.

**Shri Morarka:** May I know whether Government has in this connection invited the views of the Reserve Bank and the Industrial Finance Corporation?

**Shri A. C. Guha:** Yes, Sir. The Industrial Finance Corporation has already contacted the commercial banks to see what can be done in this matter, particularly in the matter of debentures to be taken up by the Industrial Finance Corporation.

**Shri Morarka:** My question was, whether the Government has consulted the Reserve Bank and the Industrial Finance Corporation in this connection, and if so, what are the views expressed by them about providing industrial finance in this country?

**Shri A. C. Guha:** As for the Reserve Bank, I have already stated that the Reserve Bank and the Government are waiting for the publication of the Shroff Committee's report. Until that

is published it is not possible for Government to take any action. However, I would like to state that in this report there is no commitment for the Government. The International Bank in a sort of routine work sent their man for studying the economic position of the country, and he submitted a report. Of course, the Government is sure to give due consideration to this report.

**Shri Morarka:** May I know whether the Government accept in principle that these loans by the commercial banks may be guaranteed by the Industrial Finance Corporation?

**Shri A. C. Guha:** It is rather too early to say. I can only refer to the Shroff Committee report that the Government recognise the paucity of industrial finance and that is why they have started the Shroff Committee investigation.

**Shri T. S. A. Chettiar:** May I know if the loan asked for on behalf of the Industrial Finance Corporation from the International Monetary Fund has been dropped and if so, may I know the reasons?

**Shri A. C. Guha:** It is another sphere altogether. I can say that the proposal has not been processed further. The Industrial Finance Corporation has got sufficient funds. If and when there would be necessity, the proposal would be pursued. That proposal has not been processed any further.

**Shri T. K. Chaudhuri:** The hon. Minister referred to the fact that consultations were being held with the commercial banks. May I know if their definite views have been obtained?

**Shri A. C. Guha:** I have not stated that consultations were being held. I have only stated that the Industrial Finance Corporation has contacted some of the commercial banks. I think that the reaction of the commercial banks as regards debentures to be taken up by the Industrial Finance Corporation may be considered to be favourable.