

LOK SABHA DEBATES

LOK SABHA

Tuesday, December 22, 1992/ Pausa 1,
1914 (Saka)

*The Lok Sabha met at
Eleven of the Clock*

[MR. SPEAKER *in the Chair*]

[English]

SHRIJASWANT SINGH (Chittorgarh):
Mr. Speaker, Sir, I have, with great regret, to continue to express the resentment and anger of my political party, as indeed of the parliamentary party at the continued detention of Dr. Murli Manohar Joshi, President of our party, Shri L.K. Advani, the Leader of the Opposition and Shri Devi Bux Singh, a Member of Parliament. We consider that their continued detention is not only illegal, but it is a political vendetta and that political vendetta is with a view to stifle our voice and put a lock on our voice to stifle democracy. As a mark of protest and to convey our resentment and protest, we would withdraw from the Question Hour; we would not be able to participate in the Question Hour.

11.01 hrs

At this stage, Shri Jaswant Singh and some other hon. Members then left the House.

(Interruptions)

ORAL ANSWERS TO QUESTIONS

[English]

IRFC Loan to Railways

*402 DR. D. VENKATESWARA
RAO:
SHRI R. SURENDER REDDY:

Will the Minister of RAILWAYS be pleased to state:

(a) whether the Indian Railway Finance Corporation has loaned huge amounts to the Railways to overcome their liquidity crunch and also given unsecured loan to the Konkan Railway Corporation as well;

(b) if so, the amount provided in both the cases;

(c) whether these loans were given in accordance with the prescribed rules; and

(d) if not, the action Government propose to take in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF RAILWAYS (SHRI MALIKARJUN): (a) to (d). No loan has been given by Indian Railway Finance Corporation (IRFC) to Railways. However, the Corporation has given a bridging loan of Rs. 88 crores to Konkan Railway Corporation to be adjusted against the funds being raised by

IRFC through market borrowings for Konkan Railway Corporation. The loan to Konkan Railway Corporation is in accordance with the prescribed rules.

SHRI R. SURENDER REDDY: The resources crunch experienced by the Railways and the growing need for resources for funding of capital expenditure made them to establish the Indian Railway Finance Corporation. The logic behind the establishment of the Indian Railway Finance Corporation just for raising Rs. 2,500 crores is yet to be justified and I am told that there is a rethinking on the organisational set up of the Railways into a holding type public corporation as suggested by the Administrative Reforms Commission. I would like to ask the hon. Minister whether the Government has taken any decision to establish holding type public corporation. If so, when will it be started?

SHRI MALLIKARJUN: Sir, the concept of formation of Indian Railway Finance Corporation was in order to help the Railways for augmentation of their development activities and particularly to invest in the rolling stock. From the inception till today Rs. 5,229 crores have been obtained from the market borrowing and this has been invested in the Railway assets, particularly rolling stock.

The hon. Member's suggestion of constitution of that thing does not arise because Indian Railway Finance Corporation is properly working and it is adequately meeting the requirements as per the concept.

SHRI P. SURENDER REDDY: It is not my suggestion. It is the suggestion of the Administrative Reforms Committee.

My second supplementary is, Indian Railway Finance Corporation has invested in foreign banks on the basis of quotations obtained on phone from the banks and other financial institutions. I am told there are no written records of the quotations which were obtained from different banks on telephone.

Would the Minister please give the details of investments made in foreign banks

and other financial institutions in 1990 and 1991? Are the guidelines followed while making these investments? The details of all the investments made in the various banks may be given.

SHRI MALLIKARJUN: To utilise its surplus funds, to gain optimum profit, no guidelines have been given by the Finance Ministry or the Reserve Bank of India. However, certain guidelines have been laid down by the Ministry of Railways itself. About what the hon. Member has mentioned that investments have been made with telephonic talk, it is true. The Corporation has constituted an Investment Committee consisting of three or four Directors. They have been delegated powers to be in touch with the leading banks so that wherever more rate is quoted that the deposits can be made.

The hon. Member wants to know in foreign banks, what is the amount deposited in 1991. In Grindlays Bank, about Rs. 60 crores have been deposited. In Deutch Bank Rs. 9.91 crores, Bank of America about Rs. 563.21 crores, Standard Chartered Bank Rs. 5 crores and Citibank Rs. 50.19 crores have been deposited during 1990-91.

SHRI BASUDEB ACHARIA: The Indian Railway Finance Corporation was set up to augment resource of Railways for the purpose of acquisition of rolling stock. The main purpose was acquisition of rolling stock. Just now, the Minister has stated that the surplus amount has been deposited in different banks. In Canfina bank, they have deposited more than Rs. 400 crores. How was there a surplus fund when there is shortage of rolling stock, shortage of passenger coaches shortage of wagons and also shortage of locomotives?

May I know from the Minister:

(a) What was the rationale behind these investments;

(b) Some apprehension was also made when this Bill was brought forward and the Railway Convention Committee also dealt

with this subject in depth. Railway Finance Corporation will have to refund the amount received from the various people with interest at 14 per cent. The rolling stock has been leased out to Railways.

Will the burden of payment of interest be shifted to the passenger traffic and also to the freight traffic? Is there any proposal to increase the fare and freight in the coming Railway Budget?

SHRI MALLIKARJUN: These funds are being deposited temporarily after meeting the Annual Plan allocation for the rolling stock. For example, as on 31-10-92, Rs. 924.69 crores are in the various banks.

As far as your reference to Canbank is concerned, it is true we have only ten Banks in which the IRFC funds have been deposited. One of the Banks is Canbank Financial Investment Ltd. In July, there was a lapse on the part of the Canbank Financial Investment Ltd to repay about Rs. 95 crores. As a result of that, we have now actually deleted it from the list of main banks. Apart from that, in November, another Rs. 350 crores are due to be repaid from this financial institution and there is some problem, as you are all aware, and the matter was taken up with the Finance Ministry and they had made some negotiations. Now they have agreed to pay about Rs. 300 crores or so, at the earliest.

So far as the interest part is concerned, it is not 14 per cent interest to bond holders. It is only 9 per cent tax free bonds which through market borrowing the Corporation is obtaining and that interest will be paid and 14.5 per cent is the lease rental which the Corporation is giving to the rolling stock which includes 9 per cent interest plus redemption capital and also service charges.

SHRIMATI GEETA MUKHERJEE: The whole thing is only about Konkan Railways. But the question is general. I would like to know whether you have any plan to give similar kind of support to the South-Eastern and Eastern railways.

SHRI MALLIKARJUN: This is the first concept of the Konkan Railway Corporation and the Finance Ministry has not agreed for any other such demands.

SHRI OSCAR FERNANDES: A reference has been made to the Konkan Railways. We are grateful to the hon. Minister and to the Ministry for allocating funds to the Konkan Railways. I would like to know whether Konkan Railway Project would be completed on schedule.

SHRI MALLIKARJUN: We are fully confident that the Konkan Project would be completed as per schedule. But as you are all aware, the original estimate was Rs. 1,043 crores. Now it is going up to nearly Rs. 1,400 crores and resources constraint is one of the basic factors coming in the way of completion of the Project. However, we are confident that it should be completed as per schedule.

SHRI NIRMAL KANTI CHATTERJEE: Tax free bond is a measure to detract the States of their share. But I am not on that point. My point is, is the Ministry aware that these funds which were invested under portfolio management scheme with different banks have been channelled to brokers and have succeeded in swelling the scam in the stock market?

SHRI MALLIKARJUN: So far as our investment with Indian Railway Finance Corporation is concerned, no broker is involved. It is the Investment Committee from among the Board of Directors of the Railway Finance Corporation. They are dealing with it direct.

SHRI HARI KISHORE SINGH: May I know from the Minister why the policy decision was changed for depositing this fund in the foreign banks? What was the necessity of changing this policy decision? To what extent the Railways have suffered loss on account of this investment which has been channelled to secure this financial scam?

SHRI MALLIKARJUN: Basically, earlier almost the entire amount was deposited in

the State Bank of India and the Indian Banks. But later when the attractive quotations were made, it is not merely that the funds have been deposited in the foreign banks but also still there are the other 5-6 Indian Banks with which the funds have been deposited. There is no policy as such. It is a general phenomenon depending upon the quotation of the rates.

[*Translation*]

SHRI RAMASHRAY PRASAD SINGH: Mr. Speaker, Sir, I would like to know from the hon. Minister as to how much amount has been released from the Indian Railway Finance Corporation for the development of Eastern region and for electrification of Patna rail line out of the funds to be released to overcome the crisis faced by Railways. If it is not released, does the Government propose to release it or not?

[*English*]

SHRI MALLIKARJUN: This is what I informed earlier that there is no question of forming Corporations for various parts of the other Railways. It is the first and then, after the completion of this, if the Finance Committee gives the clearance, then we can think of it.

SHRI SRIKANTA JENA: The hon. Minister said that the investment was made in different banks under the Portfolio Management Scheme; it is the Committee that has taken the decision and no broker is involved. The Minister has further said that they are supposed to get Rs. 400 crores by the end of November from Canfina. They are get to get that money. Ultimately the Railway Ministry is taking up the matter with the Finance Ministry. May I know from the hon. Minister wherefrom the Finance Ministry will locate this fund? When the investment was made, were the Finance Ministry's guidelines followed? Why this was not followed by the IRFC?

SHRI MALLIKARJUN: THAT IS WHAT I HAVE INFORMED EARLIER. I INFORMED

this august House that there were no guidelines issued by the Finance Ministry or the Reserve Bank of India.

SHRI SRIKANTA JENA: Had you the guideline or not?

SHRI MALLIKARJUN: Please listen to me. So, only the Ministry of Railways have issued certain guidelines. That is how the Board of Management was authorised to take the measures to get the optimum profit out of it. That is how the Investment Committee from among the Board of Directors of the IRFC has been constituted. They have been delegated powers to deal with these matters.

SHRI NIRMAL KANTI CHATTERJEE: There is the Bureau of Public Enterprises.

SHRI MALLIKARJUN: There are also the Public Sector Enterprises where the deposits were made. So far as repayment is concerned and regarding the question how the Finance Ministry will come into the picture, I would like to state that it is the Finance Ministry which has had certain negotiations with this Bank - the Canbank Financial Services Limited. They have agreed to pay it.

[*Translation*]

SHRI RABI RAY: I was surprised to hear the reply given by the hon. Minister. The Railways is one of the most important public sector undertakings of Government of India. Is the hon. Minister required to consult the Ministry of Finance with regard to deposits to be made by this important industry in the nationalised banks only and not in any foreign banks? Was such a circular issued by the Ministry of Finance or the Bureau of Public Enterprises? If it was issued, why was it violated and why did the Government make deposits in a foreign bank? The second part of my question is whether the Minister would like to tell the House as to what is the percentage of investment in nationalised banks and in foreign banks separately?

[English]

SHRI MALLIKARJUN: There is no violation of any such thing. And if any misconception is there, it has to be removed. In nationalised banks also, deposits have been made.

[Translation]

SHRI RABI RAY: Mr. Speaker, Sir, have any instructions been issued to the Bureau of Public Enterprises? Would he like to reply to it?

[English]

SHRI MALLIKARJUN: The Bureau of Public enterprises has not come into the picture.

MR. SPEAKER: The question is very very specific. Have you any instructions from the Reserve Bank or the Bureau of Public Enterprises that you should deposit only in nationalised banks?

SHRI MALLIKARJUN: This is what I am telling. So far as the Reserve Bank is concerned, no guidelines have been given to us. At the same time, from the Finance Ministry's side also, no guidelines have been given to us.

SHRI RABI RAY: What about Bureau of Public Enterprises?

SHRI MALLIKARJUN: I do not know it. I will furnish the information about the Bureau of Public Enterprises.

MR. SPEAKER: You please get the information.

SHRI MALLIKARJUN: I will certainly do that.

[Translation]

SHRI RABI RAY: Mr. Speaker, Sir, it has not been explained while replying to my second question as to what percentage of

funds are there in foreign banks and how much in nationalised banks?

[English]

MR. SPEAKER: He may not have it.

SHRI MALLIKARJUN: I have got the figures. I can give that. In 1990-91, we have deposited Rs. 261 crores in the Indian Bank; We have deposited Rs. 622 crores in Canara Bank; Rs. 105 crores in Vijaya Bank; Rs. 60 crores in Grind'ays Bank; Rs. 10 crores in the Central Bank; Rs. 124 crores in the State Bank of India. Then we have deposited Rs. crores in the Indian Railway Construction Company; Rs. 20 crores in the Unit Trust of India and Rs. 60 crores in the HAL...

MR. SPEAKER: They are asking: What percentage you have got. This is not the percentage.

SHRI MALLIKARJUN: Why I am reading out the figures is that I cannot calculate the percentage on the spot.

MR. SPEAKER: This is exactly I have said.

SHRI MALLIKARJUN: Therefore, I am reading out the figures. I will calculate the percentage and send it to the hon Member....(Interruptions)

MR. SPEAKER: All right.

[Translation]

Science Education

*404. SHRI SRIKANTA JENA: Will the Minister of HUMAN RESOURCE DEVELOPMENT be pleased to state:

(a) the amount of financial assistance provided under the Centrally Sponsored Scheme to Government and Government aided schools for improvement of science education during the current year, Statewise

(b) whether the Government propose