

## LOK SABHA DEBATES

### LOK SABHA

Friday, March 12, 1993 31 Phalguna A  
21, (1914) (Saka)

*The Lok Sabha met at Eleven of the Clock*

[MR. SPEAKER *in the Chair*]

*(Interruptions)*

[English]

SHRI C. K. KUPPUSWAMY (Coimbatore): Sir, a Congress MLA was assaulted by some persons belonging to AIADMK in Egmore of Tamil Nadu. so, Question Hour should be suspended to discuss this matter. (*Interruptions*)

11.0 hrs.

*At this stage, Shri C. K. Kuppuswamy came and sat on the floor near the table.*  
(*Interruptions*)

THE MINISTER OF STATE IN THE MINISTRY OF HUMAN RESOURCES DEVELOPMENT (DEPARTMENT OF YOUTH AFFAIRS AND SPORTS) (SHRI MUKUL BALKRISHNA WASNIK): Please go to your seat. (*Interruptions*)

11.03 hrs.

*At this stage, Shri, C. K. Kuppuswamy went back to his seat.*

11.03 1/2hrs.

ORAL ANSWERS TO QUESTIONS

[Translation]

### Sale of Industrial Units

241. SHRI GIRDHARI LAL BHARGAVA: Will the MINISTER OF FINANCE be pleased to state:

(a) Whether the Supreme Court has held in its judgements that the industrial units may be sold by the State Finance Corporations only after exhausting all possibilities of their revival;

(b) Whether the Union Government have brought to the notice of financial institutions the orders / directions of the Supreme Court;

(c) if so, the details thereof;

(d) if not, the reasons therefor;

(e) Whether the financial institutions are following these directions ; and

(f) if not the reasons therefor?

[English]

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (f). A Statement is laid on

the Table of the House.

### STATEMENT

(a) The Supreme Court, in its Judgment dated February 12, 1992 in the case of *Mahesh Chandra Vs. Uttar Pradesh Finance Corporation (UPFC)*, while setting aside the sale effected by UPFC in exercise of its powers under Section 29 of the SFCs Act, 1951 on the basis of the facts and circumstances of the case, observed that "Keeping these factors giving rise to conflicting interest the following directions are necessary to be issued to be observed by the UPFC while exercising power under Section 29 of the Act", that every endeavour should be made to make the unit viable and to be put in working condition. If it becomes unworkable, sale of a unit should always be made by public auction.

(b) to (f) : No, Sir. However, the Financial institutions are expected to take note of this decision of the Supreme Court, in subsequent cases in similar situations.

[Translation]

SHRI GIRDHARI LAL BHARGAVA: First of all I would like to congratulate Shri Abrar Ahmed, who belongs to Sawai Madhopur in Rajasthan for assuming the charge of new Minister of State in the Ministry of Finance. A cement factory is lying closed there. He knows about it. I would like to extend my thanks to him for replying the first question in this session. The Supreme Court has given direction not to dispose off small industrial units and the hon. Minister has stated:-

[English]

"Every endeavour should be made to make the unit viable and to be put in working condition."

[Translation]

The Supreme Court has given direction

not to dispose off these units at all and to make these viable. How many units have been revived after providing desired relief in the rates of interest under the direction of the Industrial Development Bank. Secondly, directorate of Industries had directed that technical person, who took loan, will not participate in activities of any political parties. This condition was abolished by the Government of Rajasthan. Does the Central Government propose to abolish this condition at the Central Government level in all the States? My third supplementary is that a person, who takes loan cannot set up any other industry even if the dies of starvation. Therefore would the Government like to abolish both these conditions?

DR. ABRAR AHMED: Mr. Speaker Sir, the supplementary raised by the hon. Member regarding the Sawai Madhopur Cement Factory is not related to the main question. Since he has congratulated me and then asked this question, I think must reply to it. I am in no way less worried than the hon. Member about this factory, since I myself belong to Sawai Madhopur. Before becoming a Minister, when I was a member like him I had raised the issue of Sawai Madhopur Cement Factory several times. The hon. Member is aware of it but sometimes there are problems that cannot be solved immediately. I would like to inform the hon. Member that at first the matter was with the B. I. F. R., who decided it but after that the concerned party has filed a writ in the A.I.F.R. The hon. Minister is aware that when an issue is pending in a court or with a similar other institution then the Government can not interfere in it directly and is of little help. As soon as the A.I. F.R gives a decision about the cement factory, the Government will definitely make all possible efforts to restart the factory.

The hon. Member, further wants to know as to in how many cases the Supreme Court has given this directive? All the sick units or these units which were set up with loans from the State Financial Corporation should not be sold.

In this context I would like to inform the

hon. Member that it is a fact that the Supreme Court has given the verdict in the case of Mahesh Chandra Vs. Uttar Pradesh Finance Corporation that the viability of every sick unit should be examined and every effort should be made to revive it. If the unit becomes unworkable, the assets of the unit should be sold in an open auction. The hon. Member has asked as to how many cases are there in which such directives have been given. I would like to inform the hon. Member that the Supreme Court has given this interim verdict and it will give the final judgement later. The verdict of the Supreme Court is based on merits of the case and the Government can not form a policy on that basis.

I would like to inform the hon. Member about the other case, which is concerned with the U.P.F.C. Vs M/s J.F.K. of India. The Supreme Court reversed its interim verdict. The Government can do little in this matter. Thirdly the hon. Member has expressed his desire to know whether the person taking loan can not be associated with any political party or he can not set up any other industry. I would like to inform him that such a ban was imposed only in Rajasthan which has now been lifted and there is no such condition in any other Financial Corporation.

**SHRI GIRDHARI LAL BHARGAVA;**

There are no two opinions that the hon. Minister has given a good logic and he deserves congratulations. Please let me know as to what will happen to the workers if the Sawai Madhopur Cement Factory and the poddar factory at Jaipur are closed. Besides, how much amount has been sanctioned by the Financial Corporations for the other factories at Beawar. The second part of this supplementary question is how much amount is outstanding against these units and what steps are being taken by the Government for recovery. The third part of this Supplementary is what steps are being taken to streamline the performance of the State Financial Corporations since he took charge as a new State Minister of Finance. It has been stated that the Supreme Court has given verdict not to sell any of the units and the Financial Corporations should help

these units to stand on their own. What steps has the Government taken to provide assistance to these small units and revive them?

**DR. ABRAR AHMED:** I am seized of the matter relating to the cement factory at Sawai Madhopur and I share his concern but as I have stated when the case is pending in the court the Government can not intervene in it (Interruptions) ..... You know it very well and I am just reminding you. This issue is with the A. I. F. R. and as soon as it is decided, efforts will be made in this direction.

Secondly, the hon. Member has asked about the sanctioned amount till date. Upto 31st March, 1992, Rs. 13,15,009 lakh were sanctioned for 4 lakh 62 thousand 776 units and out of it Rs. 10,20,211 lakh was actually disbursed. As far as the statewise figures are concerned (Interruptions) perhaps you have not listened to me attentively, I have rightly spoken and have used the word lakh at the end of the figure. I have spoken 10,20,211 lakh, if you listen it carefully then you will not have any objection. If the hon. Member wants the Statewise figure, I have them with me but it is a detailed one and it will take long time to read it out.

As far as the question of overdues is concerned Rs. 6840 crore was outstanding upto 31st March, 1992. Excluding Bihar and Jammu and Kashmir the outstanding amount was Rs. 5,900 crore. 4,110 crore was in standard category, Rs. 664 crore was in sub-standard and in category doubtful category the amount was 1125 crore. During the Seventh Five Year Plan this outstanding was 31 per cent which shot upto 35 per cent in 1991-92. Orissa is on the top with 64 per cent of the total outstanding against the state. It is followed by Himachal Pradesh, Andhra Pradesh, Karnataka and others. The last part of the hon. Member's supplementary related to the recovery of outstanding. I would like to inform him that in 1986-87 the recovery was 35 per cent which declined to 31 per cent in 1991-92. In the following year it became 32 per cent. The hon. Member has expressed his desire to

know... ( *Interruptions* )

SHRI GIRDHARILAL BHARGAVA: The hon. Minister belongs to my tate, he is an hon. Minister and I am in the oppositon . He belongs to the ruling party and he is a Minister ( *Interruptions* )

DR. ABRAR AHMED : The last question was regarding the performance ( *Interruptions* ) The hon. Member has asked as to what steps have been taken to streamline the performance . I would like to inform him that many steps have been taken to improve the performance, which includes the " six monthly review" , " identified potential of sick units for their revival" also. For recovery, there is the " periodic review" and the " default - review" . Apart from it some of the steps that have been taken ar3e the setting up of committees, sufficient arrangement for bad debt, fixing target for annual collection and special aid to the weak S. F. C. ' s by SIDBI.

[*English*]

SHRI SHARAD DIGHE: Mr. speaker, Sir. in answer to part (a) of the question, the Minister has rightly disclosed the good principle which has been laid down any the Supreme Court , that is every endeavour should be made to make a unit viable and to put it in working condition. If at all it is not viable then it should be sold by public auction . When this good prnciple has been laid down by the Supreme Court , I am surprised to see the reply to part (b) of the question where the Minister has not even informed or brought to the notice of the Financial Institutions this good direction given by the Supreme Court.

I would like to know whether it is not the duty of dthe government to see that the Supreme Court's direction is follwed by the financial institutions. And from that point of view, is it not necessary for you not only to bring to the notice of these financial institutions but to see that no violetion is committed by these financial institutions with respect to these principles laid down by the Supreme Court?

[*Translation*]

DR. ABRAR AHMED: Mr. Speaker, Sir, I have already stated in detail that the Supreme Court decides the cases on merit and it has given a decision in a particular case. But in another case it reversed its earlier decision. I would like to tell the hon. Member that the Government cannot frame its policies on the basis of a particular judgement passed by the Supreme Court . Conditions and merits differ from case to case. The Government can , therefore, not issue anyh direction to the ffinancial institutions. The hon. Member has sought to know the number of cases in which evaluation has been conducted. In this regard, I would like to inform him that evaluation is done only in the case in which orders have already been passed by the Court; and the decision of thee Supreme Court is followed . It is very difficult to do so in all the the cases unless some policies are framed and without such directives of the Supreme Court, the framing of policies in such matters is not.

[*English*]

SHRI SHARAD DIGHE: It is a direction of the Supreme Court . It is not a question of laying down your policy direction of the Supreme Court is binding.

[*English*]

SHRI SHARAD DIGHE: It is a direction of the Supreme Court. It is not a question of layiing down your policy direction of the supreme court is binding.

[*Translation*]

SHRI GEORGE FERNANDES: Mr. Speaker , Sir, since the issue of sick industries has come up and since there has been a reference to the B. I. F. R. , I would like to ask the hon. Minister whether it is a fact that the B. I. F. R. shows more interest in selling the sick industries to the industrial groups of the its own choice than in rehabilitating these units. I would like to know from the hon. Minister whether he has got some specific complaints in this regard. I would

also like to know that while the B. I. F. R. has been asked to perform the role of a doctor to look into the problems of sick units, what is the number of such cases lying before the B. I. F. R. and the time by which it would the inquiry, to be followed by proper measures to rehabilitate the sick industries. Besides, I would also like to know the short-comings of the B. I. F. R. and the steps to be taken by the hon. Minister to overcome these short-comings?

DR. ABRAR AHMED: Mr. Speaker, Sir, normally the B. I. F. R. has nothing to do with such a question. Since the matter pertains to a cement factory so I just referred to about the B. I. F. R. Since the hon. Member has, by referring to that, sought to know whether I have received any complaint regarding selling the sick industries to a selected industrial group. I would like to inform the hon. Member in this regard that I have not received any such complaint.

SHRI GEORGE FERNANDES: Have you then tried to gather information in this regard? My second question was also there that several cases are lying for disposal before the B. I. F. R. for a long time. Many of them are pending for five to seven years. Mills are closed, labourers are unemployed and moreover the Government has its investments in those mills. I would like to know as to when these problems will be solved?

[English]

THE MINISTER OF FINANCE ( SHRI MANMOHAN SINGH) : Mr. speaker, Sir, the hon. Member is right that there are problems about timely disposal of cases that go before the B. I. F. R. It is precisely for this reason that we have sought to amend the sick Industrial Regulation Act.

SHRI BASUDEB ACHARIA: You strengthen it.

[Translation]

SHRI DILEEP SINGH BHURIA: Mr. Speaker, sir, the hon. Minister has stated

that industries are set up in the country and they are closed too. When industries are closed, it is the labourers who suffer the most because industries provide them bread and butter. They really suffer the most when industries are closed. I would like to draw the attention of the hon. Minister to the fact that the millowners derive maximum benefit out of their mills and there after they make these mills sick and gradually close them. I would like to know from the hon. Minister whether he is proposing any amendment in the concerned Act so that the closure of the mills may be prevented and even when they are close, the invested money may be taken back from the millowners. The next thing I would like to point out that the textile mills are generally closed. There is one Sajjan Textile mill in my constituency of Ratlam which after being closed, is now being run by the State Government. The labourers, however, want to run the mill themselves. Now the banks and other financial institutions are trying to thrust the financial liabilities of the factory on the labourers, whereas they should recover their dues from the mill owners. (*Interruptions*).

MR. SPEAKER: you are not supposed to deliver a speech, you have to ask question.

SHRI DILEEP SINGH BHURIA: I simply want to submit that if the labourers are to run those industries, then the outstanding liabilities of the industries should be rested on the industrialists and not on the labourers and in running the new industries.. (*Interruptions*)

MR. SPEAKER: He wants to know whether the labourers are to be given the responsibility of running the mills?

[English]

SHRI MANMOHAN SINGH: This has to be just a case to case matter. The Government would be very happy to look into these cases. Wherever the workers are in a position to run these sick units, it will be our endeavour to encourage them.

[*Translation*]

SHRI MOHAN SINGH (Deoria) : Mr. Speaker, Sir, there is a lot of confusion about this question. The State level financial corporations are concerned about financing small and medium scale industries alone and their responsibility is restricted only to make investment. Most of the industries are closed mainly for want of working capital, electricity and raw material. The Government has restricted the role of state financial corporations only up to making in finance available. The industries that depend on other financial institutions such as Banks etc. for more working capital following the investment made by the State Financial Corporations, are generally closed due to non-availability of working capital from the Banks and the capita already invested in the industries is sunk and the units are unable to start functioning. I would like to know from the hon. Minister whether the Government would provide the State Financial corporations with the right to further provide the working capital to rehabilitate the industrial units whom they have already given financial assistance? is it a fact whether the Government contemplates to bring any change in this policy?

DR. ABRAR AHMED: Mr. Speaker, Sir, till 1990, the S.F.C. has been providing term lakhs up to a maximum of Rs. 60 lakh to such projects, whose projects cost limit was Rs. 3 crore and since August 1990 this amount has been raised from Rs. 60 lakh to Rs. 90 lakh for those projects whose projects whose project cost is Rs. 5 crore. So far as the matter of working capital, as has been said by the hon. Member is concerned, the State Financial Corporation provides them working capital as per its own limits and resources. The industrial units can apply for working capital to any Bank or to any financial institution and the amount of working capital is sanctioned keeping in view the viability of the project.

[*English*]

SHRI B. AKBAR PASHA: Delay is involved in the B.I.F.R. cases. They appoint

an operating agency which finalises a case. That take quite a long time. Even after a decision is taken, the operating agency gives a direction to the financial institutions very late. That is why the disbursement takes such a long time that the unit becomes further sick. Will the Government try to seek some remedy in this direction?

[*Translation*]

DR. ABRAR AHMED: Mr. Speaker, Sir, I fully concede the incidents of delay as pointed out by the hon. Member and in this regard the Government is contemplating to increase the number of benches.

### EPFA Scheme

242. SHRI RAJNATH SONKAR SHASTRI: Will the Minister of LABOUR be pleased to state:

(a) Whether the Comptroller and Auditor General of India in his Report No. 15 of 1992 on Employees' Provident Fund Organisation has pointed out a number of shortcomings in the working of Employees Provident Fund Scheme;

(b) if so, the details thereof; and

(c) the corrective steps taken by the Government in this regard?

[*English*]

THE MINISTER OF STATE OF THE MINISTRY OF LABOUR (SHRI P. A. SANGMA): (a) to (c): A statement is laid on the Table of the House.

### STATEMENT

The Controller & Auditor General of India in his report for the year ended 31-3-91 (No. 15 of 1992) has made certain observations on the working of the EPF Scheme. The important observations are mainly about delays/ deficiencies in respect of the following matters :- identification of coverable establishments; issue of orders for coverage of establishments; determination of PF dues to be paid by the defaulting