

MR. CHAIRMAN : The question is :

"That the Bill further to amend the Special Court (Trial of Offences Relating to Transactions in Securities) Act, 1992, be taken into consideration."

*The motion was adopted.*

MR. CHAIRMAN : The House shall now take up clause by clause consideration of the Bill.

The question is :

"That Clauses 2 to 4 stand part of the Bill."

*The motion was adopted.*

*Clauses 2 to 4 were added to the Bill.*

MR. CHAIRMAN : The question is :

"That clause 1, the Enacting Formula and the long title stand part of the Bill."

*The motion was adopted.*

*Clause 1, the Enacting Formula and the Title were added to the Bill.*

SHRI P. CHIDAMBARAM : I beg to move :

"That the Bill be passed."

MR. CHAIRMAN : The question is :

"That the Bill be passed."

*The motion was adopted.*

16.53 hrs.

#### STATUTORY RESOLUTION

**Re : Disapproval of the Industrial Reconstruction Bank (Transfer of Undertakings and Repeal) Ordinance and Industrial Reconstruction Bank (Transfer of Undertakings and Repeal) Bill**

[English]

MR. CHAIRMAN : The House shall now take up Item Nos. 16 and 17 together. Shri Rasa Singh Rawat to speak.

[Translation]

PROF. RASA SINGH RAWAT (Ajmer) : Madam, Chairperson, I beg to move the following Resolution :

"That this House disapproves the Special Court (Trial of Offences Relating to Transactions in Securities) (Amendment) Ordinance, 1997 (No. 6 of 1997) promulgated by the President on 16 January, 1997."

Madam, Chairperson, the Industrial Reconstruction Bank (Transfer of Undertakings and Repeal) Bill, 1997 has been brought in the form of an Ordinance. I would like to oppose the tendency to bring in a legislation in the form of an ordinance. This Ordinance given assent to and promulgated by His Excellency the President of India on 24th January, 1997 whereas just two days after that occasion, we were going to celebrate the Republic Day on 26th January. This Republic Day assumes much significance as this year we are celebrating the Golden Jubilee Year of our Independence but the Ordinance was promulgated just two days before the Republic Day. This tendency should meet opposition.

Madam, Chairperson, I through you, would like to remind the people sitting in front of me that when they used to sit in these Chairs earlier, they were in the habit of protesting almost each and every Ordinance, They used to term every Government as a Government which believes only in Ordinances. Several references of several legislation were used to be given by these people. Such sentences were repeated many a time that Ordinances should be promulgated only in an emergency like situation in the country or when possibility of convening the Parliament session seems far away or when the country is likely to suffer any unavoidable loss. Any Ordinance should be promulgated only in such conditions. Otherwise in a normal situation, when Parliament is in session, the Government should introduce a Bill then it should be referred to the Standing Committee of the concerned Ministry where it should be discussed hair breadth. Members of all party should cut across their party line and give their valuable suggestions which should be taken into consideration by the Committee and then only the Government should introduce that Bill in the House for discussion. This is the way to follow the democratic system properly but when these 13 parties, which are having conflicting view points on every thing, do say that they have got full faith in democracy and they respect it, it becomes unbelievable. I, through you, would like to know as to why this Ordinance was promulgated with so much hurry ? So far the Industrial Reconstruction Bank (Transfer of Undertakings and Repeal) Bill was in effect and we were, however, managing the things to get on and there should have been no need to bring in this Ordinance in a hurry. I, through you, severely condemn the tendency of promulgating the Ordinances in this way. I also charge this Government for not showing due respect to this House and not taking the Parliament seriously. This is the reason that this Government is resorting to Ordinances time and again and avoiding deliberations on different issues.

Sir, howsoever good or bad a law may be, but it is very necessary to have a good source for reaching your targeted

end. I can not support even the very subject on which they have brought this Ordinance. Many of my friends might not have read the contents of this Bill. Just to write off the crores of rupees and get it stamped by the Parliament, this Government has brought this Bill in order to convert this Bank into a company, I want to draw your attention towards the financial memorandum on page 8 of this Bill which says :

[English]

"(a) reducing paid up capital of the Industrial Reconstruction Bank of India by writing off the equity to the extent of Rs. 74.30 crore against past non-performing assets;"

Earlier, who were responsible for the non-performing assets ?

[Translation]

Who were responsible for the non-performing assets ? How did it become as non-performing and who were responsible for writing it off ? Why the money was not realised, why no guarantee papers were signed, why no security was deposited and why no attempts were made to put the things in order in this regard ? And today they want to get it stamped by the Parliament which is why I am opposing it. It has clearly been mentioned in the Bill that:

[English]

Kindly see minutely between the lines.

After that, it is also written on page 8 of the Bill under 'Financial Memorandum' which is as under :

"(b) convert an amount of Rs. 52.25 crore of equity share capital of the Industrial Reconstruction Bank of India into redeemable preference shares carrying the dividend at the rate of 6 per cent per annum and redeemable at par on the expiry of ten years from the date of allotment."

[Translation]

This is evident from these lines as to what are the Government's intentions behind this Ordinance. I, therefore, do condemn this tendency of promulgating an Ordinance. They want to write off the hard earned money of the people of this country — whether it is invested in BIFR or in sick industries or to eradicate the backwardness from the country—which has accumulated to the tune of Rs. 74.30 crores during the last 13 years since the inception of Industrial Reconstruction Bank in 1984. I leave it upto Parliament to decide as to how much fruitful this move will be for Indian economy. Hence, I do oppose it.

17.00 hrs.

Sir, before I finish my speech, I would like to say one more thing and that is about the deliberations in the Constituent Assembly which was going on in respect of the articles providing powers to the President to promulgate an Ordinance. When the Assembly was discussing this matter, the then Speaker Shri Mavlankar ji had pointed out that except for special circumstances or an emergency like situation, such powers should not be used. Which is why I oppose this way of promulgating an ordinance which is basically against the very spirit of democracy. Following are the few lines which he has said in the name of economic liberalisation.

[English]

"...ensure greater flexibility and consequent ability of the Industrial Reconstruction Bank of India to respond to the needs of the fast changing financial system, the Industrial Reconstruction bank (Transfer of Undertakings and Repeal) Ordinance, 1997 was promulgated by the President on the 24th day of January, 1997."

[Translation]

About Non-performing assets, it has been said that :

[English]

"As the Industrial Reconstruction Bank of India was predominantly engaged in reconstruction and rehabilitation of sick companies, its assets structure got heavily burdened with non-performing assets."

[Translation]

My friends should take note of the phraseology used in the above lines. It has been said in the above lines that they would set up a company by the name of Industrial Reconstruction Bank of India limited which would work like Industrial Investment Bank which I do oppose. I oppose the very objective of bringing this ordinance and with these words, I move the Statutory Resolution disapproving the promulgation of the Ordinance.

17.01 hrs.

(MR. DEPUTY-SPEAKER *in the Chair*)

[English]

DR. T. SUBBARAMI REDDY (Visakhapatnam) : Sir, I had given notice for the Statutory Resolution disapproving the promulgation of the Ordinance. Now I want to support the Bill and withdraw the Resolution. Kindly allow me to speak before the Minister.

MR. DEPUTY-SPEAKER : At this stage nobody is allowed to do so. The Minister has to move the Bill first.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : I beg to move :

"That the Bill to provide for the transfer and vesting of the undertakings of the Industrial Reconstruction Bank of India to and in the Company to be formed and registered as a Company under the Companies Act, 1956, and for matters connected therewith or incidental thereto and also to repeal the Industrial Reconstruction Bank of India Act, 1984, be taken into consideration."

The Industrial Reconstruction Bank of India was constituted under the Industrial Reconstruction Bank of India Act, 1984. The Charter of the bank stipulates that it shall function as the principle credit and reconstruction agency for industrial revival and coordinate similar work of other financial institutions as well as assist and promote industrial development and rehabilitate industrial concerns. Subsequently, in 1985, Parliament enacted the Sick Industrial Companies (Special Provisions) Act, SICA, with a view to ensure timely detection of sick and potentially sick companies, speedy determination of suitable measures in respect of such companies and for enforcement of these measures. Under the provisions of SICA, the Board for Industrial and Financial Reconstruction, BIFR, was set up in 1987. With the enactment of SICA and setting up of BIFR, the coordination and catalytic role for rehabilitation has become strongly institutionalised in BIFR. Currently, financial institutions and commercial banks are nursing sick units in their own portfolio. Keeping in view that the role of IRBI as principal agency for reconstruction and rehabilitation of sick units was no longer relevant, it was felt that there is a need to redefine the role and functions of IRBI and if possible transform it into a full-fledged all purpose development financial institution.

Hon. Members will recall that in my Budget speech last year, I promised to bring a law to transform IRBI into a full-fledged financial institution and all sections of the House welcomed that proposal and supported me.

Presently, IRBI's profitability and other parameters had been adversely affected due to its asset structure having got heavily burdened with non-performing assets and implementation of provisioning norms prescribed by the Reserve Bank of India.

In fact, if I may refer to some ratios of the IRBI, it would be seen that they are very adverse. The earnings per share is only five paise; the book value per share is Rs. 10.00; the notional debt service coverage ratio is only 1.79; the reserves as a proportion of equity is 0.01 and the percentage of NPAs is as high as 32.1. Hon. Members are aware that several changes in the financial sector during the last five years or so have made it vital for the financial institutions to raise funds largely from the capital market. This poses great difficulties for IRBI which has hitherto not been competitive in resource mobilisation. IRBI's survival in the

existing financial system would, therefore, depend crucially on its ability to mobilise resources, equity as well as debt, competitively and transmute these into high quality assets. IRBI, if it is continued in its present form, would not be in a position to garner adequate resources for growth and would continue to remain uncompetitive *vis-a-vis* other all India financial institutions. It is also necessary to give IRBI greater functional autonomy and operational flexibility in its operations.

The Bill also empowers the Central Government to reduce equity capital of IRBI and/or convert equity into redeemable preference shares. This is being done so that a part of the non-performing assets can be written off and another part can be converted into preference shares. This will clean up the balance sheet. This will also enable us to infuse more capital into the Company as well as raise capital in the market.

One of the questions that was put to me when I was sitting here was : 'What do you propose as authorised capital of IRBI?' I am happy to inform the House that as of now in the Memorandum and Articles of Association of the proposed Company, I propose to have an authorised capital of Rs. 1,000 crore for the IRBI. This will make it a huge financial institution based in Calcutta. Its headquarters will remain in Calcutta as I promised in my last Budget Speech. It is necessary that eastern India has a full-fledged financial institution just as Mumbai today has more than one full-fledged financial institution. It will help in the development of industry in the eastern part of India, including Assam and the North-East.

We appointed CRISIL, one of our rating agencies to look into the situation of IRBI and suggest various options. They examined all the options and recommended certain options. The Board of IRBI finally chose the option that it should be converted into a Company and that its capital should be restructured and fresh capital infused into the Company. The Government has accepted this suggestion.

Since this promise was made in last July and since I am anxious that the new Company should be inaugurated in Calcutta before the 31st of March, I could not lose time. I was hoping that I would get legislative time in the last Session of Parliament. In the last Session of Parliament, I did not get legislative time. The only way I could get legislative time is — to get this done before March — to use the intervening break to make an Ordinance so that the preliminary work on drafting of Memorandum and Articles of Association is complete. As soon as this Bill is passed in this House and in the Rajya Sabha, I hope to travel to Calcutta. With all the Members from Bengal and other parts there, we hope to get this institution going before the 31st of March.

I think, this is a welcome step. It will be a great boon to IRBI. Otherwise, IRBI would become sick in a few months.

IRBI should not become sick. IRBI should be converted into a full-fledged institution and we should be able to complete this process before the end of the financial year.

I request the hon. Members to cooperate in passing this, what I consider, a very important Bill to protect an institution which was founded in different times and for a different purpose and convert it into a strong full-fledged financial institution for industrial investment and development in that part of India.

JUSTICE GUMAN MAL LODHA (Pali) : Hon. Deputy-Speaker, Sir, I stand to vehemently oppose the Bill proposed by the hon. Finance Minister.

Sir, whatever objects and intentions which the hon. Minister of Finance has given in the statement, if precisely put, means that IRBI have become uneconomic, failed, collapsed and there are bad debts up to an extent of 35.10 per cent, as the hon. Minister has put it, and which comes to Rs. 74.30 crore as declared in the Financial Memorandum. To camouflage this, the terminology or phraseology 'non-performing assets' has been used. We want that this bank should take rebirth after Rs. 74 crore, which is the Government money, is wiped off or written off. This august House should put a seal on it that we approve of writing off the bad debts of Rs. 74 crore.

Now, the people of India would like to know as to why this is being written off. The hon. Minister of Finance has not said a word as to who are the business houses who have taken this Rs. 74.30 crore. This is the public money. This is the money of the Government which means the people and they are answerable to the people. Why have they lost this money? Why has it become bad debt? Why could they not recover it? Why have they given it? Is it on account of favouritism or nepotism or corruption? How was it paid without ensuring security and without ensuring that it would be repaid? Where has this money gone?

Unless it is explained to the people, it would not be proper for us to put a seal and write off those bad debts. It is a device and it is an attempt to write off the bad debts in the form of converting the statutory bank into the company. Therefore, I strongly object to it. I object to the *modus operandi* to befool the people of India, to betray the people of India and to commit breach of trust of the people's money and thereby commit a serious offence against the people of India.

Secondly, Sir, the Financial Memorandum says the reduction of capital would be made. It is well known that under the Indian Companies Act permission of the High Court has to be taken for reducing the capital. The High Court has to decide whether to allow the company to reduce its capital or not because reduction of capital has got serious and adverse financial consequences. This means that they are reducing the capital and they are virtually liquidating it, that too without the permission of the High Court by this

device of converting the statutory bank into a company under the Indian Companies Act.

My next objection is that this device should not be allowed because they want the verdict of this august House. This House is seized of the matter and this House must read between the lines as to what are the nefarious designs and what is the ulterior motive. We should understand this *mala fide modus operandi* to oblige those persons who have taken Rs. 75 crore. Who are those persons? Would the hon. Minister give the list to the House? I am certain that he would not give. He may give the reasons. He will give many reasons. He being an eminent advocate, would be able to give various reasons which *prima facie* seems to be correct. But if a probe is done, we will find that the object is to oblige those persons who have taken Rs. 75 crore and want to go scot free.

Therefore, this House should oppose this Bill vehemently. Whatever had happened to IBRD, the same thing would happen to this also. One after the other, this will go on happening. You would first create a company — a statutory company of a company under the Companies Act, then wind up or convert it into another company and then you would say that there are non-performing assets worth Rs. 100 crore or Rs. 75 crore and so on and so forth. This device must stop. I would give an example here.

I was in Chennai some time ago in connection with the work of a Committee of the Parliament. In Chennai, it was talked about and it is on record that there is one bank known as the Indian bank. That bank has squandered the money to the extent of some thousands of crores of rupees. The Chairman and Managing Director of that bank and the persons who were in charge, gave money to some airlines, to some other persons or some other bogus companies, without getting a resolution to that effect passed. Thus, thousands of crores of rupees were squandered, not in just thousands or lakhs. I am saying this on the basis of the First Information Report which has been recorded in the court. Cases have also been filed against one time Chairman of that bank and other persons who had entered into a conspiracy. That type of a conspiracy or that type of an offence had been committed because of which an FIR had been lodged. Now, an effort is being made to cover it up by setting up a committee. We should find out whether it was an account of a *mala fide* intention of the Chairman and the Managing Director or it was on account of the failure of the system.

A new phrase was coined like 'system's failure', for obliging Shri Harshad Mehta and others at the time of securities scam. They said, "Look here, the Ministers had not committed any wrong; the Ministry had committed wrong; and therefore, the Ministries' wrong is failure of system and not a *mala fide* act of commission or omission." This type of a device which is being adopted to befool the people should not be allowed to succeed.



[Justice Guman Mal Lodha]

Just prior to this discussion I have said about this and the hon. Finance Minister has not given any reply or has not spoken a word about that. This type of a device is very well prevalent in this country. I have pointed out another thing also. The Unit Trust of India is a Trust having the money of crores of people which is the whole life time savings of poor people like peons or clerks, like pension, provident fund, etc. But that money has been squandered by them. In the stock exchange, by artificially creating a rise in the price of the shares — in collusion and conspiracy with the bosses in the Unit Trust of India — they got those shares purchased by the Unit Trust of India and people's money was squandered. Thus the share market collapsed. Now, the investors in the Unit Trust of India are looking forward for refund. But they said that they did not have any money.

Here, the Finance Minister had got tight lips; he did not say a single word to mention why it has happened like that or how it has happened and what the Government is doing about that. The Finance Minister is a watchdog and a sentinel of all these fiscal matters or transactions. Here, people's hard-earned money is involved. On account of these various devices, big business bosses are making juggleries in the stock exchange; squandering, playing and gambling with people's money and people's fortunes. Thousands of persons have committed suicide on account of that.

It is because suddenly the market collapses and suddenly, there is artificial rise in prices and they remain as silent spectators sitting on the Treasury Benches. Holding the responsibility as Finance Minister of the country, it is his duty to safeguard it. But nothing is done. Now, this is another device. I therefore, strongly oppose it. I would appeal that this must be withdrawn and at least, a closure must be put to squandering of public money. The House has to put a seal on such non-performing assets, a phrase which has been coined to conceal bad debts, to conceal nepotism, favouritism and corruption in giving loans to a few persons either on account of personal or political influence and then they are declared as non-performing assets. I would, therefore, submit that this Bill should not be passed and it must be vehemently opposed.

The other day, a mention was made that the Standing Committee is seized of it. If the Standing Committee is seized of it, then the report of the Standing Committee must be obtained and thereafter, it must be considered. In any case, I vehemently oppose it and I appeal to the hon. Members to defend the interest of those undefendable persons who are not in the House, who are sitting in the various cities, towns and villages of this country and watching as to how the leaders of the people act and react — each one representing 15 lakhs of people — to this game of bad debts, this game of hide and seek and squandering of public money.

With these words, I vehemently oppose this Bill.

MR. DEPUTY-SPEAKER : Kumari Mamata Banerjee may speak now.

SHRI RAM NAIK : Sir, I am on a point of information. This is the original Bill and all such original Bills are required to be sent to Standing Committee. There was a proposal. We had discussed it. At that time, the hon. Speaker had said that he will examine the point. Now, we would like to know the Government's reaction to that and then, the discussion can be continued.

KUMARI MAMATA BANERJEE : Your Party has already spoken. Now allow other Parties also to speak ...*(Interruptions)*

MR. DEPUTY-SPEAKER : There is no check for you to speak.

...*(Interruptions)*

[*Translation*]

JUSTICE GUMAN MAL LODHA : Please sit down, please...*(Interruptions)*

KUMARI MAMATA BANERJEE : Why to sit down ? You should have allowed us to speak without any request by us ...*(Interruptions)* Your party has already spoken ...*(Interruptions)*

JUSTICE GUMAN MAL LODHA : O.K. You may speak now ...*(Interruptions)*

MR. DEPUTY-SPEAKER : It is different thing that it can be referred to the Committee after the discussion is over. I have no objection in allowing you to speak but the ruling given by the hon. Speaker will be final

...*(Interruptions)*

[*English*]

SHRI RAM NAIK : This is why, I am not opposing your speaking; you can continue. My only point is, before the Minister replies, we must know about that position so that the debate can go on in a proper way.

MR. DEPUTY-SPEAKER : I will check up.

KUMARI MAMATA BANERJEE : Sir, I am grateful to you for allowing me to speak. I am not opposing the views of Shri Ram Naik. What I said was, before their party started this discussion, they should have appealed to the House and then, we could have discussed it unanimously. There is no harm in that. In my mind, I also think that instead of discussing this Bill today in this House, it should have been discussed in the Standing Committee first. It is because all finance-related Bills are important Bills. So, it is a lacuna only on the part of the Government to have brought this Ordinance and then coming to the House for passing it. So, it is better that instead of bringing this Ordinance and get it passed immediately or hurriedly, it should have been discussed in the Standing Committee. Only for this purpose,

the Standing Committee is set up by the Parliament itself. Of course, sometimes circumstances prevent the Government to bring this Ordinance to the House. It is a fact. But I have seen that this time, Government has brought so many Ordinances within these two months. I do not know the number of such Ordinances. Then, what is the need of this Parliament? I may tell you that I am really hurt to see such type of things. This is an important finance-related Bill. They come to Parliament with Ordinances. I am not blaming Chidambaramji because circumstances might have prevailed upon him to bring this Bill before the House to replace the Ordinance issued by the President. That is all right. But when the Standing Committee on Finance is there, why is it not referred to it? I do not know the reason.

I can give you one example. Lokpal Bill was Introduced in Lok Sabha. As a Member of the Standing Committee on Home Affairs, I raised this matter in that Standing Committee as to why it should not be referred to the Standing Committee. First, it should come to the Standing Committee. We will discuss it. We will give our suggestions. Then, it should be discussed in the House

Our Standing Committee has been kind enough. They have accepted our proposal. Now, we are discussing it as a Standing Committee. After that, it will come to the Parliament. That is the system. That is the tradition. There is no harm in doing it.

The hon. Minister has mentioned three points. He has stated very clearly that he is not going to shift the Headquarters from Calcutta. He has also mentioned about the authorised capital. What he has said is good.

But what was the reconstruction proposal that was there with the IRBI though it did not work effectively? When Shrimati Indira Gandhi was the Prime Minister in 1984, IRBI was set up to identify sick companies and to make a time-bound programme so that such companies could survive. In Calcutta, only one financial institution is there, that is, the IRBI. I am proud of Mumbai. I am not saying that I am not proud of Mumbai. Maharashtra is a progressive State. Many developments are taking place there. So, I must congratulate the people of Mumbai. We have to congratulate the people of a State which is doing good work. Of course, Tamil Nadu, Andhra Pradesh, Gujarat, Punjab and Haryana are also doing very good work.

SHRI G.L. KANAUIA : Not Bengal ?

KUMARI MAMATA BANERJEE : I am telling you not only about West Bengal but also about other parts of the country.

You have also to appreciate the regional imbalances and the difficulties from the geographical arena. Of course, the people in the North-Eastern Region cannot reach because of communication problems. There are some problems. Even Bihar and Orissa are backward States. West

Bengal is not a backward State. It is a progressive State. But I must say that the IRBI have totally failed to revive the companies. The Government had set up the BIFR in 1987 to revive the sick industries. But I do not know what are the achievements of the BIFR. There are some doubts in my mind when the Government is going to repeal the IRBI. I believe, where there is a will, there is a way. If there is no will, there will be no way. If there is a will, then, of course, the Government can do something. But the problem in our country is that we have passed so many laws. We have passed so many Bills. The problem is that due to lack of coordination between the Central Government and the State Governments and between one financial institution and another institution, the people are suffering a lot. The working class is suffering a lot. That is my first apprehension.

My second apprehension is that IRBI is an operating agency to revive the sick companies. Now, 321 cases are pending with the IRBI. When 321 cases are already pending with the IRBI, would these cases be looked into by this company or not? There is a change in name. If they do not revive the sick industrial companies, then, there will be no meaning of this Bill. That is why the Government has to investigate into the matter as to how many companies are now lying with the IRBI. According to me, there are 321 cases. So, the Government should investigate into the matter and see that the industry should not suffer.

The Government have mentioned that the conversion of the IRBI from a statutory authority into a company would assist it to enter the capital market for equity and debt and to create a more level playing field across other broadly similar financial institutions. But I have an apprehension in my mind. What is that apprehension? I would like to draw the attention of the hon. Minister to that.

Sir, it has been said that Rs. 1,000 crore would be given as authorised capital to these companies.

SHRI P. CHIDAMBARAM : It has not been given, it is proposed to be given.

KUMARI MAMATA BANERJEE : You propose to give. When you say that you propose to give, that means it is an assurance. You should not withdraw your assurance now. In the Statement of Objects and Reasons it has been stated: To enter the capital market for equity and debt and create a more level-playing field across other broadly similar financial institutions.

The Finance Minister has announced a scheme for making white money from black money. There are two types of people in the country. There are some people who are honest and there are some people who are dishonest. I cannot say that all are honest and I also cannot say that all are dishonest. Some people are there who earn money, pay their Income tax and do everything honestly. My point is about the other class of people who are blacklisted people, blackmarketeers, smugglers, hoarders etc.

[Kumari Mamata Banerjee]

[*Translation*]

Whether a person would get these facilities to make his money white from black ?

[*English*]

Would they also get these facilities or not ? This is my apprehension. If this happens then it would mean that we are strengthening the hands of the blacklisted people, the blacklisted industrialists who only have commercial purposes. That is why I would like to draw the attention of the hon. Minister to this fact and would urge upon him to monitor it.

[*Translation*]

Earlier 70 per cent of the blackmoney would go to the Government and the rest 30 per cent would accrue to the blackmarketeters but now the system has changed.

[*English*]

Only 30 per cent would go to the Government and the rest 70 per cent would accrue to the blackmarketeters and other such persons. My apprehension is whether the blacklisted industrialists would get their capital in this process.

Sir, the IRBI looks after the jute, the textile, the food processing industries and many other such industries. You will appreciate as to what has happened in the textile industry and more specially in the jute industry. Several industrialists every year purchase an industry and after that they just close that industry and purchase another industry. They totally forget about the interests to the workers of those industries. They do not pay their salaries; they do not pay their gratuity; they do not pay their provident fund. But such industrialists everytime get the loan from the banks and the financial institutions. The Government knows all these things. I do not know as to why they are not declared as blacklisted industrialists. I am raising this issue not only this year because the United Front Government is there, I have been raising this issue for the last six to seven years. The industrialists take loan from the banks or from the financial institutions and after that they are not paying the money. They are not repaying and then they are going for purchasing another industry leaving the workers virtually on the streets to starve and die. Why again is the Government giving loan to such industrialists ? The Government should stop these type of industrialists — who are going to close down their industries and are not going to repay their loan — from being sanctioned loan by the banks and the financial institutions. There is no investigation.

Now, regarding bank scam I would like to say that there are some influential persons in this country who do not repay their bank loans. But if the poor farmers do not repay the loan then the bank officials harass them and they even seal their houses and business. But if the big

industrialists, the politicians and the big people do not repay their loan to the bank then the bank officials do nothing. There is no action against them. That is why I am raising this issue. Action should be taken against these blacklisted industrialists, these type of people who are betraying the country and who are ditching the people.

SHRI SYED MASUDAL HOSSAIN : Is there any such black-list ?

KUMARI MAMATA BANERJEE : What ?

MR. DEPUTY-SPEAKER : Please address the Chair.

KUMARI MAMATA BANERJEE : I am yielding, Sir. If the hon. Member wants to say something, he can do so.

SHRI SYED MASUDAL HOSSAIN : Is there any such black-list with the Government ?

KUMARI MAMATA BANERJEE : Mr. Deputy-Speaker, Sir, the hon. Member is trying to provoke me. I can relate many stories which even the Finance Minister knows of.

SHRI SONTOSH MOHAN DEV : Do not raise individual cases.

KUMARI MAMATA BANERJEE : I am not raising any individual issues. I am raising a general issue.

There are some investment companies called chit fund companies. You know as to how much money they collect throughout the country. They collect a lot of money from housewives, poor farmers, rickshaw pullers and middle-class people. After their collecting thousands of crores of rupees, people come to know that they are going to get nothing back because the people who owned the company have wound up their business and gone abroad. I raised this issue many times. I wrote many letters. I wrote letters to the earlier Finance Minister also. I do not know what action was taken by the Government against such companies. If these financial companies continue to increase their capital for vested interests and ditch the common people of the country, what will be the fate of the country ? I request the hon. Minister to look into the matter seriously. He is a very dynamic and efficient Minister. Problems are problems, commitment is commitment, and credibility creates credibility. Let the Minister not lose his credibility. I would like to quote a Spanish proverb — "Life is for one day only and good name is for ever." Whatever he is trying to do, let him do it assertively so that it does not go to the waste paper basket. Workers should get justice, common man should get justice. With these words, I conclude.

SHRI NIRMAL KANTI CHATTERJE (Dumdum) : Mr. Deputy-Speaker, Sir, I am in a very unfortunate situation. I wanted that this be referred to the Standing Committee despite this being an Ordinance. Somehow that has not happened. And another very important Bill, the Insurance

Regulatory Bill to which I have sent amendments, is being deliberated at : Standing Committee meeting right now. And yet, there are so many things to be stated in terms of this Bill.

I regret that this was introduced as an Ordinance. It does seem to me that the only purpose it has served is that it could not go to the Standing Committee. The hon. Minister has to keep a promise. That promise was made when he delivered the last Budget speech. Even then, in order to keep that promise, we could have given priority here because this Ordinance has served no purpose, we have done nothing from January to this period. This Ordinance was not called for in that sense. Why I regret this is that the Standing Committee is busy discussing the banking sector. I myself have gone to the capitals of different States, talked to the banking people, found out many of their problems. We will, perhaps, be presenting a general report on the banking sector. That opportunity is lost in this particular case.

I know that it will be claimed as it has been claimed in this year's Budget that the banking system is turning the corner and more profit than in the past would come to the Government as dividend. That is good. And yet, beneath this good, unimaginable things are happening, even in the case of this Bank. I have got the whole documents with me. People will take a working loan of Rs. Five crore and simply divert it to other purposes. Now somebody is being punished and somebody may not be punished. And all this talk about improvement in non-performing assets is taking place in not entirely non-bizarre way. There are write offs, there are compromises, and through all these means, the non-performing asset is coming down. We wanted to discuss all this. There is no time and I am not going into all that. But the net worth of the banking sector, if that is improving because of reduction in NPA ...*(Interruptions)*

*[Translation]*

MR. DEPUTY-SPEAKER : Chatterjee Saheb, I want to say one thing. I have just said that this Bill can be sent to the Standing Committee even after the discussion also. I have obtained the information that this Bill can not be referred to the Standing Committee or the same is to be passed before the 3rd April. I have listened the things seriously in this regard. I do not want this Bill to be passed in a hurry.

*[English]*

It should be thoroughly discussed.

*[Translation]*

Chatterjee Saheb, now you may make your submissions.

*[English]*

SHRI NIRMAL KANTI CHATTERJEE : I have suggested that the Standing Committee be given 10 to 15 days time so that they can give their report. Plenty of material has already been accumulated not only for this bank but also for other banks. But it is the wisdom of the Chair by which I am limited.

I just wanted to highlight the various problems about the banking scam. On the previous Bill, I commented that the tracing has to be done to that part of the story. Everybody says that banking scam is worth Rs. 5000 crore. That is not true. The real truth is, as I mentioned earlier in the House, that Rs. 14 lakh crore were transacted, which generated an income of Rs. 1 lakh crore. Where has that income gone ? The earlier Government had refused to make any inquiry. In the Report also, we had to comment unfavourably on the working of the CBI. Now, he has said — on my earlier intervention — that they will think about this and they will get back. But in the present situation also and even in this case, I do not want to mention the name; he knows the name no less than I do. Almost in every bank that we had visited, we had discovered that non-performing assets are primarily due there can be external factors also to some collusion with the bank officials and the borrower. That should be investigated. I am not happy with the new arrangement which has been made. In case of any inquiry, first of all, there will be a Board to which things have to be referred to, before proceeding further. I do not think will help in clearing off all the difficulties inside the banking sector. I know, I have heard the Finance Minister's speeches also in other fora, where he said and the banking people also said that they are awestruck. They feel that if they do anything, even in a *bona fide* manner, they may be caught because of the failure on somebody else's part. That is true. The Finance Minister's advice is, 'you dare it'. They do not dare it. In order that they can dare it, therefore, they are being provided with this umbrella. I do not think that is the route to make the banking sector function in a more liberalized manner.

For one simple reason, I will not refer to our suggestions that Comptroller & Auditor General should be allowed to audit. I, again, asked all the Chairmen whom I met that how much of their funds have remained unreconciled within their own branches and between the branches of different banks. How do they check as valid, the statements that they are getting from other banks ? Either they agreed that something centralised can only detect these things or they just gave us a blank stare. Such problems are there. I am not forcing a discussion on such problems. I can narrate so much of it. I will be happy if at the end of it, the Finance Minister promises us to have a discussion on the activities in the banking sector with all its problems. In the meantime, we shall submit a Report of the Standing Committee. Let that be a base for the discussion. I am not saying that the

[Shri Nirmai Kanti Chatterjee]

discussion should be held under Rule 184. What I am saying is that that discussion can be held under Rule 193. This is a very very vital sector. In all the other sectors, we have given some concessions to the foreign sector. They are doing certain things in certain ways. We know that in the banks there is a foreign sector which is trying to open up a small window for the insurance sector. All these are there. We shall be speaking more when the Budget discussion takes place. But right now in order not to consume more time I shall leave it at that. I do not know if he agree with my suggestion to have a discussion on the banking sector later. If he agrees, then I do not go into the general situation now.

SHRI P. CHIDAMBARAM : Sir, as soon as the Report of the Standing Committee comes, we can have a full-fledged discussion on banking sector.

SHRI NIRMAL KANTI CHATTERJEE : Thank you. Therefore, I need not elaborate them. But on this specific thing what I want to say is this. These banks have certain kind of functions, at least on theory and on paper, which many other banks did not have. I know this. What is happening is that in toto, the whole thing is being transferred into Indian Investment Bank of India. Nothing is left out. Therefore, all those functions will remain. But I will request the Finance Minister that it should function as a long-term finance body without forgetting its earlier operations.

SHRI P. CHIDAMBARAM : I am learning from the mistakes of the earlier operations.

SHRI NIRMAL KANTI CHATTERJEE : You have learnt it very correctly. It is because, outside Mumbai, now, there is only one long-term financial institution, that is IFCI, the Headquarters of it is in Delhi. Calcutta would be very happy to have at least one long-term financial institution in the form of this one. I have no doubt about it. It should be distributed as far as possible. Sometimes even Lucknow is utilised as Headquarters for certain things. Calcutta, for some reason or other, is not being utilised.

SHRI P. CHIDAMBARAM : Anyway, Calcutta is getting it now.

SHRI NIRMAL KANTI CHATTERJEE : It is because, at one time, one Prime Minister, at least, thought that Calcutta is a dying city. I am glad that the United Front does not think so... *(Interruptions)*

SHRI PRADIP BHATTACHARYA : We strongly oppose this.

KUMARI MAMATA BANERJEE : We strongly oppose his view.... *(Interruptions)*

SHRI PRADIP BHATTACHARYA : Sir, it should be expunged

SHRI NIRMAL KANTI CHATTERJEE : Sir, perhaps I should speak in Bangla so that they can understand what I am saying. Would you permit me that ? They have forgotten what I have said.

KUMARI MAMATA BANERJEE : We have not forgotten that. He has said that Calcutta should be improved. It is because of these people and because of misrule of CPI(M) people, Calcutta is like this.

SHRI NIRMAL KANTI CHATTERJEE : That may be so ... *(Interruptions)*

SHRI NIRMAL KANTI CHATTERJEE : Let me reiterate what I have said so that with patience they can understand it. I said this.

At one time when I was a Member of the Rajya Sabha, the Prime Minister declared Calcutta to be a dying city ... *(Interruptions)*

KUMARI MAMATA BANERJEE : Sir, it is because of CPM's misrule in that State. We wanted that Calcutta should be improved.

SHRI PRADIP BHATTACHARYA : Mr. Deputy-Speaker, Sir, I strongly oppose this word 'declare'. What is the meaning of 'declare' here ? Was there any public meeting on the floor of the House ? ... *(Interruptions)*

SHRI NIRMAL KANTI CHATTERJEE : Yes, you are right. It was done on the floor of the House ... *(Interruptions)*

SHRI PRADIP BHATTACHARYA : Sir, in a statement, he made a reference that some people have been saying ... *(Interruptions)* Mr. Deputy-Speaker Sir, that has been said in reference to others ... *(Interruptions)* One Prime Minister had mentioned that some people have been saying ... *(Interruptions)*

MR. DEPUTY-SPEAKER : Mr. Chatterjee, you please speak on the subject.

... *(Interruptions)*

MR. DEPUTY SPEAKER : Please take your seat.

... *(Interruptions)*

KUMARI MAMATA BANERJEE : Sir, what he has said is totally out of context ... *(Interruptions)*

SHRI NIRMAL KANTI CHATTERJEE: I have not spoken out of context... *(Interruptions)* I am not yielding ... *(Interruptions)* What I said, I reiterate ... *(Interruptions)* It was said on the floor of the House in Rajya Sabha ... *(Interruptions)* Sir, he is a new Member, he does not know about it ... *(Interruptions)* It was in reply to my question itself ... *(Interruptions)* I did not want to mention the Prime Minister ... *(Interruptions)*

MR. DEPUTY-SPEAKER : Please leave the side issue and come to the main subject.

... *(Interruptions)*



SHRI NIRMAL KANTI CHATTERJEE : Sir, they must understand what was the truth ...*(Interruptions)* I am paying tribute to the present United Front Government ...*(Interruptions)*

KUMARI MAMATA BANERJEE : What is he saying, Sir ? He is getting oxygen from this bench and he is commenting on the United Front Ministry. He has double standards ...*(Interruptions)*

SHRI NIRMAL KANTI CHATTERJEE : I was present in the Rajya Sabha at that time ...*(Interruptions)*

MR. DEPUTY-SPEAKER : Gentlemen, please sit down.

...*(Interruptions)*

MR. DEPUTY-SPEAKER : Mr. Chatterjee, please address the Chair.

...*(Interruptions)*

MR. DEPUTY-SPEAKER : Please leave that issue now.

...*(Interruptions)*

KUMARI MAMATA BANERJEE : He should not say such things here. Those words should be expunged ...*(Interruptions)*

SHRI NIRMAL KANTI CHATTERJEE : There is no question of expunction ...*(Interruptions)*

MR. DEPUTY-SPEAKER : Please conclude, Mr. Chatterjee.

...*(Interruptions)*

MR. DEPUTY-SPEAKER : Ms. Banerjee, please sit down.

...*(Interruptions)*

KUMARI MAMATA BANERJEE : Sir, what about the corruption in West Bengal Chief Minister's State, you ask him ? Sir, Calcutta is dying because of CPM people ...*(Interruptions)*

MR. DEPUTY-SPEAKER : Please sit down.

...*(Interruptions)*

SHRI SRIBALLAV PANIGRAHI : Sir, nobody can compete Nirmalji in quoting out of context and creating controversies ...*(Interruptions)*

MR. DEPUTY-SPEAKER : Now, he is putting another subject.

...*(Interruptions)*

KUMARI MAMATA BANERJEE : Sir, we will not allow this ... *(Interruptions)* Sir, that line should be expunged ...*(Interruptions)*

MR. DEPUTY-SPEAKER : I will examine the records and see to it.

...*(Interruptions)*

MR. DEPUTY-SPEAKER : I will go through the records.

...*(Interruptions)*

MR. DEPUTY-SPEAKER : Please sit down.

...*(Interruptions)*

MR. DEPUTY-SPEAKER : Let him conclude gentlemen.

...*(Interruptions)*

SHRI NIRMAL KANTI CHATTERJEE : Why should it be expunged ? There is nothing wrong in it ... *(Interruptions)* Sir, you may please look into it ...*(Interruptions)*

Now I refer to the composition of the Board. The composition of the old Board is that the Board shall consist of the following :

"A Chairman to be appointed by the Central Government; a Deputy Governor of the Reserve Bank to be nominated by that Bank; a Director to be nominated by the Development Bank; not more than 15 directors to be nominated by the Central Government, etc.; and that there should be three salaried officials, etc."

In other commercial banks there are provisions for representation of the employees, officer as well as non-officer grades.

Sir, I want the hon. Finance Minister to consider this proposal for this Bank also. Now, he has made a statement here, he had assured; I do not doubt the assurance as I did not doubt the assurance of Shri Rajiv Gandhi either ...*(Interruptions)*

KUMARI MAMATA BANERJEE : Sir, I will add something here....*(Interruptions)*\*

MR. DEPUTY-SPEAKER : Hon. Members, please utilise the time for this Bill only.

...*(Interruptions)*

KUMARI MAMATA BANERJEE : ...*(Interruptions)*\*

SHRI PRADIP BHATTACHARYA : Has the name of Rajiv Gandhi or anybody else any relevance in this Bill ? If it is so, the corruption charges of anybody else can also be discussed under this Bill....*(Interruptions)*\*

[Translation]

PROF. RASA SINGH RAWAT : You should have the coverage to face the truth.

\*Expunged as ordered by the Chair.

MR. DEPUTY-SPEAKER : This is a very important Bill. Therefore we should utilize this time for this Bill.

[English]

Shri Nirmal Kanti Chatterjee, please conclude now.

SHRI NIRMAL KANTI CHATTERJEE : Sir, I intended to conclude but I did not anticipate the logical reactions ... (Interruptions)

Sir, an announcement has been made that the authorised capital would be raised to Rs. 1,000 crore from Rs. 200 crore. That is a welcome announcement. But what I am criticising is the haste of this Ordinance has led to not including such an amendment in the Bill itself. In the IRBI Act, it is provided that the authorised capital would be Rs. 200 crore. Now, could that be done? I have drawn the attention of the Finance Minister to that. Yes, that can be done as it has been done in the case of this Bill itself. In fact, Chapter IV is an amendment to the Industrial Reconstruction Bank of India Act, 1984, which says that the Central Government will reduce the share capital of the Reconstruction Bank, etc. I do not want to give an amendment now. The point I am making is simply that in such cases, such Bill should be referred to the Standing Committee. I am satisfied with his reply that while he submits a report, a general discussion can take place. And in any case, just because Calcutta is no longer being considered as a dying city, I support this Bill.

[Translation]

SHRI SHATRUGHAN PRASAD SINGH (Balia, Bihar): Mr. Deputy-Speaker, Sir, there are many contradictions and vague things in the Industrial Reconstruction Bank (Transfer of Undertakings and Repeal) Bill, 1997 introduced by the

hon. Minister towards which I would like to draw the attention of the Government.

18.00 hrs.

It has been said in the objectives of the Bill that the Industrial Reconstruction Board, IRB was set up in 1987. It has also been mentioned that with the setting up of this Bank, the burden of financial reconstruction has been borne by several authorities.

Another intention for bringing in this Bill has been told that it would increase the competitiveness of the Industrial Reconstruction Banks. There are other four main points which has been raised. The first point is the conversion of this Reconstruction Bank into a company.

SEVERAL HON. MEMBERS : Mr. Deputy-Speaker, Sir, it is six O'clock.

MR. DEPUTY-SPEAKER : This is an important Bill. Many Members want to speak on it.

SEVERAL HON. MEMBERS : No, Sir, not today. We will take it up tomorrow.

MR. DEPUTY-SPEAKER : O.K. Shri Singh will resume his submissions tomorrow.

[English]

The House now stands adjourned till 11.00 a.m. tomorrow.

18.02 hrs.

*The Lok Sabha then adjourned till Eleven of the clock on Wednesday, March 5, 1997/Phalgun 14, 1918 (Saka)*