

Parliament – that branches of banks, particularly in rural areas, do not adhere to the time limit stipulated there. Therefore, I share your concern that the banks must adhere to the guidelines. I think there are guidelines of two weeks, four weeks or six weeks by which they should give an answer on the loan application saying 'Yes' or 'No', but our experience is different. I will do my best to see what can be done to streamline the procedure. But I would urge all hon. Members also to create public opinion that bank officers and bank staff must see their duty as performing a public duty and they must stick to the deadlines and they must work harder and efficiently. But I will do my best within the limits of my capacity.

SHRI BASU DEB ACHARIA : Sir, the Indian Bank has incurred a loss to the extent of Rs. 1,350 crore last year, 1995-96. It is because of a huge amount of loan given to the number of business establishments whose credibility was not examined or studied. They have not refunded the loans. Its non-performing asset is 37 per cent. It is the highest among the public sector banks.

May I know from the hon. Minister whether the government will order a probe into the affairs of the Indian Bank to inquire into the corruption and irregularities in the Indian Bank because of which the Bank has incurred loss to the extent of Rs. 1,350 crore ?

SHRI P. CHIDAMBARAM : Sir, inquiries are under way. Government has given concurrence to the C.B.I. to register cases. The Reserve Bank of India is inquiring into the matter. I have personally directed a thorough inquiry and I have received a preliminary report. The amount of Rs. 1,336 crore which is shown in the Profit and Loss Statement of the Indian Bank for the year which has ended is on account of provisioning loss. Huge provisions, to the extent of Rs. 981 crore, have been made for the year 1995-96. There will be no hesitation on my part to conduct a thorough inquiry through the R.B.I. and through the Department of Banking.

I must also add that the Indian Bank is one of our premier banks. Since 1st of April, 1996 and upto the 6th of August, 1996, when I last saw the figures, the Indian Bank has recovered Rs. 105 crore and its deposits have increased by Rs. 681 crore. The Indian Bank management has assured me that recoveries are being made and that a drive is on to mobilise deposits and he has assured me that he is confident that this year the Balance Sheet of the Indian Bank will show considerable improvement ... (Interruptions)

[Translation]

MR. DEPUTY-SPEAKER : Six supplementaries have been asked, the House agreed.

... (Interruptions)

COL. RAO RAM SINGH : This question has taken 26 minutes. (Interruptions)

[English]

SHRI RAJESH PILOT : Sir, the very important thing is he did not let the sense of the House come ... (Interruptions)

SHRI RAJESH PILOT : The sense of the Question was that everybody wanted to know ... (Interruptions)

[Translation]

COL. RAO RAM SINGH : I would like to request you to you to fix 15 minutes for one question. We ought to cover at least four questions.

MR. DEPUTY SPEAKER : I have taken up next question. You have made a right point. I am moving to next question.

[English]

Please let him speak

... (Interruptions)

SHRI RAJESH PILOT : Sir, the sense of the question was what is the ratio of recovery from industrial houses and the common man ... (Interruptions)

MR. DEPUTY SPEAKER : Shri Pilot, I am sorry. I have moved to the next question.

SHRI RAJESH PILOT : The hon. Minister gave figures. We are not interested in figures ; we are interested in the ratio ... (Interruptions). There is no accountability in the answer ... (Interruptions) Sir, it is also the duty of the Chair ... (Interruptions)

[Translation]

#### Capital Investment made in Public Sector Units

\*583. \*SHRI NAWAL KISHORE RAI :

DR. MAHADEEPAK SINGH SHAKYA :

Will the Minister of INDUSTRY be pleased to state :

(a) the total capital investment made in the Public Sector Undertakings so far ;

(b) the percentage of profit being earned by the above Undertakings out of the above investment at present;

(c) whether the Government have also made any estimate regarding the capital invested in the private sector and percentage of profit being earned out of it;

(d) if so, the details thereof at the end of March, 1996; and

(e) the reasons for the big difference of profit existing between public and private sector industries ?

[English]

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) to (e). A statement is laid on the Table of the House.

## STATEMENT

(a) and (b). As on 31.3.1995, upto which period audited information is available, the total investment in Public Sector was Rs. 1,72,438 crores. The net profit earned by Public Sector Undertakings (PSUs) during the year 1994-95 was Rs. 7217 crores. The percentage of net profit works out to 4.19%.

(c) According to National Account Statistics the net Capital Stock in Private Corporate Sector as on 31.3.1995 was Rs. 4,35,812 crores. However, the percentage of net profit being earned out of it is not available.

(d) and (e). Question does not arise.

[Translation]

SHRI NAWAL KISHORE RAI : Mr. Deputy Speaker, Sir, in reply to my question the hon'ble Minister had stated that the total investment in Public Sector as on 31.3.1995 was Rs. 1,72,438 crore and they earned a net profit of Rs. 7217 crore upto 1994-95 which works out to 4.19 percent. As per my information only 20.41 lakh people have got employment out of 90 crore population as a result of this investment of Rs. 1,72,438 crore, that is only 450th of 90 crore population got employment which is in no case justified. We must bring in such technology under our liberalisation programme as would ensure maximum employment potential. May I know whether government proposes to employ such technology in the Private or Public Sector where such a staggering investment had been made, to ensure employment to maximum people ?

[English]

SHRI MURASOLI MARAN : Sir, one of the primary objectives of starting the public sector is to create employment opportunities. That is why, we are incurring losses in certain sectors. For example, we have started some public sector units in backward areas. Naturally, they are incurring losses. This is our programme and it will go on.

[Translation]

SHRI NAWAL KIRSHORE RAI : Sir, as the hon'ble Minister has stated in his reply that according to National Accounts Statistics the net capital stock in private corporate sector as on 31.3.1995 was Rs. 4,35,812 crore and as per the 8th August report of 'The Telegraph' this sector earned a profit of 32 percent while the public sector earned a profit of 4.41 percent as mentioned in reply to part 'A' of the question, which is two and a half times more than the profit earned by the Public Sector. The profit of private sector is 32 percent which is 7 times of the profit of the public sector. What are the reasons therefor ? would like to ask the Minister about Part 'A' of my question.

MR. DEPUTY SPEAKER : You cannot divide the question in so many parts. You have asked your question and he is going to reply.

SHRI NAWAL KISHORE RAI : I would like the clarification from the hon'ble Minister, why the public sector is not changing keeping in view the comparative figures of profit of private sector *vis a vis* public sector ? This is about part 'A' of my question and about part 'B' I would like to know ...

MR. DEPUTY SEPAKER : It is all right. In how many parts you will divide it.

[English]

I am sorry. Please sit down. Let the hon'ble Minister answer.

[Translation]

SHRI NAWAL KISHORE RAI : About Part 'B' I would like to know whether he proposes to bring about some improvement in those 57 Undertakings which have incurred the losses of more than their amounts of investments ?

MR. DEPUTY SPEAKER : Mr. Rai, will you make four Supplementaries out of one Supplementary ?

[English]

SHRI MURASOLI MARAM : Sir, it is true that the rate of profitability in public sector is definitely less in comparison to the private sector.

There are more than three-and-a-half lakhs of companies which are functioning in the private sector; to be exact, there are 3,53,292 companies. It is very difficult to find out the profitability rate. But a sample survey has been made and the Centre for Monitoring Indian Economy has calculated the profitability of the corporate sector, that is, including the private sector and the public sector. The percentage of net profit, out of the capital employed, during the year 1994-95 was 8.44 per cent. They have taken into account 2,619 companies out of which only 50 units are in the public sector. In comparison, we found that the private sector makes a net profit of 8.44 per cent. But at the same time, the public sector has earned only 4.47 per cent. There is a yawning gap of about four per cent. That is the problem with the public sector. It is not making profits. We have to make it profitable.

[Translation]

SHRI NAWAL KISHORE RAI : Sir, the answer is not satisfactory.

MR. DEPUTY SPEAKER : Please sit down. Mr. Mahadeepak Singh Shakya.

DR. MAHADEEPAK SINGH SHAKYA : Mr. Deputy Speaker, Sir, through you I would like to know from the hon'ble Minister.

SHRIMATI BHAVANABEN DEVRAJ BHAI CHIKHALIA : Has the United Front government given the office of Prime Minister to somebody else ?

MR. DEPUTY SPEAKER : There is nothing like this.

...(Interruptions)

MR. DEPUTY SPEAKER : Gujral ji, it will be better if you don't sit on that seat, the hon'ble Member raising objection.

DR. MAHADEEPAK SINGH SHAKYA : Sir, I would like to draw your attention towards the reply to Part 'C' of the question which gives information about investment made in Public Sector Undertakings and Private Sector Undertakings. The Public Sector is reported to have earned a profit of about 4 percent which is too less. These two sectors are supposed to provide employment to the people and financial benefit to the government. But the profit percentage are very meagre. Whether government has evolved some system to find out the reasons for this disparity between these two sectors. What fresh measures are being taken by the government to bring about compatibility between these two sectors and to increase the profitability of the Public Sector Undertakings so as to mitigate this difference and as my colleague has said, to run these Undertakings in profit.

*[English]*

SHRI MURASOLI MARAN : Sir, I agree with the hon. Member that the profitability rate of the public sector is definitely less than that of the private sector. We know the reasons, but we cannot simply say that all the public sector undertakings are bad. According to the calculations that we have got, about 130 public sector undertakings have made a profit of Rs. 12,124 crore. But at the same time, 109 public sector undertakings have made a loss of Rs. 4,907 crore. This is the difficulty.

Public sector is a part and parcel of our development philosophy. But during the course of time, instead of maintaining commanding heights of economy they have come down and occupied certain sectors which cannot be maintained by the public sector and which are not at all desirable. For example, they entered into the consumer sector, they entered into service sector, they entered into hotels and even bakeries.

In the course of time, out of necessity we nationalised many sick industries. One-third of our losses are because of the take over of loss making private enterprises. That is why, our CMP says that we have to recreate the recurring loss making enterprises. So, there is a need for restructuring, re-engineering and re-organising of the public sector undertakings, especially the loss making undertakings. Sir, we are creating a master plan in our Ministry to re-organise the entire public sector, especially the heavy industries. *(Interruptions)*

SHRI ISWAR PRASANNA HAZARIKA : The low return of about four per cent earned by the public sector undertakings is mainly due to the inability of the undertakings to run on commercial lines. The reasons—apart from the constant Government interference—are the fact that the public sector undertakings are subjected to

scrutiny of myriad agencies like CBI, Vigilance Commissioner, Auditor General, Committee on Public Undertakings and any number of agencies. For, they are subjected to such rigorous scrutiny by these vigilance and policing agencies, they cannot be expected to run on purely commercial lines.

Therefore, I would like to know from the hon. Minister whether the Government is thinking in terms of isolating these undertakings from the debilitating influence of these policing agencies which are hampering the functioning of these undertakings on commercial lines.

SHRI MURASOLI MARAN : Sir, I entirely agree with the hon. Member that public sector undertakings should be given autonomy. I am told that the first Speaker and the second Speaker never entertained any questions about public sector in the Lok Sabha. During Pt. Nehru's time, he often discouraged questions being raised about public sector undertakings. There was a time like that. But now we are going through the monitoring system. The autonomy should be given then only the accountability will follow. I entirely agree with the hon. Member. That is why, we are trying to create a kind of master plan to go into all these problems.

SHRI NIRMAL KANTI CHATTERJEE : Sir, the expressions in the reply are not very clear. For the public sector, the figure is given for total investment and for the private sector, it is given as net capital stock. But I take it as comparable.

If it is so, then the private sector figure is about two and a half times that of the public sector capital stock. But I am doubting the figures about profitability and the CMI thing because in the corporation tax, the contribution of the public sector is more than 50 per cent. That is more than the contribution of the private sector in his kitty of corporate tax. If that be so, the profitability rates in the public sector are comparable. With a lower capital stock, they are providing more than 50 per cent in the corporation tax. If that be so, how are you concluding that the public sector is less profitable than the private sector unless it is further assumed that there is a big leakage in the private sector compared to the public sector ?

SHRI MURASOLI MARAN : Sir, I agree with the hon. Member. I cannot cross swords with him as he is an expert. But as I told you, there are more than three and a half lakhs of companies in the private sector. So, whatever CMI figures I have given are only a sample survey. So it cannot be accurate.

SHRI NIRMAL KANTI CHATTERJEE : But why should you say that the private sector is more profitable ?

SHRI MURASOLI MARAN : It is because the private sector is making more profits. I do not want to condemn

all the public sector undertakings. For example, 130 public sector undertakings have made a profit of Rs. 12,124 crore whereas there are 109 public sector undertakings who have incurred a loss of Rs. 4907 crore. They are dragging our feet. So, there are good and bad public undertakings.

We have to protect and develop the good undertakings. We have to nurse and find a way out to make these loss making enterprises to be efficient and healthy.

SHRI SRIBALLAV PANIGRAHI : In this connection, I want to ask a question.

SHRI SONTOSH MOHAN DEV : Generally, when Parliament is in Session, a major policy decision is not given outside. But today, I read in the newspapers that the hon. Finance Minister had given certain views of the Government, which I appreciate and support. He has decided to compartmentalise the public sector into three sectors, namely, strategic, core and non-core. Then, he said that they would like to disinvest upto 51 per cent. In strategic sectors, there is no disinvestment, but they would like to do it in other sectors. Earlier, I had the opportunity to work with some public sector organisations under my Ministry.

Now, the Finance Ministry says that these public sector undertakings have to take care of their own resources as there will be no budgetary support. That is also good and I appreciate it. But Mr. Industry Minister, the gentleman on your left is aware that there was a proposal during our time—Shri Chidambaram shared with us for a particular period—that a portion of the disinvestment money should go to those concerned for modernisation, upgradation and maintenance. As you have very rightly analysed, the loss is not only due to bad management, but it is also due to the resource crunch. Some of them which have incurred a marginal loss can be converted into profit earning undertakings. But they are gradually going down because there is no budgetary support. You cannot expect all industries to make profits all the time. All the ministers do not do well; some are bad and some are good.

MR. DEPUTY-SPEAKER : Sontoshji, please ask the question. What is your question ?

SHRI SONTOSH MOHAN DEV : Taking that into consideration, I support him. What is your policy about giving some support for the public sector undertakings which are doing well and can do well after the disinvestment which is coming ? Their profit earning will be more and they will be in a comfortable position.

MR. DEPUTY-SPEAKER : Mr. Minister, if you have followed it, then it is all right.

... (*Interruptions*)

SHRI ANIL BASU : Shri Sontosh, would you like to be a supporting party or not ? (*Interruptions*)

MR. DEPUTY-SPEAKER : Let the Minister reply. He is going to reply.

SHRI NIRMAL KANTI CHATTERJEE : That of distinction of core, strategic etc., is as old as the 1956 Industrial Policy Resolution.

SHRI MURASOLI MARAN : Sir, as the hon. Member has pointed out, all these core, non-core and strategic sectors have been started from the Second Five Year Plan and from the second Industrial Policy Resolution. The hon. Member, probably, has not gone through the Common Minimum Programme. I quote :

"The question of withdrawing the public sector from non-core and non-strategic areas will be carefully examined subject to assuring the workers and employees of job security or in the alternative opportunities for retraining and redeployment."

So, that is there in our Common Minimum Programme. There is a scheme, there is a policy decision and there is a Cabinet decision to disinvest in these sectors upto 49 per cent. Upto 49 per cent does not mean that they are going to change the management. Ownership is one thing and management is another thing. That is a different question.

He wanted to know about what we are going to do with the money from the disinvestment. The Common Minimum Programme has made it very clear. The hon. Finance Minister has made it very clear in his Budget speech that it would be used in social sectors especially in health and education. We will create an Investment Fund from which the money will be used for promoting operational efficiency of the particular public sector undertakings. This is very clear.

[*Translation*]

#### **Development of Textile Industries**

\*584. SHRI DADA BABURAO PARANJPE : Will the Minister of TEXTILES be pleased to state :

(a) whether the Govt. are aware that at present the cotton based textile industry is facing heavy financial crunch despite the fact that there have been record production of cotton ;

(b) if so, the reasons therefor; and

(c) the steps being taken or proposed to be taken by the Government to deal with the situation ?

THE MINISTER OF TEXTILES (SHRI R.L. JALAPPA) : (a) to (c). A statement is laid on the Table of the House.