

[*Translation*]

15.03 hrs.

EXPORT IMPORT BANK OF INDIA  
(AMENDMENT) BILL

SHRI GIRDHARI LAL BHARGAVA (JAIPUR): Mr. Deputy Speaker, Sir, Export Import Bank of India was constituted in 1981 with the objective of providing assistance to the persons engaged in export import. We doubt, it has to be a special institution of the Government of India. This bank was expected to provide medium term and long term credit for export and also assistance in deciding the terms for lines of credit to book. It would provide necessary information for providing export import trade. There were the basic objectives of this bank and would like to highlight the point here that this bank is making satisfactory progress at present and is going to deposit substantial dividend in the favour of the Government of India. This bank has been earning profits and you are increasing its capital from 500 crores to 2000 crores and you can do it whenever you like to do so, however, I would like to say that the Reserve Bank of India does not have any control over the export import Bank. Therefore, my request is to bring all the Banks including the export import bank under the control of R.B.I. On 31st March, 1995 the total resources in the bank were 36.07 millions including 4.40 million rupees paid up capital of the total contribution of the Government of India and 3.12 million rupees reserve capital cumulated during 13 years period. The provisions made to various states clearly show that partial approach has been adopted towards Rajasthan. Going statewise, Karnataka was provided 194 crores of rupees in 1993-94 and 472 crores rupees in 1995-96 which cumulatively accounts for total 914 crore rupees. Likewise Maharashtra was made available 214 crores rupees in 1993-94 and 129 crore rupees in 1994-95 thus total cumulative sum is 259.5 crores. However, Rajasthan was provided 31.5 crores in 1994-95 and on cumulative basis it comes out to be 32.7 crore rupees. What I want to say is that justice should be done to Rajasthan. It should also be provided assistance as is being made available to other states.

A lot can be said about bank scams. All scams are before us. Our country is free now and we are celebrating 50th year of our independence and if export goes on like this then our indigenous production would collapse. I think, we should not allow foreign banks to carry out their business in India on the basis of the indigenous products being manufactured in India. Only indigenous production would help develop India and we must ponder over this issue, especially on this occasion when we are celebrating 50th year of India's Independence. I would earnestly request you to translate the dream of Mahatma Gandhi on promoting 'swadeshi' in to reality. Therefore, it is very necessary for you to pay attention to it in the 50th year of our country's independence.

Similarly, I would like to say something on the issue of coal. The concession on coal has been over the years been reduced from 85 per cent to 18 per cent. But today

the situation is that that nobody is ready to purchase coal in India. Therefore, this issue also merits serious attention of the House.

Likewise the issue of newsprint is equally important. The position of newsprint has worsened. The prices of indigenous newsprint are soaring high after the advent of foreign newsprint in the Indian market. I would earnestly request the Hon'ble Minister to consider the issue of newsprint.

Same is the situation of iron, some members have just making mention of it. All the factories situated in Indore, Kanpur, Rajasthan and Uttar Pradesh are in the bad shape. Nobody thinks for revival of these factories. Due to closure of these factories, the workers are not being paid their salaries and they have been pushed to starvation. Therefore, this issue needs, to be pondered over as owing to closure of these factories, the workers are being rendered jobless and are facing starvation. Besides, the Government should do something about the employees working in export import bank.

I do hope that the Government will make serious efforts to pass this bill and incorporate my constructive suggestion while replying on this issue. I thank you for giving me an opportunity to express my views.

15.09 hrs.

(SHRIMATI GEETA MUKHERJEE *in the Chair*)

[*English*]

SHRI NIRMAL KANTI CHATTERJEE (DUMDUM): Madam, Export-Import Bank is one of the important arms in our banking sector. More or less, it can be characterised as a success story.

However, there are some problem areas. I will also make a few proposals to further strengthen the organisation. The kind of service that the Export Import Bank indulges in should be strengthened by generating similar kind of services in the embassies of our country. The possibility of export, the market study, etc. and the stationing of people, if necessary even from the banks in the embassies can be an additional step for improving or helping the export sector.

The Export Import Bank has no branches but only representative offices in certain States. I would like the Finance Minister to consider whether or not the representative offices within the State should be developed into branches and at least, two States where even representative offices are not there like Orissa and Kerala which are becoming important for exports, may also be considered by the Finance Minister and the Bank authorities.

I said that it is a success story at least from one point of view. The number of employees in the Bank is only 137 and with an authorised capital of Rs. 500 crore before amendment. And they are doing this kind of a job. So, this is one indication of what may be done if certain things are done properly. It indicates a very good work culture

[Shri Nirmal Kanti Chatterjee]

in this Bank but there are problem areas. Even in this kind of a Bank, I think the Finance Minister is aware of the fact that non-performing assets is 28.71 per cent ...*(Interruptions)* This is NPA. That is true but all the same, this level of non-performing assets does cause concern and one has to be careful about this. Otherwise, Reserve Bank of India has given it a very good certificate that it has achieved capital adequacy norms and all that.

Now, I have these kinds of additional suggestions to make. Already it is in evidence that the lending programme is weakening although the amendment is to expand the base. I will give you the figures which I have got with me. The number of proposals may be because of a changed scenario also. The number of proposals between 1992-93 to 1996-97 is a statement of decline. The proposals in 1992-93 were 157 and next year, they came down to 69, then to 87 and then to 65 and for 1996-97, as of 31st December, to only 37. Something is amiss. On the other hand, this is interesting that the disbursement and sanctions are increasing indicating that per unit disbursement is growing. This also indicates a problem area for the Bank. There are some recommendations by Mackinsey and Consultants for this Bank also. That was in 1995. Now, a very large volume of exports in our country is done by the small scale sector.

They say, it is 40 per cent of our industrial exports and yet this Bank is not concerned with them. This is not an ordinary Bank in the sense that it only finances. It provides advices. It gives information, etc. There is no representation in the Board of Directors from the small scale sector either. I consider this to be a serious weakness. It should be looked into. I believe that there should be not only representation from the small scale sector in the Board of Directors but also a few more experts than is provided in the Board of Directors.

There are other proposals for amendments. What surprised me is, as is the wont with him, he is running after dream budgets and moving very quickly. Instead of only expanding the size of the authorised capital, certain other amendments have also been brought in. This has been highlighted elsewhere also. Now, SEBI has said that for new issues, underwriting is no longer compulsory. And this is as a part of their business underwriting but not other things like merchant banking, etc.

There are a large number of proposals for amending some of the provisions. I hope the Minister of Finance will find time and soon come back to the House for introducing amendments in those areas.

There is the other interesting part that should draw his attention because he is concerned with other things. I will not mention underinvoicing and overinvoicing. This can be an instrument also. This is where the Minister of Finance should be interested in. The functioning of this Bank and the nature of its services offered can be an instrument in finding out the cases or at least suspecting the cases of

overinvoicing and underinvoicing of exports and imports. I think, to that orientation, this Export-Import Bank should be motivated.

Among the amendments, for instance, there is no provision for providing financial consultancy services. This has been proposed by the Bank authorities themselves and this is not yet taken up.

Then, they have a provision for financing machines on lease but not to actual users. This is a very strange restriction. This will be very useful for the small scale sector. I want the Minister of Finance to kindly consider this aspects of the matter.

These were the comments which I wanted to make. I do not want to take much time because initially what was provided was only one hour for the whole discussion. I took more time because there were no other speakers. For the rest of it, I want to know his response also on the recommendations of the consultancy firm. I am not taking the time. I can list out the recommendations. He should give the response to the recommendations. What does he propose to do with that? ...*(Interruptions)* That is with you. Why should I give it to you?

Madam, if he is not prepared, he should come back at another time. I will not mention the recommendations. Why should I do that? Let him respond. Some useful recommendations were there in 1995. It is not that I have not mentioned any one of them. But I want him to find out and respond.

With these words, I conclude.

*[Translation]*

PROF. RASA SINGH RAWAT (AJMER): Madam Chairperson, I welcome and support the Export-Import Bank of India (Amendment) Bill, 1997 as it was quite necessary to strengthen this bank with a view to encourage openness and to promote country's export import in the wake of openness in the export-import trade after adoption of the liberalization and import policy.

This Bill was brought in 1981 for constituting this bank wherein its authorised capital was 200 crores with the provision of extending the right upto 500 crores but thereafter it was raised upto 500 crores in 1996. Now the Government wants that it should be raised upto 1000 crores and it should be authorised to raise it upto 2000 crores. I think that in the given circumstances when its limit has already been increased from 200 crores to 500 crores rupees and now the Government wants it to raise to 500 crores. It is not objectionable to authorise it to raise it upto 2000 crores. But my objection is that originally it was to be prime financial institution with the objective to provide financial assistance to exporters and importers. But I would like to ask from the hon. Minister that this bank was earning profits at the time of its constitution and the loan assets were adding up by 19 per cent. It was providing dividends as was indicated by the hon. Finance Minister but those states which were provided loans through this

bank and the figure presented clearly indicated as to what were norms and guidelines for pending loans. Whether the small scale industries which manufacture indigenous products are provided assistance or encouraged them so that people will also be benefitted. So far the Government has pursued the policy of providing liberal financial assistance to the big industries but the small scale industries engaged in indigenous production are not being provided any incentives to export their products.

It would be a good thing if you give information about the efforts being made by the Government for promoting the local industries so as to remove the shortage of those things which are required here.

Madam, assessment should be made regarding the success achieved by the Government in the objectives of setting up the said Bank because after liberalisation, we had decided that export should be increased and import should be brought down. We had fixed a target of export of worth ten thousand crore dollars but during the year 1996-97, export remained confined to 33.1 thousand crore dollars whereas the import of the value of 38.5 thousand crore dollars was made during this period. It shows that our export is decreasing and import is increasing. We have not been able to achieve export targets. Consequently we have to make special efforts for the Banks engaged in promoting the exporters and special directions would have to be given to this Bank for promoting export and to bring down the import. In my view, the hon'ble Finance Minister would agree that a danger has started looming large on account of this. After the introduction of liberalisation policy, it appears that Indian market would be flooded with imported goods and there would be imported agricultural products and various consumer goods in abundance. I want to give an example. Skimmed milk powder was banned earlier. Now the Government have lifted the ban from its import. In the foreign countries, where skimmed milk is produced, the Government provide subsidy on skimmed milk powder as a result of which the milk price is lower. The price of the original milk produced in our country by the Dairies and National Dairy Corporation is higher. The price of imported skimmed milk powder would also be lower as a result of which our dairy industry would suffer considerably. Therefore, I want to draw the attention of the Finance Minister, through you, to the fact that the Indian market may be flooded with imported goods and there may be no buyer for Indian goods. What to talk of export, crisis may arise in the country, when there would not be any buyer for Indian goods here. I am saying so because Govt. is increasing the capital of Export-Import Bank. Its authorised capital of is Rs. five thousand crore and it can be increased to Rs. twenty billion and all this is being done, but despite this, the export from this country is decreasing and the import is increasing. In this situation, the Government should make efforts for boosting exports, for achieving the export targets, to promote the products of small scale industries and to ensure the consumption of the indigenously produced goods within the country.

Madam, I am surprised to say that the Government has been lifting the ban from the import of various goods

in a phased manner. I want to warn the Govt. through you, that the Govt. should ensure the protection of the interests of our farmers and the manufacturers before lifting the ban from the import of various goods. Our country is an agriculture dominated country. The most of the industries here are indigenous industries which are small scale industries. They are based on agricultural products. Now if you would lift ban from the import of various goods and if some agricultural products are also imported, then it would adversely affect the farmers and producers here. I want to know, through you, as to whether due to the agreement with W.T.O., lest India would have to follow the open market policy and consequently, India would have to import various items and in such a situation, when India would be engaged in open import policy, the export from India would decline further. When the export decline, we would suffer loss in trade. We would have to keep this loss also in view. I want to know the position of recovery of the loans given by this Bank to the Governments or through the Government to the small scale industries, or to big exporters and the amount of interest received on that. Whether the interest rate charged from big and small importers and exporters is same or any subsidy is provided on that? Please also try to clear the position of the recovery in this regard.

I want to know one thing more. There is Export-Import Bank and it is for export-import. America, Canada and Australia have lodged a complaint against us recently in regard to trade. What is the actual position in regard to the said complaint regarding export, import and consumer goods? What crisis are we going to face in future and what is the objection of those countries against us? If you tell something about it, it would give relief to the common people in the country, because the foreign countries have, so far, complained against quantitative ban on various goods in India like the agricultural and other consumer goods. As a result of it, if foreign goods would come, then what would be the position of India. It is the Golden Jubilee year of independence and what would happen to the Swadesi of Mahatma Gandhi and swadesi of revolutionaries in the year of golden jubilee of independence? We remember the 'malmal' of Dhaka which was highly priced and which had a lot of importance. Later on when the cloth manufactured in Manchester came to India, what happened to the producers of 'malmal' in India and how much poverty they had to face.

Madam, you have raised the question of N.T.C. just now. Our N.T.C. cloth was exported. But today, those N.T.C. units have become sick. Many of them have been closed down. Lacs of workers of N.T.C. or other Public Undertakings such as V.S.N.L., I.D.P.L., I.T.I. have been suffering. When they would not get protection from the Government, when Govt. would allow open import and when Govt. do not encourage them, the foreign goods would be imported what would be the condition of our goods. Sir, the Finance Minister is thinking that I am not sticking to the main issue. But export-import issue is linked with Export-Import Bank, and therefore, I have to bring all these things in to your notice.

[Prof. Rasa Singh Rawat]

There are ten thousand items of various categories in India trade which have been categorised and consumer goods are also there among them. There has been a ban so far on the import of most of these items. Whose share was 25 percent so far and more than two-third of those goods were open for import and there were also some such items for which licence was required. Therefore, Sir, when we are enhancing the Bank's capital, Govt. are going to advance loan to encourage them and doing other things. I want to know as to what are you doing to avoid setback to export and domestic production. This should be kept in mind that our march towards self reliance is not obstructed.

Madam, I want to point out one thing more that Export-Import Bank would also have to pay heed to 'Hawala'. Most of the importers and particularly exporters, manufacture something else and despatch for export some other thing. Such people should be black-listed and at least no loan should be given to them in future because our credibility suffers due to it. Similarly there are some foreign companies indulging in such practices. Coloured picture tubes for T.V. are imported. It is difficult to ascertain their genuineness. If the Banks provide loans etc. to such people, quality alongwith the quantity of such items should also be ensured at the time of their import. Such people indulge in frauds. We have heard that in Russia or in some other countries, deals are done in trade and payment are made through Banks and as a result of that, bungling of big amount is done. News about such scam in Banka have also appeared, whether it was a Bank scam, or a scam in Indian Bank or some other Bank. The employees of a Bank went on strike all over India which is engaged in this import-export. What would be the position of this bank? Whether Reserve Bank would keep vigil on it or not, whether its accounts would be examined each year or not, whether there would be transparency in all these cases, what precautions have been taken to ensure that no scams occur in this Bank, what is the guarantee—I want assurance from hon'ble Finance Minister, through you, on all these points. I am saying all this because the Minister has stated four objectives of this Bank while introducing the Export-Import Bank of India (Amendment) Bill.

[English]

- (i) providing medium and long term export credit to exporters;
- (ii) providing lines of credit of banks and foreign Government agencies to finances imports of foreign goods;
- (iii) providing term loan to export oriented units in the country and abroad; and
- (iv) providing information and advisory services to Indian exporters.

[Translation]

When Govt. have assigned so much responsibility to

this Bank, you would have to pay special attention to all these things so that no scam occur in future and the people of this country may not face unemployment. I would like to draw your attention to one thing here. When Govt. are increasing the capital, resources, business of this Bank, Govt. would have to pay attention towards the facilities being provided to the employees and officers of this Bank and would also have to increase the limit of loan providing by this Bank. With these words, I welcome the amendments proposed to be brought in through this Bill keeping in view the provisions made in this Bill in regard to import and export for promoting trade, the likely increase in trade in future and for maintaining the credit of the creditors.

SHRI RAMENDRA KUMAR (BEGUSARAI): Madam Chairperson, the question does not arise of opposing the amendments proposed to be made in Export-Import Bank of India Bill ...*(Interruptions)* Therefore, there is no question of opposing this Bill. The Members of all the Parties are supporting this Bill. There is nothing to be opposed in it—only the limit of 500 crore rupees is being increased to one thousand crore rupees and the limit of one thousand crore rupees is being increased to two thousand crore rupees. Yet I want to draw the attention of the Minister to few aspects. The manner in which the market of this country has been opened in the name of liberalisation, the gates have been opened, whosoever wants to come, may come, what any one wants to bring, can bring and sell at the rates of his choice, I want to ask whether this policy of the Government is in the interest of the country? I am not against it that there should be trade between the countries. But I don't support the open liberalisation. In my opinion, the Government should reconsider its policy in this regard. I want to give an example.

We should think over as to which item we want to import and which item we don't want to import and on which item we want to give exemption on duty and on which item we do not want to give the said exemption on duty it therefore is necessary to consider all these aspects and we should consider all these aspects. Keeping in view the economic, social and industrial condition prevailing in the country.

You know that I am associated with coal industry. Coal is black in colour and the one who touches it would get one's hands blackened ...*(Interruptions)*

You have not got the opportunity to touch the coal so far. I wish that you don't touch coal and I don't want you to have an opportunity in this regard and I suggest that you should not seek such an opportunity. Otherwise, you would also get your face blackened ...*(Interruptions)*

You pay a stamp duty of one lakh sixty four thousand rupees on the land valued at one crore rupees. You are a great manipulator. No law of the land is binding on you.

Madam Chairperson, I was speaking about coal. Earlier, the import duty used to be 110 percent. It has come down to 10 percent on non-coking coal and 5 per cent on coking coal in the year 1997-98. Today, we are importing

coal. The imported coal has become cheaper here and indigenous coal has become dearer. The indigenous coal is cheaper as compared to the price of coal in the world Market. But, we levy other types of taxes on that. We charge royalty and sales taxes which leads to the rise in the prices of indigenous coal. I would like to point out that in this age of competition, if the Government allows import of goods and reduces the import duty and increases the tax on indigenous goods, be it in the name of loading, railway, freight and sales tax—prices of goods produced here would go up and the prices of the imported items will come down. The result is that the people who produced the goods are starving. The industries, where the goods are being produced, are lying closed.

Madam Chairperson, in the name of liberalisation policy of the Government, the factories of our countries are closing down. They are unable to sell their products. When the factories of our country close down, it is but natural that they will have a bearing on our society. Today, the people are becoming jobless. The Government must ponder over it. The Government have allowed import of goods. Our country has the best factories and the best items are produced here. We have BHEL which produces the best and the biggest turbine, but the Government have allowed its import. If the Government ponders over it, it will come to know the adverse effects of this liberalisation policy. Even if you fix its price at Rs. 200 or Rs. 500 or Rs. 1000 or five thousand rupees, the main point is that whether the import-export policy of the Government is in the interest of the country or not. If it is not favourable to the country then there is no use of it.

Madam, my submission to the Government is that all these points should be pondered over seriously and the import-export policy of the country should be recast and should be determined in such a manner that the factories of our country could develop and more employment could be generated in the country. With these words, I support this Bill.

MR. CHAIRMAN: Shri Iliyas Azmi.

SHRI ILIYAS AZMI (SHAHABAD): Madam Chairperson ...(*Interruptions*)

SHRI RAMENDRA KUMAR: You pay a stamp duty of one lakh sixty four thousand rupees on the land valued at one crore rupees in Uttar Pradesh.

SHRI ILIYAS AZMI: I do not know what are you saying. From where have you come to know about it.

SHRI RAMENDRA KUMAR: It has appeared in the newspapers. You might have gone through it.

PROF. RASA SINGH RAWAT (AJMER): The hon. Chief Minister of Uttar Pradesh, Km. Mayawati has denied this news.

SHRI ILIYAS AZMI: You might have got it published and that is why you might be knowing about it. I do not know anything about it. He might have got it published and

also read it. I do not read such unfounded news.

Mr. Chairman, Sir, there is no question to oppose this Amendment Bill. Our hon. Finance Minister had presented the budget after a deep thinking and likewise, he has brought this amendment. He should make clear in his reply the amount of loan distributed by the Export-Import Bank till date and the assistance provided to the export oriented small scale industries like the carpet weavers, manufacturers of readymade garments and cottage industries producing Moradabadi utensils, showpieces, leather goods for export and serving the nation on a large scale. How much money has been paid to promote such industries? A policy should be formed under which big people should get less while the indigenous industries which export the items at large scale should get more loan. It is obvious that our economic strength would diminish if the import is more and the export is less. Our economic strength would be finished. Therefore, those who prepare items with their own hands should be encouraged. It helps in providing employment to more people and the best quality of items are also exported.

We had been to Europe. We saw our readymade clothes everywhere there. We should fix the percentage of assistance to promote these industries. We should not talk about the future but it should be made clear as to how much percentage of loan has been paid till date to small scale industries and big industries separately. Such a policy should be formed that the indigenous small scale export oriented industries or the small scale industries are provided more and more assistance to promote them. If this policy is framed, I myself and the people of the country would be thankful to the hon. Finance Minister. I have never taken more than the allotted time and today also, I am sticking to it.

With these words, I conclude and support this Bill.

SHRI R.L.P. VERMA (KODARMA): Madam Chairperson, while supporting this Bill, I would like to put forward a few points. The Export-Import Bank of India (Amendment) Bill has been brought forward by the Minister with a good intention to boost industry, to develop small industries and to boost our export and at present, if the export target is to the tune of Rs. 500 crore to Rs. 1000 crores then it can be increased further to Rs. 2000 crores. This is a good thing but practically we find that export is not increasing to the expected level. There was a fall in exports last year. The reasons is that the goods manufactured in the country in the course of liberalisation neither prepared a good ground for export and nor there has been any expansion in the area or any practicability therein as seen in case of import. We have recently provided relaxation on import. For example, if we take mining Sector, we will find that earlier there was copper industry and now also mining is being done there. The Chellaiah Committee has sliced down the export-Import taxes by 120 percent as a result, the prices of the goods manufactured in the country went up heavily. Since copper has become uneconomic, now copper mining can't take place. The Mosawani mines

[Sh. R.P.L. Verma]

are on the verge of closure. Similarly, the foreign iron and coal etc. have become cheap and the indigenous goods have become very costly due to reduction in duty on iron, coal and other mineral products. In this way our mining industries have been adversely affected to a large extent. I think, in a matter of a few days we will find only foreign goods in our country and the indigenous industries will collapse slowly. We have copper industry's example before us. Similarly, if duty on iron is reduced then the imported iron will become cheaper and it can happen in case of other products too. It seems that under the influence of Dunkel Draft, the Union Government, Dr. Manmohan Singh and later on Shri Pranab Mukherjee have thrown indigenous industries in the trap of liberalisation policy. A day will come when the condition of the country will become like, Mexico. Mexico had also progressed well but when this feeling cropped up that they will give more encouragement to the foreign goods because its quality is good then the industry of the entire country received a set back and today Mexico is facing difficulty. In India too, we find foreign goods in every house. There is not a single house where use of foreign goods has not increased. From children to adult, every one is having some foreign Product.

Millions of rupees are being spent under liberalisation policy, if we raise it from 2000 crores to 2500 crores rupees then it is good. We export textiles, but our textile industry does not have a facility for procuring raw material. The Government should ponder over this thing also. We are not encouraging those who are paying us a lot of foreign exchange. We should look into this. Earlier 542 industries have been considered but they have also been placed under restricted area. Still, more than 45 percent small industries are engaged in export. So the Government should ponder over to encourage small industries, to provide raw material at low rate, to provide rebate thereon so that they can improve their quality. For this purpose it is necessary to provide technical assistance and other facilities to these small industries. Small entrepreneurs do lot of efforts but the Government agency have failed to provide assistance to them. Not even that these agencies fail to arrange the Bank loans and meanwhile the share brokers embezzle the funds. There are some traders who are in trade just to get the loans and after the loans are sanctioned they divert the loan for some other purposes and even then they get loan twice or thrice. But the entrepreneurs who really want to involve themselves in enterprises, do not get proper help from the Government, rather they are discouraged and their problems increase. As a result, industry collapses. There should be a time bound programme and some concrete measures should be taken to provide them capital, raw material, other facilities and Government technology so that their trade could prosper. Therefore, if the Government ponders over in this direction then we can earn foreign exchange through import and export in a real sense and we can lead the country towards the path of progress. But if the above policy is just an eye wash and in a real sense if the policy being adopted is quite different and is meant only for

attracting the foreigners, for procuring foreign goods and to sell-out the country, then, it is unfortunate as evident from what has happened so far. TOMCO has been sold out. The foreign companies have taken over several companies and still there are such 1600 foreign companies which are capable to take over more small and big industries of the country. If I go on citing examples, it will consume more time. In a symbolic way I would like to tell the Government that if the trend of foreign companies dominating over our domestic industries continue then all our industries will be mortgaged with the multinationals within a few days. The Government should remain careful in this regard and should formulate a different policy altogether. Now we are competing for foreign liberalisation. But we are not yet competent enough to compete with them. The EXIM policy was formulated for five years during the time of Dr. Manmohan Singh and Pranab Kumar Mukherjee. They handed over this policy to the united Front Government at the time when the country was facing political uncertainty. In the present situation of political uncertainty, the foreigners have a special hand in the reforms that are being implemented. Because of this reason our domestic industry is getting ruined gradually. The Government should remain vigilant in this regard.

With these words, I support this Bill.

[English]

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Madam Chairperson, I am grateful to hon. Members for the support they have given to this Bill which as a number of Members have explained, has a limited purpose, to raise the authorised capital of EXIM Bank from Rs. 500 crore to Rs. 1,000 crore and to enable the Central Government to increase it, if necessary, by a notification to Rs. 2,000 crore.

Madam, the purposes of EXIM Bank were explained by me when I moved the Bill. The purposes of the Bank are to provide medium and long term export credit to exporters, that is, project exporters as well as exporters of capital goods and other manufactured items, to provide lines of credit to banks and to foreign government agencies to encourage them to import goods and services from India, to provide term loans to export-oriented units and to provide export advisory services. The bank has performed very well over the last 15 years. I give a very synoptic view of what has happened. The performance of the Bank in terms of the net profit has improved. The net profit has increased from Rs. 19.9 crore in 1987 to Rs. 151.6 crore in 1996-97.

16.00 hrs.

Capital and assets ratio has improved from 19.7 per cent to 21.3 per cent. Net profit on capital as a percentage has increased from 10.8 per cent to 30.3 per cent. Net profit on capital and reserves has increased from 8.5 per cent to 15.6 per cent. Net profit per employee has increased from Rs. 14.2 lakh to Rs. 106 lakh.

This Bank, as a number of Member mentioned, particularly Shri Nirmal Kanti Chatterjee, is one of our success stories. One of the reasons for its being a success story is that there is very little interference from the Ministry of Finance. I intend to keep it that way. We had asked a reputed international consultancy firm to advise on the way this Bank should go in future. Fifteen years is a good time to take stock, to look at the past, and then to look to the future. The consultancy firm submitted its report in July 1995. I thought, Shri Chatterjee was giving me his set of recommendations, but he was referring to the consultant's recommendations. We have acted on the recommendations.

Let me just list three or four major ones. The first recommendation was that EXIM Bank should target medium size companies and they have given reasons for that. The Bank is in agreement with the consultants' view and has reoriented its strategy to give focussed attention to and nurture medium size companies. The second recommendation is that the EXIM Bank should target companies in textiles, pharmaceuticals, dyestuff, auto ancillary and engineering sectors, which have been identified as large and fast growing sectors. The Bank is in agreement with the consultants' view and the Bank is in the process of identifying good companies in these sectors. The Bank has brought out research studies in dyestuff, textiles, computer software and machine tools, and it is training its manpower in these sectors.

The third recommendation is that the Bank should expand its produce range. It has introduced a new programme offering a whole range of foreign trade related guarantees to its customers, which will augment its fee based income. It has also been given approval by the Government of India for investment in equity capital of overseas ventures set up by Indian companies as part of their export development strategy. The Bank is continuing to increase its financing of export oriented units and it has set up a separate export services group for providing value added information and advisory services. The consultants recommended that the Bank should launch a range of products that enhance its distinctiveness while building export capacity. The Bank has set up an export services group to offer under one roof all these basic services covering information, advice and consultancy. The consultants also recommended that the Bank should move towards investment banking. The Government has given approval to the Bank, which has entered into an arrangement with a well-known asset management company to help medium sized export oriented Indian companies to access world capital.

There are other recommendations, but I do not wish to go into them. The point I wish to make is that the Bank is acting on the recommendations of the consultants.

SHRI NIRMAL KANTI CHATTERJEE (DUMDUM): Some of them require amendments.

SHRI P. CHIDAMBARAM: If the Bank comes to the requiring amendments to the Act, we can certainly look at it. But at the moment, the Bank has not approached us, to the best of my knowledge, for any amendments.

The main reason why we are asking for this amendment is we expect that the EXIM Bank will need to make net disbursements, that is, gross disbursements minus repayments of about Rs. 7,000 crore in future.

In addition, the Bank will need to repay Rs. 670 crore of existing rupee borrowings. Internal generation of funds is likely to be about Rs. 1,200 crore which means banks will need to raise another Rs. 6,500 crore in the next two years. Therefore, we have agreed that we will provide an additional capital of Rs. 500 crore and the bank will do market borrowing for the remaining Rs. 6,000 crore. That is why, I come forward with this amendment.

A question was asked about representative offices. The Bank has six representative offices in New Delhi, Calcutta, Chennai, Bangalore, Ahmedabad and Mumbai. All the States of India fall under one or the other of the offices. For example, Orissa falls under the Calcutta Office and Kerala falls under the Chennai Office. We have five representative offices abroad in Washington, Johannesburg, Singapore, Budapest and Rome. Representative offices do not have the power to sanction loans or to disburse loans, but given the communication facilities which the Bank has established, there is really no need to give them the power because high speed communication and a very lean staff in the Central Office can clear these applications very quickly. The representative offices maintain contacts with exporters and their organisations, generate loan proposals, appraise proposals, recommend the same to the Head Office and monitor the banks loan accounts and assets.

SHRI NIRMAL KANTI CHATTERJEE: For mobilisation of resources, will the Bank take loans?

SHRI P. CHIDAMBARAM: No. The Bank borrows in the market. ...*(Interruptions)* We borrow in the market. It is not a deposit taking bank. It is capital plus borrowings.

MR. CHAIRMAN: What is the amount for small industries?

16.07 hrs.

(SHRI NITISH KUMAR *in the Chair*)

SHRI P. CHIDAMBARAM: I am coming to that. The consultants have said—and I believe there is a lot of merit in what they have said—that the bank should focus on medium size companies, that the bank does not have the resources to meet the needs of either the large corporates or very small companies which are unlikely to have effective access to overseas markets. We can, of course, take a second look at the recommendation to see whether at least some small companies which have a technological edge and a track record of exports cannot be helped by Exim-bank more. I am willing to consider the suggestion and

[Shri P. Chidambaram]

I will ask the Bank to consider the suggestion.

There are only two other points which I need to touch upon. One is the performance of the Bank in 1996-97. As is well known, last year export growth was very modest. Because export growth last year was modest, the Bank's sanctions and disbursements last year were quite low compared to the previous year. But I do not think there is any cause for despair.

SHRI NIRMAL KANTI CHATTERJEE: Regular pay is coming down.

SHRI P. CHIDAMBARAM: Last year, the refinance and foreign currency came down very sharply because exporters overwhelmingly opted for pre-shipment credit rather than pre-shipment credit in foreign currency. The reason was that last year there was a high forward premium rate for the US dollar. When there is a high premium rate for the US dollar, an exporter will naturally opt for pre-shipment credit in Indian rupee rather than foreign currency.

The second reason is the refinance window of Exim-bank was virtually redundant last year because commercial banks, at least towards the latter part of the year, were quite flushed with funds and, therefore, the refinance window was not operated to the extent that one would like it to operate.

These are the two reasons why the Exim-banks' sanction of disbursements last year fell sharply, but profitability remained very high.

With export growth recovering this year, I hope it will. I expect the sanctions and disbursements to rise this year. But I must point out that the banks are still flush with money and they may not require refinance this year like last year.

SHRI NIRMAL KANTI CHATTERJEE: The foreign banks consider export financing as the priority sector and this Bank has to compete with them.

SHRI P. CHIDAMBARAM: But this Bank is competing with them very effectively. This Bank is the leanest and the most efficient Bank in the country. Therefore, this Bank is a good Bank. So, the less we talk about the Bank and leave it to do its work, the better it is.

On Non-Performing Assets, my friend is right. If you look at the gross figure, it looks very high. But I would humbly say that you should not look at the gross figure. The gross figure, as an important component, is known as Iraq loan. Iraq is not under my control or under my learned friend's control. Net of Iraq, the NPAs are well under control. Net of lines of credit, the NPA is a very small NPA. I do not see any reason to worry about the NPA position of this Bank. We are making a determined effort to try to collect money from Iraq. I wish Iraq well. If Iraq can get over this problem—Iraq is rich with oil—Iraq can pay back these loans. But at the moment I am not able to recover the money from Iraq.

About the lines of credit, one has to take that risk. The Exim Bank is not like any other bank. It lends taking into account the political risk as well as the commercial risk. Therefore, when you have advanced a line of credit to a foreign Government agency, there is not only a commercial risk but there is a political risk also. But one must be willing to take that risk. That is why, all the Exim Banks all over the world tend to have, at different periods of time, high NPAs because of the political and commercial risk which the Bank has to take. But there is nothing to worry. The profitability is very high. The Bank is doing well. The staff are a very well-motivated staff. They are happy. They are a lean and efficient staff. The per employee performance is very good.

Finally, I thank all the hon. Members for the support they have given to this Bill. I would urge all the hon. Members to join me in passing the Bill and wishing this Bank greater success in the future.

MR. CHAIRMAN: Now, I put the Motion for consideration of the Bill.

[*Translation*]

PROF. RASA SINGH RAWAT (AJMER): The hon. Minister given answer to several of my questions.

MR. CHAIRMAN: Have you given any notice?

PROF. RASA SINGH RAWAT: The Points I raised.....

[*English*]

The points that were raised by me should be replied to by the Minister. I want your protection.

SHRI P. CHIDAMBARAM: Sir, all the points that were raised by him are in the Bill. But the learned Member is so learned that he touches on a large number of subjects like WTO, import policy etc.

MR. CHAIRMAN: Take his name and say something, please.

[*Translation*]

Take his name and say something.

SHRI GIRDHARI LAL BHARGAVA (JAIPUR): Then say what Rasa Singh Rawat has said, is true.

[*English*]

SHRI P. CHIDAMBARAM: The point is that we have other opportunities and other occasions to discuss the import policy of this country, the WTO and other countries.

You wanted to know about the Disputes Panel to which we have been taken. I have no doubt that the Commerce Minister is more competent than I am to reply to this question. But let me tell you that we are a Member of WTO. That is a fact. That, according to me, is a right decision. I would humbly urge you to consider calmly, along



with your colleagues, my statement that I, being a Member of the WTO, took a right decision for this country. My friend Shri Jaswant Singh, when he occupied the Treasury Benches for thirteen days, did not demur from that proposition. Once we are Members of the WTO, we have to fall under the discipline of the WTO. We are faithfully adhering to the WTO. We have offered a phase-out and QRs. As the countries are asking for smaller phase-outs, we are discussing it in Geneva. One or two countries have told us that they would like to take us to the Disputes Panel. But we are not afraid of that. We have taken those countries to the Disputes Panel and we have succeeded in those disputes. We do not believe that we are in error. But we think that before going to the Disputes Panel, we must discuss bilaterally and resolve this problem.

The Foreign Minister of Australia was here yesterday. He met me and he met the Prime Minister also. I told him that we are willing to discuss. After all, trade is a bilateral concern. Like they would like to export to us, we would also like to export to them. We cannot have trade as a one way street.

You mentioned about foreign banks. Indian banks have offices abroad. If you do not allow foreign banks to have branches here, they will not allow Indian banks to have branches there. Shall we close down our branches in those countries? It does not work that way. I would urge upon you to consult your party about some statements made by you and the hon. Member Shri Verma. I do not think that that is your party's position either. I think, your party also wants trade liberalisation.

PROF. RASA SINGH RAWAT: What about our interests?

SHRI P. CHIDAMBARAM: Our interests are truly and fully safeguarded by adhering to the WTO requirement. I say with conviction that we are not in breach of any WTO requirement and we will adhere to the WTO requirement.

PROF. RASA SINGH RAWAT: I was talking about providing financial assistance to small-scale industries. You talked about the medium industries.

SHRI P. CHIDAMBARAM: When I made that statement, you were not listening to it. When I was answering to Shri Chatterjee, you were talking to your colleague. I said that consultants have recommended that the focus strategy should be on medium-sized companies. I said, we can take a second look on the report and we can try to find out companies with technological edge and a good track record of exports even in the small-scale sector and they should not be given greater assistance. I said, we can take a second look at it.

With this, I request that the Bill be passed.

MR. CHAIRMAN: The question is:

"That the Bill further to amend the Export-Import Bank of India Act, 1981, 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 Clause 2 stand part of the Bill."

*The Motion was adopted.*

*Clause 2 was added to the Bill.*

MR. CHAIRMAN: The question is:

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

*The Motion was adopted.*

*Clause 1, the Enacting Formula and the long 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.*

16.18 hrs.

DOCK WORKERS (REGULATION OF EMPLOYMENT)  
(INAPPLICABILITY TO MAJOR PORTS) BILL

[English]

THE MINISTER OF SURFACE TRANSPORT (SHRI T.G. VENKATARAMAN): Sir, I beg to move:

"That the Bill to provide for inapplicability of the Dock Workers (Regulation of Employment) Act, 1948 to dock workers of major port trusts and for matters connected therewith or incidental thereto, as passed by Rajya Sabha, be taken into consideration."

With your permission, I would like to say a few words while moving the Dock Workers (Regulation of Employment) Bill, 1997 for consideration of the Lok Sabha as passed by the Rajya Sabha.

Till 1948, the loading and unloading of ships was done by Stevedores, who hired workers either directly or through labour contractors. This labour was not paid suitable wages and not assured regular employment. To provide greater regularity of employment and prevent exploitation of cargo handling labour, an Act was passed by the Parliament, namely, the Dock Workers (Regulation of Employment) Act, 1948. It provided for formulation of necessary schemes by the Government to be administered by Dock Labour Boards to be set up under this Act. Such Dock Labour Boards were set up at seven ports out of the 11 major ports in India.

The operations on board the vessels are carried out

\*Moved with the recommendation of the President.