

15.25 hrs.

[English]

STATUTORY RESOLUTION RE : DISAPPROVAL
OF THE INDUSTRIAL RECONSTRUCTION BANK
(TRANSFER OF UNDERTAKINGS AND REPEAL)
ORDINANCE—*Contd.*

AND

INDUSTRIAL RECONSTRUCTION BANK
(TRANSFER OF UNDERTAKINGS AND REPEAL)
BILL—*Contd.*

MR. CHAIRMAN : We shall now take up further discussion on item nos. 7 and 8. Shri Shartrughan Prasad Singh to continue his speech.

[Translation]

SHRI SHATRUGHAN PRASAD SINGH (Balua) (Bihar) : Sir, I was saying this to the Finance Minister yesterday about the purpose of this Bill mentioned here are the strategy to achieve managerial autonomy and in the field of non-performing assets also this act will help in entering the capital market for equity and debt and in creating a more level playing field across other broadly similar financial institutions.

Sir, my second submission is that in place of Industrial Reconstruction Bank, it should be called Industrial Investment Bank of India Ltd. I would like to know as to why you propose to use the word 'bank' when it is not a bank at all. It is only a financial institutions. The Government is not going to set up any new bank. It will be better and more useful if it is called as a corporation or financial institution. In its definition you have mentioned that it will be repealed and later on registered under the company Act of 1956 as Industrial Investment Bank of India Limited. I would like to make a suggestion that it will be better if you replace the word bank by financial institution.

In the same way it has been written that if an officer of employer of the Reconstruction Bank opts for not being in employment under the sub-section-I then it will be considered as his resignation from the service but there should be a provision for protection of his past service and contribution made by him in the Provident Fund. Whenever a person changes service or transferred to some other department, options of the employee are sought and at the time of seeking retirement a huge amount is paid as compensation. In the same way, the Government should bear this responsibility. Nomination of the concerned person should be made on contract papers etc. I would also like to mention that Article 117 and 274 of the Constitution of India have been violated because in Hindi

version the mention of Presidential Address has not been made in it. I have also read the English version of this Bill wherein a mention has been made about the Presidential assent sought on it under the Article 117 and 274. When the Government is introducing the Bill in both Hindi and English version, the mention of Presidential assent should come in Hindi version also, which has not been made. Sir, I raise my objection to the chair on this point. This Bill should not have been presented without obtaining the Presidential assent. In this way the Constitution of India has been violated. I seek your ruling on it. This debate will be illegal because the Government has no right to move a Bill without obtaining assent of the hon'ble President.

MR. CHAIRMAN : You can continue, I have noted your point.

(Interruptions)

MR. CHAIRMAN : I am taking cognizance of this matter. You can continue your speech.

SHRI RAMENDRA KUMAR (Begusarai) : There is a mention of seeking Presidential assent in the English of this Bill circulated among Members but that has not been mentioned in its Hindi translation. It is a valid point.

MR. CHAIRMAN : I am reading the original copy of the Bill in Hindi. You can continue your speech.

SHRI SHATRUGHAN PRASAD SINGH : You have stated that in the Industrial Reconstruction Bank of India Act, 1984 after Section 4, the following shall be inserted, namely :

"(1) the Central Government may reduce share capital of the Reconstruction Bank by—

- (a) extinguishing or reducing the liability of any of its equity shares;
- (b) either with or without extinguishing or reducing liability on any of its equity shares, cancelling any paid up share capital which is lost, or is unrepresented by available assets."

Therefore, I would like to say that the Government of India should state the reasons for failure of BIFR which was set up in 1987. Under what circumstances it is being repealed. You have stated that pressure was mounting on it. Clarify it. You should present your viewpoint before the Parliament and public. A thorough inquiry has been conducted and assessment has been made about the sick industries. So the role of Reconstruction Bank should be redefined. So far the concept of competitiveness is concerned, capability of Reconstruction Bank in present financial condition depends upon its functioning. Therefore,

I would like to say that with the purposes and objectives of this Bill, the reason for failure of this Banks should also be started.

Mr. Chairman, Sir, I would like to say that it should not be so that another amendment be brought for repealing it. The hon. Finance Minister has stated that 32 per cent of the loan amount could not be recovered. Can you guarantee that under some provision cent percent loan amount will be recovered in future. You have stated that by reducing paid up capital of the Industrial Reconstruction Bank by writing off the equity to the extent of Rs. 74.30 crore, by considering it non-performing assets. In the 'b' part it has been stated that an amount of Rs. 52.25 crore of equity share will be converted. The position of the capital should be clarified in the House. In what circumstances the present law is being repealed and replaced by the new one because it will be registered under the original company law and after formulating new rules and regulations it will work as Industrial Reconstruction Bank (Transfer of Undertakings and Repeal) Bill, 1997.

Mr. Chairman, Sir, I would like to draw your attention towards my objection that this Bill has been moved here without obtaining assent of the hon'ble President.

MR. CHAIRMAN : You have mentioned that Presidential assent has not been obtained. But in English version of this Bill it has been mentioned clearly. It is a mistake that this point has not been mentioned in the Hindi version. It should be translated correctly.

SHRI RAMENDRA KUMAR : Sir, discriminatory attitude is being adopted in case of Hindi and it is not being accorded proper status.

MR. CHAIRMAN : This is not a question of discriminatory attitude but the way of working. The Bill is presented in both the Languages. In English version there is a mention of obtaining the Presidential assent but not in Hindi. It is a major mistake. It should not take place again.

[English]

Do you want to say something?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR) : No.

MR. CHAIRMAN : Have you taken note of it?

SHRI M.P. VEERENDRA KUMAR : Yes.

[Translation]

SHRI RAMENDRA KUMAR : This lapse occurred during the period when he was not the incharge of this Ministry.

[English]

MR. CHAIRMAN : After taking oath, he can improve the functioning of the Ministry.

[Translation]

SHRI GIRDHARI LAL BHARGAVA (Jaipur) : Hon'ble Chairman, Sir, I rise to oppose this Ordinance. The Hon'ble Members have strongly insisted that ordinances should be promulgated only when essentially necessiated. But it seems as if each party in this 13 parties coalition wants an ordinance promulgated in his name thus totalling the number of ordinances to 13-an ordinance by each party. They believe in equality. But you should not reduce the importance of ordinances I am opposing this ordinance because it has been promulgated to cover-up the failures of the Government by setting-up a company inspite of the heavy losses suffered by this Government. This Government is following the trend set by the Congress to hide its weaknesses and get rid of the crisis.

It is quite surprising that this Government with so many socialist leaders in it, is pushing lakhs of workers into darkness by converting the Industrial Reconstruction Bank of India into a Company. It is all right that the Company would help revival of the sick industrial units. The people who were given loans by the bank, must have deposited some securities against loan. You should have made efforts to realise those loans by way of those securities. Now how do you propose to recover those loans? You are not taking these things seriously. You just say that we have lost the money.

The person, who is in the habit of engineering the frauds, would get money from several such banks and in case these are converted into a company, then he would again go to that company and get money from there fraudulently. Therefore, we should not convert the Bank into a company.

The Bank should make efforts to recover its loans through securities deposited by the borrowers. Whether the company would render loan assistance or not, depends upon the company. Therefore I do oppose this move. I demand that this amendment should be withdrawn. We should take some positive steps to achieve the goals with which this Bank was set-up. The Government should evolve some measures to prevent sickening of industrial units. I, therefore, request that investigation should be made against such industry owners as have went out of the way so that the interests of the workers are safeguarded. Therefore, the Bank should be allowed to continue its functioning. As far as this Bill is concerned, I do criticise it because it envisages to meet the financial loss through the conversion of this Bank into a company.

[Shri Girdharilal Bhargava]

I demand from the Government that this Bill should be withdrawn and the Bank should be allowed to exist and function. The realisation of the loan amount should be undertaken in a proper manner.

It seems to me as if the Government does not want the 'Bhartiya Majdoor Sangh' to set-up a Rural Bank and the Government is trying to cover-up the losses it suffered due to the defaulters which is why it is converting the Bank into a company which I strongly oppose and favour the continuance of the Bank. Even Smt. Indira Gandhi had to nationalize the banks so that the banks may render financial assistance to the people. I view that we should follow the suit. You gave me time, I thank you for that.

[English]

SHRI SRIBALLAV PANIGRAHI (Deogarh) : Mr. Chairman, Sir, the intention of the Government in bringing this Bill seems to be good, but I am not in a position to support the way in which they have promulgated the Ordinance. What we find is, increasingly Ordinances are being promulgated these days. This is contrary to healthy democratic traditions and against the healthy functioning of democracy. I do not know as to what was the hurry to go to Rashtrapati Bhawan, persuade Rashtrapati, get his approval and get such an Ordinance promulgated.

Sir, as you find, this Ordinance was promulgated on the 24th January, 1997. This House was in session up to 20th December, 1996.

The Winter Session of the House came to a close and the House was adjourned *sine die* on 20th of December. Thereafter, if they had got it promulgated within seven days or so, there would have been some meaning. By January 24, I think, the Cabinet had already decided about the date when the Budget Session would commence. After the Cabinet decision about the Budget Session if Ordinances were promulgated how do they expect support from us? They have not issued one Ordinance only. But three Ordinances were issued. There was no urgency also. Look at the nature of the Bill. Heavens would not have fallen had they waited for a couple of months. They could have got listed these Bills in the List of Business on priority. Therefore, this is a very unhealthy trend which is fast developing.

As regards the intention I mentioned that hitherto the IRBI, the Industrial Reconstruction Bank of India was a statutory authority and after the Ordinance it had converted itself into a company. I remember two years ago or so we had passed such a legislation in respect of Oil and Natural Gas Commission (ONGC) also. They wanted to acquire the status of a company, obviously to enjoy some more flexibility in its operations and to have the capacity

to go to the market to have access to the capital market to mop up and mobilise funds. All these things are there. The intention is good. Primarily this institution was there. This organisation was there to help sick units in their revival. In fact, this bank sanctioned cumulative term loan assistance to the tune of Rs. 2,983.71 crore to 1375 units at the end of March, 1996. Further at the end of March, 1996 the cumulative financial assistance sanctioned by this Bank under equipment hire purchase and equipment finance assets stood at Rs. 20.8 crore to 36 units and Rs. 600.82 crore to 40 units and again Rs. 169.76 crore to 62 units.

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[SHRI P.M. SAYEED *in the Chair*]

So, this way the IRBI has, no doubt, rendered assistance to a large number of sick units. Many of them have been revived and many of them have died. These are all matters of concern.

Sir, I attach more importance to public sector units. There is a difference. Some persons may not like to treat them on preferential basis.

But in respect of public sector units, we have to adopt a liberal approach. When a study was made, out of about 200 and odd Central public sector undertakings, 97 were found sick, and the reasons for these units going sick were attributed to two things. One is, over-employment. According to this study, in some cases, about one-third or 33 per cent of the people were in excess. Secondly, outdated technology was also the reason attributed to many units suffering from industrial sickness. Over and above this or more important than this was mismanagement or lack of proper management to run these units. That was not highlighted in that study. But from our experience, we found that this was the main reason. Whatever it is, it is of paramount importance to see that sickness goes and as many sick industrial units as possible could be brought back to health. Their normal health should be restored. How far have we travelled along this path? I think, the progress is not something encouraging.

Figures are there, particularly about this IRBI. Under section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985, popularly known as SICA, as many as 1,241 cases were referred to IRBI. BIFR, which was entrusted with the responsibility of identifying the reasons for the sickness, whether the units could be revived and whether they could be viable or not, appointed IRBI as the operating agency in 321 cases. Out of these 321 cases for which they were appointed as the operating agency, how is it that this assignment was transferred to others in respect of eight other cases? Why did they do so?

In this connection, I should like to bring to the notice of this august House that the Indian Drugs and Pharmaceuticals Limited (IDPL), a giant public sector undertaking in pharmaceutical sector, manufacturing life saving drugs, has also gone sick. That was the first undertaking to be cleared by BIFR for revival. At that point of time, it was not referred to IRBI but to the Industrial Development Bank of India (IDBI), which was the operating agency. The representatives of the Ministry, IDBI and IDPL sat together and, with the help of the workforce there, it was the first sick project to be cleared by BIFR. I am connected with the workforce there; I happen to be associated with one of the unions. The employees made a lot of sacrifices in terms of salaries and wages; they also gave an undertaking not to claim the increased dearness allowance; they did not demand higher salary and all such things.

All of them, together, found that it was viable. But later, I think, on 2nd October, 1994 surprisingly, peculiarly and strangely they found it unviable. I do not understand how they came to this decision. One or two years after, again they found it unviable. What happened to the amount of Rs. 50 crore? In a delegation together with other Members of Parliament, I had met the then Prime Minister. He was also kind enough to sanction some money. The Finance Minister was kind enough to sanction about Rs. 50 crore. This was the one project which was established in 1961 by Pandit Jawaharlal Nehru in our endeavour to achieve self-sufficiency in the very basic area of drugs etc.

As you know, Sir, it immensely contributed to the well-being of the people. Last time, when Gujarat was visited by plague and prices of drugs soared like anything—penicillin was not available at that time—these people worked day and night. They came to the rescue of the Government and of the suffering people. Large areas are there in all the units which are there in Rishikesh, Hyderabad etc. There is a major bulk supply of drugs by these units. The IDPL is not only a prestigious unit of India but also it is a giant organisation of the whole of South-East Asia. Now, this organisation with all its units, is facing closure. There seems to be a conspiracy. Again, the IDBI appointed M/s. Ferguson and Company as the operating agency. What is this? I am told that the Government have taken some decision. What is it that they are doing?

Sir, you know that after the coming into force of the GATT we have to be very careful in certain areas and one such area is production and manufacture of essential life-saving drugs. You know about the importance of life-saving drugs. The important point is that in some cases the IDBI was the agency. I would like to know whether there is a need to change the status of that agency also into a company today because, sometimes, they do not have

money. They also say so. At the first instance, they find something viable and subsequently they say that it cannot be revived. So, that way, I would like to know whether only in respect of the IRBI these problems are there and in order to solve the problems, they are trying to convert it into a company, or even some other financial institutions are there like the IDBI which has a role to play for the revival of sick units. I would like to know about this point. I request the hon. Minister to kindly reply to this point.

Then, as I said earlier, they have to raise funds. Yesterday also, concern was rightly expressed by the hon. Members who participated in this discussion that about Rs. 74 crore is being written off. This is also the public money. Who are responsible for such irresponsible loans to be given which could not be recovered? There is an impression going round in the country now that the rich and influential people, be they traders or *zamindars* can take loans and they can do way with it; they can go scot-free. There are industrialists who take loans. What happened in the textile sector? So, naturally, this impression should be dispelled by our conduct not only by saying here but by implementing it. Coming to my point, there is a tendency growing now not to pay the loans. In different circles, we say that nobody likes to die and nobody likes to repay, particularly the Government dues. People do not like to repay the Government dues. This tendency is now growing. After 1977, after taking the decision about loan waiver etc., the situation has further worsened.

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Anyway, such impression should not be there. The genuine and needy people should be advanced loans. We want to again convert it into a company. They will have a flexible approach. They can approach the market.

One thing is very important. Unless you give loans to the public sector sick units on liberal terms, they cannot stand up as they are not on the level playing field with other organisations. If you ask them to compete with other private big organisations, which are making huge profits, can they do it? They cannot do it. That is why, I say that a preferential treatment should be shown to sick units and especially those which are in the public sector. That is why, I would like to tell Shri Chidambaram, that his intention is good, but we do not approve of the way the Ordinance has been promulgated.

MR. CHAIRMAN : Hon. Member need not necessarily repeat it. Please conclude.

...(Interruptions)

SHRI JASWANT SINGH (Chittorgarh) : It is a very good intervention.

SHRI SRIBALLAV PANIGRAHI : Jsawant Singhji, I value your support more than anyone else's.

Some liberal approach should be adopted by the Government towards the public sector industries which have gone sick.

Secondly, I would like to say about the Indian Drugs and Pharmaceuticals Limitd (IDPL). I would like to tell you about the type of service it has rendered, how it has contributed and with what good intentions, it was established by Pandit Jawaharlal Nehru. It acquired self-sufficiency in this primary sector of production and manufacture of basic drugs and life-saving drugs. Now we are pained to understand that they are deciding to close it down. The Standing Committee of Parliament on Petroleum and Chemicals had visited this company because this was the first project to be cleared by the BIFR for revival. That Committee visited the plant and went into its functioning. They were very critical in their report. The management was working out the revival plan in a slipshod manner. They wanted strict measures to be taken against such people. The Committee wanted competent people to be placed incharge of the organisation. But nobody paid any heed to that. We cannot afford to have this type of public sector unit closed down because of the follies and inefficient people like CMD etc. Therefore, a prestigious organisation like this cannot be ruined. I would urge upon the hon. Minister to personally look into this and see that they are given benefit of this loan assistance so that they can be revived.

[Translation]

SHRI BRAHMANAND MANDAL (Monghyr) : A Member of Parliament is on hunger strike on the issue of sugarcane and Jute in Bihar.

MR. CHAIRMAN : Do you want the House to be adjourned on that account...(interruptions)

MR. CHAIRMAN : This issue need not be raised. We have to continue this discussion.

[English]

SHRI CHITTA BASU (Barasat) : Mr. Chairman, Sir, I rise to express my agreement with the principle governing this Bill. It is with great pleasure that I welcome this Bill particularly because of the site selection, i.e., the bank which is going to be set up under the provisions of the Bill, will have Calcutta as the site of the head office. I am in agreement with the principle and also I appreciate the hon. Finance Minister that he has come here as early as possible to implement the promise that he had made last time in his Budget Speech.

I remind the House what he did say last time in regard to this particular object. I quote :

"The Industrial Reconstruction Bank of India (IDBI) was constituted to function as the principle credit reconstruction agents. I emphasise on these two aspects. Thanks to the rapid changes. The burden of reconstruction is being shared by different stake holders including developmental financial institutions and banks. I therefore, propose to transform the IRBI into a full-fledged all-purpose developmental financial institute with headquarters at Calcutta. I will soon bring necessary changes in the Statute governing the IRBI.

Sir, there are three points on which I want to draw his pointed attention. One is about the Statute that he expressed his intention to bring about changes by bringing about statutory changes in the IRBI. There was no mention about the companisation of the IRBI. So, I want to know from the hon. Minister whether it is not a departure from the promise that he made last time and the action that we have this time?

Sir, again, I am quite grateful to him. He had mentioned that the object of the IRBI was to function as the principle credit lending and reconstruction agents. What was the role of the IRBI for offering reconstruction credit and reconstruction assistance? Of course, it is financial, for the sick industries in Calcutta.

Sir, particularly, coming from West Bengal, we know about the great contribution the IRBI did in regard to the revival of the sick industries. So far as this Bill is concerned, my first grouse is that that aspect has not been taken proper care of.

My second point is—I will be very brief—that the object of the Bill, as at present, is to convert the IRBI into a company to be capable to meet the competition from other developmental financial corporations, companies, agencies or whatever the case may be.

Originally, from the Press I came to learn—yesterday, I was not there and I did not have the privilege of listening to the hon. Finance Minister when he placed these Bills for consideration—that the amount of equity base of the Government was to the tune of Rs. 200 crore. But subsequently, today I heard from other Members that he had said that it would be expanded to Rs. 1,000 crore. It is a welcome move.

But even if it is Rs. 1,000 crore, Sir, it will not be able to compete with the other developmental financial companies, organisations and institutions.

I am giving some comparative figures. IDBI has got

a capital base of Rs. 7000 crore. IFCI has got a capital base of Rs. 4000 crore. ICICI has got a capital base of Rs. 6000 crore.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): After how many years?

SHRI CHITTA BASU : That is all right. You also want that this baby is to be competitive enough with these organisations. I am very considerate. Earlier your contention was Rs. 200 crore; now it is Rs. 1000 crore. You have increased it. You want this bank to be competitive with these large organisations whose capital is Rs. 7000 crore in respect of IDBI; Rs. 4000 crore in respect of IFCI and Rs. 6000 crore in respect of ICICI. You want this baby to become a giant overnight and to fight another giant which is of this nature, of this magnitude, of this muscular strength. Here in this case this giant is a financial giant. It is not proper, it is not justified, it is not commensurate with the need to really convert it into a financial giant.

Secondly, why did the Government not choose in respect of making certain statutory changes in the IRBI Act itself? Why has this new company come or is this companisation made? There are other ulterior motives. Some of my friends who have spoken earlier have brought it to the notice of the House. To some extent the interest of the staff is likely to be affected. If there had been a statutory means by amending the IRBI Act, this apprehension in the minds of the staff would have been averted. Why has this been done? Why is it that instead of making statutory changes in the original Act, the companisation route has been taken?

Another attempt is galore in it. The Government is serious to realise or adjust its own arrears or its own dues from the IRBI. They want to adjust the outstanding loan or outstanding arrear with the IRBI which has been given by the Government of India by the budgetary help or by some other method is now going to be adjusted and reduced from the capital base. He has given Rs. 200 crore. But I know that according to certain statements made available to me by the trade unions, Rs. 200 crore will be required only to meet the repayment schedule from 1998. You will be giving Rs. 1000 crore. But in five years that will be taken or wiped away simply by the method of meeting the residual of repayment beginning from 1998. This is another aspect about which I have a grouse. I have got objection to it. I want that having regard to this, the Government should further increase the capital base of the IRBI.

Lastly I would like to make a very important point. I think I will have the attention of the hon. Finance Minister. He has gone away from the objectives of the IRBI. The basic objective of the IRBI, according to my interpretation—

whatever might be his interpretation, we always differ—is reconstruction of the sick industries.

Here, the reconstruction, the rehabilitation of the sick industries is not the main purpose. Its main purpose is to meet the financial giants, to earn profit by any means, even to the extent of neglecting the prime need of meeting the needs of the revival requirement. This is a violation, a departure from the original Act.

Let me give you the role this Bank did play. As on 31st March, 1996, Rs. 387.69 crore was given to sick units and having non-performing assets of Rs. 208 crore. West Bengal has the largest share in this respect. Seventy sick units of West Bengal got Rs. 197 crore; in respect of UP, thirty-nine sick units got Rs. 37.57 crore; in respect of Andhra Pradesh, twenty-eight sick units got Rs. 21 crore and in respect of Gujarat, thirty-six sick units got Rs. 25 crore. What is the guarantee that under this new dispensation the revival projects will be financed and priority will be given to these sick industries?

It has been rightly pointed out by Shri Panigrahi that the main problem today in the industrial scenario is to remove sickness in the private sector and public sector companies, which have fallen ill. If that purpose is neglected, if that purpose is brushed aside, the purpose of creating another financial giant is not going to fulfil the social objective for which banks were nationalised. The perception of nationalisation of banks was wholeheartedly accepted by the nation...*(Interruptions)*

MR. CHAIRMAN : Please conclude.

SHRI CHITTA BASU : Sir, I know that you have rung the bell. I am the most obedient Member in this House.

KUMARI MAMATA BANERJEE (Calcutta South) : You are very very obedient.

SHRI CHITTA BASU : That is right, sister. You are very very good.

KUMARI MAMTA BANERJEE : You are Netaji's *sishya*.

SHRI CHITTA BASU : Therefore, without further fulminating or without further making a speech, I want just to read out certain suggestions for the improvement of the Bill. Of course, he is more interested in having the Bill passed and I am also interested in that.

The companisation should be on the lines as proposed earlier for companisation of IDBI and not in line with the IFCI. He knows it. If he takes care, he can do it.

The Board of Directors of the proposed Company should constitute more representatives from the Govern-

[Shri Chitta Basu]

ment and proportionate representation from industry, chambers of commerce, the officers' association.

My next suggestion is on rehabilitation of sick units. Its number is reaching about four lakh all over the country. Do not forget that alarming figure. Four lakh companies are sick today. So, rehabilitation of sick industries as enshrined under the IRBI Act should continue as it was and the Government should provide adequate budgetary support every year for nursing the sick units since the Government cannot wash its hands in the matter of rehabilitating the sick units.

The Government should continue to provide long-term loans to the proposed Company and the present outstanding from the Government should not be adjusted and allowed to be kept as it was.

The dues of IRBI from the Government on account of behest lending for financing nationalised units should be refunded to the proposed Company to strengthen the liquidity base of the new Company.

I hope, the hon. Minister of Finance chooses to explain the two departures from his Budget Speech. And if he further chooses, he may react to the suggestions that I have made for his consideration.

SHRI PRADIP BHATTACHARYA (Serumpore) : Hon. Chairman, Sir, yesterday while the hon. Minister of Finance was speaking, he has stated perfectly two things. One is the banking fund and the other is the rehabilitation of the sick units. Possibly, the hon. Minister has a perception that if he gives more money to the sick units, the sick units can be revived. Sir, I would like to point out one very simple thing. By dumping money alone the sick units in the country cannot be revived. For the revival of sick units, sometimes financial assistance is required, sometimes modern technical know-how is required, some times fresh managerial techniques are required and sometimes other things are required.

I would like to know from the hon. Minister, by introducing this Bill, whether the sick units of the country, particularly those units situated in the eastern part of the country, would be benefited and whether this organisation would help in getting the technical know-how, the new managerial techniques and other things.

Sir, for your information and for the information of this august House, the earlier organisation IFCI and subsequently IRBI have helped different sick units, as mentioned by my hon. colleague. So many sick units survived by the assistance of IFCI and IRBI. I have my own apprehensions. Can that be achieved through this Bill? The hon. Minister might have good intentions to build up the

banking organisation in Calcutta in order to provide the sick units with additional financial assistance. But how can those small units which are putting up with serious problems survive? I do not know. That has not been mentioned in this Bill.

Sir, I have a submission to make. The hon. Minister has said that with this Bill he is going to have an authorised capital of Rs. 1,000 crore. I welcome his good attitude. But there are two things. The principal objective with which the IRBI has been set up is the industrial rehabilitation. Could the hon. Minister assure that with this long-term loan the sick units can be revived? I know the IFCI and IRBI have given sufficient quantity of technical know-how to the sick units. I do not know what would be the future.

Another important thing is, the intention of the hon. Minister can also be fulfilled if he agrees to amend the IRBI Act on the lines of IDBI. I am sure the hon. Minister will think over this. By allowing IRBI to raise the equity from the market to the extent of 49 per cent with the major capital base of Rs. 125 crore, we cannot expect the IRBI to play its role of 'developmental financial institution'. The Government should consider giving IRBI a preferential capital of Rs. 150-200 crore at a lower rate of interest, say at six per cent, which will be repaid by the IRBI after a period of 10-15 years.

The hon. Minister of Finance can also allow the IRBI to augment its resources by raising tax-free bonds under the Government guarantee as it was done in the case of the Konkan Railway. So, that is very clear.

So, that is very clear. If the Government's intention is to have a banking organisation for survival of sick units, then they have to go according to this consideration.

I would like to point out one very important thing. There are so many sick units under IRBI. I do not know what would be the future of all these organisations. I would like to hear from the hon. Minister as to what exactly he is thinking about this.

Lastly, I have to mention another important thing. It is understood from the Ordinance that the Government of India wants to reduce the capital base of IRBI drastically by making certain adjustments in the balance sheet which would land the proposed company in a serious trouble in mobilising resources. The hon. Finance Minister has mentioned in this august House that the authorised capital of this would be Rs. 1000 crore. Can he assure this House that with this functioning organ, he would be able to distribute it properly? I ask this question because I know that the banking organisation has no technical know-how or persons who will be able to supply technical know-

how to sick units. If he does, I would be the happiest person; if he does not, then I would request him to kindly reconsider this.

Kindly send this Bill to the Standing Committee to have a thorough discussion and to come before this House very shortly thereafter so that he can get it passed.

[Translation]

VAIDYA DAU DAYAL JOSHI (Kota) : Mr. Chairman, Sir, earlier it was considered that the inception of B.I.F.R. would certainly help revival of the sick industries and it has been brought to the notice of the House many a times but despite that the Government failed to set-up B.I.F.R. and because of this a number of industrial units are running sick. The matter was brought to the notice of the Government way back in 1987 but since then till 1995 the Government could not set-up the BIFR. There was a unit in my town Kota also which could not survive its sickness inspite of the efforts made by me and my colleague Shri Jaswant Singh Ji. There was a Government run industry in Kota, namely 'Instrumentation Limited'. Till Four years ago. It was earning profit but all of a sudden that industry started incurring losses due to the poor management. It was a very good industry. 90 per cent of the goods produced in that industry used to be exported to foreign countries. That company had once received an order of Rs. 65 crores from Telecommunications but due to nepotism that order was later given to a company in Himachal Pradesh which was opened by Shri Sukh Ram. Due to it, the company which was running in profit, all of sudden started incurring losses. These are the reasons because of which we are going to change a good management system, a good institute today. Why is it so? Not only this much, we are going to change even its headquarters.

Now our hon'ble Finance Minister is going to set-up a new company by the name of the Industrial Investment Bank of India Limited with the authorised capital of Rs. 1,000 crore. My submission is that unless and untill the root cause of the main evils are not removed, nothing is going to happen.

At least we must pay our attention towards the industries which are running sick and have failed to recover the crores of rupees from their borrowers. Whether we set up a company or a Bank unless we run these industrial units with good intention, we are not going to provide them any relief at all. They cannot earn profit untill and unless our intentions are good. I submit that a sum of Rs. 1,000 crore is negligible. These industries have incurred the loss of billions of rupees so they cannot be revived at all by this petty amount. The hon'ble Finance Minister cannot provide any relief to these sick industries. We should think over as to how these sick industries can

be saved? What should be our policy to save these sick industries. Whether it is necessary to float its share in the market or whether we should sell out its land in order to revive them? The whole industrial set-up is required to be discussed thoroughly. With the authorised capital of Rs. 1000 crore, this company is not going to deliver any goods. We had set up the IRBR in 1987 which is going to be converted into a company but this conversion is not going to give any relief to these industries.

May I ask the hon'ble Finance Minister as to what are the reasons behind shifting its headquarter to Calcutta? Sick industries are spread all over India. Most of the Public Undertakings are running sick. Earlier their officials used to come to Delhi on their official visits which was convenient for them but now they will be required to go to Calcutta which would be a costly affair. My opinion is that since you are determined to convert it into a company—whcih you can do, for you are in majority—at least allow its headquarter to remain in Delhi. Shifting its headquarters to Calcutta from Delhi will not be convenient at all from any point of view. The communists are supporting you from outside and, thus, they can mount certain pressure on you to get the things done in their favour but you should not let your efforts confined only to West Bengal rather you should adopt a wider approach and put your efforts for a nation wide revival of the sick industries. This company should provide relief to each industry in India, particularly to Instrumentation Limited which is in my town Kota so that it is given a new lease of life. With these words I conclude.

[English]

SHRI JASWANT SINGH : I would just like to seek a clarification. How long are we to go on this Bill?

MR. CHAIRMAN : Now there are two more speakers to speak.

SHRI JASWANT SINGH : I want to know this because we have to plan the presence of Members. They have to initiate the discussion on the Railway Budget.

MR. CHAIRMAN : Mr. Minister, how much time would you take to reply?

SHRI P. CHIDAMBARAM : Sir, I will take not more than a few minutes. But just to remind you, I would say that one hour was allotted.

SHRI JASWANT SINGH : Sir, I am asking this because we have to organise the presence of our Members.

SHRI P. CHIDAMBARAM : One more Bill is there.

MR. CHAIRMAN : I will request the speakers to restrict themselves to five minutes strictly. So, within 15-20 minutes, we should be able to complete this Bill.

SHRI JASWANT SINGH : But are we starting the discussion on Railway Budget today or not?

MR. CHAIRMAN : I do not know because I cannot say about the number of speakers who would be speaking on the next Bill. The whips may be forwarding the names one after another. That is the difficulty with the Presiding Officers here.

Shri Sampath, please confine yourself to five minutes only.

SHRI A. SAMPATH (Chirayinkil) : Sir, I thank you for allowing me to speak on the Industrial Reconstruction Bank (Transfer of Undertakings and Repeal) Bill, 1997.

First of all, I support the Bill and I also share the reservations expressed by Shri Nirmal Kanti Chatterjee yesterday and Shri Chitta Basu today. I am coming from Kerala. As you also know, Kerala is behind in the industrial scene. It does not have large industries and so, it does not have a large number of sick industries also. So, the share that we have got in this regard is very much limited.

I use this opportunity to invite the attention of the Government as well as the hon. Finance Minister to give more funds to Kerala for the development of industries in Kerala.

I would like to say that the case of the Industrial Reconstruction Bank of India is like the case of a doctor who has become sick. A person who had to attend to the sick persons became sick and he was undergoing a very serious surgery. In the Financial Memorandum, it has been mentioned that the Central Government proposes to take the following steps, namely—

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

Who are responsible for this? Many of our public sector undertakings are running into losses not because of labour unrest but because of mismanagement, manipulation and malpractices. What happens is that the corrupt the greedy and the fraudulent people are going scot free. Is our country a country of manipulations, malpractices and mismanagements? These cannot be allowed. There must be strict accountability. This is the public money. This is the money of the poor people. There are a lot of instances where the poor people do not have enough money to have their bread twice a day. At the same time, there are quite a large number of people who do not pay taxes but waste, mismanage, manipulate and misappropriate the public money. That is happening in our country. If the things go on like this—please excuse me for using such terms—

many of our industrial concerns will be leading to anarchy, chaos and self-destruction. I would like to say this.

Before concluding, I once again appeal to the Government as well as the Finance Minister. We are happy that we have got the Minister of State for Finance also. Even then, we are appealing to you to please give us sufficient funds. I had raised this issue in the last session also.

SHRI M.P. VEERENDRA KUMAR : So that there can be more losses!

SHRI A. SAMPATH : No, Sir. I expect that we can manage it. We want finance. Our traditional industries do not get sufficient share. Our traditional industries are there. They are very much thriving for their daily existence. They are using labour intensive technology. We feel that all the Governments which have been in existence in the past as well as the present Government have been making promises and promises. The promises are like pre-marital promises which are never fulfilled in post-marital affairs. I would like to appeal to you to consider the case of Kerala also.

I support the Bill. I also share the reservations that have been expressed by Shri Nirmal Kanti Chatterjee and Shri Chitta Basu today.

MR. CHAIRMAN : Now, Shri Pramotes Mukherjee will speak. Please conclude in five minutes.

SHRI PRAMOTES MUKHERJEE (Berhampore) (WB) : Sir, everyday, I become a victim of time constraint. Anyway, I thank you for the opportunity given to me to express my views on the important aspects of this Bill. On behalf of my party, RSP, I rise to extend my support to this Bill. The purpose of the Bill is to replace the Ordinance which had been promulgated earlier. I welcome the good intentions of the hon. Finance Minister which have been expressed in this Bill. I also welcome the opening of Calcutta.

I am not a good student of Economics. Moreover, I have heard many valuable speeches on the subject in this House. I will confine myself to one point. There are banking and financial aspects or social aspects of the industrial Reconstruction Bank of India. I am coming from the whole Indian society which is based on the market economy. There are many monopoly houses which try to exploit the people and which try to finish the purpose of this institution. So, I would appeal to the Government and to the hon. Finance Minister just to pay their special attention to the cry of these sick public sector undertakings, at least in our State. We are suffering from the sickness on the public sector undertakings.

I may not be a good student of Economics. But I am a good student of Social Sciences. On the basis of my experiences, I can say that the workers engaged in the National Textile Corporation, or in the IDPL or in tanneries or anywhere in the public sector undertakings have been suffering seriously. I know the depth of their sufferings.

I am coming from my native town, Berhampore, where there is no industry. But there is the Manindra and BT Mills, the only textile mill in my district, that is, my native town.

Sir, the total number of workers there has come down from 1400 to 365. Their lands are going to be grabbed by the big monopoly business houses. Their assets are going to be purchased. They are not getting sufficient working capital for the revival of the National Textile Mill. That mill was nationalised in the 1970s by the late Indira Gandhi, the then Prime Minister of India. This Government Undertaking is going to be finished; the fate of the workers is going to be sealed and they are now going to be thrown on to the streets to die of starvation. Such is the condition of the workers of this Undertaking.

Sir, such again is the condition of the workers in respect of M/s IDPL, in respect of M/s TAFCO, in respect of M/s MAMC and in respect of so many other sick Public Sector Undertakings. This is my version. The hon. Finance Minister had already announced that he would bring forth a very positive and comprehensive revival scheme for the revival of the sick Public Sector Undertakings. That scheme, however, has not yet been brought to this House. I think, it would be brought on time. I also think that he would pay his attention to the revival of the Public Sector Undertakings.

In this era of market economy system, the hon. Finance Minister is requested to pay more attention towards this so that this Industrial Reconstruction Bank is employed only for the purpose of reconstruction and revival of the sick Public Sector Undertakings in the interest of the toiling masses.

[Translation]

SHRI GEORGE FERNANDES (Nalanda) : Mr. Chairman, Sir, I am unable to understand as to what are the objectives of this Bill. One hon'ble Member has suggested that this Bill should be referred to the Standing Committee. I also support this suggestion for doing justice to this Bill requires a serious discussion which is very much possible in the standing committee. So far as I understand, this Bank is basically meant for reviving the sick industries or the industries which are heading towards sickness. In my view these are the very objectives and reasons for setting up of the IRBI. But if we look at the over all functioning of this Bank, its balance sheet and the information placed

before the House, we will find that a total amount of Rs. 387 crore has been given as a loan to the sick industries and the big and medium scale industries and the number of companies to whom these loans have been sanctioned is 309. If we have a close look of these companies, we will find that most of these companies have got, on an average, fifty to sixty lakhs of rupees from IRBI. But this is also a company, a corporation and it has also got a super structure. This is also undertaking many works. Whatever is targetted by the people who are running this Bank, but one thing is beyond my understanding and that is the revival of the sick industries by this Bank. As an hon'ble member has said, whether this Bank exists and functions with its ill health or converted into a company, it hardly makes any difference in the industrial sector which is evident from the Government's new policy in respect of the sick industries. The hon'ble Minister is repeatedly saying that he would have an authorised capital of Rs. 1,000 crore. At present its capital is Rs. 200 crore. He will increase it to one thousand crore. He intends to further increase it to two thousand crore. But I fail to understand as to how does he propose to achieve the objectives of the Bank by increasing the above capital. You are already having a policy for sick industries. Only under that policy the Minister of Textiles read out a lengthy statement two days ago. He said in his statement that unless the land is sold, we are going to get nothing and for this purpose, he gave the example of Bombay. He said the Maharashtra Government is not replying to their questions. Sometime they are saying 'yes' and sometime 'no'. Such problems may arise in every state and the sick industries can be revived by selling out their land. But if the land is sold for making payment of salaries of the employees, then there may arise several problems. There may be dispute over the ownership of the land and there may arise other problems. Now, nothing more can be said when your policies are meant to allow the industries to run sick or die.

Today the whole world is passing through the period of globalisation and the sick industries have no place in today's world economy, for the supporter of the globalisations—be they in America or in World Bank or in India—believes that only fittest can survive in today's competition. Exit policy is applicable not only to the employees but also for industries. Only those who can survive in the market, should remain in the market and those who cannot should exit from the market. In such a situation, I find myself unable to understand the justification of this Bank. Another reason, why I do not understand the justification of this Bank is that out of the total number of sick industries, the number of small scale industries is not less from any point of view. Just a few days ago the Finance Minister had placed the economic survey before the

[Shri George Fernandes]

House. According to that survey, the number of sick industries in the country is 2,71,206. Out of which the number of so called small scale sick industries is 2,68,815. In spite of this, the provision made for the industries other than small scale industries i.e. medium and larger ones, is to the tune of Rs. 309 crore only whereas they number only 1,919. The amount of loan borrowed by these industries, which are sick according to your economic-survey, from the Bank is 13,739 crore. The recovery of this amount seems very very difficult. This is only 3 percent of the total amount earmarked for these sick industries. In another words, out of this Rs. 13,739 crore, only a sum of Rs. 3,547 crore has been given for the small scale industries which are totalling to 2,68,815 in number. Likewise the amount of loan given to the 1,919 medium and larger industries is only Rs. 8,739 crore. Here is the requirement of thousands of crore of Rupees but you are talking of only three hundred or five hundred crores of rupees. You are having a set-up for this purpose for the last thirteen years which itself is in the state of sickness. If you want to give it a new name in order to get your purpose served and you are doing this exercise for the sake of your own people then I fail to understand the justification thereof.

In view of this I subscribe to the views expressed by my colleagues that this Bill be referred to the standing committee. It is necessary to send it to the committee where we may hold a full-fledged discussion on it. After that the House will take a decision thereon. But if you are determined to set-up a new company and want it to drive us towards destruction through your policies then it is upto you...*(Interruptions)*

SHRI RAMSAGAR (Barabanki) : Mr. Chairman, Sir, I want to draw your attention towards a matter of urgent public importance.

MR. CHAIRMAN : Do you want to say something in this respect.

SHRI RAMSAGAR : No, Sir, It is a matter of urgent public importance which has taken place today itself...*(Interruptions)*

MR. CHAIRMAN : What is that?

SHRI RAMSAGAR : Sir, the sugarcane growing farmers in Uttar Pradesh are getting the lowest support price of their crop in the whole country...*(Interruptions)* The Government did not take notice thereof due to which they are sitting on Dharana...*(Interruptions)*

Sir, I want to make only this much request to you that you should give some direction to the Government and ask it to find out some solution to their problem.

MR. CHAIRMAN : You are a senior member of this House. You cannot give direction to the Government and you know it very well. If you want to raise this matter, you should meet the hon'ble speaker or raise this matter during Zero Hour or sometime else.

[English]

SHRI P. CHIDAMBARAM : Mr. Chairman, Sir, I am grateful to the hon. Members for the views expressed by them.

Normally, I would have responded to the suggestion made by some hon. Members that the Bill should go to a Standing Committee. But, that is not necessary in the background of this Bill. As Shri Chitta Basu said, this is a promise made in the Budget Speech of July, 1996 and everyone welcomed the conversion of the IRBI into a full-fledged developmental institution and in fact, Member after Member from West Bengal and the North-East came up to me and said, 'Please do that very soon'. I have some regret that I could not do it between July and December. When we were ready with the Bill, we could not have legislative time and therefore we had to make an Ordinance and I am coming forward before the House.

I do not see why one should read into the Bill some hidden agenda or some mysterious provisions. This Bill follows the pattern of the earlier Bills where other institutions have been converted into full-fledged developmental financial institutions.

The history of the IRBI is well-known to everybody. The IRBI was started at a time when it was necessary to have a reconstruction bank to revive sick units. But, as I said in my opening statement, most of the functions of reviving sick units are now vested in the BIFR. And BIFR uses a number of agencies including the IRBI to revive sick units. Times have, therefore, changed. The context has changed. I have also to note with some sense of regret that those who speak from that part of the country continue to labour under the impression that the units will be sick in that part of the country.

A friend from Berhampur said that there was only one mill in his district and that even that was sick. No industry is coming up there. I think the real question we should ask is : Why is no industry coming to that district? What is it in the climate in that district which prevents new industries from being located? Why has that one mill become sick? Therefore, the question to be asked is not that we will continue to live decade after decade in an atmosphere of sick industries. The questions to ask ourselves are : Why has the industry become sick? How do we get on to the path of development and growth? After all, many districts in this country have flourished. Travelling

down from Mumbai to Pune, we will find a large number of districts where industries are flourishing. Travelling down from Chennai to Bangalore, we will find that industries are flourishing.

You travel from Hyderabad to Medak, Visakhapatnam and Vijayawada areas, you will find that industries are flourishing. Therefore, it is not enough to say that we are sick and we will remain sick. We must have a company which reconstructs the sick companies. We must put all that behind us. We must get on to a stage where new companies will come, new industries will come, new employment will be created and new funds will flow.

What am I doing, Sir? All I am doing is that in the context in which IRBI was founded, I, proposed it to become a full-fledged development financial institution like the IDBI, the ICICI and the IFCI. If I had made this offer to start a new company in Bangalore or Hyderabad, they would have grabbed at that opportunity. I do not know why people from Bengal feel so reluctant in supporting this Bill.

SHRI PRADIP BHATTACHARYA : Mr. Finance Minister, we are not reluctant to support this Bill. We are taking this Bill very seriously. What you have kindly mentioned is that we are busy to see how the sick units can survive. But I will tell you one thing. If you do not give an opportunity to the sick units for their revival, and by giving financial assistance only to the new companies, do you think that those companies will flourish? You know the history of my State. The industries started since the British regime. Do you want to make them scrap?

SHRI P. CHIDAMBARAM : You made your point. I am answering that. Therefore, what we need now is a full-fledged development financial institution which will perform all the functions which are being performed by the IDBI, the IFCI and the ICICI. I think there is an important role for such an institution in Calcutta. Given the importance of Calcutta, its location and its capacity to serve the entire North-East, I think, an institution of this kind should be located in that part of the country.

Now, what will this institution do in terms of what it has done in the past? So far, in 45 BIFR cases, the IRBI had been helping in the revival. In 18 cases, the IRBI was the lead operating agency, and in 27 cases, someone else was the operating agency but the IRBI was the funding agency. Now, let me make it very clear that whatever portfolio of sick units is now on the files of the IRBI, they will continue to be on the files of the new IRBI. The IRBI will continue to be either the operating agency or the funding agency in order to help the revival of those sick units. Nothing will go out of the portfolio. But that will not be the sole function of the new company. While revival of the existing units in its portfolio will be an important part

of the company, it will now take up development finance as the main role, namely, to promote new companies and new industries. That should answer your doubt.

Now, questions were raised about this Ordinance. I made it clear that one of the reasons for this is that I want to keep my promise that before 31st March this company should be inaugurated. After the Ordinance was framed, we got the Memorandum and Articles of Association ready. Our application to the Registrar of Company Affairs is ready. We have done all the preparatory work. As soon as this Bill becomes a law, I hope that this company will be inaugurated before 31st March. I invite all of you to join me in Calcutta. We are reconstructing the capital of this company in a particular manner.

SHRI KALPANATH RAI (Ghosi) : You invite all the Parties.

SHRI P. CHIDAMBARAM : Everybody can come. Why are we doing it in a particular manner? I do not want to get into the details of it. But I have looked into it very carefully. The Cabinet note deals with this. This is the only way in which it can be reconstructed. What we are doing is this. There has been what is known as 'behest lending'. I am not getting into the details of the figures. The 'behest lending' amount will be set off against the outstanding Government of India loans to the IRBI so that the balance sheet will be cleaned up to that extent.

Then, there are outstanding interest and other charges in the 'behest lending' amount which I find are equal to the amount of 'behest lending'.

17.00 hrs.

That will be adjusted against the outstanding Government of India loan balance and the remaining of that will be adjusted by writing-off the IRBI equity to the extent of Rs. 74.30 crore and then converting Rs. 52.25 crore into redeemable preference shares. All this is being done under the advice of CRISIL, the management consultant which was appointed to go into it.

After doing all this, IRBI will not have any further claim against the Government in respect of the outstanding interest. The balance sheet becomes clean; the IRBI can now have access to the capital market both to raise equity capital as well as to raise debt. Without this cleaning up, nobody is going to invest in IRBI and nobody is going to lend a rupee to IRBI. Therefore, the way of cleaning up the balance sheet is the manner in which we have got this off. I am convinced that this is the correct manner in which the balance sheet should be cleaned.

There are some questions about who the NPAs are. I can read out who these NPAs are. I have nothing to hide.

[Shri P. Chidambaram]

These NPA accounts are Bengal Potteries, Containers and Closures Ltd., Dalmia-Dadri Cement, Incheck Tyres, etc. Now what is the point? This is all loan. The companies have become sick for a variety of reasons. Action is being taken. If there is any culpability, action will be taken. But how does it serve my purpose today? My purpose is to get a company going and to start new development in new companies. I have nothing to hide. The whole list is here. I am willing to place it here. The Members can look at the list. There is nothing to hide. My purpose now is to get going. Put the past behind us. The past can be taken care of, but get going and start and develop institutions.

Sir, Rs. 1,000 crore is the authorised capital. We will raise capital by going to the market. Government will, of course, provide some capital. The capital will be raised in the market. Someone mentioned Rs. 6,000 crore or Rs. 5,000 crore. IFCI, I am told, has an authorised capital of Rs. 1,000 crore. Over a period of time, this institution will be built up as IDBI, IFCI and ICICI have been built up.

SHRI NIRMAL KANTI CHATTERJEE (Dumdum) : IFCI has the smallest authorised capital!

SHRI P. CHIDAMBARAM : Rs. 1,000 crore. IDBI has Rs. 6,000 crore as authorised capital.

SHRI NIRMAL KANTI CHATTERJEE : Incidentally, that is the most efficient development agency.

SHRI P. CHIDAMBARAM : The mere fact that there is a high authorised capital does not make an institution efficient.

SHRI NIRMAL KANTI CHATTERJEE : I think, the hon. Minister should indicate that how much the Government is going to contribute to this if the authorised capital is Rs. 1,000 crore.

SHRI P. CHIDAMBARAM : First, let the Bill be passed. As I said, Rs. 1,000 crore is the authorised capital, let the Board decide how much it can raise in the market and how much it requires from the Government. All this will be decided by the Board. These are not the matters on which I should simply make ex-cathedra pronouncements.

The point I am making is, that up to Rs. 1,000 crore is the authorised capital and as this institution builds its business and portfolio, we can always go and amend the Memorandum and Articles of Association and increase the authorised capital. In fact, a company structure gives us much greater flexibility than a statutory corporation structure gives.

Shri Nirmal Kanti Chatterjee raised a point about why I am not indicating the authorised capital in the IRBI Act. I have looked into it in greater detail. What I am doing is,

I am introducing Section 4(A) in the IRBI Act, the Act which is being repealed now. I am introducing it in that Act to enable me to reduce the capital to do all the things that I mentioned just a little while ago. That Section will die the moment this repealed Bill is passed.

Therefore, the reduction of capital will take place by amending the Act to be repealed. The authorised capital will come in the Memorandum and Articles of Association. Rs. 1,000 crore is being provided and as and when more capital is to be infused, Government will infuse more capital into the company.

My submission is that there is no mystery about this Bill, it is a simple bill intended to create a developing situation. I would urge all the hon. Members to join in passing this Bill quickly.

SHRI SONTOSH MOHAN DEV : Sir, when this Bill was introduced in this House, a lot of objections were raised from Members of our party, especially Members from West Bengal. They were apprehensive of certain things. Most of the points have been cleared by the hon. Minister, but from my experience what we have seen and which he has also explained is that when the BIFR recommends cases to various banking institutions including IRBI, these are not adhered to.

Several Members have tried to raise the issue of Bengal Potteries in this House time and again but it has not been done. The apprehension is that after this new designated agenda has been given to this IRBI to start new industries in Chennai, Visakhapatnam and all these places, which the hon. Minister has said, the sick industries in West Bengal would be neglected...*(Interruptions)*

SHRI P. CHIDAMBARAM : They would not be neglected.

SHRI SONTOSH MOHAN DEV : Wherever it is possible, it should be rehabilitated and it should be done. That is the assurance which he had given. I hope that he would not give an assurance like one of those Ministers and he will keep it. He should not forget it afterwards...*(Interruptions)*

SHRI NIRMAL KANTI CHATTERJEE : Please permit me to say that in 1991 it was provided that of the total advances henceforward 60 per cent would be allotted for new industries and 40 per cent would be devoted to...*(Interruptions)*

SHRI SOMNATH CHATTERJEE : No, that cannot be done...*(Interruptions)*

SHRI NIRMAL KANTI CHATTERJEE : In 1991 it had been done. The Government had permitted them to invest

60 per cent of their funds. In 1991 it had been done...*(Interruptions)*

SHRI P. CHIDAMBARAM : What will they do after that?
...*(Interruptions)*

SHRI NIRMAL KANTI CHATTERJEE : This had already been done not only for financing sick industries but also for others. This had already been done in 1991. That is what I am reminding the Finance Minister of.

SHRI SOMNATH CHATTERJEE : Sir, I am happy that he has listened to some of our suggestions and, of course, they might have been his own suggestions, I do not know; it may be his idea also. I wish to give his credit for that.

Sir, we have been facing a serious problem because of the non-availability of funds for new industries and I have been pestering him...*(Interruptions)*

SHRI SONTOSH MOHAN DEV : You are the Chairman of the West Bengal Industrial Development Corporation
...*(Interruptions)*

SHRI SOMNATH CHATTERJEE : Therefore, I have come to know about it. I personally faced this problem because many units were unable to take up because of the non-availability of funds. There is a liquidity crunch in the country. He knows about it; may be his creation also.

As a matter of fact, after his last Budget Speech, on the next day I wrote to him a letter that infrastructure development companies should be located in Calcutta. I do not mind Chennai getting the priority for obvious reasons
...*(Interruptions)*

SHRI P. CHIDAMBARAM : The IRBI got Calcutta
...*(Interruptions)*

SHRI SOMNATH CHATTERJEE : It is good that the IRBI got Calcutta. I said, 'Do not keep it as a sick company'. It has become itself a sick company. Therefore, to revive it, it is necessary to inject funds; make it a funding company. I am glad that it has been done but there has been several doubts and I wrote to him giving certain suggestions. I can disclose them here. The suggestions came from people who were concerned in the industry, in the Chambers of Commerce and in the Bank itself. These suggestions have been by and large accepted by him. Therefore, what we say is that—he has assured it—along with the improvement of helping the sick industries, there will be sufficient amount made available. I am requesting him to bring a new culture. I had given him numerous instances as to how IDBI, ICICI and IFCI were keeping projects from the Eastern India pending. I am not being chauvinistic about West Bengal only. Whether he agrees or not it does not matter...*(Interruptions)*

SHRI SONTOSH MOHAN DEV : Including North-Eastern areas...*(Interruptions)*

SHRI SOMNATH CHATTERJEE : I am talking about Eastern and North-Eastern India.

I have no doubt that in spite of Shri Sontosh Mohan Dev, there are some projects in the North-East India.

I heard him on the TV—he is saying that I was not here—talking about Mumbai to Pune, Chennai to Bangalore, Hyderabad to Medak, etc.

Kindly find out what has been the amount of the fund made available.

SHRI P. CHIDAMBARAM : That is why I said that we should have this. I said it in my answer.

SHRI SOMNATH CHATTERJEE : It is good. It is a little late realisation. Therefore, just do not compare and contrast. Therefore, we can assure the hon. Minister here, in the hon. House that if there is a proper funding agency, then, there will be no dearth of industrial units.

MR. CHAIRMAN : He has already said it before you arrival here.

SHRI P. CHIDAMBARAM : I said that, you have not listened.

SHRI SOMNATH CHATTERJEE : What I am saying is that it has to be a functional one.

SHRI P. CHIDAMBARAM : He is reinforcing his point

SHRI SOMNATH CHATTERJEE : It has to be a functional one. There will be a proper dedicated approach. This is what we want. Let the Minister assure that. I know there are officers in the new IRBI who are willing to do it provided that push is there from North Block, provided there is a proper push and proper attitude is taken by the North Block. Therefore, I am requesting the hon. Minister. He is having a lot of goodwill and I am sure on the 31st March, in spite of certain noises here and there, he will be welcomed when he goes there. He says that he will invite the Chief Minister. He said that yesterday to me. I do not know whether he gives an invitation to me or not. I wish him everything and every good but let him clearly endorse that there would be no dearth of funds for proper projects in that part of the country Eastern and North-Eastern India. I want that assurance from him.

DR. DEBI PROSAD PAL (Calcutta North-West) : The IRBI, during these years, was helping the sick industry in West Bengal and the region near about that. It has developed certain technical personnel and technical expertise which is of very importance. But unfortunately,

[Shri Debi Prasad Pal]

the IRBI could not function properly and successfully because of dearth of funds and I would appeal to the hon. Finance Minister that if the IRBI is given sufficient funds, the technical expertise which it has developed during these years of helping the sick industry might go a long way in the revival of the sick industry in West Bengal and also in the near about neighbouring region. The only difficulty today is that the IRBI is not funded sufficiently and due to paucity of capital, there cannot be sufficient amount of encouragement to the sick industry. Otherwise, the technical expertise, the technical personnel which IRBI has developed during these years are certainly of commendable significance. I would, therefore, appeal to the Finance Minister not to destroy but to strengthen the IRBI by giving them sufficient amount of funds.

MR. CHAIRMAN : Dr. Pal, he has already stated that in his reply.

[Translation]

Please be brief.

PROF. RASA SINGH RAWAT (Ajmer) : Mr. Chairman, Sir, I think I am entitled to express my opinion. I have to say something for which I require your patronage. As I have said earlier, the tendency of promulgating the ordinances so frequently is not a good sign on the part of the Government. Whatever may be the purpose—good or bad—for promulgating an ordinance but, in my view, it is not proper. This ordinance was promulgated on 24th January and just after two days on the 26th January, the country was going to celebrate the Republic Day. This session was also likely to start. I would say that there are 13 constituents of this Government and 13 ordinances have been promulgated by this Government. When you people used to sit in this side, you also used to criticise this tendency of promulgating an ordinance. But now you are supporting it. Therefore, there should be at least some difference between your saying and doing.

[English]

There should be no difference between saying and doing. That is why, I am requesting them through you, Sir.

[Translation]

Mr. Chairman, Sir, another thing which I want to say is that just now hon'ble Shri Chidambaram ji has said something in his reply which gives me an impression as if he is turning a blind eye to the truth. Though he wants to know as to why the industries in West Bengal and North East are sick but he is not venturing to explore the bottom of the truth. My submission is that you can convert the

IRBI into a company and extend the financial assistance for revival of the sick industries but you will get nothing unless you put a check on strikes, Gheraos and stoppage of work. Demand your right, we do support it but as the 'Bhartiya Majdoor Sangh' says, 'Rashtra Hit Mein Karna Kam, Kam ke Badle Lenge Poora Dam' Sangh' says, (we will work in the interest of the nation but we will get full price in lieu thereof)...(Interruptions) I saw people in Calcutta, West Bengal shouting slogans like "Chahe Jo Majboori Ho, Hamari Mange Poori Hon," which means they will not work unless you fulfill their demands. If they do not work like this and go on getting assistance from IRBI in the name of sick industries then what will be the net result? What else will happen if these industries do not become sick? Our colleague have referred to the mismanagement prevailing in these sick industries which is, to some extent, correct. But apart from this, other people are also responsible for their sickness.

Through you, I would like to say to the constituent parties of the Government that when a decision has already been taken to set up the headquarters of this bank in Bengal, all the sick units in the country should be revived as well. It would be very good if our public undertakings start earning profits but it seems as if this Government wishes to set up the headquarters of Industrial Reconstruction Bank in Calcutta under the pressure of its supporters viz. CPI and CPM...(Interruptions). Sir, I have a right to put forth my views as it is me who moved the statutory Resolution regarding disapproval of this Bill and I seek your patronage in making my point.

MR. CHAIRMAN : Be brief.

PROF. RASA SINGH RAWAT : Mr. Chairman, Sir, some people are sidelining the main issue. I want all the evils to be removed from the country. Now the process of privatisation, liberalisation and globalisation has been started on our country which would invariably give rise to a state of competition in case of all the commodities but...(Interruptions). I am expressing my viewpoint and I have a right to do so...(Interruptions).

That is what I am saying. Big monopolists such as Tata and Birla, oppose it...(Interruptions). But due to hard work put in by the people working there and because of their progressive attitude, every concern starts making profits. On the other hand, there are so many officials and such a large contingent of manpower in our public undertakings, still they run in losses. I would like to state the reasons thereof because recently when I visited Gorakhpur...(Interruptions)

MR. CHAIRMAN : Please come to the point. More than two hours have been taken for undertaking discussion on this Bill.

PROF. RASA SINGH RAWAT : I would like to tell you about FCI Gorakhpur. That unit was lying closed for six months and two three years might have elapsed by now but its employees were drawing salaries regularly whereas no efforts were being made for its revival. If all this continues in the same manner, the situation in the country will remain static which will prompt me to say—

"Nikale hain kahan jaane ke liye,
pahuchenge kahan yeh maloom nahin,
In raahon mein bhatakane waalon ko
manjil ki disha maloom nahin."

Thereafter the situation will become incurable.

"marj badhta gaya jyon-jyon dawa ki."

MR. CHAIRMAN : You keep on deviating from the subject. Sometimes you mention Gorakhpur and sometimes you mention something else. Please speak on the Bill.

PROF. RASA SINGH RAWAT : Mr. Charirman, Sir, you are not accepting the proposal of referring the matter to the Standing Committee. My colleagues had proposed that this Bill should be referred to the Standing Committee. They had also proposed to discuss it on some other forum. Through you, I would like to say that I oppose this move to get the sanction of the Parliament for writing off certain amount of Industrial Reconstruction Bank. I am also against the move to convert an amount of Rs. 52.25 crore of equity share capital of the bank into redeemable shares carrying dividend at the rate of 6 per cent per annum redeemable at par on expiry of ten year. The Government has moved this Bill in order to write of a huge amount and you wish to have the parliamentary sanction for it. Hence I oppose the Industrial Reconstruction Bank Bill presented in the House and move my Resolution in the House.

MR. CHAIRMAN : Do not you wish to withdraw you Resolution?

[English]

Are you withdrawing the Resolution?

PROF. RASA SINGH RAWAT : No.

MR. CHAIRMAN : The question is :

"That this House disapproves of the Industrial Reconstruction Bank (Transfer of Undertakings and Repeal) Ordinance, 1997 (No. 7 of 1997) promulgated by the President on January 24 , 1997."

The motion was negatived.

MR. CHAIRMAN : The question is :

"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 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 15 stand part of the Bill."

The motion was adopted.

Clauses 2 to 15 were added to the Bill.

MR. CHARIMAN : 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 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.

17.22 hrs.

[English]

STATUTORY RESOLUTION RE: DISAPPROVAL
OF THE DEPOSITORIES RELATED LAWS
(AMENDMENT) ORDINANCE

AND

DEPOSITORIES RELATED LAWS
(AMENDMENT) BILL

MR. CHAIRMAN : The House shall now take up item