

be better if Smt. Maneka Gandhi is also covered under this provision.

[English]

MR. CHAIRMAN: The question is:
...(Interruptions)

SHRI UMRAO SINGH: Sir I am on a point of order. When Dr. Kanaujia was speaking about his constituency, he said that 60,000 Sikhs are living in his constituency and he was alleging against the entire Sikh community. He should withdraw those words which are highly objectionable. He is misleading the House. And he has accused the peace loving people of India, those people who have got freedom for this country, and those people who are fighting on the borders. He is blaming them.
...(Interruptions)

DR. G.L. KANAUIA: I blamed only certain people because they have done it. There are several cases pending in Pilibhit, Lakhimpur Kheri. And are you claiming that they were not the accused? ... (Interruptions)

SHRI UMRAO SINGH: Sir, what is he saying?

DR. G.L. KANAUIA: There have been several terrorist activities, banks have been looted and people have been murdered there. ... (Interruptions)

SHRI S.B. CHAVAN: Sir, there might be some people who might have been involved in these things. But to blame the entire Sikh community is not correct. That is what he is alleging.

DR. G.L. KANAUIA: Sir, I have not blamed the entire Sikh community. This is a wrong allegation. (Interruption)

MR. CHAIRMAN: I am giving my ruling now. Nobody can challenge any community, whosoever he may be. If anything has been said against the Sikh community in general, that will be removed.

Now, the question is:

"That this House disapproves of the Special Protection Group (Amendment) Ordinance, 1994 (No. 12 of 1994) promulgated by the President on November 16, 1994."

The motion was negatived

MR. CHAIRMAN: The question is:

"That the Bill further to amend the Special Protection Group Act, 1988, 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 and 3 stand part of the Bill."

The motion was adopted.

Clause 2 and 3 were added to the Bill.

Amendment made:

Page 1, line 3,—

Omit "Second" (1)

(Shri S.B. Chavan)

MR. CHAIRMAN: The question is:

"That Clause 1, as amended, stand part of the Bill."

The motion was adopted.

Clause 1, as amended, was added to the Bill.

MR. CHAIRMAN: The question is:

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

The motion was adopted.

The Enacting Formula and the long Title were added to the Bill.

SHRI S.B. CHAVAN: I beg to move:

"That the Bill, as amended, be passed".

MR. CHAIRMAN: The question is:

"That the Bill, as amended, be passed".

The motion was adopted.

17.20 hrs.

[English]

STATUTORY RESOLUTION RE: DISAPPROVAL OF THE INDUSTRIAL DEVELOPMENT BANK OF INDIA (AMENDMENT) ORDINANCE, AND INDUSTRIAL DEVELOPMENT BANK OF INDIA (AMENDMENT) BILL

[Translation]

PROF. RASA SINGH RAWAT (Ajmer): Mr. Chairman, Sir, I beg to move:

"That this House disapproves the Industrial Development Bank of India (Amendment) Ordinance, 1994 (No. 11 of 1994) promulgated by the President on 12 October, 1994".

Mr. Chairman, sir, as in case of the previous Bill, I would like to reiterate that the Government is again presenting another ordinance in this House. India is the largest democracy of the world. That the Government should directly present Bills etc. in the House for its consideration which is a representative institution of the people, supreme in power and sovereign in character is a democratic tradition. The Government should after discussions know the opinion of all the parties and take a decision in the interest of the country. But this Government is continually going wayward for some years now. The Government is trying to avoid bringing important matter before the House and later promulgates ordinance in the name of the President, who is revered by the whole country. Then the Government comes with the Bill in the House and we are forced to agree to it. In this context, I would like to say that this tendency of the Government of bringing ordinances is undemocratic, unconstitutional and deminishes the dignity and decor of the Parliament. It defies the right of the representatives of the people who represent public feelings and put them before this august House. I condemn this practice of bringing in ordinances. I would like to remind you that on the issue of the provision of ordinances in the constitution many hon. Members said to late Prime Minister, Jawahar Lal Nehru that this right of promulgating ordinances was being given to the Government only for a situation of emergency, that of a grave crisis in the country when the Parliament is not functioning. In such a situation, the Government should bring in an ordinance, if necessary, in the paramount

interest of the country. Late Mavelankarji, late Nehru ji and other constitutional experts ratified it but the present Government is acting in a dictatorial manner because they have tasted it once in 1975. At that time, the Government in flagrant violation of the country's laws enforced emergency and concentrated all the powers in its hands. Those who gave a call of democracy were put behind the bars at that time. This Government is running in the same old fashion.

That is why the tendency of bringing in ordinances is continuing till date. Mr. Chairman, Sir, through you, I would like to oppose the undemocratic tendency of the Government of misusing the right of bringing ordinances and this why I move the motion of disapproval.

Secondly, it is a matter related to the Banks and the Industrial Development Bank of India (Amendment) Bill, 1994 is being presented. This law was first made in 1964. You are aware that the case of Bank scandals was in the air and JPC was constituted to probe the matter which worked for 18 months and concluded that it was the greatest scandal in the history of Banking. The report of the scam was presented in this House and debated and the Government assured that it will bring an ATR and take action against the guilty. We vehemently opposed the ATR and the Government was compelled to adjourn the Lok Sabha for many days in the last Monsoon Session. Now the Winter Session is also about to conclude and the Government has promised to bring an amended ATR by 20th December but we are aware of the Government's intention behind it. The Government may learn a lesson in view of the recently concluded Assembly election of Andhra Pradesh and Karnataka and present the facts before the House and take action against the guilty or otherwise as has been the tendency of the Government, in respect of IDBI case, scam scandal has thrown the credibility of Banks to the winds. It may also meet same fate. The apprehension is gaining ground in the minds of the people that those who invested in shares are scared and their hard earned money may go down the drain as in Hawala like scandals. This has been the greatest Bank scam in the country. In view of that I would like to say that the Industrial Development Bank of India was set up with the aim of providing capital money on concessional rates to small and big industrialists in the country. The Government makes provisions in the budget for benefiting the common people through the Banks and this is why Nehruji's policies are followed. The condition of public undertakings is not unknown and the way the Government has reversed Nehruji's policies in the name of liberalisation and globalisation and adopted the open industrial policy and other things and the way an environment is being created in the country under the pressure of multinationals, IMF and the World Bank and the aims with which IDBI was set up seem to be jeopardised. Mr. Chairman, Sir, through you, I would like to tell the Government that we are ourselves inviting and increasing this trouble. You approved of the GATT agreement without the consent of the Parliament on the mere approval of the Cabinet and now multinationals intend to invest in our country. Action should be taken against them otherwise their shares will invite more investment. In the question hour today, it was

revealed that the world of fishermen of catching fish is being assigned to the multinational companies and the former are deprived of earning their bread and butter. This why, they will be victims of starvation death and may be they don't give loans to small and big banks which will ultimately perish. How will, then, our banks develop? Our industry will be no more. Self reliance and sense of 'swadeshi' will wean away.

Mr. Chairman, Sir, through you, I would like to remind the Government that we are going to celebrate the golden jubilee of the country's independence after three years and this year we are enthusiastically celebrating 125th anniversary of Gandhiji throughout the country. In view of Gandhiji's sense of swadeshi, development of cottage industries, of making small industries and the villages self-reliant and of letting small industries and other crafts flourish in this country, I would, through you, like to know the amount of money earmarked and the number of people benefited by the Industrial Development Bank for encouraging small industries and Indian Industrialists who want to set up small industries, to meet our fundamental requirements and make use of infrastructural resources found in India. Banks grant loans but are not able to recover them fully. I would like to warn the Government against discontinuing subsidies and reliefs which were granted formerly and the Budget provided for these but now under the pressure of the World Bank these do not exist and there is no provision for any concessions in the Budget as well. You gave the slogan of enhancing investment. Then the banks will release public issues, buy shares from the market, equity will pour in and the capital investment will make banks financially sound. After that will the banks give loans to the poor, to small and cottage industries and to the champions of swadeshi? What is the position of recovery today? Much of the recovery is made but put in the bad debts category. Kindly clarify what is the amount of recovery put in bad debts category and also what is the present position of Industrial Development Bank so that the people know what was the capital profit, total investment, deposit, FD, RBI and other banks' securities and the deficit of it before releasing the issues. Through you, I would like to tell the Government that people should be apprised of the prevailing situation in the country, of the liberalisation, the new industrial policy and of inflation as a result thereof so that the poor are benefited by the investment that is invited into the country. It should not happen that through that investment loans are granted to big industrial houses alone which are difficult to recover later and bound to be written off and this may ultimately check the flow of industrial progress. The rate of industrial development should not be hampered.

Bringing in this ordinance was not so important as the Government has itself admitted. Nothing was going to happen in a month. The Government could still have brought it when the winter session of the Parliament was to commence from 7th December. The seems to be something wrong somewhere because the IDBI case was not even presented in the last session and the Government brought it in the shape of this ordinance. The position needs to be clarified in this regard. You may bring the amendments but it should in no way affect India's small

and cottage industries and the craft encouraging the sense of swadeshi, our skilled artisans and their vocations. Their subsidy should not be reduced under the pressure of GATT. Having said this, I once again, through you, oppose the tendency of bringing ordinances and disapprove this ordinance.

[English]

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI CHANDRASHEKHARA MURTHY): Mr. Chairman, I beg to move:

"That the Bill further to amend the Industrial Development Bank of India Act, 1964, be taken into consideration."

Sir, IDBI is the principal financial institution providing credit for development of industries and assisting the development of several financial institutions engaged in promoting industries. Several changes in the financial sector in recent years have made it necessary for the IDBI to mobilise its resources from the market.

It should not depend solely on Government for its resources and support. Therefore, in order to maintain the tempo in IDBI's operations, it is necessary for the IDBI to augment its share capital periodically which can only be done by permitting it to raise additional equity from capital market.

Sir, the proposed amendment to the IDBI Act mainly focuses on restructuring the IDBI by permitting it to raise resources from the capital market through issue of share capital while maintaining the Government's share holding of not less than 51 per cent there by Government would continue to maintain control. Amendments for providing greater functional autonomy and operational flexibility to IDBI certain consequential changes are also proposed. As Parliament was not in Session and there was an urgent need for IDBI to raise resources from the capital market during the current financial year by way of issue of equity share capital to meet its requirements of funds, the President promulgated the Industrial Development Bank of India (Amendment) Ordinance, 1994 on 12th October, 1994. Hence, this Bill seeks to replace the above Ordinance, Sir.

SHRI NIRMAL KANTI CHATERJEE (Dumdum): You explain what was the urgency.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHARA MURTHY): I will explain after the detailed discussion. He has moved that resolution. Even the other hon. Members wanted to participate and they may also raise the same issue. I will explain it while replying to the Bill.

MR. CHAIRMAN: Motions moved:

"That this House disapproves of the Industrial Development Bank of India (Amendment) Ordinance, 1994 (No. 11 of 1994) promulgated by the President on October 12, 1994."

That the Bill further to amend the Industrial Development Bank of India Act, 1964, be taken into consideration."

SHRI RAM KAPSE (Thane): Hon. Speaker, Sir. (Interruptions)

MR. CHAIRMAN: No cross-talk please. Hon. Members should hear.

SHRI RAM KAPSE: On 12th October the Ordinance was promulgated by the President. On 12th December, 1994 we are starting a discussion on that amendment. Only two months have passed. Now, the Minister told that there was an urgency. But, I would like to draw his attention to a news item in The Economic Times dated 14th July, 1994. It says that the Government had decided about this amendment even before 14th July, 1994. Even Mr. Khan who is the Chairman of the Bank had made announcement that we will bring so much capital from the share market and all that. If the Government had decided long back, I had feeling that it was done even before June, 1994 then why you waited up to 12th October and the Ordinance was issued. It has become a practice to issue Ordinance and then come to us with the Ordinance asking us to pass. You could have discussed it in Monsoon Session and got it passed. So there is absolutely no reason why the Ordinance was promulgated. I would like to know from the Minister when the Government decided about this amendment and it is definitely before July, 1994.

Now, as far as the amendment itself is concerned, what are your objects and reasons? You say that the Industrial Development Bank of India Act, 1964 was established as the principal financial institution for coordinating in conformity with the national priority the working of institutions engaged in financing, promoting or developing industry, for assisting the development of such institutions for providing credit and other facilities for the development of industry and matters connected therewith.

I would like to enquire whether you are thinking of diverting the role which the IDBI is playing for the last about thirty years. If this role is there with national priorities, then for the working of the institutions, only this Bank will have to coordinate. There is no other body which will play that role. Either you will have to keep the IDBI as it is or you will have to strengthen the supervisory authority of the RBI. They have a cell for this purpose. You will have to strengthen that supervisory cell in the RBI because there should be one authority which should work as far as the coordination of the financial institution is concerned. For that, I would like to know what resource you are going to make available.

Now you have decided to have a competitive role to the IDBI. Now they will have to be really competitive in their resource mobilisation. If they are dependent on the share market as far as the resource mobilisation is concerned, then naturally they will not be able to play the role originally allotted to the IDBI.

As far as the other bodies are concerned like ICICI and IFCI, about them also you know that when it comes to raising low cost resource in the form of equity, they are in a better position than the IDBI. So

how can the IDBI coordinate between ICICI or IFCI? That is the real question. Once you open it to the share market, then naturally this role will have to be allotted to somebody else. For that, please tell the House whatever you have done and then only we can support you.

Due to competitive environment the earlier coordination is not taking place. Therefore you have given functional autonomy. Is it true? Even after this Bill is passed, as far as the private enterprise is concerned, the maximum number will not be more than four. You will appoint the Chairman, the Managing Director and the three Expert Director. One full-time Director also will be appointed by you. So you are going to make all these appointments. Initially you will start with two Directors and afterwards you may go for three Directors or at the most four. So the majority, as far as shares are concerned, will be with the Government and the appointment making power also will be with the Government. So what functional autonomy are you giving to IDBI? If you are not giving that autonomy to IDBI, but at the same time you are accepting some people as representatives of the shareholders, then naturally the original role goes away and the functional autonomy which you proposed to give also will not be really given. That is the real problem.

As far as the Bill concerned, it is restricted to these two changes only.

One is about opening up to the share market and another is about the appointment of Board of Directors. That is what you propose. What does the Amendment to Section 6 say? The Board shall consist of the following, namely, a Chairman and Managing Director appointed by the Centre Government provided that the same person may be appointed to function both as Chairman and as Managing Director'. So, the Chairman and Managing Director will be appointed by the Central Government. 'One whole-time Director appointed by the Central Government on the recommendation of the Board' again, this appointment is made by you. Two Directors, who shall be officials of the Central Government nominated by the Central Government'—again, you own people. Then, three Directors from amongst persons having special knowledge to be appointed by you. Then two three or four Directors depending on the total equity shares are to be appointed. This alone will be a new functional change. Do you call this functional autonomy? I think it is exaggerating as far as to say that we are giving functional autonomy to them. It is not proper.

As far as the share market is concerned, to be really competitive, are you thinking of opening the doors totally? Are you thinking of offering more than 51 per cent to the private enterprise?

Once the representatives of industry come in, they will guard their interests though originally you thought that as far as the coordination is concerned IDBI will see to it that national priorities are to be seen and for that only the Bank be used. Now, hereafter, probably that role will not be done by IDBI. So, what do you propose to do? This is the real question.

There are some more comments which I would like to make. After the securities scam, IDBI is one of the very

few institutions which are working properly. Even the Reserve Bank of India and other nationalised banks were not working properly during the scam period but IDBI was left out. We should congratulate the person who was working in IDBI. It shows clearly that it depends on the persons who work and not on the system. You had appointed good people in IDBI. It worked nicely but that is not the case as far as the nationalised banks are concerned or as far as the Reserve Bank is concerned. Now, you will have to be more careful about these appointment hereafter. So, that is a suggestion I will be making.

Another problem is, as far as the State bodies through whom the IDBI works, you know very clearly that they are not working properly. This has created a mess. Ultimately, IDBI has to work with the help of State bodies, who deal in the same matter. The way they are functioning and their politicisation has created a problem nationwide. So, are you thinking carefully and seriously about those State bodies? This is real problem.

As far as the multinationals are concerned, you have to compete with them. You have opened the door for them. So, at least at this juncture, you should be careful about multinationals while framing the whole of the IDBI policy on how to compete with multinationals on the national scene.

The last point is about SIDBI. SIDBI was formed five years ago. The Act for SIDBI was passed in 1989. When SIDBI was formed, it was told to this Parliament that we would review after five years the position of SIDBI, whether it should work as a part of IDBI.

Small scale industry is very important as far as the nation is concerned. I will remind the hon. Minister that five years back, they had given an assurance to the parliament that they would re-evaluate the role of SIDBI and its relations with IDBI. But, they have not come to us. Again, they will issue an ordinance and then, come before us and say, "We have already issued the Ordinance and so, kindly pass it". So, let us at least know your thinking about SIDBI because SIDBI has also drawn a very large amount from IDBI and therefore, I make this suggestion.

SHRI VIJAY NAVAL PATIL (Erandol): Mr. Chairman, Sir, as Shri Raza Singh Rawat and Shri Kapse have already said, I also feel that this Bill should have come directly to the Parliament.

There was no hurry to promulgate an Ordinance because the share market is buoyant and it will remain so, for so many years to come. There is temptation everywhere, looking into the scenario in India, specially with regard to the share market. Even the college going students, instead of writing the study material in their notebooks, keep on calculating which company's share will rise after one month or two months, etc. So, that speculation is going on. There are so many private industries which are taking on, in their Board, some known figures, may be, well-known retired bureaucrats or economists or industrialists and go public and earn crores of rupees, as in the share market.

The co-brother of IDBI, the UTI and others are getting a lot of money from the open market. So, the temptation has been heightened in the mind of IDBI executives and

so, forgetting the original role, they decide to go public to collect shares from the public to raise the capital.

This act could have been done in June 1995 also. There was no necessity of bringing forward this Bill through an ordinance. What is the purpose for which IDBI was originally formed? What is the idea behind it? It is to promote to growth of industry in the developing country, to act as monitor—not merely as financier—and to act as coordinator. Now, it appears as if we are trying to go tangent to our original objective.

IDBI has been set up with the object of planned, integrated, coordinated industrial growth through herence and coordination amongst all financial institutions. So, IDBI has status. It is senior to all financial institutions and it can guide other.

But if it takes on the activity of financing after raising the capital itself, it will become one among the equals. I do not think it will be able to guide them consistently as in the case of other institutions for financing the industry. Therefore, I am sorry to know the views of our present Chief Executive who wants to go global. Some years ago, this Parliament decided to start industrial growth centres in hundred districts of this country. That is a very big and important task which IDBI could have handled properly and with zeal. Buy now, these hundred growth centres should have been established. The Government of India was pleased to appoint IDBI as the nodal agency for these growth centres. But unfortunately so far, only 33 growth centres have become functional. Instead of that, the views of our executives are that a comprehensive review of IDBI's role has to be taken regarding its mission and organisation in the context of globalisation of Indian economy. Our country's industrial development is formost in our mind. Globalisation—going to various countries and establishing our branches there—is not our first and foremost task. That is why sometimes I feel whether we are going tangent to what we decided and started fuctioning as far as the IDBI is concerned.

Only a few years ago, the IDBI celebrated its Silver Jubilee. The plans, projections and future directions given by the management at that time and even expressed by the Government through newspapers and through various

other fore were different. These are entirely different this time. I am not against raising the capital or becoming financially more sound. But your role will be entirely changed. You will become the banker. You will not remain a coordinator. That role will become secondary.

I am surprised to read that in section 6, there is a mention about the nomination of various Directors. The details have been given as to how they will be nominated. My friend, Shri Ram Kapse, said that there were four or five people who would be nominated by the Government But I am sorry to say that in respect of various banks, the Government falls short of its commitment to people so far as nomination of non-official Directors is concerned. Today also, the nomination of non-official Directors on about ten banks is pending since the last one-and-a-half years. All the recommendations have come. The file is just shuttling between the Ministry of personnel, Home Ministry, Finance Ministry, PMO, Department of Banking and again the bank concerned. There are no nominations. Here also, there is an apprehension that may be one Chairman will be nominated or one or two Directors will be nominated. Other Director may not be nominated. There words used are: 'Which are the various criteria or various fields from where the Dirctors will be chose?' I am glad to read 'first priority, scientists, then technocrats, then industry and then banks'.

But very seldorn we see the will-known scientist on the Board of Directors of the Banks. In two places, the mention of scientists has been made.

After the Bill is passed, I would like to get an assurances from the hon. Minister that at least one scientist or technocrat, who is well-kown for his contribution for the industrial development, will be nominated on this Board.

MR. CHAIRMAN: I think the time is over now. You may continue tomorrow.

The House stands adjourned till 11 O'Clock tomorrow.

1801 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, December 13, 1994/Agrahayana 22, 1916 (Saka).