

Corporation to assist an industrial concern which has a share capital up to Rs. 30 crores. Here, I must respectfully submit to the House that there is a certain social obligation as far our financial corporations are concerned. Their main objective has been to assist the small scale sector. Now, here this relaxation is given with a view to enabling them to come even to the rescue of the large scale sector and to grant loans and assistance to these large business houses also. In making this relaxation, the note of caution that I have to strike is that the small scale sector should not be neglected. That is the point which must be taken into account very carefully. Even as the situation today stands, the small scale sector feels neglected. It has been one of the demands of the small scale sector that there should be a financial agency exclusively for it. On the contrary, now we have this position that the financial corporations which were supposed to come into existence for the purpose of helping and assisting our small scale sector are now looking forward towards assisting the large business. Uptil now, good work has been done, I must say, by the State Financial Corporations in the service of the small scale sector. I find that the share of small scale units in the total sanctions made by the Financial Corporations—18 Corporations that we have—has shown an increased trend. For the year 1979-80, 63.1% of the total sanctions made by all these State Financial Corporations was for the small scale sector. In 1980-81, the percentage rose to 68.7. In 1981-82, the percentage further rose to 69.5 and so on. Therefore, we find a very healthy trend that is growing with regard to the assistance to the small scale sector.

But now, Sir, with this provision that the Financial Corporations will be in a position to give assistance to such industrial concerns which have a capital up to Rs. 30 crores, I am afraid, the small scale sector and the consideration of such classes like the educated unemployed and others may suffer.

Therefore, my plea to you while striking this note of caution is, to see that our basic industrial culture remains unaffected. We have a basic industrial culture. We want

our small-scale sector to play a key role in our industrial economy.

Therefore, while welcoming the Bill and while striking a note of caution here, I have to make a suggestion and the suggestion is that the Central Government itself should prescribe in its rules, a system of priorities so that the basic industrial culture of ours remains unaffected.

I must also say a word about the recoveries. The recoveries is a matter which must be taken seriously. Between the year, 1977 to 1982, the total overdues of the financial corporations have increased. Some hon. Member here said that it was negligible. But it has increased from Rs. 92 crores to Rs. 267 crores. Therefore, strict measures are needed on this particular point.

At present, the Amendment Bill seeks to change the present security-oriented approach to the project-oriented approach. I welcome this but, at the same time, it has also been provided that debentures can be issued by the financial corporation now, without the requirement of a guarantee by the State Governments.

Now, on the one hand, you find the policy changes are greater risk-oriented. We find that the policy changes are made in order to allow financial corporations to have more and more borrowings and, at the same time, we are relaxing this particular condition that the State Government need not guarantee the debentures issued by the financial corporations. This will not be good for the fiscal health of our economy and, must, therefore, be seriously considered by the Government.

With these words, having struck a note of caution, I support the Bill.

17.13 hrs.

STATEMENT RE : PRIME MINISTER'S
RECENT VISITS ABROAD

[English]

THE PRIME MINISTER (SHRI RAJIV GANDHI) : Mr Speaker, Sir, I seek leave to make a statement to the House

[*Sh. Rajive Gandhi*]

on my visits abroad since the House last met and to give hon. Members a brief assessment of the talks I have held with the leaders of each of the countries I visited.

I paid an official visit to the Soviet Union from 21 to 26 May. I flew to Bangladesh for a day on 2 June. From 5 June to 10 June I visited Egypt, France, Algeria, the United States of America and Geneva in Switzerland.

As the House knows, our relations with the Soviet Union have throughout been excellent and my visit helped further to strengthen the friendship and mutually beneficial cooperation that exist between our countries.

I was accorded an especially warm reception in the Soviet Union. I had several meetings with Mr. Mikhail Gorbachev, General Secretary of the Central Committee of the Communist Party of the Soviet Union, during which he reiterated the importance which the Soviet Union attached to maintaining highlevel contacts with India and to enlarging friendship and understanding with India. I, on my part, pointed out the high value which the Government and people of India attach to our ties.

Our discussions were most cordial and farranging, covering bilateral relations and international issues of importance. In regard to bilateral relations, we agreed to expand and deepen our existing cooperation in various sectors in a longterm perspective.

The international issues discussed included peace and disarmament and the developments in South-East Asia, South-West Asia, West Asia, Iran and Iraq, Southern Africa and Central America. We also briefed them on the efforts we have been making to develop friendly relations with our neighbours as well as our initiatives as the Chairman of the Non-Aligned Movement. I also met Mr. Nikolai Tikhonov, Chairman of the USSR Council of Ministers, Mr. Andrei Gromyko, who has now become the President of the Soviet Union and was then Foreign Minister, and other leaders.

The outcome of our discussions has been set out in the Joint Statement which was issued at the end of my visit. Two Agreements were signed. The first, an Agreement on Economic and Technical Cooperation, provides for Soviet participation, in some important project included in our Seventh Five-year Plan, particularly in power, coal and petroleum sectors. There is also provision for Soviet participation in the iron and steel and machine-building sectors. Soviet cooperation under this Agreement is to be covered by a credit one billion roubles.

The second Agreement signed was on the main directions of economic, trade, scientific and technical cooperation between our countries upto 2000 A.D.

My programme included visits to Minsk in the Byelorussian Republic and Frunze in the Kirghiz Republic. At a public function in Moscow organised by the Union of Soviet Friendship Societies and the Soviet-India Friendship Society, the Lenin Peace Prize was awarded posthumously to our late Prime Minister, Shrimati Indira Gandhi. A square in Moscow was also named after her.

In my assessment, the visit has been very useful in enabling the leadership of the Soviet Union to get acquainted with our point of view and in taking Indo-Soviet understanding and cooperation to a new level of cordiality.

The purpose of my visit to Bangladesh on 2nd June was to express India's sincere sympathy to the Government and people of that country over the devastation and loss they had suffered as a result of cyclone. President Jayewardene of Sri Lanka, who was in New Delhi for discussions, also went with me to Bangladesh. We had talks with Lt. General Ershad, President of the People's Republic of Bangladesh. The visit was also an expression of the growing spirit of solidarity among the countries of South Asia.

Egypt and Algeria have been close colleagues of ours in the Non-Aligned Movement. Shrimati Indira Gandhi was to

have visited both countries in April, 1984, but could not do so. After I assumed office, their invitations were renewed.

In Cairo, President Hosni Mubarak received me with great warmth and cordiality. We had an in-depth exchange of views both on international and bilateral matters. Egypt was particularly appreciative of our Chairmanship of the Non-Aligned Movement, our role in promoting disarmament and our efforts to bring about an early end to the Iran-Iraq war. There was agreement on the need to cooperate closely with each other and to remain in touch on the West Asia question. We also were of accord on the need to maximise bilateral economic and commercial cooperation. It was decided that the possibilities might be explored in a more concrete manner at the first meeting of the Indo-Egyptian Joint Commission which is likely to be held in October, 1985. I also had discussions with Mr. Kamal Hassan Ali, Prime Minister of Egypt.

In Algeria I had extensive discussions with President Chadli Bendjedid covering the entire range of bilateral and international issues. The talks were very cordial and relaxed. There was identity of views on international issues of mutual concern and we have agreed to keep in close touch, particularly on Non-Aligned issues. It was agreed to set up an institutionalised system of annual exchanges between our two Foreign Offices alternatively in Algiers and New Delhi. I also had talks with the Prime Minister, Mr. Abdelhamid Brahimi.

In order to give a further impetus to our economic and commercial exchanges, we agreed to purchase half a million tonnes of Algerian crude. Algeria has indicated its readiness to accord high priority to the award of commercial contracts and projects to India.

On the question of Western Sahara, our sympathy and support for the Polisario was reiterated.

I received Mr. Mahfoud Ali Belba, Prime Minister of the SADR and member of the Executive Committee of the Polisario. It was made known to him that, following the SADR's participation at the 20th OAU

Summit in November 1984, upgradation of our relations had been under active consideration.

My visit to France followed a series of high-level exchanges since President Giscard D'Estaing's visit in January 1980, the late Prime Minister Indira Gandhi's visit to France in November 1981, President Mitterrand's visit to India in November 1982 and Shrimati Indira Gandhi's short transit stop-over in Paris in September 1983. My visit proved to be very useful and reinforced the foundation for a more dynamic bilateral relationship.

President Mitterrand and I took stock of the world situation and the imperative need to promote international peace as well as greater co-operation between the developed and developing countries. I also had extensive discussions with the Prime Minister, Mr. Laurent Fabius.

In my meetings, I stressed the need to develop the political and economic aspects of our bilateral relationship in a balanced manner. The French displayed marked receptivity to our point of view.

Two accords were signed during the visit: one on the setting up of an Indo-French Centre for Promotion of Advanced Research in India and the other for French assistance in the conversion of urban wastes into energy, and depollution of the Ganga river. Overall Indo-French economic co-operation in a number of fields is expected to be significantly enhanced.

I inaugurated the Festival of India on 7 June. As Members are aware, the Festival will continue until mid-1986, and, already, it has had a marked impact on the French public.

In Paris I also addressed the UNESCO and reiterated our support to the work which that organisation is doing.

My visit to USA from June 11 to 15 was most useful.

I had an opportunity to exchange views with President Reagan on major international issues and also on matters of immediate concern to India like reports of

[*Sh. Rajive Gandhi*]

Pakistan's plans to produce nuclear weapons and the activities of some terrorist elements. The talks were characterised by warmth and openness.

I welcomed the desire of the President for close cooperation with us on the international dimensions of terrorist violence against India.

I found both the President and his advisers a great deal of interest and understanding in regard to what we are trying to do in India. Even where we have differences in policy or in approach, I got the feeling that we could still discuss the issues and work together. We value these high-level contacts and would like to continue the dialogue. I believe there is good scope for building on these foundations to broaden our understanding and co-operation.

Hon. Members would have seen the text of the joint statement which was issued at the conclusion of my visit to the United States, which lists out some areas of economic, scientific and technological co-operation. We have identified some specific areas of collaboration, like extending the Science and Technology Initiative for another three years, initiating a vaccine action programme, and a long-term research and technology development programme, and a programme for the advancement of commercial technology.

India was honoured by the invitation extended to me to address a joint meeting of Congress. I also had meetings with other important members of the Administration as well as prominent scientists, leaders of the Press and the media and the U.S. Chamber of Commerce.

Both in Washington and in Houston there were functions with the Indian community. Vice-President Bush graciously accompanied us to Houston, where I paid a brief visit to NASA. A major event in my programme was the formal inauguration of the Festival of India, which was dedicated to the memory of Shrimati Indira Gandhi. President Reagan has referred to it as "an unprecedented nationwide celebration".

Hon. Members would have seen reports about President Reagan's recent surgery. I am sure the entire House would join me in conveying to him, to Mrs Reagan and to the American people our best wishes for his full and speedy recovery.

On the way back from the United States I broke journey for a day in Geneva where I was accorded the privilege of addressing the International Labour Organisation. In my address I reiterated India's commitment to ameliorating the conditions of our workers in both the organised and unorganised sectors and to urge greater action on the part of I.L.O. in the service of unorganised workers all over the world.

17.25 hrs.

STATE FINANCIAL CORPORATIONS
(AMENDMENT) BILL-*Contd.*

[*English*]

MR. SPEAKER : Now, we continue with the discussion.

[*Translation*]

SHRI GIRDHARI LAL VYAS (Bhilwara) : Mr. Speaker, Sir, many fresh clauses are sought to be added by the State Financial Corporations (Amendment) Bill introduced in the House. You are very well aware that the object of this enactment was to provide more and more assistance to industries in different States in order to bring prosperity in the country. The steps taken in the beginning proved helpful in achieving industrial development to a great extent, but we have still to do a lot in this field. The present condition of financial institutions is not conducive to this. For this purpose it is necessary to expand its jurisdiction and increase its capital, powers etc. Hence, there amendments are absolutely necessary for industrial development. Under this system the small scale sector and the medium sector will get opportunities to make progress.