

12.23. hrs.

[English]

**Sick Industrial Companies (Special Provisions) Bill-Contd**

MR. DEPUTY SPEAKER : The House shall take up further consideration of the following motion moved by Shri Vishwanath Pratap Singh on the 20th November, 1985, namely :

“That the Bill to make, in the public interest, special provisions with a view to securing the timely detection of sick and potentially sick companies owning industrial undertakings, the speedy determination by a Board of experts of the preventive, ameliorative, remedial and other measures which need to be taken with respect to such companies and the expeditious enforcement of the measures so determined and for matters connected therewith or incidental thereto, be taken into consideration.”

DR. G.S. RAJHANS shall continue his speech.

[Translation]

DR. G.S. RAJHANS (Jhanjarpur) : Mr. Deputy Speaker, Sir, as I had been saying yesterday, sick industry is like bride burning. It is said that take dowry and burn the bride. Bring another bride, take dowry again and burn the second one also. The position of the sick industry is exactly the same. Set up an industry, take money from the financial institutions, withdraw the money belonging to others shrewdly and pocket it and make the industry sick. Thereafter, it is the headache of the Government to run that industry. Set up another industry, withdraw its money also and make it sick. Then again it is the headache of the Government to run that industry. What can be more lucrative business than this in India.

MR. DEPUTY SPEAKER; Sir, I have been a senior executive in many big companies in the country. I will tell you from my experience how industries go sick. There was a big company in Calcutta set

up during the British rule but now it is no more. When it was taken over by the Indians, it became sick. There is a place Kumar-Dhobi in Dhanbad where there is a big factory. In that factory paper producing and cement manufacturing machines used to be manufactured. That factory has gone sick. How? The factory owners colluded with the party to whom they supplied the machines and asked that party to complain that the machine supplied to them, was not at all working. The engineers were sent from the factory who reported back in the manner they were asked to that the machine had not been manufactured as per the specifications and consequently was of no use. Thus the machine costing Rs. 20 lakhs used to be sold as scrap for Rs. 8 to 10 thousand. This process continued and the workers remained in the dark and the industry became sick. Now it becomes the responsibility of the Centre or the State Government to run the industry. The concerned people take out money shrewdly. No one suspects them. The same company has another big factory in Kumar Dhobi known as 'Fire and Clay Silica Works' which is the biggest of its kind in Asia. I should not have mentioned the name, I have committed a mistake. Anyhow, there is a factory some-where in Bihar which manufactures refractory. Many of the hon. Members perhaps may not be aware of the conception of refractory; it is a brick which is used in the furnace of a steel plant and each brick costs several thousand rupees. They manufactured those bricks and supplied to a party in Punjab. One truck load of bricks costs about Rs. 8 to 10 lakhs. They manipulated a letter from the concerned party that the bricks supplied to them were not as per the specifications and an engineer should be sent for inspection. The engineer goes there and reports back that the bricks had developed cracks and were of no use and should, therefore, be disposed of as scrap. Now those bricks could not be sold as scrape also and were just a waste. The matter ended there and in this way lakhs of rupees were misappropriated. Now that factory is on the brink of sickness, it has applied to the Bihar Government that it is getting sick and the Government should assist it,

[Dr. G. S. Rajhans]

I know of a company in Rajasthan which is the biggest cement factory in Asia. What is their *modus operandi*? They send their product to Delhi by truck, and, on the way they sell it to some other party and state that due to rains the cement got damaged. Even in March-April, they say that it rained and you all know how much it rains during these months. In this way they show that the entire quantity of cement had turned into stone. The fact is that no cement was sent by trucks but fake documents were prepared and crores of rupees were misappropriated. Who is the loser? The financial institutions are the loser and now that company is being managed by the Government. Government is also helpless, as large amounts of money have been misappropriated. What I mean to say is that the business of making industries sick is a very profitable business. Some people take out the money by throwing dust in the eyes of the people who remain in dark. I will relate a true incident but I will not mention the names. Matrimonial negotiations were being held between two seths through a broker. The broker said that the people from the girl side were very rich and that their premises have been raided thrice or four times by the income tax authorities. The boy's father said that that means they are really rich. As he was not sufficiently impressed by the fact that the other party had been raided thrice or four times, the broker added that he had made 3 or 4 industries sick. Thereupon, he was really impressed and said that it shows that the other party was really rich. What I want to say is that the business of making industries sick is a lucrative one and no one can be apprehended. What will you do? At the most you will take over his industry. I know of a Chief Minister who constantly threatened industrialists of nationalising their industries. The industrialists retorted, why tomorrow, nationalise it today. What has been left in our industry? So it is a very serious problem.

An interesting incident occurred in Bihar. A big industry went sick and 30 thousand workers became jobless. There were two sugar mills in that industrial complex. The owner of the industry asked the Government of Bihar to take over the mills except sugar mills as the prices of

sugar had gone up. Several Members of Parliament, requested the Chief Minister not to do this. The Chief Minister acceded to our request. I want to submit that the problem of sick industries is very serious.

[English]

MR. DEPUTY-SPEAKER : You have already taken fifteen minutes.

DR. G.S. RAJHANS : I will take only one minute more.

MR. DEPUTY-SPEAKER : There are other Members also who are interested to speak.

SHRI AMAL DATTA : There should be a warning bell and then a final bell.

DR. G.S. RAJHANS : I am an experienced person. Please give me time. I will explain.

[Translation]

The other point I want to raise is that you have provided for constitution of a Board on page 4 in which it has been provided that the High Court Judges and technology experts will be appointed as Chairman and the Members. Economic experts will also be there. I would suggest that instead of 20 years experience, the condition should be of 5 years experience because new people are entering the industries and business and they know all the secrets. They will tell you about all the loopholes.

Another thing you have said is that the people who have been judges of the Supreme Court or Secretary to the Government will be taken on the Board. I would suggest that you should take people from the industry or business. The age limit of 65 years should also be removed because in the private sector people are re-employed after they retire at the age of 65 years. Therefore, there should not be any age limit.

You have stated that an industry will be considered sick when the State Bank of India or the Reserve Bank of India says

so. My submission is that even if a small shareholder requests, the Board should take up the case.

Lastly, I would say that there is a good practice in private industries that even if an anonymous letter is received, action is taken on that letter. If some anonymous letter is received to the effect that a certain industry is going sick, you should also take action thereon. I think it is permissible in International Law that if someone informs you that the neighbouring country is preparing for war, you can destroy its installations by taking pre-emptive action. Similarly, you would be justified in taking pre-emptive action if a person or a small shareholder takes you into confidence and states that money or material is being taken out from such and such industry and it is being made sick.

The problem of the sick industries is a serious one and you should seriously think of taking some steps in this regard. I would also say that you should take advantage of the experience of those persons also who are engaged in business.

[English]

SHRI AMAL DATTA (Diamond Harbour): The phenomenon of industrial sickness has been with us for more than 15 years. In fact, we have all been very much agitated particularly in the eastern part of the country where I come and from the area I represent since early 'seventies with the phenomenon of industrial sickness as it had affected us earlier than any other parts of the country. That is one of the reasons why the only institution set up by the Government so far has possibly been located in Calcutta that being more or less the centre of industrial sickness at that point of time. Since then the phenomenon of sickness has spread all over India. The latest statistics show that more money is locked up because of sick industries in the State of Maharashtra than in the State of West Bengal. So they have overtaken us in sickness as they have overtaken us in industrial production and other aspects.

What we have been concerned mostly is to do something worthwhile and to find out some permanent solution for the prevailing sickness. But unfortunately, nothing substantial has been done so far.

So far as those industries which have already become sick, are concerned, if you take large, medium and small industries which exist, their number is over 85,000 now. The number of employees runs into lakhs. And the amount of capital locked up is more than Rs. 3000 crores. But those Statistics also become obsolete as soon as they are published because they are always late by three months or six months.

The phenomenon of sickness has to be tackled at two levels. One is that something drastic has to be done to revive the industries which are already sick so that the people who are employed there, do not lose their livelihood. Since this Government has been installed in January, it has not come out with any definite guidelines as to what it would like to do with those industries which are already sick. We have made representations to the Government with regard to many sick industries but unfortunately, it has been following the same policy as the previous Government was following, namely, to keep the workers in those industries on a sort of dole by just paying their wages and not giving them enough work, by not making even the working capital available. I will give you just one example to illustrate my point. One of the industries in Calcutta—incidentally it is within the constituency of our hon. Minister of Law, Mr. A.K. Sen—Bengal Potteries Ltd. employing, at the moment, about four thousand workers—one thousand less than what it was originally employing—has been kept on this dole set up by Government's own institution, the Industrial Reconstruction Bank of India since the last three and a half years, as a result of which they can say that this company is making a loss and the loss is mounting every year. We have been representing to the Government since January to make the working capital available so that the company can break even as it did till 1981-82 which is the last year up to which the working capital was made available. After that it has never

[Shri Amal Datta]

been made available. Only the workers are paid their wages and salaries. That is all that the Government disburses. So, without the working capital, the company cannot survive. If that is the attitude of the Government that only the workers will be kept for some time so that they do not agitate and they are lulled into some kind of complacency—of course, every six months they have to come and get the sanction of the Government for the extension of take over period—then this Bill is not going to help. This Bill also does not say anything about what is going to happen to those industries which are already sick. The Preamble to the Bill says that it is a Bill for timely detection of sick and potentially sick companies and then to take certain measures with regard to that, but it does not say anything as to whether it brings within its scope those companies which are already known to be sick, which have already been taken over in one form or the other under the wings of the Government, Central or State. Nothing at all has been mentioned with regard to that. I dare say that if they are brought within the scope of this Bill, then as soon as the Board envisaged by this statute is set up, they will find that all these companies are no longer viable. They are not only sick, they cannot be made viable because of the fact that the Government has not made any investment in these companies for year. Where is it stated here that that attitude of the Government of India is going to change? If that attitude does not change, then merely having an early detection is not going to help. There have been several attempts previously by the Government to set up systems of early detection. They have set up several institutional arrangements under their own auspices or under the auspices of different financial institutions including the Reserve Bank of India, for early detection of industrial sickness. All of these have failed to play any significant role in preventing industrial sickness, I do not know whether they could give early warning or have been successful in early detection, but the Government has failed to act on such early warning or detections if those institutional arrangements have been

successful in detection and warning the Government early enough.

It is a question of having the 'political will'. The question is whether the Government wants the sick industries to be revived or not. If they want to revive them, in what form do they want to revive it? Do they want to revive it by putting in substantial capital investment? Do they want to revive it by making necessary technical upgradation and all that? Will they see to it that the workers' interests are protected? That is not stated. What is stated in the Bill is only this—that all concerned will have to make sacrifices, the labour, the State Government, everybody! That is all they say. But so far as the Central Government is concerned, they have arrogated to themselves all the industrial powers, all the financial powers, in their own hands. So, it must take the full responsibility for revival of industries. It must take full responsibility for rehabilitation of the workers who are affected due to the sickness of the industrial concerns in which they are employed. Then, Sir there is no indication in the Bill which we are at present discussing as to what the Government's intention is with regard to existing sick industries. What they have said is only this when the Board envisaged in this Bill decides that an industry concerned is sick, the next thing which it has to decide is, whether it can be made viable or not. If they find that it cannot be made viable, then, it will be sent to the court for liquidation. It will take the ordinary course of the law. That means that the workers will lose their jobs. This is what the Government's real intention is.

MR. DEPUTY SPEAKER : Mr. Amal Datta, please try to wind up.

SHRI AMAL DATTA : How many minutes I have got?

MR. DEPUTY SPEAKER : 12 minutes.

SHRI AMAL DATTA : I may as well not speak in that case; I can better sit down now. This is an important subject. We are very much concerned with it.

MR. DEPUTY SPEAKER : Everybody is interested. Everybody wants to speak.

Time is allotted and I am going according to that. Your party gets 12 or 13 minutes.

**SHRI E. AYYAPU REDDY (Kurnool) :** It is not fair to proceed only on the basis of time allotted when the Member is contributing to the debate.

**MR. DEPUTY SPEAKER :** I cannot help. Otherwise we will take even 2 days or three days over one Bill. We have to pass this Bill.

**THE MINISTER OF STATE IN THE DEPARTMENT OF CIVIL AVIATION (SHRI JAGDISH TYTLER) :** For 5 minutes you have been arguing.

**SHRI AMAL DATTA :** Sir, regarding the Board which the Bill envisages, I have got some reservations.

First of all, let me conclude the first point which I have been making. Sir, by this Bill the Government has only tried to put the 'cart before the horse'. It has not tried to deal with those companies which are sick because of which more than Rs. 3000 crores worth of industrial assets have been locked up; and loans of the banks and financial institutions are locked up. Lakhs of people have been rendered unemployed. Government does not say what it is going to do about that. This Bill has not given any indication at all about that. The workers are going to lose their jobs straightway.

Then, my second point is this : So far as the Management is concerned, the Government has allowed the errant management to survive and to flourish. The Reserve Bank of India has stated that more than 50 per cent of the sick industries become sick because of the management siphoning off funds. My question is this : What has the financial institutions and the banks (owned by the Central Government itself) done so far to see that these managements are not allowed to escape and go scot-free ?

When the loans are granted, all these people have to sign a personal undertaking and give collateral or from their personal assets, at least the promoters of these companies have to. I have not heard of

a single case in which the Government financial institution has recouped itself from the personal assets of these promoters on whose personal guarantee and on whose collateral or on whose personal bonds, the loan was granted. As has been said by my friend Mr. Rajhans, they have allowed this to be a very profitable business for dishonest business men and these dishonest businessmen are gradually putting out of business all those who want to do business honestly.

The first indications of sickness come when the companies fail to pay wages regularly, when they do not pay bonus, provident fund and other statutory duties. Where is the indication here that the labour will be a party and that the labour will be entitled to report that a company is getting sick ? It is the labour which is going to be affected and they know from the very beginning that the company is going to get sick. But no provision has been made in this Bill to give the labour the right to report.

The other point is that right has been given to the financial institutions to report. As regards banks or financial institutions, as soon as a company has defaulted in payment of interest or capital or whatever it is due, it must be the duty of that bank or institution to immediately report to the Board. That is the earliest indication you can get, not having to wait for more than two years. The accounts of a company are not made ready till six months after the close of the accounting year. But in the earliest part of the accounting year, the company may have been failing to honour its debts to Government's own institutions. And even creditors may be given the right to report. In that case only, sufficiently early warning may be obtained to prevent sickness at a stage where the company can still be cured and not, as the Bill provides, when it is already practically dead.

There are certain anti-labour provisions in the Bill. The obligations regarding minimum wages stand suspended. The workers will not be allowed to strike. These anti-labour provisions should be deleted. Is the Government bringing the Bill

[Shri Amal Datta]

in order to see that the welfare of labour is promoted or are they bringing the Bill to see that more money can be pumped into hands of those erring businessmen who are responsible for this industrial sickness? Since 1970 the IRBI has been continuing and it has been pumping money into the hands of dishonest businessmen. If the Finance Minister goes into the history of IRBI, he will see that even during the last two or three years, even when he has taken charge himself, they have been giving money to these industries which are not sick. But on grounds of following the guidelines of incipient sickness, they have been pumping money. Why can't it be detected and the whole scheme is implemented in a really professionally competent and honest manner, with a will to do something for the labour and not merely give money to the dishonest businessmen?

SHRI SHARAD DIGHE (Bombay North Central): Sir I rise to support the Sick Industrial companies (Special Provisions) Bill, 1985 which is before the House. This industrial sickness was a matter of grave concern for a number of years and the Government could not be indifferent to this problem. If the Reserve Bank report is considered, nearly 66,000 sick units, large, medium and small, in the country, are existing in 1983 and the number has been swelling from time to time.

And the number has been swelling. The recent figures show that in December 1983 there were 80,110 sick units and by the end of 1984 they came to nearly one lakh. Today they must have gone up still further. Even considering the outstanding bank advances also, the figure is frightening: till December, 1982, the figure of outstanding bank advances in respect of sick units was Rs. 2,585 crores; it rose to Rs. 2,793 crores in June, 1983; and till the end of the year it came to Rs. 3,101 crores. Considering this situation it was absolutely necessary to take some steps in this direction. I would recall the observations made by the hon. Finance Minister in his budget speech when he said:

“The onus for reporting sickness will be laid on the management of the units themselves who will

be required to seek a fresh mandate from their shareholders after 50 per cent of the net-worth of the company has been eroded, and when the company loses its entire net-worth, the existing management and the owners will not have any further role to play in running the affairs of the unit.”

I think, the present Bill is an exercise in that direction. Therefore, I welcome this Bill.

While welcoming and supporting this Bill, I will also take this opportunity to point out certain infirmities and certain lacunae in this Bill. Firstly, according to me, this Bill has been restricted only to corporate bodies. Now, there are several concerns which are sick units and which are run by partnership firms. As far as Bombay is concerned, I can give several examples where even big mills are run by partnership firms; they are neither private limited companies nor public limited companies. Therefore, if we restrict these provisions only to corporate bodies, then I think many will get free, many will fall outside the scope of these provisions. This malady is prevalent even in big units which are run on partnership. Therefore, it was absolutely necessary to bring them also within this net. I hope a beginning has been made with this Bill and that some such measures will be found out so that these partnership business concerns also which are sick are brought under the clutches of certain measures which are indicated in this Bill.

As far as the procedures which are laid down are concerned, according to me, they are dilatory procedures. For example, firstly a report has to be made within 60 days from the finalisation of the accounts. In this case what is 'finalisation of accounts' will also be a doubtful proposition. Is it that these accounts are finalised when the general body passes the accounts or is it that they are finalised when they are audited and the audited account are submitted to the Board of Directors? These anomalies would arise. So, these doubts will have to be removed. Apart from that, this procedure is a lengthy

procedure—60 days given for the report, then another 60 days for inquiry and thereafter the scheme will be submitted and then the measures will be taken. This period will be very well misused for playing so many tricks by those whose who want to go out of the clutches of this law. Therefore, my submission is that such measures should be prompt ; no time should be given to the management so that they can manipulate and go out of the net of such law.

There are several provisions which require some review. For example, suspension of recovery is provided as soon as the enquiry starts. Clause-22 provides that all recoveries will be stopped. It is not made clear whether recovery of all workers will also be stopped. There are cases in Labour Court, in payment of Wages Court for recovery of certain dues. What will happen to them ? Because the enquiry will start as soon as the report is made by the Director, or as soon as sickness is detected by the Government or other financial agencies. So, from the labour point of view this ought to be made clear, so that the recovery of dues of the workers should be exempted and they should be allowed to proceed further in the matter.

As far as these schemes are concerned, the schemes which are to be prepared for the rehabilitation or for improvement or take over all these do not really provide for the labour. What is going to happen to them ? What will happen—whether they will be retrenched and if they are retrenched, what will happen to them ? What provisions will be made for them employment elsewhere ? These things also have to be provided in the schemes which will be framed or prepared for transferring the ownership for making any improvement in the sick mills or sick units which would be detected, which would be covered or which would be enquired into. From this point of view also some thought will have to be given.

It is gratifying that some provision is made transferring that while these units to any other concern the option is also given to the employees. But what I submit is that, that should be emphasized and the first option should be given to them. When a

unit is to be closed or transferred, the transfer should be made firstly to the cooperative societies of the employees, who come forward to take and take the challenge of running these concerns.

I want to make one more very important point i.e. this Bill does not really hit on the head of the cobra viz. the erring management are not to be punished anywhere. What will they lose ? They lose directorship, they may lose the concern. but they may have already siphoned out the money and use that finance for other concerns. For that purpose what is the punishment for them ?

The Finance Minister, in his budget speech had also referred to that. But he has not utilised that point while framing this Bill. He has said that bad coins will have to be removed. But no provision has been made for that in this Bill at all. This Bill provides for schemes by which it can be taken over but there is no punishment, no punitive clauses are provided, so that these bad coins are absolutely removed. Now, there was also suggestion and the announcement on behalf of the Government that in such cases they will not be allowed to get any credit for any further business. These provisions are not made at all and, therefore, from that point of view, this appears to be rather incomplete. These provisions should have been made because the announcement was also made by our Prime Minister while inaugurating the INTUC conference. At that time he had also said that we propose to take concrete steps against those managements which are foisting sickness on these companies. Those who are foisting sickness of those companies and those who have siphoned out money for their own purposes have to be punished; that punishment is not there. These bad coins are not taken out and there is no provision that they will not get any finance to start any other concern.

If these things are also provided for, I think it will be a complete measure and it will be some measure which can be a good remedy as far as industrial sickness is concerned.

13.01. hrs.

The Lok Sabha then adjourned for Lunch till Fourteen of the clock.

[Shri Priya Ranjan Das Munsî]

The Lok Sabha re-assembled after Lunch at Seven minutes past Fourteen of the clock.

[MR. DEPUTY-SPEAKER *in the Chair*]

SICK INDUSTRIAL COMPANIES  
(SPECIAL PROVISIONS Bill CONTD)

[English]

SHRI PRIYA RANJAN DAS MUNSI (Howrah): Mr. Deputy-Speaker, Sir, first of all, I would like to congratulate the hon. Finance Minister and, of course, the Government for bringing forward this Bill which is in aid of sick industries of India as also to mitigate the sufferings of the workers. It is a fact that this Bill has many good ideas and many provisions and at the same time there are some problems also. Therefore, the natural plea of the hon. Members is that order to avoid ambiguities that may creep in future, that it should be referred to a Select Committee. At the same time, one would appreciate that if it takes too much time, the basic interests of the workers may suffer. I will therefore at the outset request the hon. Minister that various points made by the hon. Members on this Bill during their speeches may be considered for incorporation and inclusion in the Bill to give adequate protection to the sick units which otherwise will take the advantage to go to the court for getting immediate stay order.

Mr. Deputy-Speaker, I represent a constituency that is, Howrah, which was once upon a time providing leadership in India's industrial infrastructure. It was once compared as Sheffield and Birmingham of the United Kingdom. Now, unfortunately, in my own constituency, every tenth member of the electorate is the victim of the industrial sickness and if this sickness continues, I will also become sick. I would, therefore, request the hon. Minister kindly to consider my suggestions which I will place before him today during this debate.

Sir, the total credit advanced to the sick units by financial institutions has increased by 91%, from Rs. 1623 crores in December 1979 to Rs. 3100 crores in December 1983. As I understand, by this time, the total money actually flowed into

this is about Rs. 4,000 crores which is equivalent to the amount allocated for the entire Five Year Plan of a particular State. So, the situation is alarming and at the same, time the miseries of the workers are becoming very acute. I can quote number of newspapers and I can give authentic reports that only in West Bengal alone for the last ten years, at least 100 workers of various factories die either of starvation or hang themselves.

This is because they had no jobs as the industries were closed. That is the plight of the workers.

I am not going to explain in detail why the sickness comes. I would only provide a few suggestions how the sickness can be avoided. I am aware of the present situation, because I am very deeply involved in the day-to-day problems of such units. The basic problem lies not on the workers. There are three basic problems for which the unit becomes sick. The first problem is lack of professional management skill and financial monitoring of that unit by the bank, which either hypothecated the machinery or advanced the loan. For instance, a unit has a capacity of ten tonnes per day with a work force of 33 workers. I know, there is unemployment in the country. Due to popular pressure and many other things, the employer goes on increasing the strength and it becomes 200 or 300 workers which may not be necessary. The bank does not come in to check that, the financial institutions also do not periodically monitor that and one fine morning it appears that the unit has become sick. That is one reason. Further, some of the employers do it deliberately and make the unit sick with a view to siphon off the amount including what they have got as advance and to divert it to other industries. For instance, there was a very important metal industry in our State called Benani Metals. The management closed the unit, shifted it to Bombay and invested their entire amount in some other business. The person concerned is not to be arrested or penalised.

The second reason is financial institutions. The financial institutions which advance the loan do not have the technical professional expertise for dealing

with each industry. The problems of a tea industry are not the problems of a textile, jute or engineering industries. But in the financial institutions, the same officer or the executive director looks into the total industrial health as a common index without going into the merits of individual industries. I would cite a very recent example to the Finance Minister. A newly appointed Chairman of the Union Bank of India without going into the background of the Bengal tea industry has started telling one thing: "I have not come here to improve the health of the tea industry; whatever you have taken from the bank, first you return it and then I will look into other things." It should not be the attitude. It is neither his money nor the money of the bank, or money of the tea gardens. It is peoples' money and peoples' interests have to be protected. That sort of attitude has to be developed.

The third is the most important and vital reason. In this House, during Shrimati Indira Gandhi's time the Fifth Lok Sabha, the first bold measure was taken. If the industries are revived, the youth feel very happy. The first Bill, the Industrial Reconstruction Corporation of India Bill was introduced. The attitude was very good; it was a noble attitude. And I must say that this benefited universally. The IRCI used to give money to the units without managerial potential. I suggest and I would continue to suggest that when such organizations give money to a unit, they should not give money alone, they should give money plus professional management from their side and they should keep the marketing authority in their hands. And if you can provide these things, only then that unit can survive. In this context, I would refer to the name of one company, the weight bridge manufacturing company, India machinery Co. you can check it up. The Company was taken over by the IRCI three years back and it provided professional management. While the professional management was provided by the IRCI, the Company made a profit and it even beat Avery India, in weigh-bridge machinery, and the moment they withdrew their people and said that they could not take the responsibility any

more, again it started going back, because the old people had come back. This is the problem when you do like this. The strength of the industrial units suffering from sickness is about a lakh.

I think a bulk of them is in Bengal and Maharashtra, in Bengal largely the engineering industries and in Maharashtra possibly the textile units. Though I am not saying that they are the best, the skill in the engineering industries provided by Bengal workers is the best available potential indigenous skill in the whole country. In foundry, in precision making industries and machine tools, they are the masters. You can compare their sophistication even with Japan. When I find that in unit after unit, they are remaining idle, waiting only for the day when they get some provident fund or this or that and then going back, I really pity them. It is a colossal wastage of human energy about which our hon. Prime Minister is emphasising every day.

I have only one request. I do not mind if you wind up the unit, if you feel that it is not viable economically. But you make three categories. In category one, you have a regular sort of employment bureau of sick industrial workers. From this you can find out how many of them are skilled, how many of them are foremen, how many of them are moulders or loom operators or rubber technologists and so on. In this way, you make a bank of your workers. If you feel that you cannot invest so many crores in a rubber factory, I do not mind it. You should give a guarantee or assurance that whenever a rubber factory will come up, at that stage, top priority is given to see that these people get absorbed. Then only you can assure the workers that you are taking care of them. You cannot simply say that you cannot invest because it is not viable. If it is not viable, it is the failure of the management or the banks. But what will these people do? Will they go to the burning ghat? Workers will die. And no responsible Government in a democratic country can defend such a policy. You protect those sick industries workers whom you can protect. Regarding those whom you cannot protect please give them a guarantee that they will be given priority. Ex-army

**Shri Priya Rajan Das Munsi (Howrah)**

jawans get priority in getting jobs or land. Retired people get the job of chairmanship. But the skilled workers, with full vigour, remain idle and they are going to be hanged. This sort of a policy cannot be defended by any responsible Parliament or by any responsible Government of the country. This is what is happening in the country. It is really a waste of energy. Therefore, I will request that you maintain that procedure also with regard to these workers.

For instance, I tell you about the India Rubber Company. You have denotified it four years ago. Why did you denotify it? You should have a vision of perspective thinking that when and how this company will be viable. You do not have that vision. This company, they are the masters in making tennis balls. They are masters in making rubber plates of the railways. Railways purchase not less than a few crores of rubber material per year from various private agencies. Why do you not set those skilled workers in that unit to form a different unit. I do not mind if it has a different name. Why don't you ask them to tag with the railway which would save your money. They may even begin with a fresh amount. But you do not do it. Because they belong to X company, Bennet so and so, till that company is there, their workers are untouchable. That should not be the theory of helping the situation. Therefore, I say that while dealing with sick units, you do like this. Firstly, if you feel that unit 'A' is not independently viable, try to find out whether it can be amalgamated with a powerful unit with potential resources. Now, take the Motor Machine Company of Bengal. I can cite many documents. The Wales Authority said that it is a good unit and that it can be tagged to their company. Why did the Finance Minister not allow it to be tagged? It was denotified. In West Bengal, lots of things are going on in this manner. Then, power is also one criterion. Unfortunately our West Bengal Government could not perform well in the Sixth Plan. They could not spend their full resources. They could not spend Rs. 1200 crores in the Plan Development Budget. They could not spend about Rs. 300 crores for power allocation programme. This sickness is being added and it

is a different thing.

(Interruptions)

I am not accusing anybody. Let us face the facts. I am only welcoming your performance. In the whole country, your Government have been able to say that they could not spend even two-thirds amount of their Plan allocation and they are making the State bankrupt. In this matter, I will urge upon the Minister about four things. Firstly, whomsoever is sent as the management authority into these units, whomsoever you may like to nominate, please see that he is not a retired person. In my constituency dozens of retired people are working as Chairmen. I am not warning, I am only telling. Within three months if you do not send regular competent people in my constituency, I will go on fast to see that the retired people do not enjoy more benefits. They have no interest in the factories. Let them join politics, let them try their luck in the election, I don't mind. You will accuse the politicians, if you fail, but you do not accuse them when they fail. What punishment do they get? for the amount of corruption in dealing with these units, I am glad that Mr. Amal Datta referred about the financial system of RBI. I will not cent per cent agree with him. Sir, I am referring to hon. Finance Minister, you appoint one Committee—a small Committee of your own. You find out the wealth of your former Chairman of the Banks, former Executive Directors of Banks who are dealing with these industrial financing and I will tell you Sir, inside and outside the country the amount they amassed is the amount of the people and making this unit sick and allowing these owners to become rich and popular here and there. This is what is happening. This is my second suggestion.

The third suggestion is that, the sick unit workers should be given assurance and guarantee by the people, by the Parliament and by the Minister that their expertise will not be killed and they will be absorbed elsewhere as per Government's circular and directives. So that a climate may be created that they will not die.

My fourth and the last suggestion is that while making such Boards, please see

that this Board is formed only by those people who are concerned with the industry and economic affairs and not that you depute somebody from Agriculture or irrigation or a retired magistrate this and that. Please don't do it. It will not serve the purpose. It will only create the same problem which you are already facing.

With these words, I conclude and I draw the attention of the hon. Minister, exclusively to Maharashtra and West Bengal are dying by this sickness and kindly restore them revive them.

THE MINISTER OF FINANCE (SHRI VISHWANATH PRATAP SINGH) : I just want to respond because in the debate some hon. Members made some points and we want to get the benefit of thought of Members available to us in the further debate.

A point was made about worker's participation when there is a change in management. It is very much in our policy and we would express it to be including worker's participation.

The second point which was made and I want to share with the House is that punishment of those who siphon off money and where there is objective condition, that is different. But where there is obvious case of siphoning off money or mismanagement, there should be punishment. But my sentence was quoted out of context that bank managers should be put out of currency. The Government does hold this view. One thing I may inform the House that we are thinking of something apart from this Bill also to have on the Government side to take care of such things. At the same time I had thought and brought out this Bill also and I hope all these things will not go to Supreme Court or High Courts. But we have the protection of the Chair and the House. Initially that was my first reflex also to put this in the Bill.

PROF. MADHU DANDAVATE: Your lordship will take of it.

MR. DEPUTY SPEAKER : It is my duty to say.

SHRI VISHWANATH PRATAP SINGH : I was told that if we put it in the Bill, then it become justiciable for the Government to prove all the points on the Bill and the intentions thereon and they also have to prove mismanagement and siphoning off money because many of the things are related to each other. In buying and purchasing, all vouchers are produced in the Court so that there will be no siphoning of money. They will say that they are valid transactions, but the Government is trying to prove that this one route. The route is that once this body take cognizance that there has been sign of deliberate mismanagement, the Government can give a guideline to all Banks and administrative, Institutions to take cognizance of these transactions.

That does not then become justiciable. So, I thought this will be a more effective administrative measure, rather than making it justiciable by the court. I would like to have the advice of the House on this. Certainly, on the purpose and intention, we are one on this, viz, to book these who have siphoned off funds.

MR. DEPUTY SPEAKER : Some companies are diverting money after getting loans from you. They then start some sister companies.

SHRI C. MADHAV REDDI : Let us not be afraid of courts.

SHRI VISHWANATH PRATAP SINGH : I will be replaying later. Anyway, this thought is there. I am open on it. I have not closed my mind.

SHRI C. MADHAV REDDI  
Let it be there in the Bill itself.

(Interruption)

SHRI VISHWANATH PRATAP SINGH : I wanted to share the consideration that was with us, so that the debate is meaningful. I wanted to say that we are open.

PROF. MADHU DANDAVATE : We endorse the decision, Let the Minister implement it now itself.

MR. DEPUTY SPEAKER : It does not affect our privileges. Now Mr. Shanmugam.

[Translation]

\*SHRI A.C. SHANMUGAM (Vellore) : Hon. Mr. Deputy Speaker, Sir, I welcome the Sick Industrial Companies (Special Provisions) Bill, 1985, which seeks to detect sickness in industrial companies and to determine steps to be taken for the removal of such recurring industrial sickness in the country. I am constrained to point out that this legislative effort will rescue only big industrial companies. After hearing the clarifications given by the hon. Minister about punishing those big industrialists who create sickness in their units, I am glad that this Bill will go a long way in achieving the objective of eradicating industrial sickness in the country. Here I would like to point out that the small scale sick units also should be brought under the purview of this Bill. We may fix the investment limit of Rs. 25 lakhs or Rs. 50 lakhs in the case of such small scale sick units. Unless the hon. Finance Minister takes steps to rehabilitate and revive the large number of small scale sick units, there will be no hope of industrial progress in the country.

I hope that the industrialists with the support of this Bill will not take vindictive steps towards the workers and throw them out in the guise of sickness. The Government should protect the workers from such *ma'a fide* actions of industrialists. I suggest that there should be a supervising agency for this purpose. I request the hon. Finance Minister to look into this and do the needful. I am very glad that the hon. Finance Minister in his clarificatory remarks referred to labour participation in management of such units.

Sir, unless we industrialise the country, we cannot be in the forefront of economic

development. We have to industrialise the country in the interest of economic progress. After the Second World War Japan was a barren land. Within a short time and without the indigeneous supply of raw materials, Japan has made phenomenal progress and Japan is occupying the second or third place in the industrial map of the world. We have to emulate the efforts of Japan in this matter. There is no paucity of raw materials in our country. We have in fact abundance of raw materials of all kinds. If we exploit them, we will be on the top of the industrialised nations of the world. But the stumbling blocks like industrial sickness should be removed forthwith. I am sure that this Bill will pave the way in this direction.

Our hon. Deputy Speaker just now mentioned about some industrialists taking loan for a particular industry and later utilising it for some other purpose. The loans are not utilised for the purpose for which they were taken. They are adopting such devious methods. In fact they are misappropriating such loans.

MR. DEPUTY SPEAKER : Not a few. There are so many industrialists like that.

SHRI A.C. SHANMUGAM : I suggest that an Expert Committee should be constituted to go into these questions and suggest remedial measures so that industrial sickness can be eradicated from the national scene for ever.

After purchasing the plant and equipment for a particular unit, it is utilised for some other unit. When there is such mismanagement and misappropriation, naturally there will be sickness in industries. The funds are misused and the plant and equipment are misused. I suggest that the assets of such industrialists who mismanage funds should be confiscated. In fact they should be given capital punishments like imprisonment. I hope that the hon. Finance Minister will initiate appropriate steps in this matter.

The industrial sickness may be due to paucity of power, inadequacy of funds,

availability of funds from Banks on time, etc. The delay in the disbursement of loans by the Banks should be avoided. Whatever money is sanctioned and whatever money is needed for a project, it should be disbursed at the appropriate time. Due to paucity of funds, no industry should be allowed to become sick. I would go to the extent of suggesting that the Banks may write off the loans also, if necessary in the interest of the industry and the workers when such a step will help the revival of the industry. The Government of India have taken over many sick units in several States and they are all working profitably. In Tamil Nadu Kaveri Sugar Mill has been taken over by the Central Government and the units are running very well now.

The apprehension of industrial sickness and the consequent unemployment has been removed. I suggest that the Central Government should take over the Robier Mill in Pondicherry. There was a news item that the Government was proposing to take it over. 20 to 25 lakhs of families of workers in this Mill are on the streets. Immediate steps should be taken for nationalising this Mill. The B and C Mill in Madras has submitted expansion and modernisation plan. Unless the expansion and modernisation plan of B and C Mill is approved and implemented, I am afraid that this Mill will fall sick. The Tamil Nadu Government under the dynamic leadership of our Chief Minister, Dr. M.G.R. has taken over 9 industrial units. They are all running profitably now. I suggest that all the industrial units whose managements have been taken over by the Government of India should not be handed over back to the erstwhile management. I would reiterate that the fiscal needs of small units should be met in full and on time by the banks. The Mettur Textile Mill in Mettur, which I think is in the constituency of our hon. Deputy Speaker, has remained closed for several months now. Thousands of workers are on the streets. Alexandra Thread Mill is closed for several months now. 15000 families of workers are out on the streets. Due to the mismanagement of industrialists, the workers have become the victims. The Government should take over such large units and rehabilitate them in the interest

of workers.

I thank this opportunity to mention that in the Salem Steel Plant, which in fact is a rolling mill, there is gradual retrenchment of workers. It is feared that in the next two years there will be just 200 workers in this Plant. The fear of unemployment is gripping the workers. As originally planned, the rolling mill should be converted into a steel mill. Then only employment opportunities can be generated. The people of Tamil Nadu will be grateful to the hon. Finance Minister if he allocates adequate funds for having Salem Steel Plant which will manufacture steel products, instead of just rolling the sheets as is being done now. The public sector units like the Steel Authority of India, Coal India, NETCC etc. are incurring losses year after year crores of rupees. Before we start probing into the private sector, we should set right our home. Sitting in a glass house we should not throw stones. The deficiencies in public sector management should be removed. An Expert Committee should be constituted to go into this and suggest concrete steps for revamping the public sector units. The public sector units should be competently managed by technical experts.

As we have decided uniform bonus rate for the entire country, we should also declare uniform wage policy for the entire country. With these words I conclude my speech.

SHRI RAM PYARE PANIKA (Robertsganj) : Mr. Deputy Speaker, Sir, I rise to strongly support the Sick Industrial Companies (Special Provisions) Bill, 1985. While supporting the Bill I think the hon. Finance Minister and the Government for taking several steps for economic development during the past one year. These important steps include the present step also as not only Members from this side but Members from the Opposition side also have been raising their voice regarding the problem of sick mills. So far as the question of loss of man-days is concerned, very few man days have been lost due to strikes. Instead, more man-days have been lost due to lay offs, mismanagement and sick mills. Today, I am happy to note

[Shri Ram Pyare Panika]

that a Bill has been introduced which will remove many evils. We remember that when the hon. Minister presented the Industrial Policy and the Budget last year, the Opposition Members had expressed serious apprehension about them. The liberalisation of Industrial Policy has borne fruit which is evident from the fact that there is enormous flow of capital into the market. We have issued a number of licences. Not only this, we have issued licences to non-resident Indians also. Our Government and particularly the Finance Minister have adopted a policy under which the problem of financing is being removed gradually.

Recently, the hon. Finance Minister announced 5 per cent cut in non-plan expenditure and we implemented it strictly which resulted in a saving of more than Rs. 800 crores. Government have consistently been taking steps in regard to all these programmes. Today, Shri Amal Datta tried to find fault in it also. He has not cared to see that the Bill has been brought in accordance with the feelings of the House. That is why I welcome this Bill and would like to submit that it is true that most of the mills have become sick due to mismanagement. But we will have to see the other aspect also. When we issue a licence to any unit, we should ensure supply of electricity and raw material to it. Government should pay attention towards labour unrest also. Special attention should be paid towards mismanagement and malafide intentions of the mill owners. The mill owners of several jute mills in Bengal and textile mills in Maharashtra are diverting the funds of those mills to other mills and that is why those mills are becoming sick. All the Members have suggested and the hon. Minister has also pointed out that special attention should be paid towards such elements and the mill owners found guilty should be punished. A separate provision would be made for this. It is also a welcome step.

I would like to add that besides the Central Government and the financial institutions, trade unions should also be associated in reporting about sick units. In the present bureaucratic set-up, officers are not expected to report against the industries. It would be better if a

provision is made in this Bill for taking cognizance of the complaint made by the workers or their recognised union that funds are being siphoned off in the private sector to earn black money.

One more provision should also be made in it. So far as finances in the private sector, the public sector, the joint sector or the cooperative sector are concerned, their source is the Finance Ministry and this entire money belongs to public. There are a large number of public undertakings in our country and if the management there indulges in malpractices, some provision should be made in the present Bill or a separate Bill should be brought to check it, because the condition of the public undertakings is not satisfactory. Besides, there is no uniformity in them. Public undertakings are being run under the administrative control of various Ministries. This year you have set up a separate department for the public sector undertakings. It is a welcomed step but out of 250 public undertakings only 52 come under the Ministry of Industries. Hence the need of the hour is to bring uniformity among them. Many undertakings are being run under the Ministry of Steel, Ministry of Petroleum and other Ministries and they are incurring heavy losses. In order to ensure constant improvement in the economy, I would suggest that besides exercising control over the private sector, provision should also be made to have control over the public sector undertakings also. I submit that some sort of provision should be made to exercise control over both the sectors.

You have said two things in it. Firstly, you will restore the sick mills to health. But one thing is very necessary. Our economy is improving progressively and if there is any flow, it must be removed. Our Industrial Policy of 1956 is right. Ours is a welfare state. We talk about labour. It is also correct that man-power should not remain idle. Just now Mr. Das Muni had said that technical hands should not remain idle. But our aim is that there should be progressive improvement in our economy. It is not our responsibility to revive the sick units only. If there is any danger of setback to our economy due to

revival of the sick units, there is no need to do so.

Secondly, if the workers of a sick unit are prepared to run it themselves on less wages and if they are in favour of its not being closed, down this aspect should also be considered. About D.C.M., it has been said that the labour is prepared to run it. There should not be any difficulty in this regard. If the workers want to run the factory on less wages, they should be given an opportunity to do so.

With these words I strongly support this Bill.

**\*SHRI R. JEEVARATHINAM**  
(Arakkonam) : Hon. Mr. Deputy Speaker, Sir, while supporting the Sick Industrial Companies (Special Provisions) Bill, 1985, I wish to make a few suggestions.

Through the provisions of this Bill, the Government seeks to establish a Board comprising of experts for timely detection of sickness in industrial companies and for determination of steps to be taken for rehabilitation and revival of such industrial units. This is a laudable effort which should receive the unanimous support of this House. Besides the Board, the Government also seeks to set up an Appellate Authority for the purpose of reviewing the decisions of the Board. I welcome this also. I am sure that this Board and the Appellate Authority would avert industrial sickness in the country. I need not say that industrial sickness is the stumbling block in the national endeavour to remove the perennial problems of unemployment and poverty.

When the industries become sick, it is not that the public money alone is wasted but it also augments unemployment in the country. Upto June, 1984 there were 78,363 small sick units in the country. The outstanding amount from them to the public sector banks and public sector financial institutions was of the order of Rs. 4000 crores. There were 513 large sick

industrial undertakings, each an investment of Rs. 1 crore and more. The outstandings from them to the public sector banks and public sector banks are of the order of Rs. 2600 crores. These financial institutions do not know when they are going to get back this money. You can imagine the loss of interest on this amount of Rs. 6600 crores. I am sure that the hon. Finance Minister will accept that this substantial public money is blocked up without any productive results. In the Annual Report of the Reserve Bank of India we find that efforts are being made to evaluate the availability of such sick units if they are revived. I am sure that the hon. Finance Minister would take steps to rehabilitate such units as recommended by the Reserve Bank of India.

Unfortunately Tamil Nadu tops the list of sick industrial units. 16,955 small industrial units are reported sick in Tamil Nadu. Similarly 46 large industrial units are also on the sick list in Tamil Nadu. I would like to recall that when our Vice-President Shri R Venkataraman was the Minister of Industries in Tamil Nadu Government, Tamil Nadu occupied the first place in industrialisation. He is the father of industrialisation in Tamil Nadu. The State Government that succeeded him Tamil Nadu functioned in such an inept manner which resulted in large scale industrial sickness in the State. I request the hon. Minister to ensure that the small scale sick units are also brought under the ambit of the legislation under consideration. Then alone there will be the definite possibility of industrialising the country.

Besides the problem of unemployment, the industrial sickness leads to rusting of valuable plant and equipment. Immediate steps should be taken to prevent the waste of national assets. In this matter I do not think that the proposed Board will be effective. We have the Industrial Reconstruction Bank. It is regrettable that no sick industrial unit has been rehabilitated and revived by this institution.

The former Minister of Industries had announced the constitution of an expert committee to go into this question of

(Shri R. Jeevarathinam) (Arakkonam)

industrial sickness and to make suitable recommendations for averting the industrial sickness. I am sorry to say that such a Committee of Experts has not yet been constituted. I suggest that this should be done without further delay.

In 1981 the Central Government of India modified the industrial policy with reference to the particular issue of rehabilitating and reviving the sick industrial units. Upto January 1984, the management of 47 big industrial units had been taken over and in 1984 itself 17 such big units were nationalised. I do not know the fate of the remaining 30 big industrial units. The various State Governments had nationalised 11 large units and the Central Government 6 large industrial units. Viewing from the alarming growth of sick units in the country, this effort looks like offering sugarcandy to a hungry elephant. For the past five months in Tamil Nadu, the biggest industrial unit, the Mettur Textiles has remained closed. Thousands of employees are out of their livelihood. The families of workers are actually on the streets. Some serious effort is called for to prevent recurring industrial sickness in the country. I suggest that all these sick units should be taken over under a law, if necessary, and then they should be auctioned. This will enable the public sector banks and the public sector financial institutions to recover the outstandings. It will also have an impact on black money. The rusting plant and equipment can be utilised for productive purposes. It will also generate employment opportunities. It will also have the necessary impact on recurring industrial sickness. Our hon. Finance Minister is a very capable and talented Minister. He has also taken many bold steps in the financial management of the country. I am sure that he will consider my suggestion to take over and auction the sick industrial units favourably and take appropriate action in that direction. I am sure that the hon. Finance Minister in his own ingenious way will initiate steps to recover the outstanding amount of Rs. 6600 crores from these large and small sick industrial units in the country.

Before I conclude, I would like to point out that the looting of public sector banks and public sector financial institutions in the name of industries has become a fine also. In this the officials of the Banks are also to league with industrialists. The industrial projects are not examined in depth by these bank officials. In fact they are also not capable of examining them in depth. Before the actual disbursement of loan, the entrepreneur has to give guarantee of fixed assets. This stipulation must be adhered to by the Banks. But bank loans to the tune of several lakhs of rupees are given on power of attorney. The industrialists exploit the system of call money for appropriating crores of rupees taken from the public sector banks. The Banks give advances on stocks. But the key of the godown in which the stocks are kept is with the industrialists. The stocks are sold, but the banks do not get back their money. The banks do not exercise the necessary control on stocks-production-sale. There is no correlation between the three. The industrialists are adopting many dubious and devious means to dupe the public sector banks. I suggest that the hon. Finance Minister should constitute an Expert Committee to go into the procedures of Banks financing the industrial projects and suggest suitable measures to avoid such pitfalls. If such pre-emptive steps are taken by the public sector banks and the public sector financial institutions, then the recurring industrial sickness can be averted for ever. With these words I conclude my speech.

[English]

SHRI V. S. KRISHNA IYER (Bangalore South) : I do not doubt the intention of the hon. Finance Minister who has brought forward this Bill. But I should say this is half baked cake. I wish he had agreed to refer it to a Joint Select Committee.

Only this morning, the hon. Minister was prompted to accept some of the suggestions made by the hon. Members. Many of the Members made some valuable suggestions and have contributed a lot to the debate and the hon. Minister readily accepted what was suggested by the Members. Of course, I know he has kept up

his assurance. He had given assurance during his budget speech that a similar Bill would be brought forward. But I feel that it is hastily drafted. He has forgotten consult important sections particularly the trade union representatives. I wish he had taken them also into confidence.

I am afraid, this Bill may be counter-productive. It may even give rise to more sickness. Incidence of sickness is definitely a serious concern, not only to the Government but also to society. It affects the economy of the country. I admit that. I also, in principle, accept some of the provisions of the Bill. There is no doubt about it. But it could have been more foolproof and effective.

An important factor which the hon. Minister has himself admitted is that he has forgotten to associate labour at all stages. I wish to draw his attention to a report from the National Textiles Corporation which I am sure, most of the Members have received. We should feel proud that the NTC has taken over 125 sick mills and most of the mills are now working under profit. For what reason? Because of the improved labour relations and better planning. So, you must understand that the labour force is of equal importance as the cash investment by the management. Unless the labour force is taken into confidence, unless there is rapport between labour and the management, the industry cannot prosper.

I am sure you will accept the amendments which have been brought forward in this regard.

I was just saying how the mills become sick. There are two kinds of sickness. Some are bona fide. Due to power shortage, industrial concerns go sick in spite of all efforts. I agree on this point. There are certain managements which deliberately become sick. We can wake up a person who is really asleep, but we cannot wake up a person who pretends to be sleeping. I give one instance in my own constituency. There is an electronic industry. It was making huge profit. There are 350 labourers out of which 95% are ladies. All these years it was making profits but for the

past one year it had been showing heavy loss.

This industry has modernised some of its machineries. It now wants to retrench 250 of its employees. Please note, Sir, out of 350 employees, it wants to retrench 250 employees and continue. The Chief Minister of our State, the Labour Minister and the Government have negotiated. I also negotiated in my own way. The management says that if the labourers agree to the retrenchment of 250 employees, only then they are going to run the industry. Now a lock-out has been and I am told that they have taken the permission of the High Court to close the concern.

So, Sir, you can understand how this management trying to circumvent the laws. How does this Bill give protection to these labourers?

Shri Priya Ranjan Das Munshi gave similar instances in his own constituency. Therefore, Sir, I request the Minister to have a second look at the Bill to see that it becomes foolproof. The idea is good that you are going to rehabilitate the sick industries. The Board is there to suggest rehabilitation, revival, amalgamation or transfer through an operating agency. If it becomes inevitable, they refer to High Court for liquidation. When it is liquidated, what will be the plight of the labourers?

Many Members have spoken about this. Even now it is not too late. You can introduce an amendment and give protection to the labourers in case of liquidation.

The Hon. Finance Minister has just now said about siphoning of the funds of the companies. You are reluctant to provide for deterrent punishment in the Act itself. But Sir, unless there is that fear, it is very difficult to control the management.

I have been hearing Hon. Member, Dr. Datta Samant, saying that in Bombay how textile units are siphoning of the funds and closing their textile mills. We should not give for that. Labourers should be properly protected. I am sure, the Hon. Finance Minister will certainly appreciate and accept the amendment.

[Shri V. S. Krishna Iyer]

Another important point which I would like to mention in this connection is that this Bill pertains only to industrial concerns listed in Schedule 1 of the 1951 Industrial Act. There are a number of industries in the small scale sector and also there are a number of partnership industries. Many of the Members have already said that you have to extend the scope of this Bill to those industries also, so that thousands of labourers are protected.

One more point which I would like the Hon. Finance Minister to bear in mind is that we should put our house in order before asking others to put their houses in order. Many of the public sector industries which are run by the Central Government and the State Governments are also sick. Sir, only the day before yesterday our Hon. Industries Minister announced in this House that out of 205 public sector industries, 92 industries are under the sick list and the total accumulated loss whose in these industries is to the order of Rs.1534. 37 crores. money is this Sir? It is the people's money. Imagine, Rs. 1534 crores is the loss so far? What steps the Government is going to take to rehabilitate these industries? Government must take serious note of this.

I will give only one more example of my State. You must have heard about the prestigious Vishveswariah Iron and Steel Industries. It was founded by the late Engineer Statesman Sir M. Vishveswariah. That industry is incurring a loss of Rs. 2 crores every month.

15.00 hrs.

Only yesterday the labour representatives came and met the Steel Minister. Every month Rs. 2 crores is being lost. Rs. 25 crores is the total loss for a year. The State Government of Karnataka has been requesting the Government of India to come to their rescue and take over that unit because you have got 40% shares in it. For the State Government they do not have the funds to remobilize the industry. Therefore, the Government of India should take over that industry, revive and rehabilitate it. The labourers are also willing to extend their full co-operation. Only if you

spend Rs. 100 crores, you can revive it and bring it back to health. Of course, there is power cut but the State Government is determined to solve it. I once again appeal to the Minister to see that all the industries managed by partnership concerns and also small scale industries are also brought under the uprview of the Bill.

PROF. N. G. RANGA (Guntur) :  
I welcome this Bill. I think the whole House welcomes this Bill, but it took a long time in taking this form.

We have been complaining about the mismanagement indulged in by the managers and owners of these factories for a very long time, long before we achieved our freedom. But, now, even after having achieved our freedom, we have been warning the Government that they should have some such legislation in order to see that these industrialists play fair not only with their own share holders, is not only with their workers but with the whole nation. At long last this Bill has come.

But, then, how can we say that my hon friend, Mr Mool Chand Daga is wrong in suggesting that it should be sent to a Select Committee. It has become the habit almost with the drafting side of this Government in the Law Ministry as well as in the respective Ministries to simply dump their Bills on this House and for shortness of time, to get them passed without proper consideration. We have warned the Government several times. I myself have done it earlier. This is a big Bill and on a very important subject and has as many as 36 clauses. I suppose till the very last moment the Government was still thinking of giving final shape to these various clauses. That must be one of the reasons why they never thought of raising it before the Consultative Committee. Has it been placed before the concerned Consultative Committee? They have got of that bad habit, but it used to be a very good habit in the past. I would like to give this warning, that such important Bills are first placed before the concerned Consultative Committee....

MR. DEPUTY SPEAKER : We are going to form various Committees in due

course of time, to discuss all things.

PROF N. G. RANGA : This is the way and when members complain, how can we say that the members are wrong. Now this is brought here and the time is limited. Members make suggestions. The Minister thinks of accepting or not accepting or accepting them in part or in full but it becomes too late for him to suggest any amendments here and now or accept the amendments that we move on the floor of the House. To this whole procedure the Government has got to give a serious thought.

Then, member after member has been suggesting that these various industrial concerns should be taken over by the Government. Has the Government got the necessary equipment in order to maintain and manage these industrial concerns more efficiently than these private industrialists? They have not got it. They have got to build up a cadre and ensure that the number of people who they employ are kept under reserve and are given proper training and from time to time as and when any of these mills go sick, they can draw upon from this pool of officers and managers who are already trained and ready. They can draw people from there to manage the sick mills. They have not got that. I find there is no proposal even here.

They have thought of this Board. It is good. But who are to its members. One hon. Member was saying, retired people should not be appointed as members of the Board or managers of industrial concerns. Your Government has no clear notions when any officer is to be sent on retirement. Some retire at the age of 53 while others at the age of 58. High Court judges are considered to be good till 663 or 665. I am of the view that there should not be any hard and fast line like that. It should be left to the appointing authority to decide which particular man can be considered to be efficient enough to be appointed as manager or member of the Board,

Further, is this Board going to be non-political. It must be made entirely non-political. But would it be possible? In democracy politics creeps into everything knowingly or unknowingly but as far as possible it should be kept non-political. Then you have an appellate authority. It is a good thing. But only serving judges or former judges and Government Secretaries should be there. There are different kind of Secretaries. Sometimes there are very efficient Secretaries who are capable of giving their own suggestions to the Minister. If such a man is sent there then there may be some difficulty. Therefore, so much hangs on the character of the Finance Ministry and the Finance Minister and I leave it at that.

Then I come to punishment in regard to these people. The Ministry seems to be hazy about it. It is provided six months, one year and two years. Is a fine of Rs. 1,000. enough for every month of jail that is imposed upon the offender? The draftsman seem to be so negligent about it. Very little care has been given to these things.

Earlier when some hon. Member was talking about the workers participation in management the Minister gave assurance. Earlier the Labour Minister also gave the assurance that workers' interests would be considered paramount Workers' wages and provident fund would be the first charge on any sick mill which goes into liquidation. It is welcome and good. But have not the workers got some responsibility? My friend was referring to what is happening in Japan. In Japan they are not behaving in the manner our workers are behaving. There the workers are patriot first and then come their demand for wages and emoluments. Should not our trade unionists give some thought to it? They want everything to be nationalised. It is not a question of nationalisation we have build up huge State owned industrial concerns. What is the result? what is our experience? Have they been sufficiently efficient? They are not. The workers are not playing their role as efficiently and as patriotically as they should. Therefore, in order that our industrial structure could give good results and help our nation to make rapid progress the industrialists, capitalists, share-holders...and also these

[Prof. N. G. Ranga]

various Government financing institutions workers' management, all of them should learn to play their role in an efficient and patriotic manner. Now, that thought should be taken to heart by all sections of the House, the trade unionists as well as the politicians and others people also. When we rehabilitate these various industrial units are we to give them back again to the earlier management and if so, which section or which part of that management, such of these people whom you cannot convict, or you cannot manage to get them convicted in the court of law but at the same who can be considered to be guilty, grossly responsible for the failure of the industrial units, would you consider them good enough for handing over the units? I strongly feel that they should not be brought back again into the management, of any of these rehabilitated industries and industrial concerns. Those who are found guilty to this extent should be black-listed. My hon. friend Finance Minister has asked for advice as to what would you like them to do, that is, the financial institutions. I am rather inclined to agree with him in regard to one suggestion that all the financial institutions all over the country in which the Government of India has got direct or indirect control or managerial authority should be advised not to advance any credit at all either directly or indirectly to any of these concerns where these black-listed industrialists have direct interest or control. In that way, they would be able to bring some control, some discipline into this structure.

Then, Sir, I would like the hon. Minister to give some thought to what has to be done in regard to the small scale industries. There are so many. Therefore, he thinks that we cannot try to tackle them here and now. It is high time now for him to begin to study the ways and means by which they can also be tackled, they can also be brought under control. Let him take six months or one year or two years and then come forward with necessary proposals, administrative as well as legislative, so that it would be possible to assure ourselves that in the small scale industrial sphere also there will be industrial health.

Then, in regard to partnership of workers within these industrial concerns,

I am glad that the Government of India has already taken a decision to take earliest possible steps and the fullest possible steps to ensure their cooperation and their partnership, in the Board of management their cooperation in helping the supervisory authorities to find out which industrial concerns are being mismanaged and which industrialists are playing mischief. I do not want any and everyone to be allowed to be given the right to complain against these people, because it would be inviting too much uncertainty also so far as the management is concerned. But the workers, trade unions, not any trade union or every trade union but the recognised trade unions, should be made responsible for raising complaints and those complaints and should be taken serious note of by the Government or by anyone of these financial institutions which are made responsible for financing the industry. Thank you.

[Translation]

SHRI HARISH RAWAT (Almora): Mr. Deputy Speaker, Sir, this Bill has been brought in pursuance of the statement made by the hon. Finance Minister in the Budget speech that efforts will be made to prevent sickness of mills and to revive the sick units. I feel that everyone will welcome it. When we talk about sickness of units we fail to understand one thing and I feel that the hon. Finance Minister will help us in this matter. This situation arises when somebody wants to know the total number of sick industries in the country and the total amount which is blocked and cannot be retrieved. We cannot make a correct assessment of the gravity of the situation and the extent of sickness in the absence of correct information. Through this Bill, efforts have been made to convey the extent of sickness, but I do not feel that you will be able to give effect to your intention or the Government policy properly. Generally, many factors are responsible for sickness in units. Some of them may be such as have been created by the entrepreneurs themselves intentionally, but some might have developed due to our policy decisions. It can happen due to non-implementation of Government policies properly or not providing timely help to entrepreneurs by

those who have been entrusted with the job of industrialisation. Assistance should be provided to an industry if it becomes sick due to non-provision of timely help to it by the personnel of Industries Department or the financial institutions.

15 16 hrs

[SHRI N. VEKATA RATNAM in the Chair

Besides, it is seen on many occasions and it has been brought to your notice through the Press and Parliament that many people want to make the units sick intentionally. The intention of such an entrepreneur is to set up an industry and earn some profit and to declare it sick after diverting its capital to some other industry. They declare the industry sick sometime in the name of retrenchment of labour and sometime due to other reasons. I would request the hon. Finance Minister that he must provide help. Merely setting up a Board will not serve the purpose. Will the Board have any machinery to analyse the reasons of the sickness of the industry. I would urge that the people who are associated with trade unions and labour may be given representation on the Board. Peoples' representatives should also be included. Besides, the entrepreneurs found guilty of making the industry sick must be punished. Unless you punish them, you will not be able to improve the existing situation to the desired extent. At present, Government investment runs into crores of rupees and more than one lakh large scale and medium scale industries are sick. In many industries sickness has become a tendency. So, management of these industries needs to be controlled. Merely providing funds or taking some other measures will not serve the purpose. I would like to urge the hon. Minister that besides making a very good provision through this Bill for providing funds, a provision should also be made for having strict control over it.

SHRIMATI PATEL RAMABEN RAMJIBHAI MAVANI (Rajkot) : Mr. Chairman, Sir, there are sick industries all over the country. There are a large number of sick industries in Gujarat also. First of all I would like to congratulate the hon.

Finance Minister for nationalising the closed mills.

In addition, I would like to state in detail what is happening in Rajkot District. In this connection I had apprised the hon. Finance Minister about it earlier also. The hon. Minister has taken the right step to exempt the spare parts of diesel engines in Rajkot District. But it is a matter of regret that the procedure under Chapter X is very complicated due to which rural illiterate artisans are not able to understand it. On account of this lengthy procedure, they have stopped applying for the exemption. I feel that feelings of the poor farmers have been hurt thereby.

THE MINISTER OF FINANCE (SHRI VISHWANATH PRATAP SINGH) : Notification has been issued just now, how can any assessment be made ?

SHRIMATI PATEL RAMABEN RAMJIBHAI MAVANI : You want to provide jobs to poor people in Gujarat facing famine condition. Fresh relief measures have been undertaken. But it will render 40 to 50 thousand persons jobless in our district. The hon. Minister should consider seriously in this regard. In our district itself three thousand units are likely to be closed down. I urge the hon. Minister to simplify the lengthy procedure for getting exemption so as to obviate the difficulties faced by the poor and illiterate artisans. I request that necessary action may be taken in this regard to provide relief to poor persons.

Sir, I thank you for allowing me to speak.

[English]

SHRI NARAYAN CHOUBEY (Midnapore) : Sir, I beg to protest against a few remarks made by the oldest member of this House, Prof. Ranga. He has questioned the patriotism of workers. He has also questioned their loyalty. I protest and I tell through you, that workers are patriotic and they are also loyal to the industry.

SHRI T. BASHEER : He did not say that the workers are not patriotic.

**SHRI NARAYAN CHOUBEY :** The workers are patriotic. They are loyal too. The figures of the Report of the RBI show that 65.5 per cent of the sickness is due to mismanagement. Actually, upto June 1984, 83,597 factories are closed in which Rs. 3274 crores are blocked. Of these, 513 are big units and those 513 units are blocking an amount of Rs. 2113 crores.

It is a good thing that he has brought this Bill. But again, as has been told by some of the friends, small industries and ancillary industries should also be included. This is my first humble prayer. It is also a good thing that in Clause 2 there is a mention about the Directive Principles. It should be enlarged a little more so that you always remember that there is one thing in our Constitution called 'Directive Principles' which are not normally followed by us. It should not be just a small para and I think that it should be elaborated.

In Clause-IV, you said that a Board will be made consisting of 14 members. In this Board, our submission is that at least 14 or 10 whatever may be the case, the trade union nominees should be included. Because you know very well that among the people who are suffering from sickness, it is the workers who are suffering most. So every wearer knows where does the shoe pinches. Naturally I suggest that they should be in the Board.

Another thing you have in the Bill is that you have brought 2 or 3 or 4 people or whatever you can adjust. The people who represent the working people they should be included in the Board also because they know the problems. Here you have included many persons of whom some are experts, that is good. I don't object. But as far as the working classes are concerned, they are the worst sufferers and in the course of reporting you have said that the onus lies on the company which is going to fall sick now. I do not object it. But you know from the very beginning, the people who have first of all beginning to understand that the company is going to fall sick from the point of view of irregular payment of wages, stoppage of wages, stoppage of payment to Provident Fund, Sales Tax, Excise Duties, etc., etc. and stoppage of payment to the

creditors, naturally I would like that these people who should have the right to inform the proper quarters that this company or they understand it much earlier than the procedure now available. Your procedure will take at least 20 months because no company has audited accounts within two months. It takes at least six months. 12 plus 6 is equal to 18 or some other paraphernalia should be applied here. But the worker working in the factory in Bihar or Orissa or Bengal who is not getting salary or the creditor who has given money and that money has not been paid back to him, they understand that the company is going to fall sick so that you can take remedial measures much earlier.

Another suggestion is that every company should have its own statutory auditors because when they go for making audit, they can come to know about the financial conditions. So you must make it obligatory on the statutory auditors who make the report whenever they find that the company is going in a bad way or going to do something which is not healthy, these statutory auditors should be made to include this in the report. It is therefore necessary to include these statutory auditors within the framework of 'reporting sickness as envisaged in this Bill. These are our suggestions.

The last point which I beg to submit is that you should bring in deterrent punishment in this Bill itself because you know pretty well, that it has become an industry itself. To make the industry sick, there is no punishment for them. Naturally, if you do not arrange for the deterrent punishment, these people whatever you may do, whether you sit here or not, there are persons who will take you to the Courts so long as this Article 226 and this thing and that thing are there. So you have to face this. When are you going to take such a step? Otherwise it is impossible to control these gentlemen.

With these things, I beg to say that your intention is quite good. But the provisions of this Bill do not give expression to all those opinions. So have thinking today perhaps you cannot finish this Bill. You can bring some Amendments tomorrow

so that these things which re-told are included in the Bill.

[Translation]

(SHRI MOOL CHAND DAGA (Pali) :  
Mr. Chairman, Sir,

[English]

"A stitch in time saves nine".

[Translation]

You have brought the Bill at a time when the matter has gone out of hand. Now the situation can be remedied only to some extent.

SHRI RAM PYARE PANIKA (Robertsganj) : Even then it is all right.

SHRI MOOL CHAND DAGA : Even then it is all right. It is U.P., so it is a good thing. To put the matter straight, the policy regarding sick units was evolved in 1981.

[English]

It is said here :

"Government policy on industrial Sickness was announced in Parliament in May 1978."

I was again emphasized in 1981. It is also stated here :

"Financial institutions have been instructed to strengthen the monitoring system, so that it is possible to take timely corrective action....."

[Translation]

Sir, you must have seen the Bill in which it is written that no industry can be touched before the period of seven years. I think a project is prepared for five years. The hon. Minister is saying that if any industry has sustained loss for two consecutive years equivalent to half of its capital action can be taken on it. Who will be responsible for it? When some financial institution or Bank has advanced them loan, it becomes their duty to go through

the report of that industry to see whether that company will be viable or not. The Industries Department, Banking institutions and Financial Institutions are involved in it ; but you have not done it. You have granted them 7 years' period. I shall urge that this period be reduced because in the 7 years' period, the whole capital of the industry will be wiped out. You should evolve an arrangement to carry out their monitoring every year. Besides, it is also written.

[English]

"Financial institutions have been instructed to strengthen the monitoring system, so that it is possible to take timely corrective action."

[Translation]

The first step you have taken to take the corrective measure is that you have given them 7 years' time—

[English]

"Stitch in time saves nine."

[Translation]

It seems that this provision has been included to know whether the company has done something wrong. But you should know that the money of the Government, of the public and of the nationalised banks is invested in it. You should, therefore, put a stop to any wrong activity. They should not be given 7 years' time.

SHRI VISHWANATH PRATAP SINGH  
The reason behind giving 7 years' time is that whenever any company or factory starts functioning, it always sustains loss in the initial years. In this way it will be declared sick in the beginning itself. Due to this provision, it will not be declared sick from the very beginning.

SHRI MOOL CHAND DAGA : I agree with you but one thing needs attention here that the policy laid down is not very clear. The Industries Minister, Shri N.D. Tiwari and the Planning Minister should have been present here because various statements made by you differ from each other. First, I would like to draw your attention towards the statement of Tiwariji. He says :

[Shri Mool Chand Daga]

[English]

“The increasing spate of “sickness” in the small scale industrial sector is indeed a matter for serious concern.”

[Translation]

He further says :

[English]

“There are now said to be one lakh sick units (out of 13 lakh registered units), involving total bank credit of Rs. 1,000 crores, as against 15,000 units, involving credit of Rs. 250 crores seven years ago.”

[Translation]

He has given the number of sick units and the amount blocked therein. On the other hand he has stated that they suffer loss to the tune of Rs. 4 crores every year and has given the quantum of production which can take place in it. And now the Secretary of the Industries Department says that no industry will be taken over. Shri Harbansji, Secretary, Bureau of Public Enterprises has said :

[English]

“Mr. Singh, who was commenting on reports in the Press about move to close some of the heavily losing concerns, said that we do not consider any company which is nor irretrievable. The Bureau is managing 37 companies, including giants.....”

He also said :

“These companies had made a net loss of Rs. 43 crores during the year 1984-85”.

[Translation]

that is, they are regularly incurring loss.

What action do you propose to take in regard to those public undertakings which are regularly sustaining loss. Your secretary says that they have no intention to close them. The Industry Minister and other Ministers say that they do not want

to take them over. Government have left out small scale industries and now they want to leave out public sector industries, then what have you thought about sick industries. Who is responsible for those undertakings which are running at a loss for years and have squandered public Money and in which Rs. 4 thousand crores are locked ; you are touching one aspect but leaving out the other. The officials of the financial institutions who get the loans sanctioned in league with the bank officials should be held responsible for it.

Mr. Chairman, Sir, why do you not want to touch the officials who did not see the project reports and whose dereliction resulted in this recurring loss. They have squandered the money of the nationalised banks. Who will be accountable for it ? You are accountable for that. You should mentor them. This Bill has only provided them an unduly long period. Kindly go through the Bill. When will this Bill come into force ? I know our Finance Minister is a very capable person and is prompt in his work. In the first place, the Bill will come into force and then rules and regulations will be framed. In the Bill, “As prescribed” is mentioned at several places. For example, in case of appointment, it is written “as prescribed”; this does not serve the purpose. At present, the problem needs urgent solution but after the Act comes into force, it will take 5 to 6 months in framing the rules. In this way the problem will not be solved immediately. Perhaps, if Shri Vishwanath Pratap Singh shows promptness, the rules might be framed in a month. But in the Bill you have provided 60 days’ time for conducting the inquiry after the report has been made. But, thereafter, you have not fixed any time for the appellate court. So you have given much time in it.

Sir, at present the position is that eminent lawyers do not want to become High Court Judges. In that case where from the High Court Judges will be available for the Tribunals proposed in the Bill. Will you pay them sufficient remuneration, if not, these people will resort to unfair practice to earn money. These days the Chairman of a Financial Institution amasses more wealth than the

owner of the industry. The member of a Financial Institution becomes richer than us. It is provided in the Bill that High Court Judges and experts will be appointed members of the Tribunal. But who will join the tribunal? What remuneration will you pay? Will you pay Rs. 5,000 per month? The total budget amounts to Rs. 25 lakhs and the number of Members has been fixed from 2 to 14. As such, many persons may not be available to become members. Honest, dedicated and conscientious people will not join the proposed Board. The Chairman of a financial institutions is allotted bungalow with a rent of Rs. 900; is paid Rs. 3,000 as car allowance and has as many as 4 servants. This is how they are paid.

But it is futile to join your tribunal. You do not offer even tea. It is no use going to such a Minister. The Finance Minister does not know how the things are going on. You are saying—

[*English*]

—We will appoint High Court Judges. Who will come to your services?

[*Translation*]

You have indicated that so much amount will be paid. But this amount is not sufficient to attract honest people. In this way neither the Board will be able to function nor any Authority will be set up. This is the shortcoming in the Bill. You just decide how, you will implement the policy? This period of 60 days is on the high side. What do you expect of the industry? Will they hand over the entire material to the High Court with the request that it may be entrusted to the liquidator for auction. How long will it take? Are you not aware of the proceedings of liquidation?

This scheme for the sick industries was evolved in 1971 but it remained on paper only. You tell who has been punished or how many persons will be punished? In this way you are formulating this scheme for one party only. By what time the decision about a mill which has gone sick will be taken and by what time it will be rehabilitated? It is a very long procedure.

If you appoint a liquidator, he will take one and a half year. What procedure is this? He will take his share. You may reconsider this procedure. Just tell me one thing. Why should industrialists be punished where the Government is at fault?

SHRI VISHWANATH PRATAP SINGH : I may submit that its function is not liquidation. We want to rehabilitate them.

SHRI MOOL CHAND DAGA : It is very kind of you to say this. I want that you may rehabilitate them. If you want to reform the thieves, as Shri Jai Prakash Narain wanted to do, do it. Thanks for that. Jai Prakash Babu appealed to the dacoits to surrender and give up that profession. If you ask a dacoit to stop looting, will he do so?

This is a strange principle to appeal to the dacoits to reform themselves. Will they be reformed in this way? New ideas are being heard. I am happy to hear these things!

You have said that where rehabilitation is not possible, liquidation will be applied for and documents would be submitted to the High Court. Will they appoint liquidator to auction the property? What will happen to the secured capital after the auction? Keeping in view the aims and objects in formulating this procedure, I am submitting three things. Public Sector which is continuously incurring losses should be abolished, as there is no other remedy for it. Crores of rupees have been lost and still they are incurring losses. These should be closed. But the Secretary of the B.P.E., Shri Harbans Singh makes a statement that they do not propose to close such concerns. Shri Tiwari also is saying that the sick industries will not be closed. What will you do? Is there any remedy? So much money is blocked. First of all there should be coordination between the Industries Minister and the Minister of Public Undertakings and thereafter a policy decision shall be taken about the remedial steps in respect of all the sick industries. If you treat one part of the

**Shri Mool Chand Daga**

body, that is not going to make any difference because the disease has spread to the whole body. The disease has spread in public undertakings, in small scale industries and you are reforming the companies only. I think that the hon. Minister considers himself the Minister of Banks only and feels that it is his money which is sinking, so he must retrieve his money. I feel that is the reason for introduction of this Bill because he is in charge of the nationalised banks. He thought that his money is sinking and he should first retrieve it and.....

**SHRI VISHWANATH PRATAP SINGH :** Just now you said that I have nothing to do with the worldly affairs.

**SHRI MOOL CHAND DAGA :** So, I have been caught on the wrong foot. But I would like to reveal why you have adopted this method? You should ask the incharge of the bank to scrutinise the Project Report in the beginning. You are spending money on the employment schemes through banks and financial institutions. How many industries have been set up with those funds. You should monitor this constantly and evaluate it. Evaluation should be done.

Another evil in the name of technology is emerging. Even when our industrialists assert that a particular item can be manufactured here and its technology is available here, new technology is being imported and licences are being issued for that. Consequently the Indian industries which are producing good quality items are unable to do so and people are having collaboration with foreign companies resulting in loss to our industries. Who is responsible for this? Who will decide that import is being resorted to due to non-availability of the technology? Where ever you are doing this deliberately..... (*Interruptions*). It is the question of sickness of the industries. Let us put an end to this sickness. If you go on ringing the bell, the sickness is not doing to end, it will persist.

**SHRI VISHWANATH PRATAP SINGH :** Shri Daga has a chronic disease of speaking. Mr. Chairman, kindly understand his position.

**SHRI MOOL CHAND DAGA :** Lo, he has hit me! I am saying a good thing. Import of technology is not answer.

We are also observing that the Industries Department in the name of indigenisation is giving more powers than even MRTPC. What have you done in this Bill? Ancillary industries should be excluded from the Bill. The ancillary industries which are progressing should not be touched. Otherwise its result will not be good. The big officers enjoy their evenings in clubs and this is how they issue the licences. The result is that the industries go sick. The Board should look into such matters also. If someone proves that an officer has issued a licence in violation of rules which has resulted in loss to the industry, the matter should be investigated. Lot of bungling is going on in the name of technology. You have enlarged MRTPC powers. You are giving them a lot of powers, that is why this bungling is there (*Interruptions*). I will tell you.

[*English*]

Indeed, a climate of opinion was built up in this country that import in second hand machinery with the manufacturers in other countries who have thrown it out, was the best means of utilisation and modernisation.

[*Translations*]

This is what is happening (*Interruptions*). Similarly, you will see that N.T.C. has incurred a loss to the tune of Rs. 359 crores. The reason is that somewhere it is overstaffing and somewhere some thing else. Therefore, you may kindly consult the experts. That is why I have said that this Bill may be referred to the Select Committee for a month and opinion elicited there. I want that it should be referred to the Select Committee. As Shri Das Munsi has also said, it is possible that you may also like to explain certain things. The Committee will consider those things also. An open discussion can be held there and the measures to plug the loopholes, responsible for making the industries sick, can be discussed. If the officers of the Industries Department are at

fault, suitable action against them can also be contemplated. With these words, I conclude.

[English]

SHRI A. CHARLES (Trivandrum) : Mr. Chairman, Sir, I stand to support the Sick Industrial Companies (Special provisions) Bill, 1985. I congratulate the hon. Minister for bringing such a comprehensive legislation fulfilling one of the great promises made by him in his Budget Speech. Though considerable progress has been made by this country in the growth of industry since Independence, today sickness in industry has posed a very serious threat to its future growth. Though many reasons can be attributed to the sickness in industry, bad management is no doubt the root cause of sickness in most cases. The proposed legislation which is aimed at the timely detection of sickness and taking necessary urgent steps to revive and rehabilitate the potentially viable sick industrial companies before it does not go out of the stage of redemption, is certainly commendable and, I am sure, it will be widely accepted all over the country by all right-minded people. However, while supporting this Bill, I would like to point out a few aspects which, in my opinion, have to be considered seriously before the Bill is finally passed by this august House, Section 3(b) defines the 'company'.

I am sorry it does not include the Government-owned companies. So also, the small-scale industrial undertakings are also not included in this Bill. Sir, I come from Kerala. There is no industry worth the name there. Whatever industry is there is either Government company or small company and every industry in Kerala is sick. I might cite the example of one or two, for the information of the hon. Minister and this House. I come from Trivandrum, the capital of Kerala. There are only very few small industries and almost all of them are closed or are sinking. One industry is the T.K. Chemicals which is engaged in the manufacture of electrolite manganese dioxide which is a rare industry. It is needed for the manufacture of dry battery cells. If properly conducted, it

would have been a thriving industry in Kerala. But, unfortunately, though it was at growing stage, the management took several lakhs of rupees and without using that amount for the industry, the amount was misappropriated and there have been reports that even provident fund collections of workers were not remitted to the provident fund account and they are also misappropriated again some of the workers took private loans from the bank on the guarantee shown by the company and the company carefully collected their monthly amounts and they were not remitted to the bank and they were also misappropriated by the management and finally everything crashed down and the company was closed. There was no labour strike. There was no non-cooperation from the labourers. Everything was mismanaged deliberately and the management has misappropriated most of the amount they have taken from public institutions. For the last one year, I have knocked at every door. I made a Statement under Rule 377 in the House. Finally, I appealed to the Prime Minister to interfere in the matter and I am told over telephone from Trivandrum today that a meeting has been arranged. This is what has been achieved in spite of the fact that I have been following up this matter for the last one year. Sir, you may know the Keltron, a Government-owned company engaged in the manufacture of TV, calculators and so many other electronic items. Nobody knows what is happening there. Today the Board of Directors will take a decision to appoint somebody. They will create a post having all the qualifications of that particular man and there are several thousands of workers and technicians in that company and in their subsidiaries and it is reliably learnt that industry is facing a crisis.

This Bill is unhelpful to cover industries like the one mentioned above. I am in full agreement with the provisions of this Bill. I appreciate the sentiments with which it has been brought. But, however, I plead that there should be some other machinery if it is not possible to include some section to take care of these companies also. There should be another legislation bringing down the Government-owned companies and small industries and also companies in the cooperative sectors. In Kerala, in 70s, a

[Shri A. Charles]

mini industrial estate policy was brought forward and about 1,000 units all over the State were started and it is very unfortunate almost all have been closed down because of bad management. Public funds from the banks and from other financial institutions have been given to these units. They were all mismanaged by the Board Members. I would humbly request that some provision or some other legislation should be brought forward to cover those companies also. Section 15(1) relates to the constitution of the Board. 60 days' time is given to the Board for the finalisation of audited accounts and for reporting the matter but no time limit is given for the audit of the accounts.

MR. CHAIRMAN : You will continue your speech tomorrow.

16.00 hrs.

#### DISCUSSION RE : CRASH IN PRICES OF AGRICULTURAL COMMODITIES

[English]

MR. CHAIRMAN : The House will now take up discussion under Rule 193 regarding crash in prices of agricultural commodities like cotton, paddy, sugarcane, jute, coconut etc. I request Shri V. Sobhanadreeswara to initiate the discussion.

SHRI V. SOBHANADREESWARA RAO (Vijayawada) : Mr. Chairman, Sir. I thank you very much for giving me an opportunity to bring to the notice of this House the crash in prices of several agricultural commodities because of which the farmers are facing severe crisis. Sir, the cotton growers in several parts of the country are facing serious crisis. The crisis is ruling at lower level than the minimum support prices and in the meanwhile the traders and the middlemen are exploiting the cotton growers and unfortunately the cotton corporation of India has not woken up from its Rip Van Winkle sleep in several parts of this country.

Cotton has come to the Market ; but CCI has not entered it at several places. In fact, in Andhra Pradesh in Warangal,

Hyderabad districts, the cotton growers are experiencing a serious crisis. Of course, my Hon. colleague yesterday brought to the notice of the Hon. Minister through a Calling Attention Motion and I need not go in detail into these aspects. I wonder at the reply of the Hon. Minister that a CCI team will now visit Andhra Pradesh and find out how much quantity of cotton is to be purchased, at what rate. He said that a team will go now ; Sir, it is most unfortunate. The Cotton Corporation of India is there. It has got all necessary expertise or the administrative apparatus, market mechanism and everything at their control and in fact, it is the duty of the Cotton Corporation of India. Without any further instructions from the Government they should be watching the market. They should know what are the rates prevailing in the market and in fact, even before the prices crash below the minimum support level, the presence of Cotton Corporation of India should be there in the market to see that those rates should prevail which are higher than the minimum support prices. The Cotton Corporation of India should act as a catalyst; but I am sorry to state that it is going in the other way.

Sir, actually the cotton growers are not aware of how much the Government of India is giving to them in this year for different grades. Unfortunately sufficient publicity is not given in this regard to enable the farmers to know what is the minimum support price for the variety of cotton which he has grown. He does not know at what price he should sell. The Cotton Corporation of India should give him confidence. In case he is not able to sell it at a profit, the Cotton Corporation of India should come forward and purchase at the minimum support price. Unfortunately that situation does not exist today.

And I will request the Government at least to take immediate steps in this regard to enable the farmers to know the prices of cotton for this year. The prices of cotton are much below the minimum support price and at least now, without any further loss of time, the Cotton Corporation of India should purchase the Cotton from the growers.