

Geonala Binny in Cochin. This belongs to one Mr. L. N. Dalmia, who claims to be a member of the Dalmia family, though he has nothing to do with them. This factory got money from the public institution and for the last four-five years it has not been working properly, and finally on one pretext or the other, they closed the factory and the money was used to acquire another factory called Pannalur Paper Mills, Pannalur. This also is not working now. The workers affected by it on enquiry found out that he has got industries even outside the country. It is, therefore, very clear that those people who have got influence in the Government, financial institutions or the banks get money in the name of some industry and use it elsewhere. There should be a drastic provision in this Act to see that where the public money is misused, to safeguard the money there should be no difficulty to take over that factory.

Now, the Government can take over a factory under the Industrial Development and Regulation Act. There is a very cumbersome procedure now. It should be provided that where the money is given to a company and if it is not utilised for the purpose for which it was given, the institution which provides the money should be able to take it over immediately. The private sector people get all this money by virtue of their influence and they do not utilise for the purpose for which it is taken. You are appointing Chairmen, full-time and part-time and are giving them wide powers for reorganising these industries, but the first thing that the Government should have in mind is that the public money should be safeguarded.

There is another point which is coming in the way of public financing and that is the growth of the private money lending.

MR. DEPUTY-SPEAKER : You may please continue after lunch.

13.00 hrs.

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

The Lok Sabha re-assembled at Four minutes past Fourteen of the Clock.

[MR. DEPUTY SPEAKER *in the Chair*]

INDUSTRIAL FINANCE CORPORATION (AMENDMENT) BILL—CONTD.

[*English*]

MR. DEPUTY SPEAKER : Shri Thampans Thomas, you may please continue.

SHRI THAMPAN THOMAS : Sir, I was mentioning about the misuse of money which is taken by the private managements from financial corporations and the necessary provisions in this Act to prevent it. Sir, I would like to point out another important aspect which may very seriously affect the financial institutions themselves. There is a mushroom growth of private money lending institutions. These organisations get a lot of unaccounted money under various names. They give it to the industrialists or other people; and finally, they take the entire economic situation in the country to a precarious level. Unless there is some provision to prevent such activities which are indulged in by a large number of people in a big way it will ultimately affect these financial institutions. Also, the money of the Government which is taken by industrialists for the purpose of development of industries, may also be diverted into this channel. These who get money in the name of developing an industry can very well use it for other purposes, or without using it for industrial development, give it to others i. e. lend that money to other persons at a higher rate of interest. So, unless Government makes necessary provisions to cover such instances, the money given by these institutions will go undetected, and we may not be able to get it back. This is what was said earlier by some of the Speaker, viz. that Rs. 400 crores are to be collected by the institutions which had given loans. Finally this has to be written off.

[Shri Thampan Thomas]

While participating in this debate, I would like to point out another important aspect. These institutions will have to give a preferential treatment to certain categories. There are industrialists who are in the field because of their influence, their background and command of money etc. But now there is a section of unemployed people coming forward to organize industries, i.e. those who seek self-employment, organize themselves to start small and big industries. People are coming up; and they have to be encouraged. So, the normal restrictions which you follow in these financial institutions in the matter of giving money for such private individuals, will have to be relaxed, and such individuals who come forward to organize industries, and for getting self-employment, will have to be preferred.

Then there are also cooperative societies formed by people who are concerned with industrial cooperative societies or people who come forward to organize industries. For them also, these industrial financial corporations should liberally extend financial help, and assist in their coming up. So, my submission is this: here, so many amendments are sought to be included in this amending Bill. It takes a new shape. It is going to appoint a new Managing Director, Chairman and various other officers. Its share capital base is being increased to Rs. 200 crores. Powers are also being given for certain things. But I am sorry to say that for essential things, there are no provisions in this Bill. In these circumstances, as my previous speaker had pointed out, there should be a consolidated Act on this Subject. There are also duplications. There are other Governmental agencies which are also coming forward to assist industries in the matter of extending finances. Unless there is consolidation of all these institutions, and there is a framework of rules and regulations in the matter of giving money and getting it back from the persons concerned, it will create more of duplication and complications. This will ultimately help only such persons who take money from Government institutions in a callous manner.

I would like to point out another thing: the very concept of encouraging public sector is in fact absent in our country now. The so-called private sector gets a major share of money from public funds. There is now a theory that the private sector industries can alone come up, and that they will have to be promoted. I think that the Government's attitude is this. There is a possibility, Government is coming forward to help the private sector. Even the Post offices are being given to the private sector. The Railway Booking Offices are being given to the private sector. And the fear is that the workers in the public sector undertakings are not giving their due share of contribution towards economic progress. Somehow there is a trend towards supporting the private sector in this country. In fact, at this Stage, I would like to ask the Government: Is not the private sector in this country in fact generating its funds from public exchequer? Either they get loans from the banks because of their influence or they get loans from the Government institutions such as financial corporations or other financial institutions and divert those funds, which they get for the purpose of industrial development, and they utilize it for their personal purposes. So, it is high time that we should demarcate and define what is private sector and public sector at this stage, and such growth of private sector at the cost of the public sector has to be prevented. Therefore, I would appeal to the Government to bring forward a consolidated Act with these perspectives in view in this matter.

SHRI A. CHARLES (Trivandrum) :
I rise to support the Industrial Finance Corporation (Amendment) Bill, 1985. The Parent Act, that is the Industrial Finance Corporation Act, 1948, was enacted for the purpose of making medium and long term credit more readily available to industrial concerns in India, particularly in circumstances where normal banking accommodation is inappropriate or recourse to capital issue method is impracticable. Sir the Industrial Financial Corporation of India has played a vital role during the last nearly four decades in the industrial growth of this

country. Along with the growth, the area of operation of the Corporation has also been enlarged with the rapid technological development in the industrial field. This has naturally necessitated the present amendment, and I therefore support it. Especially the amendment to Section 2 (c); Sub-clause (xii) has brought within the purview of the Act a wide range of activities. If you go through Section 2 (e) (xii) you will find that a number of new items are included and clause 17 States that in addition to whatever stated above, "any other matter" so that the whole range of activities now in our country can be included. I support it. However since special items like medical health and allied services are included, I would suggest that tourism and hotel industry can also be specifically mentioned so that that branch may also get necessary encouragement and support in view of the great need for the development of tourism in this country.

Though these amendments I have just mentioned are very essential for the development of the industrial activities of this country, as some of my friends on this side of the House and that side pointed out, I am also constrained to say that there is no sufficient provision to take action against Managers or management who misappropriate or misuse or divert these funds. As has been already said by some of my friends, the private sector industry gets huge fund from the financial institutions; after getting these funds, without using them for the purpose for which they are taken, they are conveniently diverted and used for personal ends. The main reason for most of the industries in the private sector becoming sick is that they carefully plan the misuse of fund. I can cite a number of examples. But I may be permitted to point out only one example of my constituency in Trivandrum where one industry which was known as T. K Chemicals, which was a very promising industry. Huge funds were taken from the financial institutions for this industry, but not a pie was spent for this particular industry; and it is shocking to know that even the provident fund collection taken from the employees was not remitted in their account and it was also misappropriated. Finally, the industry was declared sick and it is now

closed down for the last two years. Under the rule, there is no possibility to take action against the management who deliberately misused the fund and diverted the fund; and they are mainly responsible for the sickness of the industry. I have carefully gone through the parent Act. There are two sections in the parent Act which give some powers to take action against the possible offenders. They are sections 30 and 41. Section 30 deals with the provisions for enforcement of claims by the Corporation. It says that where there is any breach of an agreement or where the management makes any default in repayment of loan or advance, or otherwise fails to comply with the terms of the agreement, in such an event the Corporation shall order—

- (i) for the sale of the property pledged, mortgaged or hypothecated to the Corporation as surety;
- (ii) for transferring the management of the industrial concern to the Corporation;
- (iii) to issue an injunction order against the removal of any machinery or equipment.

These are the only three actions to be taken under section 30. This is what the management really wants. After misusing the funds they want to get out of the whole show. So, if some action is taken under section 30, their other liability is over and they are safe, having already taken the huge funds from the financial institutions and misappropriated them and made use of for their own purpose.

Section 41 deals with certain offences. It says that whoever, in a bill of lading, warehouse receipt or other instrument, makes any false statement, shall be punishable with imprisonment for a term which may extend to two years, or with fine. I suggest that persons who misuse or divert to misappropriate funds should also be brought under the scope of section 41.

[Shri A. Charles]

An hon. Member from the other side suggested that a comprehensive legislation should be brought, I feel that is not necessary. I would suggest that if after the words "makes any false statement", the words misuse, misappropriate or "mismanage the funds" are included, this great fraud could be avoided. So, I would request the hon. Minister to see whether there is any possibility of including the above changes under section 41.

There is one more important point. There is a provision in the Bill to appoint a full-time Chairman. I fully support this. But the amendment proposed to the proviso under sub-section (1) of section 10 of the parent Act is, "provided that the same person may be appointed to function both as Chairman and as Managing Director". I feel that this will go against the normal functioning of the Corporation. This will be duplication in the functioning in the same person. It will always be desirable, if the powers are decentralised. So, I would plead that the Chairman may be a full-time person, and the Managing Director may be another full-time person. These two responsibilities should not be given to one and the same person. With these suggestions I fully support these amendments and I am sure, this will make a new beginning in the industrial growth of this country.

[Translation]

SHRI RAM PYARE PANIKA (Robertsganj) : Mr. Deputy Speaker, Sir, I rise to support the Industrial Finance Corporation (Amendment) Bill 1985. This is true that situation has changed a lot since the enactment of this law in 1948.

The way the number of industries is increasing in our country certainly calls for widening the scope of the Act. As you know, we bring about required changes from time to time and consequently achieve our industrial targets. The House is aware that we had a target of 8 per cent growth and we have achieved it because we have been making amendments from time to time

as per our requirements. I support the aim for which this Bill has been introduced and also want to say that at present all the sectors for Industrial production in the country, be it the cooperative sector, joint sector or private sector, do not have any difference as such because all the money invested in them goes from the public exchequer. The money invested in private sector's industries also belongs to the Government exchequer. Today, there is a great need to see whether the money, which is taken by private sector from corporation or these financial institutions, is being properly utilised or not

Just now, I was looking into the circumstances in the country responsible for loss of man-days. I found that strikes, closures and other factors are less responsible for it. A large number of man-days were lost due to the mismanagements by the private sector. The private sector industrialists make the industry sick due to their mismanagement closure and lay-off and as a result of these, there is loss of production. Therefore, if you bring any amendment, by which you want to provide a number of facilities in order to increase the industries then you should also see to it that the money should be used for the specific work for which it is being provided. Today, what is happening with jute industries in Bengal? You should also look at the cloth mills. The capitalists are withdrawing the money from there and investing it in other industries. And this way the workers in the country are becoming unemployed. The need of the hour is that the Corporations and the Management, which you have formed, should see to it that the money should be spent on the item, for which it is paid. The applications for fresh loans by the capitalist who declare their mills sick, should be thoroughly scrutinised before granting them such loans, I want to say this much that in the name of helping sick mills, a lot of industrialists are taking illegal advantages from public financial institutions. It is imperative to pay keen attention towards this also.

Today, in the mixed economy of the country, we want to lessen the burden on

agriculture. In this House, one hon. Member brought a private Bill wherein he suggested that we should increase the scope of the items of agro-based produce in the villages or forest-wealth-based industries or animal-based industries and they should be provided with more funds. The 5 per cent people of private sector in the country are utilizing more than 50 per cent of the capital of the country and 95 percent people in cities and 75 per cent people in villages are not getting money in that proportion for their development. Therefore, today we also face the problem of the balanced development. Due to this, there is no proper development of the villages and industries are not being set up in the villages. Bapu's dream of the way country's development should take place is not being fulfilled. That is why people from villages are migrating to the cities. Today, we have also to remove the regional imbalance. Today, in spite of Government assurances, the industries are not being set up in backward areas. The business-houses in the private sector shirk in going to backward areas and, in connivance with the officers somehow manage to set up their industries in those areas where infrastructure already exists. In such circumstances, you will definitely have to make such arrangements which may remove regional imbalance. There is a need to provide infrastructures in every area. The objectives of the Bill which you have brought are commendable. You are going to spend much for the modern technology. But by providing this sort of help, you should also provide help to those areas where development is not taking place for the last 38 to 40 years in spite of making every effort in the field of industrial development, be it backward area of the country, drought hit area, Shri Mool Chand Daga's area of Rajasthan, hilly area, cyclonic area or tribal area. Today, we shall have to decide how we are going to develop these areas.

I do not want to take much time. While supporting this Bill, I want to clarify two to three points. The Government has made different sectors in the

field of industrial development. In these sectors the money, which is certainly the public money, should be allocated on the basis of backwardness of the villages and the population. Otherwise the industrialists take undue advantages of it. The terms and conditions of fund allocations should be made strict to ensure proper utilization thereof. We should also ensure how best we can achieve future development in comparison to the previous one.

We have resolved to bring the number of 37 per cent people living below poverty line to 26 per cent by 88-89 as also to increase our employment potentiality by four per cent during the Seventh Five Year Plan. This is a matter of happiness but this success could only be achieved when we provide money to such sectors where more and more people could be given employment. Today, in the name of machine and technology, we are providing money to such industries which employ less people. As we have decided in the Seventh Five Year Plan to increase employment potentiality by four per cent every year, this cannot be achieved in such a way. Unless we set up men-based industries, the industries which may give employment to more and more people, we cannot achieve the target fixed for Seventh Five Year Plan. For this purpose, we will have to set up such industries which could employ more and more people. You will have to take a decision about it. I want to give you an example. An industry, at the cost of Rs. 50 crores is being set up in our area. I asked the number of people likely to get employment therein, and the answer was only 200 persons. An industry at the cost of Rs. 50 crores and work for only 200 persons. I again asked as to wherefrom the funds would be provided and the answer was that from public exchequer. Therefore, you will have to take a decision in this regard that the money which you allocate should be invested in such works which may provide employment to more and more people. In the name of modernisation and foreign competition, we are introducing such a technology on the basis of which the work is being done through automatic machines instead of more workers having been employed. Such

[Shri Ram Pyare Panika]

automatic system cannot fulfil the dream of Bapuji to create such employment opportunities which should provide employment to more and more Adivasis and remove unemployment. In the name of modernisation, new technology and automatic machines, we are providing more and more money to such industries which do not have much scope for employment.

There is one thing more worth consideration. The Government do not want to have control on the Public Undertakings but it does not mean that they should be given a chance to squander public money. Our Prime Minister has stressed this point. Many companies have done fairly well and many others have prepared their balance sheets in such a way which looks to be a miracle. They have done a sort of magic trick. I was just going through the N.P.C.C. Report. A profit of five crore rupees has been shown therein. When I met the Chairman, I came to know that they did not have money even for the salaries of the employees and the whole work was stopped due to lack of funds. So it is a jugglery of figures. I know personally about the Maruti Udyog. It declared a profit of 5 crore rupees for the last year but in fact it is not earning profits. In my view, the Central Government and Finance Department should order special auditing of all these undertakings. The same is the case of Coal India Ltd. Once it was declared in the House that it has earned a profit of 12 crore rupees. When special investigation was made, it was revealed that there was a loss of 78 crore rupees. The G. Ms and M.Ds. of these public sector undertakings remind us of the life styles of kings and Emperors of old times. The country should get maximum profit from these 250 or 300 public sector undertakings but most of them are incurring losses. Their expenditures are very high and the life styles of the G.Ms and M.Ds are like the old time Maharajas. When there is a suggestion of having control over them, then it is argued that they are autonomous bodies and should remain so. But it does not mean that the organisations run on public

Exchequer should be allowed to work according to their whims. Today, these organisations are full of nepotism and casteism. The manager recruits the people of his own caste and allots tenders to his own people. All this should not be allowed and we should not remain as dumb spectators. These undertakings need to be controlled at every level. It is all right that our Government, our Hon. Prime Minister and the officers of Finance Department are vigilant but they need to be more vigilant.

I want to say one more thing. In the Seventh Five Year Plan prepared by the Planning Commission we envisage an increase of 4 per cent in employment potential and by 1988-89 the percentage of people below poverty line is expected to become 26 as against 37. To achieve all this, it is necessary that the loans granted by banks should be given to the right people so that the maximum number of people could be benefited.

With these words, I strongly support the Bill and hope that with the change of time more amendments will be made in it.

SHRI SHANTI DHARIWAL (Kota) :
Mr. Deputy Speaker, Sir, this Industrial Finance Corporation (Amendment) Bill is a good step towards improvement and I welcome it. Through this Bill, it has been proposed to quicken the pace of industrial development in big industrial cities and towns. I welcome this proposal also.

This Bill has provision for giving more power to the Chairmen and Managing Directors as full time Managing Directors. This is commendable but at the same time I would like to put forward four or five suggestions to the hon. Minister.

My first suggestion is that keeping in view the increasing business and expenses of the Corporation, the limit of authorised capital should be raised from the existing 100 crore to 250 crore rupees. I think that this limit also would be insufficient and it should be raised upto 500 crore rupees.

My second suggestion is that there was no need to empowering this Corporation to set up hospitals in all the industrial towns. There are E.S.I. hospitals in all the industrial towns and every big industry has already medical facilities. It will be misuse of the Government money that the Corporation instead of granting loans would spend crores of rupees on setting up of hospitals. I request the hon. Minister that this Corporation should be assigned the task of allocation of funds only and not the establishment of hospitals etc. Some industrial groups are providing very good medical facilities in very efficient manner and the expansion of these facilities is also taking place.

I also suggest that there is great need to empower the Corporation to appoint technically qualified persons to have a look at the prevailing financial condition of the industries and also to find out their likely condition after an year. If it is not done the companies reach the stage of look-outs, strikes start taking place there and they reach the stage of closure. This results in losses to the tune of crores of rupees to the Corporation. To avoid the Corporation's huge losses, it is necessary to appoint technically qualified persons so that they could submit timely reports about the industries. It would save Corporation's crores of rupee.

Despite the amendments and discussions on the restructuring of management system of the Corporation, there are still the procedural delays. Whenever an industry applies for loan, it takes more than 6 months for its clearance. They have to prepare numerous papers. Numerous problems are faced before the final approval is obtained. Even the hon. Minister is aware of the procedural delays; we also know it. This procedural delay should some how or the other be minimised. It should be done away with at the earliest because it causes corruption. Its eradication is must if the working of the Corporation is to be improved. When an industrial house gets the approval of the loan applied for by him after eight to ten months, the cost of project during this period escalates by 20 per cent. If the permission for the industry is given early,

then employment is also created early and Government also earns revenue. Action should be taken against the officers of the Corporation for delays. They should be personally held responsible for the delay. I request the hon. Minister to issue such instructions to the officers that permission and loans should be granted within a fixed time. Some provisions should be made to ensure that the procedural delays in the Corporation are minimised.

In the end I would like to say that it is a good thing that now the Chairmen as well as Managing Directors will be on full time basis. But I request that able and qualified persons should be appointed to these posts. They should know about the financial condition of the country and should be interested in industrial development. They should also have experience in controlling such type of financial institutions. Only experienced persons should be appointed to such posts.

I would also like to say that the steps taken by Chairman or Managing Director are not intimated to the Board. So in the end I request you to make provision for the intimation of all such steps to each director of the board which should be got approved by the board within three months. That is all I wanted to say and once again I support this Bill.

[English]

SHRI BHADRESWAR TANTI (Kaliabor) : I support this Industrial Finance Corporation (Amendment) Bill. I must mention here that after Independence of the country the Government have made so many laws for the industrial workers and for the industrial development of the country but the laws have not been implemented at all. As far as my personal knowledge goes, after 38 years of independence laws have been made for the greater interest of the working class. So far as industrial laws are concerned and so far as Part III and Part IV of the Constitution are concerned, these laws have not been implemented and not for the interest of the working class. Not that the Government should go on creating laws but the Government has got the responsibility to implement the laws,

[Shri Bhadreswar Tanti]

In respect of the State of Assam the Government is quite aware of the fact that there are 775 tea estates and in all the tea estates, the people, those who have been engaged in the tea industry are dying for want of food, shelter and other facilities because these laws have not been implemented. The tea garden labourers have not been given the housing accommodation properly although the law is there. They have not been provided the schooling facilities for the education of their children. Also health and family welfare measures have not been implemented. There are hospitals only for the name sake. There are no doctors, no nurses and nothing of that sort. There are no medicines and only hospitals are there. Unless there are medicines, unless there are good doctors and nurses, they are of no use. The Government is earning a lot of foreign exchange from the export of tea. Hence the Government should see to the interest of the working class. After 38 years of independence, may I know whether the tea garden labourer has got facilities of drinking water. The literacy rate among the tea garden labour is only 0.01%. It is a shame for the people and for the government that after so many years of independence people have been kept in the dark and faraway from all facilities.

The tea industries are making money and the Government is earning foreign exchange out of this but the people have not been given anything. In the State of Assam also, although the laws are there, there is not a single industry, there is not a single good and big industry. Oil is there but you set up the oil refinery outside Assam. Coal is there but you transport the coal to other places. Employment avenues are there but you are denying the educated unemployed youth employment in coal industry, in the refineries and in all other public sector industries.

My humble submission before this august House is that laws should be properly implemented and the people of Assam should not be denied their legiti-

mate rights so far as the establishment of industries are concerned. In other States, a lot of industries have been set up. Although there are lot of potentials in the State of Assam in respect of all the industries, we have not been given any importance or help in setting up of industries at the instance of the Government. When we demand that a refinery should be set up, you give only a very small refinery to us, but you set up a very big refinery outside our State. Why? What is the reason? I do not understand this. You are draining out the oil from Assam, but you are not giving employment to the people of Assam who have got the legitimate rights to get employment in the refinery itself, in the paper mill itself, in the jute mill itself and other public sector industries. Therefore, I humbly submit and demand that not only should Government make laws but Government should also look to the problems of the people of each State, so that the legitimate rights are not denied to the people of the State.

DR. A. KALANIDHI (Madras Central) : At the outset I express my thanks to the hon. Deputy-Speaker for having permitted me to speak on this Bill.

On behalf of the DMK, I welcome this Industrial Finance Corporation (Amendment) Bill. I am really happy, because of the rapid industrial growth and also technological developments in the industrial field and increase in production, the Government of India has come forward to amend the Industrial Finance Corporation Act in such a way that the industries get the benefit out of it. I am also happy about setting up of hospitals and providing medical services. I should really congratulate the hon. Finance Minister for having given some thought for setting up of hospitals and providing medical services. One of the hon. Members who spoke before me said that setting up of a hospital would involve a huge expenditure. One thing he should not forget, Unless and otherwise the employees are protected from illness, industrial sickness cannot be prevented. If workers fall ill, naturally production suffers. Therefore, to prevent industries from becoming sick, one has to

protect the employees well. So, welfare of employees has to be taken care of. When you take care of the health of the workers in the industry, the industry will not become sick; the production will not be hampered and the production will increase. By this, we will be preventing industrial sickness and the national income will also increase. I am really happy that the hon. Minister has given thought to this aspect even though he is not a medical man. I am really happy and I congratulate him on this new venture.

The only thing that I am worried about is the authorised capital being increased from Rs. 100 crores to only Rs. 250 crores. This is a very meagre amount, though there is a quantum-jump from Rs. 100 crores to Rs. 250 crores. It cannot cater to the needs of all the States in India. The hon. Finance Minister should give a second thought to this and consider increasing it from Rs. 250 crores to Rs. 500 crores, so that all the States in the country can get the benefit out of it.

It has been proposed to appoint the Managing Director on the same pattern as IDBI. He has been given a term of five years. I feel that the term should be reduced to three years so that the efficiency of the management can be judged within three years and if the management is not upto the standard, he can be removed. Instead of extending the term to five years, actually it would have been better if it had been reduced to three years.

Another point which has been mentioned is: "With a view to provide more flexibility to the Corporation in raising resources, it is proposed to remove the present limit of Rs. 15 crores on borrowing by the Corporation from the Reserve Bank of India". I want to know from the Finance Minister as to what is the limit. Is it going to be limitless? Has he totally removed the limit or is he going to allow the Corporation to draw any amount which perhaps he has not mentioned in the Bill.

Another point is, you are going to recognise the cooperative banks which are recognised by the State Governments. In this connection I would like to make a

suggestion that, whenever such laws are made or help is given to the industry in a particular State, the State should also be informed about the matter so that they can have a better hold in the matter. As far as Tamil Nadu is concerned, in the industrial aspect, we are totally neglected. That is why we very often voice our feelings that the South is getting neglected and the North is flourishing. You should not give room for such feelings. When you bring such an Amendment, try to see that something more is given to Tamil Nadu so that industries can flourish in Tamil Nadu also.

With these few words, I wholeheartedly congratulate the hon. Minister and welcome and support this Bill.

[Translation]

SHRI VIRDHI CHANDER JAIN (Barmer) : Mr. Deputy Speaker, Sir, I support the Industrial Finance Corporation (Amendment) Bill introduced in the House. After 1948, it was amended in 1982 and this 1985 amendment greatly widens the scope of the Industrial Finance Corporation. The definition of industrial concern has also been expanded.

[English]

".....setting up of hospitals and providing medical services, providing telecommunication and electronic services and leasing of plants, and equipments, etc."

[Translation]

Just now, my friend supported the provision for setting up of hospitals. The condition of the rural areas of the country is such that the extension of hospital facilities to that area is very essential. If any doctor or 'vaid is desirous of establishing such hospitals and the Industrial Finance Corporation and banks help him, then he can certainly do good service to the rural areas by establishing hospitals. So this provision is a correct one. In the scientific and electronic age of today, anybody would like to establish some industry. And if any loan is provided by the Indust-

[Shri Viridhi Chander Jain]

rial Finance Corporation, then it is most welcome.

The posts of Managing Director and Chairman have been made full-time. It was necessary and is a step in right direction. Any corporation can be successful only when its Chairmen and Managing Director are capable persons and are appointed on merit. I do not know about the procedure of appointment of such Chairmen and Managing Directors. Sir, the hon. Minister may like to throw some light on the procedure of their appointment. Boards like U.P.S.C. has been formed and I would like to know whether there are any such boards for their appointments also. If there is no such board, a board should be formed and appointments should be made on the basis of merit. I tell you about Rajasthan where I.A.S. officers are generally Chairmen and Managing Directors of public sector undertakings. They know nothing about this field and even then they are appointed to the posts of Chairmen and Managing Directors. The same is the case of banks but it should not be like this. Only that person who has full knowledge of the banking should be appointed to such posts in banks.

In the Seven Five Year Plan, we have decided to effect 8 per cent increase in the industrial growth. In all the allotted activities of Finance Corporation, the authorised capital limit has been fixed between 100 and 250 crore rupees and the L.I.C., G.I.C. and U.T.I. are making provision to this effect. The ceiling of Rs. 15 crores fixed by the Reserve Bank is also being relaxed and its powers are being enlarged. It means that by enlarging its jurisdiction, the industries will have to be developed. But I can see that the areas which have been declared as 'No-Industry Districts' are not being developed at all. When those areas were declared as "No-Industry Districts", it was promised that industries would be set up there, but nothing has been done so far in this regard. Neither the Central Government is paying any attention towards this, nor is the Rajasthan Government doing any thing in this regard?

Therefore, it is my request to the Government that industries should be established in these districts and due facilities provided. Developmental activities should also be accelerated. They should be granted loan facilities as it is being done in the hill areas.

Mr. Deputy Speaker, Sir, my constituency of Barmer is a "No-Industry District". Limestone of a very good quality with 92 per cent purity level has been found there. But the question is of making it industrially useful. But industries can be set up only when all the required facilities are available. Railway lines do not exist there. Our Railway Minister has declared that no new railway lines would be laid. If this is so, it would not be possible to set up new industries because that place is 60 to 70 kms. away from Jaisalmer. How would limestone be transported in the absence of any transport facilities and under such circumstances, why should any industrialist bother to invest his money and set up an industry there? Therefore, I would request the Government to make provision for granting transport subsidy as it is being done in the hill regions.

Unless railway facilities and loan facilities are granted, developmental activities cannot take place there. So how can there be any progress when we are not able to set up any industries. Therefore, I would request the Government once again to pay full attention to such areas.

Mr. Deputy Speaker, Sir, the Government had given loan facilities to the unemployed graduates so that they could set up their own business. I would like to say, in this connection that you should conduct an enquiry because 50 per cent of the loans are being advanced to bogus persons. I want to say it clearly that this scheme is being misused and, therefore, it is essential to conduct a thorough enquiry. It is also essential to closely supervise the distribution of loans in future. If you are not able to do it, then the very purpose for which loans are advanced would be defeated, and you would not be able to solve the problem of unemployed graduates.

tes. In this context, I would particularly submit that we want to increase the activities of such types of organisation, but these problems come in the way.

Mr. Deputy Speaker, Sir, there is a dyeing-printing industry in our area. This kind of work is usually done here. Pollution problems are also associated with such units. But neither the Centre nor the State is paying any attention to it. If the small industries are entrusted with the responsibility then they are not able to fulfil it. Therefore, before the expansion of such units, it is essential to remove the problem of pollution and the Central Government should shoulder this responsibility or at least it could provide some assistance to the small industries in maintaining ecological balance. Only then, these industries would flourish and new ones would be established, as otherwise the existing industries would also be destroyed.

Mr. Deputy Speaker, Sir, in the end I would submit that the Industrial Finance Corporation (Amendment) Bill, 1986, which has been presented in the House is a very good Bill. This Bill would prove to be helpful in making progress in the field of developing latest technology.

15.00 hrs.

But we also want that our employment problems should be solved. The computerization programme cannot guarantee a solution to this problem as it will require less number of workers which our country can never accept. Hence, we would have to consider whether we will be able to develop our cottage industries if we do not follow the path laid down by Mahatma Gandhi in this regard.

The efforts made for this purpose, at present, are not enough. Further, the Khadi Gramodyog Commission is not able to complete the quantum of work that it undertakes. It has to cover a vast rural area which it is not doing at present. So there are several units which are not helped at all by the Commission. Therefore, in order to solve the unemployment problem, it is essential that it should cover

more rural area. In this connection, the people working in the carpet and wool industries should be provided with special assistance and training centres must be set up for the purpose. At present, the training centres are established only in the districts, and there is just one such centre in the whole of Barmer. Not a single training centre exists in Jaisalmer. It is not possible to expand our industries in this way.

These people face the same kind of difficulties as in the case of industries. The Banking institutions do not provide loans to them easily. In spite of best efforts, the functioning of the banks has not improved and corruption is rampant there. It must be checked.

With these words. I support the Bill.

15.04 hrs.

[SHRI SOMNATH RATH *in the Chair*]

SHRI DAL CHANDER JAIN (Damoh) : Mr. Chairman Sir, I support the Industrial Finance Corporation (Amendment) Bill introduced in the House. This Act was first passed in 1948, but after that, circumstances in the country have changed. This Bill is an appropriate measure in view of the rapid development of our industries.

I would like to draw your attention to the fact, that the loan facilities granted for industrial development, are often misused by the industrialists, and this view is shared by all the Members. Therefore, this must be stopped. We must also take action against those people who do not respect the spirit underlying the payment of such loans.

It is good that a separate Board has been established to ensure that there is no unnecessary delay in the setting up of industrial units and the Chairman of this Board has been granted the power to sanction loans, even without calling a Board meeting first. However, along with this, it also must be ensured that loans

[Shri Dal Chander Jain]

are used for the purpose for which sanctioned, and the industries are established in areas where they should be.

There is one more thing which should be given special consideration. If the Board advances such loans by which the Finance Corporation is liable to incur loss, or its capital is adversely affected, then action should be taken against the concerned officials and they should be instructed to be alert in respect of their duties. This alone would ensure proper implementation of this policy of the national importance.

We have seen that the small industrialists have to face numerous difficulties while getting loans. In this context, I would suggest that, whenever applications regarding granting of loans are received from small industrialists, some time-limit like one or two or three months should be fixed, within which, the loan applications should be considered and due action taken. But it often happens, that it takes years to consider and take action on this applications. Due to this, the small industrialists are disappointed and their enthusiasm for establishing new industries dampened. This procedure is not good. Therefore, I would request the hon. Minister earnestly, to fix a time-limit for this definitely so that the date by which the loans would be received may be known beforehand. Only under such conditions, our objectives would be attained.

It is highly commendable that subsidies are given for setting up of industries in "No-industry Districts" and in backward areas. In spite of all these, it is found that industries are not being set up in "No-industry Districts". The reason given for this, generally, is that infrastructure and transport facilities are not available there. To get over these difficulties, my suggestion is that, meetings should be held from time to time among the representatives of Industrial Development Corporation, Transport and Power and other related departments. These meetings should be held on the Officers' level as well as on the Ministerial level in which

full consideration should be given to the proper development of all parts of the country. Special attention must be paid to the backward areas and industries should be established there.

With these suggestions, I would support the Industrial Finance Corporation (Amendment) Bill and hope that the Members of the Board would function in accordance with the spirit of the Bill and in this manner, we would all assist the Prime Minister in taking the nation into the 21st century.

[English]

KUMARI MAMATA BANERJEE (Jadavpur) : Sir, I support this Bill. The Industrial Finance Corporation of India is a national level development bank, set up in 1948, soon after Independence, by an Act of Parliament, with the objective of providing medium and long term finance to eligible industrial concerns in India.

Sir, we know that under the leadership of our Prime Minister, we are looking ward and indeed we are moving forwards towards the 21st Century and our attitude, our activities and our achievements should be on the basis of this. I say so because we have seen so many times that even after bringing so many bills in favour of the workers, in favour of the country and in favour of the weaker sections, their implementation is very poor. Our Government is very much willing and we are very keen to see that the country moves forward towards the 21st Century. But sometimes there is still some communication gap. Even though Government is bringing forward the Bills, some bureaucrats and some officials are not trying to fulfil the commitment of the Government. And that is why we are not able to fulfil our commitments to the people.

The Industrial Finance Corporation of India was set up in 1948. The Industrial Finance Corporation Act, 1948 was last amended in 1982 and it has now become necessary to make some amendments in the Act. I am supporting the amendments brought in by the Government because the present definition of 'industrial

concern' as contained in the Industrial Finance Corporation Act does not cover many important activities and it is, therefore, proposed to widen the definition of 'industrial concern' by including the concerns engaged, *inter alia*, in areas such as setting up of hospitals and providing medical services, providing telecommunication and electronic services and leasing of plants and equipments, etc. It is also envisaged to provide for an enabling clause so as to confer powers on the Central Government to direct the Corporation to undertake any other activity which the Central Government may notify. It is also proposed to raise the authorised capital of the Corporation from Rs. 100 crores to Rs. 250 crores. I would like to request the Minister to raise the authorised capital from Rs. 100 crores to Rs. 500 crores.

In this Bill, it is also proposed to provide for the office of the Managing Director on a full-time basis. I am supporting this provision and I am not at all opposing it. Whenever, these Managing Directors and Chairman are appointed, we will have to see that these Managing Directors and Chairman do something in favour of the workers and in favour of the industry also. We do appoint these people, but we find that the attitude of these Managing Directors and these Chairmen is not so good. They are misusing the government's money and they are indulging in corruption. They favour the big industrialists and they are not doing anything for the benefit of the people. While appointing these Managing Directors on a full time basis is a welcome measure, we should also see to it that they fulfil the commitment of the Government. There should be some time-bound programme and there should be some limit as to how long a person should continue as the Managing Director. His performance and achievements during that period should also be watched. I request that the hon. Minister should look into this aspect. I know that the Minister is very efficient and he is working very hard for the welfare of the weaker sections. But this bureaucratic attitude is not at all good and this tradition is going on from the very beginning and because of this, people are not getting any benefit.

Sir, the Industrial Finance Corporation is a very important corporation. In April 1971, the Government of India set up the Industrial Reconstruction Corporation of India. This was to be an All-India public Financial Institution to function as a credit and reconstruction agency for industrial revival and rehabilitation of sick and closed units. This has now been converted into the Industrial Reconstruction Bank of India. The unsatisfactory track record of this lead institution in dealing with industrial sickness will be clear from the following data. Out of 205 units being assisted by IRBI in the country, as many as 116 are located in West Bengal out of which IRBI claims that it has revived only 37. I would like to mention it here because Government has established IRBI to revive the sick industry, to help industrialists, to modernize their equipment. But what is going on? Government has established IRBI to revive sick industries. But IRBI, IFCI and IDBI people are not interested in reviving industry, big or small, but are only interested in reviving themselves. So, their feelings are not so good. There is some communication gap between the management and the workers. This should be looked into.

Another thing : In 1985, Government of India passed a legislation called the Sick Industrial Companies (Special Provisions) Act, which seeks to create a Board for financial, industrial reconstruction, and to deal with industrial sickness. One year has passed. I do not know when this Board will start functioning, and when it will sort out the problem of sick industry in our country. In our country, about 90,000 units, most of them in the small sector, are sick; out of these, about 29,000 are in West Bengal. IRBI has reported that as of January 1, 1985 there were 545 sick units. Out of them, 105 are in West Bengal. There were 1285 medium units. According to IRBI's study, 51% of industrial sickness was due to management, 15% due to bad planning and only 2% due to labour trouble. So it is Government's duty to locate these sick industries. If every big and large industry is going to be closed down, what will workers do? Thousands and thousands are now on the roads. But we are trying to sort out this

[Kumari Mamata Banerjee]

problem. We are trying to meet IFCI, IRBI and IDBI people also. But their attitude is not in favour of the workers. They say : 'You should look into this; you should help these entrepreneurs; You should not let down the weaker sections and workers' Then what will these officers do ? They will be in their chairs. They are now promoted as Managing Directors and Chairmen and as so many other officers. But they are not helping the weaker sections. That is what is going on. If they go on in such a manner, then we will be in trouble. We in the Congress party are very much interested in helping the poor people and the workers. This is the Prime Minister's attitude, and the Government's attitude. But this bureaucratic attitude is not so good. That is why all these things are going on.

You are bringing this Bill to help poor people, to help the workers and to help the country. But until and unless you change the attitudes and traditions of the officials, it is not possible to implement all these things. This is my humble suggestion to you : To revive these sick industry, please start the functioning of the Board for financial and industrial reconstruction immediately. Then this Board can take up all these things. They can help sick industries at least. Is there any such possibility ? It is not the Government's policy to take over all sick units. But they can set up some new projects, they can set up some new and modern equipment. Then they can at least provide work to the workers. Otherwise, these workers will die. If the workers die, what will we do ? So, this is my humble suggestion. I would now like to quote a saying :

*'Yeh mera akele ka dard nahin hai,
Main sabhi ke dard ki baat karti
hoon.'*

It is a fact that somebody is trying to say that Central Government is not doing anything. But we are not going to criticize so, because I know that some political and vested interests who are not interested in the development of the country are trying to oppose the Government all

the time. But I would like to say that we have faith in a New India. Let us put shoulders to the wheel; let us do our best efforts to serve the people of this country.

SHRI MANORANJAN BHAKTA (Andaman & Nicobar Islands) : I rise to support the Bill. This Bill does not have anything contradictory. It has some specific, good amending provisions, e.g. the enlargement of the scope of Industrial Finance Corporation. I feel that the amendment proposed for providing medical, health and other allied services, engineering, technical, financial, management, and marketing and other services etc. It will definitely be for the betterment of the industrial growth as well as the social services too. But, at the same time, I would also like to add that the hon. Minister may kindly look into that and see that the social forestry should also be included in this, because, now, we are going in a big way and trying to motivate people in different places for going in for social forestry to make the country green and to make the ecological balance as per the requirement of the country. If that be so, then why not this should also be included within the purview of the Industrial Finance Corporation operation ?

Then the dairy plant and the cattle breeding etc. should also come within the purview of this. The Minister may kindly look into it. They have done a good thing by increasing the capital from Rs. 100 crores to Rs. 150 crores. Then there is a question of having a Managing-Director. Well, the Managing-Director, of course, will be necessary in a particular corporation or institution or organisation. But one thing which I have noticed is that for the very purpose for which the Industrial Finance Corporation has been established has not been fulfilled and everywhere it is being defeated every now and then. We know people are coming for getting assistance. When they go for getting assistance, how they are harassed ? They are running from pillar to post to get assistance or loan, but, they are not getting it easily. But if some people are corrupt enough, they can get it otherwise and they get it. Here this point has to be seen.

In every legislation we find that the public men are very carefully kept out and only the officialdom, the bureaucracy is creating everything for themselves, every post, everything, they keep for themselves. So, why not in such an important Bill some Members of Parliament be put as Directors in the Board where there can be checks and balances, where they can work as watch-dogs in such boards and point out lacunae ?

There are 'A' category districts in the country. How many 'A' category districts have been served by the Industrial Finance Corporation or assisted in the country ? In many of the areas where these entrepreneurs are going to set up industries they want assistance; for getting that assistance, they are running from pillar to post, but they are not getting it. Even the Minister must be having his own personal experience in this regard. That is why it should be evaluated that in how many such 'A' category districts they have got loans or assistance. In Andaman and Lakshadweep areas, which are the remotest parts of the country we are hearing the names of these institutions only so far; they have not done anything in that part of the country. When they go there to set up industries, they are told that for such a long distant area how would you get finance. That is why there should be a system by which they can get assistance for such a long distant area. Of course, when we pass a legislation, we speak so many things and then we get an assurance from the hon. Minister that this will be done, that will be done; we are going to achieve these things, but, one point is very clear that until and unless the bureaucracy is committed to the purpose these things will not be implemented. On the one hand the government is clear and the political leadership is also clear; they want to do something for the betterment of the people, to have industrial growth in the remotest parts of the country at that time the two systems work, that is on the one hand the bureaucracy is playing some part on the other hand the political leadership is also accused of interference. The political leadership is also accused of interference. The political leadership is

only supposed to give guidelines. But, at the same time, the implementing parts remains with the bureaucrats, the officialdom. If sometimes we ask them why they had not done a particular thing, they only say that the politicians are interfering with the functioning of the autonomous bodies. In the name of prevention of interference they try to keep the political leadership away so that they can do whatever they like in the manner they like. So, this is a very controversial position and I would request the hon. Minister to kindly look into this and see that the implementing part is properly done. There should also be proper monitoring, and grievances should be redressed. The Board should not be given more powers only to check political interference, and the people should get the benefit of the such financial institutions.

Another point is, nothing has been mentioned about the rules or procedure to provide assistance or grants. That is completely absent. That is where the influence of the bureaucrats comes and apart from the Chairman the members of the Board should also be asked to follow the correct procedure and the rules so that everyone knows that there is such a financial institution. Only then can they get the full advantage of the institution. That is why I want the hon. Minister to look into this point also so that harassment of the public can be reduced, results can be achieved and the financial institutions can be used for the best interests of the country.

MR. CHAIRMAN : Shri Harish Rawat.

[Translation]

SHRI HARISH RAWAT (Almora) : Mr. Chairman, Sir, I am grateful to you for providing me an opportunity to speak on this important Bill. Through this amendment, hon. Minister intends to expand the purview of the old Act. My colleagues have given their suggestions in this regard, I also want to make a request that social forestry and industries based on agriculture sector should also be included in it.

[Shri Harish Rawat]

At present, the situation is this that all our financial corporations extend more and more help to some particular areas only where industrialisation has already taken place but regarding new areas and backward areas they are not as committed as they should be. If sometimes, there is a pressure from Government then the people manning all such institutions try to put off that pressure or not to fulfil Government's intention. I would like to make a request to the officials of the Ministry of Finance to seriously look into the matter as to what these financial institutions have done in regard to payment of loans in every State for various areas and to promote their interests. You will be surprised to know that the financial institutions of the Central Government have provided more funds to the States which have very less population and are already industrially advanced. These institutions are still following the same policy; on the other hand the backward States are not getting any benefit. The population of Uttar Pradesh is 17 per cent of the total population of the country. All the Central Government Financial Institutions have an investment of only 2 per cent in the State. This situation has not changed during the previous years in spite of utmost efforts by the Government of Uttar Pradesh. I would like to make a complaint to the hon. Minister on behalf of Uttar Pradesh in this regard and also would like to request that States like Uttar Pradesh should be taken care of. You should see to it that your financial institutions should help those areas which are industrially backward.

After all, what is our aim in giving help? Naturally, to remove disparity and inequality between weaker sections and affluent ones. This remains only in theory and actually these financial institutions and corporation are promoting already well established industrial units; they do not care to help the backward areas or the people who are called first generation of industrialists.

If a poor man, who does not have any approach and is unable to put any

pressure goes to these institutions, then instead of helping him, he is discouraged. They create obstructions for him. The aim of these institutions should be to fulfil the commitment of the Government.

The reason behind this is that you have entrusted all the powers to the bureaucrats. The Parliament merely passes a Bill. These Bills too help in increasing their power and scope. These Bills only meet their own personnel interests and meet the needs of some other vested interests. This way, the Parliament is being used and the House is also being used. The bureaucrats should be able to know what are the requirements of the people at large and what is the intention of the Government, the Parliament and the State Governments. These institutions should have been helpful in achieving these objectives but they are not doing so.

In the last few years, you have tried your best in making them accountable to the people. But in spite of your efforts and pressure, these institutions have not fulfilled the Government's commitment towards the poor masses. These institutions have not changed their attitude and behaviour.

I do not intend to criticize but would like to make a submission with a view to strengthening the hands of hon. Finance Minister and his Ministry and request them to see what type of people are doing what type of work in these financial institutions. If you do not employ such persons in these institutions who are committed to the people and the policy of the Government and want to implement it, then, I am afraid that what to speak of this Bill, you may pass a number of Bills, but all of them will not enable you to achieve your aim. I hope, keeping in view the feelings of the House, you will pay attention towards this. With these words, I conclude.

[English]

THE MINISTER OF STATE IN THE
MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): I have heard

hon. Members from both the sides giving very effective and concrete suggestions. Some of the hon. Members particularly, Shri C. Madhav Reddi, Dr. Rajhans, Shri Jain, Shri Mool Chand Daga, Vyasji and some other hon. Members have given me lot of knowledge and also concrete suggestions. Shri Ayyapu Reddy has made very good points. In fact, I am grateful to him for making a study of the subject.

The hon. Member Shri Madhav Reddi as also Shri Rajhans have complimented the performance of IFCI and its contribution to the industrial development of the nation. IFCI has sanctioned loans to the tune of Rs. 3,230 crores to about 2,272 projects. The growth in sanctioning and disbursement of loans during the last five years is about 22 per cent. Hon. Members have made very pertinent point saying that major portion of this assistance should flow to the backward areas. Even the hon. Member Shri Rawat Ji has said that the financial institutions should go to the backward States and the backward areas. I can applaud the financial institutions, particularly this IFCI for going to the backward areas. Out of 2,272 projects, 1,055 projects were financed in backward areas, 53 per cent of the total assistance has gone to the backward area. Profit-wise also these commercial institutions, particularly the institutions like IFCI, IDBI, ICICI, IRBI and other institutions, and the nation also, cannot afford them to be another sick industry in future. See what is the performance of IFCI so far as the profit is concerned. The gross profit of IFCI for the year 1985-86 is Rs. 51.27 crores as against Rs. 34.3 crores in the year 1983-84. These institutions have played other roles also, particularly in the field of small-scale industries, by having promotional schemes. The subsidy scheme has been introduced particularly for the small-scale industries. Rs. 147.22 lakhs have been given as subsidy.

AN HON. MEMBER : How much amount has been sanctioned to unemployed graduates in small-scale sector ?

SHRI JANARDHANA POOJARY : They are also included there. That break

up is not there but if the hon. Member writes to me, I will get the particulars and send them to him.

This institution is the first institution which has introduced the provision for seed capital assistance. It sponsored the risk capital fundation scheme and under this scheme the risk capital assistance sanctioned up to 31st March 1986 is to the tune of Rs. 9,97,34,000 in 97 projects to 184 promoters. This is the assistance that has flown from IFCI as the capital risk assistance.

Now, I am coming to another point that has been raised by the hon. members that we should provide training to the executives of the industrial units and also to the people who are working in the banking institutions. They have also made a point that the management is not effective and there is deficiency in the management. The IFCI has sponsored another scheme. This scheme is called the Management Development Scheme. The Management Development Institute is also providing training facilities. I may tell the hon. members that IFCI has introduced 723 programmes, giving training to 18000 personnel in the industrial sector and also in the banking sector. Out of this we have given training to 523 personnel coming from abroad i.e. from the developing countries. This is the assistance and also the training that has been imparted to these people so as to have more knowledge in the management skill.

Some hon. members, particularly Shri Ayyapu Reddy and Shri Madhav Reddi, have even figures stating that 95,282 sick units are there. I am giving here the latest figure. The latest figure is 1,01,063 sick units are there in the country. A sum of...

SHRI NARAYAN CHOUBEY : Say 'only'. (*Interruptions*)

SHRI JANARDHANA POOJARY : Hon. member from Telugu Desam, I shall come to this aspect also.

B sum of Rs. 4699.20 crores is locked up in the sick units.

[Shri Janardhana Poojary]

We have to see what is happening. When we give assistance to the weaker section, a lot of criticism is coming and the people say... *(Interruptions)* I do not know why the hon. members from the other side are getting up and are feeling agitated. I have not referred to any particular individual. I have stated that resistance is coming and criticism is also coming—saying that the poor people are misusing the fund and also...

SOME HON. MEMBERS : No.

SHRI NARAYAN CHOUBEY : You are giving selectively to your own men.

SHRI MANORANJAN BHAKTA : That is not correct.

SHRI NARAYAN CHOUBEY : You are giving it to your own men. *(Interruptions)*

MR. CHAIRMAN : Order please. Order please. *(Interruptions)*

SHRI JANARDHANA POOJARY : I have not referred to any person.

AN HON. MEMBER : You are misusing... *(Interruptions)*

SHRI JANARDHANA POOJARY : Do you want me to reply to your question? If I reply it will be bitter for you.

I am just telling you I have not referred to you or to any person. What I have stated 'the opposition'.

You are also making this point. *(Interruptions)*

Now I am answering the point. *(Interruptions)* The country knows it.

SHRI MANIK SANYAL : It should be told to the Parliament—who are they?

SHRI NARAYAN CHOUBEY : Do not distribute it to your own personnel.

SHRI MANORANJAN BHAKTA : The State Government is identifying.

(Interruptions)

SHRI JANARDHANA POOJARY : 52 per cent is due to mismanagement and sickness. Hon. Members from both sides of the House made the point that we should not allow industries to become sick and action should be taken against mismanaging people. Also they have made the point that these people should be blacklisted, they have stated also that stern action should be taken against these people. Parliament has passed an Act. The entire issue has been discussed on the floor of the House. By the Act passed in Parliament, Parliament has given power to set up the Board of Industrial and Financial Reconstruction. This Board will be set up soon and those people who are mismanaging the industries, who are performing duties highly detrimental to the interest of the country and diverting funds for their purposes, will be identified.

SHRI C. MADHAV REDDI : The Board has already been set up.

(Interruptions)

SHRI JANARDHANA POOJARY : I will come to that. I have to meet all the points made by hon. Members. The Minister did not interfere at any moment when the Members were making their points. At least you should show some courtesy to me; at least to that extent I am eligible. We are going to identify those people who have misused the fund and who have acted in a way highly detrimental to the country's interests. After being identified, they will be barred from taking any assistance from any of our financial institutions, including the banks. They will be blacklisted for 10 years. This is the provision which has been made. We are going to implement it.

Hon. Members from this side of the House made the point that the persons who are managing the Boards should be effective and they should be men of integrity and they should be the men who are committed to this thinking and to this ideology.

The complaints made from that side and this side is that some of these persons who are functioning in the Boards have not been effective. We have to find out such people. In that regard action is being taken and their antecedents and whereabouts are being found out. We are going to get very effective people as per suggestions made by hon. Members. (Interruptions) Some of the hon. Members may not appreciate it, but we are working in that direction, and for that, some time has been taken. I agree with hon. Members that we must expedite it and no delay should be there. For that purpose we are going to take firm action in this regard.

I now come to another point made by my hon. friend Shri Madhav Reddy. Also, Mr. K. S. Rao made this point. He asked whether this IFC is going to take out the leasing business and whether it is going to finance other private concerns also.

They are going to finance other private concerns. The hon. Member, Shri Madhav Reddy has stated that it should not be given to any company. So far as the point made by Shri K. S. Rao is concerned, I assure the hon. Member that IFCI is not going to take up the leasing business and this will be taken up by the concerns only. The IFCI is going to finance them, give them assistance. A point has been made by our friend, Shri Madhav Reddy. Here, I want to tell him that by giving this type of assistance to leasing companies, some of the units which are not in a position to have the machinery and other assistance will get the machinery and other equipment. By that, they can come up with more modernised machinery also. They can also start it with this leasing assistance. For the purpose of industrial development, this step has been taken. The IFCI is going to finance these institutions to support these units.

15.51 hours

[MR. SPEAKER *in the chair*]

Hon. Member, Shri Madhav Reddy has made out another point saying that the paid up capital is only Rs. 35 crores,

against the authorised capital of Rs. 100 crores. Here, the point is, the paid up capital is Rs.45 crores, not Rs.35 crores, as stated by the hon. Member. Rs. 50 crores of paid up capital has to be subscribed and already we got Rs. 45 crores. In a few months, we are going to get another Rs. 5 crores also. The point that has been here is, it should be fully paid up capital, to the tune of Rs. 100 crores. Once in two or three years, we are going in for Rs. 20 crores or Rs. 30 crores like this and this will be completed. As a future arrangement, we have raised it from Rs. 100 crores to Rs. 250 crores. Some of the hon. Members have made one point saying that it should be raised to Rs. 500 crores. We have taken note of the suggestion. Hon. Dr. Kalanidhi also made this point. Mr. V. S. Krishna Iyer also made this point and we have taken note of this. Wherever it is found necessary, definitely we will come before Parliament and we will take necessary action.

While meeting the points raised by Shri Krishna Iyer, may I say that he has raised a very good point and said that we should not give this assistance to individual doctors and these doctors will mismanage and swallow this amount or something like that. To the benefit of Shri V. S. Krishna Iyer, I can say that this assistance will be flowing to the cooperative sector and also the private concerns only and not to other sectors.

DR. A. KALANIDHI : It may be true with some persons and not for all the individual doctors.

SHRI JANARDHANA POOJARY : The point made by Shri Iyer has been taken note of and the assistance will go to doctors who are in the cooperative sector or in the private limited company. Only to that sector, the money will flow.

Another point has been made by Shri Madhav Reddy as to why cannot the Government subscribe to the entire paid up capital. The share that is taken from the paid up capital of IDBI is 50% of the total capital and the break-up is, 22% of the total paid up capital is taken by LIC, GIC and UTI, 20% of the paid up capital is held by nationalised banks and the remaining 8% is held by cooperative

[Shri Janardhana Poojary]

institutions. This is the break-up and in this area, the role of the financial institution as well as cooperative sector is very clear and hence I hope that Shri C, Madhav Reddi is satisfied with the answer.

I know that the hon. Member sitting behind Shri C. Madhav Reddi will not be satisfied but I can tell the House that he is kind enough to come to my Chamber and he says that "I am satisfied and already satisfied. That is the answer. I am grateful to the hon. Member.

MR. SPEAKER : Member's satisfaction and the House's satisfaction are two different things.

(Interruptions)

SHRI JANARDHANA POOJARY : In a lighter vein I stated, with love and affection for the hon. Member, young Member, I have stated, not with any malice.

MR. SPEAKER : Mr. Poojary, I think you will continue later on. For the time being, you have to finish. I will allow you next time. You can continue it. You can take it up tomorrow.

15.56 hrs-

STATEMENT RE : COLLISION BETWEEN 28 UP GORAKHPUR-HATIA EXPRESS AND A GOODS TRAIN AT GOMOH STATION OF EASTERN RAILWAY.

[English]

THE MINISTER OF TRANSPORT (SHRIMATI MOHSINA KIDWAI) : I deeply regret to apprise the House of an unfortunate collision between 28 Up Gorakhpur-Hatia Maurya Express and a goods train at Gomoh Junction of Eastern Railway at 5.23 hours today. As a result of this collision as per the information received so far, 9 passengers lost their lives and 19 sustained injuries. 16 of the injured have

been taken to railway hospital at Dhanbad and the three others were permitted to resume their journey after medical attention. *prima facie* the collision is reported to have occurred due to the driver of the goods train having overshot stop signals. The Driver has been immediately placed under suspension.

2. Medical relief van was immediately made available and the railway doctors at Gomoh rushed to the site and attended to the injured. In addition, a medical team from Dhanbad also rushed to the site by road.

3. Divisional officers from Dhanbad and General Manager, Eastern Railway accompanied by Senior officers and Commissioner of Railway Safety, Eastern Circle have rushed to the site from Calcutta.

4. Ex-gratia payments to the next of the kin of the dead and those injured are being arranged. Necessary arrangements are being made to clear the stranded passengers of 28 Up Express.

5. This accident will be enquired into by the Commissioner of Railway Safety- Eastern Circle. On receipt of the enquiry report action would be taken against those held responsible for causing this collision.

We deeply regret the loss of life.

PROF. MADHU DANDAVATE : This is a very unfortunate news that four family members of one of our Members of Lok Sabha Mr. Ram Bahadur died in this very accident, his brother, his wife and two children.

15.58 hrs-

STATEMENT RE : COMMON-WEALTH GAMES

[English]

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI EDUARDO FALEIRO) : The