

separation, a Head Post Office at Gadchiroli district headquarter has not been provided, resulting in delay in the distribution of postal dak in this backward tribal district. I request Government to relax norms for this tribal district to open a Head Post Office there.

Similarly, Chandrapur district headquarter is an industrially developed city having more than four lakh population. There are just 38 Postmen employed at Chandrapur to distribute the postal dak of four lakh population, which is inadequate considering the vast growth of the city and causes unnecessary delay in the distribution of postal dak.

I urge upon the Central Government to open a Head Post Office at Gadchiroli district and increase the number of postmen in Chandrapur district headquarter by relaxing norms for the development of these districts of Maharashtra.

(ii) *Need to bring Mayurbhanj District in Orissa under growth centre scheme.*

KUMARI SUSHILA TIRIYA (Mayurbhanj): Mayurbhanj district in Orissa which consists of 95% of tribal population should be included under the Growth Centre Scheme to generate the employment opportunities in this backward district. As 90% of the population of Mayurbhanj are living under poverty line and, moreover, this district has already been accepted as one of the industrially backward districts in the country, the tribal people should be immediately granted interest free loans under the integrated Rural Development Programme to acquire income generating assets.

Unlike the other backward districts, Mayurbhanj is rich in various raw materials like iron ore, China clay, etc. In order to extract revenue from these raw materials, special concessions/incentives or subsidy worth 35 to 48% may be given to those industrialists who are interested in setting up of small scale industries in Mayurbhanj for upliftment of these tribals.

(iii) *Need to declare Bateshwar and Sauripur near Agra as Centres of Tourist importance and release adequate funds for their development.*

[Translation]

SHRI PRABHU DAYAL KATHERIA (Firozabad): Mr. Speaker, Sir, Bateshwar, 50 Km. away from Agra, is a very famous place of Pilgrimage and thousands of Indian and foreign pilgrims come to this place every day. Besides, there is also famous pilgrimage of Jains at Sauripur nearby. But due to lack of proper arrangements, the pilgrims have to face a lot of difficulties. An amount of Rs. 37 lakh was sanctioned for the development of this area, out of which an amount of 13 lakh only has been spent so far. But a lot of work has yet to be done.

Therefore, my humble submission to the Central Government is that it should take necessary action to declare Bateshwar and Sauripur as tourist spots, so that these pilgrimages may be developed and the pilgrims may get facilities.

(iv) *Need to seal International Border to check Hawala Transaction on Indo-Pak Border in Punjab and to de-pool coast guard on the Gujarat coast.*

SHRIMATI BHAVNA CHIKHLIA (Junagarh): Mr. Speaker, Sir, a turn over of more than 1000 crore of rupees per annum is going through Hawala Transaction via Atari-wagha route on Indo-Pak border in Punjab. It is not only ruining our economy but has also posed a serious threat to unity, integrity and peace of the country. Because the money being siphoned through hawala transactions is being used on the lines of PL 480, for smuggling of narcotics, gold and silver, illegal arms and for terrorists activities. The lot of arms seized from "Samjhota Express few days back was also a part of Hawala transactions. In the same way hawala transactions are going on from the coastal area of Saurashtra.

I, therefore, request the hon. Minister of Home Affairs to take immediate steps to curb such illegal activities. International borders should be sealed and new coast guards stations should be set up at Kutch to Jakho and Bhavnagar along the Gujarat Coast.

(v) *Need to provide more facilities to the pilgrims going to Kailash and Mansarovar.*

SHRI MOHAN SINGH (Deoria): Mr. Speaker, Sir, In Indian classics special importance has been given to Kailash and Mansarovar. These Places are pilgrimages for crores of people of this country. With such faith thousands of pilgrims yearn for visiting these places every year but there are several obstacles and formalities due to some specific constraints and thus people can not go there inspite of their yearning. There are two routes for Kailash Mansarovar-one is via Dharchula and Tawaghat in Uttar Pradesh and other is via Laddakh. But Laddakh route is not yet opened for Kailash Mansarovar.

Therefore, I request the Central Government to make Kailash Mansarovar pilgrimage convenient and accessible by holding talks with the concerned authorities so that thousand of rupees charged for this pilgrimage are exempted and pilgrimage is made free and easy.

[English]

MR. SPEAKER: The House stands adjourned for lunch to meet again at 2.15 p.m.,

13.15 hrs.

*The Lok Sabha then adjourned for Lunch till Fifteen Minutes past Fourteen of the Clock.*

[English]

14.26 hrs.

*The Lok Sabha re-assembled after Lunch at Twenty-Six Minutes past Fourteen of the Clock.*

(Mr. Deputy-Speaker in the Chair)

STATUTORY RESOLUTION RE: DISAPPROVAL OF THE INDUSTRIAL DEVELOPMENT BANK OF INDIA (AMENDMENT) ORDINANCE: AND BANK INDUSTRIAL DEVELOPMENT OF INDIA (AMENDMENT) BILL AMENDMENTS MADE BY RAJYA SABHA

MR. DEPUTY-SPEAKER: We Shall now take up items 15 and 16 of the agenda. THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHARA MURTHY): Sir, I would like to make a brief submission. In the

last Session, this Bill was discussed thoroughly. But it could not be passed by the other House in the last Session. Now, they have passed it with some minor amendments. I don't think we need any second debate in detail on this subject.

SHRI MURLI DEORA (Bombay South): That is right Sir. It was already discussed.

SHRI GIRDHARI LAL BHARGAVA (Jaipur): Mr. Deputy-Speaker Sir, I beg to move:

"That this House disapproves of the Industrial Development Bank of India (Amendment) Ordinance, 1995 (Ordinance No. 2 of 1995) promulgated by the President on the 13th January, 1995."

[Translation]

Mr. Deputy Speaker, Sir, though this Bill was discussed here and Rajya Sabha has passed it with some minor amendments but I am against such attitude of the Government to promulgate such ordinances time and again.

Sir, the former Government had promulgated 493 ordinances and the new Government have promulgated 35 ordinances as on 1.6.93. It seems that there is no Lok Sabha and ordinances are the backbone of the Government whether the Government will continue such practice of promulgating ordinances and throwing its burden on ageing hon. President. Earlier we used to struggle against the rule or ordinances but today the Central Government is functioning only with the help of ordinances.

There are no two opinions about it that it was a Bill with minor amendments. I, therefore, would like to oppose the tendency of promulgating ordinances time and again. I have already mentioned the number of ordinances promulgated by the Government. Though it was a matter of minor amendments and it could have been set right by bringing a Bill but in place of bringing the Bill, ordinance was promulgated. Through you, I, therefore, request the Government to keep away with such tendency of promulgating ordinances. I request your honour to condemn such practice by the Government.

The Government has decided to privatise the Industrial Development Bank but hon. Minister will say that he is not going to privatise the bank but he is giving it only the right of issuing converting and Public Corporate Shares and the Government will have the right of keeping 50 per cent shares. I would like to say that one man is appointed as Chairman-cum-Director, it means that the same person will review the functioning of Bank who is the incharge of its functioning. There are two posts but the person is one. I object it. When there are two posts, there must be two separate persons on those posts, so that it may function smoothly otherwise it would be different to review its functioning.

The Government has said that it will appoint a director. But nothing has been said about the participation of the director in the meetings. The Government have decided to privatise State Bank in coming 18 months. The Government feels that the former Government who brought the scheme for nationalisation on the same lines as was done by Shrimati Indira Gandhi and Rajiv Gandhi, remained unsuccessful and now it is going to privatise the nationalised Banks. It is known to none by when this Bill will be brought. Manmohan Singh ji

had not mentioned anything about it in his budget speech. The Budget session which was commenced in February, 1994 was adjourned in May but the Bill was not introduced. Thereafter Monsoon session started and gone accordingly. It was not introduced even in September and October but when the Officials of International Monetary Fund and World Bank visited India during September and met with the officials of Reserve Bank of India they collectively took a decision to this effect how banks can be controlled Indian Bank Association had also opposed all of them and it was decided that the rates of interest would also be fixed by those in Washington. I mean to say that the hon. Minister has brought a Bill which promotes foreign control here. We had opposed it at that time also. Though the amendment is a small one yet it is not proper to get such amendments passed by way of ordinances. It is alright that you have introduced this Bill only to change the year. It would be better if you kept all the suggestions, which I have given, in mind. The Government should introduce Bills in the House in due time. I oppose the tendency of the Government to resort to bringing out ordinances every now and then.

[English]

SHRI M.V. CHANDRASHEKHARA MURTHY: Sir, I beg to move:

"That the following amendments made by Rajya Sabha in the Industrial Development Bank of India (Amendment) Bill, 1994 be taken into consideration:—

Enacting Formula

That at page 1, line 1,—

for "Forty-fifth" substitute "Forty-sixth" (1)

Clause 1—Short title and commencement

That at page 1, line 4,—

for "1994" substitute "1995"(2)

Clause 5—Insertion of new Sections 4C, 4D and 4E

(i) That at page 2, line 15,—  
for "1994" substitute "1995"

(ii) That at page 3, line 6,—  
for "1994" substitute "1995" (3)

Clause 21—Repeal and Saving

That at page 12,—

for lines 22 and 23, substitute-

Ord. 2 of 1995	"21. (1) The Industrial Development Bank of India (Amendment) Ordinance, 1995 is hereby repealed." (4)	<i>Repeal and Saving</i>
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Sir, a Bill to replace the IDBI Ordinance was introduced in the Lok Sabha on 9th December, 1994. This was introduced in the Rajya Sabha but could not be passed during the Winter Session.

Pursuant to the Ordinance, IDBI had taken preliminary steps for accessing the capital market through issue of equity shares. As the IDBI proposed to raise funds in the financial year 1994-95 itself, the ordinance was originally issued in October, 1994 to allow IDBI to start the process of going public.

Also a Notification for converging Rs. 253 crore out of IDBI's issued capital into Redeemable Preference shares has also been issued. The Board of directors has also been reconstituted.

As the validity of the Ordinance was expiring, it became necessary to re-promulgate the Ordinance to give continued effect to the provisions contained in the Ordinance. Therefore, the Ordinance was re-issued on 13.1.1995. The provisions of this Ordinance have been deemed to come into effect from 12th October, 1994, i.e. the date of issue of the first Ordinance.

The Rajya Sabha considered this Bill and it was passed on 28th March, 1994 alongwith certain minor amendments relating to the year. The amendments only pertain to change of the year from 1994 to 1995 and the year of passing of legislation from 45th year to 46th year of the Republic of India.

This amendment has become necessary because, though the Lok Sabha had passed the Bill in December, 1994, Rajya Sabha has passed it only in March, 1995.

I submit that this amendment be passed.

MR. DEPUTY-SPEAKER: Motions moved:

"That this House disapproves of the Industrial Development Bank of India (Amendment) Ordinance, 1995 (Ordinance No. 2 of 1995) promulgated by the President on the 13th January, 1995."

"That the following amendments made by Rajya Sabha in the Industrial Development Bank of India (Amendment) Bill, 1994 be taken into consideration:—

*Enacting Formula*

That at page 1, line 1,—

for "Forty-fifth" substitute "Forty-sixth" (1)

*Clause 1—Short Title and Commencement*

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(i) That at page 2, line 15,—

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That at page 12,—

for lines 22 and 23, substitute—

Ord. 2 of 1995	"21. (1) The Industrial Development Bank of India (Amendment) Ordinance, 1995 is hereby repealed." (4)	Repeal and saving
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[*Translation*]

SHRI GUMAN MAL LODHA (Pali): Mr. Deputy Speaker, Sir, we are having a joint discussion on the amendments incorporated by Rajya Sabha in the Ordinance and Amendment Bill. We have always been categorically clear in regard to bringing out ordinances that the provisions made in the Section 213 of the Constitution by its framers that an Ordinance would be issued only when it was difficult to have the

session of Lok Sabha or Parliament and some emergency cropped up which necessitated enacting legislation over night. Otherwise, the ordinary procedure would be followed and the concept of democracy would be kept intact and 'Ordinance rule' would be avoided. This is a recent example of 'Ordinance rule'. Bhargava ji has explained in detail about how the power of introducing ordinances is being misused. Time and again the Chair has also admonished the treasury benches that they should do away with their tendency of introducing ordinances every now and then. We oppose this tendency of taking democracy for granted and making laws hurriedly.

So far as the amendments in the Bill are concerned, there is nothing to oppose that.

SHRI MURLI DEORA (Bombay South): You will not be allowed even in Heaven.

SHRI GUMAN MAL LODHA: At present you have lost your footing in Maharashtra but we are still firmly rooted there.

SHRI GIRDHARI LAL BHARGAVA (Jaipur): There is a seat reserved for you there.

SHRI GUMAN MAL LODHA: We are still in this world.

So far as this Bill is concerned, we have passed it and I have not much to say about that. I would only like to give one indication that we are always very worried about industrial development. We make laws, introduce one Ordinance, then another and then introduce Bills. We continue to incur losses but do not bother to rectify the situation and continue to put more burden on poor people. We are just not worried to make sure that poor people get full benefits from our Banking Institutions.

I would like to draw the attention of the hon. Minister to the fact that Congress had said in their manifesto that this is a scheme sponsored by the National Rural Bank. We would set up a National Rural Bank by amalgamating all rural banks so that farmers, poor people and rural people could get loans. We are concerned about industrial banks, industrial development but we are not concerned about having a National Rural Bank. I would like to draw the attention of the hon. Minister to this fact. Thousands of rural bank officers and employees from all the corners of the country have been holding rallies, 'Jail Bhari Aandolan', and courting arrest on Parliament Street since yesterday for setting up a National Rural Bank and implementing banking industry agreements, promotion policy etc. as per our award from Industrial Tribunal. All India Rural Bank Workers Organization and All India Rural Bank Officers Organisation had chalked out a scheme to make those banks viable which are incurring losses and submitted it to the Central Government. The Finance Ministry had given its approval on 13th May, 1992 to form it and this proposal was approved by the Governor, RBI on 28th August, 1992. The Minister of Finance, Dr. Man Mohan Singh had himself convened a meeting of the Members of Parliament of all the political parties and almost all the Members of Parliament had consented on setting up a National Rural Bank of India.

Congress (I) manifesto also mentions extending loans through the National Rural Bank. The Parliamentary Standing Committee set up for the Ministry of Finance had placed its report on the Table of the House on 13th May, 1993 and

strongly recommended the setting up of National Rural Bank. Later, the officers and staff of various rural banks in the country have been agitating for long with this demand. They are again going on a nation-wide strike on the 31st but the hon. Finance Minister is not willing to come out of his slumber. There has been a mandate against them in Maharashtra, Karnataka, Gujarat and Andhra Pradesh. The people in rural areas are angry about it that a rural bank federation is not being set up at all-India level to enable them to get loans from banks. But our Minister of Finance is in a deep slumber. I would like to make a submission that an announcement had been made in the last budget that 50 regional rural banks would be restructured in place of having a National Rural Bank, but no funds were made available in the budget for that. No provision has been made in the current budget also. The Minister of Finance is negligent towards the rural areas.

I would like to make a submission that the 70 per cent area of our country constitutes rural area where our farmers live. You are investing all the funds in industries through IDBI. The money deposited in the national coffers by our farmers by cultivating paddy and toiling in the scorching heat of summers, inclement weather and the chilly weather of winters, are forwarded to big industrialists, be it Birlas or Tatas, in the form of loans and then while being hand-in-glove with Deora ji, These industries are declared sick and the whole funds are pocketed. This way the number of sick industries is increasing. This Government repeatedly provide funds to sick industries through the IDBI but do not provide anything to the farmers in the event of a famine. That is why, it is my submission that a National rural bank should be set up at all India level and various small rural banks should be merged. After making national rural bank, farmers, potters and iron-smith etc. should be provided loans.

We are not against industrialisation but government coffers should not be emptied in its name. Our self-confidence and sovereignty should not be put to ransom before International Monetary Fund and the World Bank. We should go in for indigenous products. Our Prime Minister and the Minister of Finance surrender to the World Bank and give encomiums to them and pass loans here. We are strictly against it.

I submit that the national rural bank should be set up and the award should be implemented. The hon. Minister of Finance should give attention to my suggestions as the soul of India lies in villages and farmers.

[English]

PROF. SUSANTA CHAKRABORTY (Howrah): Mr. Deputy-Speaker, Sir, the Industrial Development Bank of India (Amendment) Bill, 1994 seeks to privatise the IDBI in the name of converting it into a public corporate entity. This is another piece of legislation which is in conformity with the decision taken in September, 1994 in Madrid. At the behest of the International Monetary Fund and the World Bank, this Bill has been brought forward by the Government here.

I remember that in the year 1964 the IDBI was set up as a subsidiary of the Reserve Bank of India. It was an apex institution to coordinate the operations of other institutions and provide term finance to industry as well as direct financial

assistance to industrial units. In the year 1976, the IDBI was delinked from the Reserve Bank of India and was made an autonomous body. Since then, the IDBI has been looking into the interest of the large scale industry of our country. It has provided assistance even in the case of exports and refinance, etc. In spite of all its shortcomings, the IDBI has been a leading financial agency for industrial growth. It is the tenth largest development bank of the world. Its capital base is Rs. 34,000 crore and its advances have been very large. Ninety-two per cent of its credit has been performing and its capital adequacy, as has been measured by the International experts, has been 13.4 per cent and its profit before tax has been 30 per cent.

The question that haunts my mind is why is the Government with the help of an Ordinance converting this financial institution with such a large capital base, which could borrow from outside.

Why is the Government, with the help of an Ordinance, changing the corporate entity of this institution, I do not understand.

The Government plans to raise Rs. 2,185 crore. Why do they need the money? They need it in order to cater to the needs of the corporate sector, to grant them advance as term loan, etc. I do not dispute it, I do not grudge if the money is given to the corporate sector. But the question is. Could it not be raised by other means, by other alternatives?

I have already said that it could be raised from the Euroissue, it could be raised by borrowings, it could be raised by alternative measures. But the Government has one thing in its mind. It was in a hurry. That is why it took recourse to an Ordinance.

Why an Ordinance? Are you going back to the Ordinance Raj of British days? What was the hurry? We all know that with the structural reforms programme that the Government has undertaken there has been a reform in the financial structure. The Narasimham Committee in its report has prescribed certain things according to the world standard. What is the world standard? For whom these are meant? These are meant for the private sector to flourish at the cost of the public sector.

Just after the framing of the Ordinance, the Government has taken preliminary steps for assessing the capital market through issue of equity shares. A Notification for converting Rs. 253 crore, out of IDBI's issued capital of Rs. 753 crore, into redeemable preferential shares has also been issued. Even, there has been a change in the Board of Directors. Why these people should be brought into the Board of Directors?

Only last year we found that some people just ransacked our economy, they looted the money from the funds and these are the same people whom the shares of the nationalised banks have been given.

A news report came that the State Bank of India shares, in benami, were purchased by Shri Harshad Mehta, who looted the money from the banking system itself. Now, these people are again being allowed to be in the Board of Directors so that they can manage, rather mismanage, the capital base of our country. Does the Government want it? This is the basic



question that haunts everybody's mind in our country. This is the basic question that haunted the minds of the people who have gone to the polls in recent days and the lesson we have learnt is that people are expressing their distrust in the Government which in this way sells away public property at a throw-away price.

I do not know what is there in the minds of the BJP people. They are opposed to the Ordinance. I do not know whether they are opposed to the Bill itself. I do not know whether they are opposing the attempts of the Government to privatise such an ideal institution. Are they opposing the Bill? No. They are opposing the Ordinance. So the message is very clear. So far as the economic policy is concerned, there is no difference between the Cong.(I) and the BJP. They are on the same platform. Yes, they oppose the Ordinance, but they do not oppose the Bill. They do not attempt to oppose privatisation of public property.

So, Sir, these two parties together are there to see that the economy, the infrastructure, the capital structure the financial structure...

PROF. RASA SINGH RAWAT (Ajmer): What about West Bengal?

PROF. SUSANTA CHAKRABORTY: Why do you speak of West Bengal? West Bengal matter is a different one. If you do not understand, please come to me and I shall make you to understand that. *(Interruptions)*...

PROF. RASA SINGH RAWAT: Many sick units are there... *(Interruptions)*

PROF. SUSANTA CHAKRABORTY: I agree with my hon. Member from the BJP side that there are many sick units. We know that those units are made sick by some people. This is the business of some people. We do oppose that business and we know that the BJP will not join with us because they are hand in hand with the Congress (I)... *(Interruptions)*

KUMARI MAMATA BANERJEE (Calcutta South): They are not with the Congress (I)... *(Interruptions)*

PROF. SUSANTA CHAKRABORTY: I am only just saying the fact that there is a Bill... *(Interruptions)*

KUMARI MAMATA BANERJEE: In the year 1990, you people joined with the BJP. Do not forget that... *(Interruptions)*

SHRI GUMAN MAL LODHA: Everybody would come to our feet when we are victorious and the Saffron flag will fly high in Delhi... *(Interruptions)*

MR. DEPUTY-SPEAKER: Let us come to the subject.

PROF. SUSANTA CHAKRABORTY: Sir, I am on the subject. These people are trying to divert me although I am not going to be diverted. I was just saying that there is an Ordinance and there is a Bill. The purpose is the same. While my friends on my Right are opposing the Ordinance, they are not opposing the Bill because the Bill is there to privatise the public institution, which caters to the need of the people and which is one of the greatest financial institutions in the world.

So, Sir, I oppose the Bill and the Ordinance, of course, because it is not in conformity with the provisions of our Constitution, which allow issue of Ordinances only in exceptional cases. Sir, since 1991 and to date, this

Government has issued as many as 35 Ordinances and in every Session we have to oppose these Ordinances. So, Sir, through you, I would appeal to the Government not to go back to the Ordinance Raj of the British days.

SHRI SYED SHAHABUDDIN (Kishanganj): Mr. Deputy-Speaker, Sir, I shall be extremely brief because the Bill has already been passed once by the House.

Sir, I associate myself with Shri G.L. Bhargava in what he has said about the use of the Ordinance-making power by the Government. In this case, perhaps they might have had a reasons because in the December Session we could not do much business and, therefore, this Bill had to be re-mulgated as an Ordinance, and has come back to us.

Sir, I have only one basic point to which I would like to draw the attention of the hon. Minister. I would request the hon. Minister to have a look at the basic objective of our national planning and the National Industrial Policy. We had created some institutions. We had adopted certain methodology for promoting industrialisation all over the country, 'all over the country' I emphasise it. But today, the disparity in the level of industrialisation between one State and another, even within the same State between one region and another, and sometimes even within the same region between one district and another, is wider than what it was in 1956 when we adopted the Industrial Policy Resolution or in 1970 when we created this institution.

Sir, I went through the report of the Industrial Development Bank of India to find out whether any deliberate attempt has been made by this Bank in canalising and directing its credit in a manner that would reduce the disparity. Sir, perhaps, you may be aware that as of June 30, 1994, the cumulative credit by this institution amounted to Rs. 77,163 crore. I would request the hon. Minister to have a look at the State-wise distribution and if possible at the District-wise distribution of the location of the sites of industrial units, which have been either extended credit directly or through the State Finance Industrial Corporations by the IDBI.

He would be amazed to find that even major States like Bihar have received very very small share. I would be willing to admit, Mr. Deputy-Speaker, that there are problems with some State Industrial Financing Corporations. They are not able to absorb money. I also agree that there is a certain disparity in entrepreneurial skill and experience. Perhaps, there are regions which cannot generate bankable projects. Admitting all that, yet I feel that the Bank has missed that one basic object of trying to create a uniform level of industrialisation throughout the country and at least reducing the disparity. That is one fact that I would like him to keep in view.

Also, I would suggest that the Bank should be directed that it should have a census of the industrial units it has so far assisted, district wise and State wise and given preference, particularly wherever it gives direct financial assistance to the districts which were called at one time 'No Industry Districts' which are called today as backward districts. That is the basic point which I wanted to make. Otherwise, I would feel that there is nothing very much we can do on the policy aspect. The Government has chosen to embark on a process of

privatisation of the public sector financial institutions. There is nothing that we can do about it and we hope and pray that at least they would not allow these financial institutions to be overrun by foreign capital and get into the clutches of what have been known as international institutional finance.

There is one fear lurking in my mind. I do not mind if to certain degree of the control of the situation is in the hands of the non-governmental elements. I would not grudge that. But, certainly, I hope that not only 50 per cent limit would be maintained, but even through the backdoor the international financial institutions will not be allowed to buy into the bank's equity.

With these words, I support the Statutory Resolution that has been brought before the House.

**14.58 hrs.**

SHRI SOBHANADREESWARA RAO VADDE: I support Shri Girdhari Lal Bhargava for bringing forward this Statutory Resolution disapproving the Ordinance that has been brought forward by the Government. I will not go at length because the hon. Members who preceded me have already spoken on the misuse of the power of issuing of Ordinances by the Government.

At the same time, I do not differ with the spirit of the Bill where the Government says that the IDBI requires more funds to make available for industrial development to the units.

I agree, because slowly when the pace of industrialisation is increasing, naturally, the industrial units require more finance. But I see a very underhand or dubious intention of the Government behind this Bill. Because it is giving an opportunity to the corporate sector to purchase the shares to a substantial extent and therefore that process, will be in a position to influence the decisions of IDBI in the matter of credit policy or other important issues connected with it.

While I have made it clear that I do not disagree with the Government's contention that it requires more funds, I would ask the hon. Minister—for whom I have a lot of respect—to state whether only through the selling of shares the Government will be able to get or mop up more funds for the IDBI when in the international arena the international institutions are ready to make available loans at a rate of six per cent or seven per cent per annum, why do we not receive loans from those international financial institutions and pass on the credit to our needy industrial units?

**15.00 hrs.**

So, here I differ. I stoutly oppose this effort of the Government to give a scope to this very vital financial institution, as my colleague, Prof. Chakraborty has described about the corporate sector.

**15.01 hrs.**

[SHRIMATI MALINI BHATTACHARYA in the Chair]

Madam, I have a very pertinent point which I request the hon. Minister to clarify while giving a reply.

Now, the IDBI will get more funds. It is all right. We are happy. To whom this money is going to be given? A few days back I have read one news item where—subject to correction—according to my knowledge the IDBI and, of

course, IFCI, the financial premier institutions, are going to give hundreds and crores of rupees to Enron MSEB Dabhol project. Similarly, six other thermal power projects have already been almost cleared at various levels. The guarantees have been finalised. The IDBI and IFCI are give away hundreds of crores of rupees. In addition to the fact that they are permitted to raise 40 per cent of their capital requirement from the capital market, the Government is giving this facility to them. Then, what will be the fate of the medium level industries? The IDBI may be in a position to deny any credit facilities to such units whose project cost may vary from Rs. 3 crore to Rs. 30 crore because our Government is very much enamoured of those few big customers. It is saying day in and day out that without their foreign capital inflow, this Government is going to go to dogs. Naturally, the finances will be made available to them and our domestic industries are going to suffer. What precautions are you going to take? For them these international finances can be made available. They themselves can take these finances. Instead of that they want to take loan from you. They want to supply machinery from there in the name of suppliers' credit and they will be issuing the shares also to our Indian public. So, with our money they will instal industry here and they want to take away large profits in the shape of counter guarantees and guarantees. If I am correct, in respect of Enron Dabhol project, they are going to get even 25 per cent profits. So, my question to the Government is: Have the Government taken note of this? How are you going to protect the interest of our domestic industries, the medium level industries and how the IDBI is going to refinance the modernisation, expansion or rehabilitation of these small scale industries?

SHRI MURLI DEORA (Bombay South): SIDBI has been created.

SHRI SOBHANADREESWARA RAO VADDE: Though SIDBI is there, yet the IDBI is refinancing the financial institutions like commercial banks or State financial corporations, who help these small scale industries. Unless we protect our small scale industry which is giving employment opportunities to 1,34,00,000 people in this country, which is contributing to 40 per cent of the export from our country and 34 per cent of the manufacturing sector what will be the fate of this very important sector of our economy.

I want to request the hon. Minister to clarify these points and ensure to take adequate steps to protect the interests of the small scale and medium scale industries. I also request you not to pass on the entire thousands and crores of rupees to those big multinational companies. That is my humble suggestion.

So, while I agree with the Government's contention that it requires more funds, I do not agree with the way in which they have been planning to hand over. Though you may not hand over because you are telling that you would definitely have 51 per cent of the total equity yet, at the same time, you are extending the scope to those corporate sectors who have great giants, who have big share brokers and who have already taken this country for a ransom and because of whom the middle level people, the employees, the salaried class people have lost thousands and crores of rupees of their hard

earnings and savings.

The Government should take care of such things. So, I oppose this Bill and the Ordinance.

SHRI MURLI DEORA: Madam Chairman, what is before the House is not the Bill, but we are all talking on the Bill. This Bill was already discussed in this House and only some small amendments have come from the Rajya Sabha now. But we are all talking on the very merits of the Bill.

My friends have taken objection, to some extent very rightly, for the promulgation of the Ordinance. Mr. Lodha should know that this Ordinance was promulgated on 12th October, 1994 when the Parliament was not in session and this is already explained in the objectives of the Bill. So, since the Parliament was not in session, the Government had to come with the ordinance.

[Translation]

MAJOR GEN. (RETD.) BHUWAN CHANDRA KHAN-DURI (Garhwal): The hon. Member is quite intelligent himself. You are aware that the government are introducing ordinances again and again. You should not justify their actions.

[English]

SHRI MURLI DEORA: I am trying to say as to what was the need for this Ordinance. It has been proved throughout the world now and we all know what job the IDBI has been doing in India for so many years.

Madam, I would like to bring one or two points to the attention of the House. Till May, 1994 the total sanctioned amount by the IDBI was upto Rs. 75,000 crore and the total disbursement was over Rs. 34,000 crore to the industrial development activities of our country. The total base capital was only Rs. 753 crore and now Rs. 253 crore is being diluted and only Rs. 500 crore will be the paid-up capital.

I have been a severe critic of public sector undertakings. But I can say that this is one unit of the public sector with which all of us should be proud of. What job have they done? I just want to quote one more figure. Last year they sanctioned Rs. 15,000 crore and the disbursement was over Rs. Eight crore which is over 60 per cent. I remember that in the meeting of the Consultative Committee of the Ministry of Finance we discussed about the IDBI and I have complained about the disbursement rate. Now also I am suggesting something and I hope the hon. Minister would look into this suggestion. Even though the disbursement rate is 60 per cent now, it is still very much less. There should not be so much gap. Earlier the disbursement rate was about 50 per cent and now the disbursement from the sanctioned amount is 59 per cent. This rate must increase. Why should there be delay? We must see that the loans given to the people are serviced in such a way that the people are able to use it. How will they use it? They will use it by putting more and more industrial units. I am sure that nobody would object to the very purpose of the Bill. There was need to raise more money. There was a time when the Government used to give money from the Budget. Now, they are not giving any money for the last three years.

Last year, after paying the tax, the profit was Rs. 611 crore and the dividend to the Government was Rs. 120 crore. The tax was Rs. 185 crore. With the paid-up capital of Rs. 753 crore which the Government gave, only last year they have given nearly Rs. 300 crore in lieu of tax and dividend to the Government. So, the Government's investment has been very proper in this way. The Government wants more and more money. Unfortunately, my friend Shri Somnath Chatterjee has left the House. He was telling me just now that the Government of West Bengal needs more funds. They are having more and more industrial units like Haldia and others. Who will finance them? No single private sector unit or public sector unit or foreign bank will finance these units. They need massive funding by the IDBI. Where will they get it?

They will only get if they are allowed to raise more and more funds. I can say that the IDBI's total gross requirement of finance, this year, is nearly Rs. 16,000 crore, and they disburse about Rs. 10,000 crore. If a unit with such a small equity holding of Rs. 753 crore wants to disburse more than Rs. 10,000 crore per year which is so vitally needed for industrialisation in our country, I am sure, Parliament and the Government will have to come to their rescue and allow them to raise more and more funds from the public as well as from the private people....(Interruptions)

SHRI CHITTA BASU (Barasat): Why should it not be given from the Budget?

SHRI MURLI DEORA: Why should it be given from the Budget? I am sorry, I do not agree with you. We should give money from the Budget for people's programmes, for public health, for education, for planning, for immunisation, for family planning and so on. It will be wrong on the part of the Government of India to spend the budgetary amount on IDBI when so much money is available. The budgetary support should not be given and that is what the Government has done for the last three years.

SHRI CHITTA BASU: And that is their record.

SHRI MURLI DEORA (Bombay South): And rightly that is the record. Some people including my friends from the BJP are trying to convert themselves into Communist Party of India; when they are becoming total rightists — these people are leaving socialism — you are trying to go in for socialism. I do not know what you are getting from this.

[Translation]

These people have stopped using the word Socialism. They are not using this word anymore. These days Somnath ji has become a capitalist Bigger than me. I do not know what are you getting out of 'Socialism'?

[English]

If you want to raise money, you must raise money by equity from the public. And the Government's move to reduce its holding to 51 per cent is very laudable about which one does not have to worry at all. Shri Rao was saying and you also said that this may be another move to privatise. Where is the question of privatising the IDBI? This is not such a move. And if it is a move also, I can tell you that there is nothing wrong in that. Although the Government does not have the guts, I can tell you that. I am ready to say that. Where is the



question of privatisation of a unit which has 51 per cent equity shareholding? Government will continue to have their say. Earlier, there were 22 Directors and now there will be 12 Directors. Out of 12 Directors, eight will be Government Directors and the other four will be elected by the shareholders. 'Shareholders' does mean Tatas or Birlas or somebody else who will come.

SHRI GUMAN MAL LODHA: They had the same thing in all these banks which gave rise to this serious scam relating to Harshad Mehta and all that. At that time also the Government said the same thing.

SHRI MURLI DEORA: I am sure, you are also defending Harshad Mehta. All lawyers like you have been defending Harshad Mehta. It was somebody from your party Ram Jethmalani — Ram Jethmalani is your Party member only who was defending Harshad Mehta. And just because Harshad Mehta made a mistake or has cheated, that does not mean that we should be so careful that we cannot have any entrepreneurship or investment in our country. I am sure, you do not have to be that pessimistic with this Government. When your Government comes, which will not come at all, then you can feel about that.

SHRI GUMAN MAL LODHA: It has already come in your Maharashtra State.

SHRI MURLI DEORA: You know what will happen, and I know what Shri Jaswant Singh said today.

I am trying to say that this is a right move for which the Government should be congratulated. I am trying to say that massive funds are needed for industrialisation of our country. The requirement is going to be very very large; even this amount of Rs. 16,000 crore per year will not be enough. A country like ours will need more massive funding. We need more power plants, more Haldias, more fertilisers, more refineries throughout the country. And I remember what my learned friends Shahabuddin said and I support the point which he has raised. He supported the Bill, but said that there are disparities between areas, specially in the backward areas or backward regions like the State of Bihar and other State which should be looked into. I am sure, the Minister and the Government will look into this aspect. In areas where there is no industry — for hundreds of miles there are no industries be it small or medium or big—more finances will have to be given at a concessional rate. This will really help these areas. Shri Rao said that we are handing over this IDBI to the private sector. There is no reason to worry about it. Even though these 49 per cent share will be sold to the public, some portion of these residual shares of 49 per cent will go to other public sector undertakings like UTI, GIC, LIC and SBI. All these are the Government-owned mutual funds. So, if IDBI is holding 51 per cent shares and the other 10 or 15 or 20 per cent shares are being held by these public sector mutual funds, the Government is very safe.

There is no question of privatisation or there will not be any need for any big or large house to come and take over this Company. I do not think there is any such large house in our country which can take over IDBI and the control and management of IDBI. Nobody has that much money. I am very sure that the enlargement of shareholders is a basic

objective of the Bill. The Government is a shareholder of 100 per cent equity. After 51 per cent held by the Government, the balance 49 per cent will not go to one single financial institution, at least the foreign financial institution. The shares will be owned and held by the general public at large.

I would request the hon. Minister to see that at least 49 per cent of the shares are not given to one or two or three units.

I even oppose the mutual funds owned by the Government of India like LIC, UTI and GIC etc. They should not be given that business although there is a ceiling on that. I know there is a ceiling now that not more than 10 per cent can be given. There should be more and more public participation and more and more public shareholdings. That will help industrialisation and that will keep a check on the working of the IDBI. The Board which is at present functioning in the IDBI is doing tremendously good work. I am in South Bombay which is the industrial capital. I hardly meet anybody who has complained about the working of and disbursement of funds by IDBI. IDBI management deserves to be congratulated and I am sure this Bill will find support from all.

SHRI PRAMOTES MUKHERJEE (Berhampore): I thank you for giving me this chance to express myself on this vital matter.

I rise to oppose the Bill and, at the same time, I also rise to support the Statutory Resolution moved by my friends Shri Girdhari Lal Bhargava and others for disapproval of the Industrial Development Bank of India (Amendment) Ordinance, 1995 in the interest of the people and in the interest of the country's economic sovereignty.

While expressing myself, I beg to record my feeling that there is a Constitutional privilege to promulgate Ordinance at the time of exigency only. But it is only my feeling, my experience, that the Government is in the habit of utilising the Constitutional privilege to promulgate Ordinance every time they need it. Through your good self, I beg to urge upon the Government to stop this practice.

I rise to oppose the Bill because to me the Bill appears only to privatise the economic institutions of the country. The Statement as given here explaining the circumstances which led to this Bill is not reasonable and is not satisfactory.

The main purpose and objective of the Bill is to privatise the economy.

The main objective of the Bill is to allow the economic institutions for personal profit-making system.

The main objective of the Bill is to pave the way for the entry of foreign institutions into our country's economic standard.

So, I oppose the Bill which is being introducing.

I beg to submit that this Bill will not be in a position to serve the interest of our village industries.

It will not be helpful to the growth of a self-reliant economy in a rural India. It will not pave the way for the growth and development of agro-based industries. It will be helpful to the other industries financed by the foreign institutions etc. This is what I beg to submit to you.

[Translation]

DR. LAXMINARAYAN PANDEYA (Mandsaur) : Madam Chairperson, I Support the motion of disapproval of the ordinance moved by hon. Girdhan Lal Bhargava. He has really advanced very significant arguments with regard to the disapproval of the ordinance. This Government has made a mockery of the practice of bringing in ordinances by bringing these as and when and in which form it likes as it has just now brought an ordinance to repeal the earlier ordinance. Generally, an ordinance is followed by a Bill which has to be passed but here an ordinance is brought to repeal a former ordinance and it reflects a novel practice which I oppose vehemently. Despite the previous criticism made by the opposition and also from the treasury benches at times opposing this practice, the Government does not seem to do away with this practice of bringing ordinances. Also, as the hon. Minister in his reply has analysed certain reasons with regard to the ordinances and said that it is an ordinary Bill and only some words have been substituted in it but despite this words' substitution, the ordinance was brought.

Not only the words substitution has been defined in it but there is also a mention of all the articles and many provisions. There would have been no need for me to speak or for Guman Mal Lodha ji to express his opinion had only 1994 been replaced by the word 1995 or 48 by 50 i.e. if only two three words were substituted. We express our feelings because with this act you have given us an opportunity to do so.

Recently, an original ordinance presented earlier with regard to Industrial Development Bank or the Industrial Bank was passed by the Lok Sabha in the form of a Bill but withheld due to some reasons. It has been clearly mentioned in it that.

[English]

"Thus, IDBI has not really been expected to be competitive in its resources mobilisation. The survival of IDBI with its present strength in a financial regime where Government's financial support is being rapidly extinguished must, therefore, depend on its ability to competitively mobilise resources and transmute them into quality loan assets. For maintaining the tempo in IDBI's operations, it is necessary to augment its share capital periodically which can be done by permitting IDBI to raise additional equity from the capital market."

[Translation]

Last year a Bill was presented after bringing in the ordinance and now you have included an article in it by promulgating an ordinance, in which it is clearly mentioned that:

[English]

"The authorised capital of the Development Bank shall be two thousand crores of rupees divided into one hundred and fifty crores fully paid-up equity shares of rupees ten each and, subject to the provisions of section 4E, fifty crores of fully paid-up redeemable preference shares of rupees ten each.

The Development Bank may, from time to time, by a resolution in general meeting, increase the authorised capital

to an amount not exceeding five thousand crores of rupees consisting of such number of equity shares and redeemable preference shares as it deems fit."

[Translation]

In this connection, I would like to submit that though you want that its resources be augmented, its financial position strengthened, yet, our past experience reveals that in keeping with your tendency for economic reforms during the meeting, an international agreement arrived at Switzerland some time ago with regard to the banking commerce certain policy guidelines were determined and on the basis of those guidelines, a Commission was constituted that submitted its report to you in 1988. Then economic reforms policy was announced in 1991 and in 1992 with a view to implement it you are talking of bringing about a change in the whole economic sector under pressure from the International Monetary Fund and the World Bank. This is crystal clear. How did you abruptly become alive about it after four years? You are talking about it in 1994-95. What are the reasons of not taking it up since then? Was your economic position better in 1992-93? Why had such an ordinance to be brought in 1994? It is because the Government was aware that the economic position of IDBI was not sound and it could not disburse funds. This should have been brought earlier. What are the reasons of such a long delay? Were the Ministry and the hon. Minister of Finance sleeping so far? If new changes were expected, these could have been effected earlier also. I do not oppose its basic intent but do oppose the Government's procrastination. The Government should have reacted to it with alacrity. That would have helped make their position sound and make them capable of giving aid.

Have you ever pondered over and reviewed the position of banks? If a review was done some 2-4 years ago, what were its implications? Today, the nationalised banks have lost their credibility in the eyes of people. This is evident from the example of IDBI Bank.

You have stated that there will be a Managing Director, a full time Director, a Chairman in it. It will also have to bear the expenses towards convenience, allowances and tours etc. of this long army of officers. These expenditures have a bearing on the functioning of the institution. Its net effect is felt on the banking system. You should make efforts to ensure that people get loans from banks on time.

The position in the financial institutions, whether under the Central Government or the state Government, is that one can get loan only after repeatedly knocking at their doors. You are talking of economic reforms. While paving way for such provisions you should take care to see that people are properly benefited by this.

I do not want to dwell at length on it but would definitely like to say that its functioning should be reformed and people should get its benefits, get loans on time. The productive industries whose productivity is beyond doubt also hover around IDBI for long in order to get loans. You should make sure that loan facilities are extended to them well on time. You should try to reform the present banking system. I am aware that the Reserve Bank of India had issued certain guidelines and also made a review but what were the post-review



reforms? This Bill should have been brought in view of those reforms. How will you make up the decline in the working capability of banking system? Through this people should get necessary facilities on time.

I do not want to add anything more to this. Bhargavaji and Lodhaji have already dealt with it in detail. Act of bringing it through ordinances is not a healthy practice. While warning the Government, I would only like to say that the hon. Finance Minister should pay attention to my suggestions and clarify the points raised by me.

[English]

SHRI CHITTA BASU (Barasat) : Madam Chairperson, I rise to oppose the Ordinance and also the principle involved in the Bill. So far as the Ordinance is concerned, it has been mentioned by many and I also want to repeat that this is a blatant exercise of misuse of ordinance-making power by the Government. As far as I remember—I may be mistaken in the calculation—since June, 1991, that is, the installation of this Government, there have been ordinances which number 35 or 36. It should also be observed that many of the ordinances are policy based. Through ordinances, economic policies have been given effect to which a Parliamentary democracy does not permit.

I quite understand that there should be ordinance-making power, law making power through ordinance. But that should be sparingly used and that should not be used in so far as policy issues are concerned. I oppose this Ordinance because of the misuse of the ordinance making power by the Government. I think the whole House will agree with me.

So far as this Bill is concerned, I am quite aware of the limitation of the discussion on the Bill because it is simple; instead of 1994, somewhere it has to be 1995 and we have to ratify it and there is no question of opposing that. Therefore I used the expression very cautiously 'the principle involved in the Bill.'

What is the basic idea of the Bill? That is to give effect to the recommendations of certain Committee which were set up for the reforms in the financial sector in our country. It should not be viewed in a piecemeal manner. Had it been merely a piecemeal affair, I would have agreed with Mr. Deora and other hon. Members also. But having some kind of information and being a considerably knowledgeable Member of this House, I think that I should take part in the debate and give my views also. It is related to the Narasimham Committee Report on Banking System. It is also related to the Malhotra Committee recommendation in Insurance sector. It is also related to the recent deliberation of the International Monetary Fund at Madrid. I am authoritatively told that in Madrid our representatives had to face a very severe criticism from the World Bank and the IMF masters. Our Government was told in a bit straight forward manner that 'reforms we want, but you have not done enough, hasten it up.' The need of coming with the Ordinance is related to that. Otherwise you could have waited for the Parliament to meet to bring forward this kind of a Bill for discussion here. But you could not afford to wait because you were told to hasten your reforms, speed it up, quicken and double march. We are in the process of double march. Therefore you have been forced. But you have not got

the capacity to say no, we shall do it when it is necessary; we shall do it when the Parliament meets; we shall do it when we consider it necessary and in defence of the self-respect of the sovereign Government. You have not got that capacity. It is here that I object. It is not the objection of an individual. It is the objection from all patriotic people, democratic-minded people and those who uphold the democratic principles of the Government. Now, Madam Chairperson, I remind you that once Mr. Nyerer had told in a very very caustic manner what International Monetary Fund is. He said International Monetary Fund is International Ministry of Finance—globalisation. It is not only the trade which is to be globalised, it is not only the commerce which is to be globalised but it is your power to globalise, it is the power of governance which is to be globalised also... (Interruptions)...

SHRI MURLI DEORA : You are a partner of CPI(M) in Calcutta also. So, what about you? Are you there or not?

SHRI CHITTA BASU : We are very much there. ... (Interruptions)...

SHRI MURLI DEORA : So, You should quit.

SHRI CHITTA BASU : It is not the question of quitting. It is the question of making you quit. But I do not also want them to take over.

Madam, this is exactly what I want to say, that is, this has been done in order to satisfy the International Monetary Fund. This hurried attempt is in order to oblige the International Monetary Fund. That too is prejudicial to the democratic governance of our country. You know that Narasimham Committee's Report is also a part of the reforms in the financial sector. They are injurious recommendations and if I accept this IDBI Bill in this form, I cannot oppose the Narasimham Committee's recommendations. Therefore, I am forced to voice my protest here also. What does the Narasimham Committee's recommendations say? It says that all the rural banks which are not individually viable are to be wound up. I am not entering into a discussion. The Narasimham Committee's recommendations say that priority lending is to be reduced to ten per cent from 40 per cent which is in vogue today. Therefore, Madam, the investment and lending in the priority sector like agriculture and small scale industries are going to be scuttled and narrowed so that there will be more funds for big industrial houses and multinational corporations also. It has been rightly pointed out about Enron and such other MNCs. Why should IDBI advance them money? They are getting money, whereas, Madam, I think you are aware that our indigenous private sector industries are not getting the benefits of these kinds of concessions which are being liberally extended to MNCs. BHEL has given the offer that they can instal a similar power generating centre at a cost lesser than that of MNCs such as Enron, provided the financial institutions give them the benefit of lending as our financial sector has agreed to give it to Enrons. What are you actually doing? You are actually selling away not only self-respect but also the country's wealth. All these reform measures are injurious and prejudicial to the interest of the nation as a whole, not of this side or that side.

Therefore, Madam, in all seriousness, I oppose this proposal because this Bill is a pilot of the wider move for

implementing the injurious recommendations of the various committees which were set up for recommending reform measures in financial sector.

As I have no time, lastly I would like to state that there is no complaint against the IDBI. We want more money and capital to be handled by the IDBI. On that count, there is no difference. But a difference does exist on how that money has to be invested.

SHRI MURLI DEORA: You want it to be invested in West Bengal?

SHRI CHITTA BASU: Yes, West Bengal needs the capital and they must give it. It is not a petition from us. It is our right. Just as West Bengal needs it, Assam also requires capital; Nagaland requires it; Orissa also needs it. Now, my point is that the headquarters of the IDBI are in Bombay. It is in the empire of Mr. Murlid Deora and he is very glad. Now my question is this. Why should the administration of the IDBI not be decentralised?

SHRI MURLI DEORA: They do have regional centres as well.

SHRI CHITTA BASU: You must have regional centres in Calcutta, in Guwahati, in Eastern and Western Zones so that the benefits accrue to those regions also evenly. Now, Rs. 75,000 crore have been lent by this Bank. That, indeed, is very good. But let us now make an evaluation. How much of it is spent in Maharashtra? How much is spent in Gujarat, in Madhya Pradesh, in West Bengal, in Orissa, in Uttar Pradesh and how much if it is spent in Nagaland?

SHRI MURLI DEORA: Now that the Government of West Bengal has changed its economic policy, more funds will be invested in your State too. Earlier, you were not allowing any industries to come up.

SHRI CHITTA BASU: It is true of your State as well.

While concluding, one of my recommendations is that there should be decentralisation of the administration of the IDBI. Another important issue that I want to mention is this. If it is not privatisation, it is 'Corporatisation'. You are corporatising the management of the IDBI.

SHRI MURLI DEORA: That is good because there will be more profits.

SHRI CHITTA BASU: It is not a question of making profits alone. Mere profit can never be the only objective. You should not become a trader. You must be an entrepreneur. Unfortunately, our corporate sector is not entrepreneurial. They behave like traders. I strongly believe that they should behave like entrepreneurs. They should also be prepared to undertake risk. Investment should be made for social purpose also. You must remember that capital investment has got some social objectives also. I know something of socialism. I hope you will admit at least that much. Capital has got some social objectives also. You cannot delink capital from social outlook. Use that capital for social purpose too.

With these remarks, I oppose the Bill and the Ordinance in view of the reasons I have already explained.

KUMARI MAMATA BANERJEE: I thank you for the opportunity given to me to say a few words on this Bill. It is better late than never. I rise to support the amendment being brought by the Finance Minister.

SHRI LOKANATH CHOUDHRY (Jagatsinghpur): Now, whatever you will say, they will oppose you.

KUMARI MAMANTA BANERJEE: It is good if you oppose me because I get energy out of it.

As it has been said by Shri Deora, the Bill has already been passed by the Lok Sabha and we are today discussing about the amendments that have been made by the Rajya Sabha. There is not much to say about the amendments but since I have got the opportunity, I must record my views here in the House. I would like to say something which is very much related to the country and to the poor man.

First of all, I must congratulate the Ministry of Finance and its staff for the new economic policy and the economic reforms which it has brought in. I must also congratulate the IDBI for the tremendous work which it is doing for the past so many years. We do not have any grievance against the IDBI. It is doing its best. For their efficient performance, the IDBI requires more money. I do not think it is an unjustifiable demand. We must remember that the IDBI is doing a very good job. Shri Chitta Basu has raised so many political questions which I will counter later on. I think I should get support from all the sections of the House when I say that there should be decentralisation. The IDBI's headquarters is in Bombay which is a very important industrial town. Everyone wishes to go to Bombay because of the resources, work-culture and the infrastructure available there. It has an office in Delhi also but what about the States like, Madras, Calcutta and Bangalore? I am not speaking here on behalf of a particular State but I am speaking on behalf of all the States. I say that there should be an IDBI office in all the Eastern, Northeastern, Southern, Northern and Western regions. If there is an IDBI office in all the States, it can fund the State Finance Corporations. So, it in our interest to support this amendment.

The IDBI requires more money so that it can give more money to the State Finance Corporations. We also require money for different schemes which we have taken up for the development of our States. The only thing that we have to see is that the money which is given to the States for all these developmental work should not be misused by the State. Just because they are totally bankrupt, some of the States are taking money even from the chit fund institutions. Despite there being RBI guidelines in this regard, I do not know how these Chit Fund companies are running in our country. In one of the cases, one Chit Fund Company had collected about Rs. 1000 crore from the common people and then it refused to return that money. Poor people like rickshaw pullers, servants, women, housewives and even peasants had deposited their money in this chit fund company thinking that since it is running the State it must have got the permission of either the State Government or the Reserve Bank. But now they are not getting their money back. I have raised this matter in the House a number of times. If such things happen in our country how can the common people feel secure? I request the hon. Minister to investigate this matter seriously. You should find out if any chit fund company is running in a State and whether it has got prior approval of the State Government or the Reserve Bank or not. These chit fund companies are only

satisfying the State Governments because they get money from them.

They are saying that we are selling the country. We are not selling the country. Shri Chitta Basu is not here, otherwise, I would have told him this thing. The Congress is not selling the country. Let them tell their role. What are they doing in West Bengal? Did they not invite the multinational companies? They are going to sell the Great Eastern Hotel to a multinational company. Are they not asking money from Mr. George of America for Haldia Petrochemicals? Are they not asking money for the purpose of thermal power plant from a foreign investment company? Are they not asking money for industrialisation? Did they not invite the British Concord? They are now trying to invite the multinational companies. So, let them admit the truth.

Now, we are moving towards the 21st century. We have started our new Economic Reforms. They have also welcomed this. They should not indulge in double talks. Here they are saying something and there, they are doing some other thing. They should stop this in the interest of the country and in the interest of the common people. The IDBI is doing its work in a proper manner. But can't the IDBI prepare some plan of action for the unemployed youth also? It is because, in our country, the number of unemployed youth has increased to more than 300 crore. In West Bengal itself, their number is more than 50 lakhs. In West Bengal, 110 big industries had been closed and 23,000 small industries are closed. Now, all those industries are to be closed. The workers are starving. They are on the road. They are asking for justice. I admit one thing and that is, the work culture must come back. I know about one industry and that is, the Kanoria Industry. The workers of that industry want production to start. Why did the Government not allow the production to start? They want their work culture to return. They want to work 12 hours a day instead of eight hours a day, but they are not getting any financial help from the Government. So, my request would be that specially for the unemployed youth, in the small scale industries and for medium industries, the IDBI should chalk out some plans and programmes so that, at least, in our country, the unemployed youth who belong to the minority groups, the backward classes and who come from the weaker sections of the society do not move from one place to another in search of employment. So many people die of hunger. We must admit that ugly people have no sense of duty. They must remember that. You please try to help them.

In the banking sector, the employment of women is decreasing day by day. You will appreciate that women may not be fit in every sector but in clerical jobs they are coming up. They are trying their best to serve this country. I must say that our women are very sincere. They are very punctual. They are very honest. If you want to fight corruption, then you must support women also in this regard.

I request the Government to consider this matter. Though it is not related to the IDBI Bill, I would ask, when we are discussing about the banking system and the Prime Minister's Rozgar Yojana which the Central Government sanctions, can the Central Government not ask for the Audit Reports from the State Government? There is a provision for that. If the Central Government gives money, then the Central

Government can ask for the Audit Reports from the State Governments.

Do you know that the World Bank's money has been diverted to so many sectors. The Central Government's money has been diverted to so many sectors. There must be some control over the money which the Central Government is giving to the State Governments so that this money should be utilised properly. If it is not utilized properly, if it is misused, then the guilty should be punished. If any particular officer is involved in any corruption, we take action against him. But if any politician or any political leader is involved in any corruption, then what action are you taking against him? We do not take any action against him because we do not have the guts to take action against him. We should not discriminate it in this regard. If anybody is guilty, you must take action against him so that the people of the country should know that credibility is the main thing, honesty is the main thing. You cannot compare honesty and credibility with corruption. Therefore, my request to you is that you must ask the Audit Reports from the State Governments every year so that they should work in a proper manner; if they do not work in a proper manner and only criticise officials and victimise them, then this is not fair.

There are some vested interests. They want money only. If they do not get it, then they will try to criticise some particular persons and victimise them. They are trying to get all sorts of benefits. They are not doing anything. So, you have to take action against them. You have to take action against the politicians also if they are corrupt.

Why are you taking the politicians only on the Board of Directors? I oppose it. Instead of taking the politicians on the Board of Directors of the banks, you take other people of this country on the Board of Directors who have made sacrifice for the cause of our country, who are honest people, who are giving some thing to the country. You must give priority to them; you must give a chance to them so that they can work for the country instead of giving it to the political leaders. Do not surrender your way to any politician but surrender it to the country, to the people.

With these words, I conclude my speech.

MR. CHAIRMAN: I would like to state that this Bill has already been passed in the Rajya Sabha. Here we are discussing the amendments only. So, I would request you to stick to the amendments.

SHRI LOKANATH CHOUDHURY (Jagatsinghpuri) Mr. Chairman, I have no intention to speak on this Bill, but my friend, Mr. Murly Deora has provoked me to speak. I am provoked by him because he is not clear about it.

The Bill has come through an Ordinance. It relates to the basic economic policies of the country. It is condemnable because it has come through an Ordinance. Many hon. Members have already condemned it. The Government brings an Ordinance when the Government has no foresight or when the Government is bankrupt or when the Government acts on the dictates of others on these issues; when the Government is intellectually not stable.

16.00 hrs.

It does not foresee things. When a Government is either bankrupt in thinking or when a Government does not see what

is coming in and when the Government is dictated by others and when their brains do not work then such Ordinances and issues come up. This should be condemned because it does create a very bad precedent in this country.

So the principles that are involved, i.e. the question of mobilising money from the capital market, were so long not allowed because of the policy we were following so far. So the Government has resorted to reforms. Therefore, it has necessitated not that actually the financial requirement has necessitated I will say the Government's policy has necessitated to bring this amendment. If the Government would not have taken to reforms the manner in which they have taken, they should not have resorted to this.

No doubt, while mobilising finances from capital market an apprehension has been expressed that the corporate sector may in due course dominate this Bank. Though our friend from Bombay has opposed it, he has the same apprehension because while speaking he was also apprehensive of the same thing that we apprehend. Otherwise, he should not have said so. . . (Interruptions)

SHRI MURLI DEORA: What is Shri Somnath Chatterjee teaching you? (Interruptions)

SHRI LOKANATH CHOUDHURY: What Shri Somnath Chatterjee is teaching us, we are learning from him but unfortunately, you are learning from those Benches which have lost that right. The unfortunate part is, when Panditji was leading that Bench, we were learning from it. But now it is unfortunate that Bench has lost that credibility which they had got in the past.

SHRI CHITTA BASU: They have lost all capacity to learn.

16.02 hrs.

(Shri Peter G. Marbaniang in the Chair)

SHRI LOKANATH CHOUDHURY: Sir, I want to say that the apprehension is there, in our minds as well as in their minds. That is a common apprehension. Why has this apprehension come to the fore? This has come because of the way we have been functioning, the way we have been following it. So the apprehension is a must. While speaking, our friend went to the extent of saying that when the Communists are giving up socialism our BJP friends were tending towards socialism. I do not know whether they were socialists advocating Socialism or...

MR. CHAIRMAN: Please stick to the amendment. ....(Interruptions)

SHRI NIRMAL KANTI CHATTERJEE (Dumdum): What is the scope of this amendment? ... (Interruptions)

I am asking for a clarification:

SHRI LOKANATH CHOUDHURY: Mr. Chairman, I think that they were ... "under a tiger's cover and now the tiger's cover has gone and they are shown as..." to the world. That was the cover under which they were talking. But in actual practice they were doing something to harm the process which they initiated. This is the outcome.

No doubt, the IDBI has done a great service for expansion of the industry but my allegation is that they have

also contributed to the regional imbalance. If the IDBI's funds disbursement will be seen, from that you will see that the fund disbursement has been made in such a manner that it has greatly contributed to the regional imbalances.

It has become a matter of concern today. No doubt, others have advocated that there should be different Centres. I can say that in the States, there are financial institutions. Very recently the Orissa State Government in its last year's Budget made a provision for steel bond of Rs. 100 crore. For that it did not get the permission from the RBI and there was a difficulty. They immediately gave that money to one of their financial institutions, IPCL, which is in the joint sector and it diverted that amount. They wanted to disburse that money for giving Rs. 200 to the unemployed people before the elections. I wrote a letter to the Finance Minister and also to the hon. Prime Minister to make an inquiry into that. The State financial institutions should be helped by the IDBI. But the State financial institutions are not utilising the money the way they ought to. So, how should this process be corrected? The IDBI should give loans to the financial institutions and at the same time a proper course should be evolved so that the money given to the State financial institutions are properly utilised. ... (Interruptions)

SHRI MURLI DEORA: Especially in West Bengal... (Interruptions)

SHRI LOKANATH CHOUDHURY: They will utilise the money properly unlike other States. Do not worry about it... (Interruptions) While we are discussing this issue, I would only say that sufficient precautions have to be taken.... (Interruptions) If sufficient precautions are not taken, then the apprehension, which I have expressed earlier, will come true and the IDBI will fail in its purpose. How is the Government going to bring a rule? How is it going to review the past work of the IDBI to see that the IDBI utilises the money properly so that there is no regional imbalance and the States, which are lagging behind in infrastructure, get the infrastructure? Unless a cohesive policy is adopted by the Government and the IDBI guidelines are framed, the apprehension, which I have already expressed, will come true. I have praised the activities of the IDBI and at the same time I have expressed my regret that the IDBI is the institution which has contributed greatly to the regional imbalances in the country. So, this factor should be taken into consideration.

I am opposing this Bill because of the principles.... (Interruptions)

MR. CHAIRMAN: Kindly do not interrupt him.

Shri Lokanath Choudhury, please conclude.

SHRI LOKANATH CHOUDHURY: Let our friends on the other side not forget the heritage of socialism to which they belong. If they forget that, then the country will be nowhere. They should know that the country has to go with its heritage. If the economic concepts of any country are not synthesized with the country's heritage, then that country loses its future.

There is every apprehension that if this institution does not work properly, then it will go to the private sector and it will be dominated by the corporate sector.

SHRI YAIMA SINGH YUMNAM (Inner Manipur): I will not take much time. I only rise to oppose the amendments



suggested by the Rajya Sabha. It is only to register my protest against the attitude towards the Industrial Bank established in Manipur as it is not looked after very well. This Bill was earlier passed by the Lok Sabha and it was discussed at length. We had given our views also then.

While objecting to the amendments, I would also like to draw the attention of the Government that the Industrial Bank in Manipur can be looked after even though it is at a distance. Due to the attitude of the management of the Bank, it is not promoting the interests of the industries in the State and on account of that the industries there are not getting much enterprise from this Industrial Bank. So, I would like to mention that the proper authority should be directed to look after the Industrial Bank established in such small States so that regional imbalances can be overcome.

I also hope that the RBI would take much interest in financing these small industrial banks in small States also for the promotion of the industries in such very remote and backward States.

[Translation]

SHRI RAMASHRAY PRASAD SINGH (Jahanabad): Mr. Chairman, Sir, I oppose this amendment Bill. This Bill had been passed earlier also. Earlier it had come by way of an Ordinance. The Government have a constitutional right to issue an Ordinance but at the time they should see to it that this power is not misused, this power should be sparingly exercised. Since the day this Government came to power they depended on ordinances. This ordinance refers to buying of shares from the private sector. It makes it amply clear that this Government is clandestinely inclining towards privatisation. They could have brought it in 1991 or 92 or 93 and improved the situation. How come they have thought of introducing reforms now? They must reply to it. They should make it categorically clear as to how are they planning to protect our domestic industries. It creates doubts in our minds and we feel that the Government are working under pressure of the International Monetary Fund. If you had thought of national interest you would have thought of doing it earlier but you did not do that. They statutory Resolution is against this amendment. I support that.

We have two kinds of opinions here. One side considers it highly beneficial while the other considers it very harmful. Only the time will tell as to who is right. That is why it necessitates a discussion on it.

Today on one hand the Government is inclined towards privatisation while on the other hand, the problem of unemployment is increasing in the country. The privatisation will not earn income for the nation, it will only lead to concentration of wealth in the hands of only one person. If our country earns a national income then we can set up big industries and remove unemployment from the country.

Today the biggest problem before the country is unemployment of the youth, they be technically trained, engineers, or over-seers. This problem is responsible for the fact that the youth are getting isolated from the main stream. That is why I would like to tell you that IDBI should see to it that these people are engaged in some work by chalking out some schemes in this regard. This problem being faced by

the country is assuming alarming proportions. That is why I would like to ask the Government whether it does not require a close introspection to see why the youth are getting alienated from the main stream?

Besides, there are several States in our country which are very backward. Some States have industries in excessive number, some do not have any industries while some have them but they are closed down. I would like to ask from the Government as to why all the private sector industries are closed down. If the private sector is better, then the country should have been benefited from it but then why the country is not being benefited from it. Why all these industries are closed down? The truth is that you have got drifted away from your national industrial policy.

Thirdly, I would like to say something about Bihar. There is one industry in Bihar, namely, Dalmia industry. Dozens of items used to be manufactured here and lakhs of people worked here. But now this industry is in doldrums and people are on the verge of starvation. Several persons have even committed suicide. I would like to say that IDBI should give attention to such industries. Besides, there are several textile industries which are also in very bad shape. More than half of industries in the State are in shambles and the Government should take steps to make them viable.

In the end, I would like to say that the Government should ask the IDBI to do something for these 2-3 problems which I have mentioned, especially it should solve problem of unemployment and the increasing number of unemployed youth should be involved in some work through various schemes.

With these words, I conclude and I oppose this Bill.

SHRI MOHAN RAWALE (Bombay South Central): Mr. Chairman, Sir, I would take only 2-3 minutes to complete my speech. Several mills are closed down in Bombay city. This is not the condition in Bombay alone but in fact the whole country is faced with this problem. There are thirteen NTC mills in Bombay which are incurring losses. The Government had set up a modernisation fund in 1986 and, as per my information, an amount of 87 crore rupees had been provided for this. I would like to ask from the Government only this that a private industry like Reliance was given 300 crores rupees but what have you done about those government mills which lack raw material and marketing capital and are incurring losses? I would like to ask the Government, through you, that you had set up a fund of rupees 87 crore in 1986 what amount has been given to NTC out of that? If it has been provided then how much, and, if it has not been provided then why not? If you did not provide any funds then you should have given a clarification. I would like to tell you that these mills have not been nationalised. My question is whether the intention of the Government is that if it is not nationalised within 15 years then the mills will have to be returned to their owners? Are the Government planning to introduce a new modernisation scheme and if yes then when it is proposed to be introduced? Are you proposing to allocate funds through IDBI and if yes, then are the funds proposed to be provided to the NTC?

Sir, I urge upon the Government that if the mill, which is on the verge of closure due to the losses, is provided raw material then that can be revived, the mill can function on the



working capital. That is why I urge upon you that the IDBI should re-introduce that scheme. I demand that funds should be provided to NTC and the Government mills of Bombay.

[English]

SHRI M.V. CHANDRASHEKHARA MURTHY: Mr. Chairman, Sir, I am thankful to all those hon. Members who have participated in the discussion. This Bill was discussed in detail and passed in this House in the month of December, 1994 and was transmitted to the other House for concurrence. We have come back to this House with some minor amendments. I have already replied to many of the points raised by the hon. Members while replying to the debate last time. However, I would like to repeat them. Some Members have raised some new points also today for which I am going to reply now.

Sir, many of the members who have spoken during the earlier discussion and today's discussion are worried about the promulgation of the Ordinance by the Government. I have noted their sentiments. But the Government resorts to promulgation of Ordinance only in unavoidable and extraordinary situations. Many Members feared about the privatisation of the IDBI. But their fear is not correct.

The proposed amendments broadly fall into three categories. The first amendment is to restructure the IDBI by permitting it to raise the resources from the capital market. Even with this amendment the Government is going to retain 51 per cent of the share and no other shareholder other than the Central Government shall be entitled to exercise voting rights in respect of any shares held in excess of 10 per cent of issued capital. We have done this keeping in view the dominant role played by the IDBI as the principal financial institution for the growth of industry. The Government felt necessary that it should continue to maintain control over the Industrial Development Bank of India.

In the subsequent amendments we have given greater autonomy and operational flexibility to the institution. All the decisions which were earlier taken by the Government are now proposed to be taken by the general meeting of the shareholders and the Directors. But the Government can exercise control over the IDBI through Government Directors *(Interruptions)*

SHRI SOMNATH CHATTERJEE: Please see that the case relating to Haldia project is cleared immediately.

SHRI MURLI DEORA: That is why, he has refrained from speaking.

SHRI SOMNATH CHATTERJEE: Please do not say this. He is imputing motives to me.

SHRI M.V. CHANDRASHEKHARA MURTHY: Some of the members are worried about regional imbalances and they are interested in developing industries in the backward areas. I wish to inform this House that 35 per cent of the IDBI's sanctions upto March 1994 have been given to the backward areas of this country. Many of the Members wanted decentralisation of the IDBI's administration; even the hon. lady Member Mamata Banerjee has raised this issue. I wish to inform this House that already there is an office of IDBI in every State and we have given powers to them to process a

project up to the limit of Rs. 20 crore. *(Interruptions)*

SHRI SOMNATH CHATTERJEE: I was in Agarthala only three days back. There is a beautiful building of IDBI which is not functioning. Kindly see that it becomes functional. It is a beautiful building in Agarthala.

SHRI M.V. CHANDRASHEKHARA MURTHY: I have noted down the suggestion given by the hon. Member Shri Somnath Chatterjee. The elderly Member Shri Chitta Basu is not here. He has raised an issue which is factually not correct. He said that we have brought this Amendment on the pressure of the IMF. It is not correct. The decision pertaining to the restructuring of the IDBI was taken long before the meeting held at Madrid. Hon. Member Shri Murlid Deora said that the disbursement gap should be reduced. The IDBI is taking all steps to reduce this gap.

Some of the Members are worried about the small-scale sector. The small-scale sector now is managed by SIDBI. I wish to inform that for this sector the sanctions has gone up from Rs. 2,846 crore in 1992 to Rs. 3,354 crore in 1994; since its inception, we have sanctioned an aggregated amount of Rs. 11,517 crore and disbursed Rs. 8,683 crore respectively. Definitely, this bank is looking after the small-scale sector.

I have covered most of the points. The hon. Member from Bihar, Shri Shahabuddin, is not here. He was not happy about the industrial development in his State. But IDBI has done its best and it has given financial assistance to this State of Bihar. I wish to give this information that in 1993-94, there were about 377 crores sanctions.

So far, we have made 219 crores disbursements. It is only in case of Bihar.

In 1992-93, there were 565 crores sanctions and disbursement was to the tune of 443.

In 1991-92, there were about 494 crores sanctions and we have made 322 crores disbursement.

I think I have covered almost all the points. I do not want to repeat.

KUMARI MAMATA BANERJEE: Please say something about the unemployed youth.

SHRI M.V. CHANDRASHEKHARA MURTHY: Through you, I wish to inform the hon. Member that this is an amendment with respect to the Industrial Development Bank of India which is a premier institution to give financial assistance for the development and growth of the industry which can cater to more employment.

With these words, I request the mover of the Resolution to withdraw his Resolution and I request all the hon. Members to support this Bill.

[Translation]

SHRI GIRDHARI LAL BHARGAVA (Jaipur): Mr. Chairman, Sir, it is correct that privatisation is not being done. The Government will keep 51 percent shares. It is also correct that it was decided when officials of International Monetary Fund and World Bank met at the end of September. Now the rate of interest will be decided in Washington. You have written in it that one person will be appointed as Chairman cum Managing Director. He will also review the functioning of bank.

It is not correct Separate persons should be appointed on separate posts. Laxminarayanji was telling that there would be a number of directors, a number of persons from your side and a number of persons from the side of shareholders. When there would be so many persons in management, the bank would definitely run in losses.

Indian Industrial Development Bank lends heavy amount to industries. The Industries incurring losses are sold later on. After paying the bank loans the remaining amount do not reach to those industries, and thus these are not revived. The hon. Minister should ponder over this.

You have said about setting up National Rural Bank. The Finance Minister and hon. Prime Minister had also expressed the same views. Today the officers and staff of Rural Banks are organising a rally and All India Rural Bank Organisation has also demanded to set up this bank to made those rural banks viable which are incurring losses. The Ministry of Finance had approved the proposal to set up this bank on 23 May, 1992 and the Governor of R.B.I. had also accorded sanction to it on 28th August 1992. The Finance Minister Shri Manmohan Singh has himself accepted it and said in a meeting of all the political parties that rural bank should be set up. The Congress (I) Party had also mentioned in its election manifesto that loan should be given through National Rural Bank. Standing Committee of Finance Ministry had also agreed to it on 23.12.93 a report to this effect was laid on the Table of the House. As per assurances given by the hon. Prime Minister, the Finance Minister and according to the election manifesto of Congress (I) such National Rural banks should have been set up but nothing has been done so far. This demand was not fulfilled even after the announcement of revival of 50 Regional Rural banks. In view of this these banks have called for a nationwide strike on 31st March.

Mr. Chairman, Sir, hon. Minister has brought a minor amendment and it is also true that it was discussed in Lok Sabha and some suggestions were made at that time out of which a few were accepted. You have raised the number of amendments from 94 to 95. Sir, through you I would like to state that the Government should get rid from the tendency of issuing ordinances. For your information I would like to tell you that since 1991, 35 ordinances have been promulgated and so far total 493 ordinances have been promulgated. In a way it is contempt of the Parliament and I oppose this tendency of promulgating ordinances. I request you to condemn the Government for it and tell that in place of ordinance Bill should be brought especially when the Session of Parliament is going on.

With these words, opposing the ordinance I do not withdraw my statutory Resolution.

[English]

MR. CHAIRMAN: I shall now put the Statutory Resolution moved by Shri Girdhari Lal Bhargava to the vote of the House:

The question is:

"That this House disapproves of the Industrial Development Bank of India (Amendment) Ordinance, 1995 (Ordinance No. 2 of 1995) promulgated by the President on

the 13th January, 1995."

*The motion was negatived.*

16.38 hrs.

MR. CHAIRMAN: I shall now put the motion moved by the hon. Member.

The question is:

"That the following amendments made by Rajya Sabha in the Industrial Development bank of India (Amendment) Bill, 1994 be taken into consideration:—  
*Enacting Formula*

That at page 1, line 1,—

for "Forty-fifth" substitute "forty-sixth"(1)

*Clause 1—Short title and commencement*

That at page 1, line 4,—

for "1994" substitute "1995"(2)

*Clause 5—Insertion of new sections 4C, 4D and 4E*

(i) That at page 2, line 15,—

for "1994" substitute "1995"

(ii) That at page 3, line 6,—

for "1994" substitute "1995"(3)

*Clause 21—Repeal and saving*

That at page 12,—

for lines 22 and 23, substitute—

Ord. 2 of 1995

"21 (1) the Industrial Development Bank of India (Amendment) Ordinance, 1995 is hereby re-pealed." (4)

**Repeal  
and  
Saving**

*The motion was adopted.*

**Enacting Formula**

MR. CHAIRMAN: The question is:

"That at page 1, line 1,—

for "Forty-fifth" substitute "forty-sixth"

*The motion was adopted.*

*Clause 1—Short title and commencement*

MR. CHAIRMAN: The question is:

"That at page 1, line 4,—

for "1994" substitute "1995"

*The motion was adopted.*

*Clause 5—Insertion of new sections 4C, 4D and 4E*

MR. CHAIRMAN: The question is:

"(i) That at page 2, line 15,—

for "1994" substitute "1995"

(ii) That at page 3, line 6.—

for "1994" substitute "1995"

*The motion was adopted.*

*Clause 21—Repeal, and Saving*

MR. CHAIRMAN: The question is:

"That at page 12,—

for lines 22 and 23, substitute—

Ord. 2 of 1995 "21. (1) The Industrial  
ment Bank of India  
(Amendment) Ordinance,  
1995 is hereby repealed.  
*The motion was adopted.*

**"Repeal  
and  
Saving**

SHRI M.V. CHANDRASHEKHARA MURTHY: I beg to  
move:

"That the amendments made by Rajya Sabha in the Bill  
be agreed to."

MR. CHAIRMAN: The question is:

"That the amendments made by Rajya Sabha in the Bill  
be agreed to."

*The motion was adopted.*

[English]

16.40 hrs.

STATUTORY RESOLUTION RE: DISAPPROVAL OF THE  
BANKING COMPANIES (ACQUISITION AND TRANSFER  
OF UNDERTAKINGS) AMENDMENT ORDINANCE

AND

BANKING COMPANIES (ACQUISITION AND TRANSFER  
OF UNDERTAKINGS) AMENDMENT BILL AS PASSED BY  
RAJYA SABHA

MR. CHAIRMAN: Now the House shall take up Item  
numbers 17 and 18 together.

Shri Lokanath Choudhury to speak.

SHRI LOKANATH CHOUDHURY (Jagatsinghpur): Sir,  
I beg to move:

"That this House disapproves of the Banking Companies  
(Acquisition and Transfer of Undertakings) Amendment  
Ordinance, 1995 (No. 4 of 1995) promulgated by the  
President on January 21, 1995."

THE MINISTER OF STATE IN THE MINISTRY OF  
FINANCE (SHRI M.V. CHANDRASHEKHARA MURTHY): Sir,  
I beg to move:

"That the Bill further to amend the Banking Companies  
(Acquisition and Transfer of Undertakings) Act as  
passed by the Rajya Sabha on 20th March, 1995 be  
taken into consideration."

As one of the features of financial sector reforms, the  
Reserve bank of India has introduced prudential accounting  
norms in the banks in respect of income recognition, asset  
classification and provisioning based on the record of recovery.  
Besides, the Reserve Bank of India has also introduced certain  
norms of capital adequacy based on system of risk-weighted  
assets to be achieved in stages by 31st March, 1996. The  
prescription of capital adequacy norms has also necessitated  
the Central Government as owner to provide adequate  
additional capital to the nationalised banks.

Banks in the private sector are incorporated under the  
Indian Companies Act, 1956. This Act permits the capital  
structure of such banks to be varied through addition to capital,  
reduction of capital and conversion of debt to equity whereas  
the Banking Companies (Acquisition and Transfer of  
Undertakings) Act, 1970 and 1980 have no comparable  
provision. The proposed amendment allows this facility to the

nationalised banks also and would enable them to restructure  
their capital and reflect it in the balance-sheet in the same  
way. The proposed amendments, inter-alia provide for:

- (i) reducing or cancelling the paid-up share capital to  
the extent it is lost on account of losses or is unrepre-  
sented by available assets;
- (ii) paying off by a bank to the Central Government any  
amount of share capital which is in excess of its wants;
- (iii) reducing or cancelling paid-up share capital by banks  
which have accessed the capital market, by a resolu-  
tion passed at the Annual General Meeting by the  
share-holders, and;
- (iv) a provision to the effect that paid-up capital of a corre-  
sponding new bank shall not be reduced at any time  
so as to render it below 25 per cent of its paid-up a  
capital on the date of commencement of the Banking  
Companies (Acquisition and Transfer of Undertakings)  
Amendment Ordinance, 1995.

As Parliament was not in session and as the above-  
mentioned amendments were required to be made urgently  
for enabling the corresponding new banks constituted under  
the aforesaid Acts to restructure their capital, the President  
promulgated the Banking Companies (Acquisition and Transfer  
of Undertakings) Amendment Ordinance, 1995 (Ordinance 4  
of 1995) on the 21st January, 1995. This Bill seeks to replace  
the Ordinance.

With this, I commend the Bill for consideration of the  
House.

MR. CHAIRMAN: Motions moved:

"That this House disapproves of the Banking Companies  
(Acquisition and Transfer of Undertakings) Amendment  
Ordinance, 1995 (No. 4 of 1995) promulgated by the  
president on January 21, 1995."

"That the Bill further to amend the Banking Companies  
(Acquisition and Transfer of Undertakings) Act, 1970  
and the Banking Companies (Acquisition and Transfer  
of undertakings) Act, 1980, as passed by Rajya Sabha,  
be taken into consideration."

[Translation]

PROF. RASA SINGH RAWAT (Ajmer): Mr. Chairman,  
Sir, through you I oppose tooth and nail the tendency of the  
Government of promulgating ordinances. As my friend Shri  
Girdhari Lal Bharagava has told just now that the Government  
has so far promulgated more than 500 ordinances and 7  
ordinances have been promulgated in this very session.  
Though the Ordinance may be a good one, a good law and  
though it may have been promulgated in the interest of the  
nation yet it is not a good practice and it cannot be called  
appropriate. Because Good objectives must be followed by  
good and fair means. Gandhiji had said so. I consider the  
tendency of promulgating ordinances as an undemocratic and  
unparliamentary act. So through you I oppose it tooth and  
nail.

It seems to me that promulgating ordinances has  
become the habit of the Government. Members from  
opposition parties had been raising their voices against the  
promulgation of ordinances. A comprehensive Bill should be