

[Sh G M C Balayogi]

by Central Electricity Authority

I request the Central Government to supply the required gas to clear gas-based 375 MW power project at Amalapuram, Andhra Pradesh

(viii) Need to fix remunerative prices for agricultural products in Andhra Pradesh.

SHRI DATTATRAYA BANDARU (Secunderabad) Despite Government's assurance to farmers that it will fix the remunerative prices for the agricultural products, it has only been a dream for the poor farmers

The farmers in Andhra Pradesh were reluctant to go in for sugarcane production since the price of sugarcane was fixed at less than Rs 400 per tonne as compared to the demand of the farmers that it should be at least Rs 500 per tonne. Similarly, the rice which was the staple food in the State and which was being grown on vast acreage is continuously getting depleted. The middlemen, who are paying only Rs 300 to Rs 320 per quintal are virtually looting the poor farmers by marketing the same paddy at an exorbitant price of Rs 450 to Rs 600 per quintal. The paddy growers are thereby thrown into indebtedness and they are unable to pay the loans from Banks, Cooperatives and other sources of borrowings.

I request the Union Government to fix remunerative prices for agricultural products to protect the poor farmers from onslaught of the middlemen and also the vagaries of nature.

MR SPEAKER The House stands adjourned for Launch to re-assemble at 2 20 p m

13.20 hrs.

The Lok Sabha then adjourned for Lunch till twenty minutes past Fourteen of the clock

The Lok Sabha re-assembled after lunch at twenty-five minutes past Fourteen of the Clock

[MR DEPUTY SPEAKER *in the Chair*]

STATUTORY RESOLUTION RE DISAPPROVAL OF THE INTEREST ON DELAYED PAYMENTS TO SMALL SCALE AND ANCILLARY INDUSTRIAL UNDERTAKINGS ORDINANCE,

AND

INTEREST ON DELAYED PAYMENTS TO SMALL SCALE AND ANCILLARY INDUSTRIAL UNDERTAKINGS BILL

[*Translation*]

SHRI GIRDHARI LAL BHARGAVA (Jaipur) Mr Deputy Speaker Sir I beg to move

"That this House disapproves the Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings (Ordinance, 1993 (Ordinance No 4 of 1993) promulgated by the President on 2nd January 1993"

Mr Deputy Speaker Sir I oppose the promulgation of Ordinance and the Bill brought forward by hon Minister because I feel that no Government has bothered the hon President so much as he has been bothered during the last one and half months period. Not one or two, the Government of India has issued more than 24 ordinances during this period which is a record till date. I have got a list from 1971 till date but so many ordinances were never issued in such a short span of time. Therefore I oppose this ordinance but at the same time I welcome the spirit with which the hon Minister has brought forward this Bill because my party appreciates a good step and criticizes a wrong doing. We are in the opposition but it does not mean that we should oppose each and everything. This is not B J P culture at least. I would like to submit that if they implement it properly then no doubt small scale industry will benefit from it.

This Bill is silent about many a points which were needed to be included in it. The limit of capital was raised from Rs. 2 lakh to Rs. 5 lakh. The people will get attracted towards small scale industry, thanks to the exemption upto 24 per cent in equity available to the entrepreneurs. These two points have not been included in it. The only point, which has been included is that a persons who buys goods from a small scale unit, will have to make the payment within a specified period and if he fails to do so, he will be liable to pay interest and while filling up their annual return regarding audit and income tax small scale units will also pay interest. This simple point has been mentioned in this Bill. But all other important points have been left out. The most important point, mentioned in it is the arrangements for the early payment of the bills. If a person buys some goods then he will have to made payment for that within a fixed period to the small scale unit. Two points have been mentioned in this Bill that small scale units will not have to look for market and payment to them will be prompt. There is no doubt that small scale units will prosper in India as a result of it.

Sometimes, money is held up in Government Institutions as a result of which Industries become sick. There are many other reasons for sickness. Money has to be spent continuously for running the industry, expenses on this account increase day by day as that particular small scale industry will have to pay interests to Banks as well as Financial Institutions, which will further increase the loan amount and interest to be paid on it. Mr. Deputy Speaker, Sir, no mention has been made in the Bill about mismanagement, labour unrest, bungling and diversion of money to other industries. It does not say anything about the revival of a sick industry and the strategy to be adopted in this regard.

Mr. Deputy Speaker, Sir, the Government have increased the facilities regarding loans as well as the market facilities. The Government have also made arrangements to make prompt payments to them. It will cater to the work related requirements of

small scale units which will attract more and more people to this field. I welcome all these things but nothing has been said in the Bill about the revival of he sick units. The Supreme Court had given a verdict which said that sick small scale units would not be sold. But, Sir, despite this order the Government is selling small scale units. You can well imagine the situation of the owners of such units. They are already grief stricken due to sickness of their units and if their units as well as equipment are disposed of it will further deteriorate their plight. This point does not find mention in this Bill.

Mr. Deputy Speaker, Sir it also fails to mention about any incentive to promote handloom industry and handicrafts. You do not provide any incentive to them. Even if you provide incentive then also it will not be able to compete with powerloom. In my view handloom stands no chance of survival against powerloom. Therefore, I request you that in order to promote handloom industry, the Government should come forward to buy its production and thereafter make arrangements for its distribution then only handloom industry has a chance to stand up to face the challenge of powerloom industry.

Mr. Deputy Speaker, Sir, Industrial Development Corporations have been set up at State level and till date their working has not been reviewed. The difficulties being faced by them have not been reviewed. The plight of the people working in these industries, factories has not been given a thought. Today the situation is that even if you put in your most sincere efforts in the management but as long as bureaucracy and corruption, continue to be there, these small scale units cannot thrive. Therefore in consonance with the spirit with which the Central Government has brought this Bill, the working of small Industry Development Corporations should be reviewed in order to make their functioning smooth. The Government should inquire into the difficulties in the process of taking loan and should give encouragement and support by providing a capital of Rs. 1 lakh to Rs. 5 lakh to new entrepreneurs.

[Sh. Giridhari Lal Bhargava]

Mr. Deputy Speaker, Sir we have already said a lot of about small scale units but my request is that you should also provide such facilities to large scale industries, also as their money is blocked in Government departments like P.W.D., Medical Department or Railways. The government have framed a rule in respect of small scale units that their payments will have to be made promptly and if one fails to do so he will have to pay interest thereon and in case of decree, an appeal cannot be made until 75 per cent of the amount it deposited. I want that the Government should also make some sort of arrangement for these large scale industries whose money is blocked in Government departments. This issue needs particular attention and a provision in this regard is required to be made. The hon. Minister as focussed his attention on small scale industries for which I wish to congratulate him.

Mr. Deputy Speaker, Sir I would like to make one more submission. The present demand for loan is Rs. 30 thousand crores but the banks are able to provide only Rs. 13 thousand crores as loan. Thus, there is a wide gap between the demand and actual supply.

The former Minister of Industry, Shri P.J. Kurien, stated that the Government would take a decision regarding reducing the interest rates on loans extended to the small scale industries by the banks on receiving the report and recommendations of the Nayar Committee. Therefore, I would like to know whether the Nayar Committee report has been received by the Government. The former Minister stated that the banks would definitely reduce interest rates and if the recommendations of the Nayar Committee are not found to be favourable, the Government would throw them in the waste paper basket. Now what decision has been taken in this connection? Has the Government received the Nayar Committee report? If so, what are its recommendations? The Nayar Committee has recommended reduction or increasing the interest

rates by the banks or whether the Central Government propose to throw Nayar Committee report in the waste paper basket to help the small scale industries.

The hon. Minister of Finance, Shri Manmohan Singh, has also reiterated that the banks should reduce the interest rates because inflation has been totally checked and the Balance of Payment situation has improved.

He has also stated that all Government assistance will be given to the small and very small units. Shri Manmohan Singh presented the Budget in the House. Foreign and multinational companies will come to India. I would like to know from the hon. Minister whether foreign and multinational companies will be given licences for the commodities which are being manufactured by small scale industries?

It is believed that a development fund will be set up for the small scale industries. The Government of India will not contribute anything towards this fund. Only the small scale industries will contribute to this fund. Only these will contribute to the development fund and borrow money from the fund for the expansion of their industries. This fund will be called 'Small Industries Development Bank'. All the small scale industries will deposit money with the fund and subsequently will borrow money from it as per their requirements at concessional rates of interest. Both for modernisation and for setting up small scale industries money will be borrowed at concessional rates of interest that will be income tax free too. Large scale industries just manage only 17-18 per cent of their total capital from bank loan while the rest is mobilised from the market through sale of shares. But small scale industries can neither make subscription to the fund nor mobilise funds through their shares.

What decision has the Government taken to raise the exemption limit for payment of excise duty from Rs.20,00,000 present ceiling, to Rs.25,00,00 turnover in case of small scale industries? What decision has the Government taken to accord

priority to the small scale industries in providing most essential raw material? What decision has been taken regarding simplification of laws in respect of control over the small scale units in the private sector and whether these will be made practical and pragmatic?

In very small scale units less than 25 workers working on power are employed and in small scale units less than 50. They are also not covered under the Employees Provident Fund and Employees State Insurance Act. Therefore, I would like to oppose the Bill moved by the Hon. Minister in the House to replace the Ordinance as it is not comprehensive. I would like to urge the hon. Minister not to press for the early passage of the Bill in the House. A comprehensive Bill incorporating the new industrial policy regarding the small scale industries should be introduced in the House.

I appeal to disapprove this Ordinance.

[English]

MR. DEPUTY SPEAKER: Motion moved:

"That this House disapproves of the Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Ordinance, 1993 (Ordinance No. 4 of 1993) promulgated by the President on the 2nd January, 1993."

The time allotted for the combined discussion is two hours. Hon. Minister may move for consideration and passing of the Bill.

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (DEPARTMENT OF SMALL SCALE INDUSTRIES AND AGRO AND RURAL INDUSTRIES) (SHRI M. ARUNACHALAM): Sir, I beg to move*

"That the Bill to provide for and regulate the payment of interest on delayed payments to small scale and ancillary industrial undertakings and for matters

connected therewith or incidental thereto, be taken into consideration".

A policy statement on small scale industries was made by the Government in Parliament in August, 1991. It was stated in the Policy statement that a legislation would be brought to ensure prompt payments to the small scale sector as the inadequate working capital in the small scale or ancillary industrial sector hampers its growth and seriously affects its working. The Small Scale Industries Board, an apex body with representatives from all States, Industries and Government bodies also felt the need for suitable legislation and recommended it.

Since Parliament was not in session and the circumstances warranted immediate action, an Ordinance. The Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Ordinance, 1992 was promulgated by the President on the 23rd September, 1992.

The Bill relating to the Interest on Delayed Payments to Small Scale and Ancillary Industrial undertakings was introduced in the House of the People on 30th November, 1992 but could not be taken up for consideration and passing in winter session of the Parliament. Since the circumstances warranted its continuance, the Ordinance was repromulgated by the President on 2nd January, 1993 as the Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Ordinance, 1993.

There are nearly 20 lakh small scale units providing employment to nearly 126 lakh people in the country. The major problem facing these units is lack of sufficient working capital and the problem is compounded when the payments by the buyers are also inordinately delayed. This has been brought to the notice of the Government and in order to ensure an effective legal remedy for this problem, this Bill has been introduced in the Parliament to fulfill the long-standing and well-justified demand of the small scale industry. This Bill would give necessary statutory backing and provide

* Moved with the recommendation of the President.

[Sh. M Arunachalam]

legal frame work towards ensuring timely payments of dues to the small scale sector. This Bill is a step towards forging a climate where payments of small scale industries are not delayed. The primary objective of the legislation is to ensure the financial health of the industry.

This Bill is also sought to be introduced as a follow up policy measure announced by the Government earlier. Some of the salient features of the Bill are:

(i) Bill applies to all cases where the seller is a small scale or ancillary industrial undertaking under IDR Act and registered with Directorate of Industries.

(ii) Buyer can be anybody, be it Government, Government undertaking, cooperative body, statutory bodies, industrial undertaking - small or large, association of individuals of any size.

(iii) If there is no written contract regarding the period of payment then payment becomes due following 30 days of the date of delivery

(iv) If there is a written contract regarding period of payment, the contract is operative

(v) There is a statutory liability to pay interest on outstanding amount beyond the appointed date.

(vi) The rate of interest payable is also statutorily determined and is not negotiable

(vii) Rate of interest on outstanding amount is five percentage points above floor rate. At present it will be 17 per cent plus 5 per cent that is 22 per cent.

(viii) The interest payable is to be compounded on monthly basis.

(ix) The amount paid by a buyer towards such interest payments will not count towards deduction under Income Tax Act.

Sir, the present Bill seeks to replace the Ordinance No. 4 of 1993. I request the House to wholeheartedly support and unanimously pass the Bill. Thank you.

MR. DEPUTY-SPEAKER: Motion moved:

"That the Bill to provide for and regulate the payment of interest on delayed payments to small scale and ancillary industrial undertakings and for matters connected therewith or incidental thereto, be taken into consideration."

There are amendments to the Motion for consideration of this Bill. Those who want to move may move those amendments.

[Translation]

SHRI GIDHARLAL BHARGAVA (Jaipur): My Deputy Speaker, Sir, I beg to move: "That the Bill be circulated for the purpose of eliciting opinion thereon by the 12th July, 1993" (2).

[English]

PROF. RASA SINGH RAWAT (Ajmer): Sir, I move:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 26th July, 1993". (5)

[Translation]

SHRI DAU DAYAL JOSHI (Kota): Mr Deputy Speaker, Sir I beg to move:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 4th June, 1993" (6)

[English]

MR. DEPUTY-SPEAKER: Now, Shri Prithviraj Chavan may speak.

SHRI PRITHVIRAJ D. CHAVAN (Karad): Mr. Deputy-Speaker, Sir, I rise to

support this Bill on payment of interest on delayed payments to small-scale and ancillary industries which is in the way of confirming the Ordinance which was issued in January 1993.

Sir, it is well-known that non-payment of legitimate dues in time or delayed payments Bill by large industries to small industries is the major reasons for sickness in the small-scale sector. Sir, this Bill gives statutory backing to this long-standing demand of small-scale industries associations a demand which was accepted by the Government of India, and also by the banking sector in this country. But for the first time after this Ordinance was promulgated, we have given shape to this well-intentioned measure to protect the small scale industries.

Sir, such legislation exists in many developed countries. Japan, Italy and U.K. already have some form of legislation to protect small businessmen. Even in the United States, Sir, payments by the Federal Government, if they are delayed, are also protected by statutory measures. It is to the credit of this Government that finally we have acted to put the small scale sector on a firm footing, to stop them from going sick. It is a very wide-ranging sector. Sir, if you look at the performance of the small-scale and ancillary sector, you will find that they have out-performed the large, organised sector in many ways. Today almost 20 lakh small scale units are working in the country and they employ 12.6 million workers. Compared to this sector, the organised sector employment is stagnating at something like 6 million workers and it is not only stagnating, but the employment in the organised sector is actually going down. With MNCs coming and with industries being allowed to grow much larger, there is a fear that there will be a problem of employment generation, if we only allow the large sector to grow and persist. It is necessary to continue to support this vibrant small scale sector, which has got a major employment potential in the country.

Out of the 20 lakh SSI units, about 2.1 lakh units are sick units. The major reason

for sickness has always been the lack of working capital for the small-scale industry, a problem which was further compounded by large units delaying the payments of small units. The large units are not only confined to the private sector, but even public sector units are notorious for delaying the payments to small-scale sector and ancillary sector.

Sir, in fact, the large industrial sector have used the easy availability of credit to small-scale sector as an alternate means of finance, as an alternate means of raising their own working capital at a subsidised rate of interest. The small-scale units which were dependent on business from large units could not complain because they have to depend upon business from these units, orders from these units and they could not afford to antagonise them, they could not afford to go to the Courts to get their dues. Even in a few cases if they went to the Courts, the Courts arbitrarily decided the settlement. This was usually a very low rate of interest compared to the prevailing rate of interest that had to be paid by the small-scale units.

Sir, now what this Bill does is, mainly it has given a statutory basis to the concept that delayed payments to small-scale units will have to be paid interest. Not only has this been given a statutory basis, but the rate of interest has also been fixed. It is not only just a normal rate of interest, but there is a provision for penal interest, 5 per cent more than the floor rate, which would work out more than the normal working capital interest. At present, it will work out to 2 or 3 per cent points more than the normal rate of interest.

Another major feature of this Bill is that if the payment is delayed more than a few months, then there is a compounding of the rate of interest. It is not a simple interest, but it is a compound interest and that compounding will be on a monthly basis. There was a fear expressed that in spite of the 5 per cent point above the floor rate of interest, because the working capital is scarce and it becomes scarcer when the Finance Minis-

[Sh. Prithviraj D. Chavan]

ter applies credit squeeze or ushers a tight money policy, then the rate of interest, the the rontical rate of interest may be 22 or 23 per cent but you do not get money that rate of interest. That time, you have to go to private money lenders or to the call money market, and the call money market interest rates are known to have gone as high as 30 and 40 per cent. Thus there are fears expressed that even in spite of this kind of statutory prvision, the large industry will still continue to delay payment and pay this interest which is not very high. But the compounding facility makes it difficult for them. That is why, this is a welcome feature.

Sir, another interesting feature is that it is applicable to all type of buyer, including the Government buyers. The Government is a major purchaser of goods from the small scale sector; and includes Government department and public sector units. Under the provisions, if you enter into a long term contract for more than the 30 days which is provided in the Bill, in that contract at the time of entering into the contract, the small-scale units can easily calculate the interest on the money employed and the cost of working capital and then quote. The most important feature which will prevent the large-scale industry from misutilising this provision is that the penal interest or the interest on delayed payment is not going to be allowed as a business expense in the tax computation. It is not going to be allowed to be deducted from the tax calculation. It is not going to be a legal business expense. This is the main feature which will really go towards the success for this Bill. While opposing the Bill or while moving the Statutory Resolution, the hon. Member from the other side had generally welcomed this Bill. But their objection is, it should have been more comprehensive, even more far reaching. There is no doubt about it. A lot more needs to be done to help the small scale sector. But this should be taken as a beginning. We have made a beginning. Let this Act work for some time. Let us see how it operates. I am sure, some more suggestions will come in when the Act is allowed to

work for some time. There are a lot of valuable suggestions which have been made by the industry which can be incorporated later on in this Bill.

Our main worry is, there is no automatic provision in this Bill. We all agree with the criticism made in the Bill that there should have been some measure where the small scale industry is not required to go to court to get the payments have to look whether a tribunal is created, where speedy justice will be available without having to court. This is a major lacuna in the Bill, as it stands today. The Government is aware of this problem. I am sure, they will come forward with an Amendment after the Act is allowed to work for some more time. The industry will also come forward with the practical difficulties in operating this provision.

Another suggestion I would like to make even at the late stage is, five percentage point differential above the floor rate is too low. I would suggest this should be made at least six per cent, which comes to half per cent a month. If it is too low, it can go still higher. The Government should retain some authority without coming to Parliament every time to adjust this rate from time to time just like the Finance Minister adjusts the floor rate from time to time depending on the monetary policy. If the money is tight, the differential above the floor rate could be made higher without coming to Parliament. If the money is easy, it can be lowered to five or six per cent. As a matter of fact, the Industry Ministry could use as a policy measure to help the small scale industry. In case of tight money situation, even five or six per cent will not be enough. People will delay payment, something which is happening today in the industry.

By and large, it is a very welcome measure which needs to be supported by all sections of the House as it has the interest in promoting the small scale sector which is the major source of employment generation in the country.

With these words, I commend the Bill to the House and request every-one to support

it whole-heatedly.

[Translation]

SHRI BHAGWAN SHANKAR RAWAT (Agra): Mr. Deputy Speaker, Sir I support the basic idea of payment of interest on delayed payments to the small and ancillary industries, but at the same time I think that it is not an adequate solution to this big problem. Therefore, there is the need for a comprehensive Bill. There is no need to dwell much on the importance of small and ancillary/very small industries in the House. These industries require less investment and have got high employment potential and also promote balanced regional industrial development. Through the small scale industries gaps left by the ancillary industries can be made good. Complaints are being received from various parts of the country. So, there is the need to maintain regional balance from the point of view of development because some particular areas have been developed quite fast while others have lagged behind. From this point of view some special facilities may be created for the development of the small scale industries. It would not be exaggerated. If I say the measure taken is first a drop in the ocean

15.00 hrs.

I *prima facie* see three lacunae in this Bill. the hon. Member of the Congress who spoke before me stressed that there is wide difference between the real floor lending rates and rate mentioned in the Bill. Therefore, provision for charging of 5 per cent penal rate is not adequate. This penal rate is in fact quite low and the large industries will evolve a method of delayed financing and this way their financing will go on and on thereby defeating the very objectives of this Bill. Under what is called in economics the enlarged trade system' the amounts will not be paid, though interests will continue to be paid. Through this type of loan more benefits will be reaped in comparison to the payment of interest, instead of borrowing money from the market.

The Government will have to formulate

separate policy regarding SSI units as far as 'credit squeeze' is concerned, because SSI units have not even been spared under it and have been put at par in the matter of banning of loans to the big industries. As per the information supplied by my friend 2.1 lakh units are lying sick but as per my feedback more than 3 lakh units are lying sick.

Secondly, I would like to know as to how the provision of the payment of 5 per cent penal interest will be implemented? As I see this provision can be easily evaded and defaulted because industries will continue to 5 per cent penal interest as no provision for penalising the industries which default has been made. This means simply by paying 5 per cent penal interest all this will go on and on. Therefore, besides the charging of the penal interest of 5 per cent from the defaulters provision for punishing the defaulters for the offence of defaulting should also be made. As a result of it people will make delayed payment with 5 per cent penal interest.

Thirdly, no provision for the simplification of the judicial procedure for recovery has been made in it, as in civil litigation even upto 10 years are wasted and even then money could not be recovered and decrees could not be passed. A provision for the setting up of the small causes courts or any other tribunal should also be made, so that the matter could be adjudicated upon with in a time bound programme, in this Bill.

As I said in the beginning, I would like to reiterate again that in order to meet the requirements of the SSI units, there is a need for bringing a comprehensive Bill. Secondly, loan provision for working capital should be made to the SSI units at predefinal concessional rates of interest alongwith the element of subsidy. SSI units need be supplied with complete information regarding the total demand in the market and the type of product in demand in the market. Thirdly, the S.S.I. units should be provided the knowhow of the new technique. The quality control of unorganized sector should be ensured and arrangement should be made

[Sh. Bhagwan Shankar Rawat]

to supply information about new standards. Information of the market-interest and rules should also be made available. Moreover, I would like to State that oppression of the S.S.I Units through the high-handedness of Inspectors should be stopped. Self regulation should be started, filling of voluntary returns should be encouraged, labour rules should be streamlined, so that exploitation in the name of these rules could be stopped. In this connection, liberal attitude should be adopted. The Government has formulated the new policy which was published under the heading.

[English]

“The impact of new policy for small and tiny sectors.”

[Translation]

This new policy is adversely affecting the S.S.Is. Its first ill-effect is that now they have to compete with the multinational companies. These companies have come into the competition of the items manufactured by the S.S.I. units. There a condition has been imposed that they will export 75 per cent of their production, but the problem that our country faces is that in course of the export of the part of their production, no machinery has been set up to monitor the implementation of this condition to ensure that the multinational companies are implementing this provision regarding export of 75 per cent of their production and thereby major portion of their production is not being sold within the country itself.

Moreover, one important thing that is needed here, is that a provision should be made that our big industries will have to accept definite percentage of the production of the Ancillary Units and S.S.I. Units. These units will supply a definite quantity of their production to big industries. If such obligatory conditions are imposed on each and every industry which seems to be essential, it will give adequate relief to those small units.

Moreover, I want to submit that Small Scale Industries should be provided export facilities. If such provisions are made their condition will certainly improve.

Lastly, I would like to conclude by saying that a Comprehensive Bill must be introduced to incorporate suggestions given, by me, but the more essential thing than this one is that since we are following new economic policies and this provision has been made regarding Small Scale Sectors and S.S.I. Units, similar provisions should be made for other citizens also. For instance, if somebody has to get payment of money from a Bank, the L.I.C or any other such institution, in order to bring about economic discipline and regulation in these fields, such provisions should be made in those cases also so that in case of delayed payments by the Banks, the L.I.C. or any financial institutions where money has been deposited, they may be compelled to pay due interest on delayed payments. The people who do not get payment in time, and thereby suffer losses, should be given interest for that. It is very essential to make this provision. Although such provisions cannot be made in this Bill, Yet I want to draw the attention of the Government that it should make provisions for common citizens in other sectors also. Just like the Government has understood the problems of the S.S.I units and has made provisions for delayed payment, similar provision should also be made for common citizens because in the absence of such provision, many cottage industries of the country are facing closure. The leather industry is also facing a lot of difficulties. The carpet handicraft is also on the verge of extinct. So, these industries also should be protected. They need protection. One aspect of economic protection has been provided in this Bill, remaining other protections also should be given to them. I demand it. With these words I support the introduction of this Bill in this august House.

[English]

SHRI MUMTAZ ANSARI (Kodarma)
Mr. Deputy-Speaker, Sir, this is a very limited Bill which has been brought forward

before the House for its approval. This is regarding the interest on delayed payments to Small Scale Industries and Ancillary Industrial undertakings by the buyers. I support this Bill. But, at the same time, I recommend and I appeal that a comprehensive Bill must be brought about before the House so that it may include all the aspects within its purview and the Bill may be very much effective for the balanced growth of the Small-Scale Industries and the Ancillary Industries.

[SHRI NITISH KUMAR *in the Chair*]

15.09 hrs

This Bill only provides for the interest on delayed payments to Small Scale Industries and Ancillary Industries by the buyers. So, this is a very salutary Bill. But, at the same time, it has been pointed out in the Bill as also in the statement made by the hon. Minister that it is the lack of, paucity of working capital which is the main impediment to the balanced growth of the Small Scale Industries and the Ancillary Industries. I do agree with the view held by the hon. Minister. But, at the same time, I would like to point out that the working capital is not the only impediment or the only obstacle to the growth of Small Scale Industries and the Ancillary Industries. Rather there are a number of important factors which are responsible for the lower growth of the small scale industries and ancillary industries. For example, whenever loan is sanctioned by the financial agencies of the State or the Central Government, there is no disbursement of the loan at the right time. That is why due to delay in the disbursement of loan and a gap between sanction and disbursement of loan, there is some sort of paucity of fund at the disposal of the small scale industries and ancillary industries. And due to that delay in the disbursement of the loan to the small scale industries the overrun cost also increases. That is why, this aspect should also be included in the Bill.

At the same time, there is lack of raw material also. Once a small scale industry is set up and established in the corner of the

country, there is lack of raw material supply and as a result of that, small scale industries also die. That is why, I would like to recommend that whenever any small scale industry is set up or established in any corner of the country, there must be very much speedy supply of raw materials to such industries. And the Government must ensure that once a small scale industry is brought into existence or brought into being, regular supply of raw material be made available to such industry because due to absence of regular supply of raw material also, such type of industries die and decay also.

There is one more impediment about the balanced growth of the small scale industry. There is competition from large scale and multinational companies. This policy has been formulated by the Government just now and with the result the multinational companies will be welcomed in this country. As a result of this competition is offered by all these multinationals in all the areas of operation. It has not been confined to one area. Area has been kept open to all the multinationals. They have been left free. They can produce anything they like. So, I would like to suggest that if you want to restore the health of the small scale industries in the right earnest you will have to keep in view that if there will be competitions offered by the multinationals and the foreign companies here in the country it will be in respect of manufacture of all those goods which are previously manufactured by small scale industries. So our small scale industries are in danger and in red. Because of this they cannot survive without the protection offered by the Central Ministries here. So, you will have to change Policy of the industry. Likewise, this Industrial Policy was promulgated in the year 1948. Similarly, the Industrial Policy was promulgated, announced and implemented in the year 1956. All these Industrial Policies were in tune the growth of the small scale industries. Whatever policy you are formulating nowadays this is posing danger for the survival of the small scale industries. That is why, I would like to suggest that the small scale and ancillary industries must be protected

[Sh. Mumtaz Ansari]

from the competition offered by the multinationals and the large scale industries. Similarly, the small scale industries which are established, they are not getting free supply of electricity, water and all these basic infrastructure. So, as a result of this absence of infrastructure, absence of the supply of electricity and water and all the other basic amenities to such industries, the small the scale sector is not able to grow under this economic policy of the Central Government. So, I would like to suggest that once a small scale industry is established in any corner of the country, you will have to ensure free supply, regular supply of electricity and water and all the other basic amenities and necessities to such industries.

Similarly, there is some sort of bureaucratic interference, in such type of industries. Whenever, we try to establish any small scale industry there is the inspector-raj. Unless and until you remove such inspector raj, the small scale industries and ancillary industries are not going to grow just for want of help and facilities. There must be some sort of marketing and development research facilities, which must be made available to the small scale industries, because in the absence of such research and development facilities, small scale industrial growth will not take place in a healthy atmosphere; our tools, equipments or machineries which must be very much modern and which must be just competitive at par with those in the foreign countries and such type of facilities must be made available to them.

There are a large number of small scale industries which are lying sick in different nook and corners of the country. That is why, I would suggest that this point also should be included in the Bill that first of all, you must try to restore the health of the sick industries. Unless and until there is a revival of such sick industries nothing much can happen. And you are just going to bring about a separate Bill that only working capital should be provided. Working this capital is the life blood; and working capital is the

main thing. I would like to agree with view. But at the same time, a large number of small scale industries are lying sick and you are not taking any sort of measures, you are not taking any sort of steps in that direction to restore the health of these sick industries. How could you expect the growth of such small scale industry?

Similarly, there must be certain export facilities also and all sorts of facilities should be provided to the small and ancillary industries in order to boost up the export of such type of industrial products.

At the end, I would like to suggest that the Industry Minister must bring about a comprehensive Bill including all these aspects. And I do support that there must be a provision for the interest on the delayed payments to the small scale industries and ancillary industries, to be paid by the buyers. Otherwise, the buyers become reluctant and the small scale industries are in short supply of the working capital. That is why, I support this. But this is limited Bill. I would like to request you that a comprehensive Bill must be brought about

SHRI A. CHARLES (Trivandrum): Sir, I stand to support the Bill on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Bill, 1993. The hon. Member, Shri Girdhari Lal Bhargava, unfortunately is not present in the House now, has initiated the discussion by moving this Statutory Resolution opposing the Bill. And his main problem was that this Government have introduced a number of ordinances which go against the spirit of democratic norms and values.

Sir, what is the purpose of this Bill? Its purpose is to help the small and tiny industrial units which are struggling for funds, because of the delayed payments. When an industry becomes sick, Government have come forward with a legislation to help them and also to give them a small incentive on penal interest so that the buyer may not unnecessarily make the delayed payment; to ensure that the small and tiny sector avail themselves of this facility, Government have

gone to the extent of introducing an ordinance which is deemed to have come into force on the 23rd of September, 1992.

If not for democratic norms and values and if we had delayed, lacs and lacs of ancillary and small units would have suffered. I think on this ground at last, the entire House should have congratulated the Government for the way in which the Government have come forward to see that the small and tiny sector is helped. However, I am happy that he has supported the Bill because of the contents of the Bill.

Sir, the sickness of small scale industry is a major problem. The role of small and tiny sector, I am afraid, whether the Government have correctly understood its importance, 40 per cent of the total industrial production in this country is from the small and tiny sector only. One figure has been given by the hon. Minister himself which shows that about 1.26 crores of people have been employed in this vital sector. It constitutes almost 60 per cent of the employed people of this country. So, 60 per cent of the total employment opportunity is from this sector alone. And 40 per cent of the exports is also from this sector. So, this is the vital sector; we should take care of our industrial production which earn foreign exchange and give employment facilities and this has to be protected.

There are a number of problems that are being faced by the small and tiny sector. Of course the main problem is the lack of sufficient working capital and which will become more serious when the buyers make delayed payments. This Bill has been brought forward with a limited purpose of helping the units where the buyers delay the payments.

Small Industries Development Bank of India was established to provide funds for this sector. I remember to have participated in the discussion when the Bill was passed. I suggested that at least in every district there should be one bank. In Kerala there are 14 districts and unfortunately, there is only one bank. Its presence is not felt by the small and tiny sector in our State. This is the

condition everywhere in the country and I would suggest that a study be made to find out as to how far the objective of establishing the Small Industries Development Bank of India have been achieved and how we should ensure that it becomes an effective instrument to give the minimum required financial assistance to this small and tiny sector. I may even suggest that the SIDBI should have some tie up with the nationalised banks in every district so that the entrepreneurs of the small industrial area could easily approach them and see that the necessary funds are received.

There are other problems also for the sickness of industry like non-availability of raw material which has been pointed out by one of my friends here and I am not going to explain it in detail. The problem of marketing has also been explained here. In the Central and state Governments there are orders to give same price difference to the small scale products for purchase of Government requirements. But quite unfortunately, due to various reasons those orders are not implemented. Of course it shall be subject to the quality control and all that. I would plead that this Ministry should come forward with a compressive Bill as suggested by some of the hon. Members on the other side, for addressing the problems of the small industrial sector.

Labour trouble is another problem. I think, some sort of consensus among the political parties is necessary. When the trade unions are competing, the sufferers are the small and tiny sector. We have to create a better industrial climate so that those who are coming forward to help the country in the matter of production and in giving employment, shall not be penalised for their contribution. Outdated technology is another major problem especially in country like that of ours where agro-based industries is the vital sector, the main sector for food processing should be encouraged and latest technology should be made available. In the fisheries area, there are no facilities for freezing and preservation. A study shall have to be made to find out how the latest technology could be made available to the

[Sh A Charles]

small sector so that the Gandhiji's vision of rural India is achieved India grows only when the rural India is built up and that can be done only with the development of the small and tiny industrial sector

The Khadi and Village Industries is the major sector; but unfortunately, almost 80 per cent of the units are now functioning under the Khadi and Village Industries Board of the States or the Commission of the Centre are nch The main problem is that they are not getting their payments even from the Government I am sure this Bill is going to help the khadi and village industries sector to a large extent so that their payments are not delayed This is one of the sectors where the number of women employees is the latest About 90 per cent of the workers in the khadi and village industries sector are women Only when women are given the opportunities of employment when they are made economically free their families will get the minimum requirement for their survival We should help those industries

Then, I come to the inability of the small industries to compete with the multinationals As a result of the liberalisation I am afraid this will become a more serious problem So as suggested by an Member on the other side I feel there should be some sort of incentive or some arrangement for export An export promotion council should be set up exclusively for the small industries sector that is for products of the traditional industries, such as coir A lot of opportunities are there for export But the small and tiny industries which are looking after those industries are unable to find out market outside the country and even within the State The export promotion council could help a lot in finding out market for them in coordinating and monitoring and encourage these industries I feel that this Bill is a first step which will help them in getting the payment from buyers

They have a lot of other problems which should be looked into I request the hon

Minister to bring forward another Bill I am stressing upon two important issues The Small Industries Development Bank of India should be made an effective instrument so that they may give the necessary working capital to small units Secondly, the Khadi Commission should be strengthened All the units working under them should be made effective

I think, the hon Minister might be knowing about another problem In Kerala, the honey-bees suffered from a disease in several districts This industry has been wiped out throughout the State Several thousands of workers are now without any job They are trying to rebuild the industry This was brought to the notice of the Government of India The then Minister, Prof P J Kunen camped there He was convinced about the problem He promised Rs 2 crore In reply to an unstarred question I was given an answer about this But only Rs 50 lakh have been released The financial year is coming to a close I will plead with the hon Minister to look into this particular issue and see that Rs 2 crore promised by the then Minister are given to the State so that thousands of workers who were engaged in the honey-bee industry and are now jobless, could get employment and the industry could also be re built

With these words I support the Bill I also thank you for the time given to me

SHRI SOBHANADREESHWARA RAO VADDE (Vijayawada) Mr Chairman, Sir, I thank you for giving me this opportunity We have been insisting on bringing forward such a Bill to protect the interests of the small scale sector The contribution of the small scale sector cannot be brushed aside in view of its largest potentiality for employment generation and for generation of goods and services So we support and express our happiness for bringing forward this Bill but this Bill has still got certain deficiencies though this measure will help to some extent by forcing the bigger industrialists to pay the amounts due to the small scale sector and tiny sector The particular provision of only five per cent above the floor rate for compa-

rable lending is there. It is not to the required extent in Clause 4 and five per cent still may favour to some extent those big industrialists or big business people who are not promptly paying the dues to the small scale people who are supplying goods to them. But still, this five per cent is less than the ordinary bank lending rate. So, he has some advantage still. He may still try to drag on the payment for some more time. So, I suggest to the Government to reconsider this particular aspect and to enhance it to at least 8 or 9 per cent, if you really want to discourage those big people from delaying the payments to the small entrepreneurs. Of course, I agree with the provisions in Clause 7 under which if he has to go to an appeal, he has to deposit 75 per cent. This is a good measure. Similarly, Clause 9 says that the interest paid on delayed payment cannot be deducted from income tax. I really congratulate the hon. Minister for the provisions. As some of my colleagues who have spoken prior to me have said, this Bill alone is not going to solve the problems of the small scale sector. I am happy that Mr. Arunchalam is showing lot of interest in small scale sector and making several statements in this direction. But what the Government says and does are different. No less a person than the Prime Minister has said categorically more than a year back if I remember correctly, that inspector raj will come to an end. What does it mean? Prime Minister has categorically stated that inspector raj will come to a close and the Government will not allow any inspector to harass the small scale sector people or the small entrepreneurs having tiny units. Has that statement of the Prime Minister come to reality? No. Still large number of inspectors from various departments are making frequent visits to the small scale units and trying to harass them. In spite of certain policy measures announced by the Government at the central level, till now, the State Governments have not taken the necessary action to give a shape to them and more so, it is the case with the district administration. If an entrepreneur wants to start a tiny unit, he has to take permission from 16 departments and it will take several months for it. They will examine one aspect after another. Only after the first aspect is

examined, the second aspect will be taken up. And this will take any length of time. The policy changes that have been initiated at the centre in the name of liberalisation or whatever name we give, is not perceptible at the district level. Things are moving in the same direction. Till now, deregulation has not taken place at the grass root level and still bureaucracy has the stranglehold on the entire process of industrial growth or industrialisation.

I have earlier appreciated your effort in bringing forward this Bill. I suggest one thing to the Government. Why don't you take suitable steps to provide more credit facilities to the small scale sector and tiny sector. Though the small scale sector and the medium scale sector are contributing nearly one lakh and sixty thousand crores worth of production to our Gross Domestic Product, yet they do not get enough capital. How much capital are you giving to these sectors? It is just around Rs. 20,000 crores. But you are giving Rs. 58,000 crore either as working capital plus term loans to the large sector. Government has admitted, the hon. Minister has himself admitted the fact that the small scale sector is contributing 40 per cent towards the exports of our products to outside countries. Even then, why are you giving this sort of a step-motherly treatment to the small sector? It is high time that you kindly reconsider your policies and issue suitable and clear instructions to the Reserve Bank of India and the financial institutions to make more capital available to the small scale sector.

Just see what is happening in the large sector? The capital issues are brought forth by the large scale sector and almost 90 per cent of the capital comes from the small investors. And a very few people who are at the helm of affairs are controlling the entire thing. In addition, they also have the facility of mutual fund assistance, some market funds and so on. But there is no such facility extended to the small scale sector. It is suffering mainly due to want of working capital. That is why, I also suggest to the Government to enhance the limit with regard to the tiny sector. Without any hesita-

[Sh. Sobhanadreeshwara Rao Vadde]

SHRI AJOY MUKHOPADYAY
(Karishnagar): Chairman, Sir, I thank you for calling my name.

tion, you have removed the upper limit for MRTTP, which was Rs. 100 crore earlier. Now you are allowing Rs. 200 crore or Rs. 300 crore or to any extent. There is no limit at all. Why don't you enhance the limit for tiny sector from Rs. 2 lakhs to Rs. 10 lakhs? You just see what is the cost of steel, what is the cost of iron and ferro-alloys. If you want to be practical and if you really want to encourage the tiny sector, then please enhance the limit.

I also request the Government to provide more representation of the small scale sector on the Small Industries Development Bank of India. I say this because more representatives can effectively protect the interests of the small scale sector.

Finally, I urge upon the Government to constitute a National Commission on Small Scale Sector to study in depth the problems of this sector, and suggest solutions. As you know, Mahatma Gandhi advocated the philosophy of small sector. Many people think his views are not relevant to the present times. But I can definitely say that for centuries to come, his advice is the only way that can help this country. This is the only sector which can provide employment on a large scale. In a backward country like ours, where 371 lakhs of unemployed people on the live registers of our Employment Exchanges are awaiting some kind of employment, this is the only sector which can assure more and more jobs. In the absence of employment opportunities, a lot of social tension is mounting in our society and different parts of our nation are already in flames. So, it is high time that the Government must in all seriousness examine the relevance of Gandhiji's preaching. And I hope that the Government will constitute the National Commission on Small Scale Sector to go in depth into these issues and come forward with better solutions so that a clear path, at least in the near future, can lead this country to prosperity. I thank you very much for giving me this opportunity.

The present Bill seeks to replace the ordinance which was promulgated on the 31st September, 1992 and re-promulgated on the 2nd January, 1993 for making provision for interest on delayed payments to small scale and ancillary industries. Such an enactment was a long standing and legitimate demand of the small scale sector. So, the present Bill is no doubt a welcome step which was long overdue. But, while wholeheartedly supporting the Bill I would also like to say that the small scale and ancillary industry cannot prosper or even be saved by merely making a provision for the interest on delayed payments.

So far as sickness is concerned, you know that the small scale sector is the main victim. A large number of small scale industries have either been closed or are going to be closed. So, by merely bringing one provision for payment of interest, the problem will not be solved.

The problem is not only confined to that of working capital, as has been stated in the Statement of Objects and Reasons. The problems are manifold. There are problems of raw material, marketing, infrastructural facilities, etc. etc. Above all, the new Industrial Policy resolution which has been adopted at the behest of the imperial financial agencies, the position has become the worst; because, as you know, through this Industrial Policy the small scale sector and all either ancillary industries have been thrown to unequal competition. The door has been opened and the Indian monopolists and foreign multinationals are not at total liberty to invade this sector. In that case what will be the fate of the small scale sector, one can easily imagine. That is being demonstrated also through the growing sickness of the industries in this sector.

Too much protectionism may not be desirable but the imperative need for giving proper protection to this vital sector can be ignored only at the cost of national interest.

The small scale and ancillary industries which are labour intensive industries, play a vital role in our economy. This sector provides maximum employment to the people. Not only that their share in the export is about 40 per cent of India's total export. But by throwing this sector to an unequal competition the Government is bringing a total disaster a total ruination in this sector.

By making a provision of payment of interest on delayed payment, the process of ruination can be delayed to some extent, not more than that.

If we see the budget proposals which are quite in consonance with the conditionalities of IMF and the World Bank, you will find that they go against the interest of the small scale industries in general. The Finance Minister has proposed a reduction of excise duty on a number of articles particularly on luxury goods or those which are generally used by the affluent section of the society. But he has preferred to tax the SSI sector to a great extent. That has not been clearly spelt out in the budget speech of the Finance Minister. But a close scrutiny will reveal that an amount of Rs. 200 crore will be mopped up from the SSI sector as an additional revenue. Moreover reduction of excise duty on transformers and domestic electric appliances will surely tell upon the competitiveness of the SSI because there are large industries in this field also. For obvious reasons, most of the SSI units cannot take full advantage of the MODVAT facility. Now the Finance Minister has told that notional MODVAT credit facility will be withdrawn; if it is withdrawn, then this withdrawal will definitely create a more difficult situation for the SSI units.

As I told earlier, there are many other problems in SSI and ancillary industries. I do not want to detail out those problems now; because this Bill is for a very limited purpose. If the Government is really serious to bring back or restore the health of the small scale industry in general and if they want its proper growth, then they must bring a comprehensive Bill with that purpose.

The interest rate is also very low. In the budget proposals, by proposing to raise full exemption limit from Rs. 20 lakh to Rs. 30 lakh, the Finance Minister has not in real terms raised the limit.

If you compare it with the wholesale price index when the 20 lakh limit was imposed and now when he has proposed to raise it to 30 lakhs and the corresponding wholesale price index, then you will find that in real terms there has not been any rise in the limit.

So, Sir, while supporting this Bill I would again request the Government to seriously ponder over the thing, the employment potential of this sector its role in the exports etc. If you consider all these things together then you must agree with me that there is no other way but to give some protection, real protection so that they may revive, they may prosper. By that the national interest will be served.

With these words, I conclude, Sir.

SHRI SRIBALLAV PANIGRAHI (Deogarh): Mr. Chairman, Sir, the Bill that is before us is quite appreciable. There are some welcome measures in it. As you know, Sir, as such it has received wide appreciation and support from both the sides of the House. I also have the pleasure to extend my support to this Bill.

Sir, the Bill is the redemption fulfilment of a promise made by the Government about more than a year before. If I remember correctly, when Prof. Kurien was the Minister in charge of this Department, he made a promise on the floor of the House that this measure would be introduced, so as to give this facility of payment of interest on delayed payments or clearance of dues of small scale sector. So a promise has been fulfilled which was overdue. Of course, better late than never.

But, Sir, this Bill, as pointed out, has a very limited purpose, though it will considerably help the small scale sector in their financial position. It will smoothen their work-

[Sh. Sriballav Panigrahi]

ing in as much as their working capital requirement would be solved to a certain extent. Certainly it cannot just revolutionise the entire process of the working of small scale sector, which is also very much needed now.

The sickness of small scale sector is worrying everybody. The sickness cannot just be wholesomely attributed to this problem, the problem of delayed payments by the buyers; together with that several other problems are also associated. What I emphasise is that should be gone into. It is a matter of anxiety. It is a matter of concern. India is a country of villages. More than 7 lakh villages are there in India. About 80 per cent people live in the villages. The number of urban centres and towns is very limited. The disturbing feature is that urbanisation in the country is rapidly taking place with large scale migration of poor people from the villages; from the rural areas to urban centres in search of livelihood. This has got to be checked. This has got to be arrested very effectively. How can we do it unless small scale industries in large numbers are located in the rural areas and a climate is built up wherein these units are so established that they prosper and do not perish? The establishment of small scale units is important but more important is their prosperity, survival and their satisfactory working.

There has been some survey in our country about the small scale and village industries. According to the survey, if the results of the census of SSI units 1987-88 are any guide, about 30 to 40 per cent of these registered units might be non-functional. The value of output of the SSI sector in 1991-92 at current prices, is estimated at Rs. 178700 crores, about 15 per cent higher than the out put of Rs. 155340 crore in 1990-91. This is the turnover; this is the magnitude.

Gandhiji used to say India lives in villages. We have to lay proper emphasis on industrialisation of rural areas and naturally which lies in the small sector.

I would like to quote from another survey conducted in 1987-88. I quote:

"They show that out of 9.87 lakh registered SSI units as on 31.3.1988 included in the frame, 3.05 lakh units which constituted about 31 per cent of total registered units were closed."

This is a horrible picture.

I would like to say that this will be a good piece of legislation. This should be implemented properly. As I said earlier on so many occasions on the floor of the House that this country does not lack in good laws but what is required is their proper implementation. I would request the Government that this Bill when it takes the form of law should be implemented properly in letter and spirit.

The Government and Government undertakings are the highest purchasers of the products of the small scale units. But, how is it that the Government again defaults in making payments? Who are the officers responsible for such payments? Now, for their lapses, we will have to pay 23 per cent interest.

16.00 hrs

They have to pay 5 per cent above the floor rate of interest, that is about 23 per cent. They will be virtually blacklisted. Such failures will also be mentioned in the statement of audited accounts. That has to be mentioned. It is good that for the purpose of income-tax it will not be included. There are good provisions. Why will you not take the errand officers to task? I suggest that those who are responsible for this should be taken to task. The matter should be entered in their confidential character rolls. They should be debarred from further promotions.

Sir, what is happening in this country? You know that in some public undertakings they hire cars from market from travelling agencies. These poor and self-employed people have to make several trips to the offices for the settlement of their bills. This

should be looked into. There are some people whose intention is not good. they expect something from these people. They expect their palms to be greased for this purpose. But for all these things the Government is unnecessarily blamed. I suggest that the errant officers who are responsible for this should be viewed seriously and suitable action taken against them.

Sir, as Member of Parliament you must have attended the District Industries Centres meetings. They call those meetings just to take the seal of our approval and for this they prepare the list of beneficiaries and show some programmes. Sometimes the people who are seeking assistance of Rs.25,000 or Rs. 50,000 have to move from place to place to get support to set up the small scale unit. You know how they are subjected to harassment by the banks and other institutions. If they do not get the entire amount sought for and in the process if they spend 25 per cent of it, what can we expect from them? What respect these young people will have? I suggest that proper selection and guidance should be there. The banks harass these people for financing them. What can we expect of these young and frustrated people?

If proper guidance is not given these units will become sick from their birth itself. That is what is happening today. Also marketing facilities and other things should be given and we have to take care of these things.

Sir, you know about legal system in our country. You know how long litigation takes. If there is provision for out of court settlement of legal disputes I think it will help. This will save harassment. Now it should be the endeavour of the Government also to think whether such out-of-court settlement could be arrived at. Or the minimum that is to be done is to provide summary procedure it should be there to give them this relief. Otherwise it will lead to problems. The big parties who do not mind engaging good lawyers by paying heavy fees to them will deprive the small and helpless people engaged in the small scale sector and they will

continue to be harassed. I would request the Government to bear this point in mind.

With these words, I lend my full and hearty support to the Bill and while concluding I would request the Government to ensure its proper implementation.

[Translation]

DR. LAXMINARAYAN PANDYEA (Mandsaur): Mr. Chairman, Sir, prior to the introduction of this Bill, the Government had issued an Ordinance and hon. Shri Bhargava has moved a Resolution re Disapproval that ordinance I support the Resolution. Shri Bhargava has moved this Resolution because the Government did not display sufficient presents to remove the problem of delayed payment being faced by Ancillary Industries and undertakings. On the contrary, the Government should its promptness in introducing the Ordinance alone. This issue was being raised for the last two or three years. The Small Scale Industries Board had apprised the Government in 1988 in this regard. The Government was again reminded in the year 1990 to come forward with a Bill for the protection of these industries from their ruination. Otherwise these industries will be closed down. Although the big industries take goods from Ancillary Industries, yet they do not make their payment for a long period and in that situation, they have to pay huge amount of interest on the delayed payments. As a result of it, the industries either become sick or come on the verge of closure. It not only renders hundreds or thousands of labourers jobless, but also the Small Scale industries go out of order and it adversely affects the economy of the country. Therefore the Disapproval Motion has been introduced regarding which I want to submit only this much that had the Government taken timely action and as I mentioned that had it taken action in accordance with the suggestions or the proposals presented to it in 1988 and 1990, the Bill presented in last session which could not be discussed for certain reasons, could have been passed at that time itself and the Government could have saved itself from issuing the Ordinance at the first stage and

[Dr. Laxminarayan Pandeya]

therefore, after the expire of that ordinance, it would have again saved itself from the trouble of issuing another Ordinance. This could have been averted. So, Shri Bhargava has moved his Disapproval Motion against Government's tendency of introducing Ordinances.

So far as this Bill is concerned, I think nobody has any serious objection to it, because it has been introduced to protect industries and to safeguard their interests. But at the same time, utilising this opportunity I would like to mention their difficulties also. Though this is a very small Bill and its purpose too is limited, yet I would like to ask the Government whether it has ever conducted any survey regarding the difficulties of Ancillary industries or Small Scale Industries. Do you propose to set up any national commission, which will look into their difficulties? Do they get the required facilities and advice from the district industry centre or the Industries directorate in time? Has the Government considered about anything to solve these problems? If at all it has considered, it would have brought a comprehensive bill about delayed payment instead of this Bill. So, I would like to bring these problems before you in brief.

All the big companies, whether Tata, Bata, BHEL or any other one, they get their goods manufactured by their ancillary companies, put their own stamps and market those goods at the rates three times more than the actual cost. When those ancillary companies demand the payments in time, they do not listen to them and do not make payments in time. What has been done by the Government to stop this trend, due to which the ancillary industries are being destroyed. So far as I know, there are near about 4000 ancillary industries in Madhya Pradesh, which are on the verge of closure. They are repeatedly requesting the Government to provide financial help. Has the Government considered about the basis on which they may be re-financed? When they ask for refinance the Government give vague replies that they are sick companies and

they cannot compete, the goods manufactured by them are faulty and so they are not of a standard quality and therefore they may not be able to market their goods etc.-etc.

During the last two years, near about 5 to 10 per cent of ancillary industries in the country have closed or become sick. This has adversely affected thousands of workers, who used to get employment in these industries. Has the Government thought about this problem? Already, there are lakhs of workers, who have become jobless due to the closure of textile mills and now by adopting such attitude towards the ancillary or small industries, the Government is interested only in raising armies of unemployed persons in the country. Already our country has a large number of unemployed persons. So, their problems should be given serious consideration and those industries, which can work properly, should be refinanced. You are going to give them loan on 5 per cent. Is it a sufficient measure in this regard? Ultimately they will have to pay the interest and even the compound interest. It is not going to solve their problems. You may say that 5 per cent interest is not such a high rate. In fact they may not be able to give even this much. But I think that this 5 per cent interest will not be able to solve their problems. So, this matter should again be considered.

Now, I would like to submit about the problems regarding electricity. Do the owners of small industries get electricity in time? Labour laws are being strictly imposed on small industries. Vigilance inspectors also inspect them thoroughly. They do not inspect the big industries. If they go there, the Public Relations Officer of those industries tackle them tactfully and convince them. They do not take notice of the problems faced by the small industries. A factory of Gwalior Rayon is situated in Nagda under my Constituency and one and half months ago, there was an accident in the factory in which there was a heavy leakage of chemicals and several persons were killed. No one is concerned about such accidents, but the small industries are always being inspected. No legal action is taken against the big

industries, but even the police visits the small industries and they have to face lots of problems. I would like to request you to consider this matter seriously and the small scale industries, which are trying their very best to compete in the open market should be encouraged by providing financial help in time.

Besides this, a national commission should be set up for all other issues. This Bill will certainly be passed and become an Act, but it has to be seen who will clear the issues. In my opinion, a tribunal should be set up in this regard. Until you do so, how will you be able to solve the problems? If the cases will be referred to the courts, they will take a long time. So, I would request that a tribunal should be set up so that those issues can be solved.

Without taking any more time, as two of my colleagues has to speak, I would request the hon. Minister to save these industries, whether ancillaries or small sector ones. These industries are the backbone of our economy. Thousands of people are employed in these industries. The small industries can provide employment to more people than the big industries, as the big industries are based on automation. The Government should seriously consider this issue and should bring a comprehensive Bill in place of this Bill. The Government should reconsider it and should bring this Bill again here to rectify its shortcomings. We will welcome that comprehensive Bill which will be brought for the expansion and upgradation of the ancillaries and small industries. Otherwise if the situation remains the same and the inspectors are depended upon and disorderliness is not removed, this step will not at all be appreciated.

I thank you for giving me time to speak.

[English]

SHRI RAMESH CHENNITHALA (Kottayam) Mr. Chairman, Sir, I rise to support the Bill which is introduced by the hon. Minister for Interest on Delayed Payments to Small Scale and Ancillary Indus-

trial Undertakings.

Sir, at the outset, I congratulate the hon. Minister for introducing this piece of legislation for protecting the small scale sector. In our country, there are 20 lakhs of small scale units and they are providing employment for 126 lakhs of people. Out of these units, 95 per cent of them belong to the tiny sector.

The main problem which all these small scale units are facing is working capital. There are innumerable problems, but the main problem which they are facing is the lack of working capital. The financial crunch is the main obstacle for the progress and further development of the small scale units.

Sir, apart from this, they are facing, the delay in the payment by the buyer will also affect them very adversely. Considering all these aspects, the Government has issued an ordinance. Now the Bill is before this House to replace this ordinance. Definitely the Government must have discussed this policy with various small scale entrepreneurs, their associations and the opinion of the small scale industry board also would have been taken into account. This piece of legislation is brought forward after consulting all the concerned people. I agree that some security will be definitely given to small scale industrial units. The main problem is financial access. It was always a topic of discussion and debate. Many committees were constituted which have submitted their reports. Institutional agency including RBI studied about the working capital, term loan component. The main problem which all the small entrepreneurs facing are the rigid approach of the commercial banks regarding working capital. Their rigid and inflexible attitude is one of the major and important problems confronting the industry and small entrepreneurs. Over the years, small scale industry sector has made rapid stride in size in number of units, in generating employment and in contribution towards export earnings in our country.

In 1975-76 5.46 lakh small scale units were in operation. In 1991 it rose to 19.8

[Sh. Ramesh Chennithala]

lakh. There is an increase of 250 per cent. Correspondingly, it is a significant increase in employment and production. SSI sector constitutes about 91 per cent of the units in factories sector and 38 per cent of total employment is provided by this small and tiny sector. It is 23 per cent of the gross output and 18 per cent of the value added products with only six per cent fixed capital. The export increased by 13 per cent to 28 per cent. This itself will give a clear example that in our country, small and tiny units are developing. They are giving more employment opportunities. In the field of exports, they are sharing a very nice picture. We have to protect this industry; we have to give all incentives. Finance should be made available to them in time, which is an urgent necessity of such a unit. Due to lack of capital lack of finance these factories are in a difficult situation.

Certain features in the Bill are very important. Those units registered with the Directorate of Industry will definitely get the benefit according to this Bill. If there is a written contract, it will not affect. Otherwise the period will be 30 days. I am congratulating the Minister for putting this provision as the limit of payment is stipulated for 30 days. If the buyer does not make a payment by the stipulated date as fixed in the Bill, he will be liable to pay interest on the outstanding which will be five per cent over the rate fixed by the RBI

Therefore, it will become 23 percent. My request to the hon. Minister is please consider about enhancing the rate of interest. 5 per cent is inadequate. If you really want to protect the small-scale and tiny units of this country, please enhance the rate of interest from 5 to 8 or 9 per cent. That is the most relevant point that I want to make.

The amount together with the interest payable under this Act by way of suits, as the hon. Members on the other side pointed out, the legal formalities are very complicated and a poor man who is running a small unit cannot resort to court to recover the

amount. This legal proceedings will definitely affect the prospects of the unit. My humble request to the hon. Minister is to constitute some tribunal or something like that so that these legal complications will not affect the unit negatively. Unnecessary delay is there in our legal cases. In order to avert the delay, please constitute some tribunal or some arrangement like that.

Finally I want to urge upon the Government to study the present situation of the small-scale and tiny units in our country. Definitely they are making their contribution to our economy. Of course, there are certain units which are not running properly. Some are dead. Some are sick. But their contribution to our economy cannot be ignored. They are contributing to our country. They are giving more employment. We have to help them. My considered view is that, in spite of these difficulties, our tiny units are performing very well. We are proud of them. In the coming days we have to protect them. There are shortage of raw materials, transport and other facilities. Hence, my humble request to the hon. Minister is considering the importance of this sector, you have to study the entire problem. I know our hon. Minister Shri M. Arunachalam was earlier also the Minister of Small-scale Industries. The hon. Minister knows the problems of the poor and small-scale entrepreneurs. So, a Committee should be appointed for going into the details of the problem. What are the problems confronting the poor entrepreneurs, the small-scale entrepreneurs, the tiny entrepreneurs? You should go into the details and on that recommendation, there must be some measures to be taken from the side of the Government.

Small Industries Board of India should formulate a special fund for providing necessary equity and other support to SSI units to meet at least a part of their equity contribution and a part of public issue. This scheme should be operated through the State-level financial institutions. If that can be provided, it will be highly helpful to all the units which are facing financial difficulties.

Secondly, a separate Small Business

Investment Company may be established exclusively for dealing in the shares of small, medium entrepreneurs notwithstanding operation of over-all counter-exchanges of India. The main reason of the sickness of the industrial units is the non-accessibility of finance. In order to solve this problem, I am making these two suggestions, finally, once again I congratulate the hon. Minister for this piece of legislation. Definitely this legislation is welcome from all the corners. Everybody is waiting for a comprehensive Bill. Before coming with a comprehensive Bill, a study is necessary about the present situation of the SSI and tiny units in our country.

I urge upon the hon. Minister to constitute a Committee to go into details and submit a report on that basis if it is found necessary please come forward with a comprehensive Bill.

[Translation]

SHRI RAMASHRAY PRASAD SINGH(Jahanabad): Mr. Chairman, Sir, first of all I would like to thank you for allowing me to speak something.

This Bill on the interest on delayed payments to small scale and ancillary industrial Undertakings should have come much earlier so as to save the national loss we have been incurring so far. Our small scale and ancillary industries are facing great difficulties for want of adequate capital. This is the reason that these industries are incurring heavy losses.

The first and foremost thing is that due to their incurring losses our small scale industries are lagging behind. There is a need to improve their condition for the progress of small industries and prosperity of the country. Secondly, the small scale industries are unable to utilise their full production capacity because of non-availability of raw material of required quantity. The raw material they get is half the requirement which is also not available to them in time. This makes them unprofitable. One more reason is that due to acute shortage of

electricity in Bihar these industries become unprofitable. You are requested to ensure them regular supply of electricity so that there is no fall in their production.

The fourth reason is that the items which were earlier being produced only by the small scale sector are now being produced by big industrialists. If multi-national companies will also start this, who will purchase productions of the small sectors. We see that a large number of people have become jobless. For example, a blacksmith makes hammers and spades. Now a days the Tatas have also started production of these tools. Both the productions come to the market. We find less number of customers for blacksmith's production and more numbers for Tatas' production, because the Tatas make them with the help of modern technology and these have fine finishing, whereas tools made by blacksmith are generally rough. That is why the blacksmith incurs loss. Handloom also comes under small scale industries. Cloth produced by the small scale sector is not much in demand. People buy cloths of mills for their fineness and low price. Small scale industries provide employment to two crore people. If you want to keep them employed, you have to think of improvement in the small scale industry. Small scale industries make the country strong. In today's world Japan has the highest number of small industries and their currency is a hard currency. Our country is lagging behind in the field of small industries. We have to make improvement in them. In this Bill, the interest aspect should be discussed in detail to remove its shortcomings.

In our country, we have 20 lakh small scale industries and fifteen percent of them are sick. I would like to cite two-three examples in this regard.

In Gaya district of Bihar there is an NTPC unit. There is also a cotton and a jute mill. There are good machines in the mill and the workers are also very active, but due to timely non-availability of cotton, the mill is running in loss. First, you should know the reasons behind the loss. If you cannot pro-

[Sh. Ramashray Prasad Singh]

vide raw material, that is not the reason for the industry running in loss, because it proves your own inactiveness and mismanagement. The cotton mill in Gaya is unable to utilise its full capacity due to non-availability of required quantity of raw cotton. The mill remains closed for four to six months for non-availability of cotton.

There is a yarn mill in Mokama. Its condition is almost the same.

16.31 hrs.

[SHRI TARA SINGH *in the Chair*]

I think, if the small scale industries get raw material in time and function with full capacity, they will be able to provide strong economic base for the country. I would like to request the Government to pay heed to this.

There is a scooter factory in the constituency of the previous hon. Chairman who just left the Chair. Crores of rupees of the Government had been invested in this factory. That factory was closed within two years. That factory was set up in Fatuha but its condition is also very bad. The whole machinery is lying useless. It is not being utilised: Government is paying wages to the employees of the factory without any work. I would like to know whether there is anyone to see why these factories are incurring such loss, no matter whether they are under the Central Government or the State Governments which also do not pay any attention to their factories. The Central Government should pay attention towards it and take steps to restart Fatuha factory. If the Central Government takes the management of this factory in its own hands and restart it, it will earn much profit. The land of the local farmers was acquired for it. Therefore, there is double loss. Firstly, the factory is incurring losses and secondly, there is no agricultural production on the land acquired for the factory. This is a double loss to the country. Government should also pay attention towards this fact. We have drawn the attention

of the Government, from time to time, but nothing has so far been done in this regard either by the State Government or the Central Government.

It is our request that Central Government should pay attention towards it and provide required funds to the State Government and take the control of Fatuha factory in its own hands. Initially, scooters were manufactured there but if it has no market then some other items can be manufactured there for which a good market is available.

There are other small scale units which manufacture goods in support of Tatas for example there all small units which manufacture and supply goods to Tatas. But the Tatas do not make payments in time on some or the other pretends, sometimes they start complaining about the quality of the goods produced but in reality they want to exploit them. All big industries want to put an end to small scale industry. Government should pay attention towards it because everywhere big industries want to swallow small scale industries.

Therefore Government should bring a fresh bill for the development of small-scale industries so that their sickness could be removed and become self-reliant. The development of small-scale industries is very important for the economic development of the country. As a matter of fact, everywhere in the world small-scale industries play an important role in the development of the country. A total of 40% of the goods that we export to other countries are manufactured in the small-scale industries. When the Government earn a large amount of foreign exchange through small-scale industry, it should pay attention towards it. I conclude with this.

SHRI MANJAY LAL (Samastipur): Mr. Chairman, Sir, I rise to support the Bill which has been brought in connection with small scale industries. This Bill could have been introduced much earlier. But it is better late than never. But I would like to request the Government to bring a comprehensive Bill in this regard.

Mr. Chairman, Sir, I would like to submit that Mahatma Gandhi made two categories of industries. He called small-scale industries as 'Tarak' industry i.e. which bring prosperity and big industries as 'Marak' industry. But after independence the 'Tarak' industry were reduced to nothing and for the development of the 'Marak' industries, big multi-national companies are being invited in this country. Government is going for privatisation. We are forgetting the Father of the Nation. In small scale industries, more people are provided employment and the less capital is required. But in big industries a large capital is required and very less people get employment. That is why the problem of unemployment is so acute in this country. Crores of youth are unemployed. If we want our country to be prosperous and if it is to march ahead on the path of success we must pay due attention to the development of small scale industries. Khadi Commission was founded for this purpose.

Mr. Chairman, Sir, the office of the Khadi Commission should have been in some village of Bihar whereas it is located in Bombay. That is why many obstacles are faced in getting Khadi certificates from the Khadi Commission. Similarly, many problems are faced in getting capital the persons who want to set up industries. New entrepreneurs have to face a lot of difficulty in getting capital. They have to face serious bureaucratic hurdles. Therefore I would like to state that if we want to develop the small-scale industries and want our country to make progress, more facilities should be provided to them. Mere providing relief in interest would not serve the purpose. Banks charge compound rate of interest on the amount provided by them and the capital gets exhausted in paying interest; they do not get running capital, as a result majority of the industries are either on the verge of closure or have fallen sick.

Mr. Chairman, Sir, I would like to submit that small-scale industries cannot incur much expenditure on publicity of their goods as is done by the big industries through T.V., Radio and Newspapers, with the help of wide publicity, they sell goods even if they

are of inferior quality. Our small-scale industries lag behind while multi-national companies sell their bad quality goods in India with the help of wide publicity through various media. I would like to state that some restriction should be imposed so that the goods manufactured by small-scale industries are not manufactured by big industries. Small-scale industries manufacture soaps and candles and if Birla's start manufacturing the some articles in big factories, goods produced in small scale factory cannot compete with them. Previously in villages, potters earned their living by making pots. Now Birla has become the master of potter, because they are manufacturing all types of hindolium and alluminium utensils. Similarly, Batas has now become the great shoemaker, a job which was solely done by charar community in villages. Village cobbler are starving these days whereas Bata is prospering day by day. Same is the case with the village smiths who earned their living by making small agriculture implements like spade, etc. which are now being manufactured by the Tata's in big mills and the rural artisans are starving. Therefore, I would like to request the hon. Minister that he should impose a ban on manufacturing of such articles which are produced by small scale industries by big industries so that the big industries do not manufacture those articles in big factories. The slogans of self-reliance and Swadeshi given by Mahatma Gandhi are relevant even today in view of the poverty in the country. Today we are allowing the multi-national companies to manufacture small goods as a result thereof the small-scale industry would be closed and they would render us beggars. When a Single East India Company made us slaves for two hundred years, one could well imagine the fate of the country when a large number of multi-national companies are being allowed to operate their business in this country. Therefore, their entry should be stopped and a comprehensive Bill should be brought to do the needful.

Our forty percent of the import is contributed by small scale industries. We lend money to big industrialists but do not lend money to small-scale industries. If we lend

[Sh. Manjaya Lal]

money to small scale industries, our country would make progress and move towards prosperity.

With these words, I conclude. Thank you very much.

SHRI VIRENDRA SINGH (Mirzapur):
Mr Chairman, Sir, I think I must support the Bill brought in the House in connection with payment of penal interest to the small scale industries. Government has brought this Bill. It has always encouraged big industries. But the country can make progress only if attention is paid to the small scale industries. Bapu had thought of swadeshi only. Good ideas should be adopted at any level. Therefore I support the Bill.

This Bill is not comprehensive. Government should have analysed the causes for downfall of small scale industries and the Bill should have made provision for improvement of small scale industries, India is a rural country. India can only make progress if the villages make progress. Only the village people set up small scale industries. Unemployed village youth set up small scale industries. The Bill does not take note of the causes of downfall of small scale industries. Government has tackled only a very small part of the problem namely the problem of interest.

As one of my friends has remarked, the items which were previously produced by the village artisans are produced by Tata's in big industries when this question was raised yesterday, hon. Minister stated that the goods which are produced in small scale industries would not be allowed to be produced by big industries. Goods manufactured by small scale industries do not have any market. They are not sold. Therefore, the manufactures are forced to sell their produce to the big industrialists. The articles which used to be sold for one rupee in the villages is sold for ten rupees after brand names of Tata and Birla are stamped on them. Big industrialists take full advantage of this situation. Poverty which was earlier made by the potter is now being made by

Birla. The small and cottage industry is on the verge of extinction in the villages. No attention is being paid in this regard by the Government. In this age of publicity and advertisement blacksmith, carpenter and potter cannot stand competition against Birla and Tata. Now through this actions multinational companies are entering the country. When foreigners came in the country they enslaved it. But now the country will not become slave.

MR. CHAIRMAN: There is no use of repeating the points already made by the previous speakers. Raise some new points.

SHRI VIRENDRA SINGH: Now I want to ask another question which arises from the first point.

An attempt is being made to ruin the small scale industry through misuse of the provisions of child labour in the labour laws. Today some voluntary organisation have sprung up which are launching campaigns in the name of emancipation of bonded child labour. These voluntary organisations are receiving assistance worth crores or rupees from abroad. The Government as well as people of the country also provide them assistance. Swami Agnivesh has formed an organisation by name of 'Bal Bandhua Mukti Morcha'. The Government should be aware of the fact that it is a traitor organisation. This organisation is working for the destruction of small industry. Under our social system the farmer and his son both work in the fields. In such a situation, will the son of a farmer be regarded a child labour? I would like to ask the Government whether this law would also be applicable to the son of a farmer who is below 14 years in age and works with his father in the fields. The Government should define it properly. What is the definition of bonded labour in real sense? A case of treason should be instituted against those persons who are launching bonded labour emancipation and child labour emancipation campaigns. This issue was raised in the Parliament also. Bal Bandhua Mukti Morcha receives publicity through the media of foreign countries.

Carpet industry is being run through

small scale units in my constituency. Labourer in the villages are engaged in carpet industry. Child labourer Act is being used against these poor people. They are being put behind the bars. 15 lakh people are engaged in this industry. A conspiracy is being made to ruin them. As a result, the flow of foreign exchange worth crores of rupees has stopped. Organisers of Bal Bandhua Mukti Morcha are out to destroy this industry. An allegation has been levelled against the hon Member from Rabertsganj that he is dancing to the tune of industrialists of the carpet industry. If to work to the tune of carpet industrialists is against the interests of the country such people should be tried on the charge of treason. The Government should think over it and thorough inquiry should be ordered into it. These people are destroying small industries in the name of Child Labour Law and Bonded Labour law.

Babu had laid emphasis on Swarajya and self-reliance. It was aimed at not only getting independence but also to instil a sense of self-respect among the youth of the country through self-reliance. In a country where the number of unemployed persons is very large, the unemployed youth will certainly be forced to take to crime. But the Government has not formulated any schemes to deal with this situation. The youth who have been given employment through small industries are finding it difficult to run these units in the absence of a proper market for the products manufactured by these units. Therefore, I would like to request the Government to provide market for the goods manufactured in the small scale industries being run by the unemployed youth. Besides, the price of these products should also be fixed. Dr Lohia had launched 'fix price' (dam bandho) movement. Prices of the goods should be fixed whether they are manufactured in the small scale industry or in the big industry. Pt Deen Dayal Upadhyay had also a vision as to how the country could progress on the basis of swadeshi and self-reliance. At present some voluntary organisations are formulating schemes through a forum called Swadeshi Jagran Manch for the expansion and pro-

motion of small scale industries. I would like to tell the Government that implementation of such a scheme would be successful and certainly there would be expansion of small scale industries in India.

With these words, I support this Bill half heartedly. I request the Government to bring forward a comprehensive Bill in this regard. Then the whole House will support it.

SHRI SURYA NARAYAN YADAV (Sahasara) Mr Chairman, Sir, there is no scope of speaking much on the Bill introduced by the hon Minister. The Government should implement the suggestions given by all the hon Members regarding this Bill because only small scale industries can lead the country on the path of progress. But as Shri Ramashray Babu has said these industries are facing odd conditions. He also cited an example of a scooter factory that was opened in Patwah but that factory could not run. The Government had provided funds for a lot of industries but the goods manufactured by them could not be sold in the market.

The small scale industries cannot compete with big industries. Therefore, there is a need for enacting a comprehensive law through which a provision should be made to the effect that the items being manufactured in the small scale industries should not be allowed to be manufactured in big industries. For instance oil, surf and several other items can be manufactured in small scale industry. If the Government allow the big industries to manufacture these items, the small scale industry cannot compete with them and will become sick ultimately. Therefore, a Bill to this effect should also have been brought forward. Two years ago when we were elected to this House, it was decided that after giving a serious thought a Bill on the subject would be introduced. Mr Arunachalam, I am talking of 1990-91. You have recently taken charge of this department.

There is a provision in the Bill for the payment of interest at the rate of 5 percent. The Government had adopted a policy of

[Sh. Surya Narayan Yadav]

double standard in this matter. This is not good. In the event of non-payment of their of their dues, the small industry owner will get interest at the rate of 5 per cent. But if a small scale industrialist takes loan from the bank, he pays interest at the rate of 11 per cent. Therefore, at least the Government should have made provision of paying interest at the rate of 11 per cent in this Bill.

Though I support this Bill yet I demand that after incorporating all the suggestion given by the Hon Members a Comprehensive Bill should be brought to provide relief to the small scale industries.

[English]

SHRI A. ASHOKARAJ(Perambalur): Sir, on behalf of the AIADMK, I would like to say a few words on the Bill, namely, Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Bill. 1993.

Mr. Chairman, Sir, in the Statement of Objects and Reasons, it is said that this Bill is brought to ensure prompt payment to small industrial units. This will also help the exercise of the ancillaries getting their dues quickly even when the courts intervention is required. I would like to mention one thing here. At a time when credit squeeze is effected on the Banks, the small scale sector is perhaps the worst sufferer. It not only faces the liquidity problem on account of stoppage of overdraft, it is also forced to finance large industry and trade through enlarged trade and supply credit. Therefore, I would like to emphasise that as far as tiny and small scale sectors are concerned, this credit squeeze should not be made applicable to them. Here I would also like to remind what Shri Manmohan Singh had stated in last September, when he arrived in Delhi from an IMF-World Bank meeting in Washington. He said:

"The era of concessional lending is coming to an end.

But referring to the role of the small and

medium scale industries in the new economic environment, Dr. Singh said:

"Though the current market-friendly global economic scenario gives rise to a period of uncertainty, it also offers a period of opportunity."

So, the hon. Finance Minister admits that there is uncertainty. But perhaps it also creates opportunities. One thing comes to my mind in this context.

When people belonging to Scheduled Caste and Scheduled Tribe communities want to stand on their own legs and when they try to improve their social and economic conditions, I don't think the Banks which are supposed to help them, are giving a helping hand. The hon. Minister knows it very well. Of course, we keep on advertising and we keep on telling our people that we have helped these weekers sections. But actually, what is happening? When we approach the Banks, they never help us on time. Even when they help, they do it very reluctantly, Help never comes easily from them.

For example, the Central Government's IRDP assistance is given to the States. When the State Government releases the subsidy, most of the Banks do not provide help in time. Three weeks back, I attended the district level review committee meeting in Tiruchinapalli. We know from our experience that only cooperative banks are extending their help in this regard. Though there are so many hundred of branches of many nationalised banks, in those areas, they are not lending any help and they refuse to help. Not only that, they also indulge in unscrupulous activities which are not at all good for the society and the nation. Even after the release of subsidy, the Banks are not coming forward to help. And assets are not created.

The next aspect that I would like to mention is about the wooden handicrafts in my constituency. In Arumbalur of Perambalur Taluk of Tiruchinapalli District, we have the wooden handicrafts industry. There is a cooperative society. These wooden

handicrafts are sold even in Delhi. But the middlemen who purchase these things at a very low price, do not even pay them at one time. It takes three or four years for them to pay these poor people who are engaged in making the wooden handicrafts. They give only one-fourth or one-third of the amount actually due to them and that too after a long time. The Government-owned agencies, which are supposed to buy these handicrafts, are not at all extending any help to the cooperatives of handicrafts. So, there people are suffering a lot on account of all these things. I would like the hon. Minister to personally look into these things because this industry mainly consists of Scheduled Caste and Scheduled Tribe people. I request that the hon. Minister should see to it that all these flaws are removed and actual help is extended to the beneficiaries.

[Translation]

SHRI DAU DAYAL JOSHI (Kota): Mr. Chairman, Sir, our colleague Shri Girdhan Lal ji does not actually intend to disapprove the contents of the Ordinance which is now going to be given the shape of a Bill; but the half hearted way in which the present Bill has been introduced is really objectionable. I am thankful to the hon. Minister who, through this Bill, has tried to provide relief to the people. I would like to submit to the hon. Minister that promotion of Small Scale industries is now the only ray of hope left for the country. There is no other country in the world whose schemes, that are implemented fail to provide employment to the people. In India even the Eighth-Five Year Plan does not envisage anything to contain the rising number of unemployed person. Unemployment is increasing day by day. The number of unemployed persons is now more than four crore. The man behind seating up of big industries was late Pt. Nehru, who thought that industrialisation would provide employments to the people of this country. But the rapid advancement in technology would in no way provide employment to the people. The Chambal Fertilizer Industry established at the cost of rupees all crore is going to be functional after 14th April in my Constituency of Kota city. I represent that constitu-

ency from where 10-15 boys come to me daily seeking employment. Such a big industry is going to be set-up, but even those who are behind it are helpless because the introduction of modern technology in it, would provide employment to three hundred or three hundred and fifty persons at the most. The increase in the number of unemployed youth has become a great problem in the country. I would like to submit to you that the problem of unemployment can be solved only by encouraging small-scale industries. The Government is, therefore, required to bring about a radical change in its policy. Our political party is of the opinion that Pandit Nehru had formulated all his policies keeping in view the exploitation. There was a growing demand at that time for the nationalisation of industries. There was a demand for nationalisation of everything. If the cotton mills were sick, there was then the same suggestion to nationalise them. Nationalisation was considered to be the only solution which totally failed. This policy failed even in Russia. Unless industries are made labor-oriented, the industries in the country cannot prosper. The Government will have to change its policy. Indian culture expects everyone of making prayers when one gets up in the morning. When one gets up first of all one pays reverential salutation rubs one's palms, watches them and first of all offers prayers.

'Karage Baste Laxmi Kar Madhye
Sarawati,

Karmule To Govindam Prabhata Kar
Darshnam"

With the hope that Laxmi (Goddess of wealth) will dwell in palms, he watches them. God was not fool to send man on the earth. Man was bestowed with two hands so that he could earn Laxmi (wealth). It is only unfortunate that despite our industrial policy continuing for 40-45 years, people are fed-up as they are not getting any job.

I would like to submit that the Government should thoughtfully reconsider its industrial policy. The Government can itself think that when Tata group manufactures

[Sh. Dau Dayal Joshi]

selt and advertise it on Doordarshan, what would then be the fate of small scale industries engaged in manufacturing salt. Similarly, when the Hindustan Lever manufactures and markets 'Dalda' vegetable oil, Lifebuoy Sunlight soaps etc, what would be the fate of village-based small-scale industries manufacturing those items. I, therefore, request that the Government should give a rethinking these things. There should be a survey regarding the existing small-scale industries. The Government should for example try to know the number of small-scale industries running in Faridabad. I am sure the data will stun the Government. I would therefore like to repeat that if the Government is serious about providing employment to the people, it will then have to accept the challenge ahead and it would bring about radical change in its policy in the interest of small scale industries to provide relief. With these words I conclude.

SHRI TEJ NARAYAN SINGH (Bikaner)

Mr. Chairman, Sir, rise to oppose this Bill. The reason is that these small scale industries are in such a bad State that they are always running in loss, moreover the growth of big companies is adversely affecting them. The recent provisions the Government is making will hit them all the more. Consequently unemployment will increase and then I do not think even God may save this country.

Mr. Chairman, Sir, according to the Government statistics the number of educated unemployed persons in the country is around five crore. Farm labourers are not included in that list. The working condition of Small Scale Industries will further worsen the condition of the farm labourers as well. I would, therefore, like to submit that the hon. Minister should introduce the Bill after re-considering it, otherwise the condition of small-scale industries will worsen further. There is nothing to complain against the allocation made by the Government, but the sum of Rs. 1,000 crore invested by the Government in our area will surely be wasted. This is why I oppose this Bill and this is why I submit that this Bill should be introduced

only after giving a rethinking to it so that the small-scale industries may be saved from ruination.

With these words I conclude.

SHRI RAM NIHOR RAI (Robertsganj)

Mr. Chairman, Sir, I am thankful to you for giving me time to speak.

Mr. Chairman, Sir, as India is agriculture-oriented country, it is also a country that is mainly suitable for small-scale industries. We can recall our late leader Chaudhan Charan Singh whose policies are being followed by the Janata Dal (A). It was his policy that attention should be paid to small-scale industries. Pt. Deen Dayal Upadhyay also held the opinion that the country can develop only when small-scale industries in the country are encouraged and that is the way to solve the problem of unemployment faced by poor farmers, labourers etc. We have been observing that the items so far being prepared by blacksmiths, carpenters, potters etc. are now being manufactured by Tata and Birla. What will be its result? The money being allocated for small-scale industries and the manner in which it is being allocated is improper. This leads to price rise only because when loan is disbursed half of loan amount is grabbed by the government employees and officials as also by leaders. There is no doubt about it. Only a little amount of the actual loan-amount reaches to the actual persons. What I want to suggest is that the youths who are interested in setting up small scale industries should be given interest free loan for five years. Moreover I would like to suggest that the loan thus given to them should be recovered during a period of fifteen years.

They should be provided with electricity on priority basis and arrangements should be made to sell their products as per the system prevailing at Tatas and Birlas. There is a company called Hindalco of Birla group which is considered as one of the biggest companies in Asia. It deals in manufacturing of small utensils. Through this House I want to submit that the Adivasis and Hanjans living there intend to start small factories to

manufacture such utensils like plates, lota, katori and glasses etc. Therefore Hindalco should give some quota of the aluminium to the locals and thus help in establishing cottage industries. Sonbhadra and Mirzapur districts are the most backward areas of my constituency which is inhabited by poor Adivasis. Our area is the largest producer of the electricity and the fifty percent of the power generated by Sonbhadra and Mirzapur thermal stations are being supplied to the other parts of the country. I do not oppose this Bill. I only want that local poor youth and educated unemployed youth should be provided employment in the industries which are being established there and they should also be encouraged by providing loans to start their own small scale units

Secondly, our area is most backward and stone-work is the main profession of the people there. The local carpet industry is also famous. I would like to submit that the poor are being exploited there as they are being kept as bonded labourers. If this carpet industry is closed the people will starve to death. Apart from this yarn should be provided on loan basis to the handloom weavers there for the next five years so that they may be able to earn their livelihood. Then only they will be able to make some progress. Through you, I want to know from your leaders, Sh. Kailash Satyarthi and Shri Agnivesh ji about the locations where they have kept those labourers of Mizrapur, Sonbhadra and Bhandohi for whom they claim that they have been freed from the clutches of exploiters and it has been done by organising Bandhua Mukti Morcha. In which college they are studying and where are those hostels which have been constructed for them? What is this going on? They are collecting funds from foreign sources to destroy Mirzapur and Bhandohi.

SHRI VIRENDRA SINGH (Mirzapur): Mr. Chairman Sir, it is with reference to the question raised by Shri Ram Nihor Rai that Shri Kailash Satyarthi and Shri Agnivesh Ji who run a voluntary organisation in the name of Bandhua Mukti Morcha are reported to have collected crores of rupees

from foreign countries as well as from our country in the name of voluntary organisations and claim to make many bonded labourers free. I want to know the details from the Government as to how many bonded labourers have been freed and at which places they are living happily.

SHRI RAM NIHAOR RAI: While supporting this Bill I also want to submit as most of the people in my area belong to poor tribal community. They do stone work in the mines, make utensils they work with the help of a small hammer and chisel, these people should be provided special facilities. I want to submit that the items manufactured by people who are working manually in cottage industries should be totally exempted from sales tax and lease should directly be given to the workers. We are the followers of Chaudhari Charan Singh and even our leader Shri Ajit Singh also champions this principal that justice should be meted out to the rural farmers. With these words, I conclude.

[English]

SHRI THAYIL JOHN ANJALOSE (Alleppey): Mr. Chairman, Sir, the Bill seeks to provide interest on delayed payments to small scale and ancillary industries. The objective is very limited. It is to ensure payments to money by buyers to the small industries. While supporting the Bill, I demand the Government to bring forward a comprehensive legislation which would touch upon apart from the problems of working capital of these industries, the question of supply of raw material and other infrastructural facilities.

In this context, I would submit that with the change in policies, small scale and ancillary industries are faced with competition from medium and large industries. We should consider the importance of these industries in creating employment and in augmenting exports and in generating a sense of pride in our own ability.

I urge upon the Minister to meet the needs of these industries sympathetically.

[Sh. Thayil John Thayil John Anjalose]

I would have been happier if I could say that the Government have risen to the occasion. The fact is that the sickness in the SSI sector is on the increase. The role of the banks and other financial institutions are not so susmpathetic as it should have been. Regular supply of raw material is not guarenteed. The money should be given in time to these small units. There is a very much delay in getting the loan applications processed and get the loans in time.

Dearth of power supply is evident. Harassment by inspectors is rampant.

The proposed comprehensive relgisation, that will be brought soon, should take all these factors into account.

So far as the present Bill is concerned, I support this Bill because it responds at least partially to the persistent demands made from time to time by the small scale industries.

I thank you for the opportunity given to me to speak.

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (DEPARTMENT OF SMALL SCALE INDUSTRIES AND AGRO AND RURAL INDUSTRIES) (SHRI M. ARUNACHALAM): Mr. Chairman, Sir, I am very much thankful to all the hon. Members who have participated and suggested various measures for the health of the small scale and tiny sectors.

The whole gamut of small and tiny industrial sectors has been discussed here. The hon. Members have given valuable suggestions and ideas for the protection of small scale and tiny industrial. But, this Bill is brought to the House with a limited purpose, that is to provide for and regulate the payment of interest on delayed payments to small scale and ancilliary industries.

The hon. Member who has mooted the statutory Resolution, Shri Girdhari Lal Bhargava, has raised many very valid points.

He has said that the scope of the Bill is narrow. I too agree with him that the scope of this Bill is very limited. Our limited object is to ensure prompt payment of the delays to the small scale sectors. There are various aspects of small industries like availability of credit, sickness etc. These problems have to be tackled separately. He has also raised the issue of credit and about the report of the Nayak Committee. He had already submitted the report in September, 1992. The report is under consideration of the Reserve Bank of India. I hope the decision will be taken very shortly.

The hon. Member has suggested to increase the excise exemption limit from Rs. 20 lakhs to Rs. 25 lakhs for small scale sector. The hon. Finance Minister is very kind towards this sector. He has already announced in the current Budget, raising the limit of small scale and excise from Rs. 20 lakhs to Rs. 30 lakhs.

Shri A Charles and Prof. Rasa Singh Rawat have suggested for setting up of special tribunal for this purpose. This is also in our mind. After the Act comes into operation, we will study its working. If it is felt that a Tribunal is required, steps will be taken to constitute a Tribunal.

Our hon. friend Shri A. Charles has raised a point about the bee-keeping in his State. The Khadi Commission has already earmarked Rs. two crores to rehabilitate the bee industry in the State. We have already released Rs. 50 lakhs to that sector. There are some suggestions from the hon. Members from the State to convene a meeting of the Members of Parliament. I am thinking of convening a meeting in the first week of April at Trivandrum to discuss how to distribute this money to the real farmers.

Coming to our friend Shri Mumtaz Ansari, he has mentioned about the impediments to the growth of small scale sector. He has said about the gap between sanction and the release of loans. These are the issues we have to discuss separately. Of course he has given valuable suggestions. We will definitely take them into consider-

ation.

Coming to Shri Ajay Mukhopadhyay, he has said that multi-nationals are being allowed free entry in the small scale sector and this will destroy the small scale sector. This is not correct. I would like to inform the hon. Member that there are about 836 items which have been reserved for the exclusive manufacture by the small scale sector and in that area no multi-nationals can enter unless they commit an export obligation of 75 per cent. And now, under the recent new policy, we have allowed large industries to have the equity participation of 20 per cent to improve the quality of the small scale sector.

My friend Shri Ramesh Chennithala has given a number of useful suggestions. I will definitely examine the suggestions given by him. He has taken a keen interest in the small scale sector. I am very much thankful to him.

Hon. Member Shri Virendra Singh has raised the issue of child labour. It is well known that there is child labour in many industries like match industry - which is in my area also - and carpet industry. It is our policy to remove such social exploitation. We cannot support such exploitation of children. This is an issue which is being taken care of by the Ministry of Labour.

Shri Sriballav Panigrachi mentioned about participation of D.I.Cs (*Interruptions*)

[*Translation*]

SHRI VIRENDRA SINGH: Mr. Chairman, Sir, it seems to me that the question raised by me is not being followed by the hon. Minister. He has spoke about abolition of employing child labourers. I have also said the same thing that country should be saved from the clutches of those who are running organisation in the name of Bal bandhua Mazdoor Mukti Morcha and are usurping crores of rupees from Government of India as well as foreign countries in the Same of salvation of Bonded Child Labourers

and are leading an amorous life. The children who are learning the skills of carpet weaving should not be removed of learnings the skill. (*Interruptions*)

MR. CHAIRMAN: Shri Virendra Singh, how hon. Minister can tell about it so quickly?

SHRI VIRENDRA SINGH: Mr. Chairman, Sir, he has stated that bonded child labourers should not be employed in carpet industry. I also have supported it that the people working in this industry are being exploited but the children working in the carpet industry our just learning this skill, they are not working there as bonded labourers.

MR. CHAIRMAN: Your question pertains to labour Ministry, you may take your seat.

[*English*]

SHRI K. RAMAMURTHEE TINDIVANAM (Tiruvananthapuram): What you said is because of the State Government, You have to tell them.

SHRI A. CHARLES: Sir, the child labour comes under the labour Ministry. (*Interruptions*)

MR. CHAIRMAN: Hon. Minister may continue.

SHRI M. ARUNACHALAM: Sir, I have said that there are child labour problems. It is the policy of the Government to remove such social exploitations. Therefore, I have said that we cannot support that exploitation.

Coming to our friend Shri Sriballav Panigrachi, he has said that he has been invited for D.I.C. Evaluation Committee meetings and other things. He has to be happy that he has been involved at least in D.I.C. programmes. There are Members who have complained to us that they have not been involved and they have not been invited for any meetings of the DIC programmes at all.

SHRI K. RAMAMURTHEE
TINDIVANAM: We have not been invited.

SHRI M. ARUNACHALAM: That I do not know.

Coming to our friend Dr. Laxminaryan Pandeya..

SHRI K. RAMAMURTHEE
TINDIVANAM: We, Member of Parliament, have no role in Tamil Nadu in the District Industrial Development Council. We have no role, we are not members, we are not invited and we are not informed. We are kept out of it.

SHRI A. ASHOKARAJ: No, it is not so. You are not attending those meetings. Officially all Members of Parliament as well as State Legislature are called for that meeting. *(Interruptions)*

SHRI M. ARUNACHALAM: I have not mentioned any particular State. *(Interruptions)*

Sir, a number of Members have suggested about the National Commission for the promotion of small scale industries. Sir, I have to go back to my desk and I have to find out what possibilities are there.

SHRI M.R. KADAMBUR
JANARTHANAN (Tirunneveli): He never attends the meetings. I cite one example. For the past ten years... *(Interruptions)*

SHRI A. ASHOKARAJ: It is highly unfair, Sir. All are called, I know that. *(Interruptions)*

MR. CHAIRMAN: Please allow the Minister to speak.

(Interruptions)

SHRI RAMESH CHENNITHALA. Mr. Chairman, Sir, through you I wanted to put a pertinent question to the hon. Minister regarding the enhancement of the rate of interest. That is the most important point, to safeguard the interests of the small scale units. So, I want to know whether the Gov-

ernment is contemplating to enhance the rate of interest from 5 per cent to 10 per cent or 8 per cent.

SHRI M. ARUNACHALAM: Sir, this is an initial stage. Let us see the working of the Act. Then we will consider this aspect.

Sir, our hon. friend from Tamil Nadu, Shri Asokaraj, has raised many issues. He has made many suggestions also towards the betterment of weaker sections of society. Sir, we will take it up with the appropriate Ministry.

With these words, I am once again thankful to all the Members who have participated and made suggestions, and I request the House to pass the Bill without...

SHRI AJOY MUKHOPADHYAY: Are you giving any assurance to bring a comprehensive Bill improving the position of this sector?

SHRI M. ARUNACHALAM: That is what I have said, I will go back and I will study the situation, I will discuss with other industrial associations and other people and I will come back to the House.

MR. CHAIRMAN. Shri Girdhari Lal Bhargava.

[Translation]

SHRI GIRDHARI LAL BHARGAVA: The hon. Minister has not answered any of the questions asked by me. He has not followed my point as he is a new Minister. Intellect is not available in the market it can only be sharpened by exchanging views in the House. hon. Minister has answered all other questions but.. *(Interruptions)*

MR. CHAIRMAN: He has said that he will consider it.

SHRI GIRDHARI LAL BHARGAVA: When will he consider. What is hurry of getting the Bill passed today only. There are many other points which should have been included in this Bill before presenting it in the

House. This point has also been supported by the members of the Congress Party. I disapproved this Ordinance because during this session 24 ordinances have been issued, which has broken the record till date. While supporting the Bill, I have raised a point that it should be brought in the form of a consolidated Bill. I have not mentioned this thing that Gandhiji worked on spinning wheel and, it comes under small sector. Doctor Lohia had spoken about "Dam bandho" you forgot the "Swadeshi" adopted by Shri Din Dayal Upadhyaya. You have forgotten Lohia ji Din Dayal Upadhyaya ji and also Gandhiji, on whose name you get votes... you forget his spinning wheel as well as his ideals. I request you to consider this point.

You have mentioned about 20 lakh units, 10 lakh units out of these have become sick... as a result of which lakhs of units of small scale sector have been closed down. Their critical condition has thrown lakhs of workers out of employment. What will happen to these workers? You say that the interest on the loans given to them will be waived off. You go on singing this song. You must think about the workers rendered unemployed due to closure of these small scale units. How will you revive them? It is very important to revive them. You will certainly get revenue out of it. Leaving this point you are singing another tune from 1 p.m. to 6 p.m. Kindly tell us, what will happen to those unemployed persons. Supreme Court as well as High Court has ordered to revive these sick units at any cost. Do not let these units close. On the one hand you do not obey the Supreme Court orders and on the other hand you are forcibly referring the Ram Mandir case to the Supreme Court (*Interruptions*) I am adding to the knowledge of the hon. Minister

[*English*]

SHRI M. ARUNACHALAM: Sir, for the kind information of the hon. Member, I would like to inform that I am not a new Member. I am here in the Lok Sabha from 1977 onwards and I am not here by accident also

[*Translation*]

SHRI GIRDHARI LAL BHARGAVA: I feel that he was not there in the previous cabinet.. (*Interruptions*) He might have got another portfolio. It might be the Department of Family Planning,

[*English*]

SHRI M. ARUNACHALAM: I was looking after this department in the previous Government for four-and-a-half years.

[*Translation*]

SHRI GIRDHARI LAL BHARGAVA: I have come here for the second term. Will we be able to get rid of inspector Raj for the development of small scale sector? If we do not get rid of it, then there is no hope for the development of the small scale sector. Small scale sector should be liberated from the inspectors Raj. It is very essential to give importance to small scale sector and private sector while formulating Industrial and Economic policies. It is necessary to give it financial assistance as well as concession in taxes like Corporate Sector. Manmohan Singh ji as well as Kurien Saheb have said that the Nair Committee was constituted. What is there in that report? That Committee observed that the rate of interest on loans advanced by banks should be reduced. What happened to the report of that Committee. Whether it was submitted or not? Whether it was implemented or not. The former Minister Shri Kurien had said that if Nair Committee gave its report against small scale sector then they would tear it off and throw away. They would definitely reduce the rate of interest on the loans advanced by bank. What have you done about that? He should inform us categorically whether he has reduced the rate of interest being charged by banks or not?

Then he said that in order to avoid delay in repayment and to provide loan on unjustified rate of interest 5 per cent more interest would be charged and if anybody wants to make an appeal a decree, then would have to deposit 75 per cent of the amount. Only

[Sh. Girdhari Lal Bhargava]

then he will be entitled to file an appeal. I think in the wake of all these things the small scale industries will not be able to prosper. What items will be included by the Government of India in the list of the items to be produced in small scale industries? Shri Manmohan Singh has made a long speech that multinational and foreign companies would come to India. And if it happens, then the small scale industries will not be able to compete them and in this way they will perish. This is a serious matter, Mr. Chairman, Sir, as a result of which the small scale industries would be ruined. Then, there is no use of giving such concessions to small scale sector. I think, if you reserve certain particular items to be produced by small scale sector alone, which cannot be produced either by multinational companies or by big industries, only then the small scale sector would survive.

If we look at the Seventh Plan, we find that the amount growth rate of small scale sector has been 12.9 percent. Of the total export of the country, 40.40 percent was made from this sector. These is an increase in the employment opportunities by 5.46 percent. Similarly, during 1990-91 its growth rate came down to 8.5 percent whereas during 1991-92 it has reduced to just 3 percent, this is the position of small scale sector..

MR. CHAIRMAN: These points have already been converted.

SHRI GIRDHARI LAL BHARGAVA: Not covered.

MR. CHAIRMAN Covered.

SHRI GIRDHARI LAL BHARGAVA: Not covered. You may go through the proceedings. I never repeat what I have already spoken. Whatever I speak this year, I will not repeat it next year. Next year I will raise new points. I remain attentive about it because I am matriculate. I am not B.A. or M.A. so before speaking I think twice.

MR. CHAIRMAN: While speaking you also stress that whatever you speak is right.

SHRI GIRDHARI LAL BHARGAVA: I want to submit that during 1990-91 a sum of Rs. 25,000 crore was invested in small scale sector which provided employment opportunities to 1 crore 65 lakh people whereas a sum of Rs. 200,000 crore was invested in large scale industries which provided jobs to only 66 lakh people. I also suggested the hon. Minister for setting up of a fund for the development of small scale sector. The fund would be exempted from the income tax and would be raised by the small scale entrepreneurs. It would loan to new industries, sick industries and for the revival of the dead industries. If small scale industries development fund comes into existence, as was announced by Shri Manmohan Singh, then all sick industries would get loan from it and they would not pay any income tax. I think, hon. Minister would certainly answer to it.

Mr. Minister, I do not have any hostility against you. I have opposed the ordinance but I am half -heartedly supporting the Bill. I request you with folded hands that for the sake of Gandhiji for the sake of small scale industries and for the sake of upliftment of the poor, you should bring a comprehensive Bill within this session because so far as I know this session will last up to 20th May. You should not pass it in a haste.

I am still firm on my resolution for disapproval of the ordinance and I request the hon. Minister to bring a comprehensive Bill and also include my suggestions to this Bill.

Thank you for giving me time to speak. I am thanking the hon. Minister in anticipation, who is approving my resolution by maintaining silence.

[English]

MR. CHAIRMAN: The question is:

"That this House disapproves of the Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings

Ordinance, 1993 (Ordinance No.4 of 1993) promulgated by the President on the 2nd January, 1993."

The motion was negatived.

MR. CHAIRMAN: We will now take up consideration motion of Small Scale and Ancillary Industrial Undertakings Bill, 1993.

[Translation]

Shri Bhargava, are you withdrawing your amendment?

SHRI GIRDHARI LAL BHARGAVA: I have already moved it. If hon. Minister accepts my suggestions, I will withdraw it.

MR. CHAIRMAN: We says that he is considering it.

SHRI GIRDHARI LAL BHARGAVA: Mr. Chairman, Sir if there is consensus in the House that I should withdraw my amendment. then I will obey it. If the House asks me to withdraw it, then I have to withdraw it.

[English]

MR. CHAIRMAN: I shall now put amendment No. 2 to the consideration motion, moved by Shri Girdhari Lal Bhargava to the vote of the House.

Amendment No.2 was put and negatived.

MR CHAIRMAN: Now I shall put amendment No. 5 to the consideration motion moved by Shri Rasa Singh Rawat to the vote of the House.

The Amendment No 5 was put and negatived

[Translation]

MR. CHAIRMAN: Shri Dau Dayal Joshi Amendment No 6

SHRI DAU DAYAL JOSHI. (Kota) Sir. I want to withdraw my amendment with the permission of the House

MR. CHAIRMAN: Is it the pleasure of the House that the amendment No. 6 moved by Shri Dau Dayal Joshi be withdrawn?

SEVERAL HON. MEMBERS Yes.

Amendment No. 6 was, by leave withdrawn.

[English]

MR. CHAIRMAN : I shall now put consideration motion to the vote of the House.

The question is:

"That the Bill to provide for and regulate the payment of interest on delayed payments to small scale and ancillary industrial undertakings and for matters connected therewith or incidental thereto, be taken into consideration."

The Motion was adopted.

MR. CHAIRMAN: Now the House will take up Clause by Clause consideration.

The question is:

"That Clauses 2 to 11 stand part of the Bill."

The motion was adopted.

Clauses 2 to 11 were added to the Bill

MR. CHAIRMAN: The question is:

"That Clause 1, the enacting Formula and the long title stand part of the Bill.

The motion was adopted

Clause 1, the Enacting Formula and the long Title were added to the Bill.

SHRI M. ARUNACHALAM: I beg to move:

"That the Bill be passed."

MR. CHAIRMAN: The question is:

"That the Bill be passed."

The motion was adopted.

STATUTORY RESOLUTION RE.
DISAPPROVAL OF THE GOLD BONDS
(IMMUNITIES AND EXEMPTIONS)
ORDINANCE;

AND

GOLD BONDS (IMMUNITIES AND
EXEMPTIONS) BILL.

[Translation]

SHRI GIRDHARI LAL BHARGAVA(
Jaipur): Mr Chairman, Sir, I beg to work .

" That this House disapproves of the Gold Bonds(Immunities and Exemptions) Ordinance, 1993, (Ordinance No. 22 of 1993) promulgated by the President on the 31st January 1993".

Mr. Chairman, Sir, at first I would like to congratulate the hon Minister for becoming a Minister I submit that at the instance of the leader of my party Shri Atal Bihan Vajpayee, the Government has brought this Gold Bonds Bill in the House. There is no two opinion about it that Shri Atal Bihan Vajpayee had referred to it while speaking on the Budget.

I am again requesting that the Gold Bonds Bill should be repealed because the said ordinance was promulgated during the current session and was issued too late.

During the last budget session, honourable Shri Atal Bihan Vajpayee, while speaking on the Budget, had stated that Gold Bond is beneficial for the country, but at that time you had ignored this advice and neither you had promulgated an ordinance nor any action had been taken in this regard. 'What ever I am stating is a fact, you can remember it You have named this ' The Gold Bond Scheme, 1993' Under this

scheme, the buyers of the Gold Bonds will get the relief in Wealth tax Gift tax, Income tax, Customs, Foreign Exchange Regulation and foreign subscription regulation etc. You have said this thing.

Secondly, you have said that the buyers will not be forced to reveal the source of the gold and the money for the purchase of gold. I would also like to point out that this Gold Bond Scheme was announced by the Finance Minister Dr. Manmohan Singh in his last budget speech. You have brought it late, you should have no objection in admitting this fact. You had promised for it during the last February and after a period of one year you are bringing it. You have also promised that Gold Bonds bearers will be exempted from Income tax and Gift tax and this scheme will continue from 15th March to 14th June. It has been enforced since 15th March. Today, it is 18th March, three days have been passed since the scheme is enforced. It has become effective since the date of promulgation of the Ordinance. I mean to say that a period of only three months has been mentioned in it i.e. from 15th March to 14th June. I would like to submit that this period of three months is not sufficient; so, you please think over it

Thirdly you have stated that the buyers of these Gold Bonds will get the same amount of gold back after five years I would like to point out that condition of returning back the same amount of gold after five years will have no attraction for the people so I would like to suggest that you should propose to give them some acres of land along with the gold for constructing the house etc It would be a better proposition to attract the people. The attraction of land will be more effective. The land has more attraction than the gold 'Indira Vikas Patra' also doubles the money in five years. Thus the proposed Gold Bond Scheme does not benefit the people in any form

SHRI SURYA NARAYAN YADAV(
Sahasra): Why are you asking for the land?

SHRI GIRDHARI LAL BHARGAVA:
Today land has become so costly, that the