

[Dr. G. S. Rajhans]

ployment of Children Act to enhance the penalty so that it has a deterrent effect on employees who violate the provisions of the Act. We believe that this will go a long way in discouraging the employers from violating the provisions of the Act."

[Translation]

I shall be practical. Bihar was under President Rule. Bribery was rampant there prior to President rule. Following the President Rule, the bribe seekers said, "We shall now be caught, we shall now be sent to jail for longer period, so please enhance the rate of bribery." You have brought this legislation. The employer hitherto used to give Re 2 to the worker. He will now pay Rs 1 They will say, 'we shall be caught, we shall be sentenced for such period, so please bear this burden also.' Hon Minister, Sir, I am categorical and practical. This Act will prove harmful instead of advantagious.

I was pained at what my friend from West Bengal said the other day. A congressman could never utter such things. He asked Mr. Scindia to remove Bihare's because they had made the encroachments. Where do you want them to go? Settle them in Bengal or elsewhere. No referance of Bengal or Bihar has been made from the Congress side. Our friend Mamta Banerjee is called the Royal Bengal Tigress. She does not discriminate between States.

The hon. Minister had promised in June last the introduction of a comprehensive Bill. Please bring or comprehensive Bill. A reference has been made to the report of Gurupad Swamy Report. Government should incorporate the main points made in its recommendations. Child labour is not a new problem. This is a very old universal problem. Child labour was employed in textile mills in England when the industrial revolution took place. It is from there that this movement started; the trade union movement was born there. Then the need of a socially acceptable solutions to this problem was felt. Enactment of legislation is not a solution of this problem; may it be a carpet industry of Kashi or a matches industry of Shivakashi. I recollect

an incident. A riot took place in an European country. The king asked the Minister what the people wanted. The minister replied that they wanted bread. The King said "Tell the people, if bread is not available, they should have cake". The stand of hon Minister that Government enacts laws which provide square meals to the children is not proper. This stand will not benefit anybody.

Sir, I shall now narrate the conditions prevailing in North Bihar where man is facing starvation. Some middleman from Delhi, Bombay or Calcutta goes there and promises jobs to the people there. The people leaves for that place and become bonded labour later on. Sir, it is not a problem of child labour. It is a problem of bonded labour. The starved man does not care for any law. Enactment of laws will not solve the problem. There should be some alternative like vocational training.

I would like to tell the hon. labour Minister that there are a number of child labourers doing various jobs for the last 20 to 25 years? Why to look for the problem of child labour elsewhere. The whole constructions industry in Delhi engages child labour.

Provision of enhanced punishment will not solve the problem of child labour. some economic alternative must be found out and the it should be such as is acceptable to all and it should benefit these people in real sense.

17.25 hrs.

HALF-AN-HOUR-DISCUSSION

[English]

Increase in Sick Industrial Units

MR. CHAIRMAN: Now, the House will take up Half-An-Hour Discussion. Shri Priya Ranjan Das Munsi to speak.

SHRI PRIYA RANJAN DAS MUNSI (Howrah): Mr. Chairman, Sir, I am

greatful to you that ultimately the discussion has been admitted. The sick industrial units' problem in the country is not merely related to a few units and the working class. It is positively contributing to increase the inflationary rate and directly affects the economy of the country, the growth rate, per capita income and price index, etc.

Mr. Chairman, Sir, the picture, if I may narrate, is so horrible that it is high time the Government came out for taking some action. According to the answer available to my question, based on which this discussion is allowed in this House, the figure is that more than 80,000 units are sick as on June 1984 and by this time, I apprehend it would have surpassed the figure of 90,000. Apart from the sick units, there are some closed units in Engineering, Jute, Textile, Chemical plants and Plastics with an involvement of public money of more than Rs. 3.5 thousand crores in these sick units and closed units and about 4 million people are involved in earning their bread and livelihood. Just for a while you think of what would be the plight and sufferings of these people and the ultimate stake in the economy, inflationary rate and the growth rate in the country.

Mr. Chairman, Sir, in the current year's report on industry, it has been stated that during 1983-84, production from the small scale industries was estimated to be around Rs. 41,620 crores providing employment to over 84 lakh persons and export earning from this sector was estimated to be Rs. 2350 crores representing about 24% of the total exports of the country. This picture is bright, no doubt. But if you take into account of 92,000 sick units and the involvement of 3.5 thousand crores of rupees, then I personally feel that you cannot justify the brightness of your picture.

Now, I would give some specific points. I will just try to convince the Minister before he gives his reply today as to how the Government is not fulfilling its promise given in this House or at least the officers of the department are not obeying the directives of the Government. Now, the

Government had said on 23rd January in reply to a Starred Question No. 204 that for sick units revival measures will be guided in so many ways and in this connection I quote :

"The financial institutions and banks will initiate necessary corrective action for sick or incipient sick units based on diagnostic study. In case of growing sickness the financial institutions will also consider assumption of management responsible where they are confident of restoring the units to health."

Now, who is to look after these sick units? Is it IRBI? Are you aware of the fact that IRBI has adopted a decision for the last six months that they would give money to them but they are not ready to take the responsibility of the management which they used to do earlier. In the case of India Machinery Company of West Bengal, which made profit after IRBI took over, suddenly they changed the policy of their managerial responsibility. So, you are saying something in this House and the management is doing something separately. I would now like to place an important matter on the Table of the House. Sir, you will be surprised that in West Bengal, in my constituency, Howrah, there was unit called Kalpana Engineering Company which had become sick and it was managed by your I.R.C.I. The I.R.C.I. gave an award of certificate to the Chairman of the Unit in appreciation of the leadership qualities of the management and their staff and for improvement performance the Chairman was awarded the certificate and after 10 days the unit had become sick. Now, look at how they are functioning and how the Government policy is followed and in spite of its best desire, it is being flouted. You have said in the statement on 23rd January that they will report the matter to the Central Government. Now, who will decide the question that the unit should be nationalised or

*The speaker not having subsequently accorded the necessary permission, the paper was not treated as laid on the Table.

[Shri Priya Ranjan Das Munsal

whether any other alternate step is suggested including the workers' participation in the management in reviving the unit? Now, can you tell us how many reports have been received by the Government from the Standing Committee in regard to the recommendation of either the workers' participation in the management or taking over of the unit or nationalising the unit? On the contrary, I would refer to the West Bengal State which is the most affected State in the country in the matter of sick units, thanks to the performance of the State Government there. The freight equalisation policy which should have been withdrawn loan back has not yet been withdrawn.

Don't you realise that it is contributing to the sickness of the units? Speculation in raw material, lack of energy and power are the major factors, and more so, the lack of coordination. I would tell you one glaring example. I am sorry, I cannot blame the Minister; he is like a post master in this case. These matters are dealt with by the Finance Ministry, but unfortunately the questions are put to the Industry Ministry. I would, therefore, request him to take up the matter with the Finance Ministry.

In 1981, in this House, a guideline was announced by the Government how they would evaluate the viability of the sick units. The guideline was that it was to be approved by the Small Scale Industries Development Board through a Standing Committee. The Standing Committee was to recommend the small cases. You will be shocked to know that since 1981 to 1985, the Standing Committee only operated for the textile industry and the steel industry, neither for the jute, nor for the plastic and nor for the engineering industry. Whatever recommendations were necessary they have made till today have not been known to the public, not even to the House. I say that with all confidence. Had it been known to us, what the recommendations of the Standing Committee are, we could have contributed to it. It is not known to us, May be, they have recommended for nationalisation of a few units. I would like to know the fate of the Standing Committee, which make recommendations as per the Reserve Bank guidelines,

The Government has made its policy very clear. I recall the Finance Minister's Budget speech and the Prime Minister's positive declaration that the bad management would be thrown out as bad currency. Three thousand and five hundred crores are involved in the sick units and your policy is that bad management would be thrown out as bad currency, yet you do not interfere; yet you do not appoint any Financial Director, or any Technical Director to control the production. Timely alarm was necessary for these units. If, for instance, you are providing one crore to one unit, why don't you give them a timely alarm, if you find that it is not functioning well, or its production is below the target etc. Instead, you serve the notice at the fag end. I have just quoted the example of Kalpana Engineering Unit. Similar was the case in respect of Indian Rubber, which has been donotified. You say that you are prepared to nationalise, if things are sound. Indian Machinery Company is a glaring example. It was a company which beat every private sector company in building and in manufacturing weighing bridge machines etc. and made profit, yet that was not nationalised. It is being allowed to go on and making itself sick. Who is responsible ultimately? You say something and your public financial institutions do something else. Therefore, I say that there is no coordination between the Ministry of Industry and the Ministry of Finance.

The West Bengal Assembly unanimously—all parties—stated on March 28 that the responsibility lies with both the Central Government and the State Government, whether these industries be in Maharashtra, Orissa or West Bengal. The State Government has a responsibility. I do not deny that. But, if there is no coordination between the State and the Centre in this matter involving public financial institutions' money, how do you expect that the sick industries will come up?

I got a paper on this on the eve of this session, because in this session, you were going to have a legislation for the revival of sick units. Please make

categorization. You collect money and give it entirely to the textile. That will not be justified. You categorise the amount for textile, jute, engineering; chemical, plastic industries etc. An amount of Rs. 564 crores has been spent on textile industry in the name of adding and improving the health, whereas you have given only Rs. 81 lakhs to all the States for others as incentive amount. The current report says that during 1983-84, the Central Government sanctioned Rs. 86 lakhs to the State Governments under margin money scheme, revival of sick units. It is State Governments, plural, not singular. As against this, Rs. 564 crores have been given only to textile units in Maharashtra. This is precisely the point. The malaise is being encouraged.

I would like to know, firstly, whether your Ministry in coordination with the Finance Ministry would jointly review the situation and adopt a time-bound programme to revive the sick units as per the recommendations of the State Governments, including West Bengal, as also the recommendations of the Standing Committee, if any. Secondly, will you make it a policy with the help of the financial institutions to see that during the clearance of the licences for the big projects of the private owners, or the MRTP Houses or the non-residents, it should be a compulsory obligation for them to add along with those, one or two sick units in the respective States? You may give them income tax relief; I do not mind. Provide them excise duty relief also, so that the burden on the government exchequer will be lesser. Can such a policy be thought of? I am saying this because the non-residents are coming in a big way with all their moneys in the Swiss Bank and here and there. Why do you not compel them to take up sick units also, so that while giving them relief on the one hand, you can get rid of them too? But you are not doing it. Kindly think about it. Thirdly, a special fund may be created for the rehabilitation and refinancing scheme for the sick units, specially for the State of West Bengal. I say this because this is the State which gave a lead to Indian industry once upon a time. Today, the

same State is a burning *ghat* of all industries. During 1969-70, there was the crisis of violence. Now, there is the crisis of power. I do not like to bring in politics here because we can fight politically, but that is a different issue. But ultimately, what will be the fate of the workers and those consumers who get the products?

We have not yet decided about the small scale industries policy for supply of raw material. On a same day, you give some financial support to Birlas and Goenkas as well as to the small scale enterprises. If Birlas and Goenkas do not pay off their dues in time, it does not matter. They can go and appeal in a court of law. But, if these small scale units, when they instal their units, have to wait for six to eight months to get the electricity and to send their products into the market about one year time. Why don't you pursue the matter with the Finance Minister and see that till their products come into the market, no interest is levied on them? Otherwise they just cannot survive. It is impossible for them to survive. These are the fundamental points and if you go deep into them, then only there is a possibility of reviving the sick units. I am afraid that the policy that you have adopted in your Ministry is not being reciprocated by the Finance Ministry. Then, there is always a clash between the lead bank and the public finance institutions. If the United Bank of India agrees to give money, the IRBI says 'no'. If the IRBI sanctions a project, the UBI does not give any help. How can you solve this? Do you know the amount of huge cash losses? Suppose my scheme is for Rs. 5 crores, with the modernisation part by IRBI and working capital part by UBI. Do you know the kind of corruption that is prevailing in these public finance institutions and the banks? You go on talking about terrorists and tycoons. The biggest terrorists are the nationalised banks. What do they do? They connive among themselves. Suppose I am a private party and I have an eye on some good plant, I will influence the officers in the bank not to release the working capital for it within six months, in spite of the fact that it has been sanctioned. Such a huge loss of cash will be incurred that

[Shri Priya Ranjan Das Munsii]

it cannot be compensated or made up within one year. I can cite the examples of hundreds of units like this in Bengal which are destroyed because of this policy of the banks. You have to go very deep into it. Merely issuing a statement is not enough. I beg you—not merely appeal to you—to kindly discuss this with the Finance Minister seriously. Our Prime Minister is determined to fight this menace. Why do you not give some time to it and find that these are implemented properly. In West Bengal, for instance, if things continue like this, I do not know what will happen. West Bengal is sitting on a volcano. A time will come, if you do not solve the problem now, when a crisis will come from the workers and that too of such a magnitude that it will be beyond your control. Now there is time and kindly intervene because a time-bound programme can solve the problem. If not thousand of units, make at least a hundred units viable by a time-bound programme. That way, you can do justice to the State and to the various other units. I will again remind you not to allow the entire money for a selective industry, say a textile lobby or a sugar lobby. You be generous to everyone who suffered the most.

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY AND COMPANY AFFAIRS AND IN THE MINISTRY OF HOME AFFAIRS (SHRI ARIF MOHAMMAD KHAN): Mr. Chairman, Sir, I appreciate the concern which has been expressed by hon. Minister Shri Priya Ranjan Das Munsii. The figures and the data on sick units are really disturbing and this increase in the number of sick units is more significant when we compare the figures of 1982 and of later years with 1981 figures.

The sharp increase has been mainly because the State Bank of India included Small Scale Units in Protected Recalled Accounts in its list of sick units which were not included in the data furnished earlier. Although the number of sick industrial units has been increasing from year to year in real terms, the Incidents of sickness expressed as percentage of loans, to outstanding credit has been

constant around 8 per cent over the last three years. But, as I stated earlier, we have reason to worry about it and we should do whatever best is possible and ensure that the units which can become viable in future, they are restored back to health.

Sir, Government has issued policy guidelines for guidance of Central Ministries, the State Governments and Financial Institutions in October, 1981 for the revival and rehabilitation of potentially viable units. The salient features of the policy guidelines, I do not think, there is need to go into details, you have already quoted from the guidelines, these guidelines are there.

SHRI PRIYA RANJAN DAS MUNSI : Guidelines are not followed by the Banks, that is my point.

SHRI ARIF MOHAMMAD KHAN : Well, so many agencies are involved for implementing these guidelines and the Government keeps constantly monitoring how these guidelines are being implemented. Wherever, we receive complaints that the guidelines are not followed, if they concern the financial institutions, then we take up the matter with the Finance Ministry; if they concern the agencies of the State Government, then we take up the matter with the State Governments, But so many agencies are involved.

The specific question which Shri Priya Ranjan Das Munsii has asked is whether you would like to sit with the Finance Minister and sort out all these problems?

I would like to assure the hon. Member, that it is because of the joint efforts of these Ministries—Finance and Industry and Government as a whole that not only these policy guidelines have been issued, but various other measures have also been taken, so that these sick units can be revived. For instance, as the hon. Member quoted from the Budget speech of the Finance Minister, now there is a proposal for creation of a specific authority, to deal more effectively with the sick industries and this will be in the nature of a

financial institution which will go into other causes of the sickness also. About this, the hon. Member has made this suggestion whether Government will consider the proposal to make it compulsory on the new entrepreneurs to amalgamate sick units with their new enterprises? There is already a scheme and Government have provided certain concessions to assist revival of sick units without direct interventions.

For this, the Government have amended the Income Tax Act in 1977 by addition of Section 72(a) by which tax benefits can be given to the healthy units when they take over the sick units by amalgamation with a view to reviving them. The tax benefit is in the form of carryforward of the amalgamated business losses and unprovided depreciation of the sick units by the healthy companies after amalgamation. A scheme for provision of margin money to sick units in the small scale sector on soft terms, to enable them to obtain necessary funds from banking and financial institutions, to implement their revival schemes has been introduced from 1st January 1983.

PROF. N.G. RANGA (Guntur) :
From 1983 or 1985 ?

SHRI ARIF MOHAMMAD KHAN : I am sorry I won't be able to give that now, but I will be able to give it later.

SHRI PRIYA RANJAN DAS MUNSI :
Make it compulsory for the non-resident investments.

SHRI ARIF MOHAMMAD KHAN :
About the Special Fund for financing sick units, I have already stated that Government is proposing to set up a body to deal more effectively with the sickness in industries.

SHRI PRIYA RANJAN DAS MUNSI :
With a time-bound programme.

SHRI ARIF MOHAMMAD KHAN :
That aspect will be taken into account. I am sure that while making their Programme, this new body will surely keep this suggestion in their

be a time-bound programme. Otherwise, there will be no use doing it.

Once again I can assure the hon. Member that Government shares the concern which has been expressed by him, and that we will do whatever best is possible to see that we restore at least the viable units back to health.

SHRI PRIYA RANJAN DAS MUNSI :
My question has not been answered. One question was : Government is saying that the public financial institutions will also take over managements, wherever necessary. But IRBI, a public financial institution, has changed its policy. They say 'No, we are not going to take over management. We are only giving money.' What is your answer in this matter ?

SHRI ARIF MOHAMMAD KHAN :
The hon. Member is right. That is the policy guideline, but he will appreciate that the number of sick units is so large that even for IRBI it will not be feasible to take over the management of all these sick units.

SHRI PRIYA RANJAN DAS MUNSI :
Not all, but selected ones.

SHRI ARIF MOHAMMAD KHAN :
We are not deviating. If some cases where the financial institution is backing out come to his notice, we will again take up the matter with the financial institution concerned; and as I have stated, there is a new proposal for setting up a new specific authority, which will take care of this subject.

MR. CHAIRMAN : There are four Members in the list. I think Mr. Das Munsi was quite exhaustive. So, I would request other hon. Members to be brief and only put questions.

SHRI AJOY BISWAS (Tripura West) :
I am happy that the issue is being discussed when the entire working class of West Bengal has decided to observe a token strike. Nine Central trade unions, including the INTUC have called this token strike. On this day in the next month there will be a strike in West Bengal. The entire working class

[Shri Ajoy Biswas]

ing the strike: and the Minister has heard what has been said by Mr. Das Munsi. So, the problem of sickness in industry is a matter of concern to all the Members in this House.

I think the figures given in the reply of the Minister are final ones. According to him, in 1981 the total sickness in the small scale industry was 26,758.

SHRI ARIF MOHAMMAD KHAN :
It was Total.

SHRI AJOY BISWAS : In 1982, the figure was 60,173, and in 1983, 80,110. According to the available data collected by the Reserve Bank of India, the number of sick industrial units assisted by the banks will be more than 80,000; I think it will be more than 95,000. So, you must understand the gravity of the problem. According to the RBI, what are the reasons for this? 52 per cent units fell sick due to mismanagement and diversion of fund; 23 per cent fell sick due to recession; 14 per cent fell sick due to faulty management; 9 per cent fell sick due to power cut and only 2 per cent fell sick due to labour dispute.

PROF. N.G. RANGA : What is the local government doing there? Are they sleeping?

SHRI AJOY BISWAS : It is the duty of the Central Government. All members particularly from West Bengal are concerned about it. *Anand Bazar* reads as follows :

“The Secretary of the INTUC, Mr. Bhiwani Paul said in a statement that the MPs particularly Congress I from West Bengal assumed the people before Parliamentary elections that they would try to revive or open their sick mills and they are also trying.”

SHRI PRIYA RANJAN DAS MUNSI :
Their government is based on sick government.

SHRI AJOY BISWAS : I am telling you, even Congress I MPs are also

concerned about the sickness of industry in West Bengal. They met the Minister, and we, the left party, also try to do it.

In Tripura, there is a jute mill. Today, we have to pay bank interest yearly more than Rs. 1 crore. It is a small concern, and we borrow loan from the banks, particularly the financial institutions, and they charge 14 per cent, 15 per cent and 16 per cent interest; if the banks and the financial institutions charge such a high rate of interest, then how the sick industry will revive? So, definitely, the banks and financial institutions have a role to play to revive the sick industry. I hope the Minister will give a categorical reply to my questions. I request the government to properly review the role of RBI and other banks and financial institutions with the object of making these institutions effective instruments in the revival of those sick units. (b) Will the Indian Government direct the banks and the financial institutions to provide need-based working capital for running sick industrial units? (c) Will the Union Government direct the RBI not to insist on State Government guarantee in providing finance to sick units for the revival of which the RBI has been constituted?

18.00 hrs.

The last question is a very important one because it concerns a very serious matter.

Everywhere the pre-takeover liabilities of banks and financial institutions should be totally protected along with interest when the proposal is initiated by the State Government for nationalisation. The banks give money to the private owners and when the State Government is going to nationalise it, this burden also the State Government bear. This pre-takeover liability is a very serious problem. I want to know whether the Union Government will drop this condition so as to help the State Governments to take over the sick industries.

These are my specific questions and I want specific answers to them.

MR. CHAIRMAN : You please send your list of questions to Minister.

Shri Harish Rawat.

[Translation]

SHRI HARISH RAWAT (Almora) : Mr Chairman, Sir, the condition of small and medium scale industries is causing anxiety. In Uttar Pradesh also most of the small and medium scale industries are sick. Lakhs of workers are employed there. These workers have in a way become unemployed fully or partially. Government should take steps before the situation deteriorates. The area which I represent here is a special incentive district. In that district, people established industries on the basis of the various incentives which were declared there. At present they are lying closed or are in the process of being closed. When the entrepreneurs are asked to establish industries then at Time the State Government declare a number of incentives. But it is the work of agencies of different State Governments to make available incentives in time. They do not regard it as their social responsibility because they think that establishment of industries is a job of Industry department. It is also their responsibility to ensure that the industry survives. Most of the industries get sick from the beginning because they do not get land and the Revenue department does not cooperate. If they get land then the problem of electricity arises. The electricity department does not act promptly. If the power is made available then the financial institution create difficulties. They do not help in the matter. The problem of raw material and the marketing is also there. I shall not talk of technical guidance. The hon. Minister knows what kind of infrastructure they have for it. I do not want to waste the time of the House by dwelling on this point. I do not want to cause further anxiety in the mind of the hon. Minister. I would like to know from the hon. Minister how many small and medium scale industries have been revived in the different States. If the hon. Minister gives data about it, then I think that out of the Sick industries, what to talk of one per cent, even 0.5 per cent

industries have not been revived. Such is the distressing situation prevailing. What are you going to do in this respect. Have you undertaken study of such industries, statewise, which can be revived. If any study has been undertaken, whether some programme will be formulated based on this study for nursing these industries. For the implementation of the programme effectively and in a coordinated manner would he take up the matter with the Finance Ministry so that the Financial Institutions come forward to help them. I would, therefore, like to know what type of programme you are going to formulate in this regard?

[English]

SHRI PRAKASH CHANDRA (Barh) : I want to know as to when the data in respect of small scale industrial units in Orissa for the period ending 30 June, 1984 will be available with the Reserve Bank of India. As we see, the number of sick industrial units in the country is increasing day by day. As per data given by the hon. Minister in answer to Starred Question No. 208 dated 6.8.85 though the increase in sick industrial units is slow for the last two years yet the figure of 83597 sick units in the country as in June, 1984 is also a big problem for industries in the country. May I know the criteria for announcing an industrial unit as sick industrial unit and what steps Government had taken to re-open these sick units? How many sick industrial units are there in Bihar and out of them how many had been re-opened upto January, 1985?

The tax benefits on merger of non-viable companies with the healthy ones under Section 72-A of the Income Tax Act are not sufficient. Therefore, these tax benefits may be increased. May I know the quantum of levy quota for sick cement units in the States of UP and Bihar? What suggestions Government have received from various State Governments for take over of sick units? Please give state-wise details with specific attention to Bihar State.

What benefits regarding job security

[Shri Prakash Chandra]

etc. are given to the employees of sick industrial units after their take over by the Government? In the end I would like to request the Government to solve the problem of sick industrial units in the country so that production may be increased and the industries which are the backbone of a developing country, would not suffer on production.

[Translation]

SHRI VIRDHI CHANDER JAIN (Barmer): Mr. chairman, Sir, first, I would like to know from the hon. Minister what specific directions are being given to the State Governments and the industries to avoid sickness in the industries so that such situation does not arise which may result in the sickness of industry. It is a fact that the number of sick industries is increasing at present. But what specific measures the Government is going to take to improve the situation in future not to allow the further increase in the number of sick industries. You have, of course, issued guidelines and it seems that those guidelines are being flouted. May I know what steps are being taken against the officers who are found guilty in this matter?

Secondly, as you have stated, you are going to set up New Specific Authority very early. What will be the powers of the Authority and how much funds it will have? What type of Authority will it be and what will be its role in improving this condition of sick industries? What specific steps will it take? All these points may be answered in detail.

Thirdly, in my constituency some dyeing and printing industries have caused pollution problem. Whenever pollution problem arises, treatment plants are needed to be established to contain it. The small and medium scale industries are not in a position to set up these treatment plants. May I know whether the Central Government or the concerned State Governments or any other authority is ready to help them in this regard so that they set up treatment plant to prevent pollution.

And if these treatment plants are not

installed or if conditions to instal them are not created, it would further add to the pollution and no more industries could be set up in future. It has already been pointed out that if these treatment plants are not installed, the setting up of industries will be discouraged. It is a good that such industries should be discouraged. But I would like to ask what provisions are being made to get treatment plants installed in the industries which are creating pollution. If there is no provision for treatment plants, the pollution will go on increasing and the industries will continue to grow sick. I would, therefore, like you, to throw some light on Government's intention in this regard and the steps that are proposed to be taken.

Fourthly, some light may also be thrown on the progress made in the rehabilitation and revival of potentially viable units as also the steps proposed to be taken to make further progress in this field.

[English]

MR. CHAIRMAN: The hon. Minister will reply now (Interruptions)

KUMARI MAMATA BANERJEE (Jadavpur): I had given my notice before Question Hour, Sir.

MR. CHAIRMAN: No, the Minister will reply now

KUMARI MAMATA BANERJEE: Why not, Sir? There are some important points which I have to raise (Interruptions)

MR. CHAIRMAN: No, your name is not there

(Interruptions)

MR. CHAIRMAN: It could not be considered as intimation was received after the commencement of the sitting of the House. That is the endorsement made by the office. I am very sorry I cannot allow you

(Interruptions)

KUMARI MAMATA BANERJEE : I had given notice before Question Hour. You please find out. I have some important questions to raise.

MR. CHAIRMAN : No, no. I have read out the endorsement of the office . . .

(Interruptions)

KUMARI MAMATA BANERJEE : Why not, Sir? 2,000 workers are going to die in my constituency. I should be allowed to say something about them.

MR. CHAIRMAN : After the Minister has given the reply, I will see.

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY AND COMPANY AFFAIRS AND IN THE MINISTRY OF HOME AFFAIRS (SHRI ARIF MOHAMMAD KHAN) : Mr. Chairman is saying that after I have finished the reply, you can raise your point.

Sir, I am thankful to Shri Ajoy Biswas, Shri Harish Rawat, Shri Prakash Chandra and Vridhi Chander Jain Ji, for the concern about the sick industry which they have expressed. I also understand the pain of Kumari Mamata Banerjee because, for instance, the points which Shri Ajoy Biswas has raised, were part of the memorandum which was presented by the Member of the Legislative Assembly and the Members of Parliament from West Bengal to the Industry Minister, my senior colleague.....(Interruptions)

MR. CHAIRMAN : Are you prepared to hear Kumari Mamta Banerjee's question also so that you may cover her question also in your reply ?

SHRI ARIF MOHAMMAD KHAN : Yes, Sir, I have no objection.

MR. CHAIRMAN : Then come on, you put your question.

KUMARI MAMATA BANERJEE : Sir, I would like to know from the hon. Minister whether he is aware that a large

section of the industries in West Bengal are closing down. This is a very serious problem. In my constituency itself, the Steel and Allied Products Ltd. is under lock out since 1979-80. As a result of this, the families of about 2,000 workers are now going to die.

Already some workers have lost their lives and some are on way to death. They are on way for starvation. I would like to know whether the Government has a proposal to overcome this situation, because I have already met the West Bengal Chief Minister, Jyoti Basu...

(Interruptions)

MR. CHAIRMAN : I am sorry. This is not the way.

AN HON. MEMBER : If you allow her, then others also should be allowed.

(Interruptions)

MR. CHAIRMAN : This is not relevant. So, the hon. Minister may kindly continue.

SHRI ARIF MOHAMMAD KHAN . The basic point raised by the hon. Members are same. The point is that this large number of sick industrial units is a cause of concern not only from the viewpoint of employment of those who are working there, but also from the point of view various other angles.

As I said earlier, the very purpose of the guidelines which we have issued to various Ministries, the State Governments and the financial institutions is that we can ensure that all these units which can become viable in future can be restored back to health.

As I said earlier, we are going in this direction in close coordination with the Finance Ministry, and financial institutions and we are also seeking cooperation of the State Governments, because that is most important. It is the State Government which are basically responsible for the industrialisation of their respective States. With the cooperation of all

[Shri Arif Mohammad Khan]

these agencies we are trying to see that we are able to achieve our goal and we are able to restore as many sick units back to health as possible.

Regarding the banks providing working capital and the IRBI taking guarantees from the State Governments, I would like to say that the concerned agencies have to take their own decisions.

Shri Ajoy Biswas has spoken about the bank guarantee. Here I would like to say that the IRBI asked for the State Government guarantee only in cases where the State Government insists the IRBI to finance non-viable units. This is done after taking into consideration various other factors and where the IRBI considers that a particular unit is not going to become viable and the State Government insists IRBI to assist those units. In those cases the IRBI insists for the State Government guarantee.

SHRI SAIFUDDIN CHOWDHARY :
Discrepancy will come in cases where the State Governments are...

SHRI PRIYA RANJAN DAS MUNSI :
Suppose, if a State Government itself is not viable.

SHRI ARIF MOHAMMAD KHAN :
Then it is a different question. IRBI is a financial institution and they have got their own experts.

(Interruptions)

We have taken up this matter not only with the Finance Ministry, I have repeated many times in the course of this discussion that this is a continuous process and we want the conditions to become, more and more liberal, so that we are in a position to help the sick units more effectively.

I would like to say a word about the Industrial Reconstruction Bank of India. This was established under the Companies' Act in 1971 at the instance of the Government of India for the purpose of rehabilitating ailing industrial units.

In order to overcome the inherent difficulties which have been faced by the

IRCI during the last 13 years of its existence which have tended to inhibit its efforts to rehabilitate and reconstruct sick industrial units, Government have converted it into Industrial Reconstruction Bank of India. The IRBI has been invested with effective powers, including powers to take over the management, lease-out or sale of the undertaking as a running concern, prepare schemes for reconstruction by scaling down the liabilities, etc.

Out of 245 companies assisted by IRBI, 186 (accounting for 78% of credit to sick units) have been revived and 59 companies accounting for 22% of credit are incurring losses.

In regard to management of sick units, the policy is in accordance with the guidelines which have been issued to them. Shri Das Munsi has stated that in many cases they are not agreeing to follow the guidelines. We can look into such cases again. We can see in such cases what can be done.

SHRI PRIYA RANJAN DAS MUNSI :
It is okay.

[Translation]

SHRI ARIF MOHAMMAD KHAN :
Shri Viridhi Chander Jain has asked about the new policy which we are going to formulate. I shall deal with it in detail. The hon Finance Minister had announced in his Budget speech that a machinery will be constituted which will look after the sick industries in a better way and rejuvenate them. A proposal is under the consideration of the Government as to what can further be done effectively in this regard.

[English]

Very actively this is being considered. Very soon, I hope, we will be able to come to the House with this legislation.

SHRIMATI PHULRENU GUIIA
(Contai) : Will it be in this session ?

[Translation]

SHRI ARIF MOHAMMAD KHAN :
It may be.

[English]

About the interest rate structure for financing of industrial units, I think, this point was raised by Shri Harish Rawat and Shri Ajit Biswas.

Interest rate for the financing of industrial units is determined considering a variety of factors.

Concessional rate of interest is offered for setting up of units by technical entrepreneurs or in backward areas.

As far as the sick units are concerned, the IRBI is operating a Refinance Scheme through the State Financial Corporations for the rehabilitation of small industries.

Under this scheme, assistance is extended to the borrowers at the concessional rate of 10 per cent.

[Translation]

The hon. Member Shri Prakash wanted to know the number of such units in Orissa and Bihar.

[English]

The question was: How many sick units are there in the large scale sector and in the small scale sector? That possibly he had asked me. I don't know if I have the figure separately available with me. But regarding 1982 and upto June 1983, the figures are here. Is you want to get figures for some more years, then, I will be supplying them. I will collect the information and supply the same to the hon. Member. (Interruptions) In Orissa, in 1982, the total number was 1438. Large sick units were 3. This 1438 was the number of SSI sick units. In Bihar 2504 were the SSI sick units. Large sick units were 13 in number.

[Translation]

Shri Harish Rawat had asked about the number of sick industries which have been revived? The data pertaining to I.R.B. is not with me. But according to my information 5,099 sick industries were rejuvenated in 1982 while in 1983 the number of revived industries was 8,763 As I have stated earlier the basic thing is

the same which all the Members have stated. The hon. Member Mamata Banerjee has asked about the units located in her constituency. This information is not with me at present but I shall make it available to her. The basic thing is that all the hon. Members have expressed concern on the hardships being caused by the sickness of these units which is affecting employment opportunities as well as our national economy.

[English]

SHRI AJOY BISWAS : A condition has been imposed about pre-takeover liabilities.

[Translation]

SHRI ARIF MOHAMMAD KHAN : I can only say that the Central Government is not only concerned about this problem but is trying level best...

[English]

SHRI SATYAGOPAL MISRA : Without any result.

[Translation]

SHRI ARIF MOHAMMAD KHAN : Whatever may be the results, I have just told you the number of sick units which have been rejuvenated. Regarding West Bengal I may submit that previously I was representing such area where there were a number of sick industrial units. That is why I appreciate the anxiety which the hon. Member has expressed. We are taking our level best that the Guidelines and the directions issued by the Central Government are followed strictly and with the cooperation of financial institutions and the State Government and the Central Government, efforts are being made to make these sick industries viable which can be rejuvenated.

[English]

MR. CHAIRMAN : The House stands adjourned till 11 A.M. tomorrow.

18.28 hrs.

The Lok Sabha then adjourned till Eleven of the clock on Tuesday, August 13, 1985 Sravana 22, 1907 (SAKA)