

you want to convert this House into a shouting place Mr Bhanerjee has already brought the point and it is before the House It is for the Government to take notice of it Do you solve the problem by raising your voice?

14 22 hrs.

INDUSTRIAL DEVELOPMENT BANK OF INDIA (AMENDMENT) BILL
—Contd.

MR DEPUTY-SPEAKER Shri Jyotirmoy Bosu—not here Shri Lakshmanan—not here The Minister

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRIMATI SUSHILA ROHATGI) Sir, this Bill which is before the House for consideration and passing is one of the three banking amendment Bills which in a couple of days will be discussed and passed by this House These are some very progressive steps and after having listened to the members yesterday, I believe they have been widely acclaimed and welcomed with certain exceptions First and foremost, I would like to congratulate the members and thank them for having welcomed this Bill

Before I go into the points raised yesterday in detail, I would like to say that this Bill will open up new horizons It will give more opportunities to entrepreneurs It will give more opportunities for production by giving greater facilities It will give more foreign exchange to the country and the overall impact will be development of the country at a much faster pace Therefore, I am sure hon members will give it full support

I would now take up some of the suggestions made yesterday and give the reasons why we may or may not accept them. Mr Bade referred to the recommendation made by the Committee on Public Undertakings that the IDBI and IFC should be merged. True, such a recommendation was made but the Government went into the matter in great depth and having considered it from both sides, we have

come to the conclusion that it would not be advisable or in the national interest to accept this recommendation The functions of IFC and IDBI may be overlapping to some extent so far as direct finance is concerned, but the IDBI has a much wider scope It also undertakes refinancing business There is no overlapping in that section IFC has specialised in financing sugar co-operatives, textile co-operatives and jute mills But IDBI goes much further, it goes to the core sector and heavy industries It has capacity to lend huge amounts of money for the priority sectors The IDBI and IFC should not be merged because they have their own specialised jobs Moreover, the modern trend is more for decentralisation rather than to have a monolithic structure Even in general insurance, there is a move not only to have one corporation or company but to have more than one Therefore, if this suggestion of Mr Bade is accepted, it would not be a historic and evolutionary step, but rather a retrograde step I am sorry we will not be in a position to accept it

A very relevant point was raised by some hon Members of our party as well as the other parties, namely, that the IDBI should give more attention to the backward areas both in the location of industries as well as in investment of more money in those areas in order to remove the regional disparities It has been precisely the intention, the policy and the effort of the IDBI to give the maximum attention to the backward areas In 1969-70 there was a comprehensive scheme of giving concessional finance to the entrepreneurs who were establishing industries in the backward areas In 1971 this lending on concessional terms was further extended to expanding industries in the backward areas I am happy to say that 46 per cent of the direct assistance sanctioned by IDBI during 1971-72 in respect of industrial concerns has gone to the backward areas This will suggest that the IDBI's activities have been really penetrating into the backward areas

[Shrimati Sushila Rohatgi].

Regarding its promotional activities it is said that IDBI is only concerned with preparing reports and it is not interested in the implementation of those reports. In 16 States of the country surveys have been conducted and the survey reports have also been assimilated in a number of States. The IDBI has not remained content with carrying on surveys and getting reports. It has specified the type of industries which are suitable for particular districts or particular areas. This is a specialised job. Some of the reports have been out and they have specified the particular places where particular industries should be set up, all depending upon the infra-structure, the labour potential, raw material and other factors which are necessary for starting industries. Therefore, the initiative now lies with the State Governments and the entrepreneurs as to how to set up those industries which have been suggested by the IDBI in particular districts or areas. So, the IDBI has played that role of promoting the industrialisation of the country and it has not been lost sight of. As a matter of fact, the initiative should now be taken by the State Governments and the entrepreneurs to get the maximum loan from the IDBI for the setting up of those industries in those areas.

Shri Panigrahi mentioned that 79 per cent of the assistance of IDBI in 1970-71 has gone to the private sector. We will not agree with him, so far as facts are concerned in this particular case. Here I will say at the beginning that this apex institution was set up really to assist the private sector to some extent. Allocations for the public sector undertakings were being given largely by government. It is only for the last few years that the public sector undertakings are also eligible to receive finance from the IDBI. Earlier, only the private sector could get finance from it. Even here the term 'private' is very misleading, because it includes the joint sector also. There is a number of industrial con-

cerns in which government do not have 51 per cent shares but only 49 per cent or less, like the Gujarat State Fertilizer Company, where the Gujarat Government has only 49 per cent shares, the Asoka Paper Mills, where Assam and Bihar Government have shares and the Mangalore Fertilizer factory, which is also joint sector project. So, a number of projects financed by the IDBI are in the joint sector though they may be said to fall in the private sector.

SHRI CHINTAMANI PANIGRAHI (BHUBANSWAR): What are you going to do to change the pattern?

SHRIMATI SUSHILA ROHATGI: The very object of amending these clauses is to further illustrate clarify and extend the scope of activities of the IDBI.

Shri Jyotirmoy Basu said that the bulk of the assistance has gone to the big business houses. He has imputed all types of motives in his ebullient eloquence. Yet, he is not here to hear the reply. All the same, for the purposes of record I would like to say a few facts. If he is interested in it, I am sure he will read it.

As the apex body, IDBI is the only body which really has the capacity to make huge loans available to the core and heavy sector industries. They belong to the priority sector and the quantum of money required by them is huge. Naturally, this is the only institution which can supply credit to them. A special mention was made of Tatas and Birlas. We find that quite a substantial part of the funds given to the Birla group is for fertilizer, special steel project and export of textile machinery and railway wagons. For Tatas, it is for steel rollers and export of some items. For Sri Ram it is for the fertilizer factory. For ACC, Bajaj and Sahu-Jain it was in respect of cement. All these projects have been considered necessary in the implementation of the national objectives and, as such, in conformity with the policies of the government. They have been thoroughly examined, even

from the point of view of the Monopoly and Restrictive Trade Practices Act, and they have been found to be feasible and necessary from the priority point of view. Therefore, that argument does not really stand.

Even if we take up the break-up, the percentage of assistance given to these big houses out of the total assistance works out to 54.03 per cent up to 30th June 1972. In terms of money, the large industrial houses have got Rs. 168.90 crores out of the total assistance of Rs. 312.60 crores.

Shri A. N. Vidyalankar, a very senior colleague, has stated something about lack of co-ordination. I am happy to say that an inter-institutional group has been set up for ten States which is looking into this aspect.

Shri Jyotirmoy Basu mentioned that even foreign majority shareholding companies receive assistance from the IDBI. The position is that once a body is registered under the Indian Companies Act, the IDBI cannot make any discrimination between companies in the matter of assistance. Also, it would not be in keeping with banking and international practice. Of course, it has been our effort to see that the involvement and participation of the Indians must gradually increase, and we have been working in that direction.

I hope I have met most of the arguments of the hon. Members. So, I would request the House to accept this Bill without any reservation and give it the credit which it really deserves.

MR. DEPUTY SPEAKER. The question is:

"That the Bill to amend the Industrial Development Bank of India Act, 1964, be taken into consideration."

The motion was adopted

MR. DEPUTY SPEAKER: We now take up clause-by-clause consideration of the Bill.

Clause 2—there is no amendment. The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

MR. DEPUTY SPEAKER: Clause 3 —There are four amendments given notice of by Shri Ram Avtar Shastri and Shri Madhukar. I do not see any of them here. So, they are not moved.

Then, I put the rest of the clauses and the rest of the Bill to the vote of the House.

The question is:

"That clauses 3 to 8, Clause 1, the Enacting Formula and the Title stand part of the Bill."

The motion was adopted.

Clauses 3 to 8, Clause 1, the Enacting Formula and the Title were added to the Bill.

SHRIMATI SUSHILA ROHATGI: I beg to move:

"That the Bill be passed"

MR. DEPUTY SPEAKER. The question is:

"That the Bill be passed"

The motion was adopted.

14.37 hrs.

INDUSTRIAL FINANCE CORPORATION (AMENDMENT) BILL

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRIMATI SUSHILA ROHATGI): Mr. Deputy-Speaker, Sir, I beg to move:

"That the Bill further to amend the Industrial Finance Corporation Act, 1968, be taken into consideration."