

SHRI T. A. PAI: I am unable to say. I only want that I should not take the responsibility of the goods which is fair enough. It is said that there will be more thefts if I deliver the goods after seven days. Then, why should I hold the goods for 30 days? I do not understand this argument. If there are thefts, the thefts will be at the risk of the consignee and he will take care to see that there are no thefts. Now, if I take the responsibility for 30 days, he will be as much interested in the thefts as anybody else. Therefore, I do not wish to argue this case.

MR. DEPUTY-SPEAKER: The question is:

"That the Bill further to amend the Indian Railways Act, 1890, be taken into consideration."

The motion was adopted.

Clause 2 (Amendment of Section 77)

SHRI T. A. PAI: I beg to move:

Page 1, line 4,—

after "section 77" insert—

"and in sub-section (3) of section 77C," (1)

MR. DEPUTY-SPEAKER: The question is:

Page 1, line 4,—

after "section 77" insert—

"and in sub-section (3) of section 77C," (1)

The motion was adopted.

SHRI B. R. SHUKLA (Bahraich): I beg to move:

Page 1, line 5,—

for "seven days" substitute—
"fifteen days" (2)

MR. DEPUTY-SPEAKER: The question is:

Page 1, line 5,—

for "seven days" substitute—
"fifteen days" (2)

The motion was negatived.

MR. DEPUTY-SPEAKER: The question is:

"That clause 2, as amended, stand part of the Bill"

The motion was adopted.

Clause 2, as amended, was added to the Bill.

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

SHRI T. A. PAI: I move:

"That the Bill, as amended, be passed."

MR. DEPUTY-SPEAKER: The question is:

"That the Bill, as amended, be passed."

SHRI M. C. DAGA (Pali): Just one minute, Sir.

MR. DEPUTY-SPEAKER: If you wanted to speak in the Third Reading, why did you not send a slip to me?..

SHRI M. C. DAGA: Just two minutes, Sir.

MR. DEPUTY-SPEAKER: No, please. I have already put the question. Now the question is:

"That the Bill, as amended, be passed."

The motion was adopted.

14.42 hrs.

INDUSTRIAL DEVELOPMENT BANK OF INDIA (AMENDMENT) BILL

MR. DEPUTY-SPEAKER: The House will now take up Industrial Development Bank of India (Amendment) Bill. Shrimati Sushila Rohatgi.

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

"That the Bill to amend the Industrial Development Bank of

*Moved with the recommendation of the President.

[SHRIMATI SUSHILA ROHATGI]

India Act, 1964, be taken into consideration."

As the House is aware, the Industrial Development Bank of India commenced its operations from the 1st of July 1964 as an All India Apex financial institution not only to grant direct assistance to industrial concerns but also to refinance other financial institutions, commercial banks and cooperative banks and to coordinate their activities. The year ended June 1972 witnessed a substantial increase in the assistance sanctioned by the Development Bank. The total assistance sanctioned, excluding guarantees during the year was Rs. 168 crores of which direct assistance amounted to Rs. 66 crores as against Rs. 131.3 crores in respect of previous year. Of the 37 projects for which direct assistance was sanctioned during the year, 23 projects envisaged the setting up of new capacities and expansion of the existing capacities. Of the new projects assisted, 8 were in the 'core' sector of industry. During the eight years from July 1964 to June 1972 the Industrial Development Bank of India has sanctioned assistance to 167 projects involving Rs. 262.3 crores. About 53 per cent of the assistance was for 95 new projects. About 28 per cent of the total direct assistance sanctioned was in respect of 35 projects located in industrially backward districts and one half of this assistance has gone to new projects in those areas.

I may here mention some promotional activities undertaken by the Industrial Development Bank of India. Being an apex institution, the Development Bank has assumed an active promotional role and is identifying potential projects in backward areas by undertaking regional surveys in collaboration with other All India and State level term lending institutions and the concerned State Governments or Administrations and the lead banks. It has so far completed the surveys of Assam, Arunachal Pradesh, Bihar, Jammu and Kashmir, Madhya Pra-

desh, Manipur Nagaland, Orissa, Rajasthan, Tripura and Uttar Pradesh, Chandigarh, Goa, Himachal Pradesh and Pondicherry. The surveys of other areas are under-way and will be completed shortly. In the year 1971, under a policy decision taken by Government, the Industrial Development Bank of India was entrusted with the task of promoting the Industrial Reconstruction Corporation of India Ltd. with h.q. at Calcutta to finance the reconstruction and rehabilitation of sick industrial units and the new Corporation has made a promising start.

One other field, the Development Bank has ventured is in the sponsoring of a Technical Consultancy Surveys Centre in Kerala called the Kerala Industrial and Technical Consultancy Organisation. With the experience gained by the Consultancy Centre in Kerala, the Industrial Development Bank of India may open similar centres in other State capitals to help identification of projects, preparation of projects reports, technical and administrative assistance to entrepreneurs for promotion and management of industry.

The experience of the working of the Development Bank so far has made it necessary to amend the Act in certain respects so as to enlarge the scope of its operations both in the field of refinance and in direct finance. Some of the amendments relating to the field of refinance are consequential to the amendments proposed in the State Financial Corporations (Amendment) Bill 1972. The Statement of Objects and Reasons appended to the Bill explains in some detail the various provisions.

I will now proceed to explain the more important of the amendments.

To enable the Development Bank to refinance loans granted by the State Financial Corporations, Scheduled Banks and Co-operative Banks and also to grant direct assistance to

industrial concerns engaged in customers service units like maintenance, repair and testing of machinery, vehicles and in fishing industry, the definition of 'industrial concern' is proposed to be enlarged.

It is also proposed to authorise the Development Bank to refinance loans given by the institutions mentioned above for the establishment of industrial estates.

In the field of exports, the Development Bank is at present refinancing loans given to industrial concerns by the State Finance Corporations, the Industrial Finance Corporation, the commercial banks and the co-operative banks. It is now proposed to extend the refinancing facilities to loans given by the primary lending institutions to any agency exporting the manufactured capital goods abroad and to concerns in India executing turnkey jobs in foreign countries. The period of repayment by the borrowers and to the primary lending institutions eligible for refinance from the Development Bank at present is only ten years. It will now be liberalised to 15 years in the case of persons in India and 12 years in the case of persons outside India.

In the field of direct finance for encouraging exports, facilities will be offered by the Development Bank to parties in India exporting any product, not necessarily capital goods, manufactured by industrial concerns for execution of turnkey projects outside India. Buyers' credit to parties in foreign countries for export of capital goods from India and for any purpose connected with it will also be made available by the Development Bank. For some time past, we have been receiving requests from developing countries for participation of the Industrial Development Bank of India in the capital structure of financial institutions promoted by them. We have recently helped the promotion of the Bank of Bhutan from the State Bank of India. There

may arise occasions for the Development Bank also to participate in such activities outside India. It has, therefore, been proposed to have an enabling provision in the Act for the development Bank to subscribe to the shares and debentures of financial institutions promoted outside India which may be notified by the Central Government from time to time.

In the State Finance Corporation (Amendment) Bill and the Industrial Finance Corporation (Amendment) Bill, it has been proposed to include a provision to debar an industrial concern from receiving any assistance from respective corporations, so long as a director of the concerned corporation is beneficially interested in the industrial concern during the period of his directorship in the corporation. A similar provision is proposed in this amending Bill as well. However, in the case of the Development Bank, some modifications in the restrictive provision is called for.

The Development Bank is the only term-lending institution whose charter is very wide and covers a large number of diversified fields of financial assistance to industrial concerns.

It is also the only institution which gives large-sized direct loans and advances to big projects, particularly in the form of core and heavy investment sectors by arranging a consortium of lending institutions and commercial banks. In view of these special circumstances, it is not possible to have an unqualified prohibition.

It is, therefore, proposed that while a restrictive provision will be incorporated in the Act, it will be subject to the Development Bank being satisfied that it is necessary in the public interest to enter into business with such concerns and that it shall also be in accordance with and subject to conditions and limitations as may be prescribed by the Development Bank with the previous approval of the Reserve Bank of India.

[Sardarnati Sushila Rohatgi].

Before I conclude, I would like to mention one other provision which is similar to the amendment proposed in the Industrial Finance Corporation Amendment Bill, 1972. In respect of foreign currency loans, it is now proposed to liberalise the provisions regarding the liability to be borne by the borrowers of foreign currency loans in respect of fluctuations in the rate of exchange of foreign currency. The Development Bank, however, has not so far borrowed any money in foreign exchange, but it is likely that it may in future do so.

As the provisions of the Industrial Development Bank of India Act and the Industrial Finance Corporation Act are similar in this regard, opportunity is being taken to amend the Act suitably on the same lines as the Industrial Finance Corporation Act. There are a few other amendments which are minor or of a procedural nature and I need not take any further time of the House to discuss them. They are explained in the Notes on clauses appended to the Bill. With these remarks, I commend the Bill to the House for consideration.

MR DEPUTY-SPEAKER: Motion moved.

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

Mr Baladhandayutham.

SHRI S. M. BANERJEE (Kanpur): He will speak tomorrow; he has had to go out on a very urgent matter.

MR. DEPUTY-SPEAKER: How can he? The Bill is likely to be finished today, Shri Bada.

श्री कार. सी. बड़े (कारगोन) :
उपरोक्त महोदय, यह जो इंडियन डि-
वेलपमेंट बैंक का अमेन्डमेंट बिल
आया है, इसका मैं समर्थन तो करता हूँ

लेकिन साथ साथ कुछ टिप्पणी भी मैं
करना चाहता हूँ। इसका कारण यह है
कि आपने स्टेटमेंट आफ प्रॉजेक्ट्स एंड
रीजन में यह लिखा है :

By a new section 9A, it is proposed to prohibit, subject to certain exceptions, the Development Bank from granting assistance to industrial concerns in which any director of the Development Bank may be having a beneficial interest.

यह प्राविजन पहले नहीं था, इसको
आप अब डालने जा रहे हैं। इस
तरह की बातों के कारण ही सी०पी०आई०
और सी०पी०एम० के लोग आपकी टिप्पणी
करते हैं, आलोचना करते हैं। आप जो
कैपिटलिस्ट होंगे, जो दूसरे कर्मज मे
डायरेक्टर होंगे उनको वहाँ पर भी डाय-
रेक्टर नियुक्त कर सकेंगे, यह जो अधिकार
आप ले रहे हैं, यह ठीक नहीं है। जहाँ पर
इनका बेंनीफिशल इंटरेस्ट होगा, वहाँ
भी मदद की जा सकती, यह ठीक नहीं है।
आने आप ने कहा है :

The Development Bank is the only institution capable of financing very large projects in the core and heavy investment sectors. It is, therefore, provided that the prohibition may be relaxed in cases where the Development Bank is satisfied that it is necessary in the public interest to finance such an industrial concern if the assistance is given subject to such conditions and limitations as may be prescribed by the Development Bank with the prior approval of the Reserve Bank of India.

पहले यह व्यवस्था थी कि अगर कोई बिज-
नेस कंसर्न में डायरेक्टर है तो वह इस
बैंक में डायरेक्टर नहीं होना चाहिए।
लेकिन आपने यह लिखा है कि अगर

पब्लिक इन्टरैस्ट डिमांड करने तो वह बैंक का डायरेक्टर भी बन सकता है। जब वह डायरेक्टर बन जायेगा और जिस में उसका बैनीफिकल इन्टरैस्ट होगा उसको मजबूत देना नेचुरली वह चाहेगा और इस तरह में उन इंडस्ट्रीज को फायदा ही आयेगा। इसका मैं विरोध करता हूँ।

श्रीमती सुशीला रोहतासी : आपका सुझाव यह है कि इस तरह का प्राविजन नहीं होना चाहिए।

श्री आर० बी० बड़े : पब्लिक ग्रंथर-टैकिंग कमेटी ने भी यह सिफारिश की थी कि इस प्रकार के जो डायरेक्टर हैं उनको इस बैंक में या कारपोरेशन में डायरेक्टर नहीं होना चाहिए। वे यदि डायरेक्टर होंगे तो पक्षपात होने का भ्रंश रहेगा। इतना ही नहीं लोन रिफर करने में जो जल्दी होनी चाहिए, वह भी नहीं हो पाएगी। इस वजह से इस प्राविजन का मैं विरोध करता हूँ।

हर एक स्टेट में इंडस्ट्रियल डिवेलोप-मेंट कारपोरेशन बनी हुई हैं। उसके बाद इंडस्ट्रियल फाइनेंस कारपोरेशन आफ इंडिया है और साथ-साथ इंडस्ट्रियल डिवेलोपमेंट बैंक आफ इंडिया है। इन सब का आपस में कोऑर्डिनेशन नहीं है। पब्लिक ग्रंथर-टैकिंग कमेटी ने भी अपनी रिपोर्ट में इसका जिक्र किया था और एमेल्गमेशन की बात कही थी। मध्य प्रदेश में स्टेट ट्रेडिंग कारपोरेशन भी इंडस्ट्रीज को मजबूत करती है और साथ-साथ वे जो बैंक हैं उन से भी इंडस्ट्रीज को मदद मिलती है। लेकिन आपस में इनका कोऑर्डिनेशन नहीं है। पब्लिक ग्रंथर-टैकिंग कमेटी ने अपनी 49वीं रिपोर्ट में पेज 37 पर कहा था :

At page 49 of the Report it is stated:

"The Committee after examining the whole issue feel that a 2867(A)LS-10.

stage is reached when the Industrial Finance Corporation of India and the Industrial Development Bank of India should be merged. It would have a greater impact on industrial growth in the country. If the two institutions are merged it would lead to access to enlarged resources and experience, better co-ordination of policies, eliminating delays and avoid over-lapping of functions, which are inherent in the existing arrangements. As regards foreign loans, the Committee feels that the foreign lending institutions would not create obstacles in giving credit to a development bank. The Committee recommends that the question may be examined by the government and an early decision be taken in the matter."

आपने कमेटी की इस सिफारिश पर विचार नहीं किया। आज आप इस एमेंडमेंट को ला रहे हैं लेकिन फिर भी आपने इस सिफारिश पर ध्यान नहीं दिया है।

हर स्टेट में इंडस्ट्रियल एस्टेट्स हैं। वहां पर जो बिल्डिंग बनी हैं उनको उन्कोने किराए पर दे दिया है क्योंकि उनको इस तरह से किराया ज्यादा आ जाता है। वहां पर इंडस्ट्रियल बैंक की बाँध नहीं है। मैं चाहता हूँ कि हर एक स्टेट में इसकी एक बाँध होनी चाहिए। बैंक से कर्ज का विस्तार होना चाहिए। जब इंडस्ट्रियल एस्टेट्स में बिल्डिंग को किराए पर दिए जाने के बारे में पूछा जाता है तो कहा जाता है इंडस्ट्रीज को खोलने से जितना फायदा हो सकता है उससे ज्यादा फायदा इनको इस तरह से किराए पर देने से होता है। अगर हर स्टेट में इंडस्ट्रियल बैंक अपनी बाँध खोल दे तो वहां पर बहुत फायदा हो सकता है। मैं यह भी चाहता हूँ कि जो ग्रंथर-डिवेलोप स्टेट्स हैं या जो बैंकड इस्टेट्स हैं, ऐसा अगर किया जाए तो उनको ज्यादा

[श्री धार० बी० बड़े]

फायदा होगा। बैंकर्स स्टेटस में इंडस्ट्रियल बैंक न खोले जाने के बारे में पब्लिक ग्रैंडर-टॉकिंग्स कमेटी ने स्ट्रिकचर पास किए थे लेकिन फिर भी शासन ने उसकी धार प्यान नहीं दिया है। अब भी प्राप ग्रैंडरडिवेलोप स्टेटस के बारे में कुछ नहीं कर रहे हैं।

जहां तक फारेन एक्सचेंज रेट का सम्बन्ध है यदि वह कल को अधिक हो जाएगा तो आपने कहा है कि गवर्नमेंट बिल टेक दी वॉट थ्राफ इट। यह ठीक है। इसका मैं समर्थन करता हूँ।

इन शब्दों के साथ मैं पार्श्वी इस बिल को स्पॉट करता हूँ।

SHRI CHINTAMANI PANIGRAHI (Bhubaneswar): Mr. Deputy-Speaker, the amendments now brought forward to the Industrial Development Bank of India Act, 1964 are welcome amendments. We were listening very patiently to the speech of the hon. Deputy Minister, although the hon. Deputy Minister was thinking that we were not listening to her. In view of the working of the Industrial Development Bank of India for the last eight years, some of the important amendments to some clauses which have been brought into the Act by this amending Bill were very much needed.

While welcoming these features and these amendments, I take this opportunity to bring to the notice of the government certain aspects of the working Industrial Development Bank in the country for the last few years. If you take the figures of capital raised and assistance disbursed by the term-lending institutions to non-government companies for the last three years, in 1969-70 the capital raised by the non-government companies was Rs. 86.7 crores. In that very year, the assistance disbursed to them by the term-lending institutions amount to Rs. 111 crores.

15.00 hrs.

Similarly, in 1970-71, the capital raised by non-governmental companies was Rs. 86.7 crores whereas the assistance by the term-lending institutions was Rs. 130 crores. In 1971-72, it was Rs. 77.7 crores and the assistance disbursed by the term-lending institutions was Rs 162 crores.

From the statement you can find, looking at the advances given by the I.D.B., that during the financial year 1971-72, the I.D.B. disbursed a total assistance of Rs. 96.14 crores out of which assistance disbursed to industrial concerns in the private sector amounted to Rs. 79.70 crores. Nobody objects that the I.D.B. should not go in for assistance for increasing industrial production in the private sector. The point that I want to bring to the notice of the Government is as to what is the role of the private industrial houses in the country. Have they no responsibility to raise their own capital? Is it the policy of the Government that all the private industrial houses in this country should solely depend on the very easy capital that is available from the term-lending institutions which the Government is financing at a heavy cost?

Let us go into this fundamental question. So far as the institutional funds are concerned, what do these entrepreneurs do? They are keen to rely on finance that is available with the term-lending institutions of the Government of India and the I.D.B. They want to take advantage of their position in the companies. They want to have a dominant position with the help and financial assistance of the term-lending institutions which the Government of India is building up. When sufficient capital is available in the country, why should not industrial houses, business houses, in the private sector try to go in more for risk capital rather than depend on the loan

capital from the term-lending institutions of the country?

In this connection, I would like to submit one thing more. I would like to divide the States into different categories. As you know, the poverty line has been defined. Income below Rs. 40 a month is the poverty-line. First there are developed States; then, there are States which are average and there are States which are below the poverty line. The entrepreneurs who come from five to six advanced States in the country can go in for their own capital available in the market. Why should the I.D.B. go in for their assistance? Unless it is a core industrial sector they should not go in for their assistance. I am glad that the I.D.B. is now coming to help the core sector of the industries. I appreciate it. I hope, they will go in for assistance for the core sector of industries more and more.

Let the Government also classify the categories of different States in the process of development, that is, those which are advanced States, those which are average States and those which are below poverty line. Hence-forward, when the I.D.B. is trying to advance its loans to industries, I would suggest that they should try to encourage entrepreneurs, as they are now doing or they hope to do, in States, like, Orissa, Assam, West Bengal and even U.P. from which the hon. Deputy Minister comes. I would suggest that a criterion should be laid down and the I.D.B. should try to see that entrepreneurs who come from States where the people live below the poverty line, where almost all the districts are backward, should get the maximum assistance, and not the entrepreneurs in other advanced States.

It will be very interesting to see that during the last 8 years, out of Rs. 568 crores that I. D. B. has advanced, Maharashtra has taken Rs. 167.76 crores; Tamil Nadu has got Rs. 80.08 crores; Gujarat—Rs. 70.47 crores;

West Bengal—Rs. 86.44 crores; Mysore—Rs. 37.14 crores; Assam—Rs. 14.24 crores; Orissa—Rs. 12.72 crores and U.P. from where our hon. Deputy Minister comes and the hon. Prime Minister comes has got Rs. 21.85 crores. The whole objective of this Government is to see that regional backwardness is removed; the whole objective of the Fourth and Fifth Five-Year Plans is to see that regional imbalance is removed. Is the IDB working towards that end? Is there anybody in Government or in the Ministry to ask the directors to see what are the areas which are backward. You find that almost 28.05 per cent of the total advances has been given to Maharashtra, 1.92 per cent for Rajasthan, 0.58 per cent for Punjab, 2.13 per cent for Orissa and 3.65 per cent to our Prime Minister's State, Uttar Pradesh.

AN HON. MEMBER: How many rejected?

SHRI CHINTAMANI PANIGRAHI: These figures are also with me. (*Interruption*) I do not quarrel with Maharashtra. You take as much money as possible. During the last two years, the 14 nationalised banks have given advances to the extent of Rs. 965 crores to Maharashtra, and only Rs. 17 crores have been given to Orissa. Is this the way things should go on? I do not say that they should not get money; they can take as much as they can; there is enough capital. Why should not Government see that those areas which are backward get the privilege? That is the point. I am not quarrelling with Maharashtra. You have the Finance Minister. Take as much as you like. (*Interruption*).

I now come to the very position of IDB. Now the IDB has come to a position where it has come to stay, with its own capital. Why should the Reserve Bank of India advance capital to IDB? The IDB has come to stay. It has gone beyond the Indian frontiers to Bhutan and other deve-

[Shri Chintaman; Panigrahi.]

loping countries. It is a good thing. The IDB has to find its own capital; it has to stand by itself; it must be independent of the Reserve Bank of India. Why should the Deputy Governor of the Reserve Bank of India be associated with IDB? The IDB should be a separate institution, completely independent. It has enough capital. I think thought should be given to this aspect.

The main difficulty, I will point out again, is one of promoters. I appreciate that people in certain areas are not applying for it. I am happy to note that the IDB is taking initiative in the areas which are backward. The hon. Minister has pointed out that surveys have been undertaken in Arunachal Pradesh, Orissa, Assam, West Bengal and other places. I hope that these surveys will be followed up right earnestly; I hope that these feasibility studies and everything would be so arranged that within one or two years those areas which are backward would get more share from the IDB capital.

I will now come to an interesting thing about IDB—what is contained in the Annual Report—which I must bring to the notice of the hon. Minister. Very revealing observations have been made there. I am very happy that the Board of Directors have made these revelations. It confirms the existence of a close nexus between big business and Government financial institutions. It is there in the Report. Now attempts will be made to see that this kind of thing is not there because this is against the objective of our policy and planning. Why should the big business try to take advantage of their relations with IDB or some officers there? I am very happy that a provision has been made in this Bill to put a curb on this. But again you are trying to make some exceptions whereby this good attempt will be watered down. You have brought in some provisions whereby the purpose

of the amending Bill will not be achieved.

There is considerable under-utilisation of the industrial capacity in country. Now you want to promote the consumer goods industries. I will say this pseudo-industrialisation. The more the consumer goods industries development takes place in this country wherein the foreign capital also participates and if the IDB starts living advances to these projects also, I must say that this is pseudo-industrialisation of this country.

Then a word about the Bolani Ores Ltd. I do not know what made the IDB to give an advance of Rs. 1 crore to this Bolani Ores Ltd. I do not see there is any justification. They have enough resources and they have enough capital. Why should the Government give them loans? Therefore, the Government should give thought to all the problems.

Even in the engineering goods industry, there is underutilisation of capacities. The Reserve Bank of India in its latest report, which is somewhat interesting, says that there is a 38 per cent decline in demand in the capital goods industries. So, is it not the responsibility of the IDB to go to the assistance of the capital goods industry in this country in a big way. They should try to fix the priorities. Sir, I welcome this amending Bill and I request the Minister and the Government that they must try to see that the IDB has come to stay and they must meet all the financial needs of the industrial sector of this country and with this view they have to fix the priorities for development of industries in every sector of this country and they should devote greater attention for removing regional imbalance.

SHRI AMARNATH VIDYALAN-KAR (Chandigarh): I welcome this Bill because it is enlarging the scope of activities of the Industrial Development Bank. I know that the IDB has

been doing good service and I am glad that it has shed the draw-backs that we find generally in the working of the Government Departments.

* The IDB is a Government-sponsored institution and among the Government-sponsored institutions, this is one institution which has shed the old habit of depending on a lot of red-tapism and trying to catch up with the requirements of the time. I only want that this process should be advanced a little further because even now I feel that in the processing of projects, it takes a lot of time and many of the projects which are urgently needed, have to wait for long time and it becomes very inconvenient, especially for the new projects and entrepreneurs who went into the field earlier.

One difficulty that the people face with the financial institutions is that naturally if one financial institution cannot meet all the needs of a project, then they have to approach various and different institutions. Now each institution applies different criteria for assessment and the outlook is also different. While one institution regards a project very important, the other looks at the project from a different angle. That creates lot of difficulty. The assessment criterion is different with each institution and each institution wants to be satisfied in different manner. One institution feels that such and such thing should be done; another institution feels that something contrary should be done. Each institution takes a different criterion. What I therefore suggest is that there be one central criterion. There should be one Central Assessment agency in respect of various programmes financed by various financial institutions. They should formulate one uniform set of policy so that the assessment criterion will be one and processing could be done very quickly. This is my submission.

Secondly, I wish to submit that the financial institution also should discriminate between the 'vital' and non-vital' sectors of our economy. The vital sectors should be given topmost priority.

I agree with my friend Mr. Panigrahi that there should be some kind of regional balance and regional imbalance should be avoided.

It is very difficult for financial institutions to strictly abide by some such rules. It is very difficult to decide this because if you have to decide and take early decisions then it becomes very difficult to look at everything from that angle, how much you have given to this State or that region; but still I feel, they should keep in mind that we have to create regional balance. I feel the I.D.B. especially has been trying to go to those areas and those regions that have remained backward and unrepresented or not fully or adequately represented.

In conclusion, I would like to say that I support this Bill. I think that by enlarging the scope of the working of the I.D.B. the country will gain.

Again I would suggest that some central policy should be adopted and some central criteria of assessment should be laid down by the Government so that various Government-promoted financial institutions will sit together and decide some uniform policy and programme in regard to various projects. Thank you.

*SHRI K. BALADHANDAYUTHAM (Coimbatore): Mr. Deputy Speaker, Sir, on behalf of my party, the Communist Party of India, I would like to say a few words on The Industrial Development Bank of India (Amendment) Bill, 1972.

Sir, one of the features which I would like to welcome is the provision to change the name "Madras" into "Tamil Nadu". Similarly, I

*The Original speech was delivered in Tamil.

[Shri K. Baladhandayutham.]

would also welcome the provision enlarging the definition of "Industrial concern" as this will enable a wider category of concerns to avail of the concessional financial facilities offered by the Industrial Development Bank of India.

Clauses 3 and 4 proposes certain salutary amendments to Section 9 of the principal Act through which the scope of the business of the Development Bank is proposed to be enlarged in several respects. As these amendments will give the much needed fillip to industrial developmental activities within the country, these Amendments will have to be welcomed by the entire House. Here, I would like to state that in July, 1970 the Bank took certain decisions regarding concessional financial facilities to be offered to industrial units in the industrially backward areas within the country. The Planning Commission also notified 196 districts as industrially backward areas. I regret to say that so far no meaningful schemes have been formulated by the Bank to implement the decisions taken in July, 1970. One of the constructive propositions was that the Bank would set up a technical consultancy service centre in each State so that the projects financed by the Bank can be executed properly and on time. Such a centre was also expected to ensure the success of the projects for which financial assistance had been given by the Bank. I was surprised to come across a news item that initially such technical consultancy service centres would be set up in Kerala, Andhra Pradesh and Assam and in the light of the experience gained in these States, this scheme would be further extended to other States. I am not able to appreciate this decision of the Bank. I would like to suggest that initially the backward areas in the country, should get the priority in the matter of setting up the Technical Consultancy Service Centres, instead of trying to locate them in *ad hoc*

manner in some States. Only with the assistance of such Technical Consultancy Service Centres, the projects in the backward areas can hope to become a success.

Sir, during the year ended 30th June 1971, a sum of Rs. 12 crores had been given by the Bank as direct loans for exports. In addition, a sum of Rs. 99 crores and a sum of Rs. 1.2 crores had also been given by the Bank under the heads "Refinance of Export Credits" and "Export Guarantee" respectively. The provisions of this Bill envisages greater financial assistance to any agency for exporting manufactured capital goods and to persons in India executing turn-key projects in foreign countries. The period of repayment of loans is also sought to be reduced. I need not stress that, when the industrial units inside the country are languishing for want of adequate financial assistance, when there are large pockets of industrial backwardness in various parts of the country, it is not advisable that the financial assistance of the credit institutions should be augmented beyond proportion to the exports and export-oriented industries. I would only say that such financial assistance to the export of capital goods etc. should not be at the cost of assistance to industrial units within the country and more especially to the industrial units in the industrially backward areas.

Sir, Clause 4 prohibits the Bank from granting assistance to any industrial concern in which any Director of the Bank may be having a beneficial interest. But this prohibition is sought to be relaxed in cases where the Development Bank is satisfied that it is necessary in the public interest to grant assistance to such an industrial concern. I strongly object to this relaxation as it will definitely open the flood-gates for many Directors to get financial assistance to the industrial concerns in which they have

financial interests under the omnibus proviso of public interest. I request the hon. Minister to delete this proviso of public interest from this clause and the prohibition from granting assistance to any industrial concern in which any Director of Development Bank has financial interest should be absolute and total.

Sir, this Bill is a mixture of good and bad provisions. I would not hesitate to extend my whole-hearted support to this Bill, if the bad provisions I have enumerated are deleted from the Bill. On behalf of my party, the Communist Party of India, I extend my support to this Bill with this reservation.

SHRI JYOTIRMOY BOSU (Diamond Harbour): The main allegation against Government-sponsored financial institutions including the Industrial Development Bank of India is that these institutions have tremendously boosted the big corporations under the control of large and larger business houses. The bulk of the financial assistance from these institutions has gone to large and larger houses. The small-scale industries and others have not been benefited.

To support my contention, I shall quote from the report of the Industrial Licensing Enquiry Committee, and I am sure the hon. Minister who is a very knowledgeable person will be knowing about it. At page 149 of that report, we find:

"Even if we assume that the entire refinance assistance provided by the IDBI is in respect of assistance granted by the SFCs to small and medium-sized concerns, the total proportion of assistance from public financial institutions that is channelised towards small business concerns in the private sector does not exceed one-fourth of the total assistance."

It further goes on to say:

"Institution-wise analysis of assistance: If we examine the total financial assistance sanctioned and disbursed by various financial institutions among different categories, we find that among the three major term-financing institutions, the pattern is very significant. The share of the large industrial sector is predominant in all the three, though the ICICI is significantly ahead, the IFCI midway, and the IDBI direct assistance only came third in the degree of assistance granted to the large industrial sector. In the share of the 73 large industrial houses, the order is the same, the ICICI led with 50 per cent, IFCI provided 44 per cent and the IDBI 41 per cent of its total assistance to these houses, the share of the 20 larger houses in the total assistance being higher in the case of the IDBI being 34 per cent, followed by the ICICI 28 per cent and the IFCI 18 per cent."

These are very interesting figures given by the Industrial Licensing Policy Enquiry Committee. The position has not changed since the publication of the report of the committee. Financial institutions continued to boost the private capitalist sector, particularly the larger and larger business houses. I shall quote from the annual report of the IDBI for 1970-71, which is the latest one in my possession. At table VI at page 18 of the report, we have the zonewise breakdown of direct assistance sanctioned together with the size of the assistance up to Rs. 5 lakhs, Rs. 500 lakhs and above, so far as Rs. 500 lakhs and above is concerned, the number of projects is three, and up to Rs. 5 lakhs, the number of projects is 1. Between Rs. 200 and Rs. 500 lakhs, the number of projects is 5 Percent-
age to total assistance—between 200 and 500 lakhs—37.6 per cent. Rs. 500 lakhs and above—43.6 per cent. Number of projects for people of 2 crores—5 crores—very small people—are 20. For 500 lakhs and above—9. Then,

[Shri Jyotirmoy Bosu.]

percentage to total assistance—200 lakhs and 500 lakhs—33.1 and Rs. 500 lakhs and above—42.7 per cent. Your kindness and love for the small entrepreneurs, crocodile tears shed every day by the hon. Prime Minister, her party and the Government, *garib: hatao*, help small scale industries and stop monopolies growth—the proof of the pudding is in the eating. We know the class-character of the Government. They are for the monopolies, by the monopolies and of the monopolies. Therefore their very existence will be in danger if they annoyed the monopolies and try to patronise the small people. These figures are in their own papers; these are not published by the CP(M).

About industrial development in the backward regions, assistance to small-scale industry, region-wise disbursements of IDBI loans, I can give you so many more figures which will only bring more disappointment in your mind and the mind of right-thinking people in the House, because it will bear no relationship to the professions, tall-talking and the great friendship for the votes. All this will bear no relation to their activities. Therefore in this Bill we have no interest—this amendment. The definition of 'industrial concern' under section 2(c) of the Act—I am reading from the Statement of Objects and Reasons—is proposed to be enlarged to include establishments engaged in maintenance and repairs of vehicles as well as concerns engaged in fishing or in the maintenance of shore facilities for fishing. What is happening? Sir, you eat fish and I think you can afford to buy; you are a fairly well-off person.

MR. DEPUTY-SPEAKER: How do you know?

SHRI JYOTIRMOY BOSU: Ra. 18 per kilo, prawn in Gujarat co-operative fisheries is the heads-I-win-tails-you lose; whichever way you go, they

will cut you. The foreign monopolies, in order to perpetuate their under-invoicing and over-invoicing, particularly under-invoicing in the matter of customs have found mid-ocean business to be profitable. There have been cases. Firms like the Union Carbide, ICI, Imperial Tobacco are now going for fishing. After fishing on the poor tobacco growers and consumers for the last fifty years—the Imperial Tobacco are not satisfied; they want to go out fishing in real waters so that the catch has not to be brought to shore and processing will start there.

MR. DEPUTY-SPEAKER: You can continue tomorrow. We take up the motion of Shri Prasannbhai Mehta

15.29 hrs.

MOTION RE: WORKING OF THE STATE TRADING CORPORATION OF INDIA

Shri P. M. MEHTA (Bhavnagar):
Mr. Deputy-Speaker, Sir, I beg to move:

"That this House do consider the working of the State Trading Corporation of India with special reference to the policy of import of woollen rags."

Today we are discussing a matter concerning the working of the State Trading Corporation of India. The STC is a very important and vital economic instrument to serve the export-import trade, for the healthy trade practices and for the healthy economic growth, keeping in view the viewpoint of social justice. It has been created for this purpose and also to eliminate the exploitation of the monopolies in the private sector. Unfortunately, the STC has failed miserably to achieve these objectives. Not only that. The Foreign Trade Minister has converted this successful weapon into a money collecting pipeline and this economic instrument of the country is completely abused by the minister.