

LOK SABHA DEBATES

1

LOK SABHA

Friday, August 26, 1983/Bhadra 4,
1905 (Saka)

*The Lok Sabha met at Eleven of the
Clock*

[MR. SPEAKER *in the Chair*]

अध्यक्ष महोदय : आज तो आपको मुझे मुबारिकबाद देनी पड़ेगी कि घंटे बजाय बगैर आप सब लोग आ गए हैं।

श्री रामावतार शास्त्री : आज आखिरी दिन है और जो कुछ हम लोग पूछना चाहें पूछ लेने दीजिये।

OBITUARY REFERENCE

MR. SPEAKER : Hon. Members, I have to inform the House of the sad demise of Shri Niranjan Jena, who was a Member of First Lok Sabha during 1952-57 representing Dhenkanal-West Cuttack Constituency of Orissa.

An agriculturist, Shri Jena devoted himself to welfare of scheduled Castes and Scheduled Tribes and uplift of poor and downtrodden people. He took keen interest in the proceedings of Parliament.

Shri Niranjan Jena passed away at Cuttack on 18th July, 1983 at the age of 67 years.

We deeply mourn the loss of this friend and I am sure that the House will join me in conveying our condolences to the bereaved family.

2

The House may stand in silence for a short while to express its sorrow.

The Members then stood in silence for a short while.

ORAL ANSWERS TO QUESTIONS

Use of Public Funds by Monopoly Houses

*453. SHRIMATI SUSEELA GOPALAN : Will the Minister of FINANCE be pleased to state :

(a) whether Government have taken into account various criticisms levelled by the organised labour in regard to the unfair use of public funds by the monopoly houses;

(b) if so, whether the points raised by the organised labour have been referred to a committee;

(c) whether organised labour had demanded a dialogue with Government in regard to the policy of aid by financial institutions to the sick industrial undertakings;

(d) whether Government have received any representation for expansion of high level committee to include representatives of organised labour; and

(e) Government's decision on the same?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) to (e) A Statement is laid on the Table of the House.

Statement

(a) to (e) In the absence of specific details relating to the criticism and demands of the organised labour, it would not be possible to comment on these details. The administratively concerned Departments namely, Deptt. of Labour, Deptt. of Company Affairs and Department of Economic Affairs have not set up any high level committee as referred to in the question. No representation from organised labour has also been received in this regard by the above mentioned Departments.

In regard to the use of funds of public financial institutions by the assisted companies, including those belonging to MRTP Houses, the financial institutions ensure through periodical reports, site inspections and the nominee directors appointed on the Board of the assisted concerns that the funds are utilised for the purpose for which they are disbursed. It is the policy of the Government that the banks and financial institutions should identify sickness at the incipient stage itself, carry out viability studies and nurse such of those units as are considered potentially viable. The banks and financial institutions are functioning in accordance with the above Government policy.

SHRIMATI SUSEELA GOPALAN : Sir, the Ministry of Industries had appointed a Committee in 1977. The representatives of the Trade Unions had submitted to it to go into the working of the public sector and sick units. The Committee had presented a Report emphasising the diversion of funds and embezzling of funds from these companies to other sources. That report was submitted to the Government in 1977, but nothing has been done so far about it.

Moreover in many big companies like the Escorts, the D. C. M. and other companies, the financial institutions have got more than 54% of their shares and the Government is suggesting that they have the Directors in these companies. But yesterday itself, the Finance Minister had said that they are going to advise these Directors to be a little more active. That means that at present they are actually acting as the agents of these companies, not as representatives

of these financial institutions. They can divert any amount of money to other sources; and afterwards they will say this is a sick unit. Naturally the workers are very much worried and they request the Government to take them over.

So, my question is whether the Government is prepared to go into these questions. And also, when this money is diverted, will the Government take over these industries, where our share exceeds the shares of these owner companies. Most of these companies have 12 to 13% deposits of their shares and we are having 54% as our share.

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE) : I do not know what particular Committee the hon. lady Member has referred to. If she had mentioned it in the question, I could have ascertained this fact. Will she please give some facts as to what was the Committee appointed the name of the Committee or its chairman—so that I can ascertain the facts? If you say that some committee was appointed and gave a report in 1977, from where can I trace it? If you could give me some indication, at least the name of the Committee, then I can try to find out what was their observation, and what was their report. *(Interruptions)* You said that some committee was appointed. Which Committee?

SHRI SATISH AGARWAL : But this objection could have been taken when the Lok Sabha Secretariat sent this question to your Ministry. You could have communicated it to the Lok Sabha Secretariat.

SHRI PRANAB MUKHERJEE : We have already done it. Mr. Agarwal, it was done by us. I have already communicated that the question is too vague. I would like to have some specific information about the name of the Committee, or by which organization it was instituted. Naturally, I could have answered the question in a better manner, if I knew that. *(Interruptions)*

Let us not enter into an argument. If I knew the name of the committee or the Ministry which appointed the committee, I could have ascertained it. In fact, when

you referred this question, I tried to find out from the Department of Economic Affairs which comes into the picture, from the Labour Ministry which comes into the picture, and the Department of Company Affairs also because it concerns monopoly etc. From there, I did not get any such report.

Now about the moot question you are generally referring to. Firstly, I never said that nominated Directors are not doing their work effectively. That is your conclusion. What I said was that I had appointed a committee under the chairmanship of Mr. Narasimham, a former Finance Secretary along with some others to look into the role of the institution in the assisted units, and many other aspects connected therewith or incidental there to. But from that, one need not come to the conclusion that the nominated Directors are not effective. Somewhere they are effective, and somewhere they may not be effective. But let us see how they are functioning.

Secondly, with regard to the diversion of funds, that is a matter which we shall have to go into, in respect of the individual companies. Wherever there is a specific allegation, definitely we would like to take it into account; but the institutions are to provide finances to private sector because these institutions are meant for the private sector also, in our industrial set-up. The hon. Member may not like it, but the private sector is to play a role. And if you look at the total allocation, you will find that according to it in the current 6th Plan, nearly Rs. 74,000 crores have to be invested in the private sector, as against Rs. 97,500 crores which are to be invested in the public sector. Therefore, institutions are to provide assistance for industrialisation. They are to take care whether the purpose for which the money is being received from the institutions are being used for the purpose, or not. The nominee Directors of the institutions make a report; they make periodical inspections. These are the measures through which it is done.

SHRIMATI SUSEELA GOPALAN : With regard to the private shipping corporations, actually 90% of the money is

given to them from the financial institutions. In such cases, why should we take 10% from the private people? That means the entire industry is run with our money. Why should it not be taken over by our Government, so that the diversion of money from these companies to other areas will not be there?

Many of the companies are turning sick. Thousands of people are being turned out. That is why trade unions have represented that there must be a dialogue with the Government. Now the Government has only agreed to have a dialogue with the public sector undertakings people, to go into the working of the public sector undertakings. But about dialogue with the other companies also, the trade unions have represented. Are you prepared to have a dialogue with the representatives of the trade unions? They can give you better details about the working of these companies. So we want to know whether Government is willing to have a dialogue with the representatives of the trade unions, and to see how these companies are working. They can give all the details.

SHRI PRANAB MUKHERJEE : We would like to have a dialogue with the representatives of the trade unions on many issues. The Ministry of Labour is doing that job. It is their normal routine work. Even sometimes the Administrative Ministries also intervene. In one matter I myself took the initiative. The hon. member is aware of it with reference to deneutralisation formula. So, there is no question that we should not have a dialogue with them. Even if the trade unions have specific suggestions with regard to better functioning, I am prepared to examine them. She referred to the Shipping Corporation. I do not know whether we can go into the entire gamut of industrialisation. This is the practice. The money comes from the SDF. Every where, almost, it is universal practice that shipping itself is a highly capital intensive industry. Proportionately, larger amount comes from the institutions. So, this is our practice also. But the general point with reference to that is that there is a tendency, I do agree that the units want

to depend heavily on the institutional assistance. That is why we are pursuing the policy that under no circumstances the dependence on assistance from institutions should exceed 50 per cent so that the companies should also plough back their own resources; they need not unnecessarily depend heavily on institutional support.

श्री गिरधारी लाल व्यास : मैंने माननीय वित्त मन्त्री जी को एक साल पहले यह लिख कर दिया था कि राजस्थान स्पिनग मंड वीविंग मिल को यह कम्पनी अपना नाम बदलकर बन्द करने की कोशिश कर रही है, लेकिन आज तक उस पर कोई कार्यवाही नहीं हुई। अब इस कम्पनी का नाम भीलवाड़ा स्पिनर्स कर के इस मिल को बन्द करने की कोशिश हो रही है, मैं मन्त्री जी से जानना चाहता हूँ कि क्या वह इनके खिलाफ कार्यवाही करेंगे ?

इन्होंने करोड़ों रुपया सरकार से और फाइनेन्शियल इंस्टीट्यूशन्स से लेकर इन्हें धोखा देने की कोशिश की है, इस बारे में सरकार क्या कार्यवाही कर रही है ?

SHRI PRANAB MUKHERJEE : If no action has been taken, definitely it is a reflection on my own secretariat. But I shall have to see to it. Perhaps we might have passed it on to the Administrative Ministry, the Ministry of Commerce. But, definitely, I will check into it and I will let him know.

SHRI NIREN GHOSH : The banks were nationalised with great fanfare with the idea that they will be public oriented and would serve all sections of the community.

PROF. MADHU DANDAVATE : They say that public should be oriented.

SHRI PRANAB MUKHERJEE : Yes, I agree with you.

SHRI NIREN GHOSH : Now it has come to power. Mr. Swaraj Paul has made the allegation that with Rs. 228 crores, Tatas, Birlas and others have been having a command on Rs. 28,000 crores. There is something fishy which has appeared about Mr. Swaraj Paul in today's *Statesman*. Will the Finance Minister be able to point out a single big company which has ploughed back their profit upto 50 percent? I think 99 percent of the companies draw their equity capital from the financial institutions. So, if the financial institutions become hand maidens of the monopolists then what is the use, or what is the purpose that is served by nationalising it? That we cannot understand and before the industries fall sick their directors do nothing, they indulge in malpractices also. We must know these things.

MR. SPEAKER : Put the question, Mr. Ghosh.

DR. SUBRAMANIAM SWAMY : That is all public money.

SHRI NIREN GHOSH : Yes, it is public money given to them. Will you make a rule, as you say, that within an year or two all those houses must have at least 50 per cent equity shares and the poor peasantry must be rid of their debts completely through public finance and the public institutions should lend the money, so that they can get rid of the money-lenders and the *Shahukaars*.

DR. SUBRAMANIAM SWAMY : You teach him leverage and recovery ratio.

SHRI NIREN GHOSH : Now, the second question is. . . . (*Interruptions*)

MR. SPEAKER : No. Let him answer this question.

SHRI PRANAB MUKHERJEE : That is why I seek a clarification from the hon. Member, whether he wants to indicate that more credit should be made available to the agriculturists, the farmers I can understand that—so that they can get rid of the money

lenders but if you means that they should get rid of the debt by the banks writing off the debt, that I cannot, definitely, agree.

SHRI NIREN GHOSH : I did not say so. They are heavily debtridden and they should get rid of the debt.

SHRI PRANAB MUKHERJEE : Yes, they should get out of the clutches of the money lenders and for that we are making all institutional arrangements through the RRBs and the branches of the RRBs in rural areas and other things which are all known to the hon. Member.

It is not that the banks are not doing anything, the banks are doing tremendous work, but I would say that there is a gap between the expectations of the people from the institutions and the capabilities of the institutions to meet them and that is the area where I sought your cooperation to motivate them.

You have a powerful union in the banking sector. Today 40,000 banks are there all over the country and if we can profitably motivate their objectives and tell them about credit deposit ratio which is about 60 per cent, I think then lending to the priority sectors, which includes the small farmers the marginal farmers, artisans, etc., can be achieved. We are keeping that in view.

DR. SUBRAMANIAM SWAMY : You are educating Shri Niren Ghosh.

SHRI PRANAB MUKHERJEE : So, that is the present practice which we are following now, to which I have referred. It is true that, as I mentioned, the individual institutions may not be able to help them as their equity share will go down. This is mainly because of the convertibility clause which we have asked the institutions to have, because the money was converted into equity. As a result also in many of the existing companies today you will find that their equity holding has gone down. But earlier the position was not like that. Anybody could start a banking company and 50 per cent or 40

per cent equity could be taken by him. My point is that with the passage of time the institutions have converted their prime loans into equity. As a result, their shares increased.

I thought we should not explain these preliminary things to the hon. Member. And, we are trying to see that, as I have mentioned earlier, they need not and should not depend heavily on the institutions. In regard to sickness of the industries, I have taken it up with the banks and the institutions because they are the first to know from the cash over position of the units, who their client is, to find out whether their units are functioning properly or not; and they must be more vigilant and that is why we admit that much more improvement is required.

MR. SPEAKER : Prof. Narain Chand Parashar.

Streamlining the Functioning of Directorate of Resettlement of Ex-servicemen.

*454. **PROF. NARAIN CHAND PARASHAR :** Will the Minister of DEFENCE be pleased to state :

(a) whether Government have taken any concrete steps to streamline the functioning of the Directorate of Resettlement of Ex-Servicemen and extend its units to all States so as to make it more useful to the Ex-Servicemen;

(b) if so, the steps taken in this regard during the past two years and the current financial year; and

(c) if not, the reasons therefor and whether any immediate steps would be taken for this purpose ?

THE MINISTER OF DEFENCE (SHRI R. VENKATARAMAN) : (a) Yes, Sir.

(b) On the recommendations of the Estimates Committee of the Seventh Lok Sabha (1980-81) a study by the Indian Institute of Public Administration for reorganization of the Directorate General of Resettlement including Zonal Directorates, Kendriya