

[Mr. Chairman.]

I therefore request him to continue tomorrow as we have to take up other business now.

REPORT OF I.F.C. ENQUIRY
COMMITTEE

5 P.M.

Mr. Chairman: Now we get on to the next business. It is a Motion by Dr. Lanka Sundaram in which the Report of the Industrial Finance Corporation Enquiry Committee is to be discussed. I may for the information of hon. Members read the rules which have a bearing on this matter.

Dr. Lanka Sundaram (Visakha-patnam). Mr. Chairman, it is not a Motion, if you will permit me to say so.

Mr. Chairman: No formal Motion is to be made. We have got two rules.

"There shall be no formal motion before the House nor voting. The member who has given notice may make a short statement and the Minister shall reply shortly. Any member who has previously intimated to the Speaker may be permitted to take part in the discussion."

It has a limited scope. Some hon. Members have expressed their intention to participate. But, only those who have given notice beforehand could be permitted. It would be difficult for me to allow any other Members.

Shri Gidwani (Thana): Have you received my name? I have sent it half an hour ago.

Mr. Chairman: His name is there.

Then, because the number of hon. Members desiring to participate is fifteen, it is necessary to limit the time, and I would request the hon. Members to stick to that time that we fix now. The Mover, I suppose, would take 15 minutes.

Dr. Lanka Sundaram: May I make a submission? Ever since this two-

hour procedure was introduced, the Mover has always had half an hour. Otherwise, there is no purpose in going over the entire documentation. I will try to shorten it as much as I can.

Mr. Chairman: I was told by the Deputy-Speaker that the Mover will take 15 minutes. I have no objection to extend it to 20 minutes if the hon. Member is so particular. I would like to know how long the hon. Minister in likely to take.

The Deputy Minister of Finance (Shri A. C. Guha): I would like to take half an hour.

Mr. Chairman: I would request the hon. Minister also to curtail the time at least to 15 minutes. I have got a list of 15 Members. Even if I give five minutes to each Member, it would leave me 25 minutes. Would twenty minutes suffice?

Shri A. C. Guha: If I am to reply to all the points mentioned by the hon. Members, I would like to have half an hour. I would not make any particular demand for time. Only I would like to have adequate time to reply to the points raised by the hon. Members.

Mr. Chairman: It means that even if the hon. Members who have given their names would confine themselves to five minutes, we will have to sit longer.

Some Hon. Members: Yes.

Mr. Chairman: That is all right. I would also like to say that if all the Members want that they should have a chance, they should stick to the time and give their points only and not go on spinning long arguments. Then, it would be difficult for us to finish it.

Now, I request Dr. Lanka Sundaram to make his statement.

Dr. Lanka Sundaram: I desire to raise this discussion on the report of the Industrial Finance Corporation Enquiry Committee, as a matter of

urgent public duty. During the course of my speech I propose to show how the aims and objectives of the Industrial Finance Corporation have not been attained. I would also attempt to show how there is hedging and even protection given at the highest possible level not only to the functionaries of the Corporation, but also to the businessmen who are associated with its activities. I would also show how a ring of businessmen has netted a rich harvest as a result of the activities of this Corporation, during the past five or six years. Finally, I would like to show how the officers of the Government of India, in league with the businessmen concerned, have attempted to set up a small kingdom and how they are running it. And more than anything else, I propose to show, with your permission, how there is a great and tremendously urgent need for an amending bill so that the fortunes of this Corporation would be regulated on the most approved and adequate lines.

Before I develop my points, I would like to ask the Minister in charge of this debate two or three simple questions. When did the Sucheta Committee submit its report? I find that the report was signed on the 1st of May last year. When was the Resolution of the Government of India published? That was on the 3rd December last. In other words, Government have taken seven months to arrive at conclusions on an Enquiry Committee's Report, and the Committee, you will recall, did not have much more than five months to complete its investigations. And what is the substance of the Resolution? You will find that the most important section of the Report dealing with what is known as the Sodepur Glass Company business has not been disposed of in this Resolution of the Government.

The point I wish to make in this connection is very simple, very emphatic, and I would like to draw the attention of the hon. Finance Minister who happens to be here, to this question, viz., if only the Committee had been given a little more time, they

could have made a more thorough job of the tasks entrusted to their care.

You will see that ever since the inception of this Corporation, at the highest possible level there has been intervention to protect the activities of the functionaries connected with it. I am sorry to say here that on the 27th November, 1952, no less a person than the Prime Minister of this country intervened in the debate and said—

—I am quoting—
 "The operating concerns are entitled to such secrecy which is customary between a banker and his customer with regard to his banking transactions and it would not, therefore, be in public interest to furnish this information."

—that is, the information demanded by hon. Members of this House about the activities of this Corporation.

The Prime Minister again intervened with another statement on the 2nd December, 1952 in language which is equally emphatic and almost identical. It so happened that I intervened in the debate on the Amending Bill to this Corporation Act. That was on the 2nd December, and I remember I asked the Prime Minister—I am quoting the text:

"I would very much like to know from the treasury benches whether the assurances given by the Finance Minister were verbal, secret and not on record; whether, more than anything else, this hon. House, this sovereign Parliament of the country, should wait upon the convenience of a Minister of Government to be in this country, to be present in this House, to give this information on a Bill of this character."

I am quoting this for record purposes only to show that if only there was no attempt made to shield people from the very inception of this Corporation, this tragic tale of the enquiry and the findings and the sequel to the findings would not have been unfolded

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in this debate today. After all, the protection sought to be given, the hedging sought to be made was of no use and all the details are now before the hon. House and also before this country today as a result of this enquiry.

The second point I would like to make is very interesting and important for my purpose. I have the greatest personal regard for Mr. Guha who is in charge of this debate this afternoon. It so happened that when the Amending Bill on the Corporation was before this hon. House in November-December last, Mr. Guha was occupying a seat just in front of me, and, as I have said, he is a man of sterling character, a man of integrity, a man known for great public spirit, who has spent nearly a quarter of a century in British jails, and today, unfortunately for us—and not for him, I am sure—he is in charge of this debate. He has to reply for a Government which was unable to regulate the activities of this Corporation during the past several years.

I would only quote him briefly, not to score a debating point, but to ask him to tell this hon. House what he has done ever since he has become a Deputy Minister, to set right matters about which he spoke so eloquently in November-December last. He spoke on the debate on the Amending Bill. I am quoting some of his principal points:

“I have mentioned several times that this Corporation worked in a way which does not benefit the comparatively poorer sections of our industrialists and businessmen”.

I am citing another quotation from his speech:

“I mentioned several times and I may defend the allegations that unless the industry can get some of the influential Directors of the Corporation to be interested in

their particular concern, that concern can hardly expect to get any loan from the Corporation.”

I can go on making a complete summary. I have got the entire record here, but I am quoting only these two illustrations in order to ask my hon. friend to tell this hon. House in this debate what he has done in regard not only to the recommendations of the Sucheta Committee's report, but also in regard to his own statement made before. Then I shall give one final quotation:

“When I make this allegation I know my responsibility, and I expect that my Government will take this allegation seriously and make serious enquiries into these allegations.”

That was Mr. Guha, then.

Shri A. C. Guha: I think at that stage, Babu Ramnarayan Singh intervened, and I also replied to him.

Dr. Lanka Sundaram: I am sure my hon. friend will have the fullest opportunity to reply. I have quoted him factually, not out of context, and I repeat again that it is for him to tell this House what is being done to remove the blemishes which he has so wonderfully and eloquently exposed in November-December 1952.

Before I proceed further, I would like to put one final question, as a preliminary. What is the role of my hon. friend Shri A. C. Guha in getting drafted that Resolution of Government on 3rd December last, on the recommendations of the Sucheta Committee? In other words, I am suggesting very seriously, and with respect towards him personally, that he has attempted to tone down the action which Government should have taken on the recommendations of the Sucheta Committee. and I shall be glad to have an answer from him in due course.

I may mention that paragraph 22 of the Sucheta Committee's report is most important for our purposes this afternoon. I am quoting:

"We do not either support another view advanced that the Corporation, being a credit institution, should be governed by the analogy of the Banking Companies Act under which the grant of secured loans by a bank to its Directors is not prohibited. The Members of the Board of Directors of a public institution, like the I.F.C., should be above suspicion and we recommend that any concern in which a Director of the I.F.C. is a Managing Director or a Director/partner/share-holder in the Managing Agency concern should not be eligible for grant of loan by the Corporation."

And what are the facts revealed by this Inquiry Committee? I have, for the sake of convenience, summarised the results, and here they are. Out of 12 Members of the Managing Directorate, 8 have received loans from the Corporation, the details being as follows:

Name of Member	No. of Companies	Amount
Shri L. Shri Ram (Chairman)	8	Rs. 2.45 crores
Shri R. G. Saraiya	6	Rs. 2.21 crores
Shri V. P. Varde	7	Rs. 1.85 crores
Shri L. S. Vaidyar nathan	5	Rs. 1.90 crores
Shri Birendra Nath Mookerjee	1	Rs. 15,00,000

Even Professor D. R. Gadgil has got for one company Rs. 13,75,000.

Now this is the analysis of the appendices to the Sucheta Committee's Report. All these points work out as follows. Out of the total of Rs. 15,22,70,000 of loan money granted up to 31st December 1952, a sum of Rs. 8,59,17,000 has been given as loans to these six Members. In fairness to the Directors, I would like to make an observation—and I would like the House to bear with me on this point—in this connection. It so happened

that I analysed all these loan transactions, and I find that more than one Director of this Corporation was interested in more than one company which was given a loan. And when this offset is made, it works out as follows. Out of Rs. 8,59,00,000, the total loans granted Rs. 2,36,00,000 are accounted for by more than one Director of the Corporation being a Director of these companies, with the result that out of Rs. 15,22,70,000, the total transactions of the Corporation, the net amount to which the Directors have benefited is Rs. 6,33,00,000, up to the moment the Sucheta Committee brought up its report.

Now look at the effrontery of the Board of Directors? I am quoting from the relevant portion of the document 'Views of the Board of Directors of the Industrial Finance Corporation on the Report of the Industrial Finance Corporation Enquiry Committee, 1953' to show what the Board of Directors feel in regard to this particular matter. Here is the quotation:

"The Board consider that such a limitation is unduly restrictive and unfair to those concerns which may have sound proposals for the use of the I.F.C. loans, but whose Managing Director or Director/Partner/Shareholder in the Managing Agency concern happens to be on the Board of Directors of the Corporation. It is also felt that the acceptance of such a suggestion may make it difficult to obtain the services of men with sound business experience to work on the Board of the Corporation."

What services they render, I would like my hon. friend Shri A. C. Guha to tell this House and the country. There is one other small point in this connection. It so happened that the Chairman of the Executive Committee is Shri V. R. Sonalkar who is, also the last in the list of members on the Board of Directors, and Shri L. Shri Ram, who is the Chairman of the Board of Directors becomes a member of the Executive Committee, as Shri V. R. Sonalkar's No. 2, and their roles are reversed in this manner. This sort

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of dual control is something extraordinary which I have not come across in any company management.

I will give here some of the tabulated results of the Industrial Finance Corporation Enquiry Committee's Report.

(i) *Jay Engineering Works Limited*: Rs. 36 lakhs given as loan. The Committee noted:

- (a) Company grossly under-capitalised;
- (b) no amortisation funds;
- (c) no independent valuation; and
- (d) should not have been permitted to repay monies borrowed earlier.

(ii) *Bengal Potteries Limited*: Rs. 20 lakhs given as loan. The Committee noted:

- (a) Corporation has no representative on the Board of the Company;
- (b) out of this loan, Rs. 16 lakhs was towards repayment of the loan from the Punjab National Bank, the remaining Rs. 4 lakhs for the acquisition of non-productive assets, such as canteen for workers, office building, library and hospital; and
- (c) accounts manipulated, because the Company came to the conclusion that depreciation of Rs. 3.53 lakhs shown on the book value of fixed assets 'is *prima facie* out of proportion'.

(iii) *Orissa Textile Mills Limited*: Rs. 50 lakhs given as loan; paid up capital Rs. 65 lakhs; total cost of project Rs. 118 lakhs; and loan given Rs. 50 lakhs. The Committee noted:

"Without provision for any working capital at the time of loan application, Company had fixed assets of only Rs. 46.48 lakhs and received already a loan of Rs. 30 lakhs from the Orissa Government. The Ministry of Industry and

Supply, Government of India, favoured the granting of a loan, though they pointed out that in view of the high capital cost of the Mill, it would not be in a position to make sufficient profits to declare a dividend for the first three to five years."

Now, who are the partners of the Managing Agents of this Mill? One is the son-in-law of the brother of Shri L. Shri Ram, viz., Shri Pratap Singh, and another is Shri B. Patnaik of the Kalinga Corporation etc. with which one of the then Ministers here was concerned.

There is one very important point. In the Resolution of Government, there is a very extraordinary statement which I would like to draw the attention of the House to. The Resolution says:

"Government have no hesitation in agreeing with the Committee that the charges of nepotism and favouritism against the Corporation have not been proved."

I would like to ask my hon. friend, Mr. Guha, to point out to this hon'ble House one single statement warranting this conclusion as incorporated in the Resolution of the Government of India on the findings of the Inquiry Committee. As a matter of fact, Sir, I have got here a complete tabulation of the manner in which the Corporation has done things. The Committee in its report (paragraph 25) says:

"The executive committee of the Corporation did not exercise its mind as to whether the applicant for loan was in a position to raise money in the market."

It further says with regard to the Sodepur Glass Works:

"One Mr. S. Krishnaswamy, a retired official of the Imperial Bank of India, was suggested to the Company, which expressed its readiness to accept a General Manager....."

He was chucked out because Mr. Trasy, I believe a retired official of the Central Bank of India, was appointed. He was paid Rs. 2,000 per month plus travelling allowance, to prepare a balance-sheet for the Corporation. Suddenly, Mr. Trasy became General Manager of the Sodepur Glass Works, after the Company was taken over by the Corporation.

Now, Sir, the Committee says (paragraph 75):

"In our opinion, we consider it wrong in principle on the part of Lala Sri Ram to have recommended Mr. Bhagat to Lala Gurcharan Lal, and on the part of Mr. Bhagat to have joined the Managing Agency firm, when only a few months ago he had, on behalf of the Corporation, carried out an examination of the Bhurkunda Glass Factory as an important expert".

And so on the report goes.

I would make one final point here about the Sodepur Glass Works. In paragraph 81 of the Report, the Committee says:

"On the 28th July 1951, the Managing Director, in conveying to the Company the Corporation's sanction of the second loan, added several new conditions in addition to the above four terms. We have reasons to believe that the Managing Director added these conditions on his own authority, and they were neither placed before the Executive Committee nor the Board of Directors of the Corporation."

"Some of these terms are, in our opinion, to say the least, harsh, onerous and humiliating to the loanee company."

This is how the administration is carried on. As I have said earlier, the Government replies that they wholeheartedly agree that there is no nepotism and corruption.

I have got a list of names with me. I want my hon. friend, the Minister to answer me. I am asking these in public interest.

How many advance increments has the Managing Director given to the favoured people in the staff of the I.F.C. without the knowledge of the Board?

Will the Minister please let the House know the names of the members of the staff of the I.F.C. who are related to the Managing Director and other Directors?

Has the Managing Director brought Messrs. Pai and Karnik from his old Bank and put Pai down on a salary lower than that he once drew and put Mr. Karnik up on a higher salary?

Who is Mr. Karnik; is he the brother-in-law of the Managing Director's brother, who is now in sole charge of the entire range of cases from the Bombay area?

Is it a fact that in the place of Mr. Trasy, who became overnight the boss of Sodepur Glass Works, one Mr. Joshi was appointed?

Is it a fact that Mr. Joshi was chucked out as incompetent?

Is it a fact that once Mr. Joshi disappeared, suddenly he secured a loan of Rs. 3 lakhs for an under-capitalised firm, the Chairman of which is Mr. Varde, one of the Directors of the I.F.C.?

Further, is it a fact that at least two Directors of the I.F.C., viz., Messrs Roy and Captain, objected to this loan being sanctioned?

Is it also a fact that taking advantage of Mr. Captain's absence at one of the Executive Committee meetings, this loan was finally sanctioned?

May I ask the hon. Minister to answer these questions on the floor of the House to our satisfaction?

Can the Minister deny that when the application of Jay Engineering Works

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was being processed, the Managing Director raised a number of objections on record?

Is it a fact that after the objections were raised, the Executive Committee, under Lala Sri Ram as Chairman, sanctioned the grant of Rs. 20,000 for the purchase of a car for the Managing Director?

Is it a fact that after this transaction was over, the Managing Director has withdrawn his objections and the loan was sanctioned to the Jay Engineering Works?

What is the future of the Sodepur Glass Works?

What was the necessity for the undue haste for the Government to publish a resolution without coming to a conclusion on this important question, which occupies a most important section of the Report of the Sucheta Committee—occupying 40 per cent. of the total space in the Report.

Here I would like to recall my words in the debate of November, 1952. I said, I had no intention of injuring any individual or any Company. I stand by that declaration; But I ask this. Who is Ambegaokar?

I see here on page 120 of the Report (Appendix VII) that Mr. Ambegaokar was described as the Additional Secretary to the Government of India, who issued a memorandum of instructions to the Managing Director of the I. F. C. as to the manner in which that Corporation should conduct itself. That was at the beginning. What happened afterwards? The same Ambegaokar becomes a Director and, if I am not mistaken,—the Chairman of the Committee, my hon. friend Shrimati Sucheta Kripalani is here—the entire range of criticism in the report is levelled against this gentleman—estimable as he is—and what is the result? Suddenly Mr. Ambegaokar becomes the Secretary to the Government of India and signs the Resolution on the 3rd of December, 1953.

I ask, is this administration? A party becomes a judge. Sir, you presided over a High Court in this country with such great distinction. I present this to you, Mr. Chairman, and the Members of this hon. House, this particular thing which is unheard of in the annals of public administration either in this country or abroad. I seriously charge Government with nepotism; I charge the Government with sheltering people who ought to have been thrown over. I am not given to making irresponsible statements. There is a close ring of people who are either guilty or who are answerable. Laughter would not help my hon. friend Mr. Krishnama-chari. Answer me. (*Interruption.*)

Mr. Chairman: The hon. Member may continue his speech without replying to interruptions.

Dr. Lanka Sundaram: I am suggesting very seriously that there must be a paid Chairman in addition to the Managing Director, and must be a person who has no stake involved, if this Corporation is to progress any further. I give my assurance that I do not know the gentleman and I have no quarrel with him personally. This is the state of affairs of the I.F.C. and the report of the Committee is a strong, unqualified and merciless indictment of the manner in which protection at the highest level is being given to people who ought to have been declared culprits and thrown into oblivion.

Having said this, I would like to add one word. Here are the loan transactions of the Sodepur Glass Company. You will see, Sir, loans of Rs. 2,000, Rs. 3,000, Rs. 6,000, Rs. 5,000, all these in driblets were given. I direct the attention of the hon. Members of this House to page 56 of the Committee's report. This is how institutions have been destroyed. I am most anxious that an amending bill be brought before this hon. House without any further delay, so as to rectify the defects of the Corporation and also to ensure that in future public moneys, moneys

of the tax-payer, would not be frittered away for the personal benefit of individuals, whether they be officials or businessmen.

Mr. Chairman: I would like to remind the House again that only five minutes' time has been fixed for each Member.

Shri N. C. Chatterjee (Hooghly): May I request that ten minutes be allowed to each Member?

Mr. Chairman: I do not know if it will be possible to accommodate all Members.

Shri N. C. Chatterjee: The Industrial Finance Corporation has been the Parliament's head-ache, and I am sorry to say that the only complaint I have against Shrimati Sucheta Kripalani is that the gentle lady has produced a very gentle report gently dealing with the acts of commission and omission of the Industrial Finance Corporation. Really, she ought to have been a little more out-spoken, but I cannot understand the attitude of the Government. Government says that the Committee has not found that the allegation made in Parliament about partiality or nepotism was established and it has generally exonerated the Corporation. But actually, it has not done anything of that kind. Either the gentleman, who is responsible for this Government Resolution has not read the report or he has misread it with a purpose. Now, I shall read to you the finding of the Committee and Dr. Lanka Sundaram did not read this out.

"In our opinion, this procedure of leaving the entire, discretion to the Managing Director alone naturally leaves scope for the play of personal bias and for the possibility of favouritism. This exposes the Corporation to the charge of favouritism and nepotism."

This is a serious matter, and I am sorry to say that everything has been done by Government to sabotage

Parliamentary scrutiny. You will remember that this Committee was appointed on the 31st of December, and it was given a short period. No Parliamentary Committee has functioned with greater speed and devotion, and the entire report was submitted on the 7th May, if I remember aright, but Government sat tight over it till the 23rd December—kindly remember this date; it is the last day of the last Session of the House of the People. They deliberately contrived things in such a way as to keep this back from Parliament's scrutiny. I say that it is not fair and that it is treating Parliament with scant courtesy and they are doing everything to shield this from the public gaze and from discussion by Parliament. The allegation is that the bureaucracy is doing its best in order to make impossible effective Parliamentary control over this kind of finance corporation. Government should have come forward much earlier. Even the report of the Board of Directors was submitted months back, some time in the month of July, and from July onwards up to now there was plenty of time and Government could have easily come up before Parliament and said "This is the explanation we have got to submit." What is the use of this *post mortem* investigation into what has been done or what has not been done? I am seriously suggesting that constructive efforts should be made to implement the recommendations of this Committee. Why has nothing been done in this direction so far? What is the black spot in the working? The real dark spot is the concentration of power in the hands of one man or in the hands of one functionary, and I am endorsing the suggestion made by my hon. friend, Dr. Lanka Sundaram, that the sooner the Managing Director goes, the better for the Corporation and the better for all concerned. The Committee also has pointed that out—that everything has been left to this gentleman, the Managing Director. They are busy people and, naturally, they are interested in some of their concerns. They have left too much in the hands of one man and that has led to this state of unsatisfactory and inefficient administration. The Govern-

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ment says that there is no censure, but I read it as a censure. It may be a mild one, but still it is a censure. The Committee says:

"We are constrained to state that though the loans from the Corporation were not confined to any particular group of capitalists, there is no denying the fact that a large part of the loan applications was from big businessmen and their associates."

I remind the hon. Minister Mr. Guha that that was exactly his complaint; that complaint has been justified; that complaint was a just and proper complaint; the finding is that that complaint is well-founded. What steps have you taken in order to remove that complaint?

Now, Sir, one very important recommendation made by this Committee is regarding the appointment of a whole-time Chairman. It is good, Sir, that Mr. Sri Ram has resigned.

Dr. Lanka Sundaram: But has his resignation been accepted?

Shri N. C. Chatterjee: I do not know. I hope it has been accepted.

Shri Syamnandan Sahaya (Muzaffarpur Central): Yes, and another Chairman elected.

Shri N. C. Chatterjee: Mr. Sahaya seems to know better than the Minister himself! I am glad to know that another Chairman has been elected! But what I am suggesting is this. Why do you not accept the recommendation of this Committee which said unanimously: have a whole-time Chairman? Have a whole-time Chairman. Sir, that would make impossible devolution of so much authority and power in the hands of one functionary, who thinks he is the boss of the whole show and behaves almost like an autocrat or dictator, who is the dark spot in this Corporation and should be removed.

I know, Sir, the answer will be that it requires an amendment of the Act. They have said that "Government

agrees in principle that it would be an advantage to have a whole-time paid Chairman." This will require an amendment of the Act. Why do you not bring forward proposals for amending the Act? The Committee has said that; we all accept that: it can go through.

Shri Algu Rai Shastri (Azamgarh Distt.—East *cum* Ballia Distt.— West): Very small amendment!

Shri N. C. Chatterjee: Even Mr. Algu Rai Shastri would not oppose it! Therefore it can be easily done.

But what is more important is this. The Committee says:

"The responsibility for valuation of assets, deciding the margin to be required, the form of deeds to be executed etc., is left to the discretion of the Executive Committee of the Board, which very often in actual practice has meant the unfettered discretion of the Managing Director."

This unfettered discretion should go and the sooner it goes the better. And I am imploring in all fairness this cardinal principle of justice—that is the cardinal principle regulating any administrative tribunal—that a man should not be placed in a position where his duty and his interests are in conflict. Therefore, the Committee says: do not allow any director to function who is himself director of a company that is an applicant for a loan. He should not be allowed to be there. I think, Sir, that that can be managed. I do not think that is an absurd suggestion. Government says that that is not a practical suggestion. I do not know, Sir, whether India is so deficient in public spirited businessmen that you cannot get half a dozen of them who would not come forward to act as Directors of this Corporation, or function on the Board, who will be above suspicion. Do not allow people to be placed in this delicate position, where their interests will be pulling one way and their duty will be pulling the other way. I hope that would be feasible and that would be accepted.

The longer you stick to this attitude: "no, we will not accept the suggestion", the more you will lay yourself open to suspicion; and therefore, however efficient, however well-meaning your personnel may be they will be always attacked and they will be under a cloud of suspicion.

I hope Government will accept the constructive suggestions put forward by the Committee and Government will take early practical steps to amend the Act, and Parliament will with alacrity accept the implementation of the constructive recommendations.

Shri V. B. Gandhi (Bombay City—North): I must first blame this Government for giving this occasion to Dr. Lanka Sundaram to bring about this debate in the fashion that it has come before us today.

Shri T. K. Chaudhuri (Berhampore): On a point of order, Sir.....

Mr. Chairman: Let us listen; there is no point of order.

Shri V. B. Gandhi: You will remember last year this House debated an amending Bill for several days. It was out of the several charges made during the course of that debate that an Enquiry Committee was appointed. The Enquiry Committee took five long months to submit its report and Government has done nothing about it and here we are called, all of us, to speak for five minutes. I think it is very unfair to this House.

Several Hon. Members: Hear, hear.

Shri V. B. Gandhi: Government owes it to this House to have given us an opportunity for a full scale debate for several days on the subject. I will now come to the point. (*Interruptions*).

Mr. Chairman: Let us hear the hon. Member.

Shri V. B. Gandhi: It is not of course possible to deal with all of the points and insinuations,—because most of them were insinuations rather than any points—made by the two speakers

who have preceded me. Dr. Lankasundaram's tactics this time, rather unusual with him, were to raise a smokescreen; all the time he did not very much make a direct attack. The only point he made which attempts a direct hit was about loans to Directors. More about that a little later. In the first place, this House in 1948 passed an Act called the Industrial Finance Corporation Act and accepted a certain policy; again in 1952, that Act was amended in certain respects in order that it should be made more efficient for the purposes for which it was intended. Under either the original Act or the amended Act, there is nothing that should prevent this Corporation from advancing loans to Companies in which the Directors of the Corporation are interested. I won't go into the right or wrong of the thing. The Committee has made a number of suggestions on this point. Particularly, the Committee always kept in mind the need that in our country, and with the type of attitude we sometimes have towards such new organisations, it was necessary to keep in mind the old saying that Caesar's wife should be above suspicion. So in this respect that is, in respect of loans to companies in which the Directors of the Corporation were interested, the Committee has made a number of suggestions. The general view, or the general opinion to which, after a prolonged investigation into the facts of the situation, the Enquiry Committee came to, is given on page 12 of the Enquiry Committee's Report and I shall just read the relevant portion. It says:

"It would be difficult to put any blame on the Corporation for having granted loans to concerns in which the Chairman and the other Directors of the Corporation were interested either directly or indirectly, unless it could be established that grant of these loans was influenced in any way because of the interests of the Chairman or the Directors of the Corporation or that the Corporation relaxed the rules and terms and conditions in favour of the concerns and that these were not credit-worthy."

[Shri V. B. Gandhi.]

These are all the considerations and in the light of these considerations the Committee's view is that it would be difficult to put any blame on the Corporation for having granted these loans.

Not all the suggestions made by the Enquiry Committee have been accepted by the Government. It is open to any one of us in this House to express an opinion whether Government has done right in not accepting all those suggestions. But Government have accepted some of them, and here are the suggestions which the Government have accepted. For instance, Government have agreed to the suggestion that any director who is interested in a concern for which a loan is being discussed should not be present in the meeting and that he should withdraw. That suggestion has been accepted.

Then, Government have also accepted another suggestion, and I shall read the actual wording from the Government's resolution:

"Government have further decided to direct the Corporation to report to Government all cases of the grant of loans in which a director of the Corporation is a managing director, director, partner or shareholder in the managing concern of the applicant undertaking."

Then further: Government have also agreed that when the membership of the Board of the Corporation present at the time of considering a loan in which a director is interested is less than half, all such loan transactions passed at that meeting should be reported to the Government.

Finally, Sir, I will say that this House has to adopt a very responsible attitude towards this whole question of the Industrial Finance Corporation and its future. I think we should realise that this Industrial Finance Corporation is something that is needed in the context of our country's economy (Dr. Lanka Sundaram: Who denied it?)

and therefore this kind of a light-hearted five minute debate, I am afraid, is very unjust to the importance of the subject.

Shri T. N. Singh (Banaras Dist.—East): Sir, I rise to participate in this discussion with a full sense of responsibility and fully realising that it is a credit corporation on which criticisms should not be lightly made. Yet I think this Parliament, as the custodian of our national finances, will be failing in its duty if it did not approach at times such problems even in a critical spirit, because that is our duty. It does not mean that the criticisms should be irresponsible. (Shri Syamnandan Sahaya: Quite right. That is the main thing). Therefore, after carefully considering and giving full thought to the whole question I feel that the report is quite balanced and proper and appropriate. I wish that the Government Resolution had also considered the report in that very light and not taken advantage of it. I think at least the first part of the resolution, paragraph 3, is unfair to the Committee. The Committee has referred to certain cases which were irregular and into which they did not go, advisedly I think, in greater detail. They were perfectly right. It is also not my duty; neither do I think it is advisable that we should go into those details. Yet, with all that is there, I think the Government resolution is unfair to the Committee, of which Shrimati Sucheta Kripalani was the Chairman. I think Government should have taken a more realistic view. I suggest that Government should take serious note of some of the irregularities pointed out, and not merely brush them aside thinking that because they have not quoted more details, they need not be considered. It is not proper. For that reason, it was obviously the duty of Government to abide by the impressions that the Committee formed. After all, when you appoint a committee, they will be guided by their impressions of witness's evidence. They need not quote every chapter

and verse. You trust them and when they have come to certain conclusions, abide by them and take decisions accordingly. That is very important.

I am also much surprised to find that the Chairman of the Board of the Industrial Finance Corporation agreed to serve in the executive committee of the Board as a mere member. That is something unusual. What explanation is there for this? I am sure the Finance Minister will never agree to serve on a committee of which his Secretary is the chairman. That is not done. What induced the Chairman of this Board to work as a mere member of a subordinate committee? I want to be enlightened on that point. I also want to say that these are wrong things and should not be allowed.

Pandit Thakur Das Bhargava (Gurgaon): This is given in the Act. In Section 16 of the Act, the composition of the committee is given. I do not know how far my friend is right in dealing with this question. There is no question of the chairman accepting a lower post. The Act provides that the Managing Director shall be the chairman of the executive committee and other members will be elected.

Shri T. N. Singh: Yes, yes. The Managing Director shall be the chairman of the committee, but the Act does not say that the chairman shall be a member of the committee. I do not want unnecessary heat or criticism to be raised about it. I want to appeal to the Government that these things should be given due weight.

At the same time this is a credit organisation. I fully realise my responsibility when I am making all these criticisms. When a credit organisation has to be built up, it will commit mistakes. Any organisation is liable to commit mistakes. I am not very much worried about that. All I want is that the members must be above suspicion and managing directors of concerns which get loans should not

be associated with the organisation. I would urge the Government to insist on that. I am concerned in the observance of this principle because its non-observance will be unfair to the institution. The directors of concerns who are connected with the organisation may naturally take advantage of their position. That is bad. Therefore, I would very strongly request the Finance Minister to take this point in view and there should be no delay about its implementation. For whatever has happened, I regret very much. But let us not indulge in unnecessary heated criticism about it.

An Hon. Member: How will you stop it?

Shri T. N. Singh: In the five minutes that I have at my disposal I think, I cannot go into details. I have placed before the Government my view point. I hope I am reasonable and what I am saying is correct.

Shri Tulsiidas (Mehsana West): I have been listening to the debate with great interest and I have been trying to understand the point of view of the different hon. Members with regard to the working of the Industrial Finance Corporation. Knowing as I do, and having a little amount of experience as the chairman of a Bank, I would like to say—I know my friends sitting on this side of the House would not like it—that if we want to go ahead with the industrialisation of this country and if we want to give help to the industries with regard to capital formation, or making capital available to them, then it is no use our going in the way as we are criticising this report, or as the hon. Members here try to do.

I would like first of all to draw the attention of the hon. Members to the constitution and purposes for which this body has been created.

An Hon. Member: Which body?

Shri Tulsiidas: The Industrial Finance Corporation.

[Shri Tulsidas]

On page 7, it is stated here:

"The capital requirement of an industry consists of (a) the initial capital for acquiring fixed assets, (b) the working capital and (c) the capital required for replacement, rationalisation, modernisation and expansion. Generally, the initial capital is found through the medium of share, capital while further requirements for block capital are financed either by ploughing back the undistributed profits or by raising fresh capital through shares, debentures or bonds."

The experience of this country, even in the private sector when Industrial Banks were floated a long time back in 1906, which has also been quoted in this report, has been very sad. The banks which transacted this type of business have fared very badly. The Government felt that the industrial development in this country cannot be rapid and the need for such an organisation was so great to fill what is referred to in this report and what is commonly called the 'Macmillan Gap'. This is where this organisation has come in.

Two or three important issues have been raised by Dr. Lanka Sundaram. First, with regard to the loans to parties who are interested. I would like first of all to ask him whether the propriety of interest has been examined or not. When he says that large sums of money have been given as loans to these concerns, in which the Directors were interested, he forgot to mention to what extent these Directors were interested. In the Appendix the amount of share-holding has been mentioned. I would like to start with Professor Gadgil. It is stated that the amount of loan given to the concern in which Prof. Gadgil is interested is Rs. 13,75,000. His interest is Rs. 4,500 worth of shares.

Shri A. C. Guha: I think that is also a co-operative company.

Shri Tulsidas: Yes; in any case, a public limited company. What I am

trying to say is this. Any one even in this House may be holding shares in a particular company. Does it debar him from becoming a member of a committee where large amounts of loans are given to that particular company? I do not see any justification to take that view. What is the interest? After all, if a Director is interested in such a manner as to have a controlling interest, I can understand. Here the proprietary interest is so small that there is practically nothing to debar them from being Directors. They are there as Directors because of their particular status in society. They would be called to advise the company in the day to day affairs. If a particular Director holds a small number of shares, without which he cannot become a Director, do you mean to say that he is a Director of a particular company, and he cannot be a Director of the Industrial Finance Corporation? I cannot understand the equity of this. We will not be able to find even one, in that respect, to be on this Board and help the people. You want responsible people to serve on this Board. If you want responsible people to serve on this Board, they must be at least persons who know something about business and industries.

Shri S. S. More (Sholapur): Responsibility goes with shares.

Shri Tulsidas: If you want credit institutions to advance large amounts of loans and if these credit institutions are headed or advised by people who do not understand industry, I am sorry, the state of affairs would be very bad, and we may not be able to realise anything. What is the position of this Corporation? Out of 103 concerns to which they advanced loans, there is only one concern in the case of which there is a possibility of a bad debt. As a banker I think it is a very good risk, that it is a very good way that business has been conducted. As a banker I can tell you it is not possible to advance and not to

incur bad debts. Dr. Lanka Sundaram knows very well how bad debts come in.

Dr. Lanka Sundaram: They do. They accumulate.

Shri Tulsidas: Therefore I think we should congratulate the Industrial Finance Corporation for conducting their business in such a nice manner.

I am not suggesting that there need not be certain changes which may be necessary. After all, it is a public corporation. Parliament has got the right to criticise it. But I make a distinction between a public enterprise and a corporation of this nature. A corporation of this nature is a credit institution and it must function in a manner not to harm others. Otherwise, you will drive away others from coming to the Corporation, and the purpose for which it is established will not be served.

Another point was made with regard to a paid chairman. One hundred times more money is distributed by different banks and there is not a paid chairman, not only in this country but in other countries also. A chairman must be one who knows and understands the market, who knows the people round about, who can get information. Only such a person is qualified to be the chairman. Then, what happens if you have a paid chairman? It will become so rigid that it will not be possible for persons to get loans from this institution. In countries like England you have got a paid Chairman, but he is not a whole-time worker. He is only given a remuneration for the year. He comes for one hour a day and advises the board. Therefore, in an institution like this, we should not think of having a paid chairman.

I am sure whatever suggestions are made would certainly be considered by the Government. We are now on the threshold of creating two other corporations. If we are going to do business in this manner, I am afraid the purpose for which they are to be

established will not be served. Rather they will do more harm than good.

Shri K. K. Basu (Diamond Harbour): I do not think that in the short time available, many points can be covered.

As Mr. Chatterjee said, the report of the Enquiry Committee is rather mild and gentle, and even the Government have accepted most of these.

Regarding the grant of loans by this institution, Mr. Tulsidas Kilachand just now said, as a banker, that they have done well since only one case out of 103 cases is possibly a bad debt. I do not want to go into these details.

Government have taken nearly nine to ten months to decide what their attitude should be in regard to this report.

6 P.M.

We must differentiate between the role of the Industrial Finance Corporation which is practically financed by the nation's money and that of other private institutions. There is a complete qualitative difference. This should be kept in mind. We shall find that there has been a bias on the part of the Corporation, if we analyse Chapter VII of the Report, dealing with the 'rejected applications for loans. As the time is short, I would like to quote only two paragraphs from page 34 of the Report, which reads as follows:

"It would appear from examination of some of the rejected applications that the grounds for rejection stated above were not uniformly applied to all the cases, or in other words, in some of the cases, loans had been granted through the applicants suffered, at the time of taking loans from some of the disabilities enunciated above.

It is also true that reasons for rejecting applications as given were not final as it would appear that some of these very rejected

[Shri K. K. Basu]

applications were accepted on re-consideration by adjustment of the offending grounds. It may well be asked why such an attitude was not taken in regard to other applications. Had this been done, some of the applicants might have qualified for loans."

I do not know the incident referred to by Dr. Lanka Sundaram, where he said that a sum of Rs. 20 lakhs had been advanced to a particular concern, out of which Rs. 16 lakhs was utilised towards meeting some loans.

Let us now see how the Corporation has been giving loans. Out of a loan of Rs. 8 crores and odd, nearly Rs. 6 crores have gone to one particular set of industrialists. Do you mean to say that the other set of industrialists or the other types of industrial houses in the country, do not need any financial accommodation? This clearly shows that this Corporation has worked in a manner which is not in the general interests of the nation, but in the interests of a particular group, which might indirectly and to a very small extent only, help the growth of industrialisation in the country.

Another point that has been very ably dealt with relates to the powers and functions of the Managing Directors with regard to the granting of loans. The Government Resolution practically whitewashes the recommendation of the Committee, and says that Government are considering the possibility of having a paid Chairman for the Corporation. Once there is a paid Managing Director,—if I might use such an expression—he begins to feel that he is all powerful as a Moghul emperor, and we do not know what other indirect pressures will be brought to bear upon him by the Ministry.

Another very important part of the Committee's recommendation relates to the grant of loans to concerns with whose managing agency firms, the Directors of the Corporation were

concerned. This is a very important point that needs our consideration. My hon. friend Shri Kilachand said that in this business world sometimes it might happen that a Director of a particular concern may have very small interests in other concerns also, as in the case of a joint family, and his proprietary interest may be to the tune of two annas in a rupee or so in the managing agency firms, but if one particular individual holds a block of some 2,000 shares, obviously, he will have a great control over that concern, and the whole situation changes. If we analyse the loans granted, we find that a major portion has gone to one particular set of industrialists only and not to the others. You will remember that when the amending Bill was being discussed last time in this House, allegations were made that applications for loans from persons who had much less capacity and much less pull with the organisation or the authorities that sanction the loan, were rejected.

Therefore, Sir, these things should be taken into consideration. The most unfortunate part of it is that seven months after the Committee has submitted its report, our Government in a resolution practically says that there is nothing that has been said on which the Government should take action. I do not understand this. This Committee sat in judgment on the working of the Board of Directors of the Corporation, then the Secretary, I find, sits in judgment on behalf of Government on the report of this Inquiry Committee and says that nothing has been said on which it is absolutely imperative that improvement should be made. They say it is not necessary because they have facts which do not warrant the recommendations made by the Committee. I do not know why they do it. The Board of Directors must have appeared before this Committee when they sat in judgment; I do not know, Sir, because the evidence is not placed before us. But I feel the Government is deliberately developing a certain attitude. I remember when the amend-

ing Bill was brought forward, under pressure of our demand at the last moment they agreed to the appointment of a Committee of Inquiry. Then the work was rushed through in five months and then Government took nearly seven months to give its verdict. Even today, I do not know whether the Finance Minister himself or the Deputy Ministers have sat in judgment on this and applied their own independent mind or have only signed what the Secretary recommended. It is absolutely imperative if the nation's money is to be usefully spent that Parliament must have full control over this particular institution and other two such institutions, which I understand, are going to be started in future.

The Minister of Finance (Shri C. D. Deshmukh): On a point of order. Is it right for an hon. Member to say in respect of anything signed by the Secretary that Ministers have not applied their minds to whatever is stated there?

Shri K. K. Basu: I said: 'I do not know'

Shri C. D. Deshmukh: I say even such a question is improper. All Government orders are authenticated by the Secretaries. But all the business of Government is carried on by the Ministers, that is to say, even if there is credit or blame, it is the Ministers who share it. It is not the Secretary. The Secretary only authenticates orders.

Mr. Chairman: The hon. Member will take care to avoid that statement.

Shri N. C. Chatterjee: If a presumption is made, it is rebuttable.

Mr. Chairman: Here we are not to make that presumption and then go on just to rebut it. We shall have to take it for granted that the Ministers share that responsibility and the procedure goes on as prescribed.

Shri A. C. Guha: It is not a question of sharing responsibility. The entire

responsibility for this resolution is on the Ministers.

Mr. Chairman: That is all right. The hon. Member will try to avoid that.

Shri K. K. Basu: I did not mean anything.

Mr. Chairman: It is better that we avoid it.

Shri C. D. Deshmukh: If I may explain, my point is this. There is no way open to a Minister to show that he has applied his mind to a thing. All orders and all communications must, under the rules of business, issue under the signature of the Secretary. That is by way of authentication. But all responsibility must necessarily belong to the Ministers. That is the point I wished to make.

Shri S. S. More: That is only a matter of procedure.

Mr. Chairman: But that is a fact also. That is how things move on. The Secretary has to authenticate or sign that order. It is not the Minister who would sign. The Minister certainly would share the responsibility. He would take that decision. But the issue of orders must be done by the Secretary.

Shri K. K. Basu: I did not say that the Ministers do not take responsibility. The Government resolution on the report...

Mr. Chairman: Instead of entering into a discussion, the hon. Member should conclude now.

Shri K. K. Basu: I am concluding, Sir.

Therefore, I feel that when serious allegations are made on all sides of the House irrespective of party affiliations, in this matter involving the nation's money invested in the Corporation, when allegations are made on the way it has worked and those allegations are repeated—when repeated charges are made—Govern-

[Shri K. K. Basu]

ment should take these into consideration. There should be devised some machinery that would have a much greater check by our Parliament over the working of the Corporation.

About the Secretary, I do not know how he is interested, because he is also there to advise on behalf of the Government. I do not know whether he will apply his mind properly to the working of this body. About the Chairman, I do not know why an industrialist should be chosen. At least for the sake of avoiding public criticism, that should not be done. It is true that there may be industrialists. They may come in the Board to advise when loans have to be granted and valuation has to be made. They may be there just as we take an economist or a chartered accountant. The industrialist should be there in that position to advise Government on how investment should be made and so on. Therefore, I feel that the Chairman should be a person who should not be connected with any big business. There may be persons connected with big business as directors but the Chairman should be above all these things and he must be a person imbued with public spirit.

पंडित ठाकर दास भार्गव : जनाब चैयर-मैन साहब, आज जब मैं अपने चारों तरफ़ नज़र दौड़ाता हूँ तो मुझे मिस्टर गुहा पर बहुत रहम आता है। मिस्टर गुहा उन अशाखास में से हैं जो इस कमेटी के अक्वाइटमेंट के और इस सारे ड्रामा के हीरो हैं। लेकिन आज जब मैं यह पाता हूँ कि दरअसल उन्होंने जिस तरह से अपनी रेसपांसिबिलिटी को निभाया है, और गवर्नमेंट का जो काम्युनिके निकला है और सारी रिपोर्ट पर जो कुछ लिखा है उस को जब मैं पढ़ता हूँ तो मुझे यह तसल्ली होती है कि इन्होंने अपना काम निहायत ईमानदारी के साथ और बतौर डर के किया है। अगर उन की जगह कोई मुझ जैसा छोटा

आदमी होता तो वह कह देता कि मैं ने ही तो सारा झगड़ा किया, मैं ने इन को बेईमान कहा और इन पर सारे इल्जाम लगाये, और अब इन को कैसे उस छे चरी कर सकता हूँ। लेकिन मैं इन को मबारकबाद देता हूँ कि इन्होंने निहायत ईमानदारी से काम किया है और अपनी जिम्मेदारी को निभाया है।

जनाब वाला, जैसे मैं इस तरह इन के ऊपर रहम करता हूँ, वैसे ही जब मैं अपनी दूसरी तरफ़ देखता हूँ तो इन पर भी रहम करना पड़ता है। अभी जैसे श्री तुलसीदास साहब ने फ़रमाया, यह कारपोरेशन का काम बड़ी मुश्किल चीज़ है, इस के लिये हमें इस के सारे आइडिया के पीछे जाना पड़ेगा कि यह कैसे काम करता है और कैसे हम इस को क्रिटिसाइज़ करें। जितने अशाखास ने क्रिटिसाइज़ किया है, मैं यह नहीं कहना चाहता कि उनक क्रिटिसिज़्म में ईमानदारी नहीं है, लेकिन मुझे यह कहने में ख़रा भी ताम्मुल नहीं है कि वह भी अगर मिस्टर गुहा की तरह इस को ग़ौर से देखते तो वह ख़रूर यह महसूस करते कि उन का क्रिटिसिज़्म जायज़ नहीं था।

आचार्य कृपालानी (भागलपुर व पूनिया):
अगर वह भी मिनिस्टर हो जायें ?

पंडित ठाकर दास भार्गव : हमारे बुजुर्ग साहब फ़रमाते हैं कि वह भी मिनिस्टर हो जायें। लेकिन इस के अन्दर यह चीज़ ग़ौर करने की है कि क्या ईमानदारी इधर बैठ कर ही रह सकती है और उधर बैठ कर क्या नज़रिया तबदील हो जाता है और ईमानदारी में फ़र्क आ जाता है ? मैं इस को नहीं मानता। मैं समझता हूँ कि श्री कृपालानी साहब जैसे यहां बैठे हैं वैसे ही अगर उधर बैठेंगे तो भी उन की ईमानदारी में फ़र्क नहीं आयागा, उन के नज़रिये में कोई तबदीली नहीं होगी।

और आज मैं अपनी बहन को मुबारकबाद देता हूँ कि उन्होंने ने इस काम को किस खूबी के साथ किया है, किस तरह उन्होंने इस के अन्दर जा कर कमेटी की रिपोर्ट लिखी। उन्होंने यह रिपोर्ट इतने माडरेशन से और स्ट्रेट के साथ लिखी कि शायद इस को दूसरा कोई नहीं लिख सकता था।

आचार्य कुपालानी : गवर्नमेंट ने समझा ही नहीं।

पंडित ठाकुर दास भार्गव : गवर्नमेंट ने समझा या नहीं, इस पर मैं अभी बाद में आता हूँ। मैं दुनिया के एक तजुबेकार आदमी की हैसियत से कहता हूँ। मैं ने अपनी सारी उम्र फौजदारी का काम किया है और उस क्रिमिनल ला के काम की बिना पर मैं कहता हूँ। आप बहुत खश हैं, मेरे दोस्त हंसते हैं। खूब हंसिये। जिन्होंने क्रिमिनल ला का काम ही नहीं किया वह जान ही नहीं सकते कि क्रिमिनल कानून के एडमिनिस्ट्रेशन का असूल क्या है। मिस्टर चटर्जी साहब फरमाते हैं कि केनन आफ जस्टिस से इस रिपोर्ट को देखें। मैं इसी बेसिस पर इस रिपोर्ट को देखना चाहता हूँ। मैं अदब से अर्ज करना चाहता हूँ कि कमेटी एक ओर तो यह कहती है कि इस में कोई बेईमानी का या नेपोटिज्म का केस साबित नहीं है। उस चैप्टर में जहां स्पेसिफिक इंस्टेंसेज का सवाल आता है वहां एग्जोनरेट कर दिया लेकिन दूसरी तरफ दूसरे चैप्टर में आहिस्ता से यह भी लिख दिया कि हम को मालूम ऐसा होता है कि सिवाय बिग बिजनेस के किसी और को रुपया दिया ही नहीं गया है। जनाब बाला, यह तरीका बिल्कुल मनासिब नहीं है। अगर कोई शख्स क्रिमिनल लायर होता या जस्ट आदमी होता तो इस तरह की रिपोर्ट पेश नहीं करता। यह एक निहायत नामुनासिब बात है कि एक तरफ तो आप किसी के

खिलाफ इल्जाम लगायें और उस को, जिस पर हमला किया गया हो, मौका नहीं दें कि वह अपना जवाब दे। मैं मिस्टर चटर्जी साहब से पूछता हूँ कि जिस किसी के बरखिलाफ आप कोई नतीजा निकालें, उस को आप अपनी सफाई पेश करने का मौका न दें, यह किस कानून के मातहत मुनासिब है? जनाब बाला, इन लोगों की यह शिकायत है कि हमारे बरखिलाफ नतीजा निकाला या और हम को मौका नहीं दिया गया। आप को मौका देना चाहिये था कि हम यह नतीजा तुम्हारे बरखिलाफ निकालते हैं, तुम को क्या कहना है?

श्री भागवत शा आचार्य (पूर्निया व संथाल परगना) : नतीजा निकला हुआ है कि सिर्फ सास इंडस्ट्रीज को दिया गया।

Mr. Chairman: Let there be interruptions.

पंडित ठाकुर दास भार्गव : मैं इस का जवाब अभी देता हूँ। मैं अभी यह कह रहा हूँ कि उन की यह शिकायत बिल्कुल जायज है कि जिन लोगों के बरखिलाफ आप ने लिखा उन को मौका नहीं दिया कि उन के खिलाफ यह ऐलीगेशंस थे। आप को उन को मौका देना चाहिये था कि वह जवाब दें। वह टीक जवाब नहीं देते तो आप इस से भी सस्त रिपोर्ट लिखते।

अब जनाबवाला इस पर मुलाहजा फरमायें कि इन के खिलाफ शिकायत है क्या? मेरे बन्द दोस्त कहते हैं कि बन्द इंडस्ट्रीज को रुपया दिया गया। कमेटी की रिपोर्ट कहती है कि जितना इन के पास रुपया था वह सारा का सारा एग्वास्ट नहीं हुआ, वह और ज्यादा दे सकते थे। कहा जाता है कि छोटी इंडस्ट्रीज को नहीं दिया गया। मैं पूछना चाहता हूँ कि छोटी इंडस्ट्रीज को दरखास्त देने से किसने रोका था। अगर इस रिपोर्ट में यह लिखा होता कि इन के पास रुपया नहीं था तो मैं समझता कि बड़ी इंडस्ट्रीज

[पंडित ठाकुर दास भार्गव]

को ही दे दिया गया और छोटी इंडस्ट्रीज के लिये नहीं रखा गया, गो इस सिलसिले में मैं यह अर्ज करना चाहता हूँ कि जब वह बिल हमारे सामने आया तो श्री वणमल्ल चेट्टी ने यह कहा था कि हम अभी यह नहीं बतला सकते कि कैसे सरकम-स्टांसेज हों। जब यह ऐक्ट पास हुआ तो इस वक्त बतलाया गया था कि ज्यादातर यह बिग बिजिनेस के लिये है। अब जो स्टेट कारपोरेशन्स बने हैं उन में छोटी इंडस्ट्रीज के लिये जगह है। बड़ी इंडस्ट्रीज को उस वक्त गवद करनी थी, बैंक उन को रुपया नहीं दे सकते। कमेटी ने भी इस की तार्ईद की है कि सिर्फ बि बिजिनेस को भी रुपया नहीं दिया गया। लेकिन जब छोटे कामों के लिये कोई दरखास्त नहीं है तो हम किस मूह से कह सकते हैं और शिकायत कर सकते हैं कि बिग बिजनेस के अलावा किसी और को रुपया नहीं दिया गया। यह बिल्कुल बेबुनियाद शिकायत है और बजा नहीं है। अगर हम वाक्यात को देखें तो कोई एक भी दरखास्त नहीं है जिस को इस बिना पर नामजूर कर दिया गया हो कि हमारे पास रुपया नहीं है।

अब इस रिपोर्ट में इस बात की शिकायत की गयी है कि इंजीनियरिंग वर्क्स में बंगाल पोर्टरीज ने बोनस शेयर जारी कर दिया। खुद हाउस वाकिफ है कि बोनस शेयर को जो जारी किया जाता है तो सरकार की इजाजत से जारी किया जाता है। जब कि सारा डिविडेंड हो जाता है तो वह फ़िटर न हो जाय इस के लिये बोनस जारी करते हैं, जिस के माने यह है कि वह सारा का सारा रुपया कम्पनी ने रख लिया और वह उस का कैपिटल हो गया। दूसरी शिकायत यह है कि तीन लाख ८७ हजार रुपया लोन में से किस को दिया गया। मैं ने उन का जवाब पढ़ा है। जिस वक्त लोन दिया गया उस वक्त उन को

बतलाया गया कि हम यह रुपया वापस देंगे और यह रुपया लोन में से नहीं दिया गया। यह सब क्वेश्चन आफ फ़ैक्ट है जिन के बारे में कमेटी ने शलतियां की हैं और जिस की बजह से सारे का सारा नतीजा शलत हो गया है। गवर्नमेंट ने बहादुरी से काम लिया और इस टैम्पटेशन को रिजिस्ट किया कि उन का कनडमनेशन कर दें। गवर्नमेंट ने बिल्कुल ठीक किया कि उन फ़ैक्ट्स को फिर देखा। तीन लाख ८७ हजार रुपये पर जो कटाक्ष किया गया है वह बिल्कुल शलत है।

एक कम्पनी के बारे में यह कहा गया कि पहले कर्ज का दस लाख रुपया बीस लाख वाले दूसरे कर्ज में से दे दिया। मैं अर्ज करूंगा कि यह इस तरह जो बातें कही गयी हैं वह फ़ैक्ट्स पर मवनी नहीं हैं। जो दूसरी कम्पनी को पाटरीज की कम्पनी पर शिकायत है तो जनाब वाला, जो शिकायत है उस का, मलाहजा फ़रमायें और उन्होंने ने जो जवाब दिया उस को देखें तो पता लगेगा कि शिकायतें बिल्कुल बेबुनियाद हैं और फ़ैक्ट्स के बेसिस पर वह शलत हैं। अगर वह फ़ैक्ट्स पर शलत नहीं होतीं तो मैं शिकायत को दुरस्त समझता। लेकिन जिस तरह से फ़ैक्ट्स हैं उन के मताबिक मैं उन शिकायतों को दुरस्त नहीं समझता। अगर यह बात होती कि जो मैनेजिंग डाइ-रेक्टर था वह किसी खास इंडस्ट्री में इंटरैस्टेड था और दस में से एक दो को लोन दिया गया और बाकी को नहीं दिया तो कोई बात शिका-यत की होती, लेकिन फ़ैक्ट्स ऐसे नहीं हैं। इसी तरह अगर यह होता कि दरखास्तें आते ही मजूर हो गयीं, महीने दो महीने की जगह लोन दस दिन में ही दे दिया गया तो दूसरी बात होगी। गो, अगर ऐसा होता तो मैं मबारकबाद बेता कि उन्होंने ने इतनी जल्दी जहां जरूरत हुई वहां काम किया और

रूपया दे दिया। लेकिन फंडट्स इस तरह की शिकायतों के बिल्कुल बरअक्स हैं।

जनाब वाला, मैं निहायत अदब से अर्ज करूंगा कि इन पांचों में से एक भी शिकायत ठीक नहीं है। इन पांचों चीजों के बारे में मैं ने सब बातों को गौर से पढ़ा है और मैं अर्ज करन चाहता हूँ कि एक भी मसला ऐसा नहीं है कि जिस के लिये यह कहा जा सके कि इस कारपोरेशन ने किसी की रियायत की हो या बिग बिजिनेस की रियायत की हो।

आचार्य कृपालानी : चेयरमैन ने क्यों रजाइन किया ?

पंडित ठाकुर दास भार्गव : गरीबनिवाज़, चेयरमैन का रजाइन करना ठीक था, अगर आप वहां पर होते और पार्लियामेंट में इस तरह मड फेंका जाता तो हर शख्स जिस को अपनी इज्जत का ब्याल होता यही करता।

पंडित के० सी० शर्मा (जिला मेरठ दक्षिण) : यहां हाउस में तो कोई मड होता ही नहीं, कीचड़ फेंकने का जो फिर आप ने यह तसब्बुर किया वह गलत तसब्बुर करमाया।

Mr. Chairman: Let there be no interruptions. The hon. Member may proceed with his speech.

पंडित ठाकुर दास भार्गव : जनाबवाला, मेरे दोस्त जिन्होंने ने अभी मड के बारे में इटरप्शन किया उन को अभी अंग्रेजी और पढ़नी पड़ेगी। जब वह मिट्टी के मड से हीं सने हीं तो वह फिजिकल मड को ही जान सकते हैं, दूसरे मड को ब क्या जानें, जिनका ताल्लुक इन्सानी आरम-सम्मान से है।

अब, जनाब वाला, मैं निहायत अदब से यह पूछना चाहता हूँ इस हाउस से कि कोआपरेटिव सोसाइटियां किस बेसिस पर बनाई जाती है। कोआपरेटिव सोसाइटी में लोग रूपया दे कर उन्हीं आदमियों को करें देते हैं कि नहीं जो कि कोआपरेटिव।

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सोसाइटी के मॅम्बर होते हैं। यह रूपया किस तरह से आया ? यह रूपया सिर्फ सरकार का रूपया नहीं है। इस में बहुत सारा रूपया दूसरों का है, इस में जो रूपया लगा है, कारपोरेशन में यह शिड्युल्ड बैंकों का है। इस में रूपया इन्वोर्स कम्पनियों का है। इस में ऐसे लोगों का रूपया है जो कि आम तौर पर लोगों को कर्जा देते हैं। इस रूपये के वास्ते अगर यह कह दिया जाय कि फलां को दिया जाय, फलां को न दिया जाय, तो इस का फायदा आधा ही रह जायगा। यह इसी तरह की बात हुई कि जिन के लिये यह कारपोरेशन बना हो उन्हीं को महकूम कर दिया जाय कि उनको रूपया न मिले। यह सब चीजें ऐसी हैं जिन को देख सकते हैं। मैं नहीं जानता कि जिस तरह की यह कारपोरेशन है। उसके अन्दर आप यह बल कर दें कि वह लोग रूपया न ले सकें जो इसके कोई डाइरेक्टर हों। वह चीज जो बतलाई जाती है कि एक आदमी के जिस के इस कारपोरेशन में बस शेयर्स हैं उसको रूपया न दिया जाय, इस में कोई अकलकी बात नहीं। हम ने, जनाबवाला, ऐक्ट बनाते बक्त उस में यह शर्त नहीं रखी कि ऐसे किसी आदमी को रूपया नहीं दिया जायगा जो डाइरेक्टर से कनेक्टेड हो और जो इस का डाइरेक्टर बने, हम ने इसमें ऐसा तो नहीं लिखा और यह जो ऐक्ट बनाया गया वह काफ़ी बहस और सोचविचार के बाद बनाया गया, इसलिये आज सिर्फ बहस के सातिर इस चीज को जेरे बहस लाकर और उसके ऊपर केसिल बिल्ड करना मुनासिब नहीं है। मैं समझता हूँ कि इस तरह की तरकीम ऐक्ट के अन्दर नहीं होनी चाहिये। मैं अदब से अर्ज करना चाहता हूँ कि यह लोन कमेटी जो इस ऐक्ट के अन्दर हमने बनायी थी उसके कंस्टीयुहशन में हम कर रहा था कि जो मैनेजिंग डाइरेक्टर हो वह

[पंडित ठाकुर दास भार्गव]

प्रेसीडेंट होगा और दो डाइरेक्टर एक सेट से इलेक्ट किये जायेंगे और दो डाइरेक्टर दूसरे सेट से इलेक्ट किये जायेंगे। मैं पूछना चाहता हूँ कि अगर किसी आदमी पर भरोसा कर के उसको डाइरेक्टर बनाते हैं, तो इसमें क्या हुआ कि एक आदमी मातहत हुआ और दूसरा ऊंचा हुआ, इस में मातहती या ऊंचेपन की बात नहीं है, दोनों बराबर के डाइरेक्टर हैं, उनके अन्दर इस किसम का कोई सवाल पैदा नहीं होता और मझे यह तसलीम करने में कोई हिचक नहीं कि इस कमेटी ने ठीक तरह से काम किया। साथ ही मैं यह भी अर्ज कर देना चाहता हूँ कि किसी कारपोरेशन के एक एक ट्रांजेक्शन को माइक्रोस्कोपिक निगाह से देखना एक एबनार्मल चीज है कि कहां उसने गलती की और कहां गलती नहीं की। उन केसेज के अन्दर जाने पर भी आपको मालूम होगा कि कुल १०३ केसेज में चार केसेज सेलेक्ट किये गये। उन चार केसेज के बारे में भी हमारी कमेटी की यह राय है कि उनमें हमें फेब्रिटिज्म और नेपोटिज्म नज़र नहीं आया। बाकी उस कमेटी ने जो रिज्क्शन के केसेज देखे उनमें सिर्फ एक केस रिज्क्शन का ऐसा बतलाया जाता है जिस के बारे में हाउस में किसी ने शिकायत भी की थी उसके लिए उसके मैनेजिंग डाइरेक्टर ने सफ़ाई की और बयान दिया कि यह एलिगेशन ठीक नहीं है कि हमारे साथ कोई सक्ती न की गयी मैं नहीं समझ सकता कि उस कारपोरेशन के काम के लिये इस से बेहतर सर्टिफिकेट और क्या मिलता? इस कारपोरेशन को जो हमने बनायी थी उसने जिस तरह काम किया मुझे उसके अन्दर कोई ऐसी गलत चीज नहीं मालूम हुई जिसके लिए इस कारपोरेशन के बरखिलाफ़ और ऐसे पब्लिकमैन के बरखिलाफ़ बिल्लया जाय कि ये रुपया ला गये। यह ठीक है कि हमें हाउस के अन्दर अगर कोई गलती

नज़र आये तो उसके खिलाफ़ शिकायत ज़रूर करनी चाहिये इस सिलसिले में मैं बतलाऊँ कि जो भी शिकायतें हमारे पास आईं उनके बारे में हमने देखा तो उनमें कोई गलती नहीं निकली। मैं अदब से अर्ज करना चाहता हूँ कि गवर्नमेंट का जो ऐलान है वह निहायत वाजिब और ठीक है और उन वाक़ेजात की बिना पर है जो कि गवर्नमेंट के सामने आये। इसको हम सब को सपोर्ट करना चाहिये और मज़ह इस वजह से कि इसके अन्दर बिग बिज़नेसमें लाला श्रीराम का नाम आती है हम को इस को कंडम नहीं करना चाहिये और ऐसा करना हम को शोभा नहीं देता। उधर यह कहना कि उन्होंने कोई नेपोटिज्म और फेब्रिटिज्म नहीं किया और उधर यह कहना कि कहीं कहीं से बू आती है वा छोटे बिजनेस के लिए कुछ नहीं किया यह दोनों कंट्रिडिक्टरी चीज़ें हैं। गवर्नमेंट ने इस बारे में उनको लिखा और उन्होंने लिख दिया कि इस एलिगेशन का कोई बेसिस नहीं है इस शिकायत के वास्ते कोई माकूल वजह या माकूल फाउंडेशन नहीं है। इन हालात में मैं अदब से अर्ज करना चाहता हूँ कि कौन शक्स इस के बरखिलाफ़ कह सकता है। सिवाय उस आदमी के जिसको गवर्नमेंट को बरा ही कहना हो? मैं समझता हूँ कि गवर्नमेंट का इस बारे में ऐलान निहायत वाजिब और मुनासिब है और गवर्नमेंट ने कई बातें जो ठीक और वाजिब थीं मानीं और गवर्नमेंट चाहती है कि इन चीज़ों में तरमीम कर दे। मेरे ब्याल में उन्होंने निहायत अच्छा काम किया।

Shri Gidwani: Sir, I put a question on 18th February regarding the Sodepur Glass Works and the reply given to me was that Rs. 50 lakhs had been advanced and Government understand the Industrial Finance Corporation was considering the question of necessary steps to be taken in the matter.

But when the Government issued the Resolution, they had said in their Resolution that the case of the Sodepur Glass Works was still under Government's consideration and the final decision would be announced in due course. This was on 24th December. On 18th February the reply of the Government showed as if they had nothing to do with the matter, that it was the Industrial Finance Corporation which was considering the question and taking necessary steps. I would like to know why do Government absolve themselves of their responsibility when they had stated that they were considering the question? Now they say it is the function of the Corporation.

The other thing is about the Corporation; I would like Mr. Gandhi who has signed this report to say whether he is a party to it or not. This is what it says:

"In the ultimate analysis, the following facts emerge:

In view of the drawbacks of the project, as pointed out by the Expert Committee, the Corporation should have been more circumspect in sanctioning the original loan of Rs. 40 lakhs. The capital requirements of the project had been grossly underestimated and the Corporation seems to have made no serious attempt to properly assess at any stage the long term requirements. The single factor is the major contributory cause for the present state of affairs of the Company. The Corporation must now estimate closely the long term capital requirements.... The economies of the present plate glass plant need be looked into carefully.... The Corporation should have in collaboration with the Managing Agents devised ways and means for accelerating the construction of the factory...."

In the end it says:

"The conflict of personalities and dual control seemed to have complicated matters resulting in mismanagement."

May I ask him if he is a party to this?

Mr. Chairman: The hon. Member might continue his speech without addressing him directly?

Shri Gidwani: Then, may I ask him through you?

Mr. Chairman: That has been asked and the hon. Member might continue.

An Hon. Member: There is no answer; it is a bad case.

Shri Gidwani: Where has the Committee made any such remark in its report that the charge of nepotism and favouritism has not been proved against the Corporation as stated by the Government resolution? We have not been able to find in the whole report anything put in that form. I do not know wherefrom Government got these two things. (*Interruptions*). Whatever may be said, it is Government's responsibility and Government has put in such a large amount of money. Is it not a fact that the Finance Secretary is not only a Director of the Corporation but a member of the Executive Committee which sanctions loans? If that is so, is not Government responsible for all these transactions that have taken place? The report of the Committee criticises certain transactions, particularly about the Sodepur Glass Works. Is not the Government responsible for the same? These are things which create an impression on the minds of the public that proper safeguards are not being taken; proper precautions have not been taken and on the whole effort is being made to whitewash the whole thing. Either you have to accept the report of the Enquiry Committee which was appointed by this House or the resolution of the Government.

The Deputy Minister of Finance (Shri M. C. Shah): The Committee was not appointed by this House.

Shri Gidwani: Then, by whom was it appointed?

Mr. Chairman: The hon. Member might address the Chair.

Shri Gidwani: He says that the Committee was not appointed by this House. It was on the suggestion of the Parliament that Government appointed it. (*Interruptions*). It was a Committee appointed by the Government and I would like to know whether Government considers that the recommendations of the Committee should be adopted by them or not. That is an important point and if Government hereafter appoints committees but ignores their reports and does not take into consideration the recommendations of these committees and on the contrary goes against their recommendations, it is a very serious matter for the whole House and the country too.

Shri V. G. Deshpande (Guna): In view of the confusion that is prevailing, may I suggest that the Chairman of the Committee may be called upon to speak at this stage? Otherwise, as there is a conflict of opinion we are lost and feel अर्थस्य तत्त्वं निहितं गुहायां We would like to know what the Chairman of the Committee has to say.

Dr. Krishnaaswami (Kancheepuram): Mr. Chairman, I do not wish to add to the controversy by referring to new material or to the facts that have been left out of account by my hon. friend. I make this observation at the outset, that we are placed at a disadvantage since the Committee's report has been published without a summary of the findings that have been given before it. We cannot obtain a correct appreciation of the weight attached by the Committee to the various aspects of the evidence placed before it.

Now, the findings of this Committee are a very serious matter. The recommendations that it has made are recommendations which ought to be taken into account not only by the Government but by this House as well. The committee's survey raises the fundamental issue of what an industrial finance corporation is, from the working of the Industrial Finance Corporation—and I do not make any reflections on the members of that body—

it is difficult to resist the inference that it has worked purely as a finance corporation. The Sodepur Glass Works, to which references were made by various speakers, turns out on examination to have been treated just as a concern would have been treated by a bank, that the directors and others thought of the Corporation purely as a finance corporation. They applied to this company the same tests which a bank would have applied. For instance, when the Sodepur Glass Works was in a very serious position they did not move sufficiently quickly and moved only after the fifty lakhs maximum had been reached. In other words their hands were forced when the maximum limit permissible under the Act had been reached. I should like to point out that in the case of the Sodepur Glass Works the major mistake which the Industrial Finance Corporation committed was to have put bankers in charge of this concern. When there are industrial concerns with great potentialities before them, it is folly to entrust them to bankers, bankers who are amiable men knowing little of industrial development and understanding less of the problems of industry. I do not want to go into the controversies which took place between the Managing Director of the Industrial Finance Corporation and the directors of the Glass Works Company. They reveal a sorry state of affairs, but they are easily remediable; what is not however remediable so easily is the banker's bias, the banker's bias which has made havoc of the aims and purposes of the Industrial Finance Corporation.

Take another case—Bengal Potteries. It is quite clear that the Bengal Potteries definitely benefited from the loan that was given by the Industrial Finance Corporation for rehabilitation purposes. Immediately thereafter the company issued bonus shares. I do not suggest that the letter of the Industrial Finance Corporation Act was violated; but surely the spirit was violated when the benefits of the profits did not accrue to the Industrial Finance Corporation. I regret

that the Committee should not have emphasised this aspect. However this is a point of view which, I think, should be borne in mind by Government, and fresh directives should be issued to the Corporation to prevent such policy being followed in the future by borrowing concerns.

The Committee has pointed out that applications for loans were examined by a small committee of the Industrial Finance Corporation—an executive committee. It is said that those applications which were accepted or which were approved were brought before the board of directors for final approval. What I should like to point out to hon. Members, is that even the rejected loans, before they are rejected, must come before the full board of directors. After all we know in many of these cases where loans come up for sanction there is a personal equation that plays a part. Probably the executive committee might make mistakes. Such mistakes can be rectified or minimised by the applications being brought before the full board of directors, and possibly when they come up before the full board of directors an opportunity might present itself of examining why these loans should have been rejected or how these loans would be useful for purposes of promoting the industrial development of our country.

There is a paragraph in the report of the committee over which I do not feel happy. The committee refers to the Industrial Finance Corporation not being concerned with the needs of backward areas. I must point out that the Industrial Finance Corporation is an all India body according to the evidence that has been placed before the committee. It has been pointed out further that it was not suffering from anything like shortage of resources at any time. Therefore, the Corporation ought to have pursued a positive policy of looking around for sound borrowers in different regions. That, after all, is the purpose of an Industrial Finance Corporation. It is no use suggesting as the committee does, that we do not know what

a backward area is and how its needs are to be financed. Everybody knows in this House that there are backward areas. There is Andhra, there are parts of Karnatak, parts of Maharashtra, Travancore-Cochin and Orissa which are certainly very backward.

An Hon. Member: They are very forward.

Dr. Krishnaswami: I meant industrially backward. This is not a matter to be dealt with lightly. I know that my hon. friend is very forward in his interruptions, but let him at least assimilate something of what is said, before he interrupts. It has been suggested by the committee that the managing director should be reduced to the position of a manager. That is the tangible result of their long and tortuous reasoning. But, what is it that has been recommended? A paid chairman. I give this warning to the Government that if we are to have a paid chairman, it should not be a civil servant at all. An industrial finance corporation cannot be run properly if you have a civil servant as its chairman. I do not distrust the civil service, but I can safely affirm that civil servants cannot possess the initiative required for a promotion of industrialisation. If the country is to be developed, then we should certainly have a chairman able to assess the industrial potentialities of our country. It has been further pointed out by the committee—and this has not been given sufficient consideration—that one of the great handicaps that the Corporation has suffered from is lack of information on the industrial potentialities of our country. In assessing the industrial potentialities of our country, the corporation must have technical staff. We must spend more money on such a staff, so that technicians may go from place to place to assess the industrial potentialities of our country, and find out the proper places to which capital can be safely advanced. Then only will we have new development furthered in our country. Although the Industrial Finance Corporation is meant to fill only a few gaps in our industrial structure and

[Dr. Krishnaswami]

may be a supplement to the Industrial Development Corporation, still in the early years directives and principles issued and laid down by the Government would be valuable. The committee also deserves a vote of thanks for having invited the attention of this House to the defects in the working of the Industrial Finance Corporation, and although we may not agree with all its recommendations, let us thank them for having done the job well.

Dr. Ram Subhag Singh (Shahabad South): In this debate, some of the hon. Members said that Mr. Ambagaokar, who was connected with the Industrial Finance Corporation in various capacities, and the Chairman Mr. Sri Ram, are not up to the mark. Some hon. Member suggested that rather than giving a lift, the Secretary Mr. Ambagaokar should have been taken to task. One Member said that the Chairman should have been removed. I go a step further and say that if there is anything wrong and if the report of the committee contains anything wrong against the Industrial Finance Corporation, say against the Secretary, the whole Government should be sacked.

Some Hon. Members: Hear, hear.

Dr. Ram Subhag Singh: Only if there is anything wrong. That is what I want to emphasise.

Shri Algu Rai Shastri: There you are; you have saved the Government from disaster.

Dr. Ram Subhag Singh: Having gone through the report, I find that there is nothing wrong. The Report itself is somewhat vague and contradictory.

Dr. Lanka Sundaram: Put your heart in your words.

Dr. Ram Subhag Singh: The main task of the Committee was to scrutinise and report on the allegations that were made in November against the Industrial Finance Corporation. The hon. Member Pandit Thakur Das

Bhargava rightly said that Shri A. C. Guha was the hero of that action and he deserves all credit. The Committee went through the allegations. The Committee says:

"From the list of names of Directors on the Boards of borrowing concerns, furnished to us by the Corporation, we are constrained to state that though the loans from the Corporation were not confined to any particular group of capitalists, there is no denying the fact that a large part of the loan applications was from big business and their associates."

But, Pandit Thakur Das Bhargava also said that if the Corporation received applications only from big business, it was not the fault of the Corporation. If the Corporation had received applications from other interests and had ignored and neglected those applications, only then could the Corporation be blamed. About applications from the other interests, the Committee says:

"Of course it is far from truth to say that others were completely neglected."

Further on, dealing with a specific point that was raised at that time, namely that the Corporation is giving assistance to large industries only and not to small and medium-scale industries—the Committee says:

"The examination by the Committee of the loan applications has not revealed any discrimination on the part of the Corporation against small industries in favour of larger industries. The Corporation has entertained applications from small industries provided such industries have satisfied the definition of 'industrial concerns' as given in the Act and have furnished adequate securities. As a matter of fact, a loan of Rs. 50,000 has been granted by the Corporation to a small Chemical Works.

The Committee goes on to say:

"In this connection, we would like to mention that a Member of Parliament who appeared before the Committee for oral examination, interpreted the Preamble to the Act to mean that the I.F.C. was intended to cater only to the requirements of small and medium-scale industries."

The Committee says:

"We regret we cannot accept this view."

I was particularly pointing out this.

The Committee further goes on:

"The Constituent Assembly recognised that the Central Corporation should confine its activities to comparatively larger industries only while the interests of the smaller industries will be looked after by the State Financial Corporations whenever they are established."

This, I think, completely exonerates the Corporation from the allegations which were made. Whatever may be the faults—I do not know the details—as Dr. Lanka Sundaram and Shri N. C. Chatterjee have said, what we find from this report is that the Committee recognises that the main task of the Corporation was to finance the larger industries and the Committee also said that the Corporation did not desist from advancing loans to smaller industries. The Committee has not said anything against the Corporation.

At that time, another charge that was made was that without influencing one or another Director, it was impossible to get a loan from that Corporation. That charge has also been clarified by the Committee and the Committee has exonerated the Corporation from that charge also. On the whole I think on this report the Corporation cannot be blamed. The Committee has also said something about the five factories to which loans were

advanced. Some allegations were made against the five concerns. According to this report, there is nothing serious which might justify the Government or the Parliament in completely condemning the Corporation. Some of the recommendations made by the Committee have been accepted by the Government. As Dr. Krishnaswami said it is no good to reduce the managing director to the position of a manager.

Dr. Krishnaswami: I never said anything like that. I said "official".

Dr. Ram Subhag Singh: I quite agree with Dr. Krishnaswami and I think that position should be recognised. Furthermore, there should not be anything which should go against industry. I have every hope that so long as Mr. Guha is there, nothing will be done by the Corporation which might go against the interests of the people of India.

Shri D. C. Sharma (Hoshiarpur): May I know how long this debate will go on?

Mr. Chairman: It is for the House to decide. We came to the conclusion that we might sit some time after 7 o'clock. So, I propose to call the hon. Minister at 7 o'clock.

Shrimati Sucheta Kripalani (New Delhi): I must get a chance to speak.

Mr. Chairman: I will give her ten minutes.

Shrimati Sucheta Kripalani: Ten minutes will not be sufficient. I will require at least half an hour.

Shri Bansal (Jhajjar-Rewari): May I just remind you that when this question was raised on the floor of the House, the Speaker was good enough to assure us that he will give us some more time and even the question-hour may be dispensed with if necessary. This is a discussion of a very important report, and I do not think it should be discussed within two hours or 2½ hours. Quite a number of Members on this side of the House also

[Shri Bansal]

want to participate, and I would urge upon you to extend the time either tomorrow or day after so that the debate may be continued and a final reply given to the various points raised. If you refer to the proceedings you will find that the Speaker was good enough to give this assurance.

Shri Morarka (Ganganagar-Jhunjhunu): May I very humbly endorse the views of Mr. Bansal and request you to give some more time to the Members on this side to express their views on this Report?

Mr. Chairman: I am afraid it is not possible for me to extend the time at this hour, because already on the agenda two hours have been allotted and other business is put for tomorrow. We have to continue the general discussion of the Railway Budget, and then there is non-official business. It is not possible, I think, to extend this debate to tomorrow. If the House agrees, we can sit longer.

Shri S. S. More: We are overworked.

Shri Bansal: This assurance has been given by the Speaker. You can find out.

Mr. Chairman: I will find out.

Shri D. C. Sharma: Closure should be applied.

Shri T. K. Chaudhuri: It seems that from the very beginning the Government interpreted the scope of the operations of the Industrial Finance Corporation in a somewhat different manner from the Committee the report of which we are considering now. In various places and in dealing with specific cases, the Committee has definitely disapproved of the idea of the Corporation advancing any loan for working capital, but in the Resolution which* brought this Committee into existence and also in the Resolution of the Government on the Report of the Committee it seems that Government is definitely of

the view that the Corporation is justified under certain circumstances in advancing loans for working capital. To my mind, those circumstances have been left very vague and unsatisfactory by the management of the Corporation and also by Government from the very beginning. This is a point which should be cleared up.

As to the points made out by my hon. friend Dr. Ram Subhag Singh, I would only read out certain lines from the Report itself. The Committee says:

"It cannot be denied that the Corporation carries a bias in favour of established industries and industrial concerns with which a prominent industrialist is associated."

On page 11 of their Report, the Committee say:

"...though the loans from the Corporation were not confined to any particular group of capitalists, there is no denying the fact that a large part of the loan applications was from big business and their associates."

Dr. Ram Subhag Singh: What is the next line? Please read out that also.

Shri T. K. Chaudhuri: Although the Government do not accept this finding....

Mr. Chairman: Order, order. There is too much of noise in the House, and it is not possible to hear the speaker.

Shri D. C. Sharma: May I submit that the debate should conclude now, and the hon. Minister should be called upon to speak?

Shri Bansal: The House wants to continue the debate.

Shri N. C. Chatterjee: The Chairman of the Enquiry Committee should be given a chance.

Mr. Chairman: I have already promised that.

Shri T. K. Chaudhuri: Although Government have not accepted the findings of the Committee in this rea-

pect, and there are some contradictory statements in the Report itself with regard to other things, I think in fact, the views of the Committee on this points are very clear. Out of the total loan of Rs. 15,27,70,000, to one group alone, I might call it the Shri Ram group, a sum of Rs. 624,75,000 was advanced, which comes to about 40 per cent. of the total loan sanctioned. If we take into account the effect of interlocking of directorates etc., it will be found from the statistics given in the Report itself—not from any casual remarks made here and there—that about 90 per cent. or more of the loans was given to a small group, a cotarie of capitalists who were associated with this organisation. So, our demand is very clear that these things should be set right immediately, more so, in view of the fact that corporations with much greater resources are going to be established very soon, with the help of the World Bank and other international organisations. If this be the precedent, and if this be the tradition to follow, in the case of these organisations also, I think the economic future of the country is very dark indeed!

Shrimati Sucheta Kripalani: I would not have liked to intervene in this debate but for the fact that certain points obviously need clarification. I have been hearing all kinds of speeches, and it leaves me rather bewildered as to what I should say.

I will say that at the outset that along with some of my colleagues here and Members of the Inquiry Committee, we were greatly disappointed at the handling of the report by the Government after its submission. The Government's reaction in several matters which we and the public consider important was not very happy.

I will refer first to the time factor. We were appointed on the 30th December. The first meeting took place on the 20th of January. We were expected to submit our report within three months. When we started the work, we had no idea as to what would be the volume of work. But then we

realised that we shall have to wade through a large number of documents and papers and it would take a long time. I would also remind the House that at that time Parliament was in session and the members of this Committee were all busy people coming from different parts of India and it was difficult for us to meet. So we could not finish the work and we had to ask for an extension of time. I would have very much liked to give more time to this report. It was a serious matter and I would have liked to make myself quite sure about our facts and findings. Anyway, why did I not ask for further extension of time? Because questions were being asked in Parliament and people were anxious to know what had happened to the Committee? That was why I was very keen to submit the report even before the Parliament adjourned, and I submitted it on the 7th May. To my surprise, the report did not see the light of day till the 23rd December, the last day of the session of the Parliament. Another surprising factor was that copies of the report were not given to the Members of Parliament. Usually copies of such reports are circulated to the Members. Then alongside with the report came the Government resolution embodying the decision of the Government on the views of the Committee. I do not know if this is the normal procedure followed. I should think that when this Committee was appointed at the demand of Parliament—a very heated discussion took place in the House and as a consequence the Committee was appointed—and there was a lot of misunderstanding and suspicion in the minds of Members, it would have been better if the report had first come to the Parliament to be debated upon the Government would have assessed the opinion of the members and taking into consideration the views of the House, formulated their decision. But the very fact that the Government faced us with their decision leaves the impression in our mind—and in the minds of others—that they wanted to anticipate any influence that might be exerted by the speeches of the Members of Parliament. However now both

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the Report and the Government resolution are before the House.

I will now go into the details. But before I do so, I am very intrigued to see the attitude of members of the Congress party. One gentleman congratulated me for the moderation of my report, and he said that advisedly I did so. Another member started with congratulation and then opined that our moderation itself was a fault. A very esteemed friend in the Congress said that he has experience of criminal work, but I humbly submit, Sir, I have no experience of criminal work. I am a lay person. (*Interruptions*). The Committee was not obviously meant to be a judicial Committee. Members of the Board of the Corporation have complained that they were not given a chance to cross-examine the witnesses. Well, if the Government wanted to appoint a judicial Committee, I should not have been the Chairman but my learned friend, Mr. Chatterjee.

An Hon. Member: Or Pandit Thakur Das Bhargava.

Shrimati Sucheta Kripalani: Or Pandit Thakur Das Bhargava. Well about this I would like to say, that we were not carrying on a judicial inquisition and the question of the examination and cross-examination of witnesses did not arise. But we satisfied ourselves and we did our work as honestly as we could. I shall give a few facts about the evidence we took. Besides the Chairman, Managing Director and Sir Biren Mukerjee, the Committee also examine the Deputy Managing Director of the Corporation. The Managing Director was examined twice. The Committee rounded off its examination by discussion with the Board of Directors of the Corporation and whatever clarification was necessary was obtained. The factual data given in the report are based on the information furnished by the Managing Director.

As you can very well realise, we were hard pressed for time. We could not sit for months together and probe

into every detail, but we looked into the facts furnished to us by the Managing Director and all the facts and conclusions in the report are based on these documents which are available in the office of the I.F.C. I say this in reply to Pandit Thakur Das Bhargava's attack.

7 P.M.

Now, there is the resolution of the Government. In many ways this resolution misrepresents the report. What is the whole attitude of the resolution? It seeks to create an impression that the Committee has exonerated the Corporation of all the charges. I would say that the Government has ignored the deeper implications of the report in arriving at their decision. It is quite contrary to the spirit of the report.

We have been charged with not having substantiated our observations. I think the Government's comments are not consistent with the facts as revealed in the report, where all the materials have been set forth about each specific case and also about the general charges. If the Government did not like our findings, they might have referred it to a third party instead of sitting in judgment over its own affairs. One hon. Member has pointed out that the resolution is signed by Mr. Ambegaokar, the Secretary of the Finance Ministry. He happens to be a member of the Board of Directors of I.F.C. and he is also on the Executive Committee. Being a man, who lives in Delhi, he has been very closely associated with the work of the I.F.C. After the Chairman of the Board of Directors and the Managing Director, he perhaps was most closely associated with the work of I.F.C. Was it fair on the part of Government to make those very people about whom we were making enquiries to sit in judgment over their acts. I think it was not fair. (*Interruption*).

I will now give some details. The Committee was asked, among other things, to look into the charges of nepotism, and favouritism in the matter of granting loans. There were certain specific charges; certain cases

were mentioned and we were asked to look into those cases. We were told that a certain group of business men had taken a good part of the loans that were sanctioned. We were asked to verify the facts and find whether they were correct. We were asked to see whether the I.F.C. was favouring big business and was neglecting others. We were asked to make suggestions for the improvement of the working of the I.F.C.

After reading our report, the Government have said that we have made statements without substantiating them. Sir, you know that it is not always very easy to establish charges of nepotism, favouritism and corruption. People who do these things do not do them in such a way as to leave evidence in black and white all over the world to make it easy for people to find them out. Though direct evidence about invidious distinctions made by the Corporation between industrialists may on superficial examination appear to be fragmentary. Yet it carefully examined the material furnished in the Committees report furnish ample evidence to justify the conclusions of the Committee. The expeditiousness with which the loans to the Orissa Textile Mill were granted and the "lack of wisdom" that is a very moderate word which I am using—displayed by the Corporation in granting the loan to the Sodepur Glass Works are illustrations. (*Interruption*). It simply takes my breath away when the Government say that we have exonerated them of all charges. The chapter on Sodepur Glass Works is there; that itself would be condemnation of any institution. In all honesty, I say, in my mind, there is no room for doubt that uniformity of treatment has not been accorded by the different Corporations and I.F.C. has been swayed by the status of the industrialists concerned. It may be considered nothing very unusual! It happens all over this world!

Then, take the question of issue of working capital. The Corporation took a rigid attitude towards Metal Corporation of India while it acceded to like requests by other industrialists.

I need not go into other details. Take the cases in Chapter III, where we have gone into the specific allegations which were made in the House. We have dealt with these companies and we have given reasons for our conclusions. We have categorically expressed our views. It is true in general we have used moderate language. We could have used high-flown language of denunciation. Probably, only then the Government would have understood our meaning. We wanted to be moderate because we were dealing with a credit and Finance organization which was new to this country. When I worked on the Committee, I did not work as a member of the Opposition; I worked on it as an Indian citizen. We wanted that this Corporation should be put on its feet and allowed to grow. We knew that the I.F.C. was negotiating with the World Bank. We did not want to retard the growth of the institution. We have been charged with not having substantiated the facts. It takes my breath away when people like Pandit Thakur Das Bhargava say that. Let me tell him that the members worked hard. I drove them as a camel driver. The Committee was an Expert Committee perhaps barring me; there were Chartered Accountants and men of considerable business experience. For every loan case that we examined, we have got notes. I even offered to give these notes to the hon. Finance Minister. We seriously considered whether we should not put all the notes on the loan cases as an appendix, but I am very glad we did not do it. We did not want to discredit individual concerns. We also thought of the good of the country. What for did we have this enquiry? We wanted this institution to be put right. I am very sorry, therefore, to see that the report has not been taken in the right spirit. In this connection, I will give you some facts.

Acharya Kripalani: Moderation is not appreciated.

Shri N. C. Chatterjee: What was the hon. Member doing?

Mr. Chairman: Let there be no interruption and let the hon. Member proceed.

Shrimati Sucheta Kripalani: We were asked to find out whether some concerns in which the Chairman of the Corporation was directly interested, did or did not get large amounts as loans. On page 11 of the Report, as already quoted by other speakers, we have said that while the total amount of loans granted to four concerns in which the Chairman has substantial financial interest is only Rs. 113 lakhs, the loans granted to the other four concerns, with which he was connected by family relationship, came to Rs. 129 lakhs. We were asked to see whether the companies with which the Chairman was concerned did get a large amount or not, and we have said 'Yes'. Then, we have, in detail, analysed each company's position. Take the Jay Engineering Works. What have we said? We have been told that our facts are wrong. I could have understood if they had criticised me only, I may be a layman but all the other members of the Committee were not so. They had considerable knowledge of finance and industry. The Report says that, this company is grossly under-capitalised. The Industrial Finance Corporation in this case have not followed the criteria laid down by them for loans. I would refer to the first report of the Industrial Finance Corporation in which I.F.C. has given its own opinion on how under-capitalised concerns should be treated. In regard to Bengal Potteries, Rs. 20 lakhs were given as loan and Rs. 16 lakhs were allowed to be given back to the Punjab National Bank. If they had uniformly followed this practice there would be no objection. (*Interruption*).

Pandit Thakur Das Bhargava: The 16 lakhs advanced by the bank were used for creating those very fixed assets.

Shrimati Sucheta Kripalani: Whatever it is, out of Rs. 20 lakhs, Rs. 16 lakhs were paid back to the Punjab National Bank. As against this, an-

other company, was not allowed to pay back to their bankers from the Corporation's loan. They had to be satisfied with the company's debentures.

Pandit Thakur Das Bhargava: Advancement of debt depends upon combination of or on the totality of circumstances.

Mr. Chairman: The hon. Member at least should appear to be addressing the Chair.

Shrimati Sucheta Kripalani: In the case of another company, which had a large loan from the Government of Orissa they were allowed to persuade the Orissa Government not to withdraw their loan of Rs. 30 lakhs. But in the case of another company which had a loan from the Bombay Government, it had to pay back the loan. What I say is that all the companies must get uniform treatment. The Corporation treated one company with greater liberality and another with greater rigidity. What is this? Is this not nepotism? I will give you another case—this is a Bombay case. I rather hesitate to say that, it is supposed by the public, that the managing director is favourable towards certain Bombay firms, and about one of these firms, I will tell you something. In this case, technical opinion of the Ministry pointed out that the loanee company should manufacture their own glass tubes in order to be economically sound. The company got the loan, but the tubes are being manufactured by another company. The Industrial Finance Corporation has raised no objection.

All the 127 loan cases, which were rejected, were gone through by three members of the Enquiry Committee, who are experts, and the conclusions given are based on their findings. About the rejected cases, on pages 33-34 of the report, we have given the reasons for rejection. These classified reasons for rejections are not ours, but we have found them from the Corporation's own papers. What is the conclusion that we have drawn?

"It would appear from examination of some of the rejected applications that the grounds for rejection stated above were not uniformly applied to all the cases, or in other words, in some of the cases loans had been granted though the applicants suffered at the time of taking loans from some of the disabilities enunciated above.

It is also true that reasons for rejecting applications as given were not final as it would appear that some of these very rejected applications were accepted on reconsideration by adjustment of the offending grounds. It may well be asked why such an attitude was not taken in regard to other applications. Had this been done, some of the applicants might have qualified for loans."

What more proof do you want? If you want details of all the 127 cases they can be made available to the Government.

Acharya Kripalani: Even to the House.

Shrimati Sucheta Kripalani: To the House also.

An Hon. Member: Even to Acharya Kripalani.

Mr. Chairman: The hon. Member should try to be brief.

Shrimati Sucheta Kripalani: I shall be very brief, Sir.

I have already drawn the attention of the House to our comments on the Jay Engineering Works and also the Bengal Potteries. I do not want to go into further details.

Dr. Krishnaswami criticised the report about its attitude on the question of loans to backward areas. I cannot blame the Corporation, as things stand, for not giving loans to backward areas. But I cannot absolve the Government. Government should have given directives to the Corpora-

tion. But it is most surprising that during the whole of this period, there was only one solitary directive issued by Government. The Committee, in page 22 of the Report has therefore observed:

"We are, however, surprised that the only directive so far issued by the Government of India are those contained in Ministry of Finance Letter No. 134/Adl.S/48, dated 21st August, 1948, addressed to the Managing Director of the Corporation."

Now, the Industrial Finance Corporation is a new institution. The Government should have from time to time given some directives. The Government's reply to this point is that they had two Government officers on the Board. They could interpret the policy of the Government. It is true two Government officers were on the Board. They were.....

Acharya Kripalani: Sleeping!

Shrimati Sucheta Kripalani:...helpful in bringing some kind of co-ordination, but apparently their presence alone did not fill the gap. Obviously there was need for Government directives. If these had been given, this Corporation might have helped the backward areas. Otherwise only an Industrial Development Corporation could have gone into the case of backward areas.

Now, about the Sodepur Glass Works—I do not wish to say much. I will only say this, that to start with, this loan should not have been given. Expert opinion pointed out very many serious defects. But inspite of that the loan was given. Why? I would ask. This whole case is a most fantastic chapter. I am not a financier: I may not have much experience of these things. But as a lay person when I delved into the facts of the Sodepur case, I was astounded. I could not imagine that such things can happen in the case of a public body. Dr. Lanka Sundaram has already referred to it

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but I will first read out to you from page 50:

"In our opinion there was no justification in the first place, for the granting of this loan in view of the shortcomings that were clearly pointed out by the Expert Committee. But, once the Corporation decided to sanction the loan, it was incumbent upon the Corporation's executives and particularly its Managing Director to see that the loan was disbursed expeditiously....."

And here on page 51, you will see that the loan was given out in dribblets perhaps in twenty-one instalments. The I.F.C. had also stipulated that they should have a General Manager and an Accountant of the former's choice.

Dr. Lanka Sundaram: There are three more loans apart from the one printed on page 50.

Shrimati Sucheta Kripalani: There was a stipulation that they should take a Manager and Accountant of I.F.C. choice. This was done to secure the interests of the I.F.C. But what sort of man was thrust upon the Company? I read out from page 52:

"The Company had no objection to the appointment of a General Manager but it pointed out that the General Manager the Corporation desired to appoint (one Mr. Krishnaswamy....) would not be the best suited person for a factory of this type. The Company expressed its readiness to accept a General Manager of adequate experience of factory management and also with some technical knowledge. Apparently this advice was not accepted by the Corporation and Mr. Krishnaswamy was appointed as General Manager of the factory."

A huge big factory, such a big factory that when it was started people very foolishly thought that it was going to be the biggest factory in Asia and the General Manager was a man having

no industrial experience. How do you expect under such circumstances the industry to flourish? I could have understood if the Company had foolishly appointed such a person but why should the Government force such a man down their throat when he was not competent to do the job. Then, how did they treat this man, their own man, their own selection? He that is, Krishnaswamy often repeats "I cannot carry on the work—there is no money". We have got quotations from his letters. On 31st July 1951, he wrote: I am giving extracts from his letters:

"a large number of orders for materials which are very urgently required to proceed with the factory's construction is pending with the Company's Calcutta Office for a long time unexecuted for want of funds...."

In another letter in August 1951, he pointed out:

"I do not know with what face our representatives will be able to approach again this month for getting rice (from the Bihar Government for Rs. 3,920 without clearing off the previous dues for 10,427. If my attempts to get rice fail now, the situation which is explosive, will be too disastrous to contemplate, with two weeks' and one month's salary in arrears and no money to pay for running the factory in other ways."

In the third letter, which is even more interesting, this is also in August 1951, he wrote:

"I enclose for your information and instructions by return of post copy of the inspection report under Payment of Wages Act, 1936 served on us by Registered post today by the Inspector of Factories, Ranchi. It will be noted that steps are ordered to be taken to clear off the present arrears immediately; to arrange for future payments well in advance and to treat the notice as a final warning to us."

He also added: (listen to this more carefully):

"As advised in the last para. of my daily report No.....dated 15th July 1951, nobody will shoulder the onerous responsibilities of Factory Manager who will be prosecuted for the above irregularities."

This is the way how some companies were treated by the Government.

An Hon. Member: That is their usual way.

Shrimati Sucheta Kripalani: Mr. Bhagat was sent as an expert to inspect the factory because Mr. Bhagat is the owner of a glass factory. As an expert he was sent by the Corporation. After a little time Mr. Bhagat becomes one of the partners of the managing agency. He also drew a salary. The Corporation was evidently aware of the admission of Mr. Bhagat in the Managing Agency firm and we do not find anything on record to show that the Corporation disapproved of such an appointment. The Report says:

"In our opinion, we consider it wrong, in principle, on the part of Lala Shri Ram to have recommended Mr. Bhagat to Lala Gurusaran Lal and on the part of Mr. Bhagat to have joined the Managing Agency firm when only a few months ago he had on behalf of the Corporation, carried out an examination....."

As a result of these and other bungs, today we find the factory in a soup. Up-to-date when we held the enquiry, Rs. 64 lakhs had gone into the company. This was at least one of the things about which Government should have acted quickly. What for did we take all this trouble? Because we wanted to save public funds and to see that public institutions are run properly.

Shri S. S. More: Who is this Bhagat?

An Hon. Member: Not our Ball Ram!

Shrimati Sucheta Kripalani: I would like to know from the Finance Minister what is the present condition of this factory, how is it being run, what are his plans for it? I hear they are proposing to sell it to make good government losses. In our report we have said that whenever they want to sell such a factory they should refer to Government. That recommendation of ours has not been accepted.

While going into the case all sorts of things came to light and we found—not that I say that this happened in this case—but we found this to be within the range of possibility that if the I.F.C. was badly inclined towards a firm it was possible for them to destroy the firm, and after doing so that firm could be sold for a song to anybody. I do not say it happened in this case, but we found this to be a possibility. That is why to prevent such conditions we have said that whenever I.F.C. has to sell a factory, it should be first referred to the Government. In the case of this factory I would even ask the Minister of Production whether he would not take it and run it. I think Government may have sunk nearly a crore of rupees on this to date. Then let the Government run it. When the I.F.C. sells such a factory their aim will be to make good their losses. But what about the shareholders? They would go to the wall. I, therefore, say when we have a Production Ministry let that Ministry run it.

Another recommendation, a serious recommendation, which has been rejected by the Government is that nobody should be a director who wants a loan. I have heard Mr. Tulsidas Kilachand with the deference due to him. But I would yet ask, when so much suspicion has been engendered, when such an atmosphere has been created, is it not fair, even for the people who are directors, so that they might not unnecessarily be suspected by the people, that statutorily they should be debarred from taking loans from the Corporation? I am sure there are enough people among the business community in India who will be willing to come to serve the nation with-

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out any suspicion of ulterior motives. The Government's reply on this point does not impress me. If a director wants a loan he can resign and somebody else can be elected in his place. It is not such an impossible position.

Mr. Chairman: I would request the hon. Member to finish.

Shrimati Sucheta Kripalani: Thank you, Sir. I will finish. Just one word more. Government has rejected our proposal that there should be a Public Corporations Committee of Parliament. This idea has been with us for a long time. If I am not mistaken, perhaps the late Dr. Syama Prasad Mookerjee and some others had spoken about it.

Shri A. C. Guha: May I know to which recommendation she is referring?

Shrimati Sucheta Kripalani: That there should be a Parliamentary Committee for Public Corporations. Many Corporations like this are being created. Large public funds are going into them. It is but right that Parliament should have some kind of supervision over them. Therefore, with all the emphasis that I can command I

recommend that Government should reconsider their decision in the matter and have a Public Corporations Committee of Parliament. Sir, I have done.

Mr. Chairman: Still there are three Members who have given their names but have not yet got an opportunity to speak. I have received messages of requests from other Members also whose names are not there. This is an important matter and some more time should be given. The Government also requires a pretty good time to reply and I do not think we can conclude it today. So, I propose that it should be taken up on some other day; when these Members can speak and the Government can reply within the time that it requires.

Shri A. C. Guha: Can new Members now give their names?

Mr. Chairman: I am not permitted that. Because we have received the requests the Speaker may consider them. I confine myself only to those names which were entered in the list.

The House then adjourned till Two of the Clock on Friday, the 5th March, 1954.
