

THE
PARLIAMENTARY DEBATES

(Part II—Proceedings other than Questions and Answers)

OFFICIAL REPORT

1205

HOUSE OF THE PEOPLE

Wednesday, 26th November, 1952

The House met at a Quarter to Eleven
of the Clock

[MR. SPEAKER in the Chair]

QUESTIONS AND ANSWERS

(See Part I)

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PAPERS LAID ON THE TABLE

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): I beg to lay on the Table a copy of each of the following papers, under subsection (2) of section 16 of the Tariff Commission Act, 1951:

- (i) Report of the Tariff Commission on the review of retention prices of tinplate produced by the Tinplate Company of India Limited; [Placed in Library. See No. P-80/52.]
- (ii) Ministry of Commerce and Industry Resolution No. SC (A)-2(92)/52, dated the 12th November 1952; [Placed in Library. See No. P-80/52]
- (iii) Report of the Tariff Commission on the fair ratio between the ordinary shares of the Steel Corporation of Bengal Limited, and the Indian Iron and Steel Company Limited; [Placed in Library. See No. P-81/52]
- (iv) Iron and Steel Companies Amalgamation Ordinance, 1952 (No. VIII of 1952), dated the 29th October, 1952. [Placed in Library. See No. P-82]

INDUSTRIAL FINANCE CORPORATION (AMENDMENT) BILL—Contd.

Shri M. S. Gurupadaswamy (Mysore): Yesterday I was trying to make out a case for State ownership of the Industrial Finance Corporation. Before I discuss this point further, I wish to quote an anecdote. A teacher was giving his class a lecture on charity. 'Sundaram', he said 'if I saw a man beating a donkey and stopped him from

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doing so, what virtue would I be displaying?' For that, Sundaram replied, 'Brotherly love'. Government, in piloting this amending Bill, is saying that the big industrial concerns are hit hard by lack of funds or financial accommodation, and therefore the Corporation should be enabled to give more financial assistance to certain big industrial concerns. This love of the Government for the giant business concerns is the same kind of love that I referred to in the anecdote. Government as it is constituted today, to my mind, has not framed any philosophy of industry, so far, or even any economic philosophy for that matter.

[MR. DEPUTY-SPEAKER in the Chair]

The economic system in which we are living today is no system at all, but only chaos, and has grown without any preconceived plans or well-thought out ideologies. The various kinds of Bills that have been brought forward for the consideration of this House just resemble this chaotic system that Government is following in matters of economic development. I represent a party which believes in the ideal of Sarvodaya. Mahatma Gandhi all along his life struggled hard to evolve a salient philosophy of village industries. I may call it the ideal or the doctrine of 'Villagism'. The conception of that doctrine is that every village should be taken as a unit and every unit should produce all the goods required for local consumption and if anything surplus is left after consumption, then that surplus should be marketed through co-operative channels. That is the whole theme of 'villagism' that was advocated by Mahatma Gandhi. I feel the ruling party still holds to this ideal, at least in theory. But we are not finding it translated into practice. That is the most unfortunate and tragic aspect of the situation. Any economic measure or any act which is concerned with economic life of the country should be brought in line with a system of philosophy. If there is no philosophy, then the people will suffer and perish in the long run. Today I am finding a woeful lack of philosophy on the part of Government.

Shri D. D. Pant (Almora Distt.—North East): Give us one.

Shri M. S. Gurupadaswamy: I am giving you. I am advocating the philosophy of Sarvodaya, the philosophy of what I call, 'Villagism'. If Government is genuinely desirous of and is interested in, developing every nook and corner of the land, then the policy that should be pursued should be a policy of decentralisation based on the doctrine of 'Villagism'. The present policy which is favouring big business and large scale enterprise and which is an imitation of foreign countries, is harmful to the land in the long run. I am not denying the fact that the country does need big industries. Of course, we are living in an age of big industries. But the pattern of control and ownership of those industries should be changed. The pattern of control should shift from the private capitalists to public ownership. Today I see the Industrial Finance Corporation is only an instrument for furthering the cause of big business in the land. Among the Board of Directors the majority are private capitalists. The loans given are huge and only to a few big industrial concerns. The small industries and agriculture cannot and will not get any financial help from this Corporation. My hon. friend may say that there are other ways of financing and helping them, there are other facilities given. But my reply is this. Our economy should be viewed in a comprehensive way. We must take the entire economy into consideration. While helping the various sectors of our economy, you must take an integrated view of things. That is necessary, but today the Government is lacking in that integrated view.

I said this Corporation is controlled by the private capitalists. I know, Government has got its nominees. But I want to know who are those nominees. Are they not private capitalists? Who is that man called Sri Ram? From which part of the world does he come and which interest does he represent? Is he not the Chairman of the Corporation? Does he not represent big business. And who are the rest of the Government nominees? Are they not private capitalists or are they not representing in some way or the other big business? And who are the people who are elected to the Board of Directors? They are also in a way private capitalists. They may represent joint stock companies and co-operative banks. I agree. But I tell you

that nowadays the joint stock banks and the co-operative banks are also mostly controlled by a handful of capitalists. You must bear in mind that five per cent. of the population is controlling 35 per cent. of the total wealth of the land. And you say that private capitalists are not allowed to have a share in the Corporation; you do not want to promote private capitalism in the land. So you have invited joint stock companies and co-operative banks to become shareholders. But you must know who are controlling these joint stock companies. The managing agency system which is prevailing today is controlled by a few handful of individuals and has become a joint family concern of a few people. The entire economy of the country is controlled by a few joint families and what you call joint stock companies are joint family concerns and nothing else.

Furthermore, I want to draw the attention of the House to the question whether the joint stock companies are genuinely democratic in their functioning. We know that joint stock companies in theory are controlled by shareholders. But it is a fiction to say that shareholders control the joint stock companies. It is nothing but fiction and in reality it is controlled by a few domineering individuals like Birlas, Tatas and Dalmias. And so do not make a sort of camouflage by inviting only joint stock companies and co-operative banks to have shares in the Corporation and say that it is not controlled by private individuals. Indeed it is controlled by private industrial magnates through joint stock companies. So we are in a vicious circle and the entire economy of the country is controlled by a few magnates and we have been forced to accept it. And you are the cause for that situation.

The joint stock companies, if I may say a few words more, are controlled by a board of directors according to the Company Law. But in this there is a new tyranny. I am seeing—the tyranny of the board of directors. Unless we free our shareholders who are poor men, common men, from this tyranny of the board of directors, unless we amend the law to avoid the nefarious managing agency system or unless we fix that one industry should be managed by only one man and one should not be allowed to have a say in more than one industry—that is industrial democracy in a way, in a limited sense, one man should not start more than one

industry and one man should not invest more than a particular sum—unless you fix up a limit like that, I think the type and concept of industrial democracy which you visualise, at least in theory, will not come into practice.

I make a few . . .

The Minister of Revenue and Expenditure (Shri Tyagi): If one man has spare money, what shall he do with it? What does my friend suggest?

Shri M. S. Gurupadaswamy: I am putting the same question to you. Why are you not competent to comb out all the money?

Shri Tyagi: Now the idea is complete!

Shri M. S. Gurupadaswamy: You have failed to do so. You have left enormous surplus money in the hands of a few people. They are reaping the harvest. You are only a tool in the hands of those harvesters. And I want you to be more courageous.

Mr. Deputy-Speaker: The hon. Member will kindly address the Chair.

Shri M. S. Gurupadaswamy: So, Sir, a change in the outlook is urgently called for on the part of the Government.

Then, I was referring to the question that the present Industrial Finance Corporation is helpful to large industries alone. I would put this question to the hon. Ministers of Finance and Industry, "Do you want to increase the over-crowding of the already overcrowded cities in the land? Do you want to industrialise the already industrialised areas?" Big industries are concentrated in a few localities, as you know. You say that you believe in decentralised economy but your practice and profession stand for centralised economy. Do you believe that big industries should be in the big cities?

Mr. Deputy-Speaker: Order, order. I have been hearing the hon. Member for some time; it is now ten minutes. We are not discussing the Industrial Policy Resolution. The scope of the Bill is very limited. If perchance this should be the first occasion when an Industrial Finance Corporation is thought of and the Bill is introduced in the House, we can say, 'you are industrialising big cities' and all that. This is only an amending Bill. Inasmuch as they are going to borrow from outside also, they want to guarantee outside loans; and one or two other matters are touched. The general

policy behind the Industrial Finance Corporation or even the industrial policy or the working of the Corporation, except in so far as it is relevant to the kind of amendments sought for, I do not think these things are relevant. I am afraid, the hon. Member is trying to enlarge the scope of the Bill.

Shri M. S. Gurupadaswamy: Sir, I do not want to worry the House with a long speech.

Mr. Deputy-Speaker: He has a right to worry the House so long as he is relevant.

Shri M. S. Gurupadaswamy: Sir, as I was making out, the present Industrial Finance Corporation (Amendment) Bill is meant to augment the financial resources of the Corporation, the main objective of which is to provide more financial accommodation to certain industries which require more funds. Another objective of the Bill is to guarantee the loans of the International Bank; but there is one snag here. Government has agreed to meet the loss due to exchange operations. I fail to understand when a loan is taken from the International Bank and when that loan is utilised to finance an industrial concern, why the loss due to exchange operations should be borne by the Government and not by the industrial concerns themselves? It is just and reasonable that the burden should be passed on to the industrial concerns and the Government should not take that burden upon itself.

Further, the hon. Minister said yesterday that the maximum limit of the loan would be increased to one crore of rupees and in special cases, if the Government deems fit the loan may exceed even that one crore. I am attacking almost from the very beginning the policy of the Government to aid only big industries. I would also draw the attention of the hon. Minister concerned to another point. Some of the concerns are, as you are aware, already suffering from over-capitalisation and the loans that have been distributed by the Industrial Finance Corporation so far have helped this process of over-capitalisation. We have not yet come to a stage where we can judge scientifically and correctly whether a particular industrial concern is over-capitalised or under-capitalised or whether it is run correctly. We have not yet the machinery or a mechanism to judge this. But in my opinion, as I gather from the hon. Member's view that there is no doubt that the Industrial Finance Corporation, industrial project or the Corporation it-

[Shri M. S. Gurupadaswamy]

cient care to see this aspect while advancing loans to such concerns. Having seen the operation of this Industrial Finance Corporation for the last four years, I say that it has failed in its fundamental objective. Further, I can say to this House that this Corporation is meant to support the already existing industries and it is not meant to promote new industries in new areas. Therefore, I say it is not a correct approach to the problem. If your objective is to promote the industrial economy of our country, then you cannot draw a distinction between the industries which are existing and the industries which are not yet started. People may come forward to start new industries but they may feel that they are lacking in funds. The provisions of the Act do not allow the Corporation to finance new industries. The existing industry will continue to exist though there are difficulties for that industry. (Interruption) The existing industry will continue to exist and it will not go into liquidation; for the industrialists or the capitalists who have promoted that industry will see that somehow or other the industry exists. Are we not seeing that so many industries exist today without depending upon the loans granted by the Corporation? But the most important thing is to assist those who are trying to start new industries in different areas of the countryside. The Corporation is to act as an instrument for promoting the spreading out of industries in all parts of the land. That is what it should do, but it has failed to do this.

The hon. Minister said yesterday that this Corporation has been functioning very satisfactorily, but he failed to justify this statement. I want him to tell me when he gives his reply the names of the individual concerns to whom these loans have been granted. In the four annual reports supplied to us, there is no mention of the names. Only the industries are mentioned. I think both the House and the public outside are entitled to know the names of the individuals or proprietors of these concerns, because there is a charge rest at there is favouritism in the grant and that the Corporation is they not impartial and above board. One the other by Members, Dr. Saha, ad the people who refer to the hon. Minister of Directors? These names and other private capitalists concerns to whom loans sent joint stock com and the hon. Ministerive banks. I agree that "in the is information can- hat public interest

is there, I cannot see. I think there is no public interest; it is only private interest involved. Unless we have this information, how can we find out whether there has been any progress in production? Does the Corporation maintain sufficient data to know whether there is a proper utilisation of the funds and whether there is any progress in production? Has it done this? I know that Government can direct the policy of the Corporation, but is not doing that. The policy is controlled by a few capitalists who are on the board of directors. Like the big brother, Government are allowing them to go their own way. Such a thing should not continue.

To conclude, I want that this Corporation should be brought under complete State control. This is absolutely necessary after we have seen the working of this Corporation for so many years. I think in these circumstances I am fully justified in asking the Government to scrap the original Act, withdraw the present amending Bill and bring a new Bill, by which we can control and operate this Corporation. Otherwise, the Corporation will be taken advantage of by a few cliques of business magnates who will take control of the entire industrial economy of the country and after a few years we will have to sit like idle and helpless spectators unable to do anything. So, I want the Government to come forward with a new Bill, or at least change aspects of the existing Act, so that we may own and control this great institution. You may be aware that the experience in America is that 200 joint stock companies are controlling 70 per cent. of the total corporate wealth of that country. That sort of thing should not be repeated in India. There is a tendency in that direction and it requires to be arrested immediately. Therefore, I strongly plead that the Government should put an end to this policy of lame duck and follow a path which is courageous and bold.

Mr. Deputy-Speaker: The amendment has not been placed before the House. I shall place it now.

Dr. S. P. Mookerjee (Calcutta South-East) The Speaker took the amendment as moved and allowed the general discussion on the main motion and the amendment together.

Shri A. C. Guha (Santipur): There is an amendment standing in the name of Mr. Gurupadaswamy

Dr. Lanka Sundaram (Visakhapatnam): And also Mr. Ramaswamy.

Mr. Deputy-Speaker: Has it been placed before the House?

The Deputy Minister of Finance (Shri M. C. Shah): Yes.

Dr. S. P. Mookerjee: At the very beginning. The amendment was treated as having been moved.

Shri A. C. Guha: The Speaker said that as Mr. Gurupadaswamy was not well, so his motion for Select Committee reference would be taken as moved.

Mr. Deputy-Speaker: Now, apart from that, I was about to ask the hon. Member who has moved this amendment whether he wants to press his amendment, because I understood that he was opposed to the Bill itself. That is how he concluded. He never said that the amending Bill ought to be taken into consideration. He was only saying that he wants it to be withdrawn.

Shri M. S. Gurupadaswamy: I have said yesterday itself that I want to press my amendment.

Mr. Deputy-Speaker: Did he do so? Hon. Members should speak relevantly to the motion they intend to press, and not oppose the Bill itself when they propose a Select Committee motion.

Dr. S. P. Mookerjee: I rise to support the proposal that this Bill be referred to a Select Committee. I would appeal to the House to look at the provisions of this Bill from a realistic standpoint. I can appreciate the position taken by several hon. Members who have spoken in opposing some of the fundamental features of the Act. But we are not really here to consider the merits or de-merits of a particular economic system which may be in vogue in the country today. The original Act obviously proceeds on the assumption that there will be private enterprise in India. If some of us do not like it, they may certainly hold that opinion, but the object of the Bill is to give necessary facilities to private enterprise so that there may be a planned development of the industrial resources of the country.

The main reason for amendment of this Bill has arisen out of certain negotiations which have been going on with the International Bank for Reconstruction and Development. The Statement of Objects and Reasons in fact indicates that the changes which are being made today are being made more or less on the suggestion of the Bank itself. We suffer from an initial handicap inasmuch as the terms of the

agreement which might have been entered into between the Bank and the Government are not available to us. If they were known to the House then, perhaps, many of the conjectures or suspicions which have been thrown on this matter might have been avoided.

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): It has not been completed yet.

Dr. S. P. Mookerjee: If it has not yet been completed, at least a little more detailed picture might have been given to us, or perhaps the hon. Minister could in his reply make this point clear.

What does this Bill seek to do? The Bill merely says that the Government may, if it so chooses, guarantee any foreign loans which may be made to the Corporation. There is no compulsion about it. The matter is left entirely to the discretion of Government. Nor does the Act mention—in fact it cannot mention—the particular source from which such foreign loans will come. So far as the mere enunciation of the principle goes, there cannot be any objection to it. Naturally, if we want to take any foreign loan and if it be a condition attached to such foreign loans that the Government guarantee must be there, there must be a statutory provision to that effect.

I am not one of those who would feel nervous if there is any suggestion of receiving foreign loans. At the same time, certain clarifications should be made by Government. It has been said by the hon. Minister while he was moving the motion that the loan will be given with regard to schemes approved by the Bank. He did not develop this point. But I would like to know what exactly this "approval" means. How far will this International Bank, or for the matter of that, any other foreign agency who may be willing to advance loans, be entitled to interfere with the essential freedom which we must have in determining which particular sector of industry should be developed. I would like the Minister to make this clear as regards the scope of interference of any such foreign authority while granting a loan to India.

Mr. Deputy-Speaker: Is it not provided in the Bill?

Dr. S. P. Mookerjee: It is not. Will the scheme be ultimately approved by the Bank? No doubt the detailed screening of each industrial project must be made by the Corporation it-

[Dr. S. P. Mookerjee]

self, but what is the extent of the interference which the Bank will insist upon before any loan is given.

Now an additional director is being added. Is it the intention that this director will be a representative of the Bank which may be giving the loans to us? It is not quite clear as to which interest is proposed to be represented by the addition of this director.

Shri M. C. Shah: No director from the World Bank.

Dr. S. P. Mookerjee: But anyone to be appointed at the suggestion of the World Bank.

Shri M. C. Shah: No. It will not be at the suggestion of the World Bank.

Dr. S. P. Mookerjee: Now, this is a matter which has to be considered with a certain amount of care.

A number of suggestions have been made with regard to the working of the Industrial Finance Corporation. I have seen the report which has been circulated to us. What I would like to know from Government is how far Government is satisfied that the loans which have been granted by the Corporation during the last five years have been made with regard to the overall idea of planned development of the industrial resources of the country? Have they been granted in a haphazard way or has there been any attempt to coordinate the assistance which has been given by the Corporation in relation to the overall planned development of the country?

Shri T. T. Krishnamachari: The hon. Member knows that two Government directors are there. They do the coordination.

Dr. S. P. Mookerjee: Yes, I know that. One difficulty which we experience is this. The report which is circulated, the Fourth Annual Report of the Industrial Finance Corporation of India, just mentions the types of industries on page four. There is no mention of the particular concern which is receiving the help. After all there should be no secrecy about this matter.

Shri A. C. Guha: It cannot be a question of public interest to disclose it.

Dr. S. P. Mookerjee: At one stage we discussed this question and it was pointed out that it would not be in the public interest to disclose which particular concern was getting the assistance through the Corporation. I do

not understand the logic of it. There must be some check by somebody and obviously Parliament which brings the Corporation into existence ought to be in a position to know which particular concerns are receiving the grants. Secondly, the report should include a full statement as to how far the grants made have been utilised by the institutions concerned for realising the objective in view.

For instance, take textile machinery industry, which received a total of Rs. 64 lakhs. Now this amount has been paid till the 30th June 1952. How far has India benefited with regard to manufacture of textile machinery by the grant of this Rs. 64 lakhs? There should be some progress report with regard to each one of these types of industries, so that we may know that a close scrutiny is maintained and the final objective is going to be reached in regular instalments. Take again the case of cotton textiles which received a loan of more than Rs. two crores. Now what were the special circumstances under which a cotton textile mill was given such a huge loan?

Mr. Deputy-Speaker: Was it one concern?

Dr. S. P. Mookerjee: I do not know. It is said cotton textiles Rs. two crores and 74 lakhs.

Shri M. C. Shah: Not only one concern; there are so many concerns.

Dr. S. P. Mookerjee: That is our difficulty. When we are re-examining the provisions of the Bill—and as the hon. Minister has stated in the Statement of Objects and Reasons this opportunity is being taken to make certain amendments to improve the operation of the Act—it would have been much better if some sort of note had been circulated to us so that we could know how in respect of each one of these types of industries and also in respect of the concerns which have been helped, the main objective of this Act, namely better and increased production, reduction of cost of production, national self-sufficiency etc., had been attained.

Now I may take another group of industries—the automobile and tractor industry. Here we have spent Rs. 50 lakhs, but so far as my information goes, one of the main automobile factories has been temporarily closed down and so far as the tractor factory is concerned, little progress has been made.

Shri T. T. Krishnamachari: Which is the main automobile factory which has closed down?

Dr. S. P. Mookerjee: The one with which the hon. Minister is in love—Hindusthan.

Shri T. T. Krishnamachari: I do not know how the hon. Member knows about my loves much better than I myself do.

Dr. S. P. Mookerjee: Because my love has been transferred to the hon. Minister for the time being.

Mr. Deputy-Speaker: Is not the hon. Minister informed from time to time?

Shri T. T. Krishnamachari: I thought I could get some information from the hon. Member if he chooses to give it.

Mr. Deputy-Speaker: Is it the contention of the hon. Minister that it has not been closed down, or even if it has closed down he is not aware of it? I thought the hon. Minister would have been kept constantly informed about these.

Shri T. T. Krishnamachari: There seems to be some lacuna in my information service.

Mr. Deputy-Speaker: On the floor of the House, I would not like that any hon. Minister, however humorously, should put such questions on very important matters.

Shri T. T. Krishnamachari: I submit, Sir, that my information is that no major factory has closed down?

Mr. Deputy-Speaker: Is not the Hindustan Motor Factory a major factory?

Shri T. T. Krishnamachari: My information is that it is working. Of course, it closed down for some time but it has started working again. I do not know whether it closed down again. I do not know, the hon. Member did not tell me.

Dr. S. P. Mookerjee: That is what I wanted to know.

Shri T. T. Krishnamachari: I quite recognize, Sir, that we could not plead our own ignorance in this House. On that the Chair is quite correct. But the information is palpably wrong. That is why I asked him what is the factory that has closed down.

Dr. S. P. Mookerjee: What I said was that a particular factory had temporarily closed down and it was for my hon. friend to get up and say: it is now working. There would have been no scope for humour or any lapse of memory at all.

This is one point which naturally the House has got to discuss, and if the matter goes to Select Committee it will be possible for us to get full information as regards the manner in which the loans have been granted to particular types of industries and to particular concerns and what results have actually been achieved during the last five years. That I consider to be a very important aspect which we are entitled to discuss in connection with this Bill.

The next was a very delicate point which was raised yesterday with regard to the personnel of the board of directors. It is not for me to cast any reflection on anybody. In fact, the present chairman of the board of directors is one of the outstanding industrialists of the country and his services in many directions have justifiably won praise and admiration for him. But it is not a question of individual selection. I think it will be good for us to lay down that anyone who is a member of the board of directors should not be directly associated with any big manufacturing concern.

Mr. Deputy-Speaker: Indirectly?

Dr. S. P. Mookerjee: Directly or indirectly. I mean it should be left to Government to select a man with outstanding experience but one who is not now concerned with any company. It is necessary for creating confidence in the minds of all concerned. It may be that many of these institutions with which this gentleman might have been connected and which have received grants are otherwise fully deserving of support. But it does create some doubt, some suspicion in the minds of the public which, I feel, should be avoided.

As regards the changes which have been made, as I was going through the reports and also studying the working of the Industrial Finance Corporations of other countries, there is one important aspect in which our Act has been found faulty. We have not provided in our Act any scheme for giving equity or risk capital to these companies. Our provision is only to grant loans. The hon. Minister knows that with regard to the operation of similar Corporations in other countries, especially in Great Britain and in Canada, the realisation is coming more and more that if any help is going to be real and lasting and capable of producing results, then not only must the Corporation give loans but it must also provide for risk or equity capital. That fundamental point has somehow not been taken into consideration.

[Dr. S. P. Mookerjee]

I had something to do with the framing of this Bill four years ago when the then Finance Minister Mr. Shanmukham Chetty introduced it. This was a matter which was then taken into consideration, but in view of the novelty of the experiment which Government was going to make and the possible risks which were associated with the working of such an institution, this matter was not pursued further. But having had four years' experience now, and when the Act is going to be amended, I think, it is very important that this aspect of the matter should be considered. If it goes to Select Committee we can consider it there.

What most of the customers want is not loan capital but risk or equity capital. In fact, the E.C.A.F.E. Committee which sat in Lahore in February 1951 discussed this very matter and passed a resolution recommending that industrially backward countries should have Industrial Finance Corporations which would make it possible for such Corporations to initiate, underwrite and participate in new enterprises and to furnish entrepreneur capital. This arose out of a consideration of Ceylon's Industrial and Financial Corporation and naturally had its application in respect of India also.

I was trying to get the reports for U.K. and I could lay my hands on figures for three years, one ending March 1950, another ending March 1951 and the third ending March 1952. I find from these reports that on 31st March 1950, 36.8 per cent. of the Corporation's assets consisted of share holdings in industrial companies; that is 36.8 per cent. of the amount which was at the disposal of the Finance Corporation represented the share holdings in industrial companies. Of course, the total amount came to a very large figure, namely, nearly about £500,000. It may not be possible for India to provide such a sum. Then at the end of March 1951 the percentage went up to 42 per cent. and at the end of March 1952 the percentage was 38 per cent. In Canada also I find the same principle has been accepted and in fact this question has been dealt with in detail in the annual reports: both in England and in Canada by their respective chairmen, and they have described how this feature was essential if the Industrial Finance Corporation was really going to work in an effective manner.

Now, the difference is obvious. If you grant a loan, that means that the interest starts running immediately.

But if you take shares, that means you are entitled to get back by way of dividend only when profit accrues. If a new industrial concern starts working, naturally for the first four, five or six years it may not be possible to have any profits. And if during that period there is the question of payment of interest, then we practically take away through one hand something which we give through the other hand.

Similarly, if the loan is given on the assets of the company, you make it still more difficult for this company—the company whom you are helping partially—to raise additional money from other sources. In fact, the speech of our own chairman delivered last time did refer to this aspect of the matter and pointed out the difficulties. We have already paid Rs. seven crores. That is what the hon. Minister said yesterday. How much return have we got out of granting a loan of Rs. seven crores? We have sanctioned loan to the tune of Rs. 15 crores. The hon. Minister did not explain clearly why the grant of Rs. eight crores, although made, has not been taken by the industries concerned. What is the reason? Why do they hesitate to take that? Obviously one of the reasons which was explained in one of the recent reports was that this loan which was being given was not itself sufficient for the complete purpose which the industrial concerns may have in view.

Shri A. C. Guha: Conditions.

Dr. S. P. Mookerjee: Conditions, of course, might be too rigorous. While on the one hand we are spending a few crores of rupees, we are not getting the full value. I would therefore ask the Government very seriously to consider whether the time has not come when we should have a provision for risk capital. I am not saying that this means that the Corporation will go and take shares in every industrial concern. It may be in select cases, it may be in cases where the Corporation is satisfied that but for its participation that particular enterprise will not be able to develop its activities, that the Corporation will so participate. Of course, along with this also goes a greater amount of control.

Shri T. T. Krishnamachari: Greater risk.

Dr. S. P. Mookerjee: Of course, without risk there is no gain. The hon. Minister knows very well. He has faced so many risks himself and has gained thereby also!

The two points which I would like to emphasise are these. First of all, the Industrial Finance Corporation, must have its own inspecting and advisory agency. I was glad the hon. Minister said yesterday that there was a proposal to have some technical staff. You must have a proper agency—technical men—not for the purpose of interfering with private enterprise but really for offering them help and assistance and guidance and that must go on concurrently with such financial assistance as the Corporation may give. You must associate one or two economists also with the working of this institution so that sound expert knowledge which is now available at the disposal of similar institutions in England or in Canada may also be made available in our country. Secondly, the entire working of this Corporation must be tuned up with the overall planning scheme of the Government. We have now decided that the private sector will be given its allotted share. Our assistance must fit in with the possibility of performance by the private sector for realising the objective that Government may have in view. The help must not be given in a random fashion but it must be properly integrated. In every country attention is given with equal vigour not only to the desirability of making additional grants to those who might have received grants earlier but also for making grants to new enterprises and new institutions. Now there is a feeling—I am not able to prove that the feeling is always justified—but there is a feeling that new enterprises, as my friend Mr. Guha said yesterday, which deal with new manufactures or important commodities have not received that ready help which they should from the Corporation. We have a proverb in Bengal:

"Oil and more oil is poured on the oily head".

You do not look after the needs of new enterprises which may be very important for the national development of the country. The Bill has introduced shipping companies or shipping and I find this also has been added at the instance of the International Bank. Now what exactly does shipping company mean? Does it mean manufacture of ships or does it mean trading? If it is trading, why do we have shipping alone? Why not other transport services also? It is

not quite clear why this foreign company is suddenly interested in giving loan for developing shipping trade.

Shri Tyagi: It is not a question as if they are interested. We are interested and we process the proposal and they approve our proposal. That is all.

Dr. S. P. Mookerjee: These are the details which Mr. Tyagi is hugging to his bosom and naturally we cannot share with him but the point is if you want to include shipping then do it in a way that you may include ship-building also.

1 P.M.

Shri Tyagi: It is really difficult for me to lay on the Table of the House the details—the loans are still under negotiation, and my friend will realise that it is not in the interests of the public to do so. Our people have gone there. I cannot talk very freely.

Dr. S. P. Mookerjee: I quite appreciate that. That is why I am suggesting that this Bill requires further consideration. You may not discuss it on the floor of the House. If you sit in a Select Committee, then we can know what exactly are the intentions of Government and how it is possible for us to modify the provisions of the Bill so as to make the attainment of the objective more speedy. If you want to include shipping also, I would certainly suggest that you include also the manufacture of ships. What I do not like is this. If you want to make any changes in our Act.....

Mr. Deputy-Speaker: May I know the rules of the Government for the Select Committee so that I may regulate the debate in this House?

Shri M. C. Shah: We do not accept.

Dr. S. P. Mookerjee: This is the unfortunate part of the Government attitude. We are here not to oppose for the sake of opposition. We are making some useful suggestions so that the provisions of the Bill can be altered and it is hardly possible to make detailed changes if you discuss them on the floor of the House.

Pandit Thakur Das Bhargava (Gurgaon): This report is not available to Members. We want to read this report and take part in the discussions. I do not know why this report has not been supplied to Members. I would request the hon. Minister kindly to supply the report at least so that we may go through the Report.

Mr. Deputy-Speaker: I know that in previous years the report was circulated to hon. Members. Now in view of the fact that this Bill has come up before this House, will it not be more useful if copies of the report are circulated to hon. Members?

Dr. S. P. Mookerjee: Quite true.

Shri M. C. Shah: They are available in the Library, Sir.

Shri T. T. Krishnamachari: I will find out how many copies are available. If some are available, we will...

An Hon. Member: Not a single copy is available.

Dr. S. P. Mookerjee: This is the only copy available.

Mr. Deputy-Speaker: I may make one small suggestion to the Government. So far as these reports are concerned, the hon. Minister of Commerce and Industry said he will find out whether copies are available and will supply copies to as many hon. Members as is possible. From time to time hon. Members have been receiving notices from the Manager of Publications, Civil Lines, that so many copies of the various documents are available and they may take them from there. Instead of waiting for 10, 20 days, before notice is given, as and when copies are printed, all such documents, if sufficient number of copies are made available, can be supplied to hon. Members there and then.

An Hon. Member: I waited for 46 days.

Mr. Deputy-Speaker: I received some copies during the previous year. I do not know why this year they were not sent.

Shri A. C. Guha: As a rule, copies should be circulated to all the hon. Members.

Mr. Deputy-Speaker: The hon. Minister has agreed to circulate.

Shri A. C. Guha: We are not getting copies. If we cannot go through them, what is the use of sitting here and taking part in the discussion?

Dr. S. P. Mookerjee: May I suggest that the debate may be adjourned and the report should be circulated. It is only fair that Members of the House should have an opportunity of studying the report. Otherwise, the discussion will be unreal. Government may accept the suggestion.

Shri T. T. Krishnamachari: The number of copies available will not be coterminous with the number of Members of the House. We have only 20 copies. Members can have a look from the Library.

An Hon. Member: We want them for study.

Shri T. T. Krishnamachari: This is a very small report, three or four pages.

Shri B. Das (Jajpur-Keonjhar): Sir, I would draw your attention that the report was laid on the Table of the House last session. Parliamentary Debates take a long time for publication. I do not know why only three or four copies are being given to the Library.

Shri Gadgil (Poona Central): It seems that many Members who are anxious to participate cannot do so for lack of sufficient information being made available. As I understand copies are not available in the Library. It is for you to decide whether a proper debate is possible under these circumstances. As suggested by Dr. Syama Prasad Mookerjee, this matter may be adjourned till tomorrow and in the meanwhile copies may be furnished to as many Members as desire.

Shri Tyagi: Six copies were placed on the Table of the House. Generally...

Some Hon. Members: No, no.

Shri Tyagi: That is another matter. If each hon. Member wanted a copy, that could also be arranged. It will surely take time. In the usual course, when such documents are placed on the Table, a few copies are placed. My hon. friend Dr. Syama Prasad Mookerjee also may remember that he too did not place in bulk copies of reports. I understand six copies have already been placed and they were available. It is not possible all at once to produce 500 copies just now.

Some Hon. Members: Why not?

Several Hon. Members rose—

Mr. Deputy-Speaker: I do not think it is necessary to have any long discussion over this matter. The hon. Minister will kindly find out from the Industrial Finance Corporation how many copies are available.

Shri Tyagi: I have sent a word.

Mr. Deputy-Speaker: Let all of them be placed. Let as many copies as are available be placed in the Library so that, even if they should fall short of

the total Members in the House, as many Members as want to read that and want to speak today, may take them in preference to those who want to speak tomorrow. As amongst themselves, they may adjust. It was also incidentally referred to in this debate that for the purpose of fully appreciating the fresh provisions that are sought to be made by this Bill, and to understand the working of the Corporation from the administration report, details are not given: as for instance, two crores and odd for the textiles, etc. I do not personally see what objection there can be or what confidence there is. After all, it is the business of this House to safeguard the amounts lent to this Corporation, also because of the Government guarantees and various other things on loans taken by the Corporation. Therefore, I would advise the hon. Minister to circulate to the Members details regarding the manner in which this money has been spent so as to enable them to exercise proper control and deal with this Bill properly. In view of the fact that it largely depends on the information that has to be circulated to hon. Members, I would adjourn this Bill till tomorrow.

The House then adjourned for Lunch till Half Past Two of the Clock.

The House re-assembled after Lunch at Half Past Two of the Clock.

[MR. SPEAKER in the Chair]

FOOD ADULTERATION BILL

The Minister of Health (Rajkumari Amrit Kaur): I beg to move*:

"That the Bill to make provision for the prevention of adulteration of food be referred to a Select Committee consisting of Shri Santosh Kumar Dutta, Shri Loknath Mishra, Dr. Ram Subhag Singh, Shri Kailash Pati Sinha, Shri Hira Singh Chinaria, Shri Amarnath Vidyalkar, Shri Bheekha Bhai, Sardar Raj Bhanu Singh Tewari, Shri K. G. Deshmukh, Shri Vajjanath Mahodaya, Shri T. Madiah Gowda, Shri Halaharvi Sitarama Reddy, Shri K. Periaswami Gounder, Shri Maneklal Maganlal Gandhi, Shri Rajaram Giridharlal Dubey, Shri Hoti Lal Agarwal, Shri Biswa Nath Roy, Shrimati Uma Nehru, Shri Narayan Sadoba Kajrolkar, Shri C. R. Narasimhan, Shri R. V. Dhulekar, Dr. Indubhai B. Amin, Sardar Lal Singh, Shri K. Kelappan, Dr. Ch. V. Rama Rao, Shri Tridib Kumar Chaudhuri, Shrimati M. Chandra-

sekhar, and the Mover with instructions to report by the last day of the first week of the next Session."

In bringing forward this proposal, may I be permitted to say a few words?

I do not think that there will be a single Member of this House who will not welcome the introduction of this Bill. In fact, in the past Parliament and even before that I have been asked several times as to why I have not been able to introduce this measure before today. But the difficulty was that I could not do it until the adulteration of foodstuffs and other goods came on to the Concurrent List. The moment I was in a position to bring a measure like this before the House, I circulated all the State Governments and asked for their opinions. The Members of the House know that laws against food adulteration do exist in all the Part A States, in some of the Part B States, and in some of the Part C States, but they lack uniformity, and I think in a situation like this where food adulteration is growing or has grown into a positive menace, it is absolutely essential that something should be done in this regard. And therefore, it is that I felt it was absolutely necessary for the Central Government to enact legislation.

Now, opinions have been received from all the States, and all their useful suggestions have been incorporated in this Bill. My own feeling has been throughout these years that while food laws do exist, it is the inadequacy of Government machinery that has been greatly responsible for their inability to check the menace. Not only is the machinery inadequate, but there is also, I am sorry to say, lack of integrity in that machinery. Therefore, whatever legislation we pass, the State Governments will have to see to it that this inadequacy is removed, and that, as far as possible, the integrity of the machinery is also ensured.

Some friends feel that this Bill should be circulated for public opinion. I myself feel that there is no necessity for that now since the State Governments have been consulted, and consulted over a long period, so that they have been able to give all their experiences and their considered judgment on the measure and, what is more, they have again been circulated since this new measure has been drafted. That is to say, the present Bill has been circulated to them, and

*Moved with the recommendation of the President.