

move my amendment. But one thing I would mention. The hon. the Deputy-Speaker himself suggested that we should send in amendments.

Shri M. A. Ayyangar: Does he say that I suggested amendments should be moved?

Mr. Speaker: Let there be no discussion on that point now. What the Deputy-Speaker said is reported in the proceedings of the House, and everybody knows what it is.

The question is:

"That this House agrees with the allocation of time proposed by the Business Advisory Committee in regard to the Government legislative and other business, as announced by the Deputy-Speaker on the 26th July, 1955."

The motion was adopted.

Mr. Speaker: So this becomes the allocation of time order of the House.

BUSINESS OF THE HOUSE

The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha): With your permission, I would like to announce the priority of business also. I wish to inform the House that Government intend to take up legislative business, for which the Business Advisory Committee has recommended allocation of time, in the following order:—

1. Further consideration of the Industrial and State Financial Corporations (Amendment) Bill;
2. Indian Coinage (Amendment) Bill;
3. Land Customs (Amendment) Bill;
4. Spirituous Preparations (Inter-State Trade and Commerce) Control Bill;

5. Prisoners (Attendance in Courts) Bill;
6. Delhi Joint Water and Sewage Board (Amendment) Bill;
7. Code of Civil Procedure (Amendment) Bill;
8. Durgah Khawaja Saheb Bill;
9. State Bank of India (Amendment) Bill; and
10. Industrial Disputes (Appellate Tribunal) Amendment Bill.

Shri Kamath (Hoshangabad): May I request you to direct that the Minutes of every meeting of the Business Advisory Committee be circulated to the Members of the House?

Shri S. S. More (Sholapur): May I request that the present schedule be circulated to the Members with the timing?

Mr. Speaker: The present order of priority, as stated by the hon. Minister of Parliamentary Affairs, will be circulated for the information of the Members. As regards the other request of Shri Kamath, I am afraid it is very difficult to accept it. The conclusions are there and the Minutes are circulated to the Members, and the Members representing the sections of the House can always communicate their contents to all Members.

INDUSTRIAL AND STATE FINANCIAL CORPORATIONS (AMENDMENT) BILL

Mr. Speaker: The House will now proceed with clause by clause consideration of the Bill further to amend the Industrial Finance Corporation Act, 1948, and the State Financial Corporations Act, 1951.

[MR. DEPUTY-SPEAKER in the Chair]

Clauses 2 to 6.

Clauses 2 to 6 were added to the Bill.

Clause 7.— (Amendment of section 10, Act XV of 1948).

Shri N. B. Chowdhury (Ghatal): I beg to move:

In page 2, line 7 for "A chairman" substitute "A whole-time chairman".

The object of this amendment is to conform to the recommendation of the Enquiry Committee. There, it has been observed:

"We suggest that the Corporation should have a whole-time paid chairman to be appointed by Government. Such a chairman will have more direct touch with Government and better acquaintance with Government policy and will be responsible both to the Government and to the board.... The position of the chairman will, in that event, be analogous to that of the Governor of the Reserve Bank".

We are entrusting the Chairman with wide powers. Therefore, it is necessary that in view of the additional powers that are now being given and also in view of the experience we have about the working of the Industrial Finance Corporation, the Chairman should be a whole-time paid official. Although we require that such an official should have the experience of production and other necessary qualifications, the person should be a person of high integrity and should always keep a close watch over the affairs of this Corporation. I think that the work of the chairman should be the work of a whole-time official and not simply a part-time official.

Mr. Deputy-Speaker: Amendment moved:

In page 2, line 7, for "A Chairman" substitute "A whole-time Chairman".

The Minister of Revenue and Defence Expenditure (Shri A. C. Guha): I have already stated in my speech yesterday....

Shri Asoka Mehta (Bhandara): There are more amendments to this clause, before the Minister replies.

Mr. Deputy-Speaker: I wanted to ask him to refer to other amendments also, but by that time the hon. Minister would dispose of this amendment and hereafter I will call upon to move the other amendments. In future I shall ask all the amendments relating to a particular clause to be moved and discussed before the Minister replies.

Shri A. C. Guha: Let the other amendments also be moved now and I will reply afterwards.

Shrimati Sucheta Kripalani (New Delhi): I beg to move:

(1) In page 2, for line 12, substitute:

"(1) for the existing proviso, the following shall be substituted, namely:—

'Provided that a concern in which a Director of the Industrial Finance Corporation is a Managing Director or a Director/Partner/Shareholder in the Managing Agency concern shall not be eligible for loan.'

(2) 'In page 2, line 10, add at the end:

"of whom one or more shall be economists, chartered accountants and managerial experts".

My second amendment is a very simple one and I do not think I need explain much. We find that most of the members of the Board are business people. We would therefore, like some economists to be there who are capable of taking an overall view of the economic needs of the country and helping the Committee in the proper distribution of the industries and in selecting the right industries for development. Some of the members of the Enquiry Committee felt that it is necessary to keep

the finances and accounts in proper order and for this purpose we should have a chartered accountant on the Board, combined with managerial experience. I do not think I need speak more on that.

On the other amendment too I need not say much because I have already spoken about it yesterday. The whole trouble arose from a suspicion that the directors of the I.F.C. were giving loans to concerns in which they were interested. The furor in the Parliament was on that account. As far as I can gauge the general public opinion, I think the general public as well as the House would feel assured if such a rule, as suggested by the Committee, were incorporated here, namely, that the directors cannot give loans to their own companies. The argument brought in by the Government is that if they do not permit the directors or rather if they debar the directors of the I.F.C. from giving any loans to their own companies, they will not get proper people on the Board of the I.F.C. I think this argument is very uncharitable to the business people of India. I am sure there are industrialists, business people, economists, etc., in India who are patriotic enough to serve on such a Board for the betterment of the country itself. Suppose some director wants to help his company, then he can very well resign and somebody else can come in his place. There is I am sure enough talent available in the country. I also understand that in the Company Law they are going to provide for some such arrangement. If they do so, I do not see why there should be any reason for not making such a provision in this Act. I would therefore, urge upon the Government to accept this amendment.

Mr. Deputy-Speaker: Amendments moved:

In page 2, for line 12, substitute:

(1) "(iii) for the existing proviso the following shall be substituted, namely:—

"Provided that a concern in which a Director of the Industrial Finance Corporation is a Managing Director or a Director Partner/Shareholder in the Managing Agency concern shall not be eligible for loan."

(2) In page 2, line 10, add at the end:

"of whom one or more shall be economists, chartered accountants and managerial experts".

Shri A. C. Guha: Let me first deal with Shri Chowdhury's amendment. Yesterday I stated that we deliberately did not put in the word 'whole-time' because it may not be necessary for the volume of the work that the Corporation may get, to have a whole-time chairman, but the provision is there that it may be whole-time or part-time. I have also stated that for the present at least we are going to have a whole-time chairman, and he will be a sort of an official chairman from the side of Government. We do not like that this obligatory or compulsory clause for having a whole-time chairman, should be put in here irrespective of the volume of work that the Corporation may have in the future. I think the hands of the Government should be kept free to decide it according to the volume of the business that may be there. I hope this amendment will not be pressed before the House, and I cannot accept the amendment.

As for the amendment for having chartered accountants, economists, and managerial experts, at present Government have got four directors on the Board, of which one comes as a labour representative. Previously, Shri Khandubhai Desai was the director and now Shri Ambekar, the I.N.T.U.C. President, is a director of the Corporation, representing labour and nominated by the Government. Of the remaining three directors, two are, as a rule, from the Finance, and the Commerce and Industry Ministries.

[Shri A. C. Guha]

Then there remains only one director for the Government to nominate. I do not think it will be proper to put a definite category there compulsorily. The Government should have free choice and for one director, that is, to be nominated by the Government, they will always see that the right person is nominated and they would not leave out of consideration economists or chartered accountants. We shall try to put some economist or professor whenever the Board is to be reconstituted. I hope the chairman of the Enquiry Committee will not press her provision in the Bill, I may also tell the House that when I appeared before the Committee, I think I myself suggested something like that, but now I feel that that would be administratively putting some difficult conditions for the Government. It should be left open to the Government to select the right type of person. Simply because one man is an economist or a chartered accountant, it would not give any special assurance, unless the man is of the right sort of man. We would like to keep the choice of the Government somewhat free in this respect.

As for the other amendment, regarding putting a ban on the directors of the Corporation for getting a loan from the Corporation, yesterday I mentioned that during 1954, out of so many applications sanctioned, only three concerns, with which some directors of the Corporation were connected, got any accommodation, of these two are co-operative societies and the director of the Corporation, connected with these co-operative societies, has got only a nominal interest in them; the other is the chairman of a loanee company, and I presume he is a director on behalf of some Co-operative Society—most probably co-operative societies, but I am not very sure—and is a Member of this House.....

Shrimati Sucheta Kripalani: I have not spoken of co-operative societies

at all. Here I want that the managing agents should only be debarred.

Shri A. C. Guha: In regard to concerns having a managing agent or managing director, working as a director of the Corporation, no loan has been given during this year after the publication of this report and of the resolution of the Government.

Shrimati Sucheta Kripalani: If it is a fact, then why not provide so in the law?

Shri A. C. Guha: No. Providing that in the law means a complete ban not existing even under the Banking Companies Act. And the difficulty is this—Shri Asoka Mehta also suggested that this Corporation should have more business and should not be so stiff in distributing or sanctioning loans, etc. There have been several suggestions to that effect yesterday. Again, if we put some more restrictions, which are harder and stricter than those prevailing now even in commercial banks, then it would limit the scope of the Corporation to a very restricted sphere. I hope this restriction would not be pressed. I can give this assurance that the restrictions that we had already put on loans for any concerns with which the directors of this Corporation might be connected, would serve as a sufficient check. The Chairman of the Enquiry Committee will recall certain managing agency firms in which a particular person had an interest of two annas or two pice in a rupee. That does not mean that that gentleman has not got enough interest in those concerns. So one may bypass this provision suggested by the movers of this amendment by substituting some benamidars in the partnership or in the managing agency and keeping his own name outside the list of partners in a managing agency firm. This will not give any sure guarantee for preventing this kind of cases, which the Chairman of the

Enquiry Committee had in her mind. One should only depend on the vigilance of the other directors of the Corporation and the Government. I can assure her that the Government is quite alive to this matter and we shall see that no abuse of this nature is indulged in future. I also share the feeling that the directors of the Corporation were taking undue advantage of their directorship in the Corporation but as I said yesterday except in one case, the combined interest of all the other directors of the Corporation in the loanee company is only just 1 per cent. That should not be a very big amount. But it is not necessary to put a complete ban on these categories of people—a ban which is not prevailing even in the Banking Companies Act. I therefore, hope that they will not press their amendments and I can give them this assurance that Government will keep a close eye on these so that this kind of thing may not happen again.

Mr. Deputy-Speaker: I will put these amendments to the vote of the House.

Dr. Jaisooriya (Medak): Is there no debate on these?

Mr. Deputy-Speaker: Before the Minister gets up, they must have asked. I looked round and found only the hon. Minister on his legs. I have no objection. If any new points are raised the hon. Minister will have an opportunity to explain them also.

Dr. Jaisooriya: I have one point and that is with regard to the first amendment—a whole-time chairman or a part-time chairman. I noticed that from yesterday the hon. Minister has been in two minds himself about it.

Mr. Deputy-Speaker: Someone was suggesting that there ought to be no whole-time chairman; there must be only a part-time chairman. I think it was Shri Tulsidas. In between the two, the Minister seems to be oscillating.

Dr. Jaisooriya: Crushed to pieces.

Sir, I wanted to make only one point. If my memory is correct, in the previous set-up the managing director was the king-pin round whom everything revolved. Now, we have removed the managing director and made the chairman the most important person. If this is not to be a half-penny-two penny concern, and if we have transactions running to many crores, it seems to me rather penny-wise and pound-foolish not to have a full-time chairman when a lot of responsibilities has been put upon him. I am not in a position to understand what the exact objection is. If your big enterprise will not have enough work, shut it down. You have to create more work by proper work.

Mr. Deputy-Speaker: May we know the intention of the hon. Minister?

Shri A. C. Guha: We are going to appoint a whole-time chairman. Only we want to keep it open to the Government to appoint a whole-time man; if there is not sufficient work, then, they may also put a part-time man. But we are going to appoint a whole-time man almost as soon as this Bill is passed.

Mr. Deputy-Speaker: May I ask hon. Minister one question? I find some announcement in the papers this morning. Is it intended that a Secretary or a Joint Secretary of a Ministry, if appointed to this post, should do both this work and the work in the Ministry?

Shri A. C. Guha: No, Sir. But I do not want to make any commitment.

Mr. Deputy-Speaker: The House is entitled to know.

Shri A. C. Guha: There has been no finality about it. But whoever may be appointed, he will have no connection with the Finance Ministry or any other Ministry of the Government.

Mr. Deputy-Speaker: Likewise, if a businessman is appointed, will he have one foot in the business and another in this?

Shri A. C. Guha: I do not think there would be any such position.

Mr. Deputy-Speaker: What is the difficulty in making it clear that he is a whole-time official of this Corporation?

Shri A. C. Guha: I have said that there is no ban on the appointment of a full-time chairman. It has been left open to the Government. If there is not sufficient work, then some Joint Secretary or somebody would be put there to do the work for two or three hours a day or if necessary, if there is not sufficient work, the chairman may be asked to do some other job. It should be left open to the Government to decide the course according to the volume of business on hand in the Corporation.

Dr. Jaisooriya: This seems to me not a very satisfactory explanation for one certain reason. We had already had experience of that in the last set-up. Although there was a part-time chairman and an executive committee, the managing director did the whole show himself. Now, we want proper responsibility to be placed upon the chairman; it will be unfair to place such heavy responsibilities upon a part-time chairman. We should not be too niggardly. We must create enough work and make him fully responsible.

Shri A. C. Guha: He will be fully responsible to the Corporation and he will be the chief executive officer. The general manager will be under him. Government will surely see what is the best for the Corporation and as I have said there is no ban for a whole-time chairman being appointed.

Mr. Deputy-Speaker: The House would like to know this. Is it a matter of economy for the Government or the Finance Ministry?

Shri A. C. Guha: There was a managing director getting Rs. 3,000 or so. Now there will be a general manager and a whole-time chairman. So, the overhead charges are likely to increase but if the volume of business does not justify two whole-time men, then Government may decide

not to put a whole-time chairman. But it is the intention of the Government to appoint a whole-time chairman who will have nothing to do except attending to the work of this Corporation.

Mr. Deputy-Speaker: In which case, Government will only change the names—there will be a general manager in place of the managing director.

Shri A. C. Guha: No, Sir. The managing director has very large statutory authority under the Act but here the general manager will have no such authority. Under the Act, the managing director was the chairman of the executive committee. But here he will be a mere official of the Corporation—not even a director of the Corporation nor a member of the central committee.

Dr. Jaisooriya: May I ask if he is a full-time man or a part-time man: how does the pay vary?

Shri A. C. Guha: At any time if it is decided that the Corporation does not require a whole-time chairman, then we may do as what we have been doing at present. The Financial Commissioner of the Railways is now acting as the chairman but he does not get anything from the Corporation. So, if at any time it is decided to have a Joint Secretary or a Secretary of the Government as the part-time chairman, he will not get anything from the Corporation; he will get his pay from the Government. It is just a measure of economy for the Corporation. It is the responsibility of the Government to give a minimum amount of dividend to the shareholder every year. Every year a certain amount is being given by the Government to the Corporation. I think it should be the concern of this House to see that the Corporation is run as economically as possible.

Dr. Jaisooriya: And as efficiently as possible, I hope.

Shri A. C. Guha: Without efficiency, there cannot be any economy.

Dr. Jaisoorya: We did not have it last time.

Shri Mohanlal Saksena (Lucknow Distt.-cum-Bara Banki Distt.): Sir, the House would like to know what the present decision of the Government is. Is it going to appoint a whole-time chairman for this? Does the hon. Minister visualise that at any stage one of the Joint Secretaries of the Ministry will be a part-time chairman, which means that he, as chairman of that Corporation, may be making some recommendation to the Ministry and as Joint Secretary he will be accepting that?

Shri A. C. Guha: At least half a dozen times I have mentioned that it is the intention of the Government to appoint a whole-time chairman immediately the Bill is passed. There is no question about the intention of the Government.

Shri Mohanlal Saksena: Is he going to be one of the Joint Secretaries?

Shri A. C. Guha: He will be in sole charge of the Corporation. He will have no other duty except doing the work of the Corporation.

Shri Mohanlal Saksena: Will he have some status in the Ministry as Joint Secretary? There are other government institutions where Joint Secretaries are acting as chairmen.

Mr. Deputy-Speaker: The hon. Minister has said that he will be a whole-time servant, in which case he will have no other assignment. If he is in service, he will come on deputation.

Shri A. C. Guha: Even if any officer is sent on deputation he will have nothing to do on the Government side for that period. At present we have got an official from the Reserve Bank to act as General-Manager. The Reserve Bank has lent his services to the Corporation to act as General-Manager. He does not get any pay from the

Reserve Bank and he does not do any work in the bank. He is simply attending to the business of the Corporation and getting his pay from the Corporation.

Shri Mohanlal Saksena: Subsequently when it is found that the work is not sufficient for him, the Minister, I understand, has said that a Joint Secretary may be asked to work for two or three hours. Even in that case I would like to point out that it would not be a satisfactory arrangement because if he is an officer in the Ministry as Joint Secretary and as chairman of the Corporation he makes certain recommendations, I am sure the Ministry is likely to accept them because he is there. So, what I want is that the work of the chairman should be supervised independently by the Ministry and not by a common officer for the sake of economy. I can understand if some officer of the Reserve Bank acts as chairman. But, just now the Minister has said that a Joint Secretary of the Ministry may be appointed to work as part-time chairman. That arrangement, I submit, is not satisfactory and I would like the hon. Minister to state that this will not be resorted to in any case.

Shri Tek Chand (Ambala-Simla): Sir, the assurances as to the present intentions of the Government as given by the hon. Minister are relieving, but if these are the intentions that are going to be given effect to why not clothe them in the statute itself?

So far as the office of the chairman of this great Corporation is concerned, he has to shoulder a very heavy and responsible burden not only in matters of probity of conduct, but so far as talents, scrutiny and vigil are concerned, his responsibility is equally onerous. Therefore, it is meet and proper that you have a whole-time chairman and the little stinting and skimping as to the question of his salary and the difference that will make in the salary of a whole-time chairman and a part-time

[Shri Tek Chand]

chairman is to my opinion a very false economy. Your chairman is going to have a very weighty voice in the matter of advancing lakhs and lakhs of rupees to a particular applicant. It is his duty to examine with the utmost thoroughness, with the utmost care and with the utmost vigil the credentials of the applicant. His capacity to repay the amount, his incapacity or inability to have a similar loan from other quarters,—these are very responsible and weighty considerations that will need his closest attention. Therefore, it is very proper that we should have a whole-time chairman and the question of the difference in the salary of a whole-time chairman *vis-a-vis* a part-time chairman is a consideration that should be not at all germane to the issue.

Regarding the other matter raised by Shri.mati Sucheta Kripalani that no director of the company or no director or managing director or partner in an applicant company should adorn the board, I feel that there is a very great substance in this amendment. It is a good principle that lender and borrower should not be one and the same person. A man who goes to borrow money should not be in a position as borrower to influence the judgment of the lenders because he happens to be one of their colleagues. There is an unintended proneness, an almost embarrassing inclination to readily accede to the wishes of a colleague who figures as a borrower or representative of a borrowing concern. That proneness should be avoided; that tendency should be resisted, though it seems that it is extremely embarrassing for the other colleagues to put their foot down and say: "No. Your concern is not going to get the loan." I think it will be a very good, healthy, wholesome and clean practice if such an applicant does not figure among the members of the board. If he happens to be a man of that stature and distinction who is a fit person in the eye

of the Government to be allowed on the board of directors of the Finance Corporation, then surely his stature outside will be equally high so as to enable him to obtain sufficient loans and advances from banks and other sources. It should not be difficult for a man of his status to obtain loans and other financial assistance from banks and other financing institutions. The Financial Corporation is not the only lending concern in this country. We will be laying down a very useful convention; a very useful tradition, and it will be in the interest of the Government as much as in the interest of the board of directors, that no person should be able to point his finger of scorn or finger of criticism at the Corporation, at the Government or at that particular director. It is not enough; it is not satisfactory that such a person will be a non-voting member. Well, he may not vote. This is not a matter that should be decided by votes. The merits and demerits of the application have to be carefully scrutinised, and so far as I am able to conceive, ordinarily, in all these matters of advancing loans and determining the amounts which should be advanced, there should be unanimity rather than a matter determined by votes especially when large amounts are going to be advanced. As a matter of fact, the convention ought to be, if there is one objecting member to the advance, the advance ought not to be given. The nation's treasures are not going to be frittered away in that manner. Therefore, it is not sufficient that he is going to be a non-voting member. I think his silence will be sufficiently eloquent otherwise to persuade his colleague to permit the advance a substantial amount to his concern. Moreover, there is no dearth of talent; there is no dearth of probity in this country, that if you have not got such a person who is both going to be a lender and borrower there will be extreme difficulty in manning this great organisation. There is no such

difficulty and the Government may not labour under any fear or misconception that if this facility is not given there will be difficulty in getting suitable persons elected to man the board. Therefore, I am of the opinion that we should have not only a whole-time Chairman but that there should be this further restriction that an applicant for loan should not be on the Board.

Shri Tulsidas (Mehsana West): The hon. Minister just now mentioned that the intention of the Government is that it may be that the working is not efficient and that the Chairman would be a person either of the rank of a Secretary of a Ministry or any other person whom the Government think is the proper person to be the Chairman, and therefore the remuneration paid may not be high or perhaps it may not be paid at all. That is a very good intention, in my opinion. But if the intention is to have an officer of the Government as the Chairman, then it would be proper that he should be at least there as a whole-time Chairman. Otherwise, if that person is one other than an officer of the Government, then he may not be a whole-time Chairman. He may be an honorary Chairman and may look after the concern, but I personally feel that when an officer is appointed, then it is better that he belongs to the Corporation. Otherwise, as I mentioned yesterday, it would become a part and parcel of the department of the Government and the policies will be more or less what the policy of that department would be.

With regard to the other point which my friend Shri Tek Chand mentioned just now as regards the interest of the directors, it may happen this way. As you know according to the constitution, there are two directors elected by the shareholders. The elected directors may happen to be shareholders. According to this amendment, a sharehol-

der also is debarred or is not eligible to be a director of the Corporation. I can understand that nominated directors of the Government must not be entrusted to any other body in the Government, but the other question is there. Supposing a person is elected by the shareholders.

Mr. Deputy-Speaker: I do not think the hon. lady Member thought that if a man may have one share of Rs. 100 in a concern, he should be ineligible.

Shrimati Sucheta Kripalani: That is only in regard to a managing agency.

Shri Tek Chand: That is managing agency, and not in the company.

Shri Tulsidas: May I point out that there are various concerns which are public limited companies and of which the person may be a shareholder, and the public limited company is a managing agency of different companies. I may give an example. The Killick Industries, Ltd. today is a public limited company. There may be a number of shareholders in that company. That company is a managing agency of different other companies. The person may be merely a shareholder, and how does one know whether he is holding a share? Perhaps any one in the House may also be a shareholder in that company because it is a public limited company. As such I do not understand why he should be disqualified. I think this is a lacuna.

Mr. Deputy-Speaker: Is the hon. Member agreeable to the rest of the amendments? The principle is that the borrower ought not to be the lender. Therefore, it is not so much the category as the acceptance of the principle. If the topmost man is one who is also a director, that will be dangerous, leaving alone the other shareholders. What was intended on this side of the House was that he ought not to hold a responsible

[Mr. Deputy-Speaker] position in the Corporation, that is, one who has got a responsible post in the other concern. Then, one hand will pay it to the other! If the principle is accepted, then which category ought to be here is a matter for pruning.

Shri Tulsidas: As I said yesterday, banks give loans and they give money in far greater measure than the Corporation. It happens that there may be a number of concerns in which a director may be interested as a director or a shareholder of a particular company or companies. In fact, I know in a particular case of this type, where the director simply goes out of the board meeting and the board meeting carries on with the work and with the deliberations whether loan is to be given or not. If that principle is accepted that a person should not take any part in such circumstances, in the board meetings, it will be good.

Mr. Deputy-Speaker: Rs. 50 lakhs seems to be the minimum here.

Shri Tulsidas: That is the maximum. It is not the minimum here.

Mr. Deputy-Speaker: Only without the consent of the Government it is the maximum. In fact, there is no maximum at all.

Shri Tulsidas: If the Corporation feels that it is in their own interests to give this particular loan because there is a director on the board who has not taken part in the deliberations in coming to a decision with regard to giving those loans, then do you think that it would be fair to the company which needs finance, that because the director is a common director both on the Corporation as well as in another body, the company should not get financial assistance? I do not think that that is the intention. If the Corporation is willing to give any assistance that is required, is it the idea that the

should not be given a loan because he is a common director?

Mr. Deputy-Speaker: So far as these matters are concerned—the competency or the solvency of the concern, the need of the concern, etc., and the over-riding interests of the concern—they are matters which have to be judged independently.

Shri Tulsidas: As I said, independent judgment is possible when a person who is interested is not present when the deliberations are taking place. There is no question of any particular reason for him to be there at the time of the deliberations. I do not see any reason. That is what I wish to say.

Shri A. C. Guha: As regards the first point that a whole-time Chairman is required, it is our intention to keep a whole-time Chairman, but at the same time we like to have our hands free in this matter. But there may be certain contingencies when a compulsory provision of a whole-time Chairman may act adversely for the Corporation. But as long as there is any necessity, we shall surely keep a whole-time Chairman and that Chairman will be doing nothing except the work of the Corporation, and he will get his remuneration from the Corporation only. He will be the chief executive officer responsible for the work of the Corporation. But still we feel that we should have some option in certain contingencies also to put a part-time Chairman.

Mr. Deputy-Speaker: When the Chairman for instance takes leave, a part-time Chairman may act in his place.

Shri A. C. Guha: Suppose X is appointed as Chairman. The Government wants to remove him immediately for misconduct. We must find a proper man. So we may put some of the Secretaries or the Joint Secretaries to do the job for one month or two

months. But the position will be different if we put in an obligatory clause saying that we shall have a whole-time Chairman. I think the Government should have some option in this matter.

As for the other matter regarding the restrictions, a broad question of principle is involved. It is the intention, as expressed yesterday by a number of Members, that this Corporation should have some expansion of business and should do more business and be helpful to some young industries, particularly the new industries. But if we put all these restrictions which are not available even in the Banking Companies Act and if you want to make this Corporation stricter in sanctioning loans, than the commercial banks, then it is better not to run this Corporation at all. The parties can go to the banking companies, where they will get better terms. Why should we put here the restrictions which are not found in the Banking Companies Act? Even then I can imagine certain positions where a designing person can very easily by-pass those restrictions. Whatever those restrictions are, a designing person can easily by-pass those restrictions and get the money. He may not be the partner; he may put the son or nephew or the son-in-law as the partner and he may be keeping himself out of the sight. So, these restrictions on paper would not mean any safeguard for the funds of the Corporation. That will depend only on the vigilance of the board of directors as well as of the Government, and I should also suggest, the vigilance of this House as well. With these words, I hope that the amendments will not be pressed.

Shri N. B. Chowdhury: As nobody has opposed amendment No. 1, I want that voting on this amendment should be postponed.

Shri A. C. Guha: I oppose the amendment.

Shri N. B. Chowdhury: Except the hon. Minister, no other Member from

any section of the House has opposed.

Mr. Deputy-Speaker: The convention is that during lunch interval we do not order a division of the House on any motion. Since there seems to be so much of insistence upon this amendment, I shall put it to the vote of the House after 2.30.

We started discussion on this at about 12.45; the third reading must be over by about 2.45.

An Hon. Member: It would be a round number.

Mr. Deputy-Speaker: I will now put amendment No. 2.

The question is:

In page 2, for line 12, substitute—

(iii) for the existing proviso the following shall be substituted, namely:—

Provided that a concern in which a Director of the Industrial Finance Corporation is a Managing Director or a Director/Partner/shareholder in the Managing Agency concerned shall not be eligible for loan.

Those in favour will say 'Aye'.

Some Hon. Members: Aye.

Mr. Deputy-Speaker: Those against will say 'No'.

Some Hon. Members: No.

Mr. Deputy-Speaker: It is difficult to decide from the voice. I shall put it after the lunch interval.

The question is:

In page 2, line 10, add at the end—

of whom one or more shall be economists, chartered accountants and managerial experts.

The motion was negatived.

Clause 8— (Insertion of new section 10A in Act XV of 1948, Chairman of the Board.)

Shri N. B. Chowdhury: I beg to move:

In page 2, lines 17 and 18.

omit "the Board with the approval of".

Mr. Deputy-Speaker: Amendment moved:

In page 2, lines 17 and 18,

omit "the Board with the approval of".

Shri N. B. Chowdhury: Yesterday I have given the reasons why the words "the Board with the approval of" should be deleted. Nowadays the need for putting a ceiling on personal income is being increasingly felt. We know that there are officials getting very high salaries and so in this particular case, I want that the salary and allowances should be determined by the Government and not by the Board, because the person who is going to get the salary and allowances will be the chairman of the Board, and it is likely that the directors in the Board may be willing to pay a very high salary to the chairman. Yesterday I referred to the Chairman of the State Bank also, but in that connection Mr. Deshmukh, the Finance Minister, said that if the man is of a very high calibre, then there is no question of any limit to his emoluments. I cannot accept that here, while even the poorest of the poor are being asked to make contributions to national reconstruction, etc. Therefore, whatever the competence or the calibre may be, he should not get more than a reasonable amount as salary. So we want that the Government themselves should fix the salary and allowances. This is very necessary in view of the recent audit report in respect of the Industrial Finance Corporation. I have already referred to the misuse

of the travelling allowance rules and how they have exceeded their powers by travelling in air-conditioned class when they were not permitted to do so. In view of all this, it is very necessary that the salary and allowances should be fixed by the Government and not by the Board with the approval of the Government, because when some recommendations come from the Board, generally the Government would accept those recommendations. So I want that the words "the Board with the approval of" should be deleted.

Shri A. C. Guha: It should be the concern of the Board to fix the salary of the chairman. The provision is there that it should be fixed with the approval of the Central Government and I think that is a sufficient safeguard against the Board fixing any abstract salary. I do not think there is any necessity for this amendment.

Mr. Deputy-Speaker: For the State Bank, does the Board fix the salary of the chairman?

Shri A. C. Guha: I think that is the position, but I am not sure. I think the Board fixes it with the approval of the Central Government; I do not think the Board has been altogether by-passed.

Mr. Deputy-Speaker: Does the Reserve Bank fix the salary of the Governor?

Shri A. C. Guha: The Reserve Bank cannot be compared to this; the Reserve Bank is cent per cent a government body, whereas in this Corporation 60 per cent of the shareholders are private.

Mr. Deputy-Speaker: The question is:

In page 2, lines 17 and 18,

omit "the Board with the approval of".

The motion was negatived.

Mr. Deputy-Speaker: The question is :

"That clause 8 stand part of the Bill."

The motion was adopted.

Clause 8 was added to the Bill.

Clause 9 was added to the Bill.

Shri Kamath (Hoshangabad): On a point of the Constitution, under Article 100, there should be quorum in the House, while voting, at any rate.

Mr. Deputy-Speaker: We are not being static; every day we are progressing.

Dr. Suresh Chandra (Aurangabad): There is quorum in the House.

Mr. Deputy-Speaker: As I have said, whenever hon. Members want a division, I will put it off. If there is unanimity, even then does the hon. Member want me to put it off? So far as clauses 8 and 9 are concerned, there is nothing against them.

Clause 10.—(Amendment of section 12, Act XV of 1948).

Shri N. B. Chowdhury: I beg to move:

In page 3, after line 11, add:

"(ii) After clause (d) of section 12 of the principal Act, the following shall be added, namely:—

'(e) has not produced income-tax clearance certificate.'"

Section 12 of the principal Act provides certain disqualifications for persons who are likely to be directors of the Corporation. So many conditions have been laid down. For instance, no person shall be a director who is a salaried official of the Corporation, other than the Managing Director, who has at any time been adjudged an insolvent, who is found to be a lunatic, or has been convicted of an offence, etc. It enumerates the disqualifications for a director. I want to add this condition after (d) that anybody who has

failed to produce the Income-tax clearance certificate should not be entitled to be a director, either elected or nominated. Government know who are evading taxes. This point was raised in connection with the discussion on the State Bank Bill. The Government refused to accept one of our amendments of this nature. There was the Income-tax Investigation Commission. They asked for a voluntary disclosure. The Government made it a principle not to disclose the name of any person who might have been found guilty of evading taxes although we insisted that the names of such persons should always be disclosed to the public so that these people may not commit similar offences again. Here it is very necessary that at least such persons who fail to produce such a clearance certificate for the period for which such payment is already due, should not be considered eligible for being elected or nominated director of the Industrial Finance Corporation. I want that this additional condition should be put in so that we can have really qualified directors, who are honest people and are not people who are likely to be influenced by all sorts of things.

Mr. Deputy-Speaker: I doubt as to whether this amendment is in order. Qualifications come under section 12 of the principal Act. All that is sought to be done by this amending Bill is this. Reference to section 12 comes in only for the purpose of substituting the word 'Chairman' for Managing Director or Deputy Managing Director. It is not intended that clause 12 dealing with disqualifications should be touched in any way. If they want to introduce a new disqualification or amend any existing disqualification, certainly hon. Members will have an opportunity to introduce disqualifications or remove disqualifications. The section is not touched. The amendment is only consequential. Because the managing directorship is done away with and a Chairman is being appointed under an earlier clause, for the

Mr. Deputy-Speaker: The words 'Managing Director' or 'Deputy Managing Director' wherever they occur, the word 'Chairman' will have to be substituted.

Shri N. B. Chowdhury: The clause is going to be amended. I want to put in some other clause also.

Mr. Deputy-Speaker: This is only consequential. In another clause, he might have said, for the words 'Managing Director' or 'Deputy Managing Director', the word 'Chairman' shall be substituted, in which case, you cannot say, I am going to add a disqualification. Anyway, what has the hon. Minister to say?

Shri A. C. Guha: Apart from the question of the amendment being out of order, this matter was discussed on several occasions. Though personally, I have sympathy with the intention of the mover, there are some administrative difficulties. Certain cases may be before the Income-tax Tribunals; I think a number of these cases I think a large number may be before these tribunals and until these cases are decided, they won't have the clearance certificate and all will be debarred. Further this has not been provided even in the Companies Bill that would be coming before the House. This is a small Bill not dealing with the entire policy of the Government, I do not think this amendment can be accepted.

Mr. Deputy-Speaker: The question is, in page 3 after line 14, add:

(ii) After clause (d) of section 14 of the principal Act, the following shall be added, namely:—

(e) has not produced in a come-tax clearance certificate.

The motion was negatived.

Mr. Deputy-Speaker: The question is, That clause 10 stand part of the Bill.

The motion was adopted.

Clause 10 was added to the Bill.
Clauses 11 to 15 were added to the Bill.

Clause 16—(Amendment of section 23, Act XV of 1948).

Shri Asoka Mehta: I beg to move:

In page 5, after line 38, add:

(ii) After clause (d) of subsection (1) of section 23 of the principal Act, the following shall be inserted namely:—

(dd) retaining as part of its assets participating as well as mixed debentures."

I pointed out yesterday in the course of my observations on the Bill that increasingly the Industrial Finance Corporation is likely to nurture new enterprises, that if these new enterprises are to be built up in course of time, naturally, they will be flourishing and prosperous and it should be open to the Corporation to share in the growing prosperity of the concerns that it helps to build up. I also pointed out that in other countries, provisions are made to that effect. In Italy, in the I.R.I., which is run on lines similar to those on which we run the Industrial Finance Corporation, which is a bigger body with far more responsibilities, there is already a provision for participating debentures, that is, debentures bearing interest at a rising rate, proportionate to the dividends which the companies concerned are paying; or there are mixed debentures which are convertible in whole or in part into shares of the respective companies. At present, so long as any company is indebted to the Corporation, generally, it is precluded from paying a dividend of more than 6 per cent. Anything over and above 6 per cent. is utilised for the purpose of paying back the loan and the loan is usually expected to be paid back in 12 or 15 years. By that time, in 10 or 15 years, the concern will get properly establish-

ed. We will get back our loan and interest. The entire benefit of having established such a successful and prosperous concern will go to the shareholders. We would like the shareholders to share the prosperity. We would also like the Corporation to share the prosperity so that it would be possible for the Corporation to have larger resources to help other concerns. That would be possible if the Act permits the Corporation to go in for participating as well as mixed debentures wherever it is thought to be necessary and advantageous. Yesterday, I tried to bring to your attention the arguments that have been put forward by the Government. I read out from the Resolution that the Government have passed on the subject and I also tried to reply to the various points that have been raised there. I shall not waste your time by repeating those points. I do not think the Minister, in his reply to the debate yesterday, tried to go deeply into the matter. If the intention is to allow the Corporation to run on the lines on which it has been running so far, that is a different matter. As I pointed out, the tempo has not been rising. I expect in the near future that the tempo will rise because we are going to have substantial industrial development and I hope the Industrial Finance Corporation will play an important part. If the tempo is to rise and if a large number of new undertakings are to be assisted and helped to develop, provision should be made in the Act for permitting the Corporation, on suitable occasions, to take advantage of the prosperity of the concerns it has helped. My amendment is meant to give the Corporation power to do so whenever a situation arises.

Mr. Deputy-Speaker: Amendment moved:

In page 3, after line 38, add—

(ii) After clause (d) of subsection (1) of section 23 of the

principal Act, the following shall be inserted namely:—

"(dd) retaining as part of its assets participating as well as mixed debentures."

Shri A. C. Guha: I think the purpose of the hon. Member is that the corporation should participate in equity capital, is it not?

Shri Asoka Mehta: Yes.

Shri A. C. Guha: Under the present Act the corporation may retain a part of the assets such as any stocks or shares or debentures which may come to its possession in the course of its ordinary business, but there is a definite ban here on the corporation directly participating in the company's share capital, subscribing to shares of any particular company or industrial concern. As I stated yesterday, there might have been some reason, one year or two years before for asking this corporation also to participate in equity capital, but now that we have got two other corporations, the Development Corporation and the Industrial Credit and Investment Corporation, whenever there is any suitable case they will participate in equity capital. So, I do not think there is any urgency now for this corporation to participate in equity capital. It is the policy of the Government as yet to leave it simply more or less to function as a bank, to advance loans—of course, not with all the strict formalities of banking—it will have certain element of risk in it, but still more or less it will be something like a bank, not participating in the equity capital.

Shri Asoka Mehta: My point is not being answered. When a loan is advanced, it retains the right to convert it into equity capital at a future stage in case the concern becomes prosperous. It is only a contingent right.

Mr. Deputy-Speaker: But if it ends in a loss, then what?

Shri Asoka Mehta: The loan is there, it will be recovered.

Mr. Deputy-Speaker: After participation?

Shri Asoka Mehta: There is no participation at any stage.

Supposing Rs. 30 lakhs are given and after Rs. 10 lakhs have been repaid, if the corporation feels that it wants to convert the balance of Rs. 20 lakhs of loan into equity capital, it should be open to the corporation to do so.

Mr. Deputy-Speaker: Then, thereafter if it ends in a loss, what happens?

Shri Asoka Mehta: Then, of course, it goes.

Mr. Deputy-Speaker: If any particular concern prospers, it also prospers.

Shri Asoka Mehta: It will only get the loan plus the interest. It will have no continued share in the prosperity of the concern.

Mr. Deputy-Speaker: Once it takes shares, what happens?

Shri Asoka Mehta: Then, it continues to share in the concern.

Mr. Deputy-Speaker: That is the point from the other side.

Shri A. C. Guha: We do not like the capital of this corporation to be locked in any equity capital. We like it to be kept as fluid as possible, so that the money may come back and it may be re-invested and I think the hon. Member yesterday particularly made a point that the Corporation may give more loans to new ventures. So, it will be proper for the Corporation to keep its money free and liquid so that it can invest in new companies also.

So, this amendment in a way seeks to change the character of the corporation fundamentally and as stated

yesterday and also today, Government has not the intention. There might have been some reason two years ago when those two other corporations had not been set up, but now I do not think there is any particular reason for this corporation to go into equity capital.

Mr. Deputy-Speaker: The question is:

Page 5, after line 38, add—

“(ii) After clause (d) of subsection (1) of section 23 of the principal Act, the following shall be inserted namely:—

“(dd) retaining as part of its assets participating as well as mixed debentures.”

Those in favour will say “Aye”.

Some Hon. Members: Aye:

Mr. Deputy-Speaker: Those against will say “No”.

Some Hon. Members: No.

Mr. Deputy-Speaker: The “Noes” have it.

Shri Kamath: The “Ayes” have it.

Mr. Deputy-Speaker: All right. Hon. Member may rise in his seat.

Shri Kamath: After 2-30.

Mr. Deputy-Speaker: The Mover of the Amendment has not asked.

Shri Kamath: I have asked on his behalf.

Mr. Deputy-Speaker: It is open to him to disown it.

Shri Asoka Mehta: I own him on my behalf.

Mr. Deputy-Speaker: Then, this also will stand over. Amendment No 8 to clause 16 will stand over.

Clause 17— Amendment of section 23, Act XV of 1948).

Shrimati Sucheta Kripalani: I beg to move:—

In page 5, line 41, after "substituted" add—

"and the following shall be added at the end, namely:—

"The Managing Agents of any borrowing concern shall not dispose of their shareholdings in the borrowing concern without the prior approval of the Corporation."

The object of this amendment is very simple. It is better that the managing agents should have a financial interest in the company they are managing. Usually they do, but it may occur that a managing agency may borrow large sums from the corporation and after that gradually sell off the shares if the company is not doing well or for any other reason, they may in course of time not have any financial stake in the company which they are managing. We feel if such a contingency arises, Government money is at risk. Therefore, it is proper that some control should be put on the managing agency's freedom in selling their shares. That is why we want that whenever they are about to do such a thing, the Government should get prior intimation of it, and they be permitted to do so only with the prior approval of the Government.

This is merely to safeguard the Government's financial interest.

Mr. Deputy-Speaker: Amendment moved:

In page 5, line 41, after "substituted" add—

"and the following shall be added at the end, namely:—

"The Managing Agents of any borrowing concern shall not dispose of their shareholdings in the borrowing concern without the prior approval of the Corporation."

Shri A. C. Guha: We have already issued certain directives to the Corporation and those will be found in the Resolution of the Government:

"Government agree that the financial stake of the Managing Agents or Managing Directors should be taken into account but consider that it would not be desirable to insist on any particular minimum share-holding by them in the borrowing concern. The Corporation have pointed out that the personal guarantee of the managing agents is also taken as a rule as additional security.

As for non-disposal of share-holding in a borrowing concern, Government consider that where such financial stake has been taken into account by the Corporation as a factor of safety, transfer without the approval of the Corporation should be prohibited."

We have already issued this instruction and there is no necessity for putting it in the Bill itself.

Shri Tek Chand— rose.

Mr. Deputy-Speaker: How does it happen that the hon. Member rises only after the Minister speaks.

Shri Tek Chand: Very often one has to rise in order to reply to the comments of the Minister.

Mr. Deputy-Speaker: No, I will not allow it. The hon. Member is trying to invert the whole procedure of this House. I am sorry I am not able to agree with him.

In view of the Minister's statement, need I put the question?

Shrimati Sucheta Kripalani: Yes, Sir, because, if you will permit me, we have seen in the course of our enquiry that many a times there is not sufficient personal guarantee. It has to be put in the Bill.

Mr. Deputy-Speaker: The question

In page 5, line 41, after "substituted" add—

"and the following shall be added at the end, namely:—

The Managing Agents of any borrowing concern shall not dispose of their shareholdings in the borrowing concern without the prior approval of the Corporation."

The motion was negatived.

Mr. Deputy-Speaker: The question is:

"That clause 17 stand part of the Bill."

The motion was adopted.

Clause 17 was added to the Bill.

Clause 18 was added to the Bill.

Clause 19— (Amendment of section 28, Act XV of 1948.)

Shrimati Sucheta Kripalani: I beg to move:

In page 6, after line 11, add—

"(iii) the following proviso shall be added, namely:—

'Provided the transfer by way of sale shall be effected with the prior approval of Government.'

Yesterday in my speech I pointed out that when the corporation takes over a company which is not doing very well, the object of the corporation mainly is to realise the funds that they have advanced to the company and to sell it off as early as possible. There are certain disadvantages in doing that. I told you that in the case of Sodepur Glass Works we were told that people were deliberately trying to see that the company did not do well in order to facilitate another rival company

which was ready to buy it. So, if a provision like this is there that the corporation cannot sell it without the prior approval of the Government, that will put an end to any such irregular moves that were pointed out to us. Also, when a company does not do well, the object of the corporation would normally be merely to recover the money that they had advanced. What about the money of the shareholders?

2 P.M.

If the Government takes over and runs the company properly, then the shareholders also will have a chance to recoup their money. That is why we feel that as far as possible the company should be run by Government. When we have a Production Ministry, it is not impossible for Government to run it; and if Government are not ready to run it, at least a reference should be made to Government before the company is sold.

Mr. Deputy-Speaker: Amendment moved.

In page 6, after line 11, add—

"(iii) the following proviso shall be added, namely:—
'Provided the transfer by way of sale shall be effected with the prior approval of Government.'

Shri A. C. Guha: This provision is with reference to the recommendation in the Enquiry Committee's report regarding the Sodepur Glass Works. The recommendation was that it should not be sold but that Government should run it, or something like that. We also tried to see that the company should be run by Government or by somebody on behalf of Government. But it has not been possible to find any agency to run this Sodepur Glass Works, or take it on lease. We advertised it, and the corporation set up a negotiating committee; that negotiating committee also tried to negotiate with

some parties, who, the negotiating committee considered, might be in a position to run the factory. But neither the negotiating committee nor Government have been able to find any party to run it. We tried also with the Production Ministry. They have also refused. So, the corporation has no other option left but to put the Sodepur Glass Works on sale.

These contingencies would depend on the circumstances. But I can give this assurance that no sale of such concerns would be done without reference to Government. This can be done even by a directive. And I can give this assurance that we shall send a directive to the corporation that no sale of any concern which may come to the corporation in the course of their lending money shall be put on sale without any reference to Government. I hope this will satisfy the chairman of the Enquiry Committee and she will not press her amendment.

Shrimati Beena Chakravarty (Basirhat): What is the objection to it? I could not follow.

Mr. Deputy-Speaker: There is a provision for giving directives under the Act. This is something like an assurance. Hon. Members might have seen that from time to time the hon. Minister of Parliamentary Affairs makes a statement on the floor of the House as to what assurances have been carried out and what more have to be carried out. This has become a regular feature here. Under these circumstances, these directives, even though they are not put in the body of the Bill, may be as good as the Act. But it is left to the hon. Mover of the amendment.

Shri A. C. Guha: If you would permit me to add two more lines, I would say that the delay in publishing the Government Resolution on the Sodepur Glass Works is mainly or solely due to the fact that we have not been able to find any party to run the company on behalf of Government.

Shri Asoka Mehta: What about the Production Ministry?

Shri A. C. Guha: They have refused.

Shri Asoka Mehta: They have also refused?

Shri A. C. Guha: We tried also abroad to find some expert in Belgium and West Germany, I think, and we could not get anybody.

Mr. Deputy-Speaker: What about the original promoters?

Shri A. C. Guha: They are finished. It is not possible for them to run the company. Who will finance them for running the company? For running the company, now, they will require a working capital of something like Rs. 30 to 40 lakhs.

An Hon. Member: That is nothing.

Shri Asoka Mehta: But when the corporation is going to give to that Indo-Japanese firm?

Shri A. C. Guha: The corporation is not going to give any loan for working capital.

Shri S. V. Ramaswamy (Salem): If it has spent Rs. 1 crore, does it matter if it spends a few lakhs of rupees more to keep it running?

Shri A. C. Guha: It is not a few lakhs; it is Rs. 30 to 40 lakhs. And there must be a suitable agency. I do not think that even the chairman of that Enquiry Committee would think that these former managing agents would be a suitable agency for running this concern.

Shrimati Sucheta Kripalani: I agree with you there.

Shri S. V. Ramaswamy: How does it happen that when one goes by within a distance of seventy miles, one finds that in the private sector an industry which has started subsequently is running all right? How does that happen?

Shri A. C. Guha: I know. Somebody may run his own factory.

[Shri A. C. Guha]

But there is no party in India who would be ready to run this factory on behalf of Government, on lease or anything like that.

Shri Kamath: Better advertise it.

Shri A. C. Guha: We did advertise.

Shri S. V. Ramaswamy: Are there no technical experts in the Government of India, who can run this?

Shri A. C. Guha: No.

Shri Mohanlal Saksena: Is it in such a hopeless condition?

Shri A. C. Guha: Only the Production Ministry can be the technical side of Government. We consulted them, and they said they cannot. The Ministry of Commerce and Industry also sent somebody abroad to find out whether a suitable technician or specialist in glass can be had from Belgium or Germany and so on; and they could not find anyone.

Mr. Deputy-Speaker: Has there been no expert all along?

Shri A. C. Guha: Anyhow, that is another case.

On this point, my contention is that it is not possible to put in any compulsory provision as to how the corporation will dispose of a concern that may come to the corporation. Only, I can give this assurance to the hon. Mover of this amendment that in any such case, the corporation would not put on sale the concern without reference to Government.

Shrimati Sucheta Kripalani: May I make a suggestion? If the hon. Minister agrees to provide it in the rules, I would withdraw my amendment.

Shri A. C. Guha: In a directive by Government. Government can give that directive.

Shrimati Sucheta Kripalani: Why not rules?

Shri A. C. Guha: We can issue a directive.

Shrimati Sucheta Kripalani: But directives keep on changing.

Mr. Deputy-Speaker: It is not that for every small amount, such as Rs. 10,000, Rs. 20,000 or Rs. 1 lakh there must be a particular provision.

Shrimati Sucheta Kripalani: They do not give small amounts. This is meant for bigger amounts.

Shri Asoka Mehta: They give only medium-and long-term credit.

Mr. Deputy-Speaker: The question is:

In page 6, after line 11, add:

"(iii) the following proviso shall be added namely:—

'Provided the transfer by way of sale shall be affected with the prior approval of the Government.'"

The motion was negatived.

Mr. Deputy-Speaker: The question is:

"That clause 19 stand part of the Bill."

The motion was adopted.

Clause 19 was added to the Bill.

Clauses 20 to 23

Mr. Deputy-Speaker: There are no amendments to clauses 20 and 21. Shri D. C. Sharma has given notice of an amendment seeking to introduce a new clause 21A. I am not allowing this amendment. It reads:

"In page 6, after line 36, insert:

"21A. Insertion of new section 42A in Act XV of 1948: After section 42 of the principal Act, the following section shall be inserted, namely:—

'42A. The Rules made under section 42 of the Act shall be laid on the Table of Parliament

for a period of thirty days before the date of their publication in the Gazette....."

But section 42 of the Act is not touched at all by this Bill. This is only an amending Bill.

Shri D. C. Sharma (Hoshiarpur): May I make a submission? With due deference to your ruling, I beg to submit that as a member of the Committee on Subordinate Legislation I have come to know from various directions that the rule-making power which is conferred by an Act on a Ministry is not always made very judicious use of.

I think it was you who brought this Committee on Subordinate Legislation into being, and I therefore think that it is you who should be a very jealous guardian of its privileges. The fact of the matter is this.

Mr. Deputy-Speaker: I am not a dictator.

Shri D. C. Sharma: In the original Bill there was no provision for laying the rules framed under this section on the Table of the House, before they are published in the Gazette. When there was an omission there, do you mean to say that that omission should continue for all time to come? I do not think that logic would justify this kind of move.

There was an omission there, because at that time the committee was not very vigilant. Now, the committee is very vigilant. We are holding meetings, and we are scrutinising every Act, and we are bringing this to the notice of the Ministry that they should frame the rules and place them on the Table of the House, before they are published in the Gazette, in due course of time. We are doing that now. At that time we were not vigilant, and there was an omission, but I do not think that you being a custodian of parliamentary procedure, parliamentary propriety and parliamentary dignity would now say that this

omission which was made at that time on account of lack of vigilance on our part should continue. I do not think you would say so.

I, therefore, think that these two new clauses, namely 21A and 24, which refer to the rule-making powers given to the Ministry for making rules, should be enforced. If that is not done, I think there will not be the proper kind of procedure. I would, therefore, appeal to your sense of propriety and your sense of procedure (laid down by you so far as the committee is concerned) that these clauses should be there.

Mr. Deputy-Speaker: What has the hon. Minister to say?

Shri A. C. Guha: You have already said that this amendment will be out of order. But I can give this assurance even without this amendment which has been declared out of order, that these rules will be laid on the Table of the House. We have no objection to the rules being laid on the Table of the House, not before the rules are being framed but as soon as they are framed.

Mr. Deputy-Speaker: Unfortunately I myself was party to a prior ruling during the debate on the Indian Tea Control (Amendment) Bill on the 15th July 1952. There the Deputy-Speaker made the following observations in regard to the scope of discussion on that Bill:—

"This is only an amendment Bill. With respect to an amendment Bill, only those sections are relevant which are touched upon by clauses of the Bill and not other substantive provisions of the Act, except in cases where the clauses of the Bill necessarily lead to amendment or modification of any other section which is intimately connected therewith. The other sections are not relevant".

I am afraid I cannot allow these amendments. But it will satisfy

(Mr. Deputy-Speaker) Shri D. C. Sharma, who has tabled these amendments to know that this assurance has been given by the Minister. Whatever is laid on the Table of the House will come before the Committee on Subordinate Legislation who will examine it. Therefore, I will treat that there are no more amendments to clauses 20 to 23.

The question is:—

“That clauses 20 to 23 stand part of the Bill.”

The motion was adopted.

Clauses 20 to 23 were added to the Bill.

Clause 1 was added to the Bill.

(Mr. Deputy-Speaker) I will take up the Enacting Formula and the Title after clauses 7 and 16 are disposed of. Now, it is 2-12. Let us wait till 2-15 p.m. by which time some hon. Members may come back from lunch, though there is quorum. Or, I can add these minutes usefully to the third reading.

Shri A. M. Thomas (Ernakulam): That is better.

Clause 7—contd.

(Mr. Deputy-Speaker) The question is:—

—for “A chairman” substitute—

“A whole-time chairman.”

The motion was negatived.

Mr. Deputy-Speaker: The question is:—

In page 2, for line 12, substitute—

“(iii) for the existing proviso the following shall be substituted, namely:—

“Provided that a concern in which a director of the Industrial Finance Corporation is a managing director or a director/partner/shareholder in

the managing agency concern shall not be eligible for loan.”

Those in favour of this amendment will kindly stand in their seats.

There are fourteen.

Those against this amendment will kindly stand in their seats.

There is an overwhelming majority against the amendment. So it is negatived.

The motion was negatived.

Shri Kamath: We want division. This is important.

Mr. Deputy-Speaker: It is not necessary. Let us not have the pleasure of it here because there are only a few more minutes, and some hon. Members may like to speak during the third reading stage.

Shri Kamath: Let the names be recorded.

Mr. Deputy-Speaker: It is not necessary. It is not such an important matter.

The question is:—

“That clause 7 stand part of the Bill.”

The motion was adopted.

Clause 7 was added to the Bill.

Clause 16—contd.

Mr. Deputy-Speaker: Now, I shall put amendment No. 8 to clause 16 to the vote of the House.

The question is:—

In page 5, after line 38, add:—

“(ii) After clause (d) of subsection (1) of section 23 of the principal Act, the following shall be inserted, namely:—

“(dd) retaining as part of its assets participating as well as mixed debentures”

The motion was negatived.

Mr. Deputy-Speaker: The question is:

"That clause 16 stand part of the Bill".

The motion was adopted.

Clause 16 was added to the Bill.

The Enacting Formula and the Title were added to the Bill.

Shri A. C. Guha: I beg to move:

"That the Bill be passed".

I do not like to make any long speech now. I think there is hardly any time also. I can only hope that whatever might have been the controversy over this Corporation in the past, it will now get all the support that it deserves from the House, and it will work properly under the new Act. This Act practically radically changes the constitution and structure of the Corporation, and that is in pursuance of the recommendations of the Enquiry Committee.

In conclusion, I convey my thanks to the Inquiry Committee, and particularly its chairman, for exposing the defects of the Corporation. We have tried our best to remedy these things.

Mr. Deputy-Speaker: Motion moved:

"That the Bill be passed".

Shri A. M. Thomas: Although there has been delay of about one year and three months after the Government took their decision on the Report of the Suche'a Kripalani Committee, it is gratifying that the Bill is being passed now, modelled on the recommendations of that Committee. It is also gratifying to note that the hon. Minister who has piloted the amendment Bill was, as a private Member, one of the persons responsible for drawing the pointed attention of the House to the irregularities and acts of commission and omission of this Corporation.

Mr. Deputy-Speaker: It is now for others to draw his pointed attention to them.

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Shri A. C. Guha: Yes. I shall keep my ears quite open.

Shri A. M. Thomas: But when I heard the discussion on the amendment Bill yesterday, I felt that the whole question should have been approached from a more liberal standpoint. The House is certainly entitled to pass strictures on the working of this Corporation without fear or favour. But I would invite the attention of the House to the remarks which have found a place on page 74 of the Report of the Inquiry Committee:—

"While we welcome and appreciate the interest evinced by Parliament and the public in the working of this central credit institution established for providing assistance to industrial concerns operating in the private sector, we consider it desirable to avoid all criticism about the working of the Corporation made in a manner likely to affect the credit of the Corporation."

To this fact attention has also been drawn at page 39 of the report. Also the appointment of a body to supervise the working of this Corporation as well as similar corporations has been considered by this Committee, and it says:

"It is obvious that a full Parliamentary body is not the proper forum for discussing the detailed working of such statutory corporations. In the case of a credit institution like the I.F.C. it is all the more necessary to avoid detailed discussions as it is likely to affect the credit of the Corporation and its borrowers."

It appears that the credit of this Corporation has perhaps been affected by the discussion that was carried on in the House in December, 1952. It will be found from the progress report of the Corporation for the year 1953-54 that the number of applications received during the year was substantially small, being only 43, as against 74 in the preceding year. There is also another trend and it is further borne out by the increase in the number and

[Shri A. M. Thomas]

the amount of applications withdrawn. I have been able to find out that there has been a decline in the progress of the Corporation. In the year 1952-53, it had been possible to meet the dividend liability without any subvention from Government and that has not been possible in the year 1953-54. It may also be perhaps due to the nature of the debate in the House in December 1952. I am not for a moment suggesting that the House should not be vigilant or alive to the working of this institution, but we must bear in mind this aspect when we discuss the working of the Corporation. Moreover, the discussion that we are having with regard to this Corporation should also be a model discussion on the working of the investment corporation, the development corporation and several other statutory corporations that we are setting up. Bearing this background in view, I cannot resist the temptation of drawing the attention of the Government to one or two aspects which are mainly covered by the audit report. The Minister was right when he said about the impression formed on reading the report of the special committee that had been appointed by the government that the Corporation has on the whole been exonerated from the charges. The statement that the hon. Minister made yesterday was quite true. I was not able to find out any single charge established against the managing director. The only thing that I have been able to find, apart from general suggestions, is that the managing director had been very helpful to the Committee in giving all sorts of information to them: But the audit report, I might submit, gives an altogether different picture, and there are several disturbing features which are discernible from this report. The hon. Minister stated that it is for the Public Accounts Committee to go through the audit report and then make its own observations on it.

I want to draw the attention of the Government to one or two things. One is the disturbing feature that has been pointed out in the audit report, that is,

the growth of administrative expenditure is out of proportion to the business transacted. Even in the report of the Sucha Kripalani Committee, at page 23, we find that when a comparison is made with regard to similar corporations in other countries, it has been observed that it might appear that the expense ratio of the Corporation is high and it may be that there is room for economy. That is with regard to the year 1952. But afterwards, the picture that we get, even after the submission of this report, is rather not encouraging and not at all satisfactory, and this will be found from the audit report. It will appear that during the six years of the existence of this Corporation, the expenses on establishment have been steadily increasing. During the year ending June 1953, the increase was Rs. 60,801, and during the year ending June 1954 there was a further increase of Rs. 62,935. I do not want to read the observations contained in the audit report; and how these officers have travelled in air-conditioned coaches and so on. In fact, those things which have been brought out in the audit report are not in any way creditable to the persons who are managing this Corporation nor to the officers of that concern. I am glad to find that the Minister, in the course of his reply to the several points raised, gave an assurance that it will be his endeavour to see that the establishment expenses are kept to the minimum and that there will not be as much loss as is now being incurred by the Finance Corporation.

Another fact that I wish to bring to the notice of the House is that, apart from the losses incurred by the Corporation, there is increased expenditure on the part of the persons who approach the Corporation to get their loans sanctioned. Paragraph 35 of the report draws pointed reference to it and it says:

"It has been represented to us that, though the rate of interest charged by the Corporation is not by itself unreasonable, taking into account the legal expenses, stamp

fees for documents and travelling expenses in connection with negotiation of loans, the total cost of securing financial accommodation from the Corporation works quite high."

That may be one of the reasons, I should think, why the small concerns were not in a position to apply for help from the Corporation as it will perhaps be too prohibitive for them. That aspect must be borne in mind and it must be, as far as possible, placed within the reach of the ordinary industrialist. The rate of interest that we charge is not, after all, low—it is 6½ per cent.—so much so the other expenses which an applicant has to bear will have to be reduced considerably.

I do not want to add anything more, but I should say that although criticisms were levelled in the House that this Bill is quite inadequate and it does not take into account all the recommendations of the Sucheta Kripalani Committee Report, what can be done by an enactment of Parliament has been done by this Bill. The other recommendations of the report relate to administrative matters and other policy matters, defects in the working and how they can be avoided, the vigilance that the Government must exercise, the directives that they must give and so on. It has been pointed out that after the establishment of this Corporation Government had chosen to give directive only once, and that was in 1948. These aspects have been pointed out by the Committee, but the statutory requirements, I think, suggested in the Committee's report will be met by the amending Bill that we pass, and everything will depend upon the directives that the Government is pleased to issue from time to time and also the interest that the board of directors itself evinces in the working of the Corporation. Whatever legislation we may pass for the efficient working of this enactment, it is necessary that the machinery we constitute should put its heart and soul into the working of the institution.

The necessity of appointing a full-time chairman has been pointed out by the Government and in the report itself it has been stated what sort of a chairman the Committee contemplates. It states:

"The position of the Chairman will in that event be analogous to that of the Governor of the Reserve Bank. The Chairman should not necessarily be an active industrialist but he should be a man with mature experience in the field of production, management and finance. We consider that it is not enough to have an eminent Banker as the Chairman as we do not wish to see the Corporation governed solely by a banker's outlook."

So, everything depends upon the chairman that the Government would be pleased to appoint and I hope that the Government would be in a position to get a suitable person as it has been able to find in the case of the State Bank of India a person of such calibre, standing and administrative experience. I believe the House will take the assurance given by the hon. Minister in all sincerity, namely, whatever might have been the defects in the past, whatever might have been the acts of omission and commission on the part of the directors and the managing director, hereafter the Government is bent upon seeing that this institution will be worked with the idea with which it has been constituted. I hope the assurance of the Government will be carried out.

Shri S. S. More (Sholapur): I refrained from participating in the debate at the earlier stages with a purpose. I participated in the debate when this measure first came up for discussion in 1952. On that occasion I did make out a point that this machinery ought to be used by Government for the purpose of starting industries in areas which are industrially backward. I then gave to the House the break-up of the loan amounts that were advanced to the three language groups in the Bombay State and expressly pointed out that while Bombay had received the

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largest share. Karnatak was not given even a pie. The reply that I received to my criticism was that Karnatak had no industries and, therefore, no loans could be advanced to that area.

Under the amendment now proposed even industries which are proposed to be started may get some benefit from this Corporation. I hope that this particular clause will be utilised for the purpose of reducing inequalities in the industrial development of the different regions of a State.

The other important point that I wish to make is that the Minister in charge of this Bill was very particular to emphasise that the Sucheta Committee did not prepare any charge-sheets, much less find any evidence to prove the different counts of the charges. I think Government acted very wisely and diplomatically when they selected Mrs. Kripalani as the Chairman of the Committee and Shri V. B. Gandhi as one of the members. Both these hon. Members are not reputed for sharpness of criticism. They are over-full with the milk of human kindness and I feel that when they proceed to apply their minds overflowing with human kindness to the misdeeds of some of the officers, their minds had the better of them, though the misdeeds were black enough to require blacker paints. If Government is really honest and do feel that the misdeeds of such corporations should be brought to the forum of this House and before the bar of public opinion, I feel that they should take particular care to appoint persons who have legal knowledge, who specialise in murder cases, so that they will not show any compunction while dealing with persons who commit such grave offences, parading themselves as experts in financial and other matters.

In regard to the future of the corporation, it has been stated that Government have made a great gesture to the criticism made in the House by appointing a salaried officer as chairman of the corporation. I am sorry to find an incorrigible tendency on the

part of Government to appoint officials to the chairmanship of such bodies. We find too much of officialdom everywhere. If we are to proceed towards a socialist pattern of society, I would rather expect that a reputed socialist should be placed in charge of this body.

Shri Asoka Mehta: Mr. More.

Shri S. S. More: I do not for a moment claim the privilege of being a noted socialist; my friend is better qualified. I would say that somebody who can be relied upon for taking this country towards a socialist pattern should be appointed by Government to be the chairman of this body. I am not prepared to accept that the Members of the bureaucracy who have been trained in the practices of the British rulers have any mental, intellectual or ideological equipment for the purpose of taking this country to the socialist pattern. (Interruption) My hon. friend Shri Kamath is muttering something.

Shri Asoka Mehta: He was a member of the bureaucracy.

Shri S. S. More: He was a misfit there and is proving to be a misfit here too.

Shri Kamath: Not quite as bad as you!

Shri S. S. More: I naturally expected the resentment which he is expressing so vehemently.

Shri Kamath: No resentment; I gladly give the palm to you.

Shri S. S. More: I have been here for the last three years.

Mr. Deputy-Speaker: What about other walks of life?

Shri S. S. More: I do not want to discuss personalities, but a time will come when we will have to present to the world pen portraits about the qualifications or disqualifications of many

Members who have been privileged to come here. Possibly it may not be our qualifications that have brought us here, but perhaps, the ignorance of the voters, or their mis-placed trust in us. It may be beside the point—but there are many things said here which are beside the point—if a chairman has to be found for the Industrial Finance Corporation. I would very earnestly say, he should be selected from non-officials—a public worker of proved honesty and integrity. He will not be particular about high salary. In the case of our officials, though their salaries are high, their efficiency is low.

Most of us have laboured in the cause of our country; we have slaved ourselves; we have ruined ourselves for liberating our country. If the country is to be liberated from the octopus's clutches of the capitalists on the industrial life, it is for us to act in this direction.

Shri A. M. Thomas: It is Shri V. P. Nayar's phrase!

Shri V. G. Deshpande (Guna): For the distribution of offices.

Shri S. S. More: It is not a question of distribution of offices. My hon. friend Mr. Deshpande, who belongs to the Hindu Mahasabha, believes that politics is only a game of distribution of *laddoos* and *jalebis*. But politics is something serious, much more serious than the Hindu Mahasabha politics. I thought that the batons of the Portuguese might have brought some sobriety on his head, but I am disillusioned.

Mr. Deputy-Speaker: The Industrial Finance Corporation seems to be an all-embracing corporation—*laddoos* are coming in, Goa is coming in.

Shri S. S. More: I would only conclude by saying that a pre-determined member of the bureaucracy should not be appointed to shoulder the great responsibility of this office.

Shri A. C. Guha: Several members have asked for the appointment of an official

Shri S. S. More: A person who has only professional or service interest

should not be appointed for this post, not one who has the national interest at heart. Such a person will set an example by accepting a lower salary and demonstrating to others that we who have laboured in the cause of the liberation of this country, without any monetary return can also be on the constructive side better and fitter persons than the officials.

Shri Sarangadhar Das (Dhenkanal—West Cuttack): Mr. Deputy Speaker, Sir, I am taking part at the far end of this debate. My hon. friend Shri Thomas pointed out that we destroyed the credit and initiative of the Corporation by initiating a debate in 1952. I was myself here during that debate and consequently I wish to point out that the debate arose out of the refusal by the Minister to divulge the names of some of the loanee companies. Because of that the debate took place. As a result of that, the Committee was appointed and that made its report. The audit report has corroborated almost everything that was contained in the report and in the official debate. I well realise that in a lending institution, the names of the loanee companies, the amounts of loans, e.c. have to be kept secret but in this institution where the tax-payers' money is being lent for different purposes, it is the duty of the Parliament to find out if the money is being properly spent.

One point was made just now by Mr. More: whether the loans are being distributed regionally for the development of industries in the different regions. All these things have to be discussed by Parliament. I do not believe that the credit of the institution has in any way gone down.

Shri A. M. Thomas: I am afraid my hon. friend has mis-understood my speech. I never said that the working should not be criticised but that there should be a sense of proportion.

Shri Sarangadhar Das: The debate resulted in the diminution of applications in 1953-54, I believe. It may be that those institutions or companies who believed in getting their loans easily because of the presence of

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certain persons in the directorate might not have sent up their applications because of that debate and so the applications were fewer than in the previous year. Or, there may be some other reasons for it. But it is wrong to say that that debate lacked a sense of proportion. It certainly did not, as it is well known now. This Bill which will be passed in a few minutes from now, has resulted from that debate in 1952 and so I have to impress on the House the necessity of having such debates about the institutions in which the Government is putting in a large amount of the tax-payers' money. That money has to be properly spent in different regions and there should be no partiality, no nepotism. The appointment of a full-time and paid chairman has also resulted from that debate.

Shri D. C. Sharma: Sir, in his remarks the hon. Finance Minister struck a very optimistic note. I wish I could be as optimistic about this new financial dispensation as he has been.

He said that all the controversies about the Corporation were now ending. I am glad that they are ending. But I can assure you, Sir, that this new Act which you will be passing today is not going to give a different complexion to the Industrial and State Finance Corporations from that its previous proto-type had. I can assure you of that. Because, what have we done? I asked myself this question. I have read the report; I have gone through the audit report; I have seen all that and I have asked myself: what have we done? What have we been doing all these days?

I find that there are few changes in the structure of the Financial Corporation and if any changes have been made they are not of such a nature as can inspire confidence either among the Members of this House or in the public at large. You call it a change in the structure of the Corporation when you choose to call the managing director by the name of chairman. You think that you have chang-

ed the structure when you say that the executive committee will now be called by the name of the central committee. If a rose smells as sweet by any other name, a sink will be a sink even if you give it a different name. There has been no change in the structure worth the name. The change in the structure would have been known if something had been done to tell us what kind of chairman we are going to have.

There was a very innocent amendment moved that the chairman should be a whole-timer. But it has not been accepted. Why should it not be accepted? We are spending crores of rupees on this Corporation. The future of our industrial development depends upon that. But what do we find? We find that the Ministry keeps an open mind which means a closed mind about the appointment of the chairman and whether he is a full-timer or part-timer. These things are left hanging in the air so that we do not know what is going to happen.

I think we have been talking about credit. I do not want to harm the credit of anybody. You can shake the credit after it has been only built. If there is no credit, if no credit has been built up, how can you shake it? My hon. friend was saying that this Bill should have been brought forward with the intention of stabilising building up the credit of this organisation. I think even in very innocent matters nothing has been done.

As a member of the Estimates Committee, I have some notion about the appointment of the chairman. Some of our biggest national undertakings where crores of rupees are invested are being run by persons whose managerial experience, financial experience, business acumen has been only this that they had been police magistrates in some presidency towns for some years. Therefore, the very first thing that should have been done here was to incorporate the suggestions given in the report about the appointment of a chairman so that the public could know that this is going to be a busi-

ness concern, run in a business-like fashion and with the sole objective of promotion of industries in the country. If you do that, it will be a business concern; otherwise it is going to be like the working of a bureaucratic machine and the results are going to be like the results of a charitable trust and that way I do not think you are going to build up any credit.

Again, there was a very wholesome recommendation that among the directors you should have some persons who belonged to the class of businessmen and others. But, this has not been done. There were again certain ideas about the security of loans and vesting the Corporation with greater power. I am afraid all those things have not been done. I have the highest regard for the hon. Minister because I know that he is a gentleman who takes everything very seriously and I know he puts his heart into any kind of work that he does. I would ask the hon. Minister what he is going to do so far as the expense ratio of this organisation is concerned. Well, perhaps, you may say that the expense ratio could not have come within the Bill or that this could not have been made a part of the Bill. But, I ask, why can't these things be made a part of the Bill? When you think of a country like Yugoslavia you find that there they have the workers as partners of industrial concerns, but here we fight shy of having an economist or a financier as a member of the board of directors. At the same time I find that the directives of the Government are very good. But, there is also human ingenuity and human ingenuity knows how to counteract those directives. If there had been no human ingenuity why should we have had this report which was drafted by Shrimati Sucheta Kripalani. I should, therefore, say that the whole business of legislation in this House requires some kind of modification. We cannot leave everything to the directives of the Government. We cannot leave everything to the Secretariat. I think that we should have certain principles of business performance; of business execution. I am not putting forward any radical proposal,

but I do not see any reason why those principles should not be incorporated in the very Bill itself. Why should you not do that?

I find it has been said that the number of applications went down as a result of this debate. Well, I would like to say, if the number of applications went down as a result of this debate, it only means this: that the applicants knew that the Parliament was vigilant and that stricter control was being exercised over the whole thing with the result that the misfits—I do not want to use any word which may smack of violence and I would use the word misfit because this word has been used very often here on the floor of the House—had not the courage to come forward and apply. I would, therefore, say that I admire the framers of the report. I take into account the solicitude of our Minister for putting this Financial Corporation on a stable and sure basis. I understand the anxiety of our Members too to see that this Financial Corporation works very well. I understand all that. But, in all due humility; with all due respect and in a spirit of utter humility I would ask the hon. Minister if this Bill, which he has brought forward and in which there has been only a change of nomenclature, is going to bring about all those results which we aim at? I do not want to be a prophet of doom and I do not want to be a person who would cry any kind of doom. But I would say that I wish well to this Financial Corporation, I wish well to this, but I would say that so far as this Bill is concerned this does not promise much. I would not like to be an evil fairy that does not bless a baby, but I want to be a good fairy and I bless this baby though I know what the future of the baby is going to be.

Shri A. C. Guha: Sir, I do not like to take much time of the House as we have already exceeded the scheduled time. The last speaker has accused me of optimism. All my life I was an optimist and I hope for the remaining period of my life I will be able to retain my optimism. He has questioned

[Shri A. C. Guha]

my statement and has said that this Bill has not made any effective change in the structure and composition of the Corporation. The entire charge against the Corporation as embodied in the report of the Enquiry Committee is that the executive committee was practically using all the powers of the board and the Managing Director was also exercising power much in excess of what he ought to have. These are the main charges of the Enquiry Committee against the Corporation and this Bill puts an end to those two anomalous positions. It is not merely a change in the name—'executive committee' to be replaced by 'central committee'. Apart from the connotations of the two different names the statutory rights that were embodied in the Industrial Finance Corporation have now been removed. The central committee will now just be a subordinate body of the board and it will exercise such powers as the board may decide to put in its hands. So, there will be no repetition of the excessive power exercised by the executive committee or by the managing director, which, according to the report of the Enquiry Committee, was mainly responsible for some of lapses and defects in the working of the Corporation.

Sir, I do not like to enter into further controversies, I still hope that this Corporation will be doing useful work and I hope it will get the blessings of this House which it will deserve by its deeds.

I hope now the Bill will be passed by the House.

Mr. Deputy-Speaker: The question is:

"That the Bill be passed."

The motion was adopted.

INDIAN COINAGE (AMENDMENT)
BILL

The Minister of Revenue and Defence Expenditure (Shri A. C. Guha): I beg to move:

"That the Bill further to amend

the Indian Coinage Act, 1906, be taken into consideration."

Sir, it is very difficult to just switch over from one subject to another.

Mr. Deputy-Speaker: How can any Industrial Corporation work without coinage?

Shri A. C. Guha: That is true. Anyhow, the Members of Parliament including the Ministers must have a very agile and versatile mind.

Shri Vallatharas (Pudukkottai): Sir, I want to point out a constitutional objection to the consideration of this Bill. This is a Bill which comes under the operation of article 117 of the Constitution.

Mr. Deputy-Speaker: So far as points of orders are concerned hon. Members may state the point first and if I need elucidation I will ask them to explain.

Shri Vallatharas: That is what I am stating. This Bill, as it is, is a Bill, which, if passed, would involve an expenditure from the Consolidated Fund of India, and such a Bill shall not be passed by either House of Parliament unless the President has recommended to that House the consideration of the Bill. So far, there is no President's sanction or permission for consideration of this Bill. This is the point which I am raising and if you permit me further I will go to further arguments on that behalf.

Mr. Deputy-Speaker: Is there any provision here which involves any expenditure from the Exchequer?

Shri Vallatharas: I will submit to you straightaway that in 1953 the decimalisation of coin was brought through a private Bill in the Council of States. At that time the present hon. Minister was Deputy Minister of Finance. In his own words; that is, when he opposed that Bill.....

Shri A. C. Guha: That objection was not upheld by the Chair.